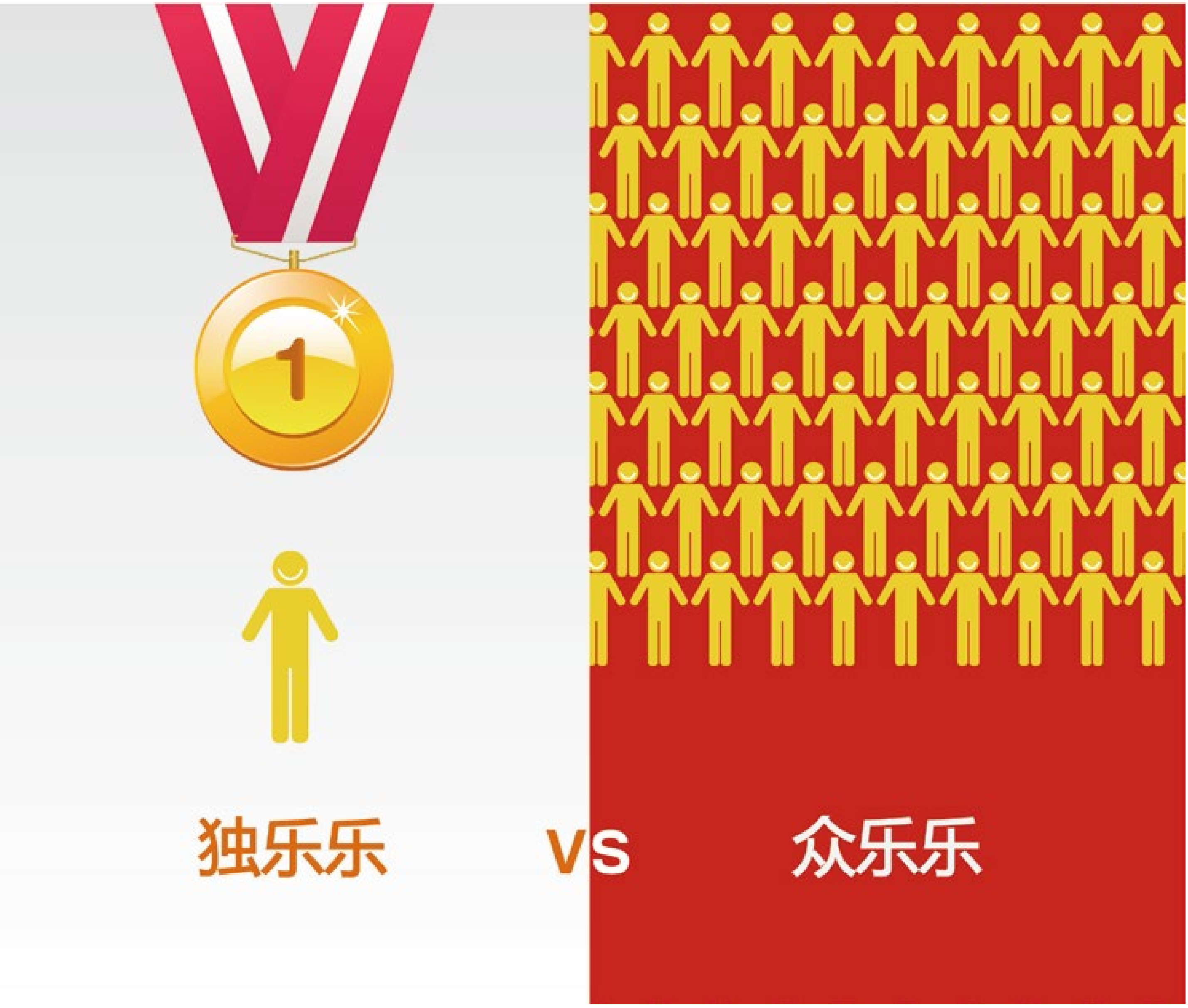
WISDOM GROUP
智美集團

WISDOM HOLDINGS GROUP
智美控股集团

Stock Code: 1661

(Incorporated in the Cayman Islands with limited liability)



Annual Report 2014

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Contents

Corporate Information	2
Financial Highlights	3
Chairlady's Statement	4
Management Discussion and Analysis	6
Corporate Governance Report	19
Directors' Report	30
Directors, Senior Management and Employees	42
Independent Auditor's Report	47
Consolidated Statement of Comprehensive Income	49
Consolidated Balance Sheet	50
Balance Sheet	52
Consolidated Statement of Changes in Equity	54
Consolidated Statement of Cash Flows	55
Notes to the Consolidated Financial Statements	56
Five-year Financial Summary	112

Corporate Information

EXECUTIVE DIRECTORS

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

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

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

Room 2016, 20/F
Hutchison House
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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

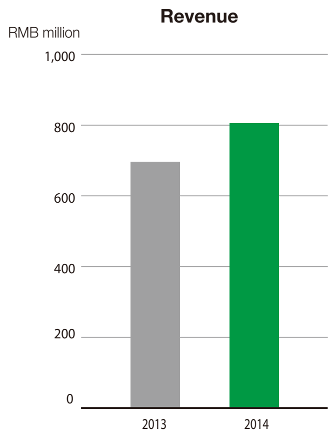
WEBSITE

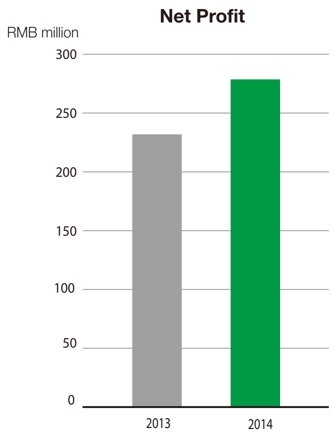
www.wisdom-china.cn

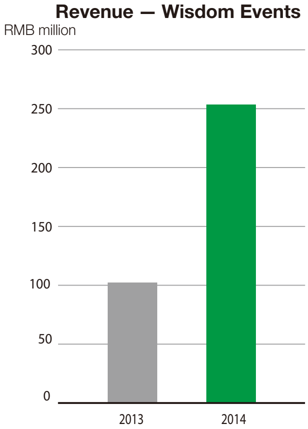
Financial Highlights

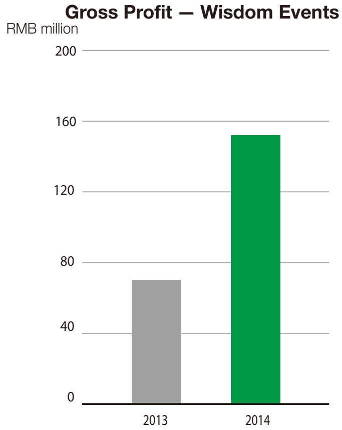
The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Wisdom Holdings Group (the "**Company**" or "**Wisdom**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended December 31, 2014 together with the comparative figures for the previous year. The highlights are as follows:

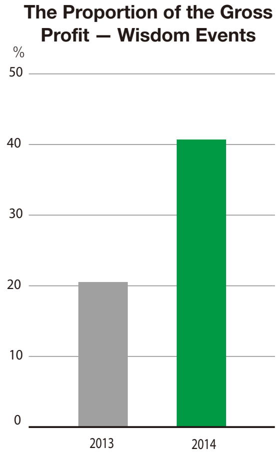
- Revenue increased by 15.8% to RMB804.3 million for the year ended December 31, 2014 from RMB694.3 million for the year ended December 31, 2013;
- Revenue from Wisdom Events increased by approximately 148.7% to RMB253.1 million for the year ended December 31, 2014 from RMB101.8 million for the year ended December 31, 2013;
- The gross profit of Wisdom Events increased by approximately 117.3% to RMB151.9 million for the year ended December 31, 2014 from RMB69.9 million for the year ended December 31, 2013;
- The proportion of the gross profit from Wisdom Events increased to approximately 40.6% for the year ended December 31, 2014 from 20.4% for the year ended December 31, 2013;
- Net profit increased by 20.1% to RMB278.0 million for the year ended December 31, 2014 from RMB231.5 million for the year ended December 31, 2013;
- Basic earnings per share was RMB0.17 for the year ended December 31, 2014; and
- The Board proposed the payment of a final dividend of RMB0.093 per share.











Chairlady's Statement

Dear Shareholders,

Happy New Year of the Goat! I have complicated feeling while drafting the Chairlady's statement of this year. On the one hand, annual results in 2014 are not as impressive as those of the previous years, which, I am afraid, might lead to some criticism against or doubts over the management of Wisdom. On the other hand, revenue and gross profit of Wisdom Events grew by approximately 148.7% and 117.3% respectively, with the gross profit from Wisdom Events reaching 40.6% of the total gross profit. Such figures must impress those who are not only bullish on the outlook of the sports and culture industry in China, but also those who truly understand Wisdom's developments and strategies. For them, these figures mean that Wisdom has undoubtedly gained a firm foothold in the sports and culture market in China, which has laid the solid foundation for the promising development of Wisdom in the future!

On first thought, I have complicated feeling when considering that our shareholders might interpret our results from different perspectives. On second thought, however, I feel no need to hold back my optimism because, through our efforts last year, Wisdom has secured the leading position in the sports and culture industry in China. By the end of 2015, we intend to operate 55 sporting events ourselves, with more than 5 million participants. Moreover, we will cooperate with local authorities to hold several hundred sports events, with more than 30 million people taking part in these events. Furthermore, the year of 2014 is for the Group to formulate the regional strategy, and in 2015, based on the huge population of these geographies and hence the rapidly-accumulated end-user data, Wisdom stands ready to benefit from the integration of various stages of the supply chain in the sports industry, namely, from simple sports events organization to mass-sports services as well as sports media and sports marketing. Wisdom has further clarified its ideas and directions that are mobilizing mass participation, stimulating mass consumption, enhancing the sports products' brand image, reinforcing cross-over synergies drawn from different projects/services, and last but not least, facilitating the liberation of restrictions over introducing copyrights of international sports events. Our ultimate goal is to establish and perfect an O2O (Online-to-Offline) business model, which is an online platform set up specially for offline sports and culture events, products and services. Once the goal is achieved, the target of RMB5 trillion for sports and culture market in China would also be realized.

The growing sports business segment of Wisdom fulfills, even overfulfills our promise to the market, which demonstrates that our strategies have been in the right direction and that our tactics are fully executed. Due to the stagnant Chinese macro-economy last year, our traditional business was affected adversely and we did not achieve the estimated target in 2014. However, all of these do not have negative effects on the development of Wisdom. Wisdom is now well positioned in sports — one of the most promising and prosperous industries in China. Everyone in the Wisdom, brought together by upbeat entrepreneurship and looking forward to a brand new undertaking, is marching hand in hand up to the peak of the burgeoning sports industry in China, an emerging industry that is blessed and nourished by favorable national policies that elevate national health and mass sports to the national strategy level. Thanks to the support from all sides, we do not feel alone making great strides on this road-less-travelled, as people who share our visions and dreams have chosen to travel with us together!

In conclusion, let me thank you again for all the support and encouragement to us. So long as all Chinese people participate in sports, the sports market with the potential of thousands of billions RMB is awaiting us. What we need is only time — time for our efforts to bear fruit, and time for you to enjoy the fruit with us eventually!

Ren Wen
Chairlady

Management Discussion and Analysis

OVERVIEW OF THE GROUP

The sports industry of China flourished in 2014. On October 20, 2014, the State Council announced "Certain Opinion on the Acceleration of the Development of the Sports Industry and the Stimulation of Sports-related Consumption (《關於加快發展體育發展產業促進體育消費的若干意見》)", in which the State Council elevates national physical fitness programme to the national strategy level, and shows its support to the sports industry which is treated as an environmental friendly and emerging industry. A target was set for the industry demanding that by the end of 2025, the market size of the sports industry shall reach no less than RMB5 trillion. Currently, the market size of the sports industry in China amounts to far less than RMB1 trillion. According to the statistics in "Report on the Development of the PRC Sports Industry (2013)", the market size of the sports industry in China in 2012 was merely RMB259.5 billion, representing 0.5% of the gross domestic product (GDP) of China. It also estimates that in 2015, the market size of the sports industry in China would be over RMB700 billion. Based on the market size of RMB700 billion in 2015, and assuming that of 2025 to be RMB5 trillion, the compound annual growth rate (CAGR) of the size for sports industry in China would reach 21.73%, marking high-speed development of the industry.

