WISDOM GROUP
智美集團

WISDOM HOLDINGS GROUP
智美控股集团

Stock Code: 1661

(Incorporated in the Cayman Islands with limited liability)

Annual Report 2013

信仰

Contents

Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Wen *(Chairlady)*
Mr. Sheng Jie
Mr. Zhang Han

NON-EXECUTIVE DIRECTORS

Mr. Jin Haitao
Mr. Wang Shihong
Mr. Xu Jiongwei

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

Mr. Wei Kevin Cheng *(Chairman)*
Mr. Jin Guoqiang
Mr. Xu Jiongwei *(appointed with effect from March 28, 2014)*
Mr. Wang Shihong *(ceased with effect from March 28, 2014)*

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

3/F, B12C Universal Business Park
10 Jiuxianqiao Road, Chaoyang District
Beijing 100015, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

13th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Central, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central, Hong Kong

HONG KONG LEGAL ADVISERS

King & Wood Mallesons
13th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

COMPLIANCE ADVISOR

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Hong Kong

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

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

WEBSITE

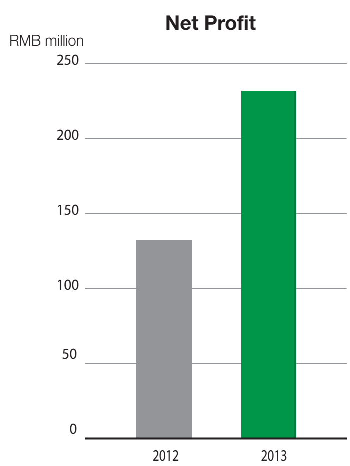
www.wisdom-china.cn

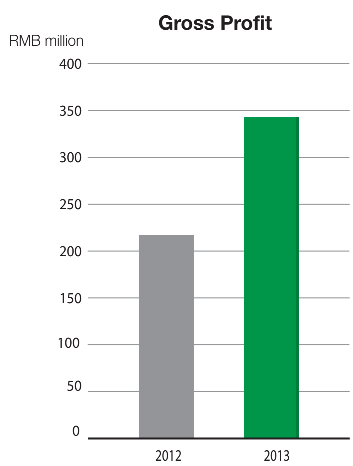
Financial Highlights

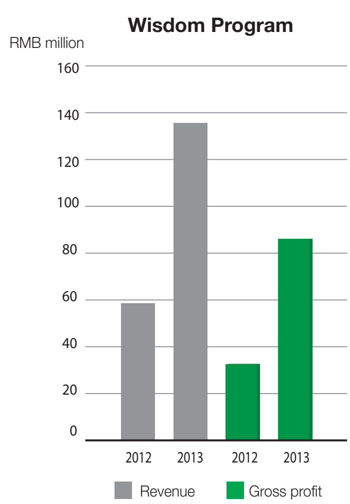
The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Wisdom Holdings Group (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2013, together with the comparative figures for the previous year. The highlights are as follows:

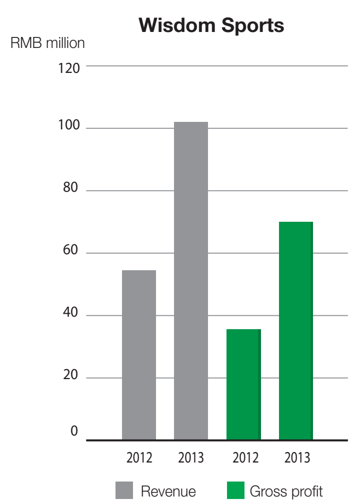
- Revenue increased by 24.6% to RMB694.3 million for the year ended December 31, 2013 from RMB557.2 million for the year ended December 31, 2012;
- Gross profit increased by 58.0% to RMB342.8 million for the year ended December 31, 2013 from RMB217.0 million for the year ended December 31, 2012 while the gross margin increased to 49.4% for the year ended December 31, 2013 from 38.9% for the year ended December 31, 2012;
- Net profit increased by 75.4% to RMB231.5 million for the year ended December 31, 2013 from RMB132.0 million for the year ended December 31, 2012;
- Basic earnings per share was RMB0.17 for the year ended December 31, 2013; and
- The Board proposed the payment of a final dividend of RMB0.093 per share.

Note: Figures above are for the year ended December 31, 2013, compared with the corresponding period in 2012.









Chairlady's Statement

On July 11, 2013, Wisdom Holdings Group (the "**Company**", or "**Wisdom**" together with its subsidiaries, the "**Group**") was officially listed on the Main Board of The Stock Exchange of Hong Kong Limited. For the people of Wisdom, the clear sound of the gong at the market opening ceremony signaled not music of triumph, but rather a trumpet call bidding us to charge forward for an ever higher level of achievement.

On October 10, Wisdom announced the acquisition of the long-term exclusive operating rights to the "China Longzhou Tournament (中華龍舟大賽)" and the "Dragon Boat World Cup (龍舟世界杯)", which included the rights to TV broadcasting and event organization, as well as the rights to negotiate for commercial sponsorship and cooperation. "China Longzhou Tournament" is the highest-level dragon boat competition in China, featuring the best boat-rowing athletes and most lucrative prize money. Held in 8 rounds each year, the tournament will tour Taiwan, Hainan, Hangzhou, Qingdao and Fuzhou in 2014. Meanwhile, the "Dragon Boat World Cup", to be held in China in June 2014, will be contested by more than 30 national teams.

On November 3, the "Hangzhou International Marathon" was held with Wisdom as the exclusive organizer. While Hanghzou boasts the most beautiful marathon route in China, live TV broadcast of the event had not been possible in the past due to landscaping issues, until this most recent version in which Wisdom resolved the technical issues involved delivered live TV coverage to enhance the attraction and influence of this event.

On November 12, Wisdom was awarded its exclusive operating rights for 2014 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, following friendly negotiations with the CCTV Advertising Centre. In doing so, we have honoured our pledge to the market that we would renew the contract for this business annually without having to submit any tender.

On November 18, the curtain was drawn for the "Hot-Air Balloon Championship" in China, exclusively organized by Wisdom, in Changzhou, Jiangsu after a passionate contest. Millions of audience were treated with a feast of thrilling actions up in the air performed by more than 30 participating teams over three days, while the large turnout of spectators at the ground venue ensured festive mood throughout, as the event was enthusiastically received by the local government, joint venture companies, participating teams and audience.

On November 23 the "Guangzhou Marathon", exclusively organized by Wisdom and competed by tens of thousands of runners from 38 countries, was brought to a perfect closing. The live broadcast captured the beautiful views of the Guangzhou as it covered the tournament, allowing all TV audience to share joy of physical well-being imparted by the Guangzhou Marathon in the mood of a carnival. "Yuepao (約跑)", a smart-phone application was launched in the run-up to the event with first-of-its-kind functions such as global tournament entry, achieving the GPS-aided running and group meet-up for running and underpinning the powerful start of Wisdom's new-media operations.

On January 2, 2014, Wisdom entered into an exclusive cooperation agreement in respect of the 10-round marathon race to be held annually from 2014 to 2018, pursuant to which the Group was entitled to a range of exclusive commercial rights including negotiation, event organization, venue selection, new media development, live broadcasting of the competitions and production of event-related merchandise in respect of the annual 10-round marathon commissioned by the government. In 2014, the rounds will be held at Shanghai, Guangzhou, Tianjin, Hangzhou, Chengdu and Wuhan, etc.

On March 2, the "Wisdom Dragon Boat Club" was launched via the mobile Internet platform during the opening race for the year of the "China Longzhou Tournament" held at Hainan. Over 10,000 members joined the "Wisdom Dragon Boat Club" within one day to become our first offline members.

At a press conference held by Wisdom on March 6, it was announced that the Group will join forces with the CCTV-Finance Channel to launch "A B Reception Room (《乙方甲方》)", a first-tier, heavy-weight interactive talk show on livelihood issues and economic mediation in China which is scheduled for nationwide premiere in April. The program has been designed with the aim of "fostering a sound business culture through mediation of economic disputes" by providing an open, fair and impartial new platform for dialogues between Enterprises and Enterprises, between consumers and Enterprises and between Enterprises and individuals to help resolve various types of economic disputes in China.

In a short span of 6 months, Wisdom managed to launch one brilliant project after another and expanded its business at an amazing speed. We have not only exceeded the business development benchmark pledged at the time of listing, but have also achieved our business objectives for 2013 in a comprehensive manner.

Wisdom reported revenues of RMB694.3 million for 2013, representing a year-on-year growth of 24.6%, while net profit grew by 75.4% to RMB231.5 million. Our revenue growth was mainly driven by year-on-year growth in revenue from Wisdom Sports and Wisdom Program by 86.9% and 132.2%, respectively. The respective gross profit proportions of our three principal business segments, Wisdom Sports, Wisdom Program and Wisdom Branding, changed from 16.4%, 14.9% and 68.7% in 2012 to 20.4%, 25.0% and 54.6% in 2013. The substantial increase in the gross profit proportions of Wisdom Sports and Wisdom Program underscored the gradual dominance of high-margin items in the Group's profit profile. The further strengthening of in-house creative ability has laid the foundation for Wisdom's ongoing rapid growth.

Chairlady's Statement

Success in corporate development is always driven by accurate business strategies. In March 2014, Wisdom took the market by storm by announcing a full-scale upgrade of Group businesses in the "Wisdom Holdings Group Development Strategy 2014–2016," as it anticipated the defining moment of a metamorphosis completion. The original Program and Branding business segments will be merged into a single business unit of television entertainment, which will consolidated the operation of TV program production, distribution and advertising under one roof, with the aim of enhancing the viewing rates of its programs and meeting the marketing needs of advertisers in a more accurate and extensive manner.

The original Sports Department will be restructured as Wisdom sports entertainment business unit（智美體育娛樂事業部）and built into China's platform for sports and health data with the recruitment of high-calibre people. While expanding our operations in offline sports events, we will fully leverage our physical offline advantages in the sporting sector to synergize various sports events, sports clubs and mobile gyms with online sports communities, mobile sports applications and smart sports & health devices to form a sports-focused online social network in a genuine O2O (online-to-offline combined marketing model) of integrated business development. By building up big data in sports and the health business at a time when the sports entertainment sector is booming in China, we are set to open up a new horizon in the development of the sporting industry and usher in a new cycle of retail spending in sports.

A great enterprise is defined by sound strategic objectives and strong execution abilities to implement those objectives with perseverance. 2014 will be a year of bliss for Wisdom, as there is little doubt that its strong execution ability will drive rapid growth. 2014 will also be a year of hard work for Wisdom, for our perseverance will drive us ever forward. And 2014 will also be a year of metamorphosis for Wisdom, because our strategic objectives are clear and all it takes to draw closer to greatness is solid work and effort.

Looking at 2013 in retrospect, Wisdom has been charging forward in joy and exuberance underpinned by infinite creativity and passion, much like a self-driven horse of the finest pedigree. I am sure that, in the future, you will feel proud and justified by having invested in us, a company with enormous growth potential. Time will prove our miracle.

Last but not least, let me express once again my sincere appreciation for your care and support for Wisdom.

Ren Wen
Chairlady

Management Discussion and Analysis

OVERVIEW OF THE GROUP

The cultural industry of China developed rapidly in 2013. Economic value added of cultural industry amounted to RMB2,100 billion, representing 3.77% of the gross national product (GNP). The internal capacity for innovation in the cultural industry became the key factor of its continuous and rapid growth and development in China. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in July 2013, a significant milestone which enhanced the influence of the brand and increased the capital. While the PRC government made great efforts to promote the economic transformation, the Group proactively took advantage of the rapid development of cultural industries, which was driven by implementation of government policies and mass demand. By capitalizing on the advantages of the product, media resources and multi-industry customer resources, the Group has structured Wisdom Sports as a speedy response, worked continuously to optimise Wisdom Program and developed Wisdom Branding stably, and achieved satisfactory results as expected.

On top of smooth operation of the competitions it already held, Wisdom Sports seized opportunities to expand its competition resource. With the B2C (Business-to-Customers Service) strategy, Wisdom Sports developed the sports competition industry chain by selecting premium events which have solid audience base and sustainable profit inflows, which established the premise for the overall development in the entertainment industry of mid- to long-term sports events. Wisdom Program kept itself fully attuned to market trends, reinforcing its researching and development on programs. The programs Wisdom Program developed met with widespread acclaim in the market and had a leading position among program production companies in China in terms of ratings as well as distribution and coverage. Business revenue had a significant increase as Wisdom Program was able to satisfy the requirements for household viewership and distribution among business clientele, establishing a program broadcasting system which is multi-levelled and all-embracing. Wisdom Branding has been incessantly expanding its customer base, exploring its clients' corresponding needs in addition to mere branding services. By creating synergies between the Group's television programs and sports competitions, the Group was able to provide one-stop services which helped to improve customer loyalty and to put business results of the Group on the rise.

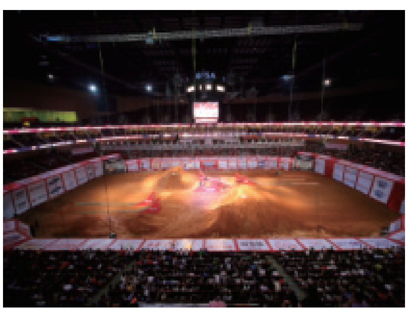
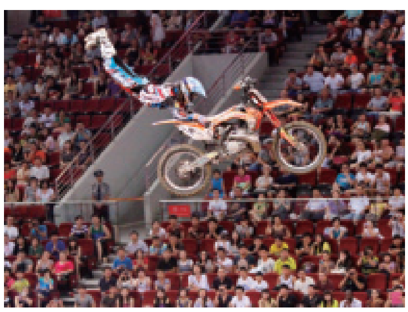
The Group made a successful landing on the capital market of Hong Kong, which marked a fresh point of departure for the Group and represented new opportunities of ascent for us to leverage on. As a newly listed company, the Group synthesised its business plans and strategic development planning, and a whole array of measures have already been determined and implemented to make improvements specifically on internationalism, standardisation and scientific management. Competent talents and elites were recruited to improve the competitiveness and consolidate the position as a leader in the market, while building an integral practice which met the legal and regulatory requirements of Hong Kong capital market. In devising its expansionary strategies, the Group also considered mergers and restructuring projects which could optimise the organisation along the industry chain, working step by step towards the strategic goal of becoming the premium brand of China in international cultural industry.

BUSINESS REVIEW

1. Wisdom Sports

Wisdom Sports organises, manages and promotes international and domestic sports competitions and other marketing events. Wisdom Sports generates revenues from the sponsorship fees from automobile, sports products, beverage, travel and other brand owners, the sale of advertising space at competition and event venues, registration fees from contestants and ticket sales to spectators.

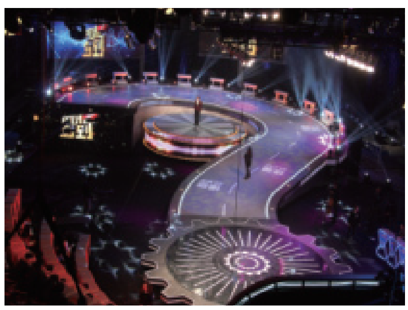
2013 is a crucial year for Wisdom Sports' strategic plan in entertainment industry, as the Group established its overall development strategy in the sports and entertainment industry for the coming 3 years. Major


sports competitions, international or domestic, such as “FIM Freestyle Motocross World Championship 2013 (2013 國際摩聯花式極限摩托世界錦標賽)”, “Hangzhou International Marathon 2013 (2013杭州國際馬拉松)”, “Guangzhou Marathon 2013 (2013廣州馬拉松)”, and “Hot Air Balloon Championship 2013 (2013中國熱氣球公開賽)” were held successfully, forming part of efforts of the Group to realise its business model in sports and entertainment industry which aspired to cover projects in the air, on the sea and on land. The achievements made in expanding into a more general customer base, maintaining a sustainable profit model, and organising events with ample offline information, were strong drivers for the Group’s success in obtaining the long term rights to operation and commercial development of major events such as “China Longzhou Tournament (中華龍舟大賽)” and “Marathon Majors (馬拉松系列賽)”. The Group’s major seasonal profit ceilings were thus sundered. The combination of competitions of different types also diversified the portfolio of offline competitions and entertainment activities and helped extending the coverage of the industry chain. Meanwhile, the Group, jointly with the State Administration of Press, Publication, Radio, Film and Television of China (國家新聞出版廣電總局), set up China Sporting Culture Promotion Association (中國體育文化傳播促進會), which established the new model of separate administration and execution under the support of the government. Products were being developed in the realm of new media to complement existing sports events that the Group held. “Yuepao (約跑)”, a smartphone application for roadrunners, was launched to facilitate the development of O2O (Online-to-Offline combined marketing model) business model and to establish a big data platform for sports and health information gradually, which laid a solid foundation for the overall development of B2C model in the sports and entertainment industry chain.

