WISDOM

WISDOM SPORTS GROUP
智美體育集團

Stock Code: 1661

(Incorporated in the Cayman Islands with limited liability)

Interim Report **2016**

智其身心
美其体魄

Contents

Corporate Information

EXECUTIVE DIRECTORS

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

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. Song Hongfei

NOMINATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Kang Xin
Ms. Kam Mei Ha Wendy

AUTHORISED REPRESENTATIVES

Dr. Shen Wei
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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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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WEBSITE

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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 unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015.

The financial highlights are as follows:

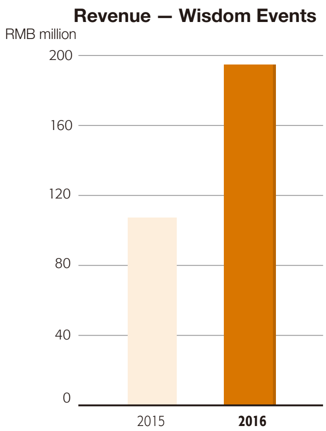
- Revenue from Wisdom Events increased by approximately 81.9% to RMB194.5 million for the six months ended 30 June 2016 from RMB106.9 million for the six months ended 30 June 2015;

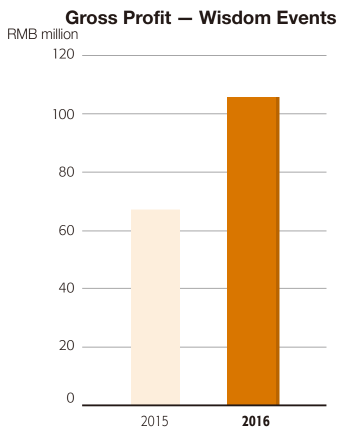
- The gross profit of Wisdom Events increased by approximately 57.7% to RMB105.5 million for the six months ended 30 June 2016 from RMB66.9 million for the six months ended 30 June 2015;

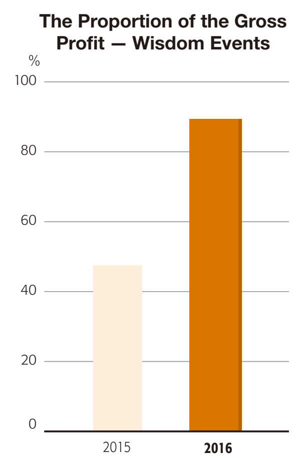
- The proportion of the gross profit from Wisdom Events increased to approximately 89.3% for the six months ended 30 June 2016 from 47.4% for the six months ended 30 June 2015;

- Due to the effect arising from the Group's overall business reorganization, revenue from Wisdom Program & Branding decreased by approximately 83.7% to RMB30.6 million from RMB187.9 million for the six months ended 30 June 2015, resulting in a decrease in the total revenue of the Group by approximately 23.6% to RMB225.1 million from RMB294.8 million for the six months ended 30 June 2015. Net profit decreased by approximately 27.9% to RMB67.1 million from RMB93.1 million for the six months ended 30 June 2015.

- The Board did not propose to declare interim dividend for the six months ended 30 June 2016.







Chairlady's Statement

Dear Shareholders:

Although Wisdom had been questioned by the industry when the 2015 annual report was published half a year ago, Wisdom proved to the industry with its excellent performance. Within half a year, we have successfully completed our industrial enhancement and thus become a true sports industry company instead of merely an event operation company or a company relying on traditional advertisement business as we were in the past.

The second half of last year was a very tough year for Wisdom, during which, we rolled out our overall industrial enhancement and implemented various business plans comprehensively. But at the same time, we encountered great difficulties in our traditional business and were unable to stop the market decline by ourselves. After the hardship and struggle, we decisively discontinued our traditional advertisement business at the beginning of this year, which recorded significant decline and undermined our financial results for 2015.

A company needs to have immense courage in order to carry out the complete transformation and I am always concerned about how to fulfill our obligations to our shareholders, employees, users, clients and everyone who has faith in us. I was told all the time that the burden was too heavy for a chairlady.

I am fearless of even heavier burdens since this is the industry I have chosen and I decide to move on. Taking into account that Wisdom was appreciated by its fans for the Marathons it operated and won the bid of the Shenzhen International Marathon with overwhelming superiority, I saw the recognition by our users and government and a more promising future ahead as well as the huge potential in the sports industry in China. I firmly believe that we will achieve better return with our persistent efforts.

The successful transformation of Wisdom indicates that the market still needs a group of people who love and respect the industry and we are willing to start from the very beginning to contribute to the industry development by all means.

Wisdom has always been a down-to-earth company with low profile and forged ahead step by step since its establishment 13 years ago. When others were still exploring ways to make profit in the sports industry, we showed the world with our action that the sports industry is a blue ocean market full of possibilities.

We have a clearer strategic deployment for the future after being through prosperous growth for over a decade, the dilemma in choosing between obligations and business opportunities in 2015 as well as steady and rapid development in the first half of 2016. "Wisdom in the mind and fitness in the body"(「智其身心，美其體魄」)is not merely our slogan but also our mission.