The year of 2014 is an important year to the Group in formulating the overall strategy in developing sports industry. Based on the years of experience in the operation of sporting events, the Group explored and expanded markets in premium sporting events that appeal to wider audiences with sustained profitability. Through resources integration in sporting events, the Group collected useful statistics on the population that is interested and engaged in sports. Such collection of end-user data has laid a good consumer base for the extension of industry chain of sports. In addition to exploring new businesses, the Group continued to perfect its conventional program & branding business to ensure steady and stable revenues against the backdrop of the stagnant macro-economy in China last year. The synergy drawn from the combination of different business segments of the Group further consolidated the Group's leading position in the field of sports culture in China.

In 2014, the Group actively and proactively equipped itself in business management and recruitment of talents to pave the way for the deployment of the sports industry. Through restructuring the organizational composition and business segments, the Group further standardized its management protocols in various business segments. Notwithstanding the shortage of experienced personnel in the sports industry in China, the Group continued to introduce seasoned professionals and talents and provide training to its own staff with potential. The Group also incentivized team coordination by granting share options as appropriate. All these measures lay a solid foundation for the next round of entrepreneurial development of the Group.

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 both B2B (business-to-business) and B2C (business-to-consumer) businesses, including 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 merchandize for sporting events.

Wisdom Events focused on the strategic deployment of its operation in 2014. The Group conducted a series of systematic research on footrace events (including large-scale city marathons and small-scale thematic runs), mass sporting events and important tournaments. As to footrace events, the Group acquired exclusive rights to operating the annual marathon races from 2014 to 2018 from the CCTV Sports & Entertainment Co., Ltd, and managed to jointly organize 13 marathon races in 2014. Among them, the Group operated "2014 Hangzhou International Marathon" and "2014 Guangzhou Marathon" successfully, both of which were awarded the "Gold Events" by the Chinese Athletic Association. Meanwhile, "Season Run (四季跑)", a creative thematic running event the Group developed itself with intellectual property rights, organized two successful races in Shanghai and Changsha, and both of them were well received and highly recognized by sponsors, participants and the media. Witnessing the great success of "Season Run", a number of cities extended invitations to the Group for operating such thematic running events in their cities in 2015.

With regard to mass sporting events, the Group successfully acquired the exclusive operating rights to "China Longzhou Tournament (中華龍舟大賽)" and organized the "World Cup of International Dragon Boat Federation (國際龍舟聯合會世界杯)" successfully in the first half of 2014. From March 2014 onwards, the Group entered into a series of strategic cooperation agreements with 13 provincial and municipal sports authorities in sports-related matters and thus secured long-term exclusive rights to the long-term commercial development of social mass sporting events in those 13 provinces and municipalities including Hubei, Zhejiang, Hunan, Tianjin, Shanghai, Henan, Hebei, Beijing, Liaoning, Anhui, Jiangsu, Chongqing and Shandong. Therefore, the Group has completed the strategic inter-regional deployment in economically advanced areas in China, such as Bohai Rim, Yangtze River Delta, Pearl River Delta and the affluent region in Western China. Annually, there were more than 700 events taking place in these 13 provinces and municipalities, with more than 30 million participants in total. On December 18, 2014, the Group established a "Mass Sporting Events Alliance (大眾體育賽事聯盟)" with the sports authorities in the 13 provinces and municipalities mentioned above, which paves the way for the coordination of new inter-provincial mass sporting events in the future.

In 2014, Wisdom Events conducted intensive study and analysis in international and domestic, significant and phenomenal events. In order to identify premium large-scale events that would be suitable for the current phase of China's development and would be popular among the general public and sponsors, the Group set up thematic research teams together with the Graduate School of the Physical Education Department of the Peking University and the Communication University of China to study development of the sports industry and sports marketing communication. The market-oriented, effective survey and assessment the Group carried out formed the theoretical basis for introducing grand sporting events into China.

In the capital market, the Group established Wisdom Hongtu Cultural Investment Management Centre (Limited Partnership) (北京智美紅土文化投資管理中心(有限合夥)) ("**Hongtu Fund**") with Shenzhen Capital Group Co., Ltd., ("**SCG**") and Hongtu Jingshan Investment Management Advisory (Beijing) Company Limited ("**Hongtu Jingshan**"). The proposed initial capital of the fund shall be approximately RMB155,000,000. The introduction of sporting events with the quality integrated resource from the industry chain could be realized as a result of the cooperation among the leading participants from industry and capital market. Meanwhile, the Group will pay close attention to high-quality merger and acquisition targets in both domestic and international market, in order to leverage the Group's capital advantages and to accelerate the Group's coverage of different stages of the industry chain.

Pursuant to the strategic plans in 2014, the Group, together with the strategic cooperation partners, set up an O2O (Online-to-Offline) Big Data Platform, based on the demographic data collected from premium branded sporting events. The Group believed that an increasing number of end-users would be attracted if the Group could provide the customized products and services online and offline. Meanwhile, various measures have been taken to maintain the present registered users, including sporting events registration, membership club, sports tourism and training sessions, etc. All of them helped to arouse the passions of the customers, and satisfied the communication needs of the contracting provinces and sponsors. Furthermore, it played a key role in the stimulation of individual sporting consumption to a large extent.

II. Wisdom Program & Branding

Wisdom Program & Branding is a relatively mature business sector of the Group. In 2014, it remained in steady and stable development, and derived revenue from production and distribution of television programs and advertisements.

As a traditional business sector with stable performance, Wisdom Program & Branding continued bringing steady and stable cash flow and client resources to the Group as presaged in its strategic plans in 2014. In 2014, the Group's long-standing automobile fashion program "Driving Fashion (《駕尚》)" managed to keep its existing market scale, while "Happy Driving (《大樂駕》)", a professional automobile program and a new addition to the Group's broadcasting platform resources, premiered on Sichuan Satellite TV. On the other hand, the Group successfully renewed its exclusive advertising rights to the five existing 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. The News Channel, the only professional news channel in China which provides an uninterrupted stream of journalistic news and information around the clock, has always been the fastest growing channel in terms of ratings among all CCTV channels. Therefore, it maintains a relatively stable and high-caliber audience and offers a sound environment for advertising and marketing. It is also a premium platform in the traditional media which is faced with fewer challenges from the new media.

The year of 2014 witnessed the strategic transformation of the Group. Whilst leveraging on its strengths in the advertising industry, the Group succeeded in securing the leading position in the bourgeoning sports industry in China, based on which, the Group stands ready to embark upon sports training, tourism, insurance and operating halls for sporting events, etc. Such expansions will provide better sports and entertainment products and services to the public.

OUTLOOK OF INDUSTRY AND GROUP

The year of 2014 can be marked as a milestone for China's sports industry, revolutionary changes that occurred during the year will have a significant impact on the development of China's sports industry for the next 5 to 10 years. From a macroscopic perspective, it is obvious that the sports industry contributes a new stream of growth to China's GDP. In 2013, outputs from sports and related industries in China amounted to RMB1.1 trillion, representing a year-on-year increase of 11.91%, with an added value of RMB356.3 billion, representing a year-on-year increase by 10.82%, with such added value increasing in its weighting in the GDP to 0.63%. The opinion titled "Some Opinions on the Acceleration of the Development of the Sports Industry and the Stimulation of Sports-related Consumption" promulgated by the State Council elevates the sports industry to the national strategy level aiming not only to improve physical fitness of its citizens, but also to stimulate economic growth at the same time. The estimated market size of the sports industry of RMB5 trillion in 2025 also provides broad market opportunities for rapid development of the sports industry. From a consumption structure perspective, the GDP per capita in China was approximately US$7,485 in 2014, and the disposable income per capita increased by 8% to more than RMB20,000, but the sports consumption per capita in China was merely 6% of that of developed countries. As the GDP per capita in China exceeded US$6,000, the consumption pattern of Chinese citizens will change from "viewing only" to "participating and experiencing" and this will translate into huge business opportunities in sectors such as sports, sporting events and health-related individual consumption and activities.

During the years from 2015 to 2017, the Group positions itself as a "cultivator for a sporting consumption market in China". Adhering to its development principle of "rallying the population and building up a unique brand", the Group will further acquire more quality sporting event resources and accumulate end-user data of an increasingly growing sporting population. In accordance with the Group's core philosophy, "building up leading products, simulating an O2O consumption scene, bringing in additional clients and rationalizing internal management protocols", the Group will be able to provide better products and services for all its entrepreneurial customers and end consumers which shall further consolidate the Group's leading position in the sporting consumption industry.

For our sporting products, utilizing the strategic deployment and relentless efforts made in 2014, the Group further enlarged the portfolio and the number of sporting events it operated. Based on our established foundation in hosting city marathons, the Group plans to host 5 to 6 city marathons in 2015, which will cover more provincial capitals and economically developed regions, such as Changsha, Shenyang, Qingdao, etc., as opposed to hosting only 2 city marathons in Hangzhou and Guangzhou in 2014. At the same time, "Season Run", a well-received proprietary thematic footrace event the Group developed and operated in 2014, will be expanded into a 10-stop thematic footrace event in 2015, covering Shenzhen, Tianjin, Chongqing, Beijing, Shanghai, Nanjing, etc. "Season Run" will be a great opportunity for sponsors to communicate with more audience and for runners to join more footrace events and gain experience. For mass sporting events, based on the strategic cooperation agreements signed in 2014 with 13 provincial or municipal-level competent authorities in sports, the Group will systematically launch a series of cross-provincial mass sporting events in 2015. Headed by its first event "Charitable Walkathon for the Chinese Dream (踐行中國夢 • 閃耀中國心 — 幸福足跡，城市徒步大會)" in April, this series of cross-provincial mass sporting events will cover over 35 cities in 10 provinces with millions of expected participants. Integrating the mass sporting events resources available in different regions, the Group shall gradually launch other popular mass sporting events, such as square fitness and horsemanship, with the objective that such cross-provincial multi-typed mass sporting events will become a regular and standard sports business.

Based on the Group's strategic plan, scene consumption will become an important development direction in 2015. It can be defined by the installation of a scene or simulation of a situation where individual consumers are inclined to visiting, therefore certain consumption behavior patterns can be formed and even stabilized. The aggregation of the consuming individuals forms the consuming mass, and massive revenue can be derived from the consuming mass. In 2015, the Group has established a sports service company (the "**Sport Service Company**") that specializes in constructing sports-related scenes or stimulating sports-related situations. Based on the Group's proprietary footrace "Season Run", offline consumption sites for running, shows, entertainment and shopping (similar to carnivals or parades) are connected to the Internet and mobile consumption platforms. Through signing a strategic agreement with the LKK Design Group, the Group will jointly develop sports event related derivative products. The Group will also cooperate with Shilin Night Market to bring traditional festival foods into event venues. In addition, online and offline training will also be one of the areas the Group embarks upon by cooperating with quality teaching personnel. Moreover, the Group is planning to work with travel agencies to provide sports tourism for all sports fans. Based on the mass end-user data from its own registration system, the Group stands ready to benefit from the synergies drawn from different stages of the sports industry value chain, which will increasingly reinforce one another when the Group operates more or introduces new sporting events. The goal of the Sport Service Company for 2015 is to build a sophisticated services system complementary to the offline sporting events related consumption and standardize its products into a reliable and profitable business model which can offer turn-key solutions to the Group's own operating events, to other premium sporting events or to mass sporting events the Group is engaged in the provinces though strategic cooperation. Integrating the aforementioned with the O2O platform, the Sports Service Company will be able to connect online and offline situational consumption, which shall help build the Group's "Let's Go" brand into a popular sports-related service provider.