2. Wisdom Program

Wisdom Program focuses on the production of video programs that are broadcasted on television channels and through the Internet to personal computers and mobile devices. Wisdom Program mainly generates revenues from the sale of the advertising time slots of self-produced TV programs as well as from the embedded advertisements sponsored by the clients.



The State Administration of Press, Publication, Radio, Film and Television of China issued orders for restrictions in entertainment programs and singing competitions in 2013, requiring more original content in programs being broadcast so as to become independent from reliance on imported programs. For the Group, the policy gave clear directions for its development in program production business. The Group's strategy in program production is to create synergies between professional programs and branding programs, of which the mutual development would bring stable growth in professional programs as well as rapid increases in the income generated from branding programs, leading to a significant increase in the revenue of Wisdom Program in 2013. Net revenue and gross profit of the programs increased by approximately 132.2% and 164.7%, respectively, as compared to the corresponding period of last year. In 2013, the Group performed well in terms of project selection, negotiations for collaborating projects, business planning, and communications with the government and competent regulatory bodies of the industry.

Programs of the Group produced and operated in 2013 mainly included: "Lucky Go (《週末駕到／天天駕到》)", China's first large-scale family variety show with emotional and intellectual themes broadcast on Chongqing Satellite, "China Trends (《中國 • 潮》)" a culture interview program broadcast on 130 local TV channels, and "Driving Fashion (《駕尚》)", a fashionable automobile program broadcast on 166 local TV channels. "Lucky Go" (《週末駕到》) was awarded "Cross-Strait Four Little Dragons of Creative TV Variety Program 2013 (2013兩岸四地創新電視綜藝欄目四小龍)", which proved that the Group's advantage of having brand programs with high ratings would rapidly raise the Group's income. "Driving Fashion" (《駕尚》) was broadcast on the local TV channels established by the Group, which was well received by viewers. In the meantime, with the presence of the branding communications amidst customers in tier 1 cities being firmly established, the Group focused on gaining its market share in tiers 2, 3 and 4 cities. Driving Fashion (《駕尚》) met the customers' needs to reach their target audiences with precision and effectiveness, which became one of the reasons for Wisdom Programs' steady growth.

Meanwhile, the Group continued to carry out research and development in the professional field, which led to a brand new program "A B Reception Room (《乙方甲方》)", a talk show focusing on major financial negotiation due to be released on CCTV-Finance Channel. The program is expected to become a talk-of-the-town interactive public program in the industry and will produce favourable ratings and socioeconomic impacts.

3. Wisdom Branding

Wisdom Branding offers media investment management and branding and identity building services. For media investment management business, the Group generates revenues from selling the TV advertising time slots and advertising space of which the Group acquires exclusive rights from media operators to the clients and recognizes the amounts paid by the clients as revenues of the Group. The Group's branding and identity building services offer (i) branding strategy consultancy services; and (ii) advertisement agency services to the clients. The Group receives revenues from clients' payments for consultancy work and design of promotional packages in the Group's branding strategy consultancy services. Wisdom Branding also derives revenues from advertisement agency services commissions paid by the clients, which typically represent the difference between the prices the Group charges to the advertising clients and the prices the Group pays for available advertising time slots to which the Group does not have exclusive rights.

The Group has successfully renewed its agreements with China Central Television Station and continued to perform exclusive agreements with CCTV in relation to five TV programs, including "World Express (國際時訊)", "News Weekly (新聞週刊)", "World Weekly (世界週刊)", "Oriental Horizon (東方時空)" on CCTV-news channel, and "Treasure Hunt (尋寶)", a TV program on CCTV's Integrated Channel, which maintained its advantages in CCTV's exclusive advertising agency business and laid a good foundation for the Group's solid base of brand owner clients and stable cash flows.

INDUSTRY OUTLOOK AND PROSPECTS OF THE GROUP

The staggeringly rapid development of China's economy may lead mass consumption pattern to a new era, characterised by a specific focus on interaction and sensory experience. Based on the above, consumption on sports has attained criticality as a yardstick for measuring life quality as a sociocultural phenomenon. As inexorable as this growing trend of entertainment and consumption is, the sports and entertainment industry in China will be ushered into a new period of fast-track development amidst the structural changes in consumption patterns.

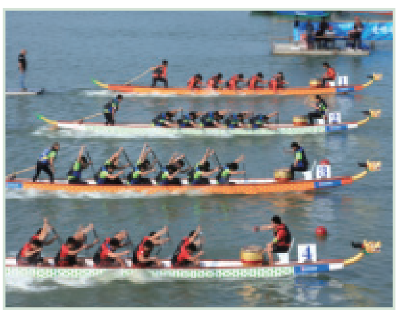
The State Council issued "Some Opinions from the State Council on the Encouragement of Integrated Development of Cultural, Creative and Design Services and Related Industry" (Guo Fa [2014] No. 10) (《國務院關於推進文化創意和設計服務與相關產業融合發展的若干意見》國發[2014]10號) on March 14, 2014. Article 6 of Key Tasks of the document stipulated that, among other things, one of the key tasks is to "expand the sports industry development, actively cultivate physical fitness market and guide the mass sports consumption, and enrich traditional festive activities to support local sporting events according to the local characteristics of natural and cultural resources. Dedicated efforts should be taken for planning premium events with far-reaching influence and high participation rate. Comprehensive development should be promoted for sports competition and performance industry, and establishment is encouraged for the development of sport service organisations with a view to event organisation, venue operations, technical training, information consulting, intermediary services, and sports insurance. Gradual scale up of the scale of sports services is enacted, and development and protection of sports-related copyrights are encouraged, with further widening of the scope of market competition within the domestic broadcast rights for tournaments and exploration of opportunities for building sports-related copyright trading platform to strengthen sports branding. Research and development should concentrate on high-tech sports related products with self-owned intellectual property rights to enhance market competitiveness. Creative invention and product design of sports derivatives shall be facilitated to promote the development of related industries." Business of Wisdom Sports met the criteria of sports industry mentioned in this policy, and Wisdom Sports will leverage on the advantage gained from this policy to further its business development.

Wisdom sports entertainment business unit (智美體育娛樂事業部) will be established by Wisdom Sports. As various operational items of sports competitions are being actively developed, the Group will start developing the business related to sports agency, venue operations and club operations gradually; by synergizing various sports events, sport clubs, mobile gyms with online sports communities, mobile applications for sports, smart sport & health devices into an integrated platform for sports and health in China, and achieving the O2O development model.

Sports entertainment business unit of the Group has scheduled to hold a total of over 40 events in 2014, including 12-15 marathon races which will cover developed cities in China, among others, such as Guangzhou, Hangzhou, Chongqing, Changsha; 9 "China Longzhou Tournament (中華龍舟大賽)" and the "Dragon Boat World Cup of 2014 (2014龍舟世界杯)"; 10 hot air balloon festivals; and 1 "FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽)". It is estimated that the Group's first dragon boat-themed mobile game application will be released around the Dragon Boat Festival in 2014, and the online version of the sports- and health-related information platform in China will be put online in July.

In 2014, Wisdom's development strategy will be entirely overhauled, combining its existing Wisdom Program and Wisdom Branding into a single business unit of television entertainment. Television program production, release and advertising services will be packaged into a coherent product. By raising the ratings, the general demands of the Group's customers for more precise and more extensive marketing needs can be satisfied.

"A B Reception Room (《乙方甲方》)", the first program on financial negotiations and interviews in China, will be premiered by Wisdom television entertainment business unit (智美影視娛樂事業部). The program will be broadcast on the Finance Channel of CCTV, one of the most authoritative economic media in China. It is believed that the innovative form and the popular broadcasting platform will give fertile soil that guarantees escalating ratings. The Group's classical program "Driving Fashion (《駕尚》)" will be reprised with new content by jointly organising 10 tours of the "Driving Fashion Festival (駕尚嘉年華)" with some automobile manufacturers in tandem with the "China Longzhou Tournament (中華龍舟大賽)" and "Marathon Majors (馬拉松系列賽) in 2014".



FINANCIAL REVIEW

Comparison of results of operations for the year ended December 31, 2013 with that of the year ended December 31, 2012 is as follows:

Revenue

The Group's revenues increased by approximately 24.6% to RMB694.3 million for the year ended December 31, 2013 from RMB557.2 million for the year ended December 31, 2012. This increase was primarily due to an increase in revenues from Wisdom Program and Wisdom Sports.

Revenues from Wisdom Sports increased by approximately 86.9% to RMB101.8 million for the year ended December 31, 2013 from RMB54.4 million for the year ended December 31, 2012. This increase was primarily due to (i) an increase in revenues from the launch of a new series of sports competitions and events including the Hangzhou International Marathon (杭州國際馬拉松) and Hot Air Balloon Championship (中國熱氣球公開賽); and (ii) the increase in revenues from the continued operation of Guangzhou Marathon (廣州馬拉松) and FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽) and the continued exploration of related advertising resources.

Revenues from Wisdom Program increased by approximately 132.2% to RMB135.4 million for the year ended December 31, 2013 from RMB58.3 million for the year ended December 31, 2012. This increase was primarily attributable to (i) an increase in revenues from the TV program "Lucky Go (《週末駕到／天天駕到》)", which was launched in November 2012; and (ii) an increase in revenues from the TV program "China Trends (《中國 • 潮》)", which was launched in March 2013.

Revenues from Wisdom Branding increased by approximately 2.8% to RMB457.1 million for the year ended December 31, 2013 from RMB444.4 million for the year ended December 31, 2012. This increase was primarily due to a slight increase in revenues generated from selling the TV advertising time slots purchased from CCTV.

Cost of Services

The Group's cost of services increased by approximately 3.3% to RMB351.5 million for the year ended December 31, 2013 from RMB340.3 million for the year ended December 31, 2012. This increase was primarily due to both an increase in cost of services from Wisdom Program and Wisdom Sports as well as a decrease in purchase cost settled by CCTV from Wisdom Advertising.

Cost of services for Wisdom Sports increased by approximately 67.8% to RMB31.9 million for the year ended December 31, 2013 from RMB19.0 million for the year ended December 31, 2012. This increase was primarily due to an increase in the cost from the launch of a new series of sports competitions and events and continued operation of sports competitions and events as well as exploration of related advertising resources.

Cost of services for Wisdom Program increased by approximately 91.6% to RMB49.6 million for the year ended December 31, 2013 from RMB25.9 million for the year ended December 31, 2012. This increase was primarily attributable to (i) an increase in cost from the TV program "Lucky Go (《週末駕到／天天駕到》)", which was launched in November 2012, and (ii) an increase in cost from the TV program "China Trends (《中國 • 潮》)", which was launched in March 2013.

Cost of services for Wisdom Branding decreased by approximately 8.6% to RMB269.9 million for the year ended December 31, 2013 from RMB295.3 million for the year ended December 31, 2012. This decrease was primarily due to a decrease in the settled amount of advertising time slots purchased from CCTV.

Gross Profit and Gross Margin

As a result of the above factors, the Group's gross profit increased by approximately 58.0% to RMB342.8 million for the year ended December 31, 2013 from RMB217.0 million for the year ended December 31, 2012. The gross margin for the Group increased to approximately 49.4% for the year ended December 31, 2013 from 38.9% for the year ended December 31, 2012. This increase was primarily due to (i) an increase in the gross profit and gross margin for Wisdom Program, Wisdom Sports and Wisdom Branding, and (ii) an increase in the proportion of revenue from Wisdom Sports and Wisdom Program which devoted higher gross margin.

As a result of the foregoing changes in revenues and cost of services for Wisdom Sports, the gross profit for Wisdom Sports increased by approximately 97.2% from RMB35.4 million for the year ended December 31, 2012 to RMB69.9 million for the year ended December 31, 2013. The gross margin for Wisdom Sports increased to 68.7% for the year ended December 31, 2013 from 65.1% for the year ended December 31, 2012. This increase was primarily because of the extensive experience in organizing competitions and the exploration of more competitions and advertising resources of the Group. An increase in revenues coupled with efficient cost control contributed to an increase in the gross margin.

As a result of the foregoing changes in revenues and cost of services for Wisdom Program, the gross profit for Wisdom Program increased by approximately 164.7% from RMB32.4 million for the year ended December 31, 2012 to RMB85.8 million for the year ended December 31, 2013. The gross margin for Wisdom Program increased to approximately 63.3% for the year ended December 31, 2013 from 55.6% for the year ended December 31, 2012. This increase was primarily due to the relatively high gross margin of the TV program "Lucky Go (《週末駕到》/《天天駕到》)", which was launched in November 2012. "Lucky Go (《週末駕到》/《天天駕到》)" is a TV variety show which allows the general public to register for the participation from various channels and offers an opportunity to the participants to win a grand price. Due to the nature and design of this program, it gained popularity among the audiences and became a platform for the Group's clients to place more advertisements, contributing to a relatively high gross margin.

As a result of the foregoing changes in revenues and cost of services for Wisdom Branding, the gross profit for Wisdom Branding increased by approximately 25.5% from RMB149.1 million for the year ended December 31, 2012 to RMB187.2 million for the year ended December 31, 2013. The gross margin for Wisdom Branding increased to 40.9% for the year ended December 31, 2013 from 33.6% for the year ended December 31, 2012. This increase was mainly due to an increase in the sales of advertising time slots purchased from CCTV along with a decrease in the settled amount of related cost, contributing to a slight increase in the gross margin.

Selling and Distribution Costs

The Group's selling and distribution costs increased by approximately 29.4% to RMB24.9 million for the year ended December 31, 2013 from RMB19.2 million for the year ended December 31, 2012. This increase was primarily attributable to an increase related to sales expenses, the number of the Group's sales staff and their salaries and benefits, which was generally in line with the Group's continued efforts in strengthening marketing and sales capabilities as a result of the Group's business development in 2013, particularly the launch of new TV programs and sports competitions. To complement the Group's business expansion, an addition of office premises and working facilities were required, which resulted in an increase in rental and property fees.

General and Administrative Expenses

The Group's general and administrative expenses increased by 70.7% to RMB36.9 million for the year ended December 31, 2013 from RMB21.6 million for the year ended December 31, 2012. This increase was primarily attributable to the increase in related professional fees and general expense with respect of the listing. Moreover, due to strengthening of management capabilities to complement the Group's business expansion, necessary staff, office premises and working facilities increased which resulted in the increases in management staff's salaries and benefits as well as related rental and property fees.

Other Gain, Net

The Group's other gain, net increased to RMB27.0 million for the year ended December 31, 2013 from RMB0.1 million for the year ended December 31, 2012, which was mainly attributable to the tax refund from the governmental body.

Finance Income, Net

The Group's net finance income increased by 96.3% to RMB3.2 million for the year ended December 31, 2013 from RMB1.6 million for the year ended December 31, 2012. This increase was primarily due to the interest income generated from initial public offering proceeds. This increase was partially offset by the foreign currency translation losses arising from initial public offering proceeds.