Ren Wen
Chairlady

Management Discussion and Analysis

GROUP OVERVIEW

As the first publicly-listed sports culture industry-operator in China, the Group is engaged in the business of operating road-races, basketball tournaments, winter-sports etc. and has established strategic cooperation with various provincial and municipal sports authorities. Adhering to the strategic changes last year, the Group strengthened efforts in exploiting platform strategy in 2016, set the goal of connecting human sporting genes to create Wisdom DNA, continued to deepen the layout for its sports industry-chain and intensified cooperation with other industry platforms to utilize its core strengths in the area of population, data and consumption to provide different consumer options for the massive sports-enthusiasts. Centering on population, consumption and data, the Group extended its positioning in the four segments covering event management, sports marketing, sports services, and brand media in the field of sports. In the meantime, the Group accelerated its operating-platform expansion through integrating of excellent talents, high-end technologies and increased business investment. The road-race project platform mainly focused on the organization of marathon events, commercial operations, runner services and audio-visual production. Commencing from this year, the Group started to implement the 2016–2019 marathon industry-wide development strategy and focused on producing world-class IP events, national-level IP events, city-level IP events and entertainment IP events to provide consumption, population and data support for its diversified marathon segments and products so as to successfully upgrade the overall strategy of the road-race segment. The Group has also succeeded in its bid to host the "One Belt and One Road" marathon series sponsored by the Chinese Athletic Association, using the marathon series to promote sports and cultural exchanges among domestic and international cities surrounding the "One Belt and One Road" zones and to enhance the Group's international branding and China's athletic developments. Entertainment road-race events such as the independent IP event "Season Run" will actively explore new markets in the area of sports marketing, and form multi-field linkage and multi-city coverage with reputable enterprises to offer a broader B2B

(Business to Business) market for the Group. With regard to B2C (Business to Customer) business, the Group will continue to promote profoundly the marathon training-camps, to integrate sports tourism projects related to the marathon events, and to constantly enrich and optimize the product structure in the road-race market, satisfying the advanced needs of the runners.

While expanding the road-race project, the Group has also officially launched its new basketball project in 2016. The new project had been actively pursued by the Group since last year. The Group obtained the commercial operation right of National Basketball League ("**NBL**") — one of the three professional basketball leagues in China for 2016–2019 as well as 20% equity interest in the NBL alliance company, Beijing Enbiou Sports Management Co., Ltd (北京恩彼歐體育管理有限公司). Armed also with the Group's proprietary intellectual rights in "City Basketball Amateur League" ("**CBL**"), the Group has achieved the overall positioning from mass-attended tournaments to professional-league tournaments in the field of basketball operation to accumulate basketball enthusiasts based on the tournament-platform. At the same time, the Group worked with other platforms to promote related new products, such as basketball training courses and tournament products.

2016 is Olympic year and it is also a growth year for the sports industry. After the Beijing Olympic Games, there was a continued rise in sports consciousness among Chinese people, which also indicated the need to build more multi-purpose sports stadiums to meet the diversified sporting needs of sports enthusiasts, to establish a consumption base for the massive sports enthusiasts and to cultivate a broadened consumer market. In the light of this development, the Group acquired 55% equity interest in Shenzhen SEG ZM Sports Culture Development Co., Ltd. (深圳賽格智美體育文化發展有限公司) ("**SEG Wisdom**"), which is registered in Shenzhen, China and is engaged in the business of stadium management services, in April 2016. The Group believes that the joint development of stadium operation with SEG Wisdom will fully enhance the edges which the Group has established in the field of sports and, through capital-market investment or direct development, will generate high economic returns and high business growth to the Group in the second half of 2016.

The Group plans to make full expansion in the sports industry in 2016. In order to cope with higher requirements for marketing, management, services and monitoring, the Group will continue to hire outstanding professional talents both within and from outside of the industry and to implement quality-improvement program in information system, operation standard and other fields to strengthen internal control and to improve overall management internally. In order to encourage employees to constantly look for breakthroughs and to become part of the driving forces behind the Group's sustainable development, the Group established Wisdom DNA Cultural Fund (the "**Fund**") in July 2016 to award shares to 10 outstanding employees annually. The Fund is donated by Ms. Ren Wen, the Chairlady of the Board of the Group.

BUSINESS REVIEW

I. Wisdom Events

The main business of the Group is Wisdom Events segment which mainly includes the operation of sports tournaments and events. The main revenues were derived from marketing activities involving both customers and consumers, namely, title sponsorships, general sponsorships and advertising incomes paid by brand customers, enrolment fees, admission fees and sale of products and services to consumers.

The first half of 2016 witnessed the continuing development of the Group in the field of professional road-races. The Group fully excelled in the organization of marathon events: ensured a high quality-standard of the events, implemented uniform standards for procurement, improved health-care assurance and established new media facilities. Although several marathon events were postponed to the second half of 2016 due to unstable weather conditions and other reasons, the Group still organized four high-level marathon events namely "2016 Kunming Plateau International Half Marathon", "2016 Hainan International Marathon", "2016 Dongguan Songshan Lake International Marathon" and "2016 Jilin International Marathon", and co-operated the "2016 Tianjin Marathon".