Regarding clientele development, the Group will further enlarge its client base in the sports/events and program/advertising areas. Revenue derived from sponsors remains the major source of income in the PRC for both sporting events and program marketing. As the sports-related industry thrives, sponsors are more willing than ever to enhance their investments in sports marketing in order to reach their end-consumers. The Group's premium client base lies in the traditional high-end business sectors. As a result of the rapid development of the sports sector in 2014, the Group succeeded in building up clientele in the areas of sports equipment and food & beverage, which complemented the Group's high-end clients in the automobile and financial sectors. In 2015, the Group will strengthen its efforts in clientele development. By setting up branch offices in developed regions such as Shanghai and Guangdong, the Group strives to provide tailor-made services to quality clients, which paves the way for the Group's B2B businesses.

For internal management, relying on the management software upgrade and detailed business operating procedures, the Group further enhanced the Group's management system in accordance with the regulatory rules and internal controls standards applicable to listed companies, thus achieving standardization and systemisation of the Group's business operation, financial management and staff management. All of the above ensured the internationalisation and standardization of the Group. By adopting a scientific management system, the Group increased its efficiency and optimized its management model, both of which builds effective management measures in place for the Group's future endeavors in setting up subsidiaries or acquiring other companies in different regions.

With regards to the capital operation, as the leading company in the sports industry in China and leveraging on the Group's listed company status, the Group enjoys easy access to domestic and international capital markets. In 2015, the Group will adopt a diversified approach to manage the access to capital. The Hongtu Fund will be mainly engaged in sports related projects which have taken shape but still require a certain period of development. The Wisdom Group will on the other hand focus on more mature targets, for example, the joint venture set up by Wisdom and the Main Bureau of Sports of Hubei Province. In addition, overseas sports related assets with premium quality are also the Group's potential objects for cooperation or acquisition.

The years of 2015 to 2017 will remain an important phase for the Group's strategic deployment and development in the sports industry. Through three years of careful and strategic planning, the Group aims to be involved in more businesses, including sporting events organisation, training, tourism, membership, lottery, insurance and shopping malls. With the establishment of O2O platform for sports and health, and the collection of end-user data of over tens of millions of sports enthusiasts, the Group can shape the overall product and service image of the sports industry either online or offline. Furthermore, the Group could pay more attention to B2C business as well as maintain the existing operation of B2B business at the same time. In so doing, the Group can capture the rapidly growing revenue and cash flows from individual consumer consumption, and become the leading company in the whole sports related industry.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 15.8% to RMB804.3 million for the year ended December 31, 2014 from RMB694.3 million for the year ended December 31, 2013. This increase was primarily due to an increase in revenue from Wisdom Events.

Revenue from Wisdom Events increased by approximately 148.7% to RMB253.1 million for the year ended December 31, 2014 from RMB101.8 million for the year ended December 31, 2013. This increase was primarily due to (i) an increase in revenue from the operation of new sports competitions and events, such as the "World Cup of International Dragon Boat Federation", marathons operated in more cities and "Season Run", the independently developed creative running event; and (ii) the increase in revenue from the continued operation of existing events such as Guangzhou Marathon and Hangzhou International Marathon, and the continued commercial development of such events.

Revenue from Wisdom Program & Branding decreased by approximately 7.0% to RMB551.2 million for the year ended December 31, 2014 from RMB592.5 million for the year ended December 31, 2013. This slight decrease was primarily due to the decrease in the revenue from the program production.

Cost of Services

The Group's cost of services increased by approximately 22.4% to RMB430.2 million for the year ended December 31, 2014 from RMB351.5 million for the year ended December 31, 2013. This increase was primarily due to an increase in the cost of services from Wisdom Events.

Cost of services for Wisdom Events increased by approximately 217.3% to RMB101.2 million for the year ended December 31, 2014 from RMB31.9 million for the year ended December 31, 2013. This increase was primarily due to the increase in the number of events held and the upgrade of the events.

Cost of services for Wisdom Program & Branding increased by approximately 2.9 % to RMB329.0 million for the year ended December 31, 2014 from RMB319.6 million for the year ended December 31, 2013. This increase was primarily due to an 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 9.1% to RMB374.1 million for the year ended December 31, 2014 from RMB342.8 million for the year ended December 31, 2013. The gross margin for the Group decreased to approximately 46.5% for the year ended December 31, 2014 from 49.4% for the year ended December 31, 2013. The increase of the gross profit was primarily due to the increase in the gross profit from Wisdom Events. The decrease in the gross margin was primarily due to the decrease in the gross margin of Wisdom Events and that of Wisdom Program & Branding.

As a result of the foregoing changes in revenue and cost of services for Wisdom Events, the gross profit of Wisdom Events increased by approximately 117.3% to RMB151.9 million for the year ended December 31, 2014 from RMB69.9 million for the year ended December 31, 2013. This increase was primarily due to the exploration of more events and the commercial development of these events based on the extensive experience in organizing events. The gross margin of Wisdom Events decreased to 60.0% for the year ended December 31, 2014 from 68.7% for the year ended December 31, 2013. This decrease was primarily due to the increase in the cost from the upgrade of the sporting events.

As a result of the foregoing changes in revenue and cost of services for Wisdom Program & Branding, the gross profit of Wisdom Program & Branding decreased by approximately 18.6% to RMB222.2 million for the year ended December 31, 2014 from RMB272.9 million for the year ended December 31, 2013. The gross margin of Wisdom Program & Branding decreased to 40.3% for the year ended December 31, 2014 from 46.1% for the year ended December 31, 2013. This decrease was primarily due to the decrease in the revenue from program production with higher gross margin.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 23.9% to RMB30.8 million for the year ended December 31, 2014 from RMB24.9 million for the year ended December 31, 2013. This increase was primarily because the Group strengthened its marketing and sales capabilities with the development of the new business expansion in 2014, which increased the number of sales staff and related expenses.

General and Administrative Expenses

The Group's general and administrative expenses increased by approximately 23.0% to RMB45.4 million for the year ended December 31, 2014 from RMB36.9 million for the year ended December 31, 2013. This increase was primarily because the Group continued to strengthen its management capabilities to complement the Group's business expansion, which increased the number of necessary staff, office premises and related expenses.

Other Income

The Group's other income was RMB7.3 million for the year ended December 31, 2014. There was no such income for the year ended December 31, 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 89.7% to RMB51.2 million for the year ended December 31, 2014 from RMB27.0 million for the year ended December 31, 2013. This increase was primarily due to (i) tax refund from governmental body; and (ii) 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 3.4 times to RMB14.3 million for the year ended December 31, 2014 from RMB3.2 million for the year ended December 31, 2013. This increase was primarily due to 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 19.1% to RMB370.6 million for the year ended December 31, 2014 from RMB311.2 million for the year ended December 31, 2013.

Income Tax Expenses

The Group's income tax expenses increased by approximately 16.2% to RMB92.6 million for the year ended December 31, 2014 from RMB79.7 million for the year ended December 31, 2013. This increase was primarily attributable to an increase in the Group's taxable income.

The Group's effective tax rate for the year ended December 31, 2014 was 25.0%, compared to approximately 25.6% for the year ended December 31, 2013. This change was primarily due to the income generated from the offshore company in 2014, which was not subject to income tax.

Profit for the year

As a result of the foregoing, the Group's profit for the year increased by approximately 20.1% to RMB278.0 million for the year ended December 31, 2014 from RMB231.5 million for the year ended December 31, 2013. The Group's net profit margin increased from 33.3% for the year ended December 31, 2013 to 34.6% for the year ended December 31, 2014.

Cash Flows

As at December 31, 2014, the Group's cash and cash equivalents decreased to approximately RMB598.5 million from 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 5.7%. The Group takes a prudent approach in selecting financial products.

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

	For the year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Net cash generated from operating activities	**65,580**	166,892
Net cash (used in)/generated from investing activities	**(134,323)**	2,682
Net cash (used in)/generated from financing activities	**(153,271)**	550,909
Net (decrease)/increase in cash and cash equivalents	**(222,014)**	720,483
Cash and cash equivalents at beginning of year	**819,933**	99,450
Exchange gains/(losses) on cash and cash equivalents	**567**	—
Cash and cash equivalents at end of year	**598,486**	819,933

Net Cash Generated from Operating Activities

Net cash generated from operating activities decreased to approximately RMB65.6 million for the year ended December 31, 2014 from RMB166.9 million for the year ended December 31, 2013. This decrease was mainly attributable to the business operation and the payments for taxes.

Net Cash Used in/Generated from Investing Activities

Net cash generated from investing activities amounted to RMB2.7 million for the year ended December 31, 2013 while net cash used in investing activities amounted to RMB134.3 million for the year ended December 31, 2014. The change was mainly attributable to the purchase of principal guaranteed low risk products from the commercial bank and large financial institution with good reputation in 2014.

Net Cash Used in/Generated from Financing Activities

Net cash generated from financing activities amounted to RMB550.9 million for the year ended December 31, 2013 while net cash used in financing activities amounted to RMB153.3 million for the year ended December 31, 2014. The change was because the Group received proceeds from the initial public offering in 2013, while the cash outflow was mainly due to the payment of dividend in 2014.

Working Capital

The Group's net current assets increased by approximately 12.7% to RMB1,162.5 million as at December 31, 2014 from RMB1,031.5 million as at December 31, 2013. The net current assets of the Group was stable, and the Group maintained working capital at a 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 RMB4.2 million for the year ended December 31, 2014.

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities are centralized and cash is generally deposited with banks and denominated mostly in RMB. As at December 31, 2014, the Group had net current assets of RMB1,162.5 million (December 31, 2013: RMB1,031.5 million), of which cash and cash equivalents amounted to RMB598.5 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 time slots in Wisdom Program & Branding, the Group normally requires advance payment according to the specific payment schedules set forth in relevant advertisement placement agreements. The Group generally does not grant credit terms to these clients in the agreements with them, except for very few clients who have a large amount of transaction volume or long business relationship with the Group. For the clients of Wisdom Program & Branding who purchase advertising resources rather than advertising time slots, the Group normally allows them to make payments in installments according to the schedule set forth in the agreements with them. For the clients of 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 periodic review of their payment progress in the Group's internal control system and assesses the Group's credit policy for them. After taking into account a series of factors, including transaction volume, length of business relationship, prior dealing history with the Group, creditworthiness, the industry practice, the macroeconomic and market competition environment, the Group's financial position and working capital needs and the Group's marketing and sales strategy, the Group may further extend credit periods ranging from three to six months 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, 2014. The Company has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

CAPITAL STRUCTURE OF THE GROUP

The reorganization of the Company and the subsidiaries of the Company as set out in the prospectus of the Company dated June 28, 2013 (the "**Prospectus**") was completed on June 24, 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on July 11, 2013. On August 7, 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK$2.11 each to the public upon the partial exercise of the over-allotment option. The options to subscribe for a total of 1,210,000 shares of the Company were granted on May 23, 2014 to employees of the Group and as at the date of this annual report, no option has been exercised. Save for the above, there was no alternation in the capital structure of the Group for the year ended December 31, 2014.

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

On October 27, 2014, Beijing Wisdom Media Holding Co., Ltd. ("**Beijing Wisdom Media**"), a wholly owned subsidiary of the Company, entered into a limited partnership agreement with SCG and Hongtu Jingshan, pursuant to which Beijing Wisdom Media agreed to make a capital contribution of RMB75 million for the joint establishment of Hongtu Fund. Please refer to the announcement dated October 27, 2014 for details. Save as disclosed above, for the year ended December 31, 2014, the Company had no material investment, material acquisition and disposal of subsidiaries. The Company has no plan for material investment or acquisition of material capital asset.

CHARGE ON ASSETS

For the year ended December 31, 2014, there was no charge on the Group's assets.

FINANCIAL RATIO

Financial ratio	As at December 31, 2014	As at December 31, 2013
Current ratio	989.7%	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 December 31, 2014.

CONTINGENT LIABILITIES

As at December 31, 2014, the Company had no material contingent liabilities.