Profit Before Income Tax

As a result of the foregoing, the Group's profit before income tax increased by approximately 75.0% to RMB311.2 million for the year ended December 31, 2013 from RMB177.8 million for the year ended December 31, 2012.

Income Tax Expenses

The Group's income tax expenses increased by approximately 73.9% to RMB79.7 million for the year ended December 31, 2013 from RMB45.8 million for the year ended December 31, 2012. This increase was primarily attributable to the increase in the Group's taxable income.

The Group's effective tax rate for the year ended December 31, 2013 was 25.6%, compared to approximately 25.8% for the year ended December 31, 2012.

Profit for the year

As a result of the foregoing, the Group's profit for the year increased by approximately 75.4% to RMB231.5 million for the year ended December 31, 2013 from RMB132.0 million for the year ended December 31, 2012. The Group's net profit margin increased from 23.7% for the year ended December 31, 2012 to 33.3% for the year ended December 31, 2013.

Cash Flows

As at December 31, 2013, the Groups' cash and cash equivalents increased to approximately RMB819.9 million from RMB99.5 million as at December 31, 2012. The table below sets out selected cash flow data from the Group's consolidated statement of cash flows.

	For the year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Net cash generated from operating activities	**166,892**	14,887
Net cash generated from/(used in) investing activities	**2,682**	(3,665)
Net cash generated from/(used in) financing activities	**550,909**	(48,285)
Net increase/(decrease) in cash and cash equivalents	**720,483**	(37,063)
Cash and cash equivalents at beginning of the year	**99,450**	136,480
Cash and cash equivalents at the end of the year	**819,933**	99,450

Net Cash Generated from Operating Activities

Net cash generated from operating activities increased to RMB166.9 million for the year ended December 31, 2013 from RMB14.9 million for the year ended December 31, 2012. The change was mainly attributable to an increase in profit before income tax.

Net Cash Generated from/used in Investing Activities

Net cash used in investing activities amounted to RMB3.7 million for the year ended December 31, 2012 while net cash generated from investing activities amounted to RMB2.7 million for the year ended December 31, 2013. The change was mainly attributable to an increase in the interest received.

Net Cash Generated from/used in Financing Activities

Net cash used in financing activities amounted to RMB48.3 million for the year ended December 31, 2012 while net cash generated from financing activities amounted to RMB550.9 million for the year ended December 31, 2013. The change was mainly attributable to the proceeds raised from the initial public offering which was partially offset by an increase in the payment of dividends to the equity holders.

Working Capital

The Group's net current assets increased by approximately 323.6% to RMB1,031.5 million for the year ended December 31, 2013 from RMB243.5 million for the year ended December 31, 2012. The increase in net current assets was mainly attributable to (i) an increase in cash and cash equivalents of RMB720.5 million; (ii) an increase of trade and notes receivables of approximately RMB44.0 million due to the Group's business growth; (iii) an increase of other receivables of approximately RMB17.9 million; and (iv) an increase in prepayments and other current assets of approximately RMB54.8 million. This increase was partially offset by an increase in tax payables of RMB53.7 million.

Capital Expenditure

The total spending on the acquisition of property, plant and equipment amounted to RMB4.8 million for the year ended December 31, 2013.

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 December 31, 2013, the Group had net current assets of RMB1,031.5 million (December 31, 2012: RMB243.5 million), of which cash and cash equivalents and various bank deposits together amounted to RMB819.9 million (December 31, 2012: RMB99.5 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 and Wisdom Branding units, 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 in the Wisdom Program unit 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 in the Wisdom Sports unit, 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 of 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 to some of the clients in practice. Such extension of credit periods is granted on a case-by-case basis and not set forth in the payment terms in the agreements with relevant clients. The Group will continue to monitor the payment progress of these clients and take appropriate measures as to the collection of trade and notes receivables based on the Group's assessment and ongoing communications with the clients.

The Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the year ended December 31, 2013, and 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 (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 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. Apart from above transactions, there was no alternation in the capital structure of the Group for the year ended December 31, 2013.

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

For the year ended December 31, 2013, the Company has no material investment, material acquisition and disposal of subsidiaries. The Company has no plans for material investment or acquisition of material capital asset.

CHARGE ON ASSETS

For the year ended December 31, 2013, there was no charge on the Group's assets.

FINANCIAL RATIO

Financial ratio	**As at December 31, 2013**	As at December 31, 2012
Current ratio[1]	**864.7%**	377.8%
Gearing ratio[2]	**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, 2012 and December 31, 2013 respectively.

The current ratio increased from 377.8% as at December 31, 2012 to 864.7% as at December 31, 2013. The increase was primarily due to a significant increase in the cash and cash equivalents from the listing.

CONTINGENT LIABILITIES

As at December 31, 2013, the Company had no material contingent liabilities.

HUMAN RESOURCES

The total number of employees of the Group was 196 as at December 31, 2013. 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 year ended December 31, 2013 amounted to RMB28.4 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.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company has committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability.

Throughout the period commencing from the date of the listing of the Company on the Stock Exchange on July 11, 2013 (the "**Listing Date**") to December 31, 2013, the Company has applied the principles/code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board is of the view that throughout the period from the Listing Date to December 31, 2013, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Details will be set out under "Chairlady and Chief Executive".

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the period from the Listing Date to December 31, 2013.

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.

BOARD OF DIRECTORS

The Board of the Company comprises the following directors:

Executive Directors:
Ms. Ren Wen *(Chairlady of the Board and of the Nomination Committee)*
Mr. Sheng Jie *(Joint Company Secretary and member of the Remuneration Committee)*
Mr. Zhang Han

Non-executive Directors:
Mr. Jin Haitao
Mr. Wang Shihong *(Ceased as member of the Audit Committee with effect from March 28, 2014)*
Mr. Xu Jiongwei *(Appointed as member of the Audit Committee with effect from March 28, 2014)*

Independent Non-executive Directors:
Mr. Wei Kevin Cheng *(Chairman of the Audit Committee and member of the Remuneration Committee)*
Mr. Ip Kwok On Sammy *(Member of the Nomination Committee)*
Mr. Jin Guoqiang *(Chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee)*

After the Listing Date and up to December 31, 2013, the Board held three meetings. The attendance records of the Board meetings are set out under "Attendance Records of Directors and Committee Members".

The biographical information of the Directors are set out in the section headed "Directors, Senior Management and Employees" on pages 40 to 44 of this annual report.

None of the members of the Board is related to one another.

Chairlady and Chief Executive

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

Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, is also the president of the Company, responsible for overall management and formulation of business strategy of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The roles of the respective executive Directors and senior management who are in charge of different functions complement the role of the chairman and chief executive. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to operate efficiently.

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

Independent Non-executive Directors

During the period from the Listing Date to December 31, 2013, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Directors' Re-election

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors, Ms. Ren Wen and Mr. Sheng Jie has entered into a service agreement with the Company for a term of three years commencing from March 21, 2012 whilst Mr. Zhang Han has entered into a service agreement with the Company for a term of three years commencing from June 14, 2013. Either party may terminate the service agreement by giving the other party not less than six months' notice in writing.

Each of the non-executive Directors, Mr. Jin Haitao, Mr. Wang Shihong and Mr. Xu Jiongwei, has entered into an appointment contract with the Company for a term of three years commencing from June 14, 2013. Either party may terminate the appointment contract by giving the other party not less than six months' notice in writing.

Each of the independent non-executive Directors, Mr. Wei Kevin Cheng, Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang, has entered into an appointment contract with the Company for a term of three years commencing from June 14, 2013. Either party may terminate the appointment contract by giving the other party not less than six months' notice in writing.

In accordance with the Company's Articles of Association, all Directors are subject to retirement by rotation and re-election at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting after his/her appointment. Any Director appointed as an addition to the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at that meeting.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision of all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management committee (經營管理委員會).

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the period from the Listing Date to December 31, 2013, the Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills:

Directors	Topics of training covered [Note]
Executive Directors	
Ms. Ren Wen	1 & 2
Mr. Sheng Jie	1 & 2
Mr. Zhang Han	1 & 2
Non-executive Directors	
Mr. Jin Haitao	1 & 2
Mr. Wang Shihong	1 & 2
Mr. Xu Jiongwei	1 & 2
Independent Non-executive Directors	
Mr. Wei Kevin Cheng	1 & 2
Mr. Ip Kwok On Sammy	1 & 2
Mr. Jin Guoqiang	1 & 2

Note:

1. Corporate governance
2. Regulatory updates

In addition, relevant reading materials including directors' manual/legal and regulatory update/seminar handouts have been provided to the Directors for their reference and studying.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman/chairlady and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Company established the Audit Committee on June 14, 2013 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision C.3 of the CG Code.

The Audit Committee comprises three members, namely Mr. Wei Kevin Cheng (Chairman) and Mr. Jin Guoqiang, independent non-executive Directors, and Mr. Wang Shihong, non-executive Director (including one independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise). Mr. Wang Shihong ceased as member of the Audit Committee and Mr. Xu Jiongwei was appointed as member of the Audit Committee with effect from March 28, 2014. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The primary duties of the Audit Committee are to assist the Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee held one meeting during the period from the Listing Date to December 31, 2013 to review interim financial results and report in respect of the period ended June 30, 2013 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor, connected transactions and arrangements for employees to raise concerns about possible improprieties. The external auditor were invited to attend the meeting. The attendance records of the Audit Committee are set out under "Attendance Records of Directors and Committee Members".

The Audit Committee also met the external auditor once without the presence of the executive Directors.

Remuneration Committee

The Company established the Remuneration Committee on June 14, 2013 with written terms of reference in compliance with code provision B.1 of the CG Code.

The Remuneration Committee comprises three members, namely Mr. Jin Guoqiang (Chairman) and Mr. Wei Kevin Cheng, independent non-executive Directors, and Mr. Sheng Jie, executive Director.

The primary duties of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing formal and transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Remuneration Committee held one meeting during the period from the Listing Date to December 31, 2013 to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and senior management and other related matters. The attendance records of the Remuneration Committee are set out under "Attendance Records of Directors and Committee Members".

Nomination Committee

The Company established the Nomination Committee on June 14, 2013 with written terms of reference in compliance with code provision A.5 of the CG Code.

The Nomination Committee comprises three members, namely Ms. Ren Wen (Chairlady), executive Director, and Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang, independent non-executive Directors.

The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendation to the Board on matters relating to the appointment of Directors.

The Company firmly believes that the increasing diversity at the board level is one of essential elements in supporting the attainment of its strategic objectives and its sustainable development, therefore, the Company has adopted a Board Diversity Policy. In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

As the Company's shares were only listed on the Stock Exchange on July 11, 2013, no meeting was held by the Nomination Committee from the Listing Date to December 31, 2013.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board Committee meetings of the Company held during the period from the Listing Date to December 31, 2013, is set out in the table below:

	Attendance/Number of Meetings		
Name of Director	Board	Remuneration Committee	Audit Committee
Ren Wen	3/3	—	—
Sheng Jie	3/3	1/1	—
Zhang Han	3/3	—	—
Jin Haitao	3/3	—	—
Wang Shihong	3/3	—	1/1
Xu Jiongwei	3/3	—	—
Wei Kevin Cheng	3/3	1/1	1/1
Ip Kwok On Sammy	3/3	—	—
Jin Guoqiang	3/3	1/1	1/1

Pursuant to Article 56 of the Articles of Association of the Company, an annual general meeting of the Company shall be held in each year other than the year of the Company's adoption of the Articles of Association. As the Company's Articles of Association was adopted pursuant to written resolutions of shareholders passed on June 14, 2013 with effect from the Listing Date, no annual general meeting was held during the period from the Listing Date to December 31, 2013.

Apart from regular Board meetings, the Chairlady also held meeting with the non-executive Directors (including the independent non-executive Directors) without the presence of executive Directors during the period from the Listing Date to December 31, 2013.

DIRECTORS' RESPONSIBILTY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2013.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 45 to 46.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditor.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, PricewaterhouseCoopers, in respect of audit services and non-audit services for the year ended December 31, 2013 is set out below:

Service Category	Fees Paid/ Payable RMB
Audit related Services	3,321,000
Non-audit related Services	2,134,000
	5,455,000

INTERNAL CONTROLS

During the year under review, the Board, through the Audit Committee, conducted a review of the effectiveness of the internal control system of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

COMPANY SECRETARIES

Mr. Sheng Jie, an executive Director and Ms. Kam Mei Ha Wendy of Tricor Services Limited, external service provider, were appointed by the Board as joint company secretaries of the Company with effect from December 16, 2013. The primary contact person of Ms. Kam at the Company is Mr. Sheng Jie, executive Director and joint company secretary of the Company.

In accordance with Rule 3.29 of the Listing Rules, the Company has received training information from the joint company secretaries of the Company, pursuant to the content of which, the Company considers that the training of the joint company secretaries was in compliance with the requirements under Rule 3.29 of the Listing Rules.

Mr. Dominic Leung Oi Kin was the former company secretary of the Company since the Listing Date and resigned on December 16, 2013. Details of the said change of company secretary were set out in the Company's announcement dated December 16, 2013.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Convening and putting forward proposals at Extraordinary General Meeting by Shareholders

Pursuant to Article 58 of the Articles of Association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders should follow the requirements and procedures as set out above for putting forward proposals at extraordinary general meetings of the Company.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	3/F, Unite B12C, Universal Business Park, No. 10 Jiuxianqiao Road, Chaoyang District, Beijing 100015, China (For the attention of the IR Department)
Fax:	+8610-58960555
Email:	ir@wisdom-china.cn

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at +8610-58960666 for any assistance.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

The general meetings of the Company provide a forum for communication between the Board and the shareholders. The Chairlady of the Board and the Nomination Committee as well as chairmen of the Remuneration Committee and Audit Committee (or their delegates) will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

The 2014 Annual General Meeting of the Company ("**AGM**") will be held on May 16, 2014. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

To promote effective communication, the Company maintains a website at www.wisdom-china.cn where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are posted.

During the period from the Listing Date to December 31, 2013, the Company has not made any changes to its Articles of Association. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

Directors' Report

The Directors are pleased to submit their annual report together with the audited financial statements for the year ended December 31, 2013.

GROUP REORGANIZATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on March 21, 2012. The reorganization of the Company was completed on June 24, 2013 in anticipation and preparation for the listing of shares on the Main Board of the Stock Exchange. For details of the group's reorganization, please refer to the paragraph headed "Reorganization" in the section headed "History and Reorganization" to the Prospectus.

The shares of the Company (the "**Shares**") have been listed on the Main Board of the Stock Exchange since the Listing Date. The Global Offering includes 40,000,000 shares of Hong Kong Offer Shares and 360,000,000 shares of International Offer Shares. The offer price was HK$2.11 per share. On August 7, 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK$2.11 per share to the public upon the partial exercise of the over-allotment option.

PRINCIPAL ACTIVITIES

The Company is a media investment management services provider, TV programs producer and distributor and sports competitions organizer in China.

The principal activities and other particulars of the Company's subsidiaries are set out in Note 1 to the consolidated financial statements in this annual report.

RESULTS & DIVIDENDS

Results of the Group for the year ended December 31, 2013 are set out in the consolidated statements comprehensive income of this annual report.

No interim dividend was paid by the Company for the period ended June 30, 2013. The Board recommends a payment of final dividend of RMB0.093 per Share for the year ended December 31, 2013 to shareholders whose names appear on the register of members of the Company on May 26, 2014.

The proposed declaration of final dividend is subject to the shareholders' approval at the forthcoming AGM.

Beijing Wisdom Media Holding Co., Limited, an affiliated entity of the Company, distributed dividends to its then shareholders in the amount of RMB80 million in May 2013.

FINANCIAL SUMMARY

Since the Company was listed on the Main Board of the Stock Exchange on July 11, 2013 and includes audited accounts for the three years of 2010, 2011 and 2012 in the Prospectus, a summary of the audited results and of the assets and liabilities of the Group for the last four financial years is set out on page 96 of this annual report.

USE OF PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of over-allotment 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 December 31, 2013, part of the proceeds has been applied as follows:

RMB145 million raised through the listing has been used for the initial-phase registered capital for the establishment of Wisdom Culture (Zhejiang) Co., Ltd. (智美文化(浙江)有限公司). The registered capital of Wisdom Culture (Zhejiang) Co., Ltd. amounted to RMB290 million and its core business will focus on organizing sports competitions and related events, the development of sports related products, brand promotion and communications services. The remaining capital contribution of approximately RMB145 million to the registered capital of Wisdom Culture (Zhejiang) Co., Ltd. will be completed in 2014. The remaining net proceeds from the listing were deposited in the bank, which will be used for the suggested purposes as set out in the section headed "Use of Proceeds" of the Prospectus.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended December 31, 2013 are set out in Note 19 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2013, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, amounted to approximately RMB634,080,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or applicable laws of the Cayman Islands where the Company was incorporated.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment for the year ended December 31, 2013 are set out in Note 12 to the consolidated financial statements of this annual report.

BANK BORROWINGS AND INTEREST

There was no bank borrowings of the Company as at December 31, 2013.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2013, the Group's five largest customers accounted for approximately 29.5% of the Group's total revenue and the Group's largest customer for the year accounted for approximately 6.9% of the Group's total revenue. The Group's five largest suppliers accounted for approximately 82.9% of the Group's total purchases, while the largest supplier for the year accounted for approximately 75.6% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective associates or any of the shareholders of the Company who owns more than 5% of the Company's issued share capital has any interest in any of the Group's five largest customers or suppliers.

DIRECTORS

The information of the Directors for the year ended December 31, 2013 is illustrated below:

Name	Title in the Company	Date of appointment
Ms. Ren Wen	Chairlady and executive Director	March 21, 2012
Mr. Sheng Jie	Executive Director	March 21, 2012
Mr. Zhang Han	Executive Director	June 14, 2013
Mr. Jin Haitao	Non-executive Director	June 14, 2013
Mr. Wang Shihong (Note)	Non-executive Director	June 14, 2013
Mr. Xu Jiongwei	Non-executive Director	June 14, 2013
Mr. Wei Kevin Cheng	Independent non-executive Director	June 14, 2013
Mr. Ip Kwok On Sammy	Independent non-executive Director	June 14, 2013
Mr. Jin Guoqiang	Independent non-executive Director	June 14, 2013

Note: Due to his other business commitments, Mr. Wang Shihong will not offer himself for re-election as a director of the Company after his retirement at the AGM. Dr. Shen Wei has been proposed to be an executive Director at the Board meeting dated March 28, 2014 and is subject to the appointment at the AGM.

In accordance with Article 84 of the Company's articles of association, Ms. Ren Wen, Mr. Sheng Jie, and Mr. Wang Shihong shall retire from office by rotation at the conclusion of the AGM of the Company. Ms. Ren Wen and Mr. Sheng Jie, being eligible, will offer themselves for re-election at the AGM. Details of the Directors to be re-elected at the AGM are set out in the circular to shareholders.

None of the Directors who is proposed for re-election at the AGM has any service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Mr. Jin Haitao was entitled to director's fee of HK$30,000 for the year ended December 31, 2013. He has waived his emoluments for the year ended December 31, 2013 and has agreed to waive his future emoluments.

The Company has received annual confirmation of independence from each of the independent non-executive Director and as at the date of this annual report still considers them to be independent.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of Directors and senior management of the Company are set out in the section headed "Directors, Senior Management and Employees" of this annual report.

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

As at December 31, 2013, the interests and short positions of the Directors or chief executive of the Company in 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 in 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	Interest of controlled corporations (Note 1)	284,520,000	17.68%
	Founder of discretionary trust (Note 2)	603,480,000	37.51%
Mr. Wang Shihong	Interest of spouse (Note 3)	191,000	0.01%

Notes:

1. These 284,520,000 Shares are held as to 103,680,000 Shares by Top Car Co., Ltd. ("**Top Car**") and as to 180,840,000 Shares by Lucky Go Co., Ltd. ("**Lucky Go**"). Ms. Ren Wen holds approximately 88.42% of the equity interest in Top Car and approximately 33.13% of the equity interest in Lucky Go. Ms. Ren Wen is the sole director of Top Car and Lucky Go. Therefore, Ms. Ren Wen is deemed or taken to be interested in all Shares held by Top Car and Lucky Go for the purposes of the SFO.
2. 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 ("**Trust Co**"), whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.
3. These 191,000 Shares are held by Ms. Wu Xiangcheng, spouse of Mr. Wang Shihong.

(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 Holding Co., Limited (北京智美傳媒股份有限公司) ("**Beijing Wisdom Media**")	52.38%
	Beijing Car Culture Advertising Co., Ltd (北京智美車文廣告有限公司) (Note 4)	100%
	Beijing Wisdom Leadership Sports Culture Co., Ltd (北京智美領航體育文化有限公司) (Note 4)	100%
	Beijing Xinchuang Branding Co., Ltd (北京新創智力品牌管理有限公司) (Note 4)	100%
Mr. Sheng Jie	Beijing Wisdom Media	8.46%
Mr. Zhang Han	Beijing Wisdom Media	0.18%

Note:

4. A wholly owned subsidiary of Beijing Wisdom Media. Its wholly owned subsidiaries, namely Guangzhou Qibu Media Co., Ltd (廣州騏步文化傳播有限公司) and Shanghai Zhizhen Media Co., Ltd (上海智真尚成文化傳播有限公司) were de-registered on August 2, 2013 and December 4, 2013 respectively.

Save as disclosed above, as at December 31, 2013, 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.

DIRECTORS' REMUNERATION

Details of the Directors Emoluments are set out in Note 8 to the consolidated financial statements in this annual report. The Directors' remunerations are determined with reference to this respective duties and responsibilities within the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, existed at the end of the year ended December 31, 2013.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates had any interest in a business which competes or likely to compete, either directly or indirectly, with the business of the Group during the year ended December 31, 2013.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2013.

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 December 31, 2013, 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:

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Mr. Zhou Wenjie	Interest of spouse (Note 5)	888,000,000	55.19%
Sky Limited	Interest of controlled corporation (Note 6)	603,480,000	37.51%
Credit Suisse Trust Limited	Trustee (Note 6)	603,480,000	37.51%
Queen Media	Beneficial owner (Note 6)	603,480,000	37.51%
Lucky Go	Beneficial owner	180,840,000	11.24%
Avance Holdings Limited	Beneficial owner	120,000,000	7.46%
Top Car	Beneficial owner	103,680,000	6.44%

Note:

5. Mr. Zhou Wenjie is the spouse of Ms. Ren Wen. Therefore, he is deemed to be interested in 888,000,000 Shares.
6. Queen Media is the direct owner of 603,480,000 Shares. The entire issued share capital of Queen Media is owned by Trust Co, whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.

Save as disclosed above, as at December 31, 2013, 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.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on June 14, 2013 for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group, which became effective on the Listing Date. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to the substantial shareholders, Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company's subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for Shares of the Company and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the Global Offering (as defined in the Prospectus), being 160,000,000 Shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. The maximum number of shares (i.e. 160,000,000 shares) in respect of which options may be granted under the Share Option Scheme represents 9.94% of the issued share capital of the Company as at the date of this annual report.

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

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

No options were granted under the Share Option Scheme from the date of its adoption to the date of this report.

A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix IV to the Prospectus.

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 throughout the period from the Listing Date to December 31, 2013.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float since the Listing Date as required under the Listing Rules.

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, Ms. Ren Wen and Queen Media, the controlling shareholders of the Company, have undertaken to avoid being engaged in or taking part in the business which may compete with the principal business of the Company.

The Company's independent non-executive Directors have reviewed the compliance of the controlling shareholders with the deed of non-competition dated June 24, 2013.

Each of Ms. Ren Wen and Queen Media has complied with the above undertakings since the listing of the Company and up to December 31, 2013.

CONNECTED TRANSACTIONS

As the business operation of Beijing Wisdom Media Holding Co., Limited ("**Beijing Wisdom Media**"), an affiliated entity of the Company, 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 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 law and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts (as defined in the Prospectus) were entered into on June 24, 2013 pursuant to which 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. The Structured Contracts constitute non-exempt constituting connected transactions under Chapter 14A of the Listing Rules.

The Structured Contracts currently in force comprise five agreements namely: (i) the exclusive consulting and service agreement; (ii) the exclusive business operating agreement; (iii) the share pledge agreement; (iv) the exclusive option agreement; and (v) the powers of attorney, which were entered into between/among Wisdom Culture, Beijing Wisdom Media and/or the existing shareholders of Beijing Wisdom Media.

The Directors (including the independent non-executive Directors) consider that the Structured Contracts and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and are on normal commercial terms after arm's length negotiation, and consider that the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the shareholders as a whole.

Pursuant to Rule 14A.42(3) of the Listing Rules, the Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver from strict compliance with (i) announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to Wisdom Culture under the Structured Contracts; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less.

The amount with respect to the services Wisdom Culture provided to Beijing Wisdom Media for the year ended December 31, 2013 was RMB1,000,000.

The Company's independent non-executive Directors have reviewed the above connected transactions and confirmed that these continuing connected transactions have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than those available to or provided from (as appropriate) independent third parties; and

(3) in accordance with relevant agreements governing them that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's independent non-executive Directors also confirmed that since the Listing Date and up to December 31, 2013:

(1) the continuing connected transactions have been entered into in accordance with the relevant provisions of the Structured Contracts, so that the revenue generated by Beijing Wisdom Media has been mainly retained by the Group;

(2) no dividends or other distributions have been made by Beijing Wisdom Media to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and

(3) no new contract was entered into to renew or reproduce the framework of the Structured Contracts.

Confirmation of auditor of the Company:

PricewaterhouseCoopers, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above connected transactions.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken in the normal course of business are provided under Note 28 to the consolidated financial statements of this annual report, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

POST BALANCE SHEET EVENTS

There is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since December 31, 2013 to the date of this annual report.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended December 31, 2013. The Company has not changed its external auditor since its listing in July 2013 and up to the date of this annual report.

PricewaterhouseCoopers shall retire in the AGM and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Company will be proposed at the AGM.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of 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 has reviewed together with the management and PricewaterhouseCoopers the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2013.

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

CLOSURE OF SHARE REGISTER OF MEMBERS

The AGM will be held on Friday, May 16, 2014. In order to determine the shareholders who will be qualified for attending and voting at the AGM, the register of members of the Company will be closed from Wednesday, May 14, 2014 to Friday, May 16, 2014, both days inclusive. All completed transfer documents together with the relevant share certificate(s) must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, May 13, 2014 for registration. For details of the AGM, please refer to the notice of AGM which is expected to be issued on April 11, 2014.

The record date for entitlement of the proposed final dividend is Monday, May 26, 2014. For determining the entitlement to the proposed final dividend (if approved at the AGM), the register of members of the Company will be closed from Friday, May 23, 2014 to Monday, May 26, 2014, both days inclusive. During such period, no share transfers will be effected. In order to qualify for the proposed final dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged with the office of the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, May 22, 2014. It is expected that the final dividend will be paid on or about Friday, June 6, 2014.

On behalf of the Board
Ren Wen
Chairlady and Executive Director
Hong Kong, March 28, 2014

Directors, Senior Management and Employees

Biographies of each member of the senior management team are set out below:

EXECUTIVE DIRECTORS

Ms. Ren Guozun (任國尊), also known as Ren Wen (任文), aged 38, was appointed the chairlady of the Board and an executive Director on March 21, 2012. Ms. Ren is the founder of the Group and also serves as the president. She has also served as the general manager and president of Beijing Wisdom Media since its establishment. She is responsible for overseeing the Group's overall management and strategy.

In 2001, Ms. Ren founded 北京智美奧成廣告有限公司 (Beijing ZMAC Advertising Co., Ltd.*) ("**ZMAC**") and served as general manager. Ms. Ren has dedicated to the automobile-related marketing communications and media industry in the PRC since the beginning of her entrepreneurship in 2001 and has more than 13 years of experience. Under the leadership of Ms. Ren, the Ultimate One Litre Challenge (全國一升油極限挑戰賽) was organized in 2000 and ZMAC organized events such as National Driving Skills Challenge (全國萬里駕駛技能挑戰賽) in 2001, Commemoration of the 50th Anniversary of Chinese Automobile Industry (中國汽車工業五十週年慶典) in 2003, Summit Forum for the Commemoration of the 50th Anniversary of Chinese Automobile Industry (紀念中國汽車工業五十週年高峰論壇) in 2003, Film Breakthrough for the Commemoration of the 50th Anniversary of Chinese Automobile Industry (紀念汽車工業五十週年大型專題片突破) in 2003. Ms. Ren founded the "Highway for Famous Automobiles (名車高速路)" series in 2003. ZMAC also organized the Special Report on International Automobile Exhibition (車展特別報道), Automobile of the Year (年度汽車評選), and National Urban Automobile Fuel Efficiency Extreme Challenge (全國城市汽車節油挑戰賽). She was also the person-in-charge for events such as the Auto Starlight & Green Fashion (車影星光綠色風尚祝福奧運環保公益活動) in 2008. Ms. Ren was a member of the judge panel of the Effie Media Award in 2011 and the executive vice president of nomination committee of the 3rd Forum on Film Editing & Development of Chinese Cinema cum Person of the Cinema Award 2012 (第三屆中國電影發展論壇暨2012電影瑞動力論壇). Ms. Ren was named "one of the top 100 women of Brand China (品牌中國)" in 2008. Ms. Ren obtained a diploma in journalism from the Beijing Broadcasting Institute (北京廣播學院) (now the Communication University of China (中國傳媒大學)) in January 2000.

Mr. Sheng Jie (盛杰), aged 38, was appointed an executive Director on March 21, 2012. He was appointed as Joint Company Secretary of the Company on December 16, 2013. Mr. Sheng is one of the co-founders of the Group, and has been the vice president of the Group since October 2009. He is responsible for the coordination of the Board's affairs and overseeing the Group's legal matters.

Mr. Sheng joined ZMAC in April 2002, and served as deputy general manager. After the establishment of Beijing Wisdom Media, he served as general executive manager from January 2007 to September 2009. Mr. Sheng has over 11 years of experience in the marketing communications industry. Mr. Sheng obtained a bachelor's degree in English language from Shandong University (山東大學) in July 1998 and obtained a diploma in business management from the University of International Business and Economics (對外經濟貿易大學) in July 2009.

* For identification purposes only

Mr. Zhang Han (張晗), aged 35, was appointed an executive Director on June 14, 2013. Mr. Zhang is one of the co-founders of the Group and has been the vice president of the Group since October 2009. He is responsible for the Group's sales and marketing operations and customer management. He served as deputy general manager of ZMAC from August 2003 to December 2006, and deputy general manager of Beijing Wisdom Media from January 2007 to September 2009. Mr. Zhang has over 10 years of experience in the marketing communications industry. Mr. Zhang obtained a diploma in law from Shaanxi Administrative Cadre Institute of Politics and Law (陝西省政法管理幹部學院) (now known as Shaanxi Police Officer Training College (陝西警官學院)) in July 1999 and obtained a diploma in journalism and communication from the Renmin University of China (中國人民大學) in July 2009.

NON-EXECUTIVE DIRECTORS

Mr. Jin Haitao (靳海濤), aged 60, was appointed a non-executive Director on June 14, 2013. He has been the chairman of Shenzhen Capital Group Co., Ltd (深圳創新投資集團有限公司) since 2004. He is currently a member of the Shenzhen CPPCC, co-president of the Special Committee on Venture Capital Investment of the Investment Association of China (中國投資協會創業投資專門委員會). Mr. Jin served as president of Shenzhen Venture Capital Association (深圳創業投資同業公會) in 2007, president of Shenzhen Private Equity Association (深圳私募基金協會) in 2011, specialist in Shenzhen Science and Technology Committee (深圳科技專家委員會) in 2011.

Mr. Jin was recognized as "one of the top ten persons in Chinese Economy in 2009" by CCTV (2009 CCTV中國經濟十大年度人物), the winner of "Excellent Venture Capitalist" in 2011 (2011年優秀創業投資家) at the China Venture Capital Forum, the winner of "China Best Venture Capitalist Pioneer Award" (中國最佳創投人物先鋒獎) in 2011 by the Securities Times, and "China's Top Venture Capitalists" elected by Forbes in 2011. Mr. Jin obtained a master's degree of engineering from Huazhong University of Science and Technology (華中理工大學) (now Huazhong University of Science and Technology (華中科技大學)) in December 1996.

Mr. Jin has been a director of Shenzhen Terca Technology Co., Ltd (深圳市特爾佳科技股份有限公司) (Shenzhen Stock Exchange stock code: 002213) since December 2006, a director of JinkoSolar Holding Co., Ltd. (New York Stock Exchange stock code: JKS) since September 2008, a director and the vice chairman of Dongguan Kingsun Optoelectronics Co., Ltd (東莞勤上光電股份有限公司) (Shenzhen Stock Exchange stock code: 002638) from December 2010 to December 2012, and an independent non-executive director of CNC Holdings Limited (formerly known as Tsun Yip Holdings Limited) (Hong Kong Stock Exchange stock code: 08356) since June 2012.

Mr. Wang Shihong (王世宏), aged 81, was appointed a non-executive Director on June 14, 2013. Mr. Wang has been the honorary chairman of Hwabao Trust Co., Ltd. (華寶信託公司) since July 2002 and the honorary president of China Trustee Association (中國信託業協會) since October 2005. Mr. Wang served as the general manager and director of Shanghai Bao Steel Group Finance Company Limited (上海寶鋼集團財務公司) from September 1992 to December 1998.

Mr. Xu Jiongwei (徐炯煒), aged 38, was appointed a non-executive Director on June 14, 2013. Prior to joining the Group, Mr. Xu held various positions in China Securities Co., Ltd (中信建投證券股份有限公司), including assistant to general manager from January 2007 to January 2009, investment banking controller and executive director of the investment banking division from February 2009 to January 2011 and subsequently managing director, responsible for the investment banking business since February 2011.

Mr. Xu graduated from Fudan University (復旦大學) with a bachelor's degree in accounting in July 1997.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wei Kevin Cheng (蔚成), aged 46, was appointed an independent non-executive Director on June 14, 2013. Mr. Wei is currently a managing partner of Fontainburg Corporation Limited, a corporate finance advisory firm. Mr. Wei has served as a director of IFM Investments Limited (stock code: CTC), a NYSE listed real estate services company, since November 2008; an independent non-executive director and chairman of the audit committee of the following two HKEx-listed companies, Tibet 5100 Water Resources Holdings Ltd. (stock code: 1115) since March 2011; and Nexteer Automotive Group Limited (stock code: 1316) since June 2013. From December 2007 to September 2013, Mr. Wei served as the chief financial officer of IFM Investments Limited. From July 2006 to October 2007, Mr. Wei served as the chief financial officer of Solarfun Power Holdings Co., Limited (i.e. Hanwha Solar One Co., Ltd. stock code: HOSL), a NASDAQ listed solar company. From 1999 to 2005, Mr. Wei worked in the internal audit and risk management functions with Asia Pacific regional or global coverage for multinational companies including LG Philips Displays International Ltd. headquartered in Hong Kong in 2003. From 1991 to 1999, Mr. Wei worked with KPMG LLP and Deloitte Touche LLP in various audit and consulting roles between United States of America and China. Mr. Wei obtained his Bachelor's degree (cum laude) with a double major in accounting and business administration from Central Washington University in June 1991. He is also a member of American Institute of Certified Public Accountant.

Mr. Ip Kwok On Sammy (葉國安), aged 51, was appointed an independent non-executive Director on June 14, 2013. Mr. Ip is the administrative director of Westpac LED Lighting, Inc and chief executive officer of Global Link Distribution, Inc. He is also the honored chairman of Hong Kong Small and Medium Enterprises Alliance Association, a member of the Chinese People's Political Consultative Conference of Guiping, Guangxi Province, PRC, a member of International Dark Sky Association and a member of Illuminating Engineering Society. Mr. Ip obtained his MBA from University of Wales, Newport in 2004.

Mr. Jin Guoqiang (金國强), aged 68, was appointed an independent non-executive Director on June 14, 2013. Mr. Jin has been an independent non-executive director of Beijing Wisdom Media since April 2011. Mr. Jin has been executive vice president and secretary general of the Television Branch of the China Advertising Association (中國廣告協會電視分會) since 2001. Before that, Mr. Jin served as deputy editor-in-chief of the Shaanxi Television Channel (陝西電視台) from 1992 to June 2001. Mr. Jin was appointed an advisor to the Cross Media Institute (泛媒體分賬研究院) in 2011. He has also been an executive officer of the Association of China Commercial Enterprise Management (中國商業企業管理協會市場營銷分會) and a member of its expert committee since December 2009. Mr. Jin was a member of the adjudication panel of the 2010 China Advertising Great-Wall Awards for Advertisers (2010年廣告主長城獎), and a member of the expert's commission of the 17th China International Advertising Festival (中國國際廣告節) in 2010.

SENIOR MANAGEMENT

Ms. Ren Wen (任文), the chairlady, executive Director and president of the Company. For Ms. Ren's biography, please refer to the subsection headed "Executive Directors" above.

Mr. Sheng Jie (盛杰), the executive Director and vice president of the Company. For Mr. Sheng's biography, please refer to the subsection headed "Executive Directors" above.

Mr. Zhang Han (張晗), the executive Director and vice president of the Company. For Mr. Zhang's biography, please refer to the subsection headed "Executive Directors" above.

Dr. Shen Wei (沈偉), aged 49, was appointed a vice president on December 16, 2013. He is mainly responsible for the management of Wisdom Sports. Dr. Shen has more than 20 years of experience in automobile industry. He served as deputy general manager of Dongfeng Yulong Automobile Company Limited (東風裕隆汽車有限公司), general manager of Xiamen King Long United Automotive Industry Co., Ltd. (廈門金龍聯合汽車工業有限公司), and general manager of King Long Rubber Limited of Xiamen Motor Co., Ltd. (廈門汽車股份有限公司金龍橡膠有限公司). Dr. Shen obtained his master's degree in management science and engineering from Xiamen University (廈門大學) and his doctorate's degree in management science and engineering from Huazhong University of Science and Technology (華中科技大學).

Mr. Li Qingbo (李清波), aged 48, was appointed Chief Financial Officer on December 16, 2013. He has extensive experience in accounting and financial management. He served as general manager of financial management & information department (財務管理信息化事業部) and partner of China Consultants of Advisory and Finance Management Co., Ltd. (中華財務諮詢有限公司) for ten years. Mr. Li joined the Group in 2010, and served as the chief financial officer of Beijing Wisdom Media Holdings Co., Limited, a subsidiary of the Company and general manager of financial centre of the Company. Mr. Li obtained his master's degree in economy from Nankai University (南開大學). He is also a Certified Public Accountant in the People's Republic of China.

JOINT COMPANY SECRETARIES

Mr. Sheng Jie (盛杰), is an executive Director and was appointed as Joint Company Secretary on December 16, 2013.

Ms. Kam Mei Ha Wendy (甘美霞), aged 46, was appointed as Joint Company Secretary on December 16, 2013. She is a director of Corporate Services Division at Tricor Services Limited ("**Tricor**"). Prior to joining Tricor, Ms. Kam served as manager of the company secretarial department of Tengis Limited and Ernst & Young in Hong Kong. Ms. Kam is a fellow member of both The Institute of Chartered Secretaries and Administrators in United Kingdom and The Hong Kong Institute of Chartered Secretaries and holds a Practitioner's Endorsement Certificate from The Hong Kong Institute of Chartered Secretaries. Ms. Kam has been providing professional secretarial services for over 20 years.

EMPLOYEES

As at December 31, 2013, the Group had 196 employees in total. The table below shows a breakdown of the Group's employees by their responsibilities:

	Number of employee
Sales and marketing	44
Program production	26
Sports competitions and events	50
Brand and identity services	21
Management and administration	46
New Media	9
Total	196

The Company offers the employees competitive compensation packages and various training programs, which are intended to attract and retain qualified personnel. Total staff costs for the year under review amounted to approximately RMB28.4 million. Remuneration for employees is based on their qualification, experience, job nature, performance and market condition.

The remuneration package of the employees includes salary, bonus and other cash benefits and benefits in-kind. As required by PRC regulations, the Company participates in various employee benefits plans that are organized by local governments, including housing, pension, medical and unemployment benefit plans, and makes contributions to the employee benefits plans at specified percentages of the salaries, bonuses and certain allowances of the employees.

Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the Share Option Scheme.

羅兵咸永道

Independent Auditor's Report
To the shareholders of Wisdom Holdings Group
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Wisdom Holdings Group (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 47 to 95, which comprise the consolidated and company balance sheets as at December 31, 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagements and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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pwc

羅兵咸永道

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at December 31, 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 28, 2014

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2013

	Note	Year ended December 31, 2013 RMB'000	2012 RMB'000
Revenue	5	**694,308**	557,213
Cost of services	7	**(351,481)**	(340,250)
Gross profit		**342,827**	216,963
Selling and distribution costs	7	**(24,876)**	(19,221)
General and administrative expense	7	**(36,925)**	(21,634)
Other gain, net	6	**26,974**	51
Operating profits		**308,000**	176,159
Finance income	9	**8,565**	1,675
Finance costs	9	**(5,336)**	(30)
Finance income, net	9	**3,229**	1,645
Profit before income tax		**311,229**	177,804
Income tax expenses	10	**(79,716)**	(45,828)
Profit for the year		**231,513**	131,976
Profit attributable to:			
Owners of the Company		**231,513**	131,900
Non-controlling interest		**—**	76
		231,513	131,976
Other comprehensive income:			
Foreign currency translation adjustment		**(33)**	33
Total comprehensive income for the year		**231,480**	132,009
Attributable to:			
Owners of the Company		**231,480**	131,933
Non-controlling interest		**—**	76
Total comprehensive income for the year		**231,480**	132,009
Earnings per share attributable to owners of the Company			
Basic earnings per share	20	**RMB0.17**	RMB0.11
Diluted earnings per share	20	**RMB0.17**	RMB0.11

The notes on pages 53 to 95 are an integral part of these consolidated financial statements.

	Note	Year ended December 31, 2013 RMB'000	2012 RMB'000
Dividends	11	**229,641**	50,000

Consolidated Balance Sheet

As at December 31, 2013

	Note	As at December 31, 2013 RMB'000	2012 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	12	**35,677**	36,110
Intangible assets	13	**2,276**	2,602
Deferred income tax assets	25	**906**	721
		38,859	39,433
Current assets			
Capitalized program costs	14	**2,820**	4,675
Trade and notes receivables	15	**171,271**	127,309
Other receivables	16	**75,042**	57,110
Prepayments and other current assets	17	**97,289**	42,502
Amounts due from related parties	28	**—**	113
Cash and cash equivalents	18	**819,933**	99,450
		1,166,355	331,159
Total assets		**1,205,214**	370,592
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital and share premium	19	**639,113**	3,204
Reserves	21	**117,067**	105,882
Retained earnings		**314,148**	173,853
		1,070,328	282,939
Total equity		**1,070,328**	282,939

	Note	As at December 31, 2013 RMB'000	2012 RMB'000
Liabilities			
Current liabilities			
Trade payables	22	**25,834**	30,764
Other payables	23	**14,403**	13,042
Advance from customers		**12,796**	11,854
Amount due to related parties	28	**—**	3,817
Tax payables	24	**81,853**	28,176
		134,886	87,653
Total liabilities		**134,886**	87,653
Total equity and liabilities		**1,205,214**	370,592
Net current assets		**1,031,469**	243,506
Total assets less current liabilities		**1,070,328**	282,939

The notes on pages 53 to 95 are an integral part of these consolidated financial statements.

The financial statements on pages 47 to 95 were approved by the Board of Directors on March 28, 2014 and were signed on its behalf

Ren Wen	**Sheng Jie**
Director	Director

Balance Sheet

As at December 31, 2013

	Note	As at December 31, 2013 RMB'000	2012 RMB'000
Assets			
Current assets			
Other receivable	16	**1,468**	—
Prepayment and other current assets	17	**177**	2,531
Amounts due from subsidiaries		**143,606**	4,449
Cash and cash equivalents	18	**508,946**	263
Total assets		**654,197**	7,243
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital and share premium	19	**639,113**	3,204
Accumulated deficit		**(2,554)**	(436)
Total equity		**636,559**	2,768
Liabilities			
Current liabilities			
Amounts due to related parties		**—**	2,453
Amounts due to subsidiaries		**13,579**	231
Other payables	23	**4,059**	1,791
Total liabilities		**17,638**	4,475
Total equity and liabilities		**654,197**	7,243
Net current assets		**636,559**	2,768
Total assets less current liabilities		**636,559**	2,768

The notes on pages 53 to 95 are an integral part of these financial statements.

The financial statements on pages 47 to 95 were approved by the Board of Directors on March 28, 2014 and were signed on its behalf

Ren Wen
Director

Sheng Jie
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2013

		Attributable to owners of the Company						
	Note	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Balance at January 1, 2012		–	–	98,316	99,486	197,802	413	198,215
Profit for the year		–	–	–	131,900	131,900	76	131,976
Foreign currency translation adjustment		–	–	33	–	33	–	33
Total comprehensive income		–	–	33	131,900	131,933	76	132,009
Issuance of new shares		63	3,141	–	–	3,204	–	3,204
Disposal of minority interest		–	–	–	–	–	(489)	(489)
Statutory reserves appropriation		–	–	7,533	(7,533)	–	–	–
Dividends		–	–	–	(50,000)	(50,000)	–	(50,000)
Balance at December 31, 2012		**63**	**3,141**	**105,882**	**173,853**	**282,939**	**–**	**282,939**
Profit for the year		**–**	**–**	**–**	**231,513**	**231,513**	**–**	**231,513**
Foreign currency translation adjustment		**–**	**–**	**(33)**	**–**	**(33)**	**–**	**(33)**
Total comprehensive income				**(33)**	**231,513**	**231,480**	**–**	**231,480**
Issuance of new shares upon the capitalization of share premium		**1,786**	**(1,786)**	**–**	**–**	**–**	**–**	**–**
Net proceeds from issuance of new shares		**630**	**635,279**	**–**	**–**	**635,909**	**–**	**635,909**
Statutory reserves appropriation		**–**	**–**	**11,218**	**(11,218)**	**–**	**–**	**–**
Dividends		**–**	**–**	**–**	**(80,000)**	**(80,000)**	**–**	**(80,000)**
Balance at December 31, 2013		**2,479**	**636,634**	**117,067**	**314,148**	**1,070,328**	**–**	**1,070,328**

The notes on pages 53 to 95 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended December 31, 2013

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Cash flows from operating activities		
Profits before income tax	**311,229**	177,804
Adjustments for:		
Loss on disposal of a subsidiary	**—**	2
Interest income	**(8,565)**	(1,675)
Loss on disposal of items of property, plant and equipment	**—**	14
Depreciation	**4,896**	4,083
Amortization	**365**	366
Changes in working capital:		
Decrease/(increase) in capitalized program costs	**1,855**	(4,675)
Increase in trade and notes receivables	**(43,962)**	(94,194)
(Increase)/decrease in other receivables	**(16,584)**	10,880
Increase in prepayments and other current assets	**(54,787)**	(13,010)
Decrease in amount due from related parties	**113**	360
Decrease in trade payables	**(4,930)**	(54,396)
Increase in other payables	**6,361**	5,305
Increase in advance from customers	**942**	5,020
(Decrease)/increase in amount due to related parties	**(3,817)**	2,421
(Decrease)/increase in tax payable	**9,593**	7,729
Cash generated from operations	**202,709**	46,034
PRC corporate income taxes paid	**(35,817)**	(31,147)
Net cash generated from operating activities	**166,892**	14,887
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	**352**	24
Purchase of property, plant and equipment	**(4,847)**	(2,862)
Purchase of intangible assets	**(40)**	(2,500)
Interest received	**7,217**	1,675
Proceeds from disposal of a subsidiary	**—**	508
Cash disposed related to disposal of a subsidiary	**—**	(508)
Disposal of a subsidiary	**—**	(2)
Net cash generated from/(used in) investing activities	**2,682**	(3,665)
Cash flows from financing activities		
Net proceeds from issuance of new shares	**635,909**	3,204
Contributions from non-controlling interests	**—**	(489)
Dividends paid to owners	**(85,000)**	(49,000)
Discount of equity instrument	**—**	(2,000)
Net cash generated from/(used in) financing activities	**550,909**	(48,285)
Net increase/(decrease) in cash and cash equivalents	**720,483**	(37,063)
Cash and cash equivalents at beginning of year	**99,450**	136,480
Effect of change in exchange rate	**—**	33
Cash and cash equivalents at end of year	**819,933**	99,450

The notes on pages 53 to 95 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Wisdom Holdings Group (the "**Company**") 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 organization and management of sports-related competitions and other marketing events, program production and related services and advertising services, in the People's Republic of China (the "**PRC**" or "**China**").

