WISDOM

WISDOM SPORTS GROUP
智美體育集團

Stock Code: 1661

(Incorporated in the Cayman Islands with limited liability)

2015 Annual Report

信仰

Contents

Corporate Information

EXECUTIVE DIRECTORS

Ms. Ren Wen *(Chairlady and President)*
Mr. Sheng Jie *(Vice Chairman)*
Mr. Zhang Han *(Vice Chairman)*
Dr. Shen Wei *(Senior Vice 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

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Cayman Islands

COMPANY'S HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN PRC

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为健康 为快乐

Financial Highlights

The board (the "**Board**") of directors (the "**Directors**" and each a "**Director**") of Wisdom Sports 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, 2015 together with the comparative figures for the previous year.

The highlights are as follows:

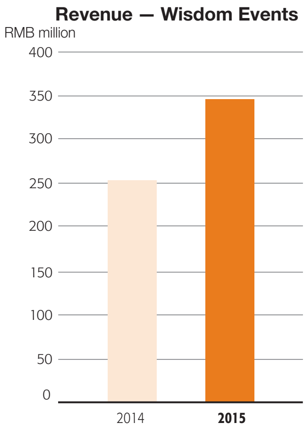
- Revenue from Wisdom Events increased by approximately 36.4% to RMB345.3 million for the year ended December 31, 2015 from RMB253.1 million for the year ended December 31, 2014;

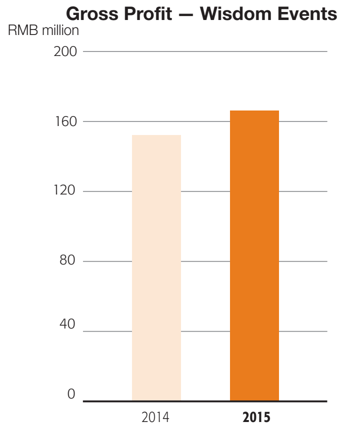
- The gross profit of Wisdom Events increased by approximately 9.2% to RMB165.8 million for the year ended December 31, 2015 from RMB151.9 million for the year ended December 31, 2014;

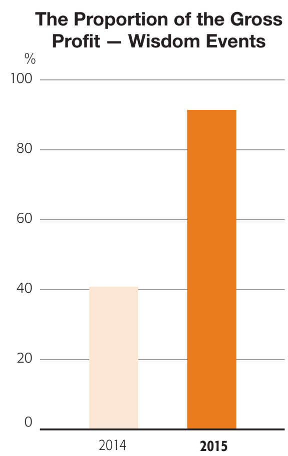
- The proportion of the gross profit from Wisdom Events increased to approximately 91.2% for the year ended December 31, 2015 from 40.6% for the year ended December 31, 2014;

- Due to the downturn pressure on China's economy, the market has seen a general reduction in advertising budgets, resulting in the intensified market competition, which has a negative impact on traditional advertising industry. Revenue from Wisdom Program & Branding decreased by approximately 39.0% to RMB336.2 million from RMB551.2 million for the year ended December 31, 2014, resulting in a decrease in the total revenue of the Group by approximately 15.3% to RMB681.4 million from RMB804.3 million for the year ended December 31, 2014. Net profit decreased by approximately 81.7% to RMB50.8 million from RMB278.0 million for the year ended December 31, 2014;

- The Board does not propose to declare dividend for the year ended December 31, 2015.







Chairlady's Statement

To all our shareholders,

It's time to present the annual report of Wisdom Sports Group. First of all, thank you for all the continuous support and encouragement to us.

As everyone knows, in 2015, China undertook the economic restructuring, leading to the industrial structure adjustment accordingly. As a conventional industry, the advertising industry itself was a highly cyclical one, greatly affected by fluctuation of the overall economic cycle and showed a downward trend in the whole industry to a large extent. Therefore, the annual result of Wisdom in 2015 was not satisfying due to the negative effect we suffered from the overall economy cycle in conventional advertising industry.

However, it is delightful that the management of Wisdom has made an earlier decision to actively participate in the development of the sports industry and the extension of the industry chain after the Listing. Revenue from Wisdom Events increased by approximately 36.4%, the gross profit of Wisdom Events increased by approximately 9.2% and the proportion of gross profit from Wisdom Events has reached 91.2%. I believe these numbers would be outstanding achievements in our industry, and helped us maintain the leading position in the field.

As the chairlady, I have complicated feeling facing the situation mentioned above. The sports industry attracted more attention after the publishment of Circular No. 46 by the State Council in 2014. Many well-known enterprises made investment in sports related business, and strived to acquire the market share in different segments, hoping to deserve a place at the table of sports industry. As the chairlady, I always give priority to the development of the Group and lay out the structure of the Group considering the market pattern. Under these circumstances, the speed of acquiring market share would slow down. Otherwise, the Group would lose the opportunities in the long-term development.

As the senior management of Wisdom, we have made a quick and firm judgement for industry and its trend. We didn't lose our golden chances in the precious opportunities in industry, and our focus was transferred from the advertising business, which contributed most of the income and profit of the Group upon listing but has turned out to have little value, to the extension of sports industry chain. It is delightful that our event operation and sports marketing have always been in the front in the sport industry and we have formulated a war fighting team and provided superior products and service in the field of sport media and sport service in the year of 2015, a year with tenacious trial. This makes Wisdom's profit making model in sports end connect better with the advanced global profit making model in terms of copyright income, commercial sponsorship and individual consumption.

The management team will continue to develop business according to our strategic plans and participate in the arrangement of different fields such as sports media, event operation and sports service. In 2016, the Group will not only further consolidate our advantage in road race, but also arrange the layout in terms of basketball, cycling and winter events. Through the accumulation of experience by our program production team in 2015, Wisdom continues to develop the content and media platform of live broadcast of big sports events and sports program production, maintaining the income contribution in traditional big screen ends and new medium ends. The layout of product and services for individual consumers will be developed on training, insurance and television in sport field, and this can help realise the consumption of individuals. We are ready to occupy the superior role in the whole chain of sport industry before the coming of 5,000 billion's market.

Wisdom will take development of the 5th basic necessity of life, "Exercise" as its mission through its second entrepreneurship. This mission moves up the sitting people, activates the uninteresting body exercise, brings individual exercise to families and neighbourhood, and makes exercise as everybody's life style. This mission could also encourage individual consumption and industry upgrades, and enter to the future market with enormous volume.

I, here thank again to all shareholders for your sincere encouragement, guidance and support! Wisdom will ever sustain to move forward according to the existing layout. I believe all our shareholders who will see Wisdom's hard-work in this industry and the ever blossoming results of our strategy. We still need time, and I hope everybody will stay with Wisdom and enjoy the market chances of the sport industry's prospects.

Yours sincerely

Ren Wen

Chairlady

Management Discussion and Analysis

OVERVIEW OF THE GROUP

In 2015, China's economic growth slowed down and GDP growth was only 6.9%, below 7% for the first time. The economy of China faced complicated market situation with downturn pressure. While, through the national supply-side reform, structural adjustment, de-stocking and de-leveraging, China's overall economy remained relatively stable. China's economic situation was also reflected in the change of the Group's conventional business. Conventional media advertising industry recorded a significant decline as a whole and the operating conditions of partners in the same industry showed a sharp decline in profit. Although the conventional CCTV advertising business of the Group was superior to the average level of the same industry, it showed a significant decline with the economic cycle.

However, it is delightful that the sports industry of China flourished in 2015. "Certain Opinion on the Acceleration of the Development of the Sports Industry and the Stimulation of Sports-related Consumption" issued by the State Council and the implemented files over the country in 2014 specified the direction for the development of the Chinese sports industry. A large amount of capital flew into various segments of the sports industry, from the sports event operations to health management, from professional sports to nationwide fitness, from summer events to winter events, from the sports marketing to sports venue management, from sports equipment to the smart equipment, and the sports industry explosively grew in 2015. General public opinion and the nationwide focus had been successfully transferred from competitive sports to nationwide fitness and health, and the development and growth of sports industry as well. In the meantime, population participating in sports grew explosively, directly promoted the gradual formation of social atmosphere of participation of all citizens in sports events. At the same time, the consumption of nationwide fitness gradually increased; the supply-side reforms of the sports industry made initial achievements; and the function of sports industry as a new economic growth point had exerted the effect.

The management of the Group made an earlier decision to actively participate in the development of the sports industry and the extension of the industry chain after the Listing. In 2015, in face of the complicated economic environment, the Group focused on the implementation of comprehensive transformation and upgrading of sports strategy, and adjusted the business and income structure. Under the circumstances of China's economic downturn, the Group, based on the initially layout of the sports industry, took the development of the 5th basic necessity of life, "Exercise" as its mission, adhered to the strategic objective of "gathering population, building scenes and promoting consumption" and continued to strengthen its presence in the industry chain for sports industry in the position of an overall "Sports +" strategy layout. The Group has formed the business model with sports media, sports marketing and sports service as the core and achieved the gradual integration of the sports business segments and the international advanced profit model. On the basis of promoting sports business platform and regional development, the Group further expanded the mass consuming market and continued to maintain the leading position in the field of sports industry through developing and integrating premium sports events resources and accumulating statistical data on the sports population. The Group has gradually formed the sports industry ecology and created products and services for the rapid bursts of consumption of sports industry in the future with the expectation to grow along with the sports market.

The year of 2015 was a paramount year for comprehensive enhancement of the Group's strategy. On the basis of the rapid development of business scale, the Group actively matched adjustment optimization of the Company and management structure, provided training to projects and regional management staff team, introduced a large number of excellent professional and managerial personnel, promoted the efficiency of management, and stimulated the team cooperation through the stock option incentive mechanism, all of which are laying a solid foundation for the rapid development of the Group.

BUSINESS REVIEW

I. Wisdom Events

The segment of Wisdom Events is engaged in the organisation, management and promotion of various international and domestic sporting tournaments and other marketing activities. Wisdom Events derives its revenue from the business of B2B (Business to Business) and B2C (Business to Customer), namely title sponsorships, general sponsorships and advertising fees paid by branded companies, enrolment fees paid by events participants, as well as sales of admission tickets and derivatives.

In 2015, the Group sought rapid development while reinforcing the industrial structure. The Group has taken the development of the 5th basic necessity of life, "Exercise", as its mission, and launched abundant sports products for sports fans.

In connection with the operation of sports events, the Group continued to maintain a strong advantage in the field of road race. In 2015, the Group successfully operated five of the largest marathon races in the China, including "2015 Kunming International Half Marathon", "2015 Shenyang Marathon", "2015 Changsha International Marathon", "2015 Hangzhou International Marathon" and "2015 Guangzhou Marathon". Meanwhile, the Group won seven major awards in Marathon Gala-China 2015, of which "2015 Hangzhou International Marathon" and "2015 Guangzhou Marathon" were awarded as Chinese Athletic Association ("**CAA**") gold medal events, "2015 Guangzhou Marathon" was awarded the historic title of International Association of Athletics Federations ("**IAAF**") bronze label event, and "2015 Kunming International Half Marathon" won two awards of silver medal event and characteristics event. Meanwhile, "2015 Shenyang Marathon" and "2015 Changsha International Marathon" which were hosted for the first time were awarded the bronze medal events. At the same time, the Group also won the annual contribution award, and will cooperate with CAA to operate "One Belt and One Road" marathon series, which will become the new upgrade of proprietary intellectual property of China marathon.

In respect of the proprietary intellectual property events, six races of "Season Run", the creative running event with independent intellectual property rights, were held in Shenzhen, Tianjin, Chongqing, Beijing, Qingdao and Chengdu in 2015. In connection with public sports competitions, "Charitable Walkathon for the Chinese Dream" (幸福足跡城市徒步大會), an urban walkathon, was successfully operated by the Group in 2015, which spanned across three months with a route covering 25 cities in 12 provinces with participants in the number of nearly one million. In 2015, the number of cooperative provinces and municipalities was increased to 14, including the government authorities of major economic regions, namely Beijing, Tianjin, Hebei, Liaoning, Shandong, Henan, Hubei, Jiangsu, Anhui, Shanghai, Zhejiang, Chongqing, Hunan and Kunming. Public Sports Event Alliance of China (中國大眾體育賽事聯盟) was established with cooperation projects including, among others things, footrace, basketball, soccer, badminton, tennis, swimming, sports dancing, table tennis, rollers, walkathon, square dancing, Go chess, Chinese chess, cycling and fitness competition. During the year of 2015, more than 1,300 events were held and more than 10 million participants were involved in the proprietary intellectual property events mentioned above.

At the same time, the Group carried out the in-depth layout in the field of basketball, and launched CBL (City Basketball League) Basketball Tournament with independent intellectual property. CBL Basketball Tournament was divided into Urban Elite Challenge Series, Dream Basketball Tournament and 3v3 King of Land Tournament. In the year of 2015, CBL Basketball Tournament respectively carried out Urban Elite Challenge Series and 3v3 King of Land Tournament in Tianjin, Beijing, Chongqing, Qingdao, Shenyang, Changsha, Kunming, Chengdu, Hangzhou and Guangzhou, with 220 teams of association accumulated through the year, a total of 50,000 people participated, and 65 universities involved. CBL Basketball Tournament also adapted and filmed the first basketball microfilm "Our Basketball Dream" based on the players' true stories, and also shot 10 episodes of basketball reality show surrounding Urban Elite Challenge Series, recording the magnificent transformation from a civilian player to a grassroots star. In November, "Hard Fighting", a platform to provide organization of basketball competitions, was formally launched, with cumulative active members of 30,000 and 460 registered teams on the platform until February 2016. Population of Wisdom basketball sports had been greatly increased, national basketball leagues were created and popularity and brand reputation was formed.

In connection with sports services, with an aim to serve the mass consumers, the Group established an "online + offline" integrated service model to form the largest sports and fitness database across the country. The Group has also created a mature system for provision of consumption services which contributed to the realization of comprehensive commercial value through sports training, sports tourism and event derivatives. In 2015, the Group incorporated the concept of carnival into "Season Run" and Marathon project operations to gain an in-depth understanding and development of the customers' demands through the publicity of entertainment. For sports event derivative products business, the Group successively launched "Five Marathon Commemorative Medals" followed with the five major marathon events. In the meantime, in tandem with the exclusively operated five major marathon events, the Group commenced its operation of various training camps for marathons in cooperation with different game committees, including, among others things, pre-race training guidance, pre-run protection, in-race injury treatment, first-aids information, scientific training, and tailor-made training programme. The services of the training camps cater for the needs of different sporting population groups and came in the forms of online Q&A and offline training activities. In the aspect of sports tourism, combined with marathon events, the Group carried out planning of event tourism routes, providing the competitors with planning and design of routes including one-stop traffic, accommodation, competition, outings and communication, which was an attempt in the field of sports tourism. In 2015, the Group cumulatively received more than 860 thousand pieces of evaluation in the tournament with users satisfaction of 97.6% and customers satisfaction of 99.1%. Great reputation advantage has been formed and C terminal (customer terminal) users value has been accumulated, which laid a good foundation for B2C sports population consumption in the future.

II. Wisdom Program & Branding

The segment of Wisdom Program & Branding derives its revenue from TV program production and distribution and advertising business. The advertising industry itself was a highly cyclical industry, greatly affected by fluctuation of the overall economic cycle. The figures in the Group's annual reports in 2013 and 2014 could also show that the income and profit contribution of the business sector showed a downward trend. In 2015, the economy of China was under downturn pressure, and the market has seen an overall reduction in advertising spending budgets. Such budget reduction also intensified market competition in the advertising industry, thus having a negative impact on the conventional advertising industry.