In addition to the sustainable development of road-race segment, the Group also achieved a good result in the basketball segment in 2016. Apart from operating the independent IP basketball league CBL, the Group also obtained the four-year (2016–2019) commercial right of NBL — one of the three professional basketball leagues in China, and acquired 20% equity interest in the league-management company, Beijing Enbiou Sports Management Co., Ltd. (北京恩彼歐體育管理有限公司) to become the single largest shareholder of the league-management company. There are 14 participating clubs in the 2016 season and the number of participating clubs is expected to increase to 18 over the next four years. Commencing from the 2016 season, CCTV will have live-broadcast of the NBL matches. The Group also carried out platform-cooperation in the field of basketball. The Group reached strategic marketing agreement with No. 1 Sports Entertainment (Shenzhen) Co., Ltd. (第一體育娛樂 (深圳) 有限公司) which resulted in the obtaining of title sponsorship of "Chinese Dream • Blue Dream" (「中國夢 • 夢之藍」) for the tournament and attained contracts with about 20 sponsors to safeguard the Group's revenue and profit. Revenue in the first half of 2016 also included income from mass sports events held in municipal areas.

In the first half of 2016, the Group's revenue from sports event achieved substantial growth over that in the same period of last year. This was due to the Group's ability to provide additional marketing value to the sports events and the consumers satisfying the requirements of brand customers. The Group also strengthened the development of sports media and introduced diversified entertainment content to its sports programme. The Group also actively maintained collaboration with authoritative media such as CCTV and utilized internet, mobile internet and other media to optimize its own video products and copyright operations. In connection with sports services, the Group continued to apply online + offline integrated model as its core competitiveness and has created supporting consumer business through sports education and training, event derivatives, sports tourism, sports insurance etc. to achieve an integrated commercial value.

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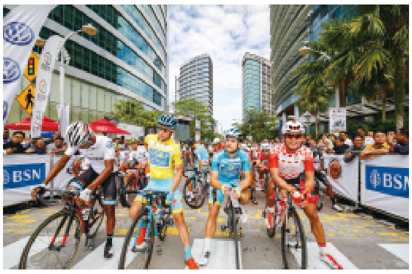
II. Wisdom Program & Branding

The Group's other business is Wisdom Program & Branding segment business. The revenues were derived from TV program production, distribution and advertising business. Given the overall economic slowdown of China in 2015, the traditional advertising industry has suffered a tremendous set-back. The Group's management conducted an in-depth discussion, analysis and judgment of the market, made a systematic deployment on the sports industry platform according to its own strategy and made a determined decision to forgo the renewal of the advertising contracts with CCTV. Some of the business in 2015 were carried over to 2016 and they made contribution to the earnings of the Group.



OUTLOOK OF INDUSTRY AND THE GROUP

In July 2016, the National Administration Bureau of Sports of China officially issued the "'13th Five-Year' Plan for the Development of Sports Industry" which made detailed description and deployment for the five major aspects covering the following China's sports industry: development basis, general requirements, major tasks, key industries and key measures. The expansion of the sports industry to reach the periodical target of RMB3 trillion in the "13th Five-Year" Plan Period has become a policy for China's sports industry. The operation of the Chinese sports industry has been liberalized and even globalized and simultaneously, a high degree of commercialization will also be the general trend. This undoubtedly coincides with the Group's development strategies and goals and it is conducive to the rapid business-development of the Group on the existing platform.

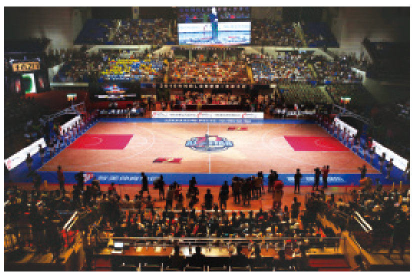
The Group expects to operate independently over 15 marathon events in the second half of 2016, including the well-operated Shenyang Marathon, Changsha Marathon, Hangzhou Marathon, and Guangzhou Marathon, as well as the bid-winning Shenzhen International Marathon, Nanchang International Marathon, Changde Liuye Lake International Marathon, and Jiaxing Shaoshan International Marathon. The Group will therefore operate 10 marathon events in provincial capitals this year. Meanwhile, the first international IP event, "One Belt and One Road" Marathon Series will also be eventually represented by Shenzhen Baoan Marathon and Xinjiang Clara Calamai Marathon. The Group is conducting active discussion about international cooperation and confidential negotiation with marathon organizations in Malaysia and Japan are underway. The Group will also actively promote "Season Run", the self-developed and creative-running event with independent intellectual right, in the second half of the year and will introduce new strategic sponsors to increase mass-participation and popularity of the event. Meanwhile, in order to implement the 2016–2019 strategies for the marathon-industry platform, the Group, utilizing its resources in terms of population, data and consumption, will deeply expand its whole industry chain business and will cooperate with other industrial platforms to launch marathon training camps, sports rehabilitation programs, sports tourism and other related projects as an integral part of the marathon events.

In respect of the basketball segment, the NBL all-star match and league playoffs will be held in the second half of 2016. Therefore, the Group will have revenue from basketