



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)



Interim Report

2014



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Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Mr. Jin Haitao
Mr. Xu Jiongwei

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Mr. Sheng Jie
Ms. Kam Mei Ha Wendy

AUTHORISED REPRESENTATIVES

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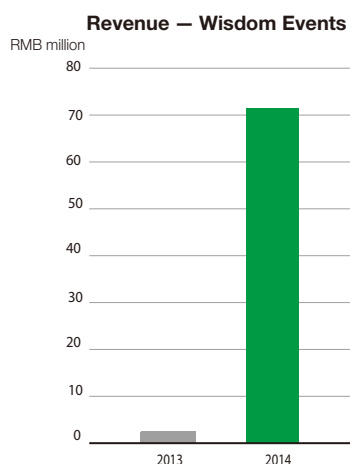
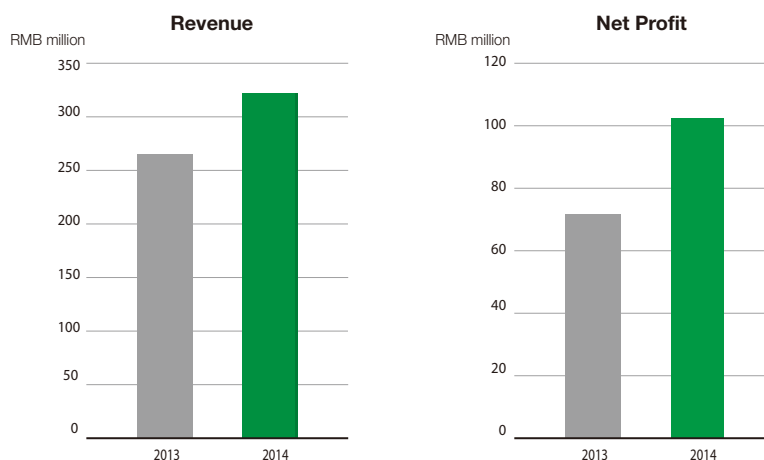
Financial Highlights

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of Wisdom Holdings Group (the “**Company**” or “**Wisdom**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2014, together with the comparative figures for the corresponding period in 2013.

The highlights are as follows:

- Revenue increased by approximately 21.6% to RMB321.3 million for the six months ended June 30, 2014 from RMB264.2 million for the six months ended June 30, 2013.
- Revenue from Wisdom Events increased by approximately 30.0 times to RMB71.3 million for the six months ended June 30, 2014 from RMB2.3 million for the six months ended June 30, 2013.
- Net profit increased by approximately 43.1% to RMB102.1 million for the six months ended June 30, 2014 from RMB71.4 million for the six months ended June 30, 2013.
- The Board proposed not to declare interim dividend for the six months ended June 30, 2014.

Note: Figures below are for the six months ended June 30, 2014, compared with the corresponding period in 2013.



Chairlady's Statement



Dear Shareholders,

As I deliver my third Chairlady's Statement since our public listing, I would like to quote from Laozi, the great ancient Chinese philosopher, who has gone on record saying: "one begets two; two begets three; three begets all things." By "three begetting all things", Laozi essentially meant that qualitative change would emerge at a certain point in the process of quantitative change. Now I have no doubt that investors will also perceive such a qualitative change in Wisdom's third report of business results.

First of all, we have changes in numbers. For the six months ended June 30, 2014, Wisdom reported an approximately 21.6% growth in overall revenue and an approximately 43.1% growth in net profit as compared with the corresponding period in 2013. Revenue and gross profit of Wisdom Events grew by approximately 30.0 times and approximately 63.6 times, respectively, while the proportion of gross profit from Wisdom Events rose from 0.6% to 31.8%. The numbers here are sufficient to indicate that the sports business of Wisdom has embarked on a high-growth period. They also indicate our management's profound understanding of our strategies and the level of efficiency with which they have executed such strategies. Another change would be the absence of a high growth rate for the Wisdom Program & Branding business following the integration of our operations in program production and branding service. Obviously, one would ask: "What's happening to the Wisdom Program & Branding business? Why weren't there new programs in the pipeline?" We believe that the situation was attributable to the objective of the Group to orchestrate a full-scale upgrade of its existing businesses and continuously enhance its presence in the industry chain under the branding strategy of "becoming the forerunner in China's sports culture industry" to become one of the most influential business groups in the cultural industry in China, as stated in the "Wisdom Holdings Group Development Strategy 2014–2016" announced in March 2014. In line with the full-scale upgrade of our existing business, according to the research on the development of the cultural market in China, our Group consolidated the original Wisdom Program and Wisdom Branding into Wisdom Program & Branding business unit that integrated television program production, distribution and advertising services into a coherent product to meet the extensive marketing needs of advertisers in a more precise manner and to tap the market of sports entertainment and reality shows. The consolidation is not only a necessary move in Wisdom's business development; it will also provide a genuine driving force for the growth of the sporting culture industry into a new hotspot of entertainment and retail consumption for the nation. Because of the reasons explained above, Wisdom Program & Branding was making vigorous preparations for the production of new programs that would suit the

taste of the Chinese audience as well as create synergy with the sporting tournament events organized by Wisdom in the first half of 2014. Such restructuring, while affecting the current results of Wisdom's Program & Branding business, is necessary and worthwhile for a positive growth cycle of our business and the overall sustainable development of the Company. I plead for your understanding and support as we look to embrace broader and more stable prospects after the restructuring.

Based on an analysis of China's markets for the cultural sectors and its domestic retail consumption, we have every reason to believe that the sporting culture market will be the next blue ocean in China's cultural sectors, as unprecedented opportunities as well as challenges lie ahead on the path of development for the industry of sporting culture. The development of an industry chain is not achieved by the standalone operation of any singular business unit, but is always about the co-development of a range of business models along the chain to drive phenomenal growth of the industry as a whole. Given the above, the player who profits most in the sporting culture market will be the corporation which is able to conduct the commercial operation of various sporting activities as an integrated business.

On the basis of the former sports department, a company with emphasis on the business related to sports culture industry was established during the first six months of 2014, with a registered capital of RMB290 million. Business planning has been conducted with emphasis on both "original creation" and "import". Drawing from its experience in organising local marathon events, this company has launched innovative road running products to enhance its brand recognition, as well as created a series of proprietary, branded sporting events with a high level of public participation on selected sports tournaments with good potential for development. Meanwhile, commercially lucrative, high-profile international tournament events will also be introduced, as the Company seeks to become a top-notch sports organiser by participating in the operation of top-level tournaments and events.