The Group's management made good planning before action. The Group actively carried out business restructuring after the Listing and extended the sports and industry chain as the Group's future overall development strategy layout. Meanwhile, the Group changed its name to Wisdom Sports Group in September 2015, further indicating the correct managerial judgment on traditional advertising market trends. In 2015, the Group renewed its exclusive advertising rights in respect of five programs, including "Oriental Horizon (《東方時空》)", "World Express (《國際時訊》)", "News Weekly (《新聞周刊》)", "World Weekly (《世界周刊》)" of the CCTV News Channel and "Treasure Hunt (《尋寶》)" of the CCTV Integrated Channel. Revenue and profit of the Group were better than the industry average level despite of the sharp decline.

In the field of program production, the Group, according to its own development strategy, carried out cyclical adjustment about the original economic, interviews and entertainment programs, and concentrated mainly on research and development and learning of sports programs. Through production and broadcast of the large-scale marathon events of 2015, the Group developed the strength of its own sports broadcasting team, which laid a good foundation for the completion of independent broadcast of sports events.

At the same time, combined with its own and other production experience of big event shows, the Group has effectively attempted to build the platform for the copyright, broadcast and trading of sports programs. Through copyright and implantable resources, it established a good cooperative relationship with a number of conventional media and new media platforms, forming a income patterns of sports media. It further fitted into the international advanced income model of sports events, and formed the framework of the income growth in the field of sports media in the future.

III. Capital

In connection with capital cooperation, in order to expand the layout in the industry chain, the Group independently acquired the equity interest in Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司). After the acquisition, the operation of 178doing.com (動贏網) was integrated into the Group, which laid a foundation for the launch of Hard Fighting, a platform to provide event organization this year. Meanwhile, the Group also cooperated with Shenzhen Capital Group Co., Ltd. and Wisdom Hongtu Sports Culture Business Fund (Beijing Wisdom Hongtu Cultural Investment Management Center (limited partnership)) in investing in CoolplayClub (北京酷玩部落科技有限公司), which will bring gym room users, outdoor sporting enthusiasts and participants of various events into interaction. Customer combination can be achieved among offline event participants and various sporting groups through online intelligent interactive methods. Leveraging on the Group's superior advantage of offline events and direct user base, online and offline users will be connected into a rapidly growing user base which will help to bring an interactive O2O (Online to Offline) fitness culture into existence.

The year of 2015 represented an important year for the Group's strategic enhancement and business structure adjustment. It was also a year to seize the high-quality resources for sports events and complete layout of industry chain, laying the foundation for long-term rapid growth in the future. The Group took the events operation as the foundation and the core events as the user entry to form the business model with sports marketing, sports service, sports media as the core, which effectively expanded the whole industry chain. The Group also took the development of the 5th basic necessities of life, "Exercise", as its mission and provided more abundant sports service products to the sports population in China.

OUTLOOK OF INDUSTRY AND GROUP

The year of 2016 is the year of sports in conventional meaning, but also a year where the Chinese sports industry can unleash its strength during the Olympic Games for the first time. Following the recent central and local governments' policies in security, health care, insurance and sports rehabilitation, the Chinese sports industry's business environment will become healthier, the sports atmosphere will become stronger, and the sports consumption will definitely grow rapidly. As the 2022 Winter Olympic Games is entering into a more substantive operational phrase, the Summer and Winter Olympic Games will attract more attention to the Chinese sports industry. 2016 is a year which is important to the economic development of our country, and sports industry will shoulder a more important responsibility for the economic development; the central government's attention, local governments' initiatives, society's concern and the public's participation will be the driving forces of the sport industry. The public's participation and consumption will enter into a new phase in history.

The year of 2016 is an important stage for the Group's strategic development in sports. Under the "Sports +" strategy, the Group will take the development of the 5th basic necessity of life, "Exercise" as its mission, and insist on establishing a platform for the Group's services by: laying out the whole industry chain as a platform for the Group's services; focus development on events that draw the most participants, such as road race, basketball, cycling, and winter sports; provide products of professional quality and enhance the quality of the standardised services; and motivate public participation and interests by combining professionalism, participation, entertainment and spectacularity of sporting events. The Group's goal is to develop an international platform and become a forerunner in the Chinese sports industry in 2016.

For event operations, the Group will strive to expand its leading fields in road racing by increasing from five marathons held last year to 35 marathons this year and establishing a series of "One Belt and One Road" marathon events outside of China. In the meantime, the Group will also increase the number of "Season Run" events to 15, accounting for more than half of the road race market in China, which further consolidated the Group's leading position in road racing that successfully replicated the business model of road racing, expanded the scale of revenue and profitability. As an extension of road race, the Group will also hold 75 bicycle races in 31 cities in China in 2016 which is expected to attract six million cycling enthusiasts and contestants from more than 100 countries, which will further enrich the Group's sports product category.

For basketball, the Group will strive to build a platform for the domestic basketball industry. The CBL Basketball League will be held in 12 cities, including Tianjin, Beijing, Chongqing, Qingdao, Shenyang, Changsha, Kunming, Chengdu, Hangzhou, Guangzhou, Shenzhen and Xi'an. In addition to the Urban Elite Challenge and 3v3 King of Land (佔地之王) Tournament in 2016, the "Dream Basketball League", which uses an "Hard Fighting" online platform to provide organization of basketball competitions, will also be officially launched in April. The Group will also hold 3,700 games in 12 cities, where 120 colleges and universities and 2,000 teams are expected to participate in. 200,000 people will be involved in the event-related activities and the events throughout the year will cover 6.5 million people interested in basketball.

In addition, the Group has acquired the four-year (2016–2019) commercial operation right of National Basketball League ("**NBL**") in the competitive bidding at the beginning of 2016. As one of the three national leagues (CBA, WCBA and NBL) sponsored by the Chinese Basketball Association, NBL consists of regular seasons, playoffs and finals and all-star weekend (including all-star rookie challenge, all-star game and their individual competitions, such as slum dunk, three-point contest, and skills challenge). Beijing Enbiou Sports Management Co., Ltd (北京恩彼歐體育管理有限公司) is the independent legal entity, and 100% equity interest of which is held by all clubs participating in NBL ("**Associate**"). As the NBL representative, the Associate is entitled to handle all rights and interests related to NBL independently. The Group has not only acquired the exclusive commercial exploitation right of NBL, but also became the single largest shareholder of the Associate by holding 20% equity interest in the Associate. Through the equity and business cooperation, the Group has conducted commercial rights development and system design in various aspects of NBL to transform it into an entertainment-oriented professional league, including league system, competition time, activity arrangements, and cooperation among club teams. Furthermore, with the resources of NBL professional sports, the Group has made CBL "the only access to professional league for grass-roots basketball enthusiasts", and produced two documentaries named "The Road to Become a Great Master (大師之路)" and one microfilm centering on this theme. The register members are expected to reach to 200,000 on the platform to meet and arrange for races. Furthermore, the Group is going to form a platform with self-owned basketball and entertainment intellectual property right, integrating events operation, sponsor's cooperation, brand promotion, players' brokage and professional training to establish the uni-basketball commercial platform. The project has entered into the final stage at the time being and is about to be launched in the second quarter of 2016.

For winter events, the Group has planned out its overall strategy for 2016. Following China's successful bid to host the 2022 Winter Olympics Games, it has become China's national strategy "encourage the public to participate in winter sports, enhance the competitive level of winter sports, accelerate the development of winter sports industry and promote winter sports to the public. Themed with sports and entailed with culture, cultural promotion should be organised in different kinds and formats and in a vivid manner." In 2016, the Group will focus on comprehensive collaboration with Beijing, the host city of the Winter Olympics Games on winter events, developing international games and cultural exchange activities, launching the "Cultural Exchange Month for Winter Events" together with the Beijing government, and a series of events such as sports games, cultural exchange activities, forum and summer camps, in order to build a series of events that is international and suitable for middle-aged and youngsters with significant industry influence.

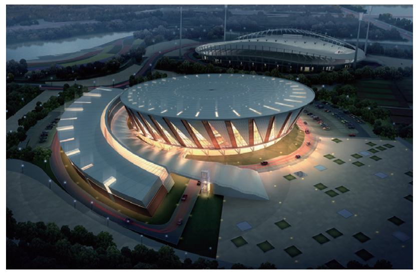
For sports service, the Group will continue to provide sports service facilities for its various types of sports games in 2016 in order to create products and services suitable for the current consumers demand. Based on the previous entry fees, registration fees and income from derivative products, the main focus will be on products design and development of business mode in training and sports insurance, launching professional basketball training academy in combination with basketball tournaments, and providing a professional basketball career path for domestic basketball enthusiast. By cooperating with insurance companies, the Group will develop sports health insurance by marketing in various sports games and on online platform, in order to collect C terminal revenue. The Group's large amount of sports games, which cover a large amount of the sporting population, will provide individual consumers with a spending place and cultivate the consumption habits. As a result, it will release the C terminal consumer value and the Group will receive revenue from the public consumption.

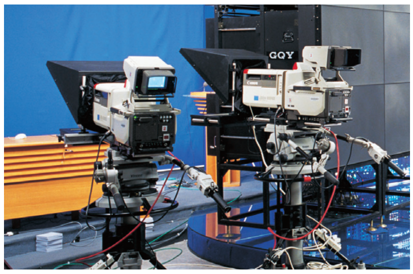
For sports media, the Group, based on its prediction on the future development of the traditional advertising market and active market research, has decided not to renew the advertising contracts with five programs of CCTV News Channel and CCTV Integrated Channel in 2016, and instead begun to develop production and operation of media programs. In 2015, the Group trained its own program production and broadcasting team which could now complete the production of various types of events and broadcast independently and, therefore, reduced the production costs significantly. In 2016, the cooperation of content and copyrights with traditional outstanding sports channel, where the Group provides content in exchange of airing time, provides a free broadcasting platform for the Group's sporting events such as marathon and basketball and develops a valid profit-making model for programmes copyright. Together with new media and internet copyright content trading and video sharing, it also expands the communication channels for the B terminal productions and provides C terminal users with products services of sports video.

For the Group's management in 2016, the Group will focus on creating regional profit centres, forming an independent regional event operating and sales team in each of Beijing, Shanghai and Guangzhou, in order to create a collective group to serve the clients and hold events, and also train and build the talents and management team of the Group. The Group will also continue to comply with the regulatory requirements and internal control standards for listed Companies, establish internal control and audit department, and effectively control major risks to ensure the standardization and efficiency of the management process. For the Group's talents, the Group will continue to recruit outstanding senior and middle management personnel, and through proper stock and option incentive schemes, accumulate the Group's human resources in order to promote the rapid and sustainable development of the Group.

For capital in 2016, the Group will focus on "four vertical and four horizontal" industrial investments, and carry out domestic and overseas projects within the same industry, merger and acquisitions within the industry. "Four vertical" refers the sports categories that the Group covers, including the four main categories of road race, cycling, basketball, and winter sports. It also includes events operations, sports marketing, integrated communication, data research. The Group will also expand vertically in its industry chain to increase market share and position itself as a leading sports company. "Four horizontal" refers to technology, training, insurance and internet in cross-media and cross-industry. The Group will seek outstanding partners in the industries and cross-invest in these partners, in order to expand the industry and provide diversified products and services for C terminal consumers. Using its own investment platform and Wisdom Hongtu Industry Fund platform, the Group will extend its industry chain system to further enrich its planning for the industry and consolidate its leading position in the industry.

In 2016, through 5,240 games, the Group will cultivate the Chinese sporting population, stimulate public sports spending and promote the development of Chinese sports industry. The Group will also further develop the profit-making model of sports media, sports marketing and sports services. The Group will also ensure that sports will become an integral part of every individual's life in China. "From no movement to exercising, from being dull to being interesting, from individual to family, from exercising to a living condition", the Group will develop exercising to the 5th basic necessity of life, in order to leverage the consumption capacity of China's huge sporting population and assist the sports industry to flourish.






FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 15.3% to RMB681.4 million for the year ended December 31, 2015 from RMB804.3 million for the year ended December 31, 2014. This decrease was mainly due to a decrease in revenue from Wisdom Program & Branding.

Revenue from Wisdom Events increased by approximately 36.4% to RMB345.3 million for the year ended December 31, 2015 from RMB253.1 million for the year ended December 31, 2014. This increase was mainly due to (i) an increase in revenue from the operation of new sports competitions, such as Charitable Walkathon for the Chinese Dream and Mass Sports Events; and (ii) the increase in revenue from the continued operation of existing events such as "Season Run", the independently developed creative running event, which was held in six cities in 2015, as well as marathons, five sessions of which were operated in 2015 compared to two in 2014. Meanwhile, the commercial resources of such events were continuously developed.

Revenue from Wisdom Program & Branding decreased by approximately 39.0% to RMB336.2 million for the year ended December 31, 2015 from RMB551.2 million for the year ended December 31, 2014. This decrease was mainly due to the downturn pressure on China's economy; the market has seen a general reduction in advertising budgets, resulting in the intensified market competition, which has a negative impact on traditional advertising industry.

Cost of Services

The Group's cost of services increased by approximately 16.1% to RMB499.6 million for the year ended December 31, 2015 from RMB430.2 million for the year ended December 31, 2014. This increase was mainly due to the increase in the cost of services from Wisdom Events.

Cost of services for Wisdom Events increased by approximately 77.3% to RMB179.5 million for the year ended December 31, 2015 from RMB101.2 million for the year ended December 31, 2014. This increase was mainly due to the increase in the invested cost followed by an increase in the number of events held and the upgrade and optimization of product.

Cost of services for Wisdom Program & Branding decreased by approximately 2.7% to RMB320.1 million for the year ended December 31, 2015 from RMB329.0 million for the year ended December 31, 2014. This decrease was mainly due to the decrease in the cost of program production.

Gross Profit and Gross Margin

As a result of the above factors, the Group's gross profit decreased by approximately 51.4% to RMB181.9 million for the year ended December 31, 2015 from RMB374.1 million for the year ended December 31, 2014. The gross margin for the Group decreased to 26.7% for the year ended December 31, 2015 from 46.5% for the year ended December 31, 2014. The decrease of the gross profit was mainly due to the decrease in the gross profit from Wisdom Program & Branding. The decrease in the gross margin was 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 for Wisdom Events increased by approximately 9.2% to RMB165.8 million for the year ended December 31, 2015 from RMB151.9 million for the year ended December 31, 2014. This increase was mainly due to (i) more events and competitions were held in the year of 2015 compared with that in the year of 2014; and (ii) more events and commercial advertising resources were explored which were benefited from more extensive experience in organizing such events. The gross margin for Wisdom Events decreased to 48.0% for the year ended December 31, 2015 from 60.0% for the year ended December 31, 2014. This decrease was primarily due to the increase in the invested cost of the optimization and upgrade of the sporting events.

As a result of the foregoing changes in revenue and cost of services for Wisdom Program & Branding, the gross profit for Wisdom Program & Branding decreased by approximately 92.8% to RMB16.1 million for the year ended December 31, 2015 from RMB222.2 million for the year ended December 31, 2014. The gross margin for Wisdom Program & Branding decreased to 4.8% for the year ended December 31, 2015 from 40.3% for the year ended December 31, 2014. This decrease was mainly due to the downturn pressure on China's economy, the market has seen a general reduction in advertising budgets, resulting in the intensified market competition, which has a negative impact on traditional advertising industry.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 164.2% to RMB81.5 million for the year ended December 31, 2015 from RMB30.8 million for the year ended December 31, 2014. This increase was mainly due to the increase of the related promotion expense which was intended to improve the Group's brand influence.

General and Administrative Expenses

The Group's general and administrative expenses increased by approximately 37.1% to RMB62.3 million for the year ended December 31, 2015 from RMB45.4 million for the year ended December 31, 2014. This increase was mainly due to the increased fee of professional consulting services resulting from the Group's strategic development.