The Group's businesses were primarily carried out by companies now comprising the Group. In preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**"), the following reorganization steps (the "**Reorganization**") were carried out:

- On March 16, 2012, Queen Media Co., Ltd. ("**Queen Media**"), Top Car Co., Ltd. ("**Top Car**") and Lucky Go Co., Ltd. ("**Lucky Go**") were incorporated as investment holding companies in the British Virgin Islands (the "**BVI**"). Queen Media is wholly-owned by the Controlling Shareholder. Top Car is 88.42% owned by the Controlling Shareholder, and two individual shareholders of Beijing Wisdom Media Holding Co., Limited ("**Beijing Wisdom Media**") own the remaining 11.58% interests. Lucky Go is 35.57% owned by the Controlling Shareholder, and thirteen individual shareholders of Beijing Wisdom Media own the remaining 64.43% interests.

- On March 21, 2012, Queen Media, Top Car and Lucky Go incorporated the Company as an investment holding company in the Cayman Islands. Upon incorporation, total authorized share capital was US$50,000, divided into 50,000 shares with a nominal value of US$1.00 per share, of which 5,029 shares was issued to Queen Media, 864 shares was issued to Top Car and 2,907 shares were issued to Lucky Go, representing 57.15%, 9.82% and 33.03%, respectively, of the total issued shares of the Company. Therefore, as at March 21, 2012, the Controlling Shareholder held 77.58% equity ownership in the Company through Queen Media, Top Car and Lucky Go, and the remaining 22.42% equity ownership was held by the other individual shareholders.

- On June 28, 2012, the Company issued 1,000 shares to the Controlling Shareholder. In July 2012, the Controlling Shareholder transferred these 1,000 shares to Avance Holdings Limited and the Company issued 100 shares each to Guan Xin Investments Limited and Merits Gain Investments Ltd, respectively. In July 2012, certain shareholders of Lucky Go also transferred 600, 200, 200, 200, 100 and 100 shares of the Company to Joy Thought Holdings Limited, New Kingleader Holdings Limited, Horoy Enterprise Holdings Limited, Horoy International Holdings Limited, Simplicio Universal Limited and Sunny Stone Limited, respectively. At the conclusion of these transactions, the Controlling Shareholder held 62.92% equity ownership in the Company and the remaining shareholders held 37.08% equity ownership in the Company.

1. GENERAL INFORMATION (continued)

- On April 2, 2012, Torch Media Co., Ltd. ("**Torch Media**") was incorporated as a limited liability company in BVI with an authorized share capital of US$50,000 divided into 50,000 shares of nominal value of US$1.00 each. One ordinary share of US$1.00 was issued to the Company on the same date. Since the date of establishment, Torch Media has been a wholly-owned subsidiary of the Company.

- On April 23, 2012, Auto Culture Group Holdings Limited ("**Wisdom HK**") was incorporated as a limited liability company in Hong Kong, with an authorized share capital of HK$10,000 divided into 10,000 ordinary shares with a nominal value of HK$1.00 each. One ordinary share of HK$1.00 was issued to the Torch Media on the same date. Since the date of establishment, Wisdom HK has been a wholly-owned subsidiary of Torch Media.

- On July 6, 2012, Wisdom HK incorporated Beijing Wisdom Culture Co., Ltd. ("**Wisdom Culture**") as a wholly-owned foreign enterprise in the PRC. On August 3, 2012, Wisdom Culture incorporated Zhejiang Wisdom Car Culture Advertising Co., Ltd. and Zhejiang Wisdom Sports Culture Co., Ltd. as its wholly-owned subsidiaries. On April 3, 2013, Wisdom Culture incorporated Zhejiang Wisdom Advertising Co., Ltd. as its wholly-owned subsidiary.

- On June 24, 2013, Wisdom Culture entered into a series of contractual arrangements with Beijing Wisdom Media and its direct shareholders, comprising of the exclusive consulting and service agreement, irrevocable power of attorney, exclusive business operating agreement, exclusive option agreement and share pledge agreement (collectively the "**Structured Contracts**"). The arrangements of the Structured Contracts enable Wisdom Culture to exercise effective control over Beijing Wisdom Media and obtain substantially all residual economic benefits of Beijing Wisdom Media.

Upon completion of the Reorganization, the Company became the ultimate holding company of the Group.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since July 11, 2013.

These financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

These financial statements have been approved for issue by the Board of Directors on March 28, 2014.

1. GENERAL INFORMATION (continued)

As at December 31, 2013, the Company has direct and indirect interests in the following entities:

Company name	Place and date of incorporation/ registration/ kind of legal entity	Nominal value of issued ordinary share/ paid-up capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities/ place of operation
Torch Media Co., Ltd.	BVI April 2, 2012 Limited liability company	US$1.00	100%	—	Investment holding/ BVI
Auto Culture Group Holdings Limited	Hong Kong April 23, 2012 Limited liability company	HK$1.00	—	100%	Investment holding/ Hong Kong
Beijing Wisdom Culture Co., Ltd (Note (ii))	PRC July 6, 2012 Limited liability company	US$500,000	—	100%	Investment holding/ PRC
Wisdom Culture (Zhejiang) Co., Ltd (Note (ii))	PRC December 10, 2013 Limited liability company	RMB145,000,000	—	100%	Event organization and related services/PRC
Beijing Wisdom Media Holding Co., Limited (Note (ii))	PRC December 26, 2006 Limited liability company	RMB60,000,000	—	100%	Program production and related services/PRC
Zhejiang Wisdom Car Culture Advertising Co., Ltd. (Note (ii))	PRC August 3, 2012 Limited liability company	RMB10,000,000	—	100%	Advertising services/ PRC
Zhejiang Wisdom Sports Culture Co., Ltd (Note (ii))	PRC August 3, 2012 Limited liability company	RMB10,000,000	—	100%	Event organization and related services/PRC
Zhejiang Wisdom Advertising Co., Ltd (Note (ii))	PRC April 3, 2013 Limited liability company	RMB10,000,000	—	100%	Advertising and related services/ PRC

Company name	Place and date of incorporation/ registration/ kind of legal entity	Nominal value of issued ordinary share/ paid-up capital	Attributable equity interest Direct	Attributable equity interest Indirect	Principal activities/ place of operation
Subsidiaries of Beijing Wisdom Media Holding Co., Limited:					
Beijing Car Culture Advertising Co., Ltd (Note (ii))	PRC August 25, 2010 Limited liability company	RMB5,000,000	—	100%	Advertising services/ PRC
Beijing Xinchuang Branding Co., Ltd. (Note (ii))	PRC January 25, 2011 Limited liability company	RMB1,000,000	—	100%	Advertising and related services/ PRC
Beijing Wisdom Leadership Sports Culture Co., Ltd. (Note (i)) (Note (ii))	PRC January 25, 2011 Limited liability company	RMB1,000,000	—	100%	Dormant/PRC

Notes:

(i) On March 11, 2013, the Company commences the liquidation process of Beijing Wisdom Leadership Sports Culture Co., Ltd,, the liquidation is still in process as at December 31, 2013.

(ii) The English names of these companies represented the best effort by the management of the Group in translating their Chinese names as they do not have official English names.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2.1.1 Changes in accounting policy and disclosures

(i) Adoption of new and revised standards and amendments to standards.

The Group has adopted the following new and revised standards and amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on or after January 1, 2013:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statement, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009–2011 cycle

The adoption of the above standards, amendments and interpretations does not have any significant financial impact to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of presentation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(ii) Standards and amendments which are not yet effective

The following are standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after January 1, 2014 or later periods, but have not been early adopted by the Group.

Effective for the accounting periods beginning on or after January 1, 2014

HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment Entities

Effective for the accounting periods beginning on or after January 1, 2015

HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments

The Group will apply the above standards, interpretations and amendments from January 1, 2014 or later periods. The Group has already commenced an assessment of the impact of the above new standards, amendment and interpretations and is not yet in a position to state what impact they would have on the Group.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

Except for the acquisition of equity interests in the companies under common control which have been accounted for using merger accounting as explained in Note 1 above, the acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognized in through profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(b) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reports provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer whom makes all strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The functional currency of all the entities in the Group is RMB. The consolidated financial statements are presented in RMB, which is the Company's functional currency and the Group's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'Finance income/costs – net'.

(c) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognized in other comprehensive income.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost of each asset to their residual values over their estimated useful lives as follows:

Office premise	30 years
Renovation and leasehold improvements	Shorter of the remaining lease period or the estimated useful life of 5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized within profit or loss.

2.6 Intangible assets

Acquired operating rights are carried at cost less amortization, which is calculated using the straight-line method to allocate the cost of the operating rights over its useful life of ten years.

Acquired computer software is capitalized based on the cost incurred to acquire and bring to use the specific software, and amortized over estimated useful lives of five years. Subsequent costs associated with maintaining the computer software programmes are expensed as incurred.

2.7 Capitalized program costs

Capitalized program costs include accumulated direct costs incurred to develop and produce television programs which have yet to be broadcasted. Capitalized program costs include costs related to complete programs and costs related to programs still in production. These costs are capitalized when it is probable that future economic benefits associated with the programs will flow to the Group and when such costs can be reliably measured. Capitalized program costs are subsequently recognized in cost of services when the related programs are broadcasted.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Prepayments and other current assets

Prepayments primarily consist of prepayments for advertising time slots and, to a lesser extent, prepaid costs to other suppliers. Prepayments related to advertising time slots and other media-related suppliers are recognized as cost of services when the related revenue is recognized. Prepaid costs to non-media suppliers are recognized as expenses when the related service has been performed.

2.9 Receivables

Receivables include trade receivables, notes receivables and other receivables that are due from customers, suppliers or other vendors in the ordinary course of business. If collection of receivables is expected in one year or less, they are classified as current assets. Otherwise, they are presented as non-current assets.

Receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

2.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less.

2.11 Share capital and share premium

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium represents the considerations exceeding the ordinary shares with carrying value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers or other vendors. Trade and other payables are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Current and deferred income tax

The tax expense for the period is comprised of current and deferred tax. Tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated based on tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.14 Employee benefits

Entities within the Group registered in the PRC make employee benefit contributions based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and medical benefit plan organized by relevant municipal and provincial government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for postretirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

The PRC employees of the Group are also entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the employees' salaries. The Group's liability in respect of these funds is limited to the contributions payable in each period. The non-PRC employees are not covered by the housing benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent liability is not recognized in the consolidated financial statements of the Group, but is to be disclosed in the notes to the consolidated financial statements by the Group, unless the possibility of an outflow of resources embodying economic benefits is remote.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services in the ordinary course of the Group's activities. Revenue is shown net of related sales-related tax and surcharges, refunds and discounts, and after eliminating sales within the Group. For the years ended December 31, 2013 and 2012, sales-related tax and surcharges amounted to RMB11,621,000 and RMB19,507,000, respectively.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement. Service fees prepaid by customers where the relevant services have not been rendered are deferred and recognized as advance from customers in the Group's consolidated balance sheet.

(a) Event organization and management services

Revenue from event organization and management services is mainly derived from the organizing and managing of domestic and international sports-related competitions and providing other related marketing services in conjunction with these events. Revenue from event organization and related services is recognized at the conclusion of the events, which is the point in time when all service has been provided.

(b) Program production and related services

Revenues from program production and related services are primarily derived from directing, filming and producing video programs for television stations, including selling advertisements arising from the produced programs. The Group also earns revenue from producing video content for specific customers on an ad-hoc basis. Revenues from program production and related services are recognized in the period in which the video contents have been delivered to and accepted by the customer, provided that no additional performance obligations remain.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Revenue recognition (continued)

(c) Advertising services

Revenue from advertising services is primarily derived from advertising service fees related to arranging broadcast of the customers' advertisement during selected media suppliers' television programs. Revenues from advertising services are recognized net of rebates, rateably over the period in which the services are performed. In addition, the Group also performs advertising related services, including integrated designing, marketing and branding services, for customers. Revenue from these advertising related services are recognized when the service has been performed and accepted by the customer.

The Group contracts separately with its customers and the media suppliers, and is responsible for the payments to the media suppliers and collections from the customers. In consideration of whether the Group should recognize revenue on a gross or net basis, the Group assessed the terms of its customer agreements and gave further consideration to other key indicators, such as inventory risk, latitude in establishing price, variability of its earnings, ability to change the programs media supplier provides and credit risk to the vendor. Where most of the indicators suggested that the Group acts as a principal when providing the service, bears inventory risk, has latitude in establishing price and has exposure to the significant risks and rewards, revenue is recognized on a gross basis. Where the Group acts in capacity of an agent rather than at the principal in a transaction, does not bear any inventory risk and meets other net basis indicators, revenue recognized is the net amount of commission made.

2.17 Interest income

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognized using the original effective interest rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group recognizes income from government grants in other gain, net.

2.19 Share-based payment

The Group operates equity-settled share-based compensation plans under which the entity receives services from employees and other service providers as consideration in exchange for equity instruments of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instrument granted:

i. including any market performance conditions (e.g. an entity's share price);

ii. excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period) and;

iii. including the impact of any non-vesting conditions (e.g. requirement for employees to save).

Total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied, or when the terms of the equity instruments have been met. In addition, in some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date. In cases where these share-based payment instruments contain non-market vesting conditions, the entity revises its estimates of the number of options that are expected to vest, based on the probability occurrence of the non-market vesting conditions, at each reporting period end. It recognizes the impact of the revision to original estimates, if any, in the combined statements of comprehensive income, with a corresponding adjustment to equity.

2.20 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the period of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's and the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

3.1 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test, and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flows projections, it may be necessary to take an impairment charge to profit or loss.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

3.2 Impairment of receivables

The Group's management determines the provision for impairment of trade, notes and other receivables based on an assessment of the recoverability of the receivables. The assessment is based on the credit history of its customers and other debtors, status of ongoing communication with customers and other debtors and the current market and economic conditions. Assessment of these facts and evidence require the use of judgement. Management reassesses the provision at each balance sheet date based on the aforementioned criteria. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a receivable is uncollectible, it is written off against the allowance account for receivables.