In the context of development along the industry chain of the sporting culture sector and charged with the dual tasks of pursuing long-term development as well as meeting current requirements, Wisdom will commence operations in the second half of 2014 by leveraging 2 to 3 selected business models which we do not currently offer and which warrant strong market demand and fast return of profits. In 2014, the much awaited Wisdom new media platform will also be going online. Again, time will prove Wisdom's ability to forge its own successful brand of new media at the same time when it expands its offline operation of tournament events, leveraging the robust development of the Internet and Mobile Internet in China.

As a company celebrating the first anniversary of its initial public offering, Wisdom certainly has a long way to go. May I take this opportunity to thank all who have shown their care and support over the past year and to plead for your ongoing concern and advice. Together, let us ride through the blue ocean of China's sporting culture industry and meet every challenge on the wings of song!

Ren Wen
Chairlady

Management Discussion and Analysis



GROUP OVERVIEW

2014 marks the second year after the Group's successful listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As a company listed in Hong Kong which possesses the concept of sports culture in advance, the Group reassures the market with sound results of 2013, while actively rolling out its strategic build-up and product development in the industry of sports culture to provide a solid foundation for the full-scale strategic upgrade of the Group in 2014.

2014 is the inaugural year of the Group's full-scale strategic upgrade and business reinvention. The full-scale strategic upgrade was conducted in terms of the distribution of the Group's business format: Wisdom Program and Wisdom Branding were consolidated into the Wisdom Program & Branding business segment to form an integrated operation comprising program production, distribution and advertising; meanwhile, the Wisdom Events business segment was formed with the further expansion and outreach of Wisdom Sports' product mix and industry chain, which completes a multi-layer product mix covering aquatic, terrestrial and aerial sports. It is the creation of tournament events that assured broad public participation, outstanding commercial value and sustainable profit, for example, road running races, represented a main focus of our work, while a platform integrating online and offline operations was built in line with the Group's overall O2O (online-to-offline combined marketing model) strategic plan for Wisdom Events, in anticipation of a retail spending boom for sporting activities in China.

In 2014, the Group made further improvements in scientific management and standardization as it planned the development of its overall strategic setup. Administrative regulations were formulated to enforce internal coordination, while internal control was further strengthened with measures to improve risk management, ensuring that the Group met the level of legal and regulatory compliance expected from a listed company. In terms of human resource strategy, the Group actively secured the service of high-calibre people in the industry while granting share options through the share option scheme to outstanding staff and management personnel who had made contributions to the Group, with a view to further motivating the passion of the employees for team coordination and concerted efforts.

BUSINESS REVIEW

I. Wisdom Events

Wisdom Events is engaged in the organization, management and promotion of various international and domestic sporting tournaments and other marketing activities. Wisdom Events derives its revenue from title sponsorships, general sponsorships and advertising fees paid by branded companies, enrolment fees paid by events participants, as well as sales of admission tickets and related merchandise for sporting events.

As a forerunner of China's sports culture industry, Wisdom Events has been experiencing rapid development in 2014. The Group acquired exclusive cooperation rights to operate the annual marathon races from 2014 to 2018 with 12–15 races to be held each year from the CCTV Sports & Entertainment Co., Ltd, exclusive operating rights to the “China Longzhou Tournament (中華龍舟大賽)” for 2014–2018 with 8 races to be held each year, and exclusive operating rights to the “Dragon Boat World Cup” of the International Dragon Boat Federation. During the first six months of the year, the Group successfully completed the live broadcast of 4 rounds of the Marathon Series, 4 rounds of the China Longzhou Tournament and the Dragon Boat World Cup of the International Dragon Boat Federation. Television broadcast rights for the Marathon Series were marketed in a further enhancement of the ability of the Wisdom Events business segment to generate revenue, contributing to significant growth in revenue and profit compared to the same period in 2013.

Meanwhile, from March 2014 to August 2014, the Group entered into all-round strategic cooperation agreements with the Social Sports Management Center of Hubei Province, the Sports Competitions Management Center of Sports Bureau of Zhejiang Province, the Shanghai Sports Development Foundation, the Sports Bureau of Tianjin Municipality, the Social Sports Direction Center of Hunan Province and the Social Sports Management Center of Henan Province, pursuant to which the Group was granted long-term exclusive rights to organise all sports competitions hosted by them. Moreover, these six provinces/cities will organize up to 180 public sports competitions annually, in which over 26 million people will be involved. The Group has also entered into a cooperation agreement with Shanghai Sports Federation in June 2014 which gave us exclusive rights to organise the Shanghai International Road Running Festival 2014 (2014上海國際路跑嘉年華). The execution of such agreements has offered strong support for the overall strategic setup of Wisdom Events in the second half of 2014 and beyond.

In connection with the building of the O2O platform, the Group has carried out beneficial attempts at online and offline setups. During the Dragon Boat World Cup, the official handset game of the event, known as “Dragon Flies” (《龍騰四海》), was launched and recorded approximately 500,000 downloads (as at the date of this report). The Group also started to work on further upgrades and enhancements of the road running application, collaborated with the government to improve the enrolment system taking into account the statuses of the marathon events and strategic cooperation with every provinces and cities and put the platforms into trial operations, generating effective data accumulation as a result.

Management Discussion and Analysis

On June 11, 2014, the Group signed a strategic cooperation agreement with Shenzhen Capital Group Co., Ltd. for the cooperation intention of joint establishment of Wisdom Hongtu Sports Culture Industry Fund* (智美紅土體育文化產業基金) (“**Wisdom Hongtu Fund**”), which will invest in various types of sports culture events, mergers and acquisitions of sports- and health-related companies, and quality companies in the sports culture industry with plans for initial public offering. With a first installment of RMB155 million, Wisdom Hongtu Fund will fill the void in domestic sports culture industry-related funds in the domestic market and formed a strong combination of industry and capital.

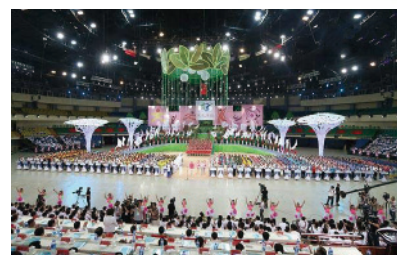
II. Wisdom Program & Branding

Based on in-depth research on the culture market, the former Wisdom Program and Wisdom Branding businesses were merged into Wisdom Program & Branding in 2014 as part of the Group’s full-scale business upgrade. The television program production, distribution and advertising services were combined into an integrated product to bolster ratings generally and meet the needs of advertisers for more precise and extensive communications, as well as to tap the market of event operation and reality shows. Wisdom Program & Branding generated revenue through television program production, distribution and advertising operations.

In the context of the overall strategic setup of the Group, Wisdom Program & Branding is positioned to grow into a “Total Sports and Health Media Operator” (運動健康全媒體運營商). With the sound operation of “Driving Fashion (《駕尚》)”, a longstanding fashionable automobile program, in 2014, the Group has started to soft launch the program through the new media of China Mobile, which is expected to be broadcast on Satellite TV Channels during the second half of 2014. As a result, the Group can achieve the “Three-Screens-in-One” strategy that is to leverage on Satellite TV Channels, local TV channels and mobile new media as the media channels for the integrated distribution of our programs. Moreover, the Group was also actively preparing for the launch of new programs which would be suitable for Chinese audience and synergistic with the sporting tournaments operated by Wisdom, conducting in-depth research on sports and health programs. There has also been diligent study on new developments in sporting reality shows and live broadcasts of important tournaments at home and abroad, and a unique product design and setup has been created. Meanwhile, the Group successfully renewed its exclusive advertising rights in respect of 5 programs, including “Oriental Horizon (《東方時空》)”, “World Express (《國際時訊》)”, “News Weekly (《新聞週刊》)” and “World Weekly (《世界週刊》)” of the CCTV News Channel and “Treasure Hunt (《尋寶》)” of the CCTV Integrated Channel. These programs represent some of the best media resources of China Central Television (“**CCTV**”), and the Group’s major branded customers for advertising in these programs include high-end players in the automobile, financial and electronics sectors. During the six months ended June 30, 2014, the Group secured 48 new customers. The Group also maintained a higher-than-average gross profit margin for this segment, which means that our traditional businesses still contributes to the stability of the overall earnings.

While the new program development of Wisdom Program & Branding has affected the current results of Wisdom Program & Branding business, such restructuring is necessary and worthwhile for the positive growth cycle of the business and the overall sustainable development of the Group. After the restructuring, Wisdom Program & Branding will embrace broader and more stable prospects in future.

* For identification purposes only



OUTLOOK OF INDUSTRY AND GROUP

China's per capita gross domestic product (GDP) amounted to USD6,629 in 2013. Based on purchasing power parity, per capita GDP for 2014 is projected to reach USD8,400. The growth in per capita GDP has driven significant changes in the structure of consumer spending, with Chinese citizens becoming real spenders rather than mere spectators, a trend which has initially taken shape in the sports culture sector. It is believed that, with the evolving structure of consumer spending, the sports culture and health sectors will embrace rapid growth in consumer spending in the coming 5–10 years, promising enormous market potential.

In terms of government policies, the government's strong support and assistance for the culture and sports sectors underlines its determination and drive for the development of sporting activities into a commercialised industry chain. According to Article 6 of Key Tasks named in "Some Opinions of 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), promulgated by the State Council on March 14, 2014, "opportunities for the development of the sports industry should be increased. The sports and fitness market should be vigorously fostered to guide spending on popular sports. Traditional festive activities should be enriched and support should be given to local governments to organize sporting activities that leverage natural and cultural resources of the regions concerned. Spectacular tournaments with a high level of influence and participation should be planned and organized, and the full-scale development of sports competition and show industry should be promoted. The establishment of sports service organizations should be encouraged and the scope of sports services should be gradually expanded, starting with areas such as tournament organization, venue management, technical training, information consultancy, intermediary services and sports insurance. The development and protection of sports tournament-related copyrights should be promoted, and the scope of market competition for rights to broadcast domestic tournaments should be further deregulated. The prospect of developing a platform for trading sports tournament-related copyrights should be explored. The building of sporting brands should be enhanced with the development hi-tech products with proprietary intellectual rights, with a view to stronger market competitiveness. Creative designs for sports merchandise should

Management Discussion and Analysis

be promoted to drive the development of related industries.” As the development strategy of Wisdom Events is in perfect tandem with these opinions, it will be well-positioned for rapid business development on the back of favourable government policies.

The second half of the year will be an important stage for the development of the Group’s Events business, including the live broadcast of 8–10 marathon races, 4 of which will be independently operated by the Group. On the back of the sound operation of the Guangzhou Marathon and the Hangzhou International Marathon, the Group has been further awarded the overall operating rights for the Shanghai Road Running Festival (上海路跑文化節). The road running marathon races in the second half of the year will contribute further to the revenue of the Group’s Events operations. Meanwhile, the second half of the year will see the general operation of 4 rounds of the China Longzhou Tournament, including the grand final round. As a traditional prestigious activity of the Chinese race, the dragon boat tournament has won the compliments of the government leadership, sponsoring companies, contestants and audience during the course of promotion and publicity. The China Longzhou Tournament held during the Dragon Boat Festival in the first half of the year has been commended by the central government leadership. Meanwhile, in line with the principle of focusing on large projects, the Group will plan for and launch one-off sports tournaments in the second half of the year by way of economic cooperation, while making dedicated efforts to build the brand reputation and influence in tournament series and to pursue systematic development and setup for subsequent industry chains.

As well as ensuring sound organization of tournaments, the Group will continue to be engaged in systematic strategic cooperation with important provinces and cities in sports. Other than strategic cooperation in provincial-level sports tournaments entered into with six provinces, the Group will also unfolded full-scale strategic cooperation of sports tournaments with the governments of different provinces or municipalities, such as Beijing and Guangdong, as Wisdom Cup 13th Tianjin Athletic Games and Wisdom Cup 5th Shanghai Youth Dance Championship started on July 20, 2014. Through overall strategic cooperation with government authorities, the Group acquired full operating rights for various provincial-level and municipal-level tournaments. The Group will select tournaments with a strong base of followers and sound commercial value and further develop them in a systematic and comprehensive manner, with a view to offering more variety in the Group’s tournaments in future.

On the O2O front, the Group has amassed a strong database of the sporting population through the enrolment systems for major tournaments and realised the effective conversion of data through platform designs, building multi-dimensional platforms comprising sporting social network, sporting e-commerce and extensions of the sporting industry chain. Platform models will be announced in the market in the second half of the year. At the same time, work to establish Wisdom Hongtu Fund and select related projects is vigorously underway, for which announcements will be duly published for investors’ information in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The second half of 2014 will also be an important year in the business setup of Wisdom Program & Branding. In line with the overall strategic development planning of the Group, Wisdom Program & Branding will be aimed to grow into a “Total Sports and Health Media Operator.” Its advertising operations relating to CCTV programs will be carried on in a stable development, and sustained growth in overall revenue is expected to be given in the latter six months in the year as peak seasons for marketing and advertising activities. In Wisdom Program & Branding

Management Discussion and Analysis

segment, the Group is expected to broadcast programs in the second half of the year according to the strategic planning and product development efforts for program production completed during the first half of the year, while the implementation, development and commercial operation of reality shows will also be carried out in tandem with sports tournament. Meanwhile, on the basis of the in-depth research, the Group plans to make breakthroughs in introducing live broadcasts of domestic and international tournaments, creating a new model for sports and health television programs that will provide a solid foundation for business development and the Group's own program production next year. In this connection, the Group will also make announcements on the progress of its business development as and when appropriate.



FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 21.6% to RMB321.3 million for the six months ended June 30, 2014 from RMB264.2 million for the six months ended June 30, 2013. This increase was primarily due to an increase in revenue from Wisdom Events.

Revenue from Wisdom Events increased by approximately 30.0 times to RMB71.3 million for the six months ended June 30, 2014 from RMB2.3 million for the six months ended June 30, 2013. This increase was primarily due to (i) an increase in revenue from the operation of new sports competitions, such as the Dragon Boat World Cup of International Dragon Boat Federation and China Longzhou Tournament; (ii) the increase in revenue from the operation of marathons in more cities; and (iii) more competitions were held in the first half of 2014, resulting in significant increase in revenue, as compared with that in 2013 when most of the competitions and events were held in the second half of the year.

Revenue from Wisdom Program & Branding decreased by approximately 4.6% to RMB250.0 million for the six months ended June 30, 2014 from RMB261.9 million for the six months ended June 30, 2013. This decrease was primarily due to the relatively stable development of the business and the schedule of the new programs which will be launched in the second half of the year 2014.

Management Discussion and Analysis

Cost of Services

The Group's cost of services increased by approximately 21.1% to RMB173.5 million for the six months ended June 30, 2014 from RMB143.3 million for the six months ended June 30, 2013. This increase was primarily due to an increase in cost from Wisdom Events.

Cost of services for Wisdom Events increased by approximately 14.5 times to RMB24.4 million for the six months ended June 30, 2014 from RMB1.6 million for the six months ended June 30, 2013. This increase was primarily due to the increase in the cost from the launch of the dragon boat tournaments and the operation of marathons held in more cities.

Cost of services for Wisdom Program & Branding increased by approximately 5.2% to RMB149.1 million for the six months ended June 30, 2014 from RMB141.7 million for the six months ended June 30, 2013. This increase was primarily due to the increase in the cost of advertising timeslots purchased from CCTV.

Gross Profit and Gross Margin

As a result of the above factors, the Group's gross profit increased by approximately 22.2% to RMB147.7 million for the six months ended June 30, 2014 from RMB120.9 million for the six months ended June 30, 2013. The gross margin for the Group increased to approximately 46.0% for the six months ended June 30, 2014 from 45.8% for the six months ended June 30, 2013. This increase was primarily due to the increase in the gross profit for Wisdom Events and the increase in the proportion of revenue from Wisdom Events which devoted higher gross margin.

As a result of the foregoing changes in revenue and cost of services for Wisdom Events, the gross profit for Wisdom Events increased by approximately 63.6 times to RMB46.9 million for the six months ended June 30, 2014 from RMB0.7 million for the six months ended June 30, 2013. The gross margin for Wisdom Events increased to 65.8% for the six months ended June 30, 2014 from 31.6% for the six months ended June 30, 2013. This increase was primarily due to (i) more events and competitions were held in the first half of year 2014 compared with that in the first half of year 2013; and (ii) based on the experience of operating the events and competitions, the cost control became more effective. An increase in revenue coupled with effective cost control contributed to an increase in the gross margin.

As a result of the foregoing changes in revenue and cost of services for Wisdom Program & Branding, the gross profit for Wisdom Program & Branding decreased by approximately 16.1% to RMB100.8 million for the six months ended June 30, 2014 from RMB120.2 million for the six months ended June 30, 2013. The gross margin for Wisdom Program & Branding decreased to 40.3% for the six months ended June 30, 2014 from 45.9% for the six months ended June 30, 2013. This decrease was primarily because the new programs will be scheduled in the second half of 2014, which led to a decrease in the proportion of revenue from programs with higher gross margins and resulted in a decrease in the gross margin.

Selling and Distribution Costs

The Group's selling and distribution costs increased by approximately 38.9% to RMB14.1 million for the six months ended June 30, 2014 from RMB10.1 million for the six months ended June 30, 2013. This increase was primarily because the Group strengthened the marketing and sales capabilities with the development of the new business expansion in 2014, and increased the number of sales staff and related expense.

General and Administrative Expenses

The Group's general and administrative expenses increased by approximately 35.9% to RMB18.8 million for the six months ended June 30, 2014 from RMB13.8 million for the six months ended June 30, 2013. This increase was primarily because the Group continued to strengthen the management capabilities to complement the Group's business expansion, and increased the number of necessary staff and office premises.

Other Income

The Group's other income was RMB2.9 million for the six months ended June 30, 2014. There was no such income for the six months ended June 30, 2013. Other income was primarily from the income generated from purchasing principal-guaranteed and low risk financial products offered by commercial banks with good reputation, for the purpose of maintaining and enhancing the value of the Group's capital.

Other Gains, Net

The Group's other gains, net increased by approximately 678.5 times to RMB10.2 million for the six months ended June 30, 2014 from RMB0.02 million for the six months ended June 30, 2013. This increase was primarily due to (i) the tax refund from the governmental body; and (ii) the gains generated from purchasing principal-guaranteed and low risk financial products offered by financial institutions with good reputation, for the purpose of maintaining and enhancing the value of the Group's capital.

Finance Income, Net

The Group's net finance income increased by approximately 24.0 times to RMB6.8 million for the six months ended June 30, 2014 from RMB0.3 million for the six months ended June 30, 2013. This increase was primarily due to the interest income arising from bank deposits.

Profit Before Income Tax

As a result of the foregoing, the Group's profit before income tax increased by approximately 38.6% to RMB134.8 million for the six months ended June 30, 2014 from RMB97.2 million for the six months ended June 30, 2013.

Income Tax Expenses

The Group's income tax expenses increased by approximately 26.4% to RMB32.7 million for the six months ended June 30, 2014 from RMB25.9 million for the six months ended June 30, 2013. This increase was primarily attributable to the increase in the Group's taxable income.

The Group's effective tax rate for the six months ended June 30, 2014 was 24.2%, compared to approximately 26.6% for the six months ended June 30, 2013. This change was primarily due to the income generated from the offshore company in the first half of 2014 which was not subject to income tax.

Profit

As a result of the foregoing, the Group's profit increased by approximately 43.1% to RMB102.1 million for the six months ended June 30, 2014 from RMB71.4 million for the six months ended June 30, 2013. The Group's net profit margin increased from 27.0% for the six months ended June 30, 2013 to 31.8% for the six months ended June 30, 2014.

Cash Flows

As at June 30, 2014, the Group's cash and cash equivalents amounted to RMB419.1 million compared with that of RMB819.9 million as at December 31, 2013. Aside from the deposits placed with state-owned banks and commercial banks with good reputation, the Group purchased principal-guaranteed, short-term and low risk financial products so as to ensure the security and value of the capital. Such products were offered and guaranteed by banks and financial institutions with good reputation. The principal of such products will be fully refunded upon maturity. Most of the terms of such products are less than three months while some of the products can be redeemed at any time. The annualized rate of return ranged from 2.8% to 5.3%. The Group takes a prudent approach in selecting financial products.

Management Discussion and Analysis

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

	For the six months ended June 30,	
	2014	2013
	RMB'000	RMB'000
Net cash generated from operating activities	1,981	67,922
Net cash used in investing activities	(253,218)	(3,171)
Net cash used in financing activities	(149,641)	(85,000)
Net decrease in cash and cash equivalents	(400,878)	(20,249)
Cash and cash equivalents at beginning of the period	819,933	99,450
Cash and cash equivalents at the end of the period	419,055	79,201

Net Cash Generated from Operating Activities

Net cash generated from operating activities decreased by approximately 97.1% to RMB2.0 million for the six months ended June 30, 2014 from RMB67.9 million for the six months ended June 30, 2013. The decrease was mainly attributable to the payments for business operation and taxes.

Net Cash used in Investing Activities

Net cash used in investing activities increased by approximately 78.9 times to RMB253.2 million for the six months ended June 30, 2014 from RMB3.2 million for the six months ended June 30, 2013. The increase was mainly attributable to the purchase of principal guaranteed low risk products from the commercial bank and large financial institution with good reputation. This increase was partially offset by the interest received.

Net Cash used in Financing Activities

Net cash used in financing activities increased by approximately 76.0% to RMB149.6 million for the six months ended June 30, 2014 from RMB85.0 million for the six months ended June 30, 2013. The increase was mainly attributable to the payment of dividend which was approved on May 16, 2014 by the Company's shareholders.

Working Capital

The Group's net current assets decreased by approximately 4.6% to RMB984.2 million as at June 30, 2014 from RMB1,031.5 million as at December 31, 2013. Despite a decrease in the net current assets, the Group maintained working capital at a healthy level that can adequately meet the working capital requirements and finance the business development.

Capital Expenditure

The total spending on the acquisition of property, plant and equipment amounted to RMB2.0 million for the six months ended June 30, 2014 (for the six months ended June 30, 2013: RMB3.4 million).

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralized and cash which is generally deposited with banks and denominated mostly in RMB. As at June 30, 2014, the Group had net current assets of RMB984.2 million (December 31, 2013: RMB1,031.5 million), of which cash and cash equivalents amounted to RMB419.1 million (December 31, 2013: RMB819.9 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 timeslots in Wisdom Program & Branding, the Group normally requires advance payment according to the specific payment schedules set forth in relevant advertisement placement agreements. The Group generally does not grant credit terms to these clients in the agreements with them, except for a few clients which have a large amount of transaction volume or long business relationship with the Group. For the clients in Wisdom Program & Branding who purchase advertising resources other than advertising timeslots, 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 Wisdom Events, the Group normally allows them to make payments in installments according to the schedule set forth in the agreements with them.

In addition to the Group's payment arrangements with the clients set forth in the relevant agreements, the Group conducts a periodic review of their payment progress in the Group's internal control system and assesses the Group's credit policy for them. After taking into account 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 six months ended June 30, 2014, 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. The options to subscribe for a total of 1,210,000 shares of the Company were granted on May 23, 2014 to employees of the Company and as at the date of this report, no option has been exercised. Save for the above, there was no alternation in the capital structure of the Group for the six months ended June 30, 2014.

Management Discussion and Analysis

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

For the six months ended June 30, 2014, the Company has no material investment, material acquisition and disposal of subsidiaries. Save as disclosed in the relevant announcements, the Company has no plans for material investment or acquisition of material capital asset in the future.

CHARGE ON ASSETS

As at June 30, 2014, there was no charge on the Group's assets.

FINANCIAL RATIO

Financial ratio	As at June 30, 2014	As at December 31, 2013
Current ratio	1,231.1%	864.7%
Gearing ratio	N/A	N/A

Notes:

- (1) Current ratio represents a ratio of current assets to current liabilities.
- (2) Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at December 31, 2013 and June 30, 2014.

The current ratio increased from 864.7% as at December 31, 2013 to 1,231.1% as at June 30, 2014. The increase was primarily due to a decrease in trade payables and tax payables.

CONTINGENT LIABILITIES

As at June 30, 2014, the Company had no material contingent liabilities.

HUMAN RESOURCES

The total number of employees of the Group was 214 as at June 30, 2014. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the six months ended June 30, 2014 amounted to RMB21.5 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.

Disclosure of Interests

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

As at June 30, 2014, the interests and short positions of the Directors or chief executive of the Company in the shares of the Company (the “**Shares**”), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of director	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Ms. Ren Wen	Founder of discretionary trust (<i>Note 1</i>)	603,480,000	37.51%

Note 1: Upon completion of the Capitalization Issue (as defined in the Prospectus), Queen Media Co., Ltd. (“**Queen Media**”) became the direct owner of 603,480,000 Shares. The entire issued share capital of Queen Media is owned by Sky Limited, whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.

Disclosure of Interests

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

Name of director	Name of associated corporation	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media 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 2)	100%
	Beijing Wisdom Leadership Sports Culture Co., Ltd (北京智美領航體育文化有限公司) (Note 2)	100%
	Beijing Xinchuang Branding Co., Ltd (北京新創智力品牌管理有限公司) (Note 2)	100%
	Beijing Wisdom Films Culture Media Co., Ltd. (北京智美映畫文化傳媒有限公司) (Note 2)	100%
Mr. Sheng Jie	Beijing Wisdom Media	8.46%
Mr. Zhang Han	Beijing Wisdom Media	0.18%

Note:

2. A wholly owned subsidiary of Beijing Wisdom Media.

Save as disclosed above, as at June 30, 2014, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

So far as is known to the Directors, as at June 30, 2014, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Mr. Zhou Wenjie	Interest of spouse (<i>Note 3</i>)	603,480,000	37.51%
Sky Limited	Interest of controlled corporation (<i>Note 4</i>)	603,480,000	37.51%
Credit Suisse Trust Limited	Trustee (<i>Note 4</i>)	603,480,000	37.51%
Queen Media Co., Ltd.	Beneficial owner (<i>Note 4</i>)	603,480,000	37.51%
Lucky Go Co., Ltd.	Beneficial owner	180,840,000	11.24%
Avance Holdings Limited	Beneficial owner	111,955,000	6.96%
Top Car Co., Ltd.	Beneficial owner	110,075,000	6.84%