Other Income

The Group's other income decreased by approximately 14.9% to RMB6.2 million for the year ended December 31, 2015 from RMB7.3 million for the year ended December 31, 2014. This decrease was primarily due to the decrease of rental income.

Other Gains, Net

The Group's other gains, net decreased by approximately 55.9% to RMB22.5 million for the year ended December 31, 2015 from RMB51.2 million for the year ended December 31, 2014. This decrease was mainly due to the decrease in the tax refund from the governmental body along with the decrease in the tax payables subject to the year of 2015.

Finance Income, Net

The Group's finance income, net decreased by approximately 46.9% to RMB7.6 million for the year ended December 31, 2015 from RMB14.3 million for the year ended December 31, 2014. This decrease was mainly due to the decrease in the interest income arising from bank deposits.

Profit Before Income Tax

As a result of the foregoing, the Group's profit before income tax decreased by approximately 79.9% to RMB74.5 million for the year ended December 31, 2015 from RMB370.6 million for the year ended December 31, 2014.

Income Tax Expense

The Group's income tax expense decreased by approximately 74.4% to RMB23.7 million for the year ended December 31, 2015 from RMB92.6 million for the year ended December 31, 2014. This decrease was mainly due to the decrease in the taxable profit from domestic companies of the Group.

The Group's effective tax rate for the year ended December 31, 2014 was approximately 25.0%, compared to approximately 31.8% for the year ended December 31, 2015. This change was primarily due to the expense incurred from the offshore company in the year of 2015 which was not available for the purpose of tax deduction.

Profit

As a result of the foregoing, the Group's profit decreased by approximately 81.7% to RMB50.8 million for the year ended December 31, 2015 from RMB278.0 million for the year ended December 31, 2014. The Group's net profit margin decreased from 34.6% for the year ended December 31, 2014 to 7.5% for the year ended December 31, 2015.

Cash Flows

As at December 31, 2015, the Group's cash and cash equivalents amounted to RMB522.3 million compared with that of RMB598.5 million as at December 31, 2014. Aside from the deposits placed with state-owned banks and commercial banks with good reputation, the Group purchased principal-guaranteed, short-term and low risk financial products so as to ensure the security and value of the capital. Such products were offered and guaranteed by banks with good reputation. The principal of such products will be fully refunded upon maturity. All terms of such products are less than three months while some of the products can be redeemed at any time. The annualized rate of return ranged from 3.3% to 5.3%. The Group takes a prudent approach in selecting financial products.

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

	For the year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Net Cash (used in)/generated from operating activities	**(48,725)**	65,580
Net cash generated from/(used in) investing activities	**124,650**	(134,323)
Net cash used in financing activities	**(152,440)**	(153,271)
Net decrease in cash and cash equivalents	**(76,515)**	(222,014)
Cash and cash equivalents at the beginning of the year	**598,486**	819,933
Foreign exchange gains of cash and cash equivalents	**288**	567
Cash and cash equivalents at the end of the year	**522,259**	598,486

Net Cash Used in/Generated from Operating Activities

Net cash generated from operating activities amounted to approximately RMB65.6 million for the year ended December 31, 2014, while net cash used in operating activities amounted to approximately RMB48.7 million for the year ended December 31, 2015. The change was mainly attributable to i) the decrease of profit before income tax; and ii) the payment of income tax in 2015, which was accrued in 2014.

Net Cash Generated from/Used in Investing Activities

Net cash used in investing activities amounted to approximately RMB134.3 million for the year ended December 31, 2014, while net cash generated from investing activities amounted to approximately RMB124.7 million for the year ended December 31, 2015. The change was mainly attributable to (i) cash inflow generated from the redemption of the principal and the interest of principal guaranteed products with low risk which was purchased from commercial banks and large financial institutions with good reputation; and (ii) cash outflow of the first contribution to the establishment of Wisdom Hongtu Fund.

Net Cash Used in Financing Activities

Net cash used in financing activities decreased to approximately RMB152.4 million for the year ended December 31, 2015 from approximately RMB153.3 million for the year ended December 31, 2014. This capital was mainly used in the payment of dividend which was approved by the general meeting.

Working Capital

The Group's net current assets decreased by approximately 11.4% to RMB1,030.5 million for the year ended December 31, 2015 from RMB1,162.5 million for the year ended December 31, 2014. Despite a decrease in the net current assets, the Group maintained its working capital at a relatively high level that can meet the working capital requirements and support the business development.

Capital Expenditure

The total spending on the acquisition of property, plant and equipment amounted to RMB3.3 million for the year ended December 31, 2015 (for the year ended December 31, 2014: RMB4.2 million).

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralized and cash is generally deposited with banks and denominated mostly in RMB. As at December 31, 2015, the Group had net current assets of RMB1,030.5 million (December 31, 2014: RMB1,162.5 million), of which cash and cash equivalents amounted to RMB522.3 million (December 31, 2014: RMB598.5 million).

The Group adopts a prudent approach in treasury management, ensuring that the Group maintains strong reserves of cash to finance its daily operations and future developments.

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

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

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

FINANCIAL RATIO

Financial ratio	**As at December 31, 2015**	As at December 31, 2014
Current ratio	**1,873.8%**	989.7%
Gearing ratio	**N/A**	N/A

Notes:

(1) Current ratio represents a ratio of current assets to current liabilities.

(2) Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at December 31, 2014 and December 31, 2015.

CHARGE ON ASSETS

As at December 31, 2015, there was no charge on the Group's assets.

CONTINGENT LIABILITIES

As at December 31, 2015, the Company had no material contingent liabilities.

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 the options to subscribe for a total of 2,500,000 shares of the Company were granted on May 29, 2015 to employees of the Group. 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, 2015.

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

Reference is made to the announcement dated October 28, 2014 of the Company. As at December 31, 2015, Beijing Wisdom Media Holding Co., Ltd. has invested RMB30 million to Wisdom Hongtu Fund. Save as disclosed in this annual report, for the year ended December 31, 2015, the Company has no material investment, material acquisition and disposal of subsidiaries. Save as disclosed in this annual report and relevant announcements, the Company has no specific plans for material investment or acquisition of material capital asset in the future.

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, 2015, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Details will be set out under "Chairlady and Chief Executive".

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the Directors of the Company and the Directors have confirmed that they have complied with the Model Code throughout the year ended December 31, 2015.

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

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, appointed as president of the Company with effect from April 7, 2016)*

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 president of the Company with effect from March 24, 2015 and re-designated as senior vice president of the Company with effect from April 7, 2016)*

Mr. Hu Xing *(Appointed as executive Director with effect from May 14, 2015 and resigned as executive Director with effect from September 18, 2015)*

Non-executive Directors:

Mr. Jin Haitao

Mr. Xu Jiongwei *(Member of the Audit Committee)*

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)*

Mr. Hu Jianguo *(Appointed as independent non-executive Director with effect from May 14, 2015 and resigned as independent non-executive Director with effect from September 18, 2015)*

Throughout the year ended December 31, 2015, the Board held four meetings. The attendance records of the Board meetings are set out under "Attendance Records of Directors and Committee Members".

The biographical information of the Directors are set out in the section headed "Directors, Senior Management and Employees" on pages 55 to 59 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 period from January 1, 2015 to March 24, 2015, Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, was also the president of the Company, responsible for overall management and formulation of business strategy of the Group. The Board meets from time to time to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Group.

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

Since April 7, 2016, Ms. Ren Wen was appointed as the president of the Company and Dr. Shen Wei was re-designated as the senior vice president of the Company.

Independent Non-executive Directors

During the year ended December 31, 2015, 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, 2015, 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
Mr. Hu Xing*	1, 2, 3
Non-executive Directors	
Mr. Jin Haitao	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
Mr. Hu Jianguo*	1, 2, 3

Note:

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

* The appointment and resignation of Mr. Hu Xing as an executive Director and Mr. Hu Jianguo as an independent non-executive Director were effective from May 14, 2015 and September 18, 2015 respectively.

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.

Remuneration of Directors and Senior Management

The remuneration of directors and the members of the senior management by band for the year ended December 31, 2015 is set out below:

Remuneration band	Number of persons
Nil to HKD1,000,000	6
HKD1,000,000 to HKD2,000,000	7

Particulars regarding Directors' remuneration and the five highest paid individuals as required to be disclosed pursuant to the Listing Rules are set out in Note 39 and Note 9 to the consolidated financial statements of this annual report.

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). 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 systems of the Group, to oversee the audit process, and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee held two meetings during the year ended December 31, 2015 to review annual financial results and report in respect of the year ended December 31, 2014 and interim financial results and report in respect of the period ended June 30, 2015 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 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, 2015 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, 2015 to review the structure, size and composition of the Board and the independence of the independent non-executive Directors. 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 RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

The attendance records of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended December 31, 2015 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Nomination Committee	Remuneration Committee	Audit Committee	Annual General Meeting	Extraordinary General Meeting
Ren Wen	4/4	2/2	—	—	1/1	1/1
Sheng Jie	4/4	—	2/2	—	1/1	1/1
Zhang Han	4/4	—	—	—	1/1	1/1
Shen Wei	4/4	—	—	—	1/1	1/1
Hu Xing*	1/1	—	—	—	—	1/1
Jin Haitao	4/4	—	—	—	1/1	1/1
Xu Jiongwei	4/4	—	—	2/2	1/1	1/1
Wei Kevin Cheng	4/4	—	2/2	2/2	1/1	1/1
Ip Kwok On Sammy	4/4	2/2	—	—	1/1	1/1
Jin Guoqiang	4/4	2/2	2/2	2/2	1/1	1/1
Hu Jianguo*	1/1	—	—	—	—	1/1

* The appointment and resignation of Mr. Hu Xing as an executive Director and Mr. Hu Jianguo as an independent non-executive Director were effective from May 14, 2015 and September 18, 2015 respectively.

Apart from regular Board meetings, the Chairlady also held one meeting with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year ended December 31, 2015.

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, 2015.

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 61 to 62.

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, 2015 is set out below:

Service Category	Fees Paid/ Payable RMB'000
Audit related services	4,000
Non-audit related services	5,400
	9,400

INTERNAL CONTROLS

During the year under review, the Board and Audit Committee reviewed the independent auditors' comments on certain internal control processes of the Company which could be improved as a result of the annual audit, including the adequacy of resources, staff qualifications and experiences, training programmes and other control points over the Company's accounting and financial reporting function. The Audit Committee has recommended to the Board and executive management to continue improve the relevant internal controls over financial reporting processes including adding more resources and establishing internal audit function and will appoint an independent firm to review the efficiency of the Company's internal control system in the next fiscal year.

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 failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

Putting Forward Enquiries to the Board

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

Contact Details

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

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

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

The 2016 Annual General Meeting of the Company ("**AGM**") will be held on June 28, 2016. 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, 2015, 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.

Since Listing in 2013, the Company has always highly attached importance to all relevant provisions of Corporate Governance Code, and continues to improve all systems of corporate governance in order to ensure the operations of the Company more standard and perfect.

Directors' Report

The Directors are pleased to submit their annual report together with the audited financial statements for the year ended December 31, 2015.

GROUP REORGANIZATION

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

The shares of the Company (the "**Shares**") have been listed on the Main Board of the Stock Exchange since 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.

BUSINESS REVIEW

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 13 to the consolidated financial statements of this annual report.

For the detailed review of the Company's business and the indication of further development in the Company's business, please refer to the paragraphs headed "Business Review" and "Outlook of Industry and Group" under Management Discussion and Analysis of this annual report.

Principal Risks and Uncertainties

During the year ended December 31, 2015, the Group's operations were mainly subject to the following risks and uncertainties and these risks and uncertainties are continuing. If any of the circumstances or events described below actually arises or occurs, the business, results of operations, financial condition and prospects of the Group would likely suffer.

- The Group relies on contractual arrangements with consolidated affiliated entities for the TV program production business in China, which may not be as effective in providing operational control as direct ownership and any failure by the consolidated affiliated entities or their respective shareholders to perform their obligations under the contractual arrangements with them would have an adverse effect on the Group's business and financial condition.

- The shareholders, directors and executive officers of the consolidated affiliated entities under the contractual arrangements may have potential conflicts of interest with the Company, which may adversely affect the Group's business. Ms. Ren Wen, Mr. Sheng Jie and Mr. Zhang Han are shareholders, directors and executive officers of Beijing Wisdom Media, one of the consolidated affiliated entities. Ms. Ren, Mr. Sheng and Mr. Zhang are also directors of the Company.

- The Group's cooperative relationship with CCTV and other media resources is critical to the business and financial performance of the Group. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would adversely affect the Group's business, results of operations and financial condition.

- The Group relies on access to advertising time slots during a limited number of TV programs, and some other self-produced TV programs to place the clients' advertisements and the desirability of the advertising time slots the Group obtains depends on the popularity and viewership of the relevant TV programs and other factors that are difficult to predict.

- For the media investment management services, since CCTV enjoys greater bargaining power over price increases, the ability to adjust the costs for the media investment management business is limited and any substantial increase in the prices charged by CCTV for the advertising time slots available may reduce the Group's profitability.

- The Group receives a substantial portion of the Group's revenues from a limited number of large clients, and the loss of these clients, which may result from that the Group fails to adapt quickly to their changing demands or if they are unsatisfied with the Group's services or for other reasons could adversely impact the Group's business, results of operations and financial condition.

- The organization and management of sports-related competitions involve numerous risks that may result in accidents which could result in the loss of human life or personal injuries to spectators, players or the Group's staff, damage to equipment and property, violent spectator incidents, and financial and reputational losses. The insurance policies the Group currently has may not cover all potential liabilities that may result from these risks. The occurrence of any of these events which are not fully covered by insurance would require the Group to cover the damages with its own funds, thereby having an adverse effect on the Group's financial condition and results of operations.

- The success of the event organization, management and promotion business depends on the Group's ability to renew the agreements for the existing sports competitions and events organized and to introduce new sports competitions or events. The Groups is currently licensed by sports organizations or their authorized agents to organize certain sports competitions for a limited period of time. Therefore, the Group is subject to changes of strategies by those sports organizations, as well as other uncertainties that could result in its failure to renew the existing cooperation agreements with those sports organizations on commercially feasible terms, which in turn may have an adverse effect on the Group's ability to maintain the increase in its revenues and its profitability.

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 132 of this annual report. For further analysis using financial key performance indicators, please refer to the paragraphs headed "Financial Review" under Management Discussion and Analysis of this annual report.

Post Balance Sheet Events

Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理(浙江)有限公司) has entered in to an agreement with Beijing Enbiou Sports Management Co., Ltd. (北京恩彼歐體育管理有限公司) in March 2016 to acquire 20% of shares in Beijing Enbiou Sports Management Co., Ltd. and obtain exclusive commercial rights of the 2016–2019 NBL without geographic limitation.

Saved as disclosed above, there is no occurrence of events that had a significant impact on the Group's operation, financial and trading prospects from December 31, 2015 to March 31, 2016.

Compliance with the Relevant Laws and Regulations that have a Significant Impact on the Company (including Environmental Policies and Performance)

The Company complied with the relevant laws and regulations including environmental policies and performance that have a significant impact on the Company in the PRC during the year ended December 31, 2015.

Relationships with Employees, Customers, Suppliers and Others

The Group has good relationships with its employees, customers and suppliers since its establishment.

Ongoing professional development is important to the employees given the competitive business environment in which the Group operated. To ensure employees to continue to cultivate skills and knowledge for the fulfillment of their duties and responsibilities, the Group has provided various training programs to its staff. Further information about training attended by the Group's employees and their remuneration package during the year ended December 31, 2015 is set out in the paragraph headed "Employees" under Directors, Senior Management and Employees of this annual report.