3.3 Current and deferred income tax

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation provisions in the period in which such estimates is changed.

3.4 Structured contracts

Wisdom Culture entered into the Structured Contracts with Beijing Wisdom Media and its equity holders, and because of the Structure Contracts, Wisdom Culture has effective control over Beijing Wisdom Media and its subsidiaries. The understanding of the terms of the Structure Contracts, relationship between parties and control obtained by Wisdom Culture from the Structured Contracts require significant judgment.

Management has consulted with its PRC legal counsel in assessing Wisdom Culture's ability to control Beijing Wisdom Media under PRC laws and regulations. Any changes in PRC laws, rules and regulations that affect Wisdom Culture's ability to control Beijing Wisdom Media might preclude the Group from consolidating Beijing Wisdom Culture and its subsidiaries in the future.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

3.5 Revenue recognition

The Group determines whether to recognize revenue on a gross or net basis by assessing the terms of the service agreements, the facts and circumstances of the relationship with its customer and other specific indicators (see Note 2.16(c)). These indicators are subjective in nature and require judgment from management.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest-rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's senior management team, finance and legal department under policies approved by the Chief Executive Officer.

(a) Foreign exchange risk

The Group mainly operates in the PRC and substantially all of the Group's transactions, assets and liabilities are denominated in RMB. The Group has a few foreign currency denominated monetary assets and monetary liabilities. Therefore, the Group is not exposed to significant foreign exchange risk.

(b) Cash flow and fair value interest-rate risk

The Group does not have any significant interest-bearing financial assets or financial liabilities except for cash deposit held in banks, details of which are disclosed in Note 18. For the year ended December 31, 2013, interest rates of demand deposit held in banks was fixed at 0.35% (2012: 0.39%), interest rates for 7-day term deposits was ranged from 0.8% to 1.8% (2012: 1.5% to 3.3%), and interest rates for 100-day (3-month) term deposits was ranged from 3.2% to 3.35% (2012: fixed at 3.1%). Management considers that interest-rate risk exposure of the Group is insignificant and no sensitivity analysis is presented thereon.

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(c) Credit risk

The carrying amounts of bank deposits, trade and notes receivables and other receivables included in the consolidated financial statements represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at December 31, 2013 and 2012, the Group's bank deposits that were placed in commercial banks of the PRC with minimum external rating of "A" (as sourced from the rating provided by Moody and Standard & Poor) was 82.3% and 98.6%, respectively, of total cash in bank. The remaining deposits were placed in regional commercial banks. Management does not expect any losses arising from non-performance by any of the banks with which it has deposits.

Trade receivables are comprised of unpaid service fees from customers. Notes receivables are comprised of bank acceptance notes received from customers to settle trade receivables. These notes generally mature within three months and have little credit risk as they are guaranteed by the banks. Generally, the Group does not offer any credit terms on trade receivables and has adopted a policy of only dealing with creditworthy counterparties. Credit sales are made only from time to time to select customers with long-term business trading history. Based on past experience, the customer payment default rate is low. Therefore, the Group considers its trade and notes receivables to have no significant exposure to credit risk.

Other receivables consist of deposit with media suppliers, advances to employees and other deposits, such as operating lease rental deposits. Deposit with media suppliers, whom are all reputable and creditworthy counterparties, comprised of 44.6% and 89.3% of other receivables as at December 31, 2013 and 2012. Advance to employees are granted to employees for company purposes arising from routine business transactions and are repayable upon demand. Based on management experience, probability of uncollection is low. Accordingly, credit risk on other receivables is determined to be low.

(d) Liquidity risk

Cash flow forecasting is performed by the Group's finance department, which monitors rolling forecasts of the Group's liquidity requirements to ensure sufficient cash to meet the Group's operating needs while maintaining sufficient headroom at all times. Such forecasting takes into consideration the Group's payables, commitments and other potential cash outflows.

4. FINANCIAL RISK MANAGEMENT (continued)

4.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

The tables below analyze the Group's financial liabilities by relevant maturity groupings based on the remaining period.

	Within one month or on demand RMB'000	Over one month but less than 3 months RMB'000	Over 3 months RMB'000	Total RMB'000
Group				
At December 31, 2013				
Trade payables	**2,467**	**9,840**	**13,527**	**25,834**
Other payables	**3,846**	**6,161**	**4,396**	**14,403**
At December 31, 2012				
Trade payables	29,390	1,374	—	30,764
Other payables	13,042	—	—	13,042
Amount due to related parties	3,817	—	—	3,817
Company				
At December 31, 2013				
Other payables	**—**	**3,980**	**79**	**4,059**
At December 31, 2012				
Other payables	—	—	1,791	1,791
Amount due to related parties	—	—	2,453	2,453

4. FINANCIAL RISK MANAGEMENT (continued)

4.2 Capital risk management

The Group manages the capital structure, primarily consisting of cash and cash equivalents and equity, and makes adjustments to it in light of changes in economic conditions. The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return on capital to shareholders, issue new shares or obtain bank borrowings.

The Group also monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt divided by shareholder's equity. Net debt is calculated as total borrowings, including current and non-current borrowings as shown in the balance sheet, less cash and cash equivalents. Shareholders' equity comprises all components of equity as shown in the balance sheet. The Group's strategy is to maintain the debt-to-equity ratio at a reasonable level. As at December 31, 2013 and 2012, the Group's debt-to-equity ratio was nil as the Group did not have any borrowings.

Management consider that the Group's capital risk is minimal as the Group had cash and cash equivalents of approximately RMB819,933,000 and RMB99,450,000 as at December 31, 2013 and 2012, respectively. The Group had no outstanding bank loans, overdrafts or other borrowings as at December 31, 2013 and 2012.

4.3 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).

During the years ended December 31, 2013 and 2012, the Group did not have any financial assets or liabilities that were measured at fair value. The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade and notes receivables, prepayments and other current assets, other receivables and amounts due from related parties, and the Group's current financial liabilities including trade payables, advance from customers, tax payables, other payables and amounts due to related parties, approximate their fair values due to their short maturities.

5. 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.

The Chief Executive Officer considers the business from three operating segments: sports competition, event organization and related services, program production and related services and advertising services.

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended December 31, 2013 is as follows:

	Sports competition, event organization and related services RMB'000	Program production and related services RMB'000	Advertising services RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue from external customers	101,786	135,414	457,108	–	694,308
Cost of services	(31,894)	(49,646)	(269,941)	–	(351,481)
– Depreciation and amortization	(965)	(738)	(598)	–	(2,301)
Gross profit	69,892	85,768	187,167	–	342,827
Selling and distribution costs				(24,876)	(24,876)
General and administrative expenses				(36,925)	(36,925)
Finance income				8,565	8,565
Finance costs				(5,336)	(5,336)
Other gain, net				26,974	26,974
Income tax expenses				(79,716)	(79,716)
Net income					231,513

5. SEGMENT INFORMATION (continued)

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended December 31, 2012 is as follows:

	Sports competition, event organization and related services RMB'000	Program production and related services RMB'000	Advertising services RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue from external customers	54,448	58,323	444,442	—	557,213
Cost of services	(19,006)	(25,918)	(295,326)	—	(340,250)
— Depreciation and amortization	(194)	(779)	(734)	—	(1,707)
Gross profit	35,442	32,405	149,116	—	216,963
Selling and distribution costs				(19,221)	(19,221)
General and administrative expenses				(21,634)	(21,634)
Finance income				1,675	1,675
Finance costs				(30)	(30)
Other gain, net				51	51
Income tax expenses				(45,828)	(45,828)
Net income					131,976

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 profits of the Group are derived within the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risks and returns.

For the year ended December 31, 2013, no individual revenue from one customer represent over 10% of the Group's total revenue.

For the year ended December 31, 2012, the Group recognized revenue from one customer amounting to RMB67,758,000, which individually represent over 10% of the Group's total revenue. The revenue is attributable to the advertising segment.

6. OTHER GAIN, NET

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Government grants	**26,360**	65
Others	**614**	(14)
	26,974	51

The Group benefits from government grants in the form of the tax refund from a governmental body of Haining, Zhejiang Province as a result of its assistance for developing the cultural and media industry in the city.

7. EXPENSES BY NATURE

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Sports competition, event organization and related costs	**26,070**	17,561
Program production and related costs	**43,896**	21,109
Advertising time slots and other media costs	**265,002**	290,271
Employee benefit expenses	**28,397**	21,372
Entertainment expenses	**1,402**	949
Operating lease rentals	**7,371**	3,500
General office expenses	**12,475**	10,620
Travelling expenses	**6,686**	5,450
Depreciation and amortization	**5,261**	4,449
Professional fees	**6,638**	1,909
Auditors' remuneration		
— Audit related expenses	**3,321**	45
— Non-audit related expenses	**2,134**	2,900
Promotion and conference related expenses	**4,629**	970
	413,282	381,105

8. EMPLOYEE BENEFIT EXPENSES

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Wages and Salaries	**21,644**	16,206
Social welfare	**6,181**	4,897
Other staff welfare	**572**	269
Total employee benefit expenses	**28,397**	21,372

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended December 31, 2013 is set out below:

	Year ended December 31, 2013			
Name	Directors' fees RMB'000	Salaries and allowances RMB'000	Social welfare RMB'000	Total RMB'000
Directors				
Ms. Ren Wen	24	540	72	636
Mr. Sheng Jie	24	360	72	456
Mr. Zhang Han	24	360	73	457
Mr. Jin Haitao(1)	24	—	—	24
Mr. Wang Shihong(1)	24	—	—	24
Mr. Xu Jiongwei(1)	24	—	—	24
Mr. Wei Kevin Cheng(1)	94	—	—	94
Mr. Ip Kwok On Sammy(1)	24	—	—	24
Mr. Jin Guoqiang(1)	44	—	—	44
Chief executive				
Ms. Ren Wen	24	540	72	636

8. EMPLOYEE BENEFIT EXPENSES (continued)

(a) Directors' and chief executive's emoluments (continued)

The remuneration of every director and the chief executive for the year ended December 31, 2012 is set out below:

Name	Directors' fees RMB'000	Salaries and allowances RMB'000	Social welfare RMB'000	Total RMB'000
	Year ended December 31, 2012			
Directors				
Ms. Ren Wen	—	540	66	606
Mr. Sheng Jie	—	360	66	426
Mr. Zhang Han	—	360	66	426
Chief executive				
Ms. Ren Wen	—	540	66	606

Notes:

(1) appointed on June 14, 2013

Except for Mr. Jin Haitao waived emoluments RMB24,000 (equivalent to HK$30,000) for the year ended December 31, 2013 and has agreed to waive his future emoluments, there is no other director waived or has agreed to waive any emoluments.

No director received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three directors (2012: three) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2012: two) individuals during the year are as follows:

	Year ended December 31,	
	2013 RMB'000	2012 RMB'000
Salaries and allowances	**896**	960
Social welfare	**75**	66
	971	1,026

8. EMPLOYEE BENEFIT EXPENSES (continued)

(b) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
Nil to RMB1,000,000	**2**	2

None of the five highest paid individuals waived or has agreed to waive any emoluments, and none of the five highest paid individuals received emoluments from the Group as inducement to join or upon joining the Group, or as compensation for loss of office.

9. FINANCE INCOME AND FINANCE COSTS

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Finance costs:		
— Bank charges	**(39)**	(30)
— Exchange losses	**(5,297)**	—
	(5,336)	(30)
Finance income:		
— Interest income on short-term bank deposits	**8,565**	1,675
Finance income, net	**3,229**	1,645

10. INCOME TAX EXPENSES

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.

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Current income tax — PRC corporate income tax	**79,901**	45,937
Deferred income tax	**(185)**	(109)
Income tax expenses	**79,716**	45,828

10. INCOME TAX EXPENSES (continued)

(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 year ended December 31, 2013 (2012: 16.5%).

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

CIT is provided on the assessable 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.

The tax on the group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Profit before tax	**311,229**	177,804
Tax calculated at domestic tax rates applicable to profits in the respective countries	**78,319**	44,451
Tax effects of:		
— Expenses not deductible for tax purposes	**264**	1,237
— Withholding tax withhold by PRC subsidiaries	**900**	—
— Tax losses for which no deferred income tax asset was recognized	**233**	140
Tax Charge	**79,716**	45,828

11. DIVIDENDS

No dividend has been paid by the Company since its incorporation.

A dividend in respect of the year ended December 31, 2013 of RMB0.093 per share, amounting to a total dividend of RMB149,641,000, is to be proposed for approval by the Company's shareholders at the forthcoming annual general meeting on May 16, 2014. These financial statements do not reflect this dividend payable.

	2013 **RMB'000**	2012 RMB'000
Interim dividend paid of RMB nil (2012: RMB nil) per ordinary share	**–**	–
Proposed final dividend of RMB0.093 (2012: RMB nil) per ordinary share	**149,641**	–
Special dividend paid by a subsidiary to then-existing shareholders	**80,000**	50,000
	229,641	50,000

Dividends declared by the companies now comprising the Group to the then-existing shareholders of the companies for the years ended December 31, 2013 and 2012, after elimination of intra-group dividends.

In July 2012 and May 2013, Beijing Wisdom Media declared dividends amounting to RMB50,000,000 and RMB80,000,000, respectively. No dividends were declared by any other entities for the years 2013 and 2012.

The aggregate amounts of the dividends paid and proposed during 2012 and 2013 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

12. PROPERTY, PLANT AND EQUIPMENT — GROUP

	Office premise RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At January 1, 2012					
Cost	28,283	2,767	9,609	3,741	44,400
Accumulated depreciation	(2,517)	(710)	(3,042)	(761)	(7,030)
Net carrying amount	25,766	2,057	6,567	2,980	37,370
Year ended December 31, 2012					
Opening net carrying amount	25,766	2,057	6,567	2,980	37,370
Additions	—	1,139	1,413	310	2,862
Disposals	—	—	(52)	—	(52)
Depreciation charge	(1,258)	(108)	(1,977)	(727)	(4,070)
Closing net carrying amount	24,508	3,088	5,951	2,563	36,110
At December 31, 2012					
Cost	28,283	3,906	10,970	4,051	47,210
Accumulated depreciation	(3,775)	(818)	(5,019)	(1,488)	(11,100)
Net carrying amount	24,508	3,088	5,951	2,563	36,110
Year ended December 31, 2013					
Opening net carrying amount	**24,508**	**3,088**	**5,951**	**2,563**	**36,110**
Additions	**—**	**1,504**	**1,561**	**1,782**	**4,847**
Disposals	**—**	**—**	**(384)**	**—**	**(384)**
Depreciation charge	**(1,258)**	**(712)**	**(2,137)**	**(789)**	**(4,896)**
Closing net carrying amount	**23,250**	**3,880**	**4,991**	**3,556**	**35,677**
At December 31, 2013					
Cost	**28,283**	**5,410**	**12,147**	**5,833**	**51,673**
Accumulated depreciation	**(5,033)**	**(1,530)**	**(7,156)**	**(2,277)**	**(15,996)**
Net carrying amount	**23,250**	**3,880**	**4,991**	**3,556**	**35,677**

Depreciation expenses charged to the consolidated statements of comprehensive income for each of the years ended December 31, 2013 amounted to RMB4,896,000 (2012: RMB4,083,000).

12. PROPERTY, PLANT AND EQUIPMENT — GROUP (continued)

There was no property, plant and equipment of the Group pledged as security for bank borrowing as at December 31, 2013 (2012: nil).