Note:

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

Save as disclosed above, as at June 30, 2014, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Important Events

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on June 14, 2013, which became effective on the date of listing of the Company on the Stock Exchange on July 11, 2013 (the “**Listing Date**”). A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix IV to the Prospectus. The options to subscribe for a total of 1,210,000 Shares of the Company (the “**Options**”) were granted under the Share Option Scheme on May 23, 2014 to employees of the Company (the “**Grantees**”). The exercise price of the Options granted is HK\$3.92 per Share and the closing price of the shares of the Company immediately before the date on which the Options were granted was HK\$4.01. 25% of the Options will become exercisable on each of May 23, 2015, May 23, 2016, May 23, 2017 and May 23, 2018, respectively subject to the satisfaction of the individual performance assessment of the Grantees for the relevant years. The Options are exercisable from the vesting dates mentioned above to May 22, 2024. For the six months ended June 30, 2014, no option has been exercised. All of the Grantees are employees of the Company and its subsidiaries, and none of the Grantees is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, nor an associate (as defined in the Listing Rules) of any of them. No option was cancelled or lapsed in accordance with the terms of the Share Option Scheme for the six months ended June 30, 2014. Please refer to the announcement of the Company dated May 23, 2014 for details.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended June 30, 2014.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the six months ended June 30, 2014 and as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of 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 June 30, 2014, part of the proceeds has been applied as follows:

RMB290 million raised through the listing has been used for the registered capital of Wisdom Culture (Zhejiang) Co., Ltd. (智美文化(浙江)有限公司). The core business of Wisdom Culture (Zhejiang) Co., Ltd. will focus on organizing sports competitions and related events, the development of sports related products, brand promotion and communications services. The remaining net proceeds from the listing will be used for the suggested purposes as set out in the section headed “Use of Proceeds” of the Prospectus.

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

At the annual general meeting held on May 16, 2014, Mr. Wang Shihong retired from the office as non-executive director of the Company and did not offer himself for re-election due to other business commitment. In the meantime, Dr. Shen Wei was appointed as an executive director of the Company with effect from May 16, 2014.

Mr. Jin Haitao has resigned as 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) and director of JinkoSolar Holding Co., Ltd. (New York Stock Exchange stock code: JKS) with effect from April 2014 and May 2014 respectively.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

No dividend has been declared or paid by the Company for the six months ended June 30, 2014.

SUBSEQUENT EVENTS

There was no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since June 30, 2014 to the date of this report.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

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

The Board is of the view that for the six months ended June 30, 2014, 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 below.

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

Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, is also the president of the Company, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code throughout the six months ended June 30, 2014.

The Company has also established written guidelines no less exacting than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended June 30, 2014.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee comprises three members, two being independent non-executive Directors and one being a non-executive Director, namely, Mr. Wei Kevin Cheng, as its Chairman, Mr. Jin Guoqiang and Mr. Xu Jiongwei.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Audit Committee. The interim financial results of the Group for the six months ended June 30, 2014 is unaudited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, and by the Audit Committee.

The Audit Committee has reviewed together with management the unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2014 and considers it in compliance with generally accepted accounting principles as well as laws and regulations. The Audit Committee has also reviewed the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

Report on Review of Condensed Consolidated Interim Financial Information



羅兵咸永道

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF WISDOM HOLDINGS GROUP

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial information set out on pages 26 to 44, which comprises the interim consolidated balance sheet of Wisdom Holdings Group (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2014 and the related interim consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on condensed consolidated interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

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Report on Review of Condensed Consolidated Interim Financial Information



羅兵咸永道

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, August 8, 2014

Interim Consolidated Statement of Comprehensive Income

	Note	Unaudited Six months ended June 30,	
		2014 RMB'000	2013 RMB'000
Revenue	6	321,259	264,197
Cost of services	8	(173,515)	(143,293)
Gross profit		147,744	120,904
Selling and distribution costs	8	(14,055)	(10,122)
General and administrative expenses	8	(18,805)	(13,839)
Other income		2,888	—
Other gain, net	9	10,193	15
Operating profits		127,965	96,958
Finance income		8,172	295
Finance costs		(1,333)	(21)
Finance income, net		6,839	274
Profit before income tax		134,804	97,232
Income tax expenses	10	(32,675)	(25,854)
Profit and total comprehensive income for the period		102,129	71,378
Attributable to owners of the Company		102,129	71,378
Earnings per share attributable to owners of the Company			
Basic earnings per share	19	RMB0.06	RMB0.06
Diluted earnings per share	19	RMB0.06	RMB0.06

The notes on pages 30 to 44 form an integral part of this interim consolidated financial information.

	Note	Unaudited Six months ended June 30,	
		2014 RMB'000	2013 RMB'000
Dividends	11	—	80,000

Interim Consolidated Balance Sheet

	Note	Unaudited As of June 30, 2014 RMB'000	Audited As of December 31, 2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	34,751	35,677
Intangible assets	12	2,277	2,276
Deferred income tax assets		1,629	906
Total non-current assets		38,657	38,859
Current assets			
Capitalized program costs		1,774	2,820
Trade and notes receivables	13	177,325	171,271
Other receivables		80,560	75,042
Prepayments and other current assets	14	126,882	97,289
Financial assets at fair value through profit or loss	15	153,292	—
Other financial assets	16	112,315	—
Cash and cash equivalents	17	419,055	819,933
Total current assets		1,071,203	1,166,355
Total assets		1,109,860	1,205,214
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	18	489,472	639,113
Reserves		117,100	117,067
Retained earnings		416,277	314,148
Total equity		1,022,849	1,070,328
LIABILITIES			
Current liabilities			
Trade payables	20	8,049	25,834
Other payables		10,743	14,403
Advance from customers		24,265	12,796
Tax payables		43,954	81,853
Total current liabilities		87,011	134,886
Total liabilities		87,011	134,886
Total equity and liabilities		1,109,860	1,205,214
Net current assets		984,192	1,031,469
Total assets less current liabilities		1,022,849	1,070,328

The notes on pages 30 to 44 form an integral part of this interim consolidated financial information.

Interim Consolidated Statement of Changes in Equity

	Unaudited				
	Attributable to owners of the Company				
	Share Capital RMB'000	Share Premium RMB'000	Reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at January 1, 2014	2,479	636,634	117,067	314,148	1,070,328
Total comprehensive income for the period ended June 30, 2014	—	—	—	102,129	102,129
Dividends declared and paid in June 2014	—	(149,641)	—	—	(149,641)
Share-based payments	—	—	33	—	33
Balance at June 30, 2014	2,479	486,993	117,100	416,277	1,022,849
Balance at January 1, 2013	63	3,141	105,882	173,853	282,939
Total comprehensive income for the period ended June 30, 2013	—	—	—	71,378	71,378
Special dividends paid by a subsidiary to then-existing shareholders in June 2013	—	—	—	(80,000)	(80,000)
Foreign currency translation adjustment	—	—	(33)	—	(33)
Balance at June 30, 2013	63	3,141	105,849	165,231	274,284

The notes on pages 30 to 44 form an integral part of this interim consolidated financial information.

Interim Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended June 30,	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	61,896	90,080
Income tax paid	(59,915)	(22,158)
Net cash generated from operating activities	1,981	67,922
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,014)	(3,426)
Purchase of intangible assets	(201)	(40)
Interest received	8,455	295
Increase in financial assets at fair value through profit or loss	(150,000)	—
Increase in other financial assets	(109,458)	—
Net cash used in investing activities	(253,218)	(3,171)
Cash flows from financing activities		
Dividend paid to owners	(149,641)	(85,000)
Net cash used in financing activities	(149,641)	(85,000)
Net decrease in cash and cash equivalents	(400,878)	(20,249)
Cash and cash equivalents at beginning of period	819,933	99,450
Cash and cash equivalents at end of period	419,055	79,201

The notes on pages 30 to 44 form an integral part of this interim consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

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 events services and program & branding services, in the People’s Republic of China (the “PRC” or “China”).

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

This condensed consolidated interim financial information is presented in Renminbi (‘RMB’), unless otherwise stated.

This condensed consolidated interim financial information was approved for issue on August 8, 2014. This condensed consolidated interim financial information has been reviewed, not audited.

2. BASIS OF PRESENTATION

This condensed consolidated interim financial information for the six months ended June 30, 2014 has been prepared in accordance with HKAS 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with HKFRSs.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2013, as described in those annual financial statements.

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

The following new and revised HKFRSs have been adopted by the Group with effect from January 1, 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Consolidation for investment entities
HKAS 32 (Amendment)	Financial Instruments: Presentation on asset and liability offsetting
HKAS 36 (Amendment)	Impairment of assets on recoverable amount disclosures
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of derivatives
HK(IFRIC) 21	Levies

Notes to the Condensed Consolidated Interim Financial Information

3. ACCOUNTING POLICIES (continued)

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

The following are standards and amendments that have been issued and are effective for periods commencing after July 1, 2014 or later periods, but have not been early adopted by the Group.

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

HKAS 19 (Amendment)	Defined benefit plans
Annual improvements 2012	Annual Improvements 2010–2012 cycle
Annual improvements 2013	Annual Improvements 2011–2013 cycle

Effective for the accounting periods beginning on or after January 1, 2016

HKFRS 14	Regulatory Deferral Accounts
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortization

4. ESTIMATES

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

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2013, with the exception of changes in estimates that are required in determining the provision for income taxes.

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 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 interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2013.

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

5.2 Liquidity risk

Compared to year ended December 31, 2013, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

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

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

Notes to the Condensed Consolidated Interim Financial Information

5. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(continued)

5.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value at June 30, 2014 and December 31, 2013.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Unaudited				
At June 30, 2014				
Assets				
Financial assets at fair value through profit or loss	153,292	—	—	153,292
Liabilities	—	—	—	—
Audited				
At December 31, 2013				
Assets				
Financial assets at fair value through profit or loss	—	—	—	—
Liabilities	—	—	—	—

6. 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 Group merge the program production and related services ("Wisdom Program") business unit and advertising services ("Wisdom Branding") business unit into one business unit Wisdom Program & Branding, as the Chief Executive Officer does not consider either the Wisdom Program business or Wisdom Branding business to be a business that should be separately reviewed. After this merger, there are two reportable segments in the Group, consisting of Wisdom Events and Wisdom Program & Branding. The Group has restated the presentation of its reportable segments for prior periods to conform to the current presentation.

Notes to the Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (continued)

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

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

The segment information provided to the Chief Executive Officer for the reportable segments for the six months ended June 30, 2013 is as follows:

(Unaudited) (Restated)	Wisdom Events RMB'000	Wisdom Program & Branding RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue from external customers	2,298	261,899	—	264,197
Cost of services	(1,572)	(141,721)	—	(143,293)
— Depreciation and amortization	(201)	(914)	—	(1,115)
Gross profit	726	120,178	—	120,904
Selling and distribution expenses			(10,122)	(10,122)
General and administrative expenses			(13,839)	(13,839)
Finance income			295	295
Finance costs			(21)	(21)
Other gain, net			15	15
Income tax expenses			(25,854)	(25,854)
Net income				71,378

Notes to the Condensed Consolidated Interim Financial Information

6. SEGMENT INFORMATION (continued)

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

No geographical segment information is presented as all the sales and operating 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 six months ended June 30, 2014, the Group recognized revenue from one customer amounting to RMB37,492,000, and the revenue individually represent over 10% of the Group's total revenue. The revenue is attributable to the Wisdom Program & Branding segment.

For the six months ended June 30, 2013, the Group recognized revenue from one customer amounting to RMB32,686,000, and the revenue individually represent over 10% of the Group's total revenue. The revenue is attributable to the Wisdom Program & Branding segment.

7. SEASONALITY OF OPERATIONS

The demand for the Group's services is usually higher during the second half of each year than it is during the first half, which is mainly attributable to the greater marketing and sales efforts of the Group's customers during that period. In addition, the Group derives a portion of its revenues from organization, management and promotion of domestic and international sports-related competitions and events, the occurrence of which vary from period to period. In the financial year ended December 31, 2013, 38.1% of revenues accumulated in the first half of the year, with 61.9% accumulating in the second half of the year.

Notes to the Condensed Consolidated Interim Financial Information

8. EXPENSES BY NATURE

	Unaudited	
	Six months ended June 30,	
	2014	2013
	RMB'000	RMB'000
Event organization and related costs	15,790	380
Advertising time slots, program production and related costs	144,601	137,058
Employee benefit expenses	21,477	11,877
Entertainment expenses	533	713
Operating lease rentals	6,406	2,171
General office expenses	7,911	5,738
Travelling expenses	3,554	2,301
Depreciation and amortization	3,389	2,752
Professional fees	1,534	2,483
Remuneration — audit fees	800	800
Remuneration — non-audit fees	—	571
Promotion related expenses	380	410
	206,375	167,254

9. OTHER GAIN, NET

	Unaudited	
	Six months ended June 30,	
	2014	2013
	RMB'000	RMB'000
Financial assets at fair value through profit or loss		
— Fair value gain	3,292	—
Government grants	6,901	—
Others	—	15
	10,193	15

Notes to the Condensed Consolidated Interim Financial Information

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.