Major Customers and Suppliers

The Group kept excellent relationships with customers and suppliers, and had developed a diversified customer and supplier base during the year ended December 31, 2015. During the year ended December 31, 2015, the Group's five largest customers accounted for approximately 30.0% of the Group's total revenue from rendering of services and the Group's largest customer for the year accounted for approximately 7.8% of the Group's revenue from rendering of services. The Group's five largest suppliers accounted for approximately 76.3% of the Group's total purchases, while the largest supplier for the year accounted for approximately 62.6% 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 number of issued shares of the Company 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, sports industry to internet industry. Among them, the Group has been in cooperation relationship with suppliers in television media industry for 7 years, with suppliers in sports industry for 2 to 4 years, and with suppliers in internet industry for 1 year. The Group's five largest customers are engaged in business ranging from advertising industry, sports industry to automobile industry and etc. Among them, the Group has been in cooperation relationship with customers in advertising industry for 7 years, with customers in automobile industry for at most 7 years, and with customers in sports industry for 4 years. The cooperation relationship with the five largest suppliers and customers lays solid foundation for the operation and development of the Group.

RESULTS & DIVIDENDS

Results of the Group for the year ended December 31, 2015 are set out in the consolidated statements of comprehensive income of this annual report. The Board does not recommend any payment of final dividend for the year ended December 31, 2015. No interim dividend was paid by the Company for the period ended June 30, 2015.

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 overallotment 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, 2015, part of the proceeds has been applied as follows:

The proceeds of 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). Such company is mainly engaged in 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, 2015 are set out in Note 26 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, amounted to approximately RMB331,503,000.

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, 2015 are set out in Note 14 to the consolidated financial statements of this annual report.

BANK BORROWINGS AND INTEREST

There was no bank borrowing of the Company as at December 31, 2015.

DIRECTORS

The information of the Directors as at December 31, 2015 is illustrated below (Note):

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	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:

Mr. Hu Xing and Mr. Hu Jianguo were appointed as an executive Director and an independent non-executive Director, respectively on May 14, 2015, and both of them resigned as an executive Director and an independent non-executive Director, respectively with effect from September 18, 2015. Mr. Hu Xing resigned in order to devote more time to his family in Hong Kong and Mr. Hu Jianguo resigned due to health reasons.

In accordance with Article 84 of the Company's Articles of Association, Mr. Jin Haitao, Mr. Wei Kevin Cheng and Mr. Ip Kwok On Sammy shall retire from office by rotation at the conclusion of the forthcoming AGM of the Company. Mr. Jin Haitao, Mr. Wei Kevin Cheng and Mr. Ip Kwok On Sammy, 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, 2015. He has waived his emoluments for the year ended December 31, 2015 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.

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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, 2015, 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. Queen Media Co., Ltd. ("**Queen Media**") was the direct owner of 603,480,000 Shares. The entire issued share capital of Queen Media is owned by Sky Limited ("**Trust Co**"), whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.

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

Note:

2. A wholly owned subsidiary of Beijing Wisdom Media.

Save as disclosed above, as at December 31, 2015, none of the Directors, chief executives of the Company and their respective associates had any personal, family, corporate or other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

So far as is known to the Directors, as at December 31, 2015, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in the Shares

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Trust Co	Interest of controlled corporation (Note 3)	603,480,000	37.51%
Credit Suisse Trust Limited	Trustee (Note 3)	603,480,000	37.51%
Queen Media	Beneficial owner (Note 3)	603,480,000	37.51%
Top Car Co., Ltd. (Note 4)	Beneficial owner	110,075,000	6.84%
Avance Holdings Limited	Beneficial owner	95,379,000	5.93%
Lucky Go Co., Ltd. (Note 4)	Beneficial owner	91,541,000	5.69%

Note:

3. Queen Media was the direct owner of 603,480,000 Shares whose director was Ms. Ren Wen. The entire issued share capital of Queen Media is owned by Trust Co, whose entire issued share capital is the trust asset of the SKY Trust, which was founded by Ms. Ren Wen as settlor and managed by Credit Suisse Trust Limited as trustee for the SKY Trust, which is a trust established in accordance with the law of Guernsey. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.

4. As of the date of this annual report, Mr. Sheng Jie, Dr. Shen Wei and Mr. Zhang Han acted as the directors of Top Car Co., Ltd. and Ms. Ren Wen acted as a director of Lucky Go Co., Ltd.

Save as disclosed above, as at December 31, 2015, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' REMUNERATION

Details of the Directors Emoluments are set out in Note 39 to the consolidated financial statements of this annual report. The Directors' remunerations are determined with reference to their respective duties and responsibilities within the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance to which the Company, or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, existed during the year ended December 31, 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year ended December 31, 2015.

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, 2015.

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 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 Shares 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 were granted under the Share Option Scheme on May 23, 2014 to employees of the Group. The exercise price of the options granted is HK$3.92 per Share and the closing price of the Shares immediately before the date on which the options were granted was HK$4.01. 25% of the options became exercisable on May 23, 2015 and the remaining options will become exercisable on May 23, 2016, May 23, 2017 and May 23, 2018 in three equal batchs, respectively subject to the satisfaction of the individual performance assessment of the said grantees for the relevant years. The options granted are exercisable from the vesting dates mentioned above to May 22, 2024.

The options to subscribe for a total of 2,500,000 Shares were granted under the Share Option Scheme on May 29, 2015 to employees of the Group. The exercise price of the options granted is HK$8.036 per Share and the closing price of the Shares immediately before the date on which the options were granted was HK$7.95. 25% of the options will become exercisable on May 29, 2016, May 29, 2017, May 29, 2018 and May 29, 2019, respectively subject to the satisfaction of the individual performance assessment of the said grantees for the relevant years. The options are exercisable from the vesting dates mentioned above to May 28, 2025.

For the year ended December 31, 2015, no option has been exercised. All of the aforementioned grantees are employees of the Group, and none of the grantees is a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, nor an associate (as defined in the Listing Rules) of any of them. The details of the forfeiture, lapse and cancellation of the options granted are set out in Note 28 to the consolidated financial statement of this annual report.

A valuation analysis in connection with the estimation of the fair value of the options granted by the Company for the year ended December 31, 2015 was performed by a professional valuer and the fair value of such options was estimated to be RMB6,075,000 as at May 29, 2015. The Share options' fair value estimate is subject to the assumptions and limitation of relevant option pricing model. Details of such fair value estimate are set out in Note 28 to the consolidated financial statements of this annual report.

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, 2015.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the year ended December 31, 2015 and as at the date of this annual report, the Company has maintained sufficient public float 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, 2015.

CONNECTED TRANSACTIONS AND STRUCTURED CONTRACTS

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 ("**Structured Contracts**") designed to provide Beijing Wisdom Culture Co., Ltd. ("**Wisdom Culture**"), a wholly-owned subsidiary of the Company and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by PRC law and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on June 24, 2013 pursuant to 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.

Operating entities of the Group controlled through the Structured Contracts

During the year ended December 31, 2015, the following are operating entities of the Group controlled through the Structured Contracts:

(i) Beijing Wisdom Media, a limited liability company incorporated in the PRC and principally engaged in production, distribution of TV variety shows and feature films, television program planning, design, production, agency and distributing advertisement, and organisation of cultural and artistic communication events in the PRC;

(ii) Beijing Car Culture Advertising Co., Ltd (北京智美車文廣告有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising services in the PRC;

(iii) Beijing Xinchuang Branding Co., Ltd (北京新創智力品牌管理有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC;

(iv) Beijing Wisdom Films Culture Media Co., Ltd (北京智美映畫文化傳媒有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in providing advertising and related services in the PRC; and

(v) Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of Beijing Wisdom Media, principally engaged in operation of sports events, organisation of exhibitions and displays and organisation of functions relating to culture and art.

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

Registered owners of Beijing Wisdom Media

As at the date of this report, the registered shareholders of Beijing Wisdom Media are as follows:

Name of shareholder	Number of shares held	Shareholding percentage
Ren Wen (任文)	31,428,000	52.38%
Shi Libin (史立斌)	5,940,000	9.9%
Sheng Jie (盛杰)	5,076,000	8.46%
Shenzhen Capital Group Co., Ltd.(深圳市創新投資集團有限公司)	3,495,600	5.826%
Beijing Hongtu Jiahui Venture Investment Co., Ltd (北京紅土嘉輝創業投資有限公司)	2,504,400	4.174%
Cao Yi (曹怡)	1,350,000	2.25%
Shen Guirong (沈貴榮)	1,080,000	1.8%
Wang Zhiqiang (王志强)	1,080,000	1.8%
Wang Jianchang (王建昌)	1,080,000	1.8%
Peng Xiaoguang (彭曉光)	1,080,000	1.8%
Li Zhihua (李志華)	1,080,000	1.8%
Guo Ruilin (郭瑞林)	1,080,000	1.8%
Chen Feihua (陳飛華)	1,080,000	1.8%
Gong Tai (龔泰)	540,000	0.9%
Qin Ying (秦鷹)	540,000	0.9%
Chen Li (陳力)	540,000	0.9%
Sun Fulin (孫福麟)	324,000	0.54%
Sun Jingli (孫京麗)	270,000	0.45%
Dai Peng (戴鵬)	270,000	0.45%
Zhang Han (張晗)	108,000	0.18%
Han Fang (韓芳)	27,000	0.045%
Xi Wang (希望)	27,000	0.045%
Total	60,000,000	100%

Major terms of the Structured Contracts

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. Details of the respective salient terms of the five agreements are as follows:

- ***Exclusive consulting and service agreement***

  Wisdom Culture and Beijing Wisdom Media entered into an exclusive consulting and service agreement dated June 24, 2013, pursuant to which Wisdom Culture shall, on an exclusive basis, provide Beijing Wisdom Media with consulting and other related services. Pursuant to the agreement, Wisdom Culture shall, amongst other things, (i) form strategically co-operative relationship and share the clients' data with Beijing Wisdom Media and promote its business; (ii) provide marketing services and advisory services in respect of the TV program production business and pro-actively seek opportunities for Beijing Wisdom Media in respect of the advertising business and sports-related business and submit joint bids with Beijing Wisdom Media for the provision of media services; (iii) provide staff training; (iv) provide the development and transfer of technology and advisory services in respect of the technology; (v) provide public relations services; (vi) provide market research, analysis and advisory services in respect of the PRC and overseas marketing communications industry; and (vii) provide mid-short term marketing development and marketing planning service.

  The service fee to which Wisdom Culture is entitled to receive under the agreement shall represent the total revenue of Beijing Wisdom Media, after deducting all operational costs and relevant applicable taxes.

  The agreement has become effective on June 24, 2013 and shall continue to be in full force and effect until and unless it is terminated by Wisdom Culture by giving Beijing Wisdom Media a 30 days' prior written notice of termination. Beijing Wisdom Media shall have no right to terminate the agreement.

- ***Irrevocable power of attorney***

  All of the shareholders of Beijing Wisdom Media executed an irrevocable power of attorney dated June 24, 2013, which enables the Company and the directors of the Company and their successors to exercise all the powers of the shareholders (including their successors and transferees) of Beijing Wisdom Media. Pursuant to the irrevocable power of attorney, the Company and the directors of the Company and their successors shall exercise rights of all of the shareholders of Beijing Wisdom Media including but not limited to right to propose a general meeting, rights of voting, sale or transfer of all or part of their interests in Beijing Wisdom Media, signing minutes and filing documents with relevant companies registry.

  The Company has the power to designate the person as nominated by the executive directors of the Company or the board of directors of the Company to exercise the rights to the Company under the irrevocable power of attorney.

The irrevocable power of attorney has become effective on June 24, 2013 and shall continue to be in full force and effect until the termination of the exclusive business operating agreement.

- ***Exclusive business operating agreement***

  Wisdom Culture, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive business operating agreement dated June 24, 2013, pursuant to which Beijing Wisdom Media agreed, and all of the aforesaid shareholders agreed to cause Beijing Wisdom Media and its subsidiaries, not to enter into any transaction which might substantially affect Beijing Wisdom Media's assets, business, employees, rights, obligations or operations unless prior written approval of Wisdom Culture or its designated wholly-owned subsidiary of the Company have been obtained. Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media agreed to, amongst other things, appoint candidate(s) nominated by Wisdom Culture as director(s) of Beijing Wisdom Media and transfer the bonus, distributable dividend, any other income or interest receivable by them at nil consideration to Wisdom Culture.

  The agreement has become effective on June 24, 2013 and shall continue to be in full force and effect until and unless it is terminated by Wisdom Culture by giving all shareholders of Beijing Wisdom Media a 30 days' prior written notice of termination. Beijing Wisdom Media shall have no right to terminate the agreement.

- ***Exclusive option agreement***

  Wisdom Culture, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive option agreement dated June 24, 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to grant an irrevocable option to Wisdom Culture for it or its designated wholly-owned subsidiary of the Company to acquire all or any of their equity interests in Beijing Wisdom Media in compliance with the terms of the agreement.

  Pursuant to the agreement, Beijing Wisdom Media has undertaken to perform certain acts or refrain from performing certain other acts in relation to its business operation, carrying out of corporate actions and entry into transactions, unless it has obtained prior approval from Wisdom Culture or its designated wholly-owned subsidiary of the Company.

  Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media have also undertaken to, amongst other things, maintain all of their rights of equity interests in Beijing Wisdom Media and to sign such documents and take such actions as necessary or appropriate to preserve such rights.

The agreement has become effective on June 24, 2013 and shall continue to be in full force and effect until and unless it is terminated by Wisdom Culture by giving Beijing Wisdom Media and all of its shareholders a 30 days' prior written notice of termination. Neither of Beijing Wisdom Media nor any of its shareholders shall have any right to terminate the agreement.

- ***Share pledge agreement***

  Wisdom Culture and all of the shareholders (including their successors and transferees) of Beijing Wisdom Media entered into a share pledge agreement dated June 24, 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to pledge their equity interests in Beijing Wisdom Media to Wisdom Culture to secure the performance of all of the obligations of Beijing Wisdom Media and/or all of its shareholders under the aforesaid exclusive business operating agreement and exclusive consulting and service agreement.

  Pursuant to the agreement, all of the shareholders of Beijing Wisdom Media have undertaken to Wisdom Culture, amongst other things, not to transfer the equity interests in Beijing Wisdom Media (save and except the transfer of shares to Wisdom Culture or its designated wholly-owned subsidiary of the Company), not to create or allow any guarantee or pledge to be created thereon that may affect the rights and interest of Wisdom Culture and to comply with all applicable PRC laws and regulations in relation to the share pledge.

  Under the agreement, if the shareholders of Beijing Wisdom Media have defaulted on the terms of the agreement, Wisdom Culture may exercise its rights to acquire the equity interests in Beijing Wisdom Media in accordance with the terms of the agreement, unless all of the shareholders of Beijing Wisdom Media have cured such default or have taken remedial actions as necessary.

  The agreement shall be in full force and effect until and unless it is terminated by Wisdom Culture by giving all of the shareholders of Beijing Wisdom Media a 30 days' prior written notice of termination. None of the shareholders of Beijing Wisdom Media shall have any right to terminate the agreement.

Reasons for using the Structured Contracts and the significance to the Group

The business operations of Beijing Wisdom Media involve the production of TV programs and it currently holds a TV program production licence. Such business is subject to foreign investment restrictions under the applicable PRC laws. As such, the Group cannot acquire the equity interest in Beijing Wisdom Media. Having regard to such foreign investment restrictions, the Structured Contracts were designed to provide Wisdom Culture and, thus the Group, with effective control over the financial and operational policies of Beijing Wisdom Media and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interest in Beijing Wisdom Media.

Revenue and assets subject to the Structured Contracts

The revenue, net profit and total assets subject to the Structured Contracts are set out as follows:

	Year ended December 31, 2015 (RMB'000)	Year ended December 31, 2014 (RMB'000)
Revenue	**158,531**	350,749
Net (loss)/profit	**(2,954)**	12,062

	As at December 31, 2015 (RMB'000)	As at December 31, 2014 (RMB'000)
Total assets	**571,390**	604,518

For the year ended December 31, 2015, the revenue and net loss subject to the Structured Contracts amounted to approximately 23.3% and -5.8% of the revenue and net profit of the Group.

As at December 31, 2015, the total assets subject to the Structured Contracts amounted to approximately 49.2% of the total assets of the Group.

For the year ended December 31, 2014, the revenue and net profit subject to the Structured Contracts amounted to approximately 43.6% and 4.3% of the revenue and net profit of the Group.

As at December 31, 2014, the total assets subject to the Structured Contracts amounted to approximately 45.5% of the total assets of the Group.

The amount with respect to the services Wisdom Culture provided to Beijing Wisdom Media for the year ended December 31, 2015 was RMB13,300,000.

Risks associated with the Structured Contracts

The risks associated with the Structured Contracts were set out on pages 34 to 38 of the Prospectus and are highlighted as follows:

- if the PRC government finds that the agreements that establish the structure for operating the services of the Group in the PRC do not comply with PRC governmental restrictions on foreign investment in TV program production, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish its interests in those operations;

- the Group relies on contractual arrangements with Beijing Wisdom Media and its subsidiaries for its operations in the PRC, which may not be as effective in providing operational control as direct ownership;

- any failure by Beijing Wisdom Media and its subsidiaries or their respective shareholders to perform their obligations under their contractual arrangements with the Group would have a material adverse effect on the business and financial condition of the Group;

- contractual arrangements that subsidiary of the Group has entered into with Beijing Wisdom Media may be subject to scrutiny by the PRC tax authorities and a finding that the Group or Beijing Wisdom Media and its subsidiaries owe additional taxes could substantially reduce the combined net income of the Group and the value of the investment by the Company's shareholders;

- the shareholders, directors and executive officers of Beijing Wisdom Media and its subsidiaries may have potential conflicts of interest with the Company, which may materially and adversely affect the business of the Group;

- the Group may rely on dividends and other distributions on equity paid by the Group's PRC subsidiaries to fund any cash and financing requirements the Group may have. Any limitation on the ability of the PRC subsidiaries to pay dividends to the Group could have a material adverse effect on the Group's ability to conduct its business; and

- PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent the Group from using the proceeds of the global offering of the Company to make loans to the PRC subsidiaries and Beijing Wisdom Media and its subsidiaries or to make additional capital contributions to the PRC subsidiaries of the Group, which may materially and adversely affect the liquidity of the Group and the ability of the Group to fund and expand its business.

In light of the above risks associated with the Structured Contracts, the Group has adopted a set of procedures, systems and internal control measures to ensure the sound and effective operation of the Group and the implementation of the Structured Contracts. Such procedures, systems and internal control measures include (i) regular discussions (on a no less frequent than a quarterly basis) of matters relating to compliance and regulatory enquiries from governmental authorities, if any, by the board of directors of the Company at regular and extraordinary board meetings; (ii) regular report (on a no less frequent than a monthly basis) by relevant business units and operation divisions of the Group to the senior management of the Company in relation to the compliance and performance conditions under the Structured Contracts and other related matters; (iii) regular report by the senior management of the Company to the Board any noncompliance issues; (iv) retaining legal adviser and/or other professional to assist the Group to deal with specific issues arising from the Structured Contracts, if so required; and (v) regular review on an annual basis by the independent non-executive directors of the Company the compliance of the Structured Contracts and confirmation of the same being disclosed in the annual reports of the Company.

In addition, to address the risk of potential conflicts of interest of certain shareholders, directors and executive officers of Beijing Wisdom Media and its subsidiaries who are also directors of the Company, it has been provided for under the exclusive business operating agreement that all of the shareholders of Beijing Wisdom Media had agreed to give priority to, and not to cause any damage to, the interests of Wisdom Culture and the Company if there are any potential conflicts of interest amongst Wisdom Culture, the Company, Beijing Wisdom Media and its shareholders. Ms. Ren, being the chairlady of the Company, has been appointed as the chairlady of the board of directors of Beijing Wisdom Media and has taken up the leading role in the governance of implementation of the financial and operating policies in respect of Beijing Wisdom Media in order to ensure that Beijing Wisdom Media will be managed and operated according to the Group's policies and the terms of the Structured Contracts.

Change of circumstances

There had been no material change in the arrangements under the Structured Contracts and/or the circumstances under which they were adopted. As of the date of this report, the foreign investment restrictions which gave rise to the arrangements under the Structured Contracts are still in existence.

Opinion from the Directors

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 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, 2015:

(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 36 to the consolidated financial statements of this annual report, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended December 31, 2015. 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 forthcoming annual general meeting ("**AGM**"). A resolution for the appointment of auditors 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 and with terms of reference aligned with the code provision C.3 of the CG Code as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and the review of the risk management and internal control systems of the Group.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Audit Committee. The Audit Committee, together with management of the Company, has reviewed the audited consolidated financial statements for the year ended December 31, 2015 of the Group and considers it in compliance with generally accepted accounting principles as well as laws and regulations.

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

Reference is made to the annual results announcement dated March 31, 2016 of the Company for the year ended December 31, 2015 (the "**Results Announcement**") in relation to, among other matters, the period of closure of the register of members, the proposed date of the forthcoming AGM. Due to work arrangement for certain corporate actions also requiring the shareholder's approval, the AGM which was initially scheduled to be held on Tuesday, May 24, 2016 as set out in the Results Announcement is now re-scheduled to be held on Tuesday, June 28, 2016. As such, in order to determine the shareholders who will be qualified for attending and voting at the AGM, the arrangement of the closure of the register of members of the Company will be changed and such closure will last from Saturday, June 25, 2016 to Tuesday, June 28, 2016, 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 Friday, June 24, 2016 for registration.

On behalf of the Board

Ren Wen
Chairlady and Executive Director
Hong Kong, March 31, 2016

Directors, Senior Management and Employees

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

EXECUTIVE DIRECTORS

Ms. Ren Wen (任文), aged 40, is the founder of the Group. She founded Beijing Wisdom Media in 2007, and led the Company to its listing on the Main Board of the Stock Exchange in July 2013. Ms. Ren was appointed as the deputy chairlady of Chinese Sports Culture Promotion Federation (中國體育文化促進會) in 2014. 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 40, 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.

After the establishment of Beijing Wisdom Media, Mr. Sheng served as general executive manager from January 2007 to September 2009. Mr. Sheng has over 13 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 37, 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 Beijing Wisdom Media from January 2007 to September 2009. Mr. Zhang has over 12 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. As of the date of this annual report, Mr. Zhang Han acted as a director of subsidiaries of the Company, including Tianjin Wisdom Advertising Co., Ltd., Tianjin Wisdom Huafu Advertising Co., Ltd., Jiangxi Wisdom Advertising Co., Ltd., Xinjiang Wisdom Advertising Co., Ltd. and Guangzhou Huafu Culture Co., Ltd.. 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 51, was appointed an executive Director on May 16, 2014 and appointed as the senior vice president of the Company on April 7, 2016. Before that, he was appointed as the vice president on December 16, 2013, and acted as the president of the Company from March 24, 2015 to April 7, 2016. He is mainly responsible for the management of Wisdom Sports. Dr. Shen has more than 22 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). As of the date of this annual report, Dr. Shen Wei acted as a director of subsidiaries of the Company, including Beijing Wisdom Dongren Sports Entertainment Co., Ltd., Beijing Widsom Huaxiang Advertising Co., Ltd. and Jiangxi Wisdom Sports Culture Co., Ltd. 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 62, is currently the principal partner of Qianhai FOF (Fund of Fund), chairman of Qianhai Fangzhou Asset Management Co., Ltd., consultant of the People's Government of Guangdong Province, president of Venture Capital Committee of Asset Management Association of China (中國證券投資基金業協會創業投資基金專業委員會), director of China Scientific and Technological Achievements Guiding Fund (國家科技成果轉化引導基金理事會), president of Shenzhen Venture Capital Association (深圳市創業投資同業公會), president of Shenzhen Private Equity Association, president of ShenZhen Electronic Commerce Association, specialist of Shenzhen Scientists and Technologists Committee, distinguished professor of Institute of Capital Market and guest professor of Peking University, Sun Yat-sen University and Huazhong University of Science and Technology. Mr. Jing was delegated to attend advanced courses at the head office of Morgan Stanley in New York and obtained the diploma accordingly. He has approximately 40 years of experience in business management, investment and financing and corporate operation in capital market. 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 40, 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 of the investment banking division from January 2007 to January 2009, 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 48, was appointed an independent non-executive Director on June 14, 2013. Mr. Wei is currently a managing partner of a corporate finance advisory firm. Mr. Wei has served as an independent nonexecutive 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 53, 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 70, was appointed an independent non-executive Director on 14 June 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 vice president 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, president 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 and vice chairman. 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 and vice chairman. For Mr. Zhang's biography, please refer to the subsection headed "Executive Directors" above.

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

Ms. Kang Xin (康鑫), aged 42, joined the Group in January 2016 and was appointed as a vice president and chief operating officer of the Company in January 2016. Ms. Kang has over 20 years' working experience in large state-owned enterprises and joint ventures. She acted as a secretary to the board of directors of a company listed on the Stock Exchange and a deputy general manager of an A+H dual-listed company. She has extensive experience in corporate management, large project operation, capital operation, cross-border cooperation and compliance management of listed companies. Ms. Kang obtained her bachelor's degree in law from Peking University in 1997, and her master's degree in law from University of California, Berkeley in 2009.

Mr. Li Ji (李驥), aged 48, joined the Group in January 2016 and was appointed as a vice president of the Company in January 2016. Before joining the Group, Mr. Li was the chairman of the board of directors of Zhongnong Kechuang Investment Co., Ltd. (中農科創投資股份有限公司) from October 2009 to joining the Group, and the chairman of the board of directors of Zhongnong Kechuang Asset Management Co., Ltd. (中農科創資產管理有限公司) from March 2013 to the end of year 2015. Before that, he served as the president of Yinchuan National Economic and Technical Development Zone Holding Investment Co., Ltd. (銀川經濟技術開發區投資控股有限公司) from November 2001 to October 2009 and also the general manager of Shanghai Ningxia Investment Development Co., Ltd. (上海寧夏投資發展有限公司) from May 2003 to October 2008. Prior to that, Mr. Li had been the general manager of the Hainan head office of GF Securities Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000776 and on the Stock Exchange, stock code: 1776) from February 1993 to October 2001. Mr. Li obtained a bachelor's degree in law from Peking University in August 1989.

Mr. Song Hongfei (宋鴻飛), aged 45, joined the Group in August 2010 and was appointed as a vice president of the Company in June 2015. Mr. Song successively participated in and led nearly 100 sports competitions of the Group, including China Classic Car Rally, FIM FreeStyle Motocross World Championship, China Dragon Boat Race and Dragon Boat World Cup, Hot Air Balloon Championship, Guangzhou Marathon, Hangzhou Marathon and Season Run. Prior to joining the Group, Mr. Song Hongfei served as the deputy general manager of China Sports Industry Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600158) from March 2000 to July 2010 and participated in the organization of a number of international multi-sport events, including Beijing Olympic Games, East Asian Games, Universiade Shenzhen and Beach Volleyball World Championship. Mr. Song obtained a bachelor's degree from Beijing Sport University in July 1996.

Ms. Huang Dan (黃丹), aged 34, was appointed our chief financial officer on September 18, 2015. She has extensive experience in accounting and financial management. She joined the Group in March 2014. Prior to joining the Group, Ms. Huang worked as a manager of PricewaterhouseCoopers Zhong Tian LLP. Ms. Huang has over 10 years' experience in auditing, advising for listing and financing with a focus on industries including, among others, the media, the internet, hi-tech and entertainment. She obtained a bachelor's degree in management science (majoring in accounting) from Renmin University of China. She is a Certified Public Accountant of the People's Republic of China and she has passed the exam of certified public accountants in the United States.

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 48, 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, 2015, the Group had 242 employees in total. The table below shows a breakdown of the Group's employees by their responsibilities:

	Number of employees
Sales and marketing	62
Content production	7
Sports competitions and events	129
Management and administration	44
Total	242

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, 2015 amounted to RMB52,396,000. 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.

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 and specific 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.

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. As at December 31, 2015, the Company has granted certain share options under the Share Option Scheme. For further details, please refer to the paragraph headed "Share Option Scheme" in this annual report.

羅兵咸永道

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

We have audited the consolidated financial statements of Wisdom Sport Group (the "**Company**") and its subsidiaries set out on pages 63 to 131, which comprise the consolidated balance sheet as at December 31, 2015, 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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pwc

羅兵咸永道

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at December 31, 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 31, 2016

Consolidated Statement of Comprehensive Income

	Note	Year ended December 31, 2015 RMB'000	2014 RMB'000
Revenue	5	**681,429**	804,301
Cost of services	6	**(499,574)**	(430,207)
Gross profit		**181,855**	374,094
Selling and distribution expenses	6	**(81,450)**	(30,826)
General and administrative expenses	6	**(62,280)**	(45,431)
Other income	7	**6,202**	7,291
Other gains, net	8	**22,535**	51,157
Operating profit		**66,862**	356,285
Finance income	10	**10,638**	14,995
Finance costs	10	**(3,036)**	(682)
Finance income, net	10	**7,602**	14,313
Profit before income tax		**74,464**	370,598
Income tax expense	11	**(23,671)**	(92,604)
Profit for the year		**50,793**	277,994
Total comprehensive income for the year		**50,793**	277,994
Attributable to owners of the Company		**50,793**	277,994
Earnings per share attributable to owners of the Company			
Basic earnings per share	12	**RMB0.03**	RMB0.17
Diluted earnings per share	12	**RMB0.03**	RMB0.17

The notes on pages 68 to 131 are an integral part of these consolidated financial statements.

为健康 为快乐

Consolidated Balance Sheet

	Note	As at December 31, 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**10,615**	11,735
Investment property	15	**20,732**	21,992
Intangible assets	16	**4,323**	2,074
Deferred income tax assets	17	**—**	967
Available-for-sale financial assets	19	**30,000**	—
Prepayments	23(a)	**6,000**	—
		71,670	36,768
Current assets			
Capitalized program costs	20	**2,528**	2,013
Trade and notes receivables	21	**334,871**	310,725
Other receivables	22	**112,265**	127,303
Prepayments	23	**110,107**	99,355
Financial assets at fair value through profit or loss	24	**6,563**	155,233
Cash and cash equivalents	25	**522,259**	598,486
		1,088,593	1,293,115
Total assets		**1,160,263**	1,329,883
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	26	**2,479**	2,479
Share premium	26	**337,352**	486,993
Reserves	27	**123,802**	121,813
Retained earnings		**638,536**	587,935
Total equity		**1,102,169**	1,199,220

为健康 为快乐

	Note	As at December 31, 2015 RMB'000	2014 RMB'000
Liabilities			
Current liabilities			
Trade payables	29	**33,932**	14,565
Other payables	30	**14,375**	13,111
Advance from customers		**8,718**	16,584
Tax payables	31	**1,069**	86,403
		58,094	130,663
Total liabilities		**58,094**	130,663
Total equity and liabilities		**1,160,263**	1,329,883

The notes on pages 68 to 131 are an integral part of these consolidated financial statements.

The financial statements on pages 63 to 131 were approved by the Board of Directors on March 31, 2016 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, 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
Liquidation of a subsidiary		–	–	(250)	250	–
Share-based payments	28	–	–	539	–	539
Statutory reserves appropriation	27	–	–	4,457	(4,457)	–
Dividends relating to 2013 paid in June, 2014	32	–	(149,641)	–	–	(149,641)
Balance at December 31, 2014		2,479	486,993	121,813	587,935	1,199,220
Balance at January 1, 2015		**2,479**	**486,993**	**121,813**	**587,935**	**1,199,220**
Profit for the year		**–**	**–**	**–**	**50,793**	**50,793**
Total comprehensive income		**–**	**–**	**–**	**50,793**	**50,793**
Share-based payments	28	**–**	**–**	**1,797**	**–**	**1,797**
Statutory reserves appropriation	27	**–**	**–**	**192**	**(192)**	**–**
Dividends relating to 2014 paid in June, 2015	32	**–**	**(149,641)**	**–**	**–**	**(149,641)**
Balance at December 31, 2015		**2,479**	**337,352**	**123,802**	**638,536**	**1,102,169**

The notes on pages 68 to 131 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended December 31, 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	33	50,467	146,975
Income tax paid		(99,192)	(81,395)
Net cash (used in)/generated from operating activities		(48,725)	65,580
Cash flows from investing activities			
Acquisition of a subsidiary	13	(1,650)	—
Purchases of property, plant and equipment	14	(3,323)	(4,189)
Proceeds from disposal of property, plant and equipment	14	200	—
Purchases of intangible assets	16	(1,180)	(200)
Purchases of available-for-sale financial assets	19	(30,000)	—
Proceeds from disposal/(Purchases) of financial assets at fair value through profit or loss	24	150,000	(150,000)
Purchases of other financial assets		(690,000)	(300,000)
Proceeds from disposal of other financial assets		695,924	305,626
Prepayment of investment	23	(6,000)	—
Interest received		10,679	14,440
Net cash generated from/(used in) investing activities		124,650	(134,323)
Cash flows from financing activities			
IPO expenses paid		—	(3,630)
Dividend paid to owners		(152,440)	(149,641)
Net cash used in financing activities		(152,440)	(153,271)
Net decrease in cash and cash equivalents		(76,515)	(222,014)
Cash and cash equivalents at beginning of year		598,486	819,933
Exchange gains on cash and cash equivalents		288	567
Cash and cash equivalents at end of year		522,259	598,486

The notes on pages 68 to 131 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Wisdom Sports 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 Renminbi ("**RMB**"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on March 31, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of presentation

The consolidated financial statements of Wisdom Sports Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets at fair value through profit or loss, which are carried at fair value.

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 (北京維世德文化有限公司) ("**Wisdom Culture**") entered into a series of contractual arrangements with Beijing Wisdom Media Holding Co., Limited (北京智美傳媒股份有限公司) ("**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) Amended standard and annual improvements adopted by the Group

The following amendment to standard or annual improvements have been adopted by the Group for the first time for the financial year beginning on or after January 1, 2015:

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contribution
Annual Improvements 2012	Annual Improvements 2010–2012 cycle
Annual Improvements 2013	Annual Improvements 2011–2013 cycle

The adoption of the above mentioned amendment to standard and annual improvements did not result in any significant changes to the Group's accounting policies and presentation of the consolidated financial statements.

(ii) 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 during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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 and amended standards and annual improvements not yet adopted by the Group

A number of new standards, amendments to existing standards and annual improvements, which may be applicable to the Group, are effective for annual periods beginning after January 1, 2015 and have not been applied in preparing these consolidated financial statements. The Group has already commenced an assessment of the impact of the below new and amended standards and annual improvements and is not yet in a position to state what impact they would have on the Group.

HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations[1]
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortization[1]
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture[2]
HKAS 27 (Amendment)	Equity method in separate financial statements[1]
Annual improvements 2014	Annual improvements in 2012–2014 cycle[1]
HKFRS 10 and HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception[1]
HKAS 1 (Amendment)	Disclosure initiative[1]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 9	Financial Instruments[3]

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

2 The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

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

There are no other HKFRS or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 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 deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. 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 HKAS 39 in profit or loss. 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 transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. 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.

2.4 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 RMB, which is the Company's functional currency and the Group's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances

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

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2.5 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment (continued)

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

— Buildings	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.

2.6 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets

(a) Operating Rights

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.

(b) Computer software

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.

(c) Brand

Brand acquired in a business combination are recognized at fair value at the acquisition date. Brand has a finite useful life and is carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of brand over its estimated useful life of 10 years.

(d) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2.9 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 2.12 and 2.14).

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial assets (continued)

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.

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 consolidated 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 consolidated 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 'Other gains, net'.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 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.

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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Impairment of financial assets (continued)

(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.

2.11 Captialized 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.

2.12 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Prepayments

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 service is received. Prepayments to other suppliers are recognized as expenses when the related service has been performed.

2.14 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.

2.15 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.

2.16 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Current and deferred income tax

The tax expense for the period is comprised of current and deferred income 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 liabilities are not recognized if they arise from the initial recognition of goodwill, 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)

2.17 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 income 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.

2.18 Employee benefits

(a) Pension Obligation

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Employee benefits

(b) ***Housing funds***

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.

(c) ***Bonus entitlement***

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Share-based payments

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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Share-based payments (continued)

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.

2.20 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, rebates and discounts, and after eliminating sales within the Group. For the years ended December 31, 2015, sales-related tax and surcharges amounted to RMB5,705,000 (2014:RMB10,854,000).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

(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.

For barter transactions in which physical goods are received in exchange for the advertising services provided in the events, the Group recognizes revenue at fair value of goods received.

For barter transactions in which online and media advertising are received in exchange for dissimilar advertising services provided in the events, the Group recognizes revenue at fair value only if the fair value of the advertising services surrendered in the transaction is measured reliably based on the Group's own historical transaction of receiving cash and cash equivalents for similar advertising from independent third parties.

The Group does not recognize revenue derived from barter transactions involved advertising services if the fair value of the advertising service provided in the barter transactions cannot be measured reliably by reference to the Group's own historical non-barter transactions mentioned above.

(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.

Program production and related services

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition (continued)

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

Advertising services

Advertising revenue derived from advertising service fees related to arranging broadcast of the customers' advertisement during selected media suppliers' television programs are recognized net of rebates, ratably over the period when advertisements are broadcasted.

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.

2.21 Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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.

2.23 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.

2.24 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.

2.25 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.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(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, which are the investment in HuaAn Fund, whose portfolio investments are traded in secondary market. The Group is not exposed to commodity price risk.

The table below summarises the impact of increases/decreases of the fair value of financial assets at fair value through profit or loss on the Group's post-tax profit for the year. 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	
	2015	2014
	RMB'000	RMB'000
Change in fair value	**246**	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, 2015, interest rates of demand deposit held in banks was fixed at 0.35% (2014: 0.35%), interest rates for 7-day term deposits was ranged from 1.1% to 1.35% (2014: 0.88% to 1.9%), and interest rates for 100-day (3-month) term deposits was ranged from 1.1% to 1.5% (2014: 3.00% to 3.30%). Management considers that interest-rate risk exposure of the Group is insignificant and no sensitivity analysis is presented thereon.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(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, 2015, 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 62.4% (2014: 56.8%) of total cash in bank. The remaining deposits were placed in regional commercial banks. Management does not expect any losses arising from non-performance by any of the banks with which it has deposits.

Trade receivables are comprised of unpaid service fees from customers. Notes receivables are comprised of bank acceptance notes received from customers to settle trade receivables. These notes generally mature within 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.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

***(b) Credit risk** (continued)*

Other receivables consist of government grant receivables, deposit with media companies and event organization companies, advance to employees and lease and other deposits, etc. Government grant is recognized when there is a reasonable assurance that the grant will be received, and the amount of government grant receivables comprised of 32.4% (2014: 49.0%) of other receivables as at December 31, 2015. Deposit with media companies and event organization companies, whom are all reputable and creditworthy counterparties, comprised of 55.8% (2014: 39.1%) of other receivables as at December 31, 2015. 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.

The tables below analyze the Group's financial liabilities by relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturing date. The amount disclosed in the table are the contractual undiscounted cash flow:

	Less than 1 year RMB'000
At December 31, 2015	
Trade payables	**33,932**
Other payables, excluding salary and welfare payables	**8,031**
At December 31, 2014	
Trade payables	14,565
Other payables, excluding salary and welfare payables	9,011

3. FINANCIAL RISK MANAGEMENT (continued)

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, 2015, the Group's debt-to-equity ratio was nil as the Group did not have any borrowings (2014: nil).

Management consider that the Group's capital risk is minimal as the Group had cash and cash equivalents of approximately RMB522,259,000 (2014: RMB598,486,000) as at December 31, 2015. The Group had no outstanding bank loans, overdrafts or other borrowings as at December 31, 2015 (2014: nil).

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at December 31, 2015 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).

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3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At December 31, 2015				
Assets				
Financial assets at fair value through profit or loss (Note 24)	**–**	**6,563**	**–**	**6,563**
Available-for-sale financial assets (Note 19)	**–**	**–**	**30,000**	**30,000**
At December 31, 2014				
Assets				
Financial assets at fair value through profit or loss (Note 24)	–	155,233	–	155,233

(a) 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.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Financial instrument included in level 2 mainly include the Group's investment in HuaAn Fund (Note 24) whose portfolio investments are primarily traded in secondary market.

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended December 31, 2015.

	2015 **RMB'000**	2014 RMB'000
Opening balance	**–**	–
Additions in Wisdom Hongtu Fund	**30,000**	–
Closing balance	**30,000**	–

There is no financial instruments in Level 3 as at December 31, 2014.

Specific valuation techniques used to value financial instruments in level 3 include:

- Quoted market prices, or dealer quotes for similar instruments.
- Other techniques such as discounted cash flow analysis are used to determine fair value of the remaining financial instruments.

As at December 31, 2015, Beijing Wisdom Media has entered into a Limited Partnership Agreement with Shenzhen Capital Group Co., Ltd (深圳市創新投資集團有限公司) ("**SCG**") and Hongtu Jingshan Investment Management Advisory(Beijing) Company Limited (紅土景山投資管理顧問 (北京) 有限公司) ("**Hongtu Jingshan**"), and has invested RMB30,000,000 into Wisdom Hongtu Cultural Investment Management Center (Limited Partnership) (北京智美紅土文化投資管理中心(有限合夥)), an investment fund in sports and cultural business, hereafter referred to as "**Wisdom Hongtu Fund**" or "**the Fund**". Since the Fund is at early stage of operations as at December 31, 2015, the level 3 fair value of this investment approximated the value of the cash contribution made.

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

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 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.

4.2 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. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

4.3 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.

4.4 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 2.20(b)). These indicators are subjective in nature and require judgment from management.

5. REVENUE AND SEGMENT INFORMATION

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

5. REVENUE AND SEGMENT INFORMATION (continued)

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended December 31, 2015 is as follows:

	Wisdom Events RMB'000	Wisdom Program & Branding RMB'000	Headquarters (Unallocated) RMB'000	Total RMB'000
Revenue	345,275	336,154	—	681,429
Cost of services	(179,472)	(320,102)	—	(499,574)
— Depreciation and amortization	(3,011)	(210)	—	(3,221)
Gross profit	165,803	16,052	—	181,855
Selling and distribution expenses			(81,450)	(81,450)
General and administrative expenses			(62,280)	(62,280)
Other income			6,202	6,202
Other gains, net			22,535	22,535
Finance income			10,638	10,638
Finance costs			(3,036)	(3,036)
Income tax expense			(23,671)	(23,671)
Profit for the year				50,793

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 expense			(92,604)	(92,604)
Profit for the year				277,994

5. REVENUE AND SEGMENT INFORMATION (continued)

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

No geographical segment information is presented as all the sales and operating 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, 2015, no individual revenue from one customer represent over 10% of the Group's total revenue (2014: nil).

6. EXPENSES BY NATURE

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Event organization and related costs	**152,808**	96,866
Advertising time slots, program production and related costs	**317,466**	321,166
Promotion related expenses	**57,627**	5,040
Employee benefit expenses (Note 9)	**52,396**	36,342
Operating lease rentals	**12,918**	11,189
General office expenses	**8,014**	9,704
Travelling expenses	**6,956**	6,144
Depreciation and amortization (Note 14,15 and 16)	**6,079**	6,541
Provisions for impairment of other receivables (Note 22)	**4,100**	—
Entertainment expenses	**1,067**	979
Professional fees	**14,473**	5,293
Auditors' remuneration — audit services	**4,000**	3,600
Auditors' remuneration — non-audit services	**5,400**	3,600
	643,304	506,464

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7. OTHER INCOME

	Year ended December 31, 2015 RMB'000	2014 RMB'000
Investment income from other financial assets (Note a)	5,924	5,626
Rental income from investment property	278	1,665
	6,202	7,291

(a) 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 banks. The investments are denominated in RMB and with maturity periods within three months. The balance of other financial assets as at December 31, 2015 is nil.

8. OTHER GAINS, NET

	Year ended December 31, 2015 RMB'000	2014 RMB'000
Financial assets at fair value through profit or loss		
— fair value gains (Note 24)	1,330	5,233
Government grants (Note a)	20,601	46,036
Others	604	(112)
	22,535	51,157

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

9. EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	**39,241**	27,615
Social welfare	**9,954**	6,417
Other staff welfare	**1,404**	1,771
Share-based payments (Note 28)	**1,797**	539
	52,396	36,342

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four directors (2014: three) whose emoluments are reflected in the analysis shown in Note 39. The emoluments of the remaining one (2014: two) individual during the year are as follows:

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	**922**	1,995
Social welfare	**92**	140
Share-based payments	**187**	—
	1,201	2,135

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands (in HK dollar)		
Nil to HKD1,000,000	**—**	—
HKD1,000,000 to HKD2,000,000	**1**	2
	1	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.

There were no discretionary bonuses or employer's contribution to benefit scheme for year ended December 31, 2015. (2014: nil).

10. FINANCE INCOME, NET

	Year ended December 31, 2015 RMB'000	2014 RMB'000
Finance income:		
— Interest income on short-term bank deposits	**10,638**	14,995
Finance costs:		
— Bank charges	**(38)**	(55)
— Exchange losses	**(2,998)**	(627)
	(3,036)	(682)
Finance income, net	**7,602**	14,313

11. INCOME TAX EXPENSE

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

	Year ended December 31, 2015 RMB'000	2014 RMB'000
Current income tax	**22,704**	92,669
Deferred income tax (Note 17)	**967**	(65)
	23,671	92,604

(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 for the year ended December 31, 2015 (2014: nil). The applicable Hong Kong profit tax rate is 16.5% for the year ended December 31, 2015 (2014: 16.5%).

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

CIT is provided on the assessable profits 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 EXPENSE (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the PRC corporate income tax rate as follows:

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Profit before tax	**74,464**	370,598
Tax calculated at PRC corporate tax rates of 25% (2014: 25%)	**18,616**	92,650
Tax effects of:		
— Expenses not deductible for tax purposes	**1,209**	99
— Effect of different applicable tax rates for certain subsidiaries	**2,584**	(697)
— Tax losses for which no deferred income tax asset was recognized	**1,262**	552
Income tax expense	**23,671**	92,604

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the year ended December 31, 2015 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,	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**50,793**	277,994
Weighted average numbers of ordinary shares in issue (thousands)	**1,609,045**	1,609,045
Basic and diluted earnings per share	**RMB0.03**	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's dilutive potential ordinary shares comprise shares to be issued under its share options. For share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share option. As there were no dilutive potential ordinary shares outstanding for the year ended December 31, 2015, the diluted earnings per share for the year is equal to basic earnings per share.