HUMAN RESOURCES

The total number of employees of the Group was 151 as at December 31, 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 year ended December 31, 2014 amounted to RMB36.3 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 Report

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.

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 of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

The Board is of the view that throughout the year ended December 31, 2014, the Company has complied with the code provisions as set out in the CG Code, save and except for code provisions A.1.1 and A.2.1. Details will be set out under "Board of Directors" and "Chairlady and Chief Executive" respectively.

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 of the Company and the Directors have confirmed that they have complied with the Model Code throughout the year ended December 31, 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.

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, appointed as vice chairman of the Board with effect from March 24, 2015)*
Mr. Zhang Han *(Appointed as vice chairman of the Board with effect from March 24, 2015)*
Dr. Shen Wei *(Appointed as executive Director and the president of the Company with effect from May 16, 2014 and March 24, 2015, respectively)*

Non-executive Directors:

Mr. Jin Haitao
Mr. Wang Shihong *(Ceased as member of the Audit Committee and non-executive Director with effect from March 28, 2014 and May 16, 2014 respectively)*
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)*

At the annual general meeting of the Company held on May 16, 2014, Mr. Wang Shihong retired from the office as non-executive Director 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 with effect from May 16, 2014.

Code provision A.1.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

During the year ended December 31, 2014, three regular Board meetings were held. The Company does not announce its quarterly results and hence no regular Board meeting was held for the fourth quarter of 2014. Even though there was no Board meeting held during the fourth quarter of 2014, the Company's business, operation and management have been conducted properly under the management and supervision of the executive Directors. The Company will ensure compliance with the requirement of code provision A.1.1 of the CG Code in future. 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 42 to 46 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.

During the year ended December 31, 2014, Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, was also the president of the Company, responsible for overall management and formulation of business strategy of the Group. The Board meets from time to time to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Group.

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

Independent Non-executive Directors

During the year ended December 31, 2014, 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, which were renewed for three years commencing from March 21, 2015; Mr. Zhang Han has entered into a service agreement with the Company for a term of three years commencing from June 14, 2013 whilst Dr. Shen Wei has entered into a service agreement with the Company for a term of three years commencing from May 16, 2014. 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 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.

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 year ended December 31, 2014, 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, 3
Mr. Sheng Jie	1, 2, 3
Mr. Zhang Han	1, 2, 3
Dr. Shen Wei*	1, 2, 3
Non-executive Directors	
Mr. Jin Haitao	1, 2, 3
Mr. Wang Shihong*	1, 2, 3
Mr. Xu Jiongwei	1, 2, 3
Independent Non-executive Directors	
Mr. Wei Kevin Cheng	1, 2, 3
Mr. Ip Kwok On Sammy	1, 2, 3
Mr. Jin Guoqiang	1, 2, 3

Note:

1. Corporate governance
2. Regulatory updates
3. Finance and accounting

* The appointment of Dr. Shen Wei as an executive Director and retirement of Mr. Wang Shihong as a non-executive Director were effective from May 16, 2014.

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. Xu Jiongwei, 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, to review 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 two meetings during the year ended December 31, 2014 to review annual financial results and reports in respect of the year ended December 31, 2013 and interim financial results and report in respect of the period ended June 30, 2014 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor and connected transactions. The external auditor was invited to attend the meetings. 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 twice with 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 two meetings during the year ended December 31, 2014 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.

The Nomination Committee held two meetings during the year ended December 31, 2014 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider and recommend to the Board on the appointment of Dr. Shen Wei as an executive Director. The Nomination Committee also considered an appropriate balance of diversity perspectives of the Board is maintained. The attendance records of the Nomination Committee are set out under "Attendance Records of Directors and Committee Members".

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 and the general meeting of the Company held during the year ended December 31, 2014, is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting
Ren Wen	3/3	2/2	–	–	1/1
Sheng Jie	3/3	–	2/2	–	1/1
Zhang Han	3/3	–	–	–	1/1
Shen Wei*	2/2	–	–	–	–
Jin Haitao	3/3	–	–	–	1/1
Wang Shihong*	1/1	–	–	1/1	1/1
Xu Jiongwei	3/3	–	–	1/1	1/1
Wei Kevin Cheng	3/3	–	2/2	2/2	1/1
Ip Kwok On Sammy	3/3	2/2	–	–	1/1
Jin Guoqiang	3/3	2/2	2/2	2/2	1/1

* The appointment of Dr. Shen Wei as an executive Director and retirement of Mr. Wang Shihong as a non-executive Director were effective from May 16, 2014.

Apart from regular Board meetings, the Chairlady also held one meeting with the non-executive Directors (including the independent non-executive Directors) without the presence of executive Directors during the year ended December 31, 2014.

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, 2014.

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 47 to 48.

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, 2014 is set out below:

Service Category	Fees Paid/ Payable RMB
Audit related services	3,600,000
Non-audit related services	3,600,000
	7,200,000

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 those two joint company secretaries was in compliance with the requirements under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual directors. All resolutions put forward at general 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 general 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 B12-C, 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 2015 Annual General Meeting of the Company (the "**AGM**") will be held on May 14, 2015. 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 year ended December 31, 2014, 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, 2014.

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 of the Company dated June 28, 2013 (the "**Prospectus**").

The shares of the Company (the "**Shares**") have been listed on the Main Board of the Stock Exchange since July 11, 2013 (the "**Listing Date**"). The Global Offering (as defined in the Prospectus) 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 Group is a leading sports culture group in China engaged in the operation of sporting tournaments and production of television programmes, with a special emphasis on the development and extension of the sports industry chain.

The principal activities and other particulars of the Company's subsidiaries are set out in Note 14 to the consolidated financial statements in this annual report.

RESULTS & DIVIDENDS

Results of the Group for the year ended December 31, 2014 are set out in the consolidated statements of comprehensive income of this annual report. The Board recommends a payment of final dividend of RMB0.093 per Share for the year ended December 31, 2014 to shareholders whose name appear on the register of members of the Company on May 28, 2015. The proposed declaration of final dividend is subject to the shareholders' approval at the AGM. No interim dividend was paid by the Company for the period ended June 30, 2014.

FINANCIAL SUMMARY

A summary of the audited results and of the assets and liabilities of the Group for the last five financial years is set out on page 112 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, capitalized professional services fees and related expenses) amounted to approximately RMB635.9 million, which are intended to be applied in the manner as disclosed in the Prospectus of the Company in respect of the global offering of its shares. As at December 31, 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) whose name was changed to Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理(浙江)有限公司) on March 30, 2015. The core business of such company will focus on organizing sports competitions and related events, the development of sports related products, brand promotion and communications services. The remaining net proceeds from the listing will be used for the suggested purposes as set out in the section headed "Use of Proceeds" of the Prospectus.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended December 31, 2014 are set out in Note 26 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2014, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, amounted to approximately RMB488,939,000.

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, 2014 are set out in Note 16 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, 2014.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2014, the Group's five largest customers accounted for approximately 29.8% of the Group's total revenue and the Group's largest customer for the year accounted for approximately 7.9% of the Group's total revenue. The Group's five largest suppliers accounted for approximately 89.0% of the Group's total purchases, while the largest supplier for the year accounted for approximately 72.6% 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.

The Group's five largest suppliers are engaged in business ranging from television media industry to sports culture industry. Among them, the Group has been in cooperation relationship with suppliers in television media industry for six years, with suppliers in sports industry for two to three years, and with suppliers in other media industry for one year. The cooperation relationship with the five largest suppliers lays solid foundation for the operation and development of the Group.

DIRECTORS

The information of the Directors as at December 31, 2014 is illustrated below (Note 1):

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
Dr. Shen Wei (Note 2)	Executive Director	May 16, 2014
Mr. Jin Haitao	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: 1. Mr. Hu Xing and Mr. Hu Jianguo have been proposed to be an executive Director and an independent non-executive Director, respectively at the Board Meeting dated March 24, 2015 and are subject to the appointment at the AGM.

2. Dr. Shen Wei was appointed as an executive Director on May 16, 2014.

In accordance with Article 84 of the Company's Articles of Association, Mr. Zhang Han, Mr. Xu Jiongwei, and Mr. Jin Guoqiang shall retire from office by rotation at the conclusion of the AGM of the Company. All of them, being eligible, will offer themselves for re-election at the AGM. Details of the Directors to be re-elected at the AGM of the Company 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$60,000 for the year ended December 31, 2014. He has waived his emoluments for the year ended December 31, 2014 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 OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2014, 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	Founder of discretionary trust (Note 1)	603,480,000	37.51%

Note:

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

(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 and 3)	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%

Notes:

2. A wholly owned subsidiary of Beijing Wisdom Media.
3. Beijing Wisdom Leadership Sports Culture Co., Ltd was de-registered on January 6, 2015.

Save as disclosed above, as at December 31, 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 December 31, 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:

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Mr. Zhou Wenjie	Interest of spouse (Note 4)	603,480,000	37.51%
Sky Limited	Interest of controlled corporation (Note 5)	603,480,000	37.51%
Credit Suisse Trust Limited	Trustee (Note 5)	603,480,000	37.51%
Queen Media	Beneficial owner (Note 5)	603,480,000	37.51%
Lucky Go Co., Ltd.	Beneficial owner	176,643,000	10.98%
Avance Holdings Limited	Beneficial owner	111,955,000	6.96%
Top Car Co., Ltd.	Beneficial owner	110,075,000	6.84%

Note:

4. Mr. Zhou Wenjie is the spouse of Ms. Ren Wen. Therefore, he is deemed to be interested in 603,480,000 Shares.
5. 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 December 31, 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.

DIRECTORS' REMUNERATION

Details of the Directors Emoluments are set out in Note 9 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 during the year ended December 31, 2014.

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, 2014.

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, 2014.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on June 14, 2013 for the purpose of recognizing 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 authorized 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.

The options to subscribe for a total of 1,210,000 Shares (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 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 year ended December 31, 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 year ended December 31, 2014. Please refer to the announcement of the Company dated May 23, 2014 for details.

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

PURCHASE, SALES 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 during the year ended December 31, 2014.

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 during the year ended December 31, 2014 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 during the year ended December 31, 2014.

CONNECTED TRANSACTIONS

As the business operation of Beijing Wisdom Media constitutes business activities which are subject to prohibition or restriction or foreign investment under the PRC laws (the "**Restricted Business**"), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts 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 continuing 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 then effective Chapter 14A of the Listing Rules (now Rule 14A.105 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, 2014 was RMB10,000,000.

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 favorable 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, 2014:

(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 Rule 14A.56 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 35 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

The Group uses its treasury to subscribe for the financial products offered by commercial banks in China from time to time. During the period since December 31, 2014 to March 24, 2015, the Group subscribed for three principal-guaranteed and short-term financial products issued by a commercial bank in China amounting to RMB150,000,000, RMB60,000,000 and RMB100,000,000 respectively. Save as disclosed above, there is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects since December 31, 2014 to March 24, 2015.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended December 31, 2014. 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 at 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, 2014.

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 is expected to be held on Thursday, May 14, 2015. 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 Tuesday, May 12, 2015 to Thursday, May 14, 2015, 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 Monday, May 11, 2015 for registration. For details of the AGM, please refer to the notice of AGM which is expected to be issued on April 14, 2015.

The record date for entitlement of the proposed final dividend is Thursday, May 28, 2015. 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 Tuesday, May 26, 2015 to Thursday, May 28, 2015, 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 certificate(s), 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 Friday, May 22, 2015. It is expected that the final dividend will be paid on Wednesday, June 10, 2015.

On behalf of the Board
Ren Wen
Chairlady and Executive Director
Hong Kong, March 24, 2015

Directors, Senior Management and Employees

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

EXECUTIVE DIRECTORS

Ms. Ren Guozun (任國尊), also known as Ren Wen (任文), aged 39, was appointed the chairlady of the Board and an executive Director on March 21, 2012. Ms. Ren is the founder of the Group. She has also served as the general manager and president of Beijing Wisdom Media since its establishment. Ms. Ren also serves as the director of Wisdom Culture (Zhejiang) Co., Ltd. (智美文化(浙江)有限公司), a wholly-owned subsidiary of the Company whose name was changed to Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理(浙江)有限公司) on March 30, 2015. She is responsible for overseeing the Group's overall management and strategy.