	Unaudited	
	Six months ended June 30,	
	2014	2013
	RMB'000	RMB'000
Current income tax — PRC corporate income tax	33,399	25,539
Deferred income tax	(724)	315
	32,675	25,854

(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% and 16.5% for the six months ended June 30, 2014 and 2013, respectively.

(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.

As at June 30, 2014 and 2013, the retained earnings of the Company’s PRC subsidiaries amounted to RMB409,495,000 and RMB157,974,000, 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 RMB40,950,000 and RMB15,797,000 would need to be recognized as at June 30, 2014 and 2013, respectively.

Notes to the Condensed Consolidated Interim Financial Information

11. DIVIDENDS

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 was paid by the Company in June 2014 (2013: nil).

Dividends during the period ended June 30, 2013 represented dividends declared by the companies now comprising the Group to the then-existing shareholders of the companies for the period ended June 30, 2013, after elimination of intra-group dividends. The rates for dividend and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

On May 21, 2013, Beijing Wisdom Media declared dividend amounting to RMB80,000,000 to its then shareholders and paid in June 2013.

No interim dividend for the six months ended June 30, 2014 is proposed (2013: nil).

12. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Unaudited	
	Property, plant and equipment RMB'000	Intangible assets RMB'000
Six months ended June 30, 2014		
Net book value		
Opening amount as at January 1, 2014	35,677	2,276
Additions	2,014	201
Depreciation and amortization	(2,940)	(200)
Closing amount as at June 30, 2014	34,751	2,277
Six months ended June 30, 2013		
Net book value		
Opening amount as at January 1, 2013	36,110	2,602
Additions	3,426	40
Disposals	—	(1)
Depreciation and amortization	(2,533)	(182)
Closing amount June 30, 2013	37,003	2,459

Notes to the Condensed Consolidated Interim Financial Information

13. TRADE AND NOTES RECEIVABLES

	Unaudited as of June 30, 2014 RMB'000	Audited as of December 31, 2013 RMB'000
Trade receivables	176,450	161,539
Notes receivables	875	9,732
	177,325	171,271

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

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

	Unaudited as of June 30, 2014 RMB'000	Audited as of December 31, 2013 RMB'000
Within 1 month	77,908	126,920
1 to 3 months	26,275	25,756
3 to 6 months	19,413	12,020
6 to 12 months	51,426	4,274
Over 12 months	2,303	2,301
	177,325	171,271

As at June 30, 2014, no provisions or write-offs were recorded for trade and notes receivables as management assessed that the receivables could be recovered (December 31, 2013: nil).

Notes to the Condensed Consolidated Interim Financial Information

14. PREPAYMENTS AND OTHER CURRENT ASSETS

	Unaudited as of June 30, 2014 RMB'000	Audited as of December 31, 2013 RMB'000
Prepayment for advertising timeslots	112,015	86,904
Prepaid membership fee	1,403	1,421
Prepaid lease and property management fees	2,402	2,408
Prepayment for event expense	8,772	5,044
Prepayment for program expense	834	1,060
Others	1,456	452
	126,882	97,289

Included in prepayment was unsold advertising time slots for contracted amount of RMB17,386,000 (June 30, 2013: RMB24,760,000). Such prepayment can be used to purchase time slots in the second half of 2014.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited as of June 30, 2014 RMB'000	Audited as of December 31, 2013 RMB'000
Corporate bonds fund and cash fund held for trading	153,292	—

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other gain, net” in the interim consolidated statement of comprehensive income.

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

Notes to the Condensed Consolidated Interim Financial Information

16. OTHER FINANCIAL ASSETS

	Unaudited as of June 30, 2014 RMB'000	Audited as of December 31, 2013 RMB'000
Treasury products issued by commercial bank	112,315	—

The Group invested in unlisted treasury products issued by commercial banks in the PRC. The principals of these investments are guaranteed by the corresponding commercial bank. The investments are denominated in RMB and with maturity periods within one year.

The investment income of other financial assets is recorded in “other income” in the interim consolidated statement of comprehensive income.

17. CASH AND CASH EQUIVALENTS

	Unaudited as of June 30, 2014 RMB'000	Audited as of December 31, 2013 RMB'000
Cash on hand	204	272
Cash in bank	418,851	819,661
	419,055	819,933

Notes to the Condensed Consolidated Interim Financial Information

18. SHARE CAPITAL AND SHARE PREMIUM

	June 30, 2014	December 31, 2013
	Number of shares (thousands)	Number of shares (thousands)
Authorised:		
Ordinary shares of US\$0.00025 each	4,000,000	4,000,000

	Number of shares (thousands)	Shares capital RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid:				
Opening balance January 1, 2014	1,609,045	2,479	636,634	639,113
Dividends declared and paid in June 2014	—	—	(149,641)	(149,641)
At June 30, 2014	1,609,045	2,479	486,993	489,472
Opening balance January 1, 2013	10	63	3,141	3,204
Shares increase pursuant to subdivision	39,990	—	—	—
At June 30, 2013	40,000	63	3,141	3,204

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 39,990,000 shares were issued.

Notes to the Condensed Consolidated Interim Financial Information

19. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Unaudited	
	Six months ended June 30,	
	2014	2013
Profit attributable to owners of the Company (RMB'000)	102,129	71,378
Weighted average number of ordinary shares in issue (thousands)	1,609,045	1,200,000
Basic earnings per share (RMB per share)	0.06	0.06

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares comprise shares to be issued under its share options outstanding of 1,210,000 shares (June 30, 2013: nil). As at June 30, 2014, as the quoted price of share of the Company was lower than the exercise price of the share options outstanding, there was no potential diluted ordinary share.

	Unaudited	
	Six months ended June 30,	
	2014	2013
Profit attributable to owners of the Company (RMB'000)	102,129	71,378
Weighted average number of ordinary shares in issue for diluted earnings per share (thousands)	1,609,045	1,200,000
Diluted earnings per share (RMB per share)	0.06	0.06

Notes to the Condensed Consolidated Interim Financial Information

20. TRADE PAYABLES

	Unaudited as of June 30, 2014 RMB'000	Audited as of December 31, 2013 RMB'000
Within 1 month	4,370	14,880
1 to 3 months	528	1,947
3 to 6 months	140	164
6 to 12 months	1,104	2,175
Over 12 months	1,907	6,668
	8,049	25,834

21. CONTINGENT LIABILITIES

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