13. SUBSIDIARIES

As at December 31, 2015, 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 2015	Attributable equity interest 2014	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%	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%	100%	Event organization and related services/ Hong Kong
Beijing Wisdom Culture Co., Ltd (Note (ii))	PRC July 6, 2012 Limited liability company	US$500,000	100%	100%	Investment holding/ PRC
Wisdom Events Operation and Management (Zhejiang) Co., Ltd (Note (ii))	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 (i)) (Note (ii))	PRC December 26, 2006 Limited liability company	RMB60,000,000	100%	100%	Program production and related services/PRC
Zhejiang Wisdom Sports Culture Co., Ltd (Note (ii))	PRC August 3, 2012 Limited liability company	RMB10,000,000	100%	100%	Event organization and related services/PRC

13. SUBSIDIARIES (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		Principal activities/ Place of operation
			2015	2014	
Zhejiang Wisdom Car Culture Advertising Co., Ltd. (Note (ii))	PRC August 3, 2012 Limited liability company	RMB10,000,000	100%	100%	Advertising and related services/ PRC
Zhejiang Wisdom Advertising Co., Ltd (Note (ii))	PRC April 3, 2013 Limited liability company	RMB10,000,000	100%	100%	Advertising and related services/ PRC
Hangzhou Wisdom Huafu Advertising Co., Ltd (Note (ii))	PRC February 24, 2014 Limited liability company	RMB5,000,000	100%	100%	Advertising and related services/ PRC
Beijing Widsom Huaxiang Advertising Co., Ltd (Note (ii))	PRC February 28, 2014 Limited liability company	RMB3,000,000	100%	100%	Advertising and related services/ PRC
Beijing Wisdom Dongren Sports Entertainment Co., Ltd (Note (ii))	PRC February 28, 2014 Limited liability company	RMB3,000,000	100%	100%	Event organization and related services/PRC
Tianjin Wisdom Huafu Advertising Co.,Ltd (Note (ii))	PRC March 13, 2014 Limited liability company	RMB3,000,000	100%	100%	Advertising and related services/ PRC
Tianjin Wisdom Season Run Co.,Ltd (Note (ii))	PRC March 17, 2014 Limited liability company	RMB3,000,000	100%	100%	Event organization and related services/PRC
Jiangxi Wisdom Sports Culture Co., Ltd (Note (ii))	PRC March 24, 2014 Limited liability company	RMB3,000,000	100%	100%	Event organization and related services/PRC
Tianjin Wisdom Advertising Co., Ltd (Note (ii))	PRC July 8, 2014 Limited liability company	RMB3,000,000	100%	100%	Advertising and related services/ PRC

13. SUBSIDIARIES (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 2015	Attributable equity interest 2014	Principal activities/ Place of operation
Beijing Dongle Travel Agency Co.,Ltd (Note (ii))	PRC February 25, 2015 Limited liability company	RMB300,000	100%	–	Event organization and related services/PRC
Beijing Dongle Sports Service Co., Ltd (Note (ii))	PRC May 28, 2015 Limited liability company	RMB3,000,000	100%	–	Event organization and related services/PRC
Xinjiang Wisdom Sports Culture Co., Ltd (Note (ii))	PRC August 31, 2015 Limited liability company	RMB5,000,000	100%	–	Event organization and related services/PRC
Jiangxi Wisdom Advertising Co., Ltd (Note (ii))	PRC October 23, 2015 Limited liability company	RMB3,000,000	100%	–	Advertising and related services/ PRC
Xinjiang Wisdom Advertising Co., Ltd (Note (ii))	PRC October 26, 2015 Limited liability company	RMB5,000,000	100%	–	Advertising and related services/ PRC
Beijing Wisdom Shengyuan Sports Culture Co., Ltd (Note (ii))	PRC December 3, 2015 Limited liability company	RMB1,000,000	100%	–	Event organization and related services/PRC
Beijing Wisdom Sports Culture Co., Ltd (Note (ii))	PRC December 4, 2015 Limited liability company	RMB1,000,000	100%	–	Event organization and related services/PRC
Guangzhou Huafu Culture Co.,Ltd (Note (ii))	PRC December 14, 2015 Limited liability company	RMB5,000,000	100%	–	Advertising and related services/ PRC

13. SUBSIDIARIES (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 2015	Attributable equity interest 2014	Principal activities/ Place of operation
Subsidiaries of Beijing Wisdom Media Holding Co., Limited:					
Beijing Car Culture Advertising Co., Ltd (Note (i)) (Note (ii))	PRC August 25, 2010 Limited liability company	RMB5,000,000	**100%**	100%	Advertising and related services/ PRC
Beijing Xinchuang Branding Co., Ltd. (Note (i)) (Note (ii))	PRC January 25, 2011 Limited liability company	RMB1,000,000	**100%**	100%	Advertising and related services/ PRC
Beijing Wisdom Films Culture Media Co., Ltd. (Note (i)) (Note(ii))	PRC Feburary 28, 2014 Limited liability company	RMB3,000,000	**100%**	100%	Advertising and related services/ PRC
Beijing Kuawei Lianzhong Sports Development Company Limited (Note (i)) (Note(ii)) (Note (iii))	PRC April 18, 2011 Limited liability company	RMB300,000	**100%**	–	Event organization and related services/PRC

Notes:

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

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

(iii) 100% equity interest of Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司) ("**Kuawei Lianzhong**") was acquired by Beijing Wisdom Media in May 2015 at a cash consideration of RMB1,650,000. On the acquisition date, the fair value of identifiable net assets of Kuawei Lianzhong was RMB1,545,000. The excess of the consideration over the fair value of the identifiable net assets of Kuawei Lianzhong is recorded as goodwill (Note 16). The identifiable net assets included brand of RMB1,540,000 and other current assets of RMB5,000.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold Improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At January 1, 2014					
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
Depreciation charge	(524)	(1,056)	(2,553)	(1,272)	(5,405)
Transfer to investment property (Note 15)	(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
Year ended December 31, 2015					
Opening net carrying amount	**–**	**3,340**	**3,660**	**4,735**	**11,735**
Additions	**–**	**–**	**1,259**	**2,064**	**3,323**
Disposals	**–**	**–**	**–**	**(200)**	**(200)**
Depreciation charge	**–**	**(1,216)**	**(1,766)**	**(1,261)**	**(4,243)**
Closing net carrying amount	**–**	**2,124**	**3,153**	**5,338**	**10,615**
At December 31, 2015					
Cost	**–**	**5,926**	**14,628**	**10,148**	**30,702**
Accumulated depreciation	**–**	**(3,802)**	**(11,475)**	**(4,810)**	**(20,087)**
Net carrying amount	**–**	**2,124**	**3,153**	**5,338**	**10,615**

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expenses charged to the consolidated statement of comprehensive income for the year ended December 31, 2015 amounted to RMB4,243,000 (2014: RMB5,405,000) as follows:

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Cost of services	**1,711**	2,042
General and administrative expenses	**1,383**	1,852
Selling and distribution expenses	**1,149**	1,511
	4,243	5,405

Lease rentals amounting to RMB12,918,000 for the year ended December 31, 2015 (2014: RMB11,189,000) related to the lease of property were included in the consolidated statement of comprehensive income (Note 6).

There was no property, plant and equipment of the Group pledged as security for bank borrowing as at December 31, 2015 (2014: nil).

15. INVESTMENT PROPERTY

	Year ended December 31, 2015 RMB'000	2014 RMB'000
Opening net carrying amount	21,992	—
Transfer from owner-occupied property	—	22,726
Depreciation charge	(1,260)	(734)
Closing net carrying amount	20,732	21,992
Cost	28,283	28,283
Accumulated depreciation	(7,551)	(6,291)
Net carrying amount	20,732	21,992

Depreciation expenses charged to the consolidated statements of comprehensive income in 'Cost of Services' amounted to RMB1,260,000 (2014: RMB734,000).

As at December 31, 2015, the Group had no un-provided contractual obligations for future repairs and maintenance (2014: nil).

An valuation of the Group's investment properties was performed to determine the fair value of the investment properties as at December 31, 2015, amounted to RMB38,698,000. The valuation was determined using the sale comparison approach (level 2 fair value). Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square meter.

16. INTANGIBLE ASSETS

	Operating Right RMB'000	Software and others RMB'000	Brand RMB'000	Goodwill RMB'000	Total RMB'000
At January 1, 2014					
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
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
Year ended December 31, 2015					
Opening net carrying amount	**1,750**	**324**	**–**	**–**	**2,074**
Acquisition of a subsidiary	**–**	**–**	**1,540**	**105**	**1,645**
Additions	**–**	**1,180**	**–**	**–**	**1,180**
Amortization charge	**(250)**	**(223)**	**(103)**	**–**	**(576)**
Closing net carrying amount	**1,500**	**1,281**	**1,437**	**105**	**4,323**
At December 31, 2015					
Cost	**2,500**	**1,998**	**1,540**	**105**	**6,143**
Accumulated amortization	**(1,000)**	**(717)**	**(103)**	**–**	**(1,820)**
Net carrying amount	**1,500**	**1,281**	**1,437**	**105**	**4,323**

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.

Brand and Goodwill were recognized in the acquisition of Kuawei Lianzhong in May 2015 (Note 13(iii)).

16. INTANGIBLE ASSETS (continued)

Amortization expenses charged to the consolidated statement of comprehensive income for the year ended December 31, 2015 amounted to RMB576,000 (2014: RMB402,000) as follows:

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Cost of services	**250**	250
General and administrative expenses	**326**	152
	576	402

17. DEFERRED INCOME TAX ASSETS

The analysis of deferred income tax assets is as follow:

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Deferred income tax assets:		
— Deferred income tax assets to be recovered within 12 months	**—**	967
	—	967

17. DEFERRED INCOME TAX ASSETS (continued)

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

	Accrual for employee payroll RMB'000
At January 1, 2014	906
Credited to the consolidated statement of comprehensive income (Note 11)	65
Liquidation of a subsidiary	(4)
At January 1, 2015	**967**
Charged to the consolidated statement of comprehensive income (Note 11)	**(967)**
At December 31, 2015	**–**

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, 2015, the Group did not recognize deferred income tax assets of RMB2,011,000 (2014: RMB749,000) in respect of losses amounting to RMB12,109,000 (2014: RMB4,501,000) that can be carried forward against future taxable income. As at December 31, 2015, losses amounting to RMB15,000 (2014: RMB15,000), RMB50,000 (2014: RMB50,000), RMB12,000 (2014: RMB12,000) and RMB75,000 (2014: nil) will expire in 2017, 2018, 2019 and 2020 respectively. Losses amounting to RMB11,957,000 (2014: RMB4,424,000) will be carried forward indefinitely.

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.

During the year ended December 31, 2015, the Group decided not to distribute and permanently reinvest the retained earnings as at December 31, 2015 of the PRC subsidiaries. Therefore, deferred income tax liabilities of RMB64,856,000 (2014: RMB58,262,000) in respect of retained earnings of RMB648,560,000 (2014: RMB582,616,000) have not been recognized.

18. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables RMB'000	Assets at fair value through the profit or loss RMB'000	Available-for-sale RMB'000	Total RMB'000
December 31, 2015				
Assets as per balance sheet				
Available-for-sale financial assets (Note 19)	—	—	30,000	30,000
Trade and notes receivables	334,871	—	—	334,871
Other receivables	112,265	—	—	112,265
Financial assets at fair value through profit or loss (Note 24)	—	6,563	—	6,563
Cash and cash equivalents (Note 25)	522,259	—	—	522,259
Total	969,395	6,563	30,000	1,005,958

	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	41,963	41,963
Total	41,963	41,963

	Loans and receivables RMB'000	Assets at fair value through the profit or loss RMB'000	Total RMB'000
December 31, 2014			
Assets as per balance sheet			
Trade and notes receivables	310,725	—	310,725
Other receivables	127,303	—	127,303
Financial assets at fair value through profit or loss (Note 24)	—	155,233	155,233
Cash and cash equivalents (Note 25)	598,486	—	598,486
Total	1,036,514	155,233	1,191,747

18. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Liabilities as per balance sheet		
Trade and other payables excluding non-financial liabilities	23,576	23,576
Total	23,576	23,576

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 RMB'000	2014 RMB'000
At January 1	**—**	—
Additions	**30,000**	—
At December 31	**30,000**	—

Available-for-sale financial assets include the following:

	As at December 31, 2015 RMB'000	2014 RMB'000
Unlisted securities:		
— Wisdom Hongtu Fund	**30,000**	—
	30,000	—

Available-for-sale financial assets are denominated in the following currencies:

	As at December 31, 2015 RMB'000	2014 RMB'000
RMB	**30,000**	—
	30,000	—

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

In October 2014, Beijing Wisdom Media, a wholly owned subsidiary of the Company, entered into a Limited Partnership Agreement with SCG and Hongtu Jingshan, whereas Beijing Wisdom Media committed to make a capital contribution of RMB75,000,000 for the joint establishment of Wisdom Hongtu Fund with SCG and Hongtu Jingshan. The total committed capital contribution from investors to the Fund is RMB155,000,000. Beijing Wisdom Media is a Limited Partner of the Fund, and has no influence power of the financial and operating decisions of the Fund. The Fund intends to invest in sports culture business, sports culture media and other sectors relating to sports culture, such as the Internet and new media.

As at December 31, 2015, Beijing Wisdom Media had invested RMB30,000,000 into the Fund. The Fund with a total assets of RMB62,000,000 as at December 31, 2015 is an unconsolidated structured entity of the Group. The Group's largest risk exposure on the Fund is the carrying amount of Beijing Wisdom Media's capital contribution in the Fund of RMB30,000,000 as at the balance sheet date. Except for the committed capital contribution, Beijing Wisdom Media has neither obligation nor intention to provide financial support to the Fund.

Beijing Wisdom Media does not hold voting rights of the Fund and does not participate in or influence the financial and operating decisions of the Fund in any ways, thereby Beijing Wisdom Media has no significant influence over the Fund, and accordingly it is recognized as 'available-for-sale financial assets' stated at fair value.

20. CAPITALIZED PROGRAM COSTS

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Completed programs	**2,528**	1,097
Programs in production	**—**	916
	2,528	2,013

21. TRADE AND NOTES RECEIVABLES

	As at December 31, 2015 RMB'000	2014 RMB'000
Trade receivables (a)	**297,489**	301,623
Notes receivables (b)	**37,382**	9,102
	334,871	310,725

The carrying amounts of trade and notes receivables approximate their fair values.

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

	As at December 31, 2015 RMB'000	2014 RMB'000
Within 1 month	**70,467**	109,602
1 to 3 months	**79,792**	131,099
4 to 6 months	**12,982**	18,440
7 to 12 months	**104,493**	24,414
1 to 2 years	**21,063**	18,068
Over 2 years	**8,692**	—
	297,489	301,623

As at December 31, 2015, no trade receivables were impaired. 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.

21. TRADE AND NOTES RECEIVABLES (continued)

As at December 31, 2015, trade receivables of RMB134,248,000 (2014: RMB42,482,000) 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,	
	2015	2014
	RMB'000	RMB'000
Past due 1 to 6 months	**104,493**	24,414
Past due over 6 months	**29,755**	18,068
	134,248	42,482

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

The carrying amounts of trade and notes receivables are all denominated in RMB.