13. INTANGIBLE ASSETS — GROUP

	Operating right RMB'000	Software RMB'000	Total RMB'000
At January 1, 2012			
Cost	—	580	580
Accumulated amortization	—	(113)	(113)
Net carrying amount	—	467	467
Year ended December 31, 2012			
Opening net carrying amount	—	467	467
Additions	2,500	—	2,500
Amortization charge	(250)	(115)	(365)
Closing net carrying amount	2,250	352	2,602
At December 31, 2012			
Cost	2,500	580	3,080
Accumulated amortization	(250)	(228)	(478)
Net carrying amount	2,250	352	2,602
Year ended December 31, 2013			
Opening net carrying amount	**2,250**	**352**	**2,602**
Additions	**—**	**40**	**40**
Disposals	**—**	**(1)**	**(1)**
Amortization charge	**(250)**	**(115)**	**(365)**
Closing net carrying amount	**2,000**	**276**	**2,276**
At December 31, 2013			
Cost	**2,500**	**618**	**3,118**
Accumulated amortization	**(500)**	**(342)**	**(842)**
Net carrying amount	**2,000**	**276**	**2,276**

Operating right is comprised of a ten-year exclusive operating right acquired by Beijing Wisdom Media related to organization, operation and promotion of China Classic Car Rally.

13. INTANGIBLE ASSETS — GROUP (continued)

Amortization expenses charged to the consolidated statements of comprehensive income for each of the years ended December 31, 2013 amounted to RMB365,000 (2012:RMB365,000).

14. CAPITALIZED PROGRAM COSTS — GROUP

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Completed programs	**1,880**	4,156
Programs in production	**940**	519
	2,820	4,675

15. TRADE AND NOTES RECEIVABLES — GROUP

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Trade receivables	**161,539**	112,304
Notes receivables	**9,732**	15,005
	171,271	127,309

The carrying amounts of receivables approximate their fair values.

The aging analysis of the above trade receivables and notes receivables, which are past due but not impaired, is as follows:

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Within 1 month	**126,920**	45,366
1 to 3 months	**25,756**	46,467
4 to 6 months	**12,020**	22,332
6 to 12 months	**4,274**	12,580
Over 12 months	**2,301**	564
	171,271	127,309

15. TRADE AND NOTES RECEIVABLES — GROUP (continued)

As at December 31, 2013, no trade receivables were impaired and provided for. As at December 31, 2012, trade receivables of RMB60,000, related to one customer, was impaired and written-off.

The carrying amounts of receivables are mainly denominated in RMB.

16. OTHER RECEIVABLES

	The Group		The Company	
	As at December 31,		As at December 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Deposits with media companies	**33,437**	50,984	**—**	—
Advance to employees	**9,338**	4,435	**—**	—
Lease and other deposits	**3,992**	1,199	**115**	—
Events-related deposits	**5**	324	**5**	—
Government grant receivables (Note 6)	**26,360**	—	**—**	—
Interest receivable	**1,348**	—	**1,348**	—
Others	**562**	168	**—**	—
	75,042	57,110	**1,468**	—

No provisions or write-offs was recorded for other receivables for the year ended December 31, 2013 (2012: nil).

17. PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	As at December 31,		As at December 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepayment for advertising timeslots	**86,904**	35,732	**—**	—
IPO-related service fees	**—**	4,357	**—**	2,531
Prepaid membership fee	**1,421**	1,456	**—**	—
Prepaid lease and property management fees	**2,408**	457	**—**	—
Prepayment for sport competition and event organization expense	**5,044**	—	**—**	—
Prepayment for programme production expense	**1,060**	—	**—**	—
Others	**452**	500	**177**	—
	97,289	42,502	**177**	2,531

18. CASH AND CASH EQUIVALENTS

	The Group As at December 31,		The Company As at December 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash on hand	**272**	65	**—**	—
Cash in bank	**819,661**	99,385	**508,946**	263
	819,933	99,450	**508,946**	263

Cash and cash equivalents are denominated in the following currencies:

	The Group As at December 31,		The Company As at December 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
RMB	**811,143**	96,010	**503,213**	—
HKD	**5,733**	—	**5,733**	—
USD	**3,057**	3,440	**—**	263
	819,933	99,450	**508,946**	263

As at December 31, 2013, offshore RMB fixed bank deposit amounted to RMB503,171,000 (2012: nil), the interest rate was approximately 3.13% per annum. (2012: nil).

19. SHARE CAPITAL AND SHARE PREMIUM — GROUP AND COMPANY

	Number of shares (thousand)	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid:				
At January 1, 2012	—	—	—	—
Issuance of shares (Note a)	10	63	3,141	3,204
At December 31, 2012	10	63	3,141	3,204
Share Subdivision (Note b)	39,990	—	—	—
Issuance of new shares upon the capitalization of share premium (Note c)	1,160,000	1,786	(1,786)	—
Net proceeds from issuance of new shares (Note d)	409,045	630	635,279	635,909
At December 31, 2013	**1,609,045**	**2,479**	**636,634**	**639,113**
Represented by:				
Proposed dividend (Note 11) (Note e)			149,641	
Share premium reserve			486,993	
			636,634	

The total authorized number of ordinary shares is 4,000,000,000 shares (2012: 50,000 shares) with a par value of US$0.00025 per share (2012: US$1 per share). All issued shares are fully paid.

Note:

(a) The Company was incorporated on March 21, 2012 with an authorized capital of 50,000 ordinary shares with a nominal value of US$1.00 each. On the date of incorporation, 8,800 shares were issued at nominal value. On June 28, 2012, 1,000 shares were issued at nominal value. On July 3, 2012, 200 shares were issued at a total consideration of US$500,000. Accordingly, the total number of issued ordinary shares was increased to 10,000 shares with a nominal value of US$1.00 each. Considerations in respect of issuance of shares were fully paid. Considerations exceeding the carrying value of the ordinary shares were recorded as share premium, amounting to US$499,800 (equivalent to RMB3,141,000).

19. SHARE CAPITAL AND SHARE PREMIUM — GROUP AND COMPANY

(continued)

(b) On June 14, 2013, the shareholders of the Company resolved to approve the subdivision of each issued and unissued ordinary share of US$1.00 each in the share capital of the Company to 4,000 shares with a nominal value of US$0.00025 each. The shareholders also resolved to approve to increase the authorized share capital of the Company from US$50,000 to US$1,000,000 by the creation of an additional 3,800,000,000 shares with a nominal value of US$0.00025 each. Accordingly, the authorized share capital of the Company became US$1,000,000 divided into 4,000,000,000 ordinary shares with a nominal value of US$0.00025 each, and the issued share capital of the Company become US$10,000 divided into 40,000,000 ordinary shares with a nominal value of US$0.00025 each. As a result, additional 39,900,000 shares were issued.

(c) On June 14, 2013, the shareholders of the Company resolved to capitalize an amount of US$290,000 (equivalent to RMB1,786,000) from the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 1,160,000,000 shares for allotment and issue to the shareholders in proportion to their respective shareholding, appear on the register of members of the Company at the close of business on June 14, 2013 in proportion to their then existing shareholdings in the Company, each ranking pari passu in all respects with the then existing issued shares, and the Directors of the Company were authorized to give effect to such capitalization and distributions.

(d) On July 11, 2013, the Company was listed on the Main Board of the Stock Exchange by way of share offer of 400,000,000 new shares at HK$2.11 per share (par value of US$0.00025). On August 7, 2013, 9,045,000 new shares were further issued by the Company at HK$2.11 per share (par value of US$0.00025) after the over-allotment option was fully exercised by the stabilisation manager. The net proceeds received from the share offer and over-allotment credited to share capital and share premium were RMB630,000 and RMB635,279,000 respectively.

(e) Under the Companies Law of the Cayman Islands, the share premium account is available for distribution to shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed the Company is in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

20. EARNINGS PER SHARE

Basic earnings per share for the years ended December 31, 2013 and 2012 is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue. In determining the number of ordinary shares in issue for the years ended December 31, 2013 and 2012, 40,000,000 shares of the Company, which were resulted from the issue and allotment of 8,800 shares, 1,000 shares and 200 shares by the Company on March 21, 2012, June 28, 2012 and July 3, 2012 respectively and the subsequent subdivision of shares on June 14, 2013, and the 1,160,000,000 shares issued and allotted through capitalization of the share premium account of the Company on June 14, 2013, had been regarded as if these shares were in issue since January 1, 2012.

20. EARNINGS PER SHARE (continued)

	Year ended December 31, 2013 RMB'000	2012 RMB'000
Profit attributable to owners of the Company	**231,513**	131,900
Weighted average numbers of ordinary shares in issue (thousand) (Note(i))	**1,394,328**	1,149,558
Basic and diluted earnings per share	**RMB0.17**	RMB0.11

As there were no dilutive options and other dilutive potential shares in issue for the years ended December 31, 2013 and 2012, diluted earnings per share is the same as the basic earnings per share.

Note:

(i) The weighted average number of ordinary shares for the years ended December 31, 2013 and 2012 used in basic and diluted earnings per share calculation is retrospectively adopted for the subdivision of shares on June 14, 2013, and the capitalization of the share premium account of the Company as disclosed in Note 19.

21. RESERVES — GROUP

	Statutory reserves (Note a) RMB'000	Other reserves (Note b) RMB'000	Total RMB'000
At January 1, 2012	16,164	82,152	98,316
Statutory reserves appropriation	7,533	—	7,533
Foreign currency translation adjustment	—	33	33
At December 31, 2012	23,697	82,185	105,882
Statutory reserves appropriation	11,218	—	11,218
Foreign currency translation adjustment	—	(33)	(33)
At December 31, 2013	**34,915**	**82,152**	**117,067**

21. RESERVES — GROUP (continued)

Notes:

(a) The PRC laws and regulations require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to shareholders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate 10% of statutory profits after income tax to statutory surplus reserves, upon distribution of its post-tax profits of the current year.

A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations or to increase the capital of the company. In addition, a company may make contribution to the discretionary surplus reserve using its post-tax profits in addition to the 10% statutory surplus reserves requirement, as mentioned above, by passing a resolution of the board of directors.

(b) The beginning balance of other reserve represents the combined paid-in capital of the companies and business now comprising the Group after eliminating intra-group investments.

In March 2010, Beijing Wisdom Media was restructured to a joint-stock company and increased its share capital to RMB60,000,000. Upon this reorganization, RMB8,628,000 was transferred from retained earnings to Beijing Wisdom Media's share capital.

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB1,602,000 (2012 loss: RMB441,000).

22. TRADE PAYABLES — GROUP

Trade payables comprised amounts due to suppliers for purchase of goods or services used in regular course of business. Trade payables are non-interest bearing and generally due upon demand. An ageing analysis of trade payables at the balance sheet dates is as follows:

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Within 1 month	**14,880**	7,441
1 to 3 months	**1,947**	1,221
4 to 6 months	**164**	2,711
6 to 12 months	**2,175**	19,391
Over 12 months	**6,668**	—
	25,834	30,764

23. OTHER PAYABLES

	The Group As at December 31,		The Company As at December 31,	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Payroll	**3,640**	2,428	**—**	—
Dividend	**—**	5,000	**—**	—
IPO-related expenses	**3,630**	4,306	**3,500**	1,791
Deposit	**2,800**	4	**—**	—
Audit fee	**2,400**	—	**168**	—
Others	**1,933**	1,304	**391**	—
	14,403	13,042	**4,059**	1,791

24. TAX PAYABLES — GROUP

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Business tax	**314**	304
Income tax	**65,218**	21,134
Value added tax	**12,255**	4,139
Other tax	**4,066**	2,599
	81,853	28,176

25. DEFERRED INCOME TAX ASSETS — GROUP

The analysis of deferred tax assets is as follow:

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Deferred tax assets:		
Deferred tax asset to be recovered within 12 months	**906**	721
	906	721

25. DEFERRED INCOME TAX ASSETS — GROUP (continued)

The gross movement on the deferred income tax account is as follows:

	Accrual for employee payroll RMB'000
At January 1, 2012	612
Deferred tax charged to the comprehensive income statement during the year (Note 10)	109
At January 1, 2013	**721**
Deferred tax charged to the comprehensive income statement during the year (Note 10)	**185**
At December 31, 2013	**906**

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at December 31, 2013, the Group did not recognize deferred income tax assets of RMB271,000 (2012: RMB30,000) in respect of losses amounting to RMB1,516,000 (2012: RMB570,000) that can be carried forward against future taxable income. At December 31, 2013, tax losses will expire between 2017 and 2018.

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.

As at December 31, 2013 and 2012, the retained earnings of the Company's PRC subsidiaries amounted to RMB309,904,000 and RMB174,295,000, respectively. If the Company were to distributed all of its PRC subsidiaries' retained earnings to the Company, maximum deferred tax liabilities of 10% amounting to RMB30,990,400 and RMB17,429,000 would need to be recognized as at December 31, 2013 and 2012, respectively.

26. CONTINGENT LIABILITIES — GROUP

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

27. 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:

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Within one year	**10,610**	3,473
In the second to fifth years, inclusive	**18,274**	4,105
After five years	**—**	—
	28,884	7,578

(b) Other commitments

In March 2013, the Company entered into an agreement to obtain the operation rights related to a sports event for a fixed payment from 2013 to 2016. Total aggregate consideration for the four years event operation rights was approximately RMB6,082,000. Upon expiration of this agreement, Auto Culture Holdings Limited has the option to extend the event rights for an additional five years.

For the year ended December 31, 2013, the Group recorded RMB1,426,000 (2012: RMB1,331,000) under this agreement in its cost of services. The future payment commitments under the aforementioned agreement are as follows:

	2013
	RMB'000
2014	**1,468**
2015	**1,552**
2016	**1,636**
	4,656

28. 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 following transactions were carried out with related parties:

(a) Cost of services transactions with related parties

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Cost of services paid to an entity controlled by a shareholder	–	278

Cost of services paid to an entity controlled by a shareholder consists of fees paid to obtain magazine advertisement space.

(b) Amounts due from related parties

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Advance to shareholders and key employees	–	113

Advance to shareholders and key employees are comprised of cash advances to employees whom are also shareholders or key management of the Company. These employee advances were to be used for the purchase of supplies and equipment related to the Group's event organization, program production, and related services. The receivables are unsecure in nature and bear no interest. No provisions are held against the advance to shareholders and key employees.

28. RELATED PARTY TRANSACTIONS (continued)

(c) Amounts due to related parties

	As at December 31,	
	2013	2012
	RMB'000	RMB'000
Loan from Controlling Shareholder	**–**	642
Loan from other shareholders	**–**	2,505
Service fees due to an entity controlled by a shareholder	**–**	670
	–	3,817

Loan from Controlling Shareholder consist of loan for advertising time slot deposits. This loan is non-interest bearing.

Loan from other shareholder consist of a loan for business expansion purposes. This loan is non-interest bearing and payable upon demand.

Amounts due from an entity controlled by a shareholder consist of fees payable to obtain magazine advertisement space.

(d) Key management compensation

Key management personnel were determined to be the executive directors and Chief Financial Officer of the Group. The compensation paid to key management for employee services is shown below:

	Year ended December 31,	
	2013	2012
	RMB'000	RMB'000
Salaries and allowances	**2,031**	1,691
Social and other welfare	**220**	241
	2,251	1,932

Four-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the audited financial statements and the Company's prospectus dated June 28, 2013 is set out below:

	For the year ended December 31,			
Comparison of Key Financial Figures	**2013 RMB'000**	2012 RMB'000	2011 RMB'000	2010 RMB'000
Revenue	**694,308**	557,213	471,391	298,169
Cost	**(351,481)**	(340,250)	(326,212)	(201,709)
Gross profit	**342,827**	216,963	145,179	99,460
Profit before income tax	**311,229**	177,804	114,647	77,242
Profit attributable to owners of the Company	**231,513**	131,900	85,608	57,405
Total assets	**1,205,214**	370,592	305,999	218,716
Total liabilities	**134,886**	87,653	107,784	66,522