In 2001, Ms. Ren founded Beijing ZMAC Advertising Co., Ltd. (北京智美奧成廣告有限公司) ("**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 14 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電影推動力論壇). 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 39, was appointed an executive Director on March 21, 2012 and appointed as vice chairman of the Board on March 24, 2015. 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 also serves as a director of the subsidiaries of the Company, Chinese Football League Development Limited (中國足球發展聯盟有限公司) and Chinese Campus Football League Development Limited (中國校園足球發展聯盟有限公司). 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 12 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.

Mr. Zhang Han (張晗), aged 36, was appointed an executive Director on June 14, 2013 and appointed as vice chairman of the Board on March 24, 2015. 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 11 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. In addition, Mr. Zhang also obtained a master's degree of business administration from China Europe International Business School in August 2014.

Dr. Shen Wei (沈偉), aged 50, was appointed an executive Director on May 16, 2014 and appointed as the president of the Company on March 24, 2015. Dr. Shen was appointed as vice president on December 16, 2013, and is mainly responsible for the management of Wisdom Sports. Dr. Shen has more than 21 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).

NON-EXECUTIVE DIRECTORS

Mr. Jin Haitao (靳海濤), aged 61, 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) from December 2006 to April 2014, a director of JinkoSolar Holding Co., Ltd. (New York Stock Exchange stock code: JKS) from September 2008 to May 2014, 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. Xu Jiongwei (徐炯煒), aged 39, 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 47, 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, this company was delisted from NYSE in January 2015; 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 52, 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 (金國強), aged 69, 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), our chairlady and executive Director. For Ms. Ren's biography, please refer to the subsection headed "Executive Directors" above.

Mr. Sheng Jie (盛杰), our executive Director, vice chairman and vice president. He was appointed as Joint Company Secretary on December 16, 2013. For Mr. Sheng's biography, please refer to the subsection headed "Executive Directors" above.

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

Dr. Shen Wei (沈偉), our executive Director and president. For Dr. Shen's biography, please refer to the subsection headed "Executive Directors" above.

Mr. Li Qingbo (李清波), aged 49, 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 center 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 47, 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, 2014, the Group had 151 employees in total. The table below shows a breakdown of the Group's employees by their responsibilities:

	Number of employee
Sales and marketing	51
Content marketing	14
Sports competitions and events	46
Management and administration	40
Total	151

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 RMB36.3 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 49 to 111, which comprise the consolidated and company balance sheets as at December 31, 2014, 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, 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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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, 2014, 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 24, 2015

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31, 2014 RMB'000	2013 RMB'000
Revenue	5	**804,301**	694,308
Cost of services	6	**(430,207)**	(351,481)
Gross profit		**374,094**	342,827
Selling and distribution expenses	6	**(30,826)**	(24,876)
General and administrative expenses	6	**(45,431)**	(36,925)
Other income	7	**7,291**	—
Other gains, net	8	**51,157**	26,974
Operating profit		**356,285**	308,000
Finance income	10	**14,995**	8,565
Finance costs	10	**(682)**	(5,336)
Finance income, net	10	**14,313**	3,229
Profit before income tax		**370,598**	311,229
Income tax expenses	11	**(92,604)**	(79,716)
Profit for the year		**277,994**	231,513
Profit attributable to owners of the Company		**277,994**	231,513
		277,994	231,513
Other comprehensive income:			
Foreign currency translation adjustment		**—**	(33)
Total comprehensive income for the year		**277,994**	231,480
Attributable to:			
Owners of the Company		**277,994**	231,480
Total comprehensive income for the year		**277,994**	231,480
Earnings per share attributable to owners of the Company			
Basic earnings per share	12	**RMB0.17**	RMB0.17
Diluted earnings per share	12	**RMB0.17**	RMB0.17
Dividends	32	**149,641**	229,641

The notes on pages 56 to 111 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As at December 31, 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**11,735**	35,677
Investment property	17	**21,992**	—
Intangible assets	18	**2,074**	2,276
Deferred income tax assets	19	**967**	906
		36,768	38,859
Current assets			
Capitalized program costs	20	**2,013**	2,820
Trade and notes receivables	21	**310,725**	171,271
Other receivables	22	**127,303**	75,042
Prepayments and other current assets	23	**99,355**	97,289
Financial assets at fair value through profit or loss	24	**155,233**	—
Cash and cash equivalents	25	**598,486**	819,933
		1,293,115	1,166,355
Total assets		**1,329,883**	1,205,214
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	**2,479**	2,479
Share premium	26	**486,993**	636,634
— Proposed final dividend		**149,641**	149,641
— Others		**337,352**	486,993
Reserves	27	**121,813**	117,067
Retained earnings		**587,935**	314,148
Total equity		**1,199,220**	1,070,328

	Note	As at December 31, 2014 RMB'000	2013 RMB'000
LIABILITIES			
Current liabilities			
Trade payables	29	**14,565**	25,834
Other payables	30	**13,111**	14,403
Advance from customers		**16,584**	12,796
Tax payables	31	**86,403**	81,853
		130,663	134,886
Total liabilities		**130,663**	134,886
Total equity and liabilities		**1,329,883**	1,205,214
Net current assets		**1,162,452**	1,031,469
Total assets less current liabilities		**1,199,220**	1,070,328

The notes on pages 56 to 111 are an integral part of these consolidated financial statements.

The financial statements on pages 49 to 111 were approved by the Board of Directors on March 24, 2015 and were signed on its behalf.

Ren Wen
Director

Sheng Jie
Director

Balance Sheet

	Note	As at December 31, 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Amounts due from subsidiaries	15	**295,419**	—
Investments in subsidiaries	14	**539**	—
		295,958	—
Current assets			
Other receivables	22	**874**	1,468
Prepayment and other current assets	23	**501**	177
Financial assets at fair value through profit or loss	24	**155,233**	—
Amounts due from subsidiaries	15	**—**	143,606
Cash and cash equivalents	25	**54,995**	508,946
		211,603	654,197
Total assets		**507,561**	654,197
EQUITY			
Equity attributable to owners of the Company			
Share capital	26	**2,479**	2,479
Share premium	26	**486,993**	636,634
— Proposed final dividend		**149,641**	149,641
— Others		**337,352**	486,993
Reserves	27	**539**	—
Retained earnings/(Accumulated deficit)		**1,946**	(2,554)
Total equity		**491,957**	636,559

	Note	As at December 31, 2014 RMB'000	2013 RMB'000
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries		**15,020**	13,579
Other payables	30	**584**	4,059
Total liabilities		**15,604**	17,638
Total equity and liabilities		**507,561**	654,197
Net current assets		**195,999**	636,559
Total assets less current liabilities		**491,957**	636,559

The notes on pages 56 to 111 are an integral part of these financial statements.

The financial statements on pages 49 to 111 were approved by the Board of Directors on March 24, 2015 and were signed on its behalf.

Ren Wen
Director

Sheng Jie
Director

Consolidated Statement of Changes in Equity

	Note	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000
		Attributable to owners of the Company				
Balance at January 1, 2013		63	3,141	105,882	173,853	282,939
Profit for the year		–	–	–	231,513	231,513
Foreign currency translation adjustment		–	–	(33)	–	(33)
Total comprehensive income		–	–	(33)	231,513	231,480
Issuance of new shares upon the capitalization of share premium	26(c)	1,786	(1,786)	–	–	–
Net proceeds from issuance of new shares	26(d)	630	635,279	–	–	635,909
Statutory reserves appropriation	27	–	–	11,218	(11,218)	–
Dividends	32	–	–	–	(80,000)	(80,000)
Balance at December 31, 2013		2,479	636,634	117,067	314,148	1,070,328
Balance at January 1, 2014		**2,479**	**636,634**	**117,067**	**314,148**	**1,070,328**
Profit for the year		**–**	**–**	**–**	**277,994**	**277,994**
Total comprehensive income		**–**	**–**	**–**	**277,994**	**277,994**
Disposal of a subsidiary		**–**	**–**	**(250)**	**250**	**–**
Share-based payment	27	**–**	**–**	**539**	**–**	**539**
Statutory reserves appropriation	27	**–**	**–**	**4,457**	**(4,457)**	**–**
Dividends	32	**–**	**(149,641)**	**–**	**–**	**(149,641)**
Balance at December 31, 2014		**2,479**	**486,993**	**121,813**	**587,935**	**1,199,220**

The notes on pages 56 to 111 are an integral part of these consolidated financial statements.

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Consolidated Statement of Cash Flows

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Cash flows from operating activities		
Profit before income tax	**370,598**	311,229
Adjustments for:		
Finance income, net	**(14,313)**	(8,565)
Other income from other financial assets	**(5,626)**	—
Financial assets at fair value through profit or loss – fair value gain	**(5,233)**	—
Share-based payment	**539**	—
Depreciation	**6,139**	4,896
Amortization	**402**	365
Changes in working capital:		
Decrease in capitalized program costs	**807**	1,855
Increase in trade and notes receivables	**(139,454)**	(43,962)
Increase in other receivables	**(52,955)**	(16,584)
Increase in prepayments and other current assets	**(2,066)**	(54,787)
Decrease in amounts due from related parties	**—**	113
Decrease in trade payables	**(11,269)**	(4,930)
Increase in other payables	**2,338**	6,361
Increase in advance from customers	**3,788**	942
Decrease in amounts due to related parties	**—**	(3,817)
(Decrease)/increase in tax payables other than income tax	**(6,720)**	9,593
Cash generated from operations	**146,975**	202,709
Income taxes paid	**(81,395)**	(35,817)
Net cash generated from operating activities	**65,580**	166,892
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	**—**	352
Purchase of property, plant and equipment	**(4,189)**	(4,847)
Purchase of intangible assets	**(200)**	(40)
Purchase of financial assets at fair value through profit or loss	**(150,000)**	—
Purchase of other financial assets	**(300,000)**	—
Proceeds from disposal of other financial assets	**305,626**	—
Interest received	**14,440**	7,217
Net cash (used in)/generated from investing activities	**(134,323)**	2,682
Cash flows from financing activities		
Net proceeds from issuance of new shares	**—**	635,909
IPO expenses paid	**(3,630)**	—
Dividends paid to owners	**(149,641)**	(85,000)
Net cash (used in)/generated from financing activities	**(153,271)**	550,909
Net (decrease)/increase in cash and cash equivalents	**(222,014)**	720,483
Cash and cash equivalents at beginning of year	**819,933**	99,450
Exchange gains/(losses) on cash and cash equivalents	**567**	—
Cash and cash equivalents at end of year	**598,486**	819,933

The notes on pages 56 to 111 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 events services and program & branding services, in the People's Republic of China (the "**PRC**" or "**China**").

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

These consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on March 24, 2015.

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 both years presented, unless otherwise stated. The Group has adopted Hong Kong Financial Reporting Standards ("**HKFRS**") that are effective for the accounting period beginning on or before January 1, 2014.

2.1 Basis of presentation

The consolidated financial statements have been prepared in accordance with HKFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Company Ordinance (Cap. 32) for this financial year and the comparative period.

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 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of presentation (continued)

On June 24, 2013, Beijing Wisdom Culture Co., Ltd ("**Wisdom Culture**") entered into a series of contractual arrangements with Beijing Wisdom Media Holding Co., Limited ("**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, a wholly owned subsidiary of the Company, to exercise effective control over Beijing Wisdom Media and obtain substantially all residual economic benefits of Beijing Wisdom Media and its subsidiaries. Accordingly, Beijing Wisdom Media and its subsidiaries are under the effective control of the Company through the Structured Contract arrangements.