22. OTHER RECEIVABLES

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Government grants receivables (Note 8)	**36,349**	62,399
Deposits with media companies and event organization companies	**66,723**	49,736
Advance to employees	**7,574**	10,736
Lease and other deposits	**3,519**	3,365
Interest receivable	**88**	654
Others	**2,112**	413
Less: Provision for impairment of other receivables	**(4,100)**	—
	112,265	127,303

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

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

As at December 31, 2015, other receivables of RMB4,100,000 (2014: nil) were impaired. The individually impaired receivables mainly related to one customer, which is in difficult financial situation. It was assessed that the receivables is not expected to be recovered.

22. OTHER RECEIVABLES (continued)

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

	As at December 31, 2015 RMB'000	2014 RMB'000
Prepayment for media resources	**78,678**	81,692
Prepayment for investment (Note a)	**6,000**	—
Prepayment for sport competition and event organization expenses	**5,317**	9,425
Prepaid lease and property management fees	**3,939**	3,701
Prepayment for income tax	**13,244**	—
Value-added tax credit	**5,049**	—
Others	**3,880**	4,537
	116,107	99,355
Less non-current portion: prepayment for investment	**(6,000)**	—
Current portion	**110,107**	99,355

The carrying amounts of the prepayments are all denominated in RMB.

Note:

(a) On June 23, 2015, Beijing Wisdom Media entered into a capital increase framework contract with Nie Xuezhen, Kong Fei, Gu Shufeng and Zhang Xiaodong, who are the original shareholders of CoolplayClub (北京酷玩部落科技有限公司), an unlisted corporation, whereas Beijing Wisdom Media will make capital contribution into CoolplayClub. As at December 31, 2015, Beijing Wisdom Media made the full payment of RMB6,000,000 to acquire 7.5% of the shares of CoolplayClub.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31, 2015 RMB'000	2014 RMB'000
Investment in HuaAn Fund	**6,563**	155,233

The above financial assets are the investments in HuaAn Fund, whose portfolio investments are traded in secondary market.

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.

25. CASH AND CASH EQUIVALENTS

	As at December 31, 2015 RMB'000	2014 RMB'000
Cash on hand	**194**	374
Cash in bank	**522,065**	598,112
Cash and cash equivalents	**522,259**	598,486

Cash and cash equivalents are denominated in the following currencies:

	As at December 31, 2015 RMB'000	2014 RMB'000
— RMB	**517,967**	592,620
— HKD	**1,073**	2,809
— USD	**3,219**	3,057
	522,259	598,486

26. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares (thousands)	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued and fully paid:				
At January 1, 2014	1,609,045	2,479	636,634	639,113
Dividends relating to 2013 and paid in June 2014 (Note 32) (Note a)	—	—	(149,641)	(149,641)
At December 31, 2014	1,609,045	2,479	486,993	489,472
Dividends relating to 2014 and paid in June 2015 (Note 32) (Note a)	**—**	**—**	**(149,641)**	**(149,641)**
At December 31, 2015	**1,609,045**	**2,479**	**337,352**	**339,831**

Note:

(a) 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.

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27. RESERVES

	Statutory reserves (Note a) RMB'000	Other reserves RMB'000	Share-based Payments reserves RMB'000	Total RMB'000
At January 1, 2014	34,915	82,152	—	117,067
Statutory reserves appropriation	4,457	—	—	4,457
Liquidation of a subsidiary	—	(250)	—	(250)
Share-based payments (Note 28)	—	—	539	539
At December 31, 2014	39,372	81,902	539	121,813
Statutory reserves appropriation	192	—	—	192
Share-based payments (Note 28)	—	—	1,797	1,797
At December 31, 2015	**39,564**	**81,902**	**2,336**	**123,802**

Note:

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

A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations or to increase the capital of the company. In addition, a company may make contribution to the discretionary surplus reserve using its post-tax profits in addition to the 10% statutory surplus reserves requirement, as mentioned above, by passing a resolution of the board of directors. The Group did not make any appropriation to the discretionary surplus reserve.

28. SHARE-BASED PAYMENTS

Share options to subscribe for a total of 1,210,000 shares of the Company (the "**Option 1**") were granted on May 23, 2014 to employees of the subsidiaries of the Company (the "**Grantees**"). The exercise price of the Option 1 granted is HKD3.92 per share and the closing price of the shares of the Company immediately before the date on which the Option 1 were granted was HKD4.01. 25% of the Option 1 became exercisable on May 23, 2015 and the remaining options will become exercisable on May 23, 2016, May 23, 2017 and May 23, 2018, respectively subject to the satisfaction of the individual performance assessment of the Grantees for the relevant years. The Option 1 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. According to the valuation report issued by the valuer, the total fair value of Option 1 was estimated to be RMB1,705,000.

Share options to subscribe for a total of 2,500,000 shares of the Company (the "**Option 2**") were granted on May 29, 2015 to employees of the subsidiaries of the Company (the "**Grantees**"). The exercise price of the Option 2 granted is HKD8.04 per share and the closing price of the shares of the Company immediately before the date on which the options were granted was HKD7.95. 25% of the Option 2 will become exercisable on each of May 29, 2016, May 29, 2017, May 29, 2018 and May 29, 2019, respectively subject to the satisfaction of the individual performance assessment of the Grantees for the relevant years. The Option 2 are exercisable from the vesting dates mentioned above to May 28, 2025. 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 of the fair value of Option 2 granted by the Company was performed by an international professional valuer. According to the valuation report issued by the valuer, the total fair value of Option 2 was estimated to be RMB6,075,000. The Black-Scholes Option Pricing Model was used in the valuation of the Option 2 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 summarized as below:

	Option 2
Stock price (HKD)	8.00
Exercise price (HKD)	8.04
Expected holding year	1–4
Risk-free rate per annum	1.26%
Volatility	44.36%-49.41%
Expected dividend yield	—

28. SHARE-BASED PAYMENTS (continued)

The share-based payments expenses recognized in 2015 amounted to RMB1,797,000 (2014: RMB539,000) (Note 9).

For the year ended December 31, 2015, 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, 2015.

	2015 Average exercise price in HKD per share option	2015 Number of share options (thousands)	2014 Average exercise price in HKD per share option	2014 Number of share options (thousands)
At January 1	3.92	1,210	—	—
Granted	8.04	2,500	3.92	1,210
Forfeited Option 1	3.92	(650)	—	—
Forfeited Option 2	8.04	(100)	—	—
At December 31	7.26	2,960	3.92	1,210

Out of the 2,960,000 outstanding options (2014: 1,210,000), 140,000 options (2014: nil) were exercisable.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Expiry date	Exercise price in HKD per share option	Number of share options (thousands) 2015	2014
May 22, 2024	3.92	560	1,210
May 29, 2025	8.04	2,400	—
		2,960	1,210

29. TRADE PAYABLES

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 based on the invoice dates is as follows:

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Within 1 month	**16,957**	12,205
1 to 3 months	**15,984**	24
4 to 6 months	**139**	—
7 to 12 months	**—**	1,871
Over 12 months	**852**	465
	33,932	14,565

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

30. OTHER PAYABLES

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Salary and welfare payables	**6,344**	4,100
Audit service fee	**3,160**	2,800
Non-audit service fee	**1,495**	3,844
Others	**3,376**	2,367
	14,375	13,111

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

31. TAX PAYABLES

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
Business tax	**359**	277
Income tax	**—**	76,488
Other taxes	**710**	9,638
	1,069	86,403

32. DIVIDENDS

The dividend proposed was RMB149,641,000 (2014: 149,641,000) or RMB0.093 per share (2014: RMB0.093 per share) for final dividend in respect of the year ended December 31, 2014. No dividend in respect of the year ended December 31, 2015 is to be proposed at the annual general meeting in 2016.

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Proposed final dividend	**—**	149,641
	—	149,641

33. CASH GENERATED FROM OPERATIONS

	Year ended December 31,	
	2015	2014
	RMB'000	RMB'000
Profit before income tax	**74,464**	370,598
Adjustments for:		
– Finance income, net (Note 10)	**(7,602)**	(14,313)
– Share-based payments (Note 28)	**1,797**	539
– Depreciation (Note 14 and 15)	**5,503**	6,139
– Amortization (Note 16)	**576**	402
– Provision for impairment of other receivables (Note 22)	**4,100**	—
– Fair value gains on financial assets at fair value through profit or loss (Note 8)	**(1,330)**	(5,233)
– Investment income from other financial assets (Note 7)	**(5,924)**	(5,626)
Changes in working capital:		
– (Increase)/Decrease in capitalized program costs (Note 20)	**(515)**	807
– Increase in trade and notes receivables (Note 21)	**(24,146)**	(139,454)
– Increase in prepayments (Note 23)	**(10,747)**	(2,066)
– Decrease/(Increase) in other receivables (Note 22)	**10,372**	(52,955)
– Increase/(Decrease) in trade payables (Note 29)	**19,367**	(11,269)
– Increase in other payables (Note 30)	**1,264**	2,338
– (Decrease)/increase in advance from customers	**(7,866)**	3,788
– Decrease in tax payables other than income tax (Note 31)	**(8,846)**	(6,720)
Cash generated from operations	**50,467**	146,975

34. CONTINGENT LIABILITIES

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

35. COMMITMENTS

(a) Operating lease commitments

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,	
	2015	2014
	RMB'000	RMB'000
No later than 1 year	**9,973**	9,659
Later than 1 year and no later than 5 years	**767**	8,022
Later than five years	**—**	—
	10,740	17,681

(b) Strategic cooperation agreements with sports related organization commitments

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

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

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
No later than 1 year	**14,400**	13,500
Later than 1 year and no later than 5 years	**26,800**	41,200
Later than five years	**—**	—
	41,200	54,700

35. COMMITMENTS (continued)

(c) Investment commitments

Beijing Wisdom Media entered into a Limited Partnership Agreement with SCG and Hongtu Jingshan, and committed to make a capital contribution of RMB75,000,000 for the joint establishment of Wisdom Hongtu Fund with SCG and Hongtu Jingshan. As at December 31, 2015, Beijing Wisdom Media has invested RMB30,000,000 into the Fund (Note 19). The remaining aggregate payments amounted to RMB45,000,000.

36. 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. 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,	
	2015	2014
	RMB'000	RMB'000
Directors' fees	**210**	170
Salaries and allowances	**7,663**	4,633
Social welfare	**507**	428
Share-based payments	**298**	—
	8,678	5,231

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

37. SUBSEQUENT EVENTS

Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理(浙江)有限公司) ("**Wisdom Events Operation**") has entered in to an agreement with Beijing Enbiou Sports Management Co., Ltd. (北京恩彼歐體育管理有限公司) ("**NBL Company**") in March 2016 to acquire 20% of shares in NBL Company and obtain exclusive commercial rights of the 2016-2019 National Basketball League without geographic limitation.

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at December 31,	
	2015	2014
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Amounts due from subsidiaries	**303,594**	295,419
Investments in subsidiaries	**2,336**	539
	305,930	295,958
Current assets		
Other receivables	**201**	874
Prepayment	**423**	501
Financial assets at fair value through profit or loss	**6,563**	155,233
Cash and cash equivalents	**37,113**	54,995
	44,300	211,603
Total assets	**350,230**	507,561
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	**2,479**	2,479
Share premium	**337,352**	486,993
Reserves (Note a)	**2,336**	539
(Accumulated deficit)/Retained earnings (Note a)	**(5,849)**	1,946
Total equity	**336,318**	491,957
Liabilities		
Current liabilities		
Amounts due to subsidiaries	**11,822**	15,020
Other payables	**2,090**	584
Total liabilities	**13,912**	15,604
Total equity and liabilities	**350,230**	507,561

The balance sheet of the Company was approved by the Board of Directors on March 31, 2016 and was signed on its behalf.

Ren Wen	**Sheng Jie**
Director	Director

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(continued)

(a) Reserve movement of the Company

	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At January 1, 2014	—	(2,554)	(2,554)
Profit for the year	—	4,500	4,500
Share-based payments	539	—	539
At December 31, 2014	539	1,946	2,485
At January 1, 2015	**539**	**1,946**	**2,485**
Loss for the year	**—**	**(7,795)**	**(7,795)**
Share-based payments	**1,797**	**—**	**1,797**
At December 31, 2015	**2,336**	**(5,849)**	**(3,513)**

39. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive for the year ended December 31, 2015, is set out below:

Name	Fees RMB'000	Salary RMB'000	Housing allowance RMB'000	Social Welfare RMB'000	Total RMB'000
Ms. Ren Wen (Note (2)) (Note (4))	48	1,300	—	92	1,440
Mr. Sheng Jie	48	949	—	92	1,089
Mr. Zhang Han	48	949	—	92	1,089
Dr. Shen Wei (Note (2))	48	1,044	—	—	1,092
Mr. Hu Xing (Note (1))	18	902	566	—	1,486
Mr. Jin Haitao	—	—	—	—	—
Mr. Xu Jiongwei	48	—	—	—	48
Mr. Wei Kevin Cheng	192	—	—	—	192
Mr. Ip Kwok On Sammy	48	—	—	—	48
Mr. Jin Guoqiang	48	—	—	—	48
Mr. Hu Jianguo (Note (1))	18	—	—	—	18

39. BENEFITS AND INTERESTS OF DIRECTORS (continued)

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

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

Name	Fees RMB'000	Salary RMB'000	Social Welfare RMB'000	Total RMB'000
Ms. Ren Wen (Note (2)) (Note (4))	48	795	83	926
Mr. Sheng Jie	48	743	83	874
Mr. Zhang Han	48	624	83	755
Dr. Shen We (Note (2))	28	872	—	900
Mr. Jin Haitao	—	—	—	—
Mr. Xu Jiongwei	48	—	—	48
Mr. Wang Shihong (Note (3))	20	—	—	20
Mr. Wei Kevin Cheng	190	—	—	190
Mr. Ip Kwok On Sammy	48	—	—	48
Mr. Jin Guoqiang	48	—	—	48

Notes:

(1) Mr. Hu Xing and Mr. Hu Jianguo were appointed on May 14, 2015 and resigned on September 18, 2015.

(2) Dr. Shen Wei was appointed on May 16, 2014 as director and appointed as chief executive on March 24, 2015 instead of Ms. Ren Wen.

(3) Retired on May 16, 2014.

(4) Ms. Ren Wen acted as chief executive as well as director prior to March 25, 2015.

Mr. Jin Haitao waived emoluments of RMB48,000 (equivalent to HK$60,000) for the year ended December 31, 2015 (2014: RMB48,000) and has agreed to waive his future emoluments. Except for Mr. Jin Haitao, no other director waived or has agreed to waive any emoluments.

There were no discretionary bonuses or employer's contribution to benefit scheme for year ended December 31, 2015. (2014: nil).

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

(b) Directors' retirement benefits

During the year ended December 31, 2015, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2014: nil).

39. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(c) Directors' termination benefits

During the year ended December 31, 2015, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2014: nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended December 31, 2015, no consideration was provided to or receivable by third parties for making available director's services (2014: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended December 31, 2015, there were no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors (2014: nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: nil).

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:

Comparison of Key Financial Figures	For the year ended December 31, 2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Revenue	**681,429**	804,301	694,308	557,213	471,391
Cost	**(499,574)**	(430,207)	(351,481)	(340,250)	(326,212)
Gross Profit	**181,855**	374,094	342,827	216,963	145,179
Profit before income tax	**74,464**	370,598	311,229	177,804	114,647
Profit attributable to the owners of the Company	**50,793**	277,994	231,513	131,900	85,608
Total assets	**1,160,263**	1,329,883	1,205,214	370,592	305,999
Total liabilities	**58,094**	130,663	134,886	87,653	107,784