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 for the first time for the financial year beginning on January 1, 2014:

HKAS 32 (Amendment)	Financial instruments: Presentation
HKAS 36 (Amendment)	Impairment of assets
HKAS 39 (Amendment)	Financial instruments: Recognition and measurement
HK(IFRIC) 21 (Amendment)	Levies
HKFRS 10, HKFRS 12 and HKFRS 27 (Amendment)	Consolidation for investment entities
Annual Improvements Project	Annual Improvements 2010–2012 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 after January 1, 2014 or later periods, but have not been early adopted by the Group. 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.

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendment to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendment to HKAS 19	Defined Benefit Plans: Employee contributions[4]
Amendment to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture[5]
Annual Improvements Project	Annual Improvements 2011-2013 cycle[4]
Annual Improvements Project	Annual Improvements 2012-2014 cycle[5]

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

2 Effective for the first annual HKFRS financial statements beginning on or after January 1, 2016, with earlier application permitted.

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

4 Effective for annual periods beginning on or after July 1, 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of presentation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(iii) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after March 3, 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

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.

(a) Business combinations

The Group applies the acquisition method to account for business combination. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

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 profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transfered, 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 consolidated statement of comprehensive income.

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.

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) *Structured contracts*

Wisdom Culture entered into the Structured Contracts with Beijing Wisdom Media and its shareholders, and because of the Structure Contracts, Wisdom Culture has effective control over Beijing Wisdom Media and its subsidiaries. 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 and its subsidiaries. Beijing Wisdom Media effectively became an indirect subsidiary of the Company and the Group consolidated the financial results of Beijing Wisdom Media and its subsidiaries.

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 reporting 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 consolidated financial statements are presented in Renminbi ("**RMB**"), which is the Company's functional currency and the Group's presentation currency.

(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 consolidated statement of comprehensive income.

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

(c) Group companies

The results and financial position of all the Group's 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 currency translation differences are recognized in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost 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 amounts.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized as 'Other gains, net' in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investment property

Investment property, principally comprising buildings, is held for long-term rental yields or for capital appreciation or both. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, the Group chooses the cost model for all investment property. Choosing the cost model shall measure all of its investment properties in accordance with HKAS 16's requirements for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Depreciation of Investment property is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives of 30 years.

2.7 Intangible assets

Acquired operating rights for sports-related events are carried at cost less accumulated 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.

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'receivables' and 'cash and cash equivalents' in the balance sheet (Notes 2.11 and 2.13).

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

2.9.2 Recognition and measurement (continued)

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other gains, net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of comprehensive income as part of other income when the group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated statement of comprehensive income as 'Gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive income as part of other income when the group's right to receive payments is established.

2.9.3 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

2.9.3 Impairment of financial assets (continued)

(a) Assets carried at amortized cost (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 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.

2.11 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.

2.12 Prepayments and other current assets

Prepayments primarily consist of prepayments for advertising time slots, sport competition and event organization, programme production and, to a lesser extent, prepayment to other suppliers. Prepayments related to advertising time slots, sport competition and event organization and programme production suppliers are recognized as cost of services when the related revenue is recognized. Prepayments to other suppliers are recognized as expenses when the related service has been performed.

2.13 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.

2.14 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)

2.15 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.

2.16 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)

2.16 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 in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is 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.

2.17 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 post retirement 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)

2.18 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 or holding shares for a specified period of time).

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. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statements of comprehensive income, with a corresponding adjustment to equity.

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 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, 2014 and 2013, sales-related tax and surcharges amounted to RMB10,854,000 and RMB11,621,000, 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) Wisdom event services

Revenue from Wisdom events 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 events organization and related services is recognized at the conclusion of the events, which is the point in time when all services have been provided.

(b) Wisdom program and branding services

Wisdom program & branding services unit is comprised of two service units, program production and related services ("**Wisdom Program**") business unit and advertising services ("**Wisdom Branding**") business unit.

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.

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, ratably over the period in which the services are performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Revenue recognition (continued)

(b) *Wisdom program and branding services* (continued)

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.

(c) *Rental income*

Rental income from investment property which is included in 'Other income' is recognized in the consolidated statement of comprehensive income on a straight-line basis over the term of the lease.

2.20 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.

2.21 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.

2.22 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 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. Government grants relating to costs are deferred and recognized as 'Other gains, net' in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

2.24 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.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(i) Foreign exchange risk

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

(ii) Price risk

The Group is exposed to financial assets price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

***(a) Market risk** (continued)*

(ii) Price risk (continued)

The table below summarises the impact of increases/decreases of the fair value on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the fair value had increased/decreased by 5% with all other variables held constant.

	Impact on post-tax profit		Impact on other components of equity in	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Change in fair value	**5,821**	—	**—**	—

Post-tax profit for the year would increase/decrease as a result of gains/losses on financial assets classified as at fair value through profit or loss.

(iii) 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 25. For the year ended December 31, 2014, interest rates of demand deposit held in banks was fixed at 0.35% (2013: 0.35%), interest rates for 7-day term deposits was ranged from 0.88% to 1.9% (2013: 0.8% to 1.8%), and interest rates for 100-day (3-month) term deposits was ranged from 3.00% to 3.30% (2013: 3.2% to 3.35%). Management considers that interest-rate risk exposure of the Group is insignificant and no sensitivity analysis is presented thereon.

(b) 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, 2014 and 2013, 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 56.8% and 82.3% of total cash in bank, respectively. 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.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

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 six months and have little credit risk as they are guaranteed by the banks. The Group generally does not grant credit terms to these clients in the agreements with them, except for very few clients who 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 rather 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 Events, the Group normally allows them to make payments in installments according to the schedule set forth in the agreements with them.

In addition to the Group's payment arrangements with the clients set forth in the relevant agreements, the Group conducts a periodic review of their payment progress in the Group's internal control system and assesses the Group's credit policy for them. After taking into account a series of factors, including transaction volume, the Group's financial position and other factors, 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. 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 government grant receivables, deposit with media suppliers, advances to employees and lease and other deposits, etc. Government grant recognized where there is a reasonable assurance that the grant will be received, and the amount of government grant receivables comprised of 49.0% and 35.1% of other receivables as at December 31, 2014 and 2013. Deposit with media suppliers, whom are all reputable and creditworthy counterparties, comprised of 39.1% and 44.6% of other receivables as at December 31, 2014 and 2013. 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 un-collection is low. Accordingly, credit risk on other receivables is determined to be low.

(c) 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.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

***(c) Liquidity risk** (continued)*

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

	Less than 1 year RMB'000
At December 31, 2014	
Trade payables	**14,565**
Other payables	**13,111**
At December 31, 2013	
Trade payables	25,834
Other payables	14,403

3.2 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 total equity. Net debt is calculated as total borrowings, including current and non-current borrowings as shown in the consolidated balance sheet, less cash and cash equivalents. Total equity comprises all components of equity as shown in the consolidated balance sheet. The Group's strategy is to maintain the debt-to-equity ratio at a reasonable level. As at December 31, 2014 and 2013, 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 RMB598,486,000 and RMB819,933,000 as at December 31, 2014 and 2013, respectively. The Group had no outstanding bank loans, overdrafts or other borrowings as at December 31, 2014 and 2013.

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The table below analyses the group's financial instruments carried at fair value as at December 31, 2014 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

The carrying amounts of the Group's current financial assets, including cash and cash equivalents, trade and notes receivables, 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.

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At December 31, 2014				
Assets				
Financial assets at fair value through profit or loss	**155,233**	**—**	**—**	**155,233**
Liabilities	**—**	**—**	**—**	**—**
At December 31, 2013				
Assets				
Financial assets at fair value through profit or loss	—	—	—	—
Liabilities	—	—	—	—

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Financial instruments in level 1

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

4.1 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 judgments and estimates.

Management judgment 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 flow projections, it may be necessary to take an impairment charge to profit or loss.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

4.2 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 judgment. 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.

4.3 Current and deferred income tax

The Group is subject to income taxes in various jurisdictions. Significant judgment 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.

4.4 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

4.5 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 2.19(b)). These indicators are subjective in nature and require judgment from management.

5. REVENUE AND SEGMENT INFORMATION — GROUP

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 merges 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 mergence, 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.

5. REVENUE AND SEGMENT INFORMATION — GROUP (continued)

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended December 31, 2014 is as follows:

	Wisdom Events RMB'000	Wisdom Program & Branding RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue	253,091	551,210	—	804,301
Cost of services	(101,198)	(329,009)	—	(430,207)
— Depreciation and amortization	(1,426)	(1,600)	—	(3,026)
Gross profit	151,893	222,201	—	374,094
Selling and distribution expenses			(30,826)	(30,826)
General and administrative expenses			(45,431)	(45,431)
Other income			7,291	7,291
Other gains, net			51,157	51,157
Finance income			14,995	14,995
Finance costs			(682)	(682)
Income tax expenses			(92,604)	(92,604)
Profit for the year				277,994

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

(Restated)	Wisdom Events RMB'000	Wisdom Program & Branding RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue	101,786	592,522	—	694,308
Cost of services	(31,894)	(319,587)	—	(351,481)
— Depreciation and amortization	(965)	(1,336)	—	(2,301)
Gross profit	69,892	272,935	—	342,827
Selling and distribution expenses			(24,876)	(24,876)
General and administrative expenses			(36,925)	(36,925)
Other income			—	—
Other gains, net			26,974	26,974
Finance income			8,565	8,565
Finance costs			(5,336)	(5,336)
Income tax expenses			(79,716)	(79,716)
Profit for the year				231,513

5. REVENUE AND SEGMENT INFORMATION — GROUP (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 year ended December 31, 2014, no individual revenue from one customer represent over 10% of the Group's total revenue.

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

6. EXPENSES BY NATURE — GROUP

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Event organization and related costs	**96,866**	26,070
Advertising time slots, program production and related costs	**321,166**	308,898
Employee benefit expenses	**36,342**	28,397
Entertainment expenses	**979**	1,402
Operating lease rentals	**11,189**	7,371
General office expenses	**9,704**	12,475
Travelling expenses	**6,144**	6,686
Depreciation and amortization	**6,541**	5,261
Professional fees	**5,293**	6,638
Remuneration — audit fees	**3,600**	3,321
Remuneration — non-audit fees	**3,600**	2,134
Promotion related expenses	**5,040**	4,629
	506,464	413,282

7. OTHER INCOME — GROUP

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Investment income of other financial assets	**5,626**	—
Rental income from investment property (Note 17)	**1,665**	—
	7,291	—

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 three months. The balance of other financial assets as of December 31, 2014 is nil.

8. OTHER GAINS, NET — GROUP

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Financial assets at fair value through profit or loss		
— fair value gain (Note a)	**5,233**	—
Government grants (Note b)	**46,036**	26,360
Others	**(112)**	614
	51,157	26,974

Notes:

(a) The financial assets at fair value through profit or loss are investment products held for trading (Note 24).

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

9. EMPLOYEE BENEFIT EXPENSES — GROUP

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Wages and salaries	27,615	21,644
Social welfare	6,417	6,181
Other staff welfare	1,771	572
Share-based payment (Note 28)	539	—
	36,342	28,397

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended December 31, 2014 is set out below:

	Year ended December 31, 2014			
Name	Directors' fees RMB'000	Salaries and allowances RMB'000	Social welfare RMB'000	Total RMB'000
Directors				
Ms. Ren Wen	48	795	83	926
Mr. Sheng Jie	48	743	83	874
Mr. Zhang Han	48	624	83	755
Mr. Shen Wei(2)	28	872	—	900
Mr. Jin Haitao(1)	—	—	—	—
Mr. Xu Jiongwei(1)	48	—	—	48
Mr. Wang Shihong(1)(3)	20	—	—	20
Mr. Wei Kevin Cheng(1)	190	—	—	190
Mr. Ip Kwok On Sammy(1)	48	—	—	48
Mr. Jin Guoqiang(1)	48	—	—	48
Chief executive				
Ms. Ren Wen	48	795	83	926

9. EMPLOYEE BENEFIT EXPENSES — GROUP (continued)

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

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] [3]	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

Notes:

(1) appointed on June 14, 2013

(2) appointed on May 16, 2014

(3) retired on May 16, 2014

Mr. Jin Haitao waived emoluments RMB48,000 (equivalent to HK$60,000) for the year ended December 31, 2014 (2013: RMB24,000) and has agreed to waive his future emoluments. Except for Mr. Jin Haitao, 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.

9. EMPLOYEE BENEFIT EXPENSES — GROUP (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three directors (2013: three) whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2013: two) individuals during the year are as follows:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Salaries and allowances	**1,995**	896
Social welfare	**140**	75
	2,135	971

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
Nil to RMB1,000,000	**1**	2
RMB1,000,000 to 2,000,000	**1**	—
	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.

10. FINANCE INCOME, NET— GROUP

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Finance income:		
— Interest income on short-term bank deposits	**14,995**	8,565
Finance costs:		
— Bank charges	**(55)**	(39)
— Exchange losses	**(627)**	(5,297)
	(682)	(5,336)
Finance income, net	**14,313**	3,229

11. INCOME TAX EXPENSES — GROUP

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, 2014 RMB'000	2013 RMB'000
Current income tax	**92,669**	79,901
Deferred income tax	**(65)**	(185)
	92,604	79,716

(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, 2014 (2013: 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.

11. INCOME TAX EXPENSES — GROUP (continued)

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, 2014 RMB'000	2013 RMB'000
Profit before tax	**370,598**	311,229
Tax calculated at domestic tax rates applicable to profits in the respective countries	**92,650**	78,319
Tax effects of:		
— Expenses not deductible for tax purposes	**99**	264
— Withholding tax withhold by PRC subsidiaries	**—**	900
— Effect of different applicable tax rates for certain subsidiaries	**(697)**	—
— Tax losses for which no deferred income tax asset was recognized	**552**	233
Income tax expenses	**92,604**	79,716

12. EARNINGS PER SHARE — GROUP

(a) Basic earnings per share

Basic earnings per share for the years ended December 31, 2014 and 2013 is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue.

	Year ended December 31, 2014 RMB'000	2013 RMB'000
Profit attributable to owners of the Company	**277,994**	231,513
Weighted average numbers of ordinary shares in issue (thousands)	**1,609,045**	1,394,328
Basic and diluted earnings per share	**RMB0.17**	RMB0.17

(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 potential ordinary shares comprise shares to be issued under its share options outstanding of 1,210,000 shares (2013: nil). As at December 31, 2014, as the quoted price of share of the Company was lower than the assumed exercise price of the share options outstanding, there was no potential diluted ordinary share.

13. PROFIT/LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB4,500,000 (2013 loss: RMB1,602,000).

14. INVESTMENT IN SUBSIDIARIES — COMPANY

	As at December 31, 2014 RMB'000	2013 RMB'000
Contribution related to share-based payment	**539**	—
Unlisted investment at cost	**—***	—*
	539	—

* Amounts were less than RMB500

As at December 31, 2014, 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 2014	2013	Principal activities/ Place of operation
Directly held by the Company					
Torch Media Co., Ltd.	BVI April 2, 2012 Limited liability company	US$1.00	**100%**	100%	Investment holding/ BVI
Indirectly held by the Company					
Auto Culture Group Holdings Limited	Hong Kong April 23, 2012 Limited liability company	HK$1.00	**100%**	100%	Investment holding/ Hong Kong
Chinese Campus Football League Development Limited	Hong Kong December 24, 2014 Limited liability company	HK$1.00	**100%**	–	Event organization and related services/ Hong Kong
Chinese Football League Development Limited	Hong Kong December 24, 2014 Limited liability company	HK$1.00	**100%**	–	Event organization and related services/ Hong Kong

14. INVESTMENT IN SUBSIDIARIES — COMPANY (continued)

Company name	Place and date of incorporation/ registration/kind of legal entity	Nominal value of issued ordinary share/paid-up capital	Attributable equity interest 2014	2013	Principal activities/ Place of operation
Beijing Wisdom Culture Co., Ltd (Note (iii))	PRC July 6, 2012 Limited liability company	US$500,000	100%	100%	Investment holding/ PRC
Wisdom Culture (Zhejiang) Co., Ltd (Note (iii))	PRC December 10, 2013 Limited liability company	RMB290,000,000	100%	100%	Event organization and related services/PRC
Beijing Wisdom Media Holding Co., Limited (Note (ii)) (Note (iii))	PRC December 26, 2006 Joint stock company	RMB60,000,000	100%	100%	Program production and related services/PRC
Zhejiang Wisdom Car Culture Advertising Co., Ltd. (Note (iii))	PRC August 3, 2012 Limited liability company	RMB10,000,000	100%	100%	Advertising services/PRC
Zhejiang Wisdom Sports Culture Co., Ltd (Note (iii))	PRC August 3, 2012 Limited liability company	RMB10,000,000	100%	100%	Event organization and related services/PRC
Zhejiang Wisdom Advertising Co., Ltd (Note (iii))	PRC April 3, 2013 Limited liability company	RMB10,000,000	100%	100%	Advertising and related services/ PRC
Hangzhou Wisdom Huafu Advertising Co., Ltd (Note (iii))	PRC February 24, 2014 Limited liability company	RMB5,000,000	100%	–	Advertising and related services/ PRC
Jiangxi Wisdom Sports Culture Co., Ltd (Note (iii))	PRC March 24, 2014 Limited liability company	RMB3,000,000	100%	–	Event organization and related services/PRC
Tianjin Wisdom Advertising Co., Ltd (Note (iii))	PRC July 8, 2014 Limited liability company	RMB3,000,000	100%	–	Advertising and related services/ PRC

14. INVESTMENT IN SUBSIDIARIES — COMPANY (continued)

Company name	Place and date of incorporation/ registration/kind of legal entity	Nominal value of issued ordinary share/paid-up capital	Attributable equity interest 2014	2013	Principal activities/ Place of operation
Beijing Wisdom Dongren Sports Entertainment Co., Ltd (Note (iii))	PRC February 28, 2014 Limited liability company	RMB3,000,000	**100%**	–	Event organization and related services/PRC
Beijing Wisdom Huaxiang Advertising Co., Ltd (Note (iii))	PRC February 28, 2014 Limited liability company	RMB3,000,000	**100%**	–	Advertising and related services/ PRC
Tianjin Wisdom Huafu Advertising Co.,Ltd (Note (iii))	PRC March 13, 2014 Limited liability company	RMB3,000,000	**100%**	–	Advertising and related services/ PRC
Tianjin Wisdom Season Run Co.,Ltd (Note (iii))	PRC March 17, 2014 Limited liability company	RMB3,000,000	**100%**	–	Event organization and related services/PRC
Subsidiaries of Beijing Wisdom Media Holding Co., Limited:					
Beijing Car Culture Advertising Co., Ltd (Note (ii)) (Note (iii))	PRC August 25, 2010 Limited liability company	RMB5,000,000	**100%**	100%	Advertising services/PRC
Beijing Xinchuang Branding Co., Ltd. (Note (ii)) (Note (iii))	PRC January 25, 2011 Limited liability company	RMB1,000,000	**100%**	100%	Advertising and related services/ PRC
Beijing Wisdom Leadership Sports Culture Co., Ltd. (Note (i))(Note (ii)) (Note (iii))	PRC January 25, 2011 Limited liability company	RMB1,000,000	**100%**	100%	Dormant/PRC
Beijing Wisdom Films Culture Media Co., Ltd. (Note (ii)) (Note (iii))	PRC February 28, 2014 Limited liability company	RMB3,000,000	**100%**	–	Advertising and related services/ PRC

14. INVESTMENT IN SUBSIDIARIES — COMPANY (continued)

Notes:

(i) Beijing Wisdom Leadership Sports Culture Co., Ltd was de-registered on January 6, 2015.

(ii) These companies are under the Structured Contracts, for details please refer to Note 2.1.

(iii) 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.

15. AMOUNTS DUE FROM SUBSIDIARIES — COMPANY

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Amounts due from subsidiaries	**295,419**	143,606
Less non-current portion: amounts due from subsidiaries	**(295,419)**	—
Current portion	**—**	143,606

The current balances due from subsidiaries are loans granted to subsidiaries, which are unsecured, non-interest bearing and have no fixed term of repayment.

The non-current balances due from subsidiaries were non-interest bearing and will not be collected within one year. As at December 31, 2014, the fair value of the balance due from subsidiaries approximated its carrying amount.

16. 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, 2013					
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
Year ended December 31, 2014					
Opening net carrying amount	**23,250**	**3,880**	**4,991**	**3,556**	**35,677**
Additions	**–**	**516**	**1,222**	**2,451**	**4,189**
Disposals	**–**	**–**	**–**	**–**	**–**
Depreciation charge	**(524)**	**(1,056)**	**(2,553)**	**(1,272)**	**(5,405)**
Transfer to investment property (Note 17)	**(22,726)**	**–**	**–**	**–**	**(22,726)**
Closing net carrying amount	**–**	**3,340**	**3,660**	**4,735**	**11,735**
At December 31, 2014					
Cost	**–**	**5,926**	**13,369**	**8,284**	**27,579**
Accumulated depreciation	**–**	**(2,586)**	**(9,709)**	**(3,549)**	**(15,844)**
Net carrying amount	**–**	**3,340**	**3,660**	**4,735**	**11,735**

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

Depreciation expenses charged to the consolidated statement of comprehensive income for the year ended December 31, 2014 amounted to RMB5,405,000 (2013: RMB4,896,000) as follows:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Cost of services	**2,042**	2,051
General and administrative expenses	**1,852**	1,270
Selling and distribution expenses	**1,511**	1,575
	5,405	4,896

Lease rentals amounting to RMB11,189,000 for the year ended December 31, 2014 (2013: RMB7,371,000) related to the lease of property are included in the consolidated statement of comprehensive income.

In May 2014, property, plant and equipment transferred to investment property amounts to RMB22,726,000 which is the office premise of the Group held for long-term rental yields.

There was no property, plant and equipment of the Group pledged as security for bank borrowing as at December 31, 2014 (2013: nil).

17. INVESTMENT PROPERTY — GROUP

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Opening net carrying amount	**—**	—
Transfer from owner-occupied property	**22,726**	—
Additions	**—**	—
Disposals	**—**	—
Depreciation charge	**(734)**	—
Closing net carrying amount	**21,992**	—
Cost	**28,283**	—
Accumulated depreciation	**(6,291)**	—
Net carrying amount	**21,992**	—

(a) Amounts recognized in profit and loss for investment properties as follows:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Rental income	**1,665**	—
Depreciation charge	**(734)**	—
	931	—

Depreciation expenses charged to the consolidated statements of comprehensive income in 'Cost of Services' amounted to RMB734,000 (2013:Nil).

As at December 31, 2014, the Group had no un-provided contractual obligations for future repairs and maintenance (2013: Nil).

An valuation of the Group's investment properties was performed to determine the fair value of the investment properties as at December 31, 2014, amounted to RMB45,124,000.

18. INTANGIBLE ASSETS — GROUP

	Operating right RMB'000	Software RMB'000	Total RMB'000
At January 1, 2013			
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
Year ended December 31, 2014			
Opening net carrying amount	**2,000**	**276**	**2,276**
Additions	**—**	**200**	**200**
Disposals	**—**	**—**	**—**
Amortization charge	**(250)**	**(152)**	**(402)**
Closing net carrying amount	**1,750**	**324**	**2,074**
At December 31, 2014			
Cost	**2,500**	**818**	**3,318**
Accumulated amortization	**(750)**	**(494)**	**(1,244)**
Net carrying amount	**1,750**	**324**	**2,074**

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

18. INTANGIBLE ASSETS — GROUP (continued)

Amortization expenses charged to the consolidated statement of comprehensive income for the year ended December 31, 2014 amounted to RMB402,000 (2013:RMB365,000) as follows:

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Cost of services	**250**	250
General and administrative expenses	**152**	115
	402	365

19. DEFERRED INCOME TAX ASSETS — GROUP

The analysis of deferred tax assets is as follow:

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Deferred tax assets:		
Deferred tax assets to be recovered within 12 months	**967**	906
	967	906

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

	Accrual for employee payroll RMB'000
At January 1, 2013	721
Deferred tax credited to the consolidated statement of comprehensive income during the year (Note 11)	185
At January 1, 2014	906
Deferred tax credited to the consolidated statement comprehensive income during the year (Note 11)	65
Disposal of a subsidiary	(4)
At December 31, 2014	967

19. DEFERRED INCOME TAX ASSETS — GROUP (continued)

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, 2014, the Group did not recognize deferred income tax assets of RMB749,000 (2013: RMB271,000) in respect of losses amounting to RMB4,501,000 (2013: RMB1,516,000) that can be carried forward against future taxable income. As at December 31, 2014, losses amounting to RMB15,000 (2013: RMB121,000), RMB50,000 (2013: RMB119,000) and RMB76,000 (2013: Nil) will expire in 2017, 2018 and 2019 respectively.

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

Deferred income tax liabilities of RMB58,262,000 (2013: RMB30,990,000) have not been recognized for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totaled RMB582,616,000 at December 31, 2014 (2013: RMB309,904,000).

20. CAPITALIZED PROGRAM COSTS — GROUP

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Completed programs	**1,097**	1,880
Programs in production	**916**	940
	2,013	2,820

21. TRADE AND NOTES RECEIVABLES — GROUP

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Trade receivables (a)	**301,623**	161,539
Notes receivables (b)	**9,102**	9,732
	310,725	171,271

The carrying amounts of receivables approximate their fair values.

21. TRADE AND NOTES RECEIVABLES — GROUP (continued)

(a) The ageing analysis based on recognition date of the above trade receivables is as follows:

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Within 1 month	**109,602**	117,188
1 to 3 months	**131,099**	25,756
4 to 6 months	**18,440**	12,020
7 to 12 months	**24,414**	4,274
Over 12 months	**18,068**	2,301
	301,623	161,539

As at December 31, 2014 and 2013, no trade receivables were impaired and provided for. The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

As of December 31, 2014, trade receivables of RMB42,482,000 (2013: RMB6,575,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Past due 1 to 6 months	**24,414**	4,274
Past due over 6 months	**18,068**	2,301
	42,482	6,575

(b) All the notes receivables with original term are due in 6 months.

The carrying amounts of receivables are all denominated in RMB.

22. OTHER RECEIVABLES

	Group As at December 31,		Company As at December 31,	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Government grant receivables (Note 8)	**62,399**	26,360	**–**	–
Deposits with media companies	**49,736**	33,437	**–**	–
Advance to employees	**10,736**	9,338	**–**	–
Lease and other deposits	**3,365**	3,992	**115**	115
Interest receivable	**654**	1,348	**566**	1,348
Others	**413**	567	**193**	5
	127,303	75,042	**874**	1,468

The carrying amounts of the other receivables are all denominated in RMB.

The carrying amounts of the other receivables approximate their fair values.

No provisions or write-offs were recorded for other receivables for the year ended December 31, 2014 (2013: nil). The maximum exposure to credit risk at the reporting date is the carrying value of the other receivables mentioned above. The Group does not hold any collateral as security.

23. PREPAYMENTS AND OTHER CURRENT ASSETS

	Group As at December 31,		Company As at December 31,	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Prepayment for advertising timeslots	**81,692**	86,904	**–**	–
Prepaid membership fee	**1,565**	1,421	**–**	–
Prepaid lease and property management fees	**3,701**	2,408	**–**	–
Prepayment for sport competition and event organization expenses	**9,425**	5,044	**–**	–
Prepayment for programme production expenses	**1,058**	1,060	**–**	–
Others	**1,914**	452	**501**	177
	99,355	97,289	**501**	177

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group As at December 31,		Company As at December 31,	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
Investment products held for trading	**155,233**	—	**155,233**	—

The above financial assets were acquired on January 24, 2014 and matured in February, 2015. They are recorded in the consolidated balance sheet at fair value as of December 31, 2014.

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Other gains, net' in the consolidated statement of comprehensive income.

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

25. CASH AND CASH EQUIVALENTS

	Group As at December 31,		Company As at December 31,	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
Cash on hand	**374**	272	**—**	—
Cash in bank	**598,112**	819,661	**54,995**	508,946
	598,486	819,933	**54,995**	508,946

Cash and cash equivalents are denominated in the following currencies:

	Group As at December 31,		Company As at December 31,	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
— RMB	**592,620**	811,143	**52,186**	503,213
— HKD	**2,809**	5,733	**2,809**	5,733
— USD	**3,057**	3,057	**—**	—
	598,486	819,933	**54,995**	508,946

As at December 31, 2014, offshore RMB fixed bank deposit amounted to RMB51,023,000 (2013: RMB503,171,000), the interest rate was approximately 3.09 % per annum. (2013: 3.13%). Other bank balances earn interest at floating rates band based on daily bank deposits rates.

26. SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY

	Number of shares (thousands)	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid:				
At January 1, 2013	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
Dividends declared and paid in June 2014 (Note 32)	**—**	**—**	**(149,641)**	**(149,641)**
At December 31, 2014	**1,609,045**	**2,479**	**486,993**	**489,472**
Represented by:				
Proposed final dividend (Note 32) (Note e)			**149,641**	
Others			**337,352**	
			486,993	

The total authorized number of ordinary shares is 4,000,000,000 shares (2013: 4,000,000,000 shares) with a par value of US$0.00025 per share (2013: US$0.00025 per share). All issued shares are fully paid.

Notes:

(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).

26. SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY

(continued)

Notes: (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 became 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.

(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 stabilization manager. The net proceeds received from the share offer and the 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.

27. RESERVES

(a) Group

	Statutory reserves (Note (i)) RMB'000	Other reserves RMB'000	Share-based payment reserve RMB'000	Total RMB'000
At January 1, 2013	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
Statutory reserves appropriation	4,457	—	—	4,457
Foreign currency translation adjustment	—	—	—	—
Disposal of a subsidiary	—	(250)	—	(250)
Share-based payment (Note 28)	—	—	539	539
At December 31, 2014	**39,372**	**81,902**	**539**	**121,813**

Notes:

(i) 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. The Group did not make any appropriation to the discretionary surplus reserve.

(b) Company

The reserves of the Company as at December 31, 2014 comprise share-based payment reserve of RMB539,000 (2013: nil).

28. SHARE-BASED PAYMENT

Share options to subscribe for a total of 1,210,000 shares of the Company (the "Options") were granted on May 23, 2014 to employees of the subsidiaries 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. All of the Grantees are employees of the subsidiaries of the Company, 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.

A valuation analysis in connection with the estimation of the fair value of the stock options granted by the Company was performed by an international professional valuer.

The Black-Scholes Option Pricing Model was used in the valuation of the Options which derived a formula for the value of a call option, assuming that the risk-free interest rate and stock price volatility are constant over the life of the option. The significant inputs to the model are summarised as below:

Stock price (HKD)	3.92
Exercise price (HKD)	3.92
Expected holding year	4
Risk-free rate per annum	1.11%
Volatility	45%
Expected dividend yield	—

According to the valuation report issued by the valuer, the total fair value of share options granted was estimated to be RMB1,705,000 and the share-based payment recognized in 2014 amounted to RMB539,000 on this basis (Note 9).

For the year ended December 31, 2014, no option has been exercised. No option was cancelled or lapsed in accordance with the terms of the Share Option Scheme for the year ended December 31, 2014.

29. 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,	
	2014	2013
	RMB'000	RMB'000
Within 1 month	**12,205**	14,880
1 to 3 months	**24**	1,947
4 to 6 months	**—**	164
7 to 12 months	**1,871**	2,175
Over 12 months	**465**	6,668
	14,565	25,834

The carrying amounts of the trade payables are all denominated in RMB.

30. OTHER PAYABLES

	Group		Company	
	As at December 31,		As at December 31,	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Payroll	**4,100**	3,640	**—**	—
IPO-related expenses	**—**	3,630	**—**	3,500
Deposit	**37**	2,800	**—**	—
Non-audit fee	**3,844**	—	**—**	—
Audit fee	**2,800**	2,400	**200**	168
Others	**2,330**	1,933	**384**	391
	13,111	14,403	**584**	4,059

The carrying amounts of the other payables are all denominated in RMB.

31. TAX PAYABLES — GROUP

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Business tax	**277**	314
Income tax	**76,488**	65,218
Value added tax	**8,019**	12,255
Other tax	**1,619**	4,066
	86,403	81,853

32. DIVIDENDS

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Interim dividend paid of RMB nil (2013:RMB nil) per ordinary share	**—**	—
Proposed final dividend of RMB0.093 (2013: RMB0.093) per ordinary share (Note a)	**149,641**	149,641
Special dividend paid by a subsidiary to then-existing shareholders (Note b)	**—**	80,000
	149,641	229,641

Notes:

(a) A dividend in respect of the year ended December 31, 2014 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 in 2015. These financial statements do not reflect this dividend payable.

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 declared on May 16, 2014 and was paid in full in June 2014.

The aggregate amounts of the dividends paid and proposed during 2013 and 2014 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

(b) On May 21, 2013, Beijing Wisdom Media declared dividends amounting to RMB80,000,000, prior to Listing to the then existing shareholders. The dividend was paid in full in June 2013.

33. CONTINGENT LIABILITIES

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

34. 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,	
	2014	2013
	RMB'000	RMB'000
Within one year	**9,659**	10,610
In the second to fifth years, inclusive	**8,022**	18,274
After five years	**—**	—
	17,681	28,884

34. COMMITMENTS (continued)

(b) Strategic cooperation agreements with sports related organization commitments

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

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

	As at December 31,	
	2014	2013
	RMB'000	RMB'000
Within one year	**13,500**	–
In the second to fifth years, inclusive	**41,200**	–
After five years	**–**	–
	54,700	–

(c) Investment commitments

In October 2014, a subsidiary of the Company entered into a Limited Partnership Agreement with Shenzhen Capital Group Co., Ltd. ("**SCG**") and 紅土景山投資管理顧問 (北京) 有限公司 ("**Hongtu Jingshan**"), pursuant to which the subsidiary of the Company committed to make a capital contribution of RMB75,000,000 for the joint establishment of Wisdom Hongtu Fund ("The fund") with SCG and Hongtu Jingshan. The subsidiary of the Company will become a Limited Partner of the fund, and has no influence power to the operating decisions of the fund. The fund intends to invest in sports culture business, sports culture media and other sectors relating to sports culture, such as the Internet and new media. The investees might include one of the customers of the Group which contributed 5.81% of the revenue of the Group for the year ended December 31, 2014 (2013: nil).

35. RELATED PARTY TRANSACTIONS

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

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

	Year ended December 31,	
	2014	2013
	RMB'000	RMB'000
Director's fees	**170**	71
Salaries and allowances	**4,633**	1,960
Social welfare	**428**	220
	5,231	2,251

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

36. SUBSEQUENT EVENTS

The Group used its treasury to invest in the financial products offered by commercial banks in PRC from time to time. During the period since December 31, 2014 to the date that the consolidated financial statements were approved, the Group mainly invested in three principal-guaranteed short-term financial products issued by one commercial bank in PRC amounting to RMB 150,000,000, RMB 60,000,000 and RMB 100,000,000 respectively.

Five-year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five 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	**2014 RMB'000**	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Revenue	**804,301**	694,308	557,213	471,391	298,169
Cost	**(430,207)**	(351,481)	(340,250)	(326,212)	(201,709)
Gross Profit	**374,094**	342,827	216,963	145,179	96,460
Profit before income tax	**370,598**	311,229	177,804	114,647	77,242
Profit attributable to the owners of the Company	**277,994**	231,513	131,900	85,608	57,405
Total assets	**1,329,883**	1,205,214	370,592	305,999	218,716
Total liabilities	**130,663**	134,886	87,653	107,784	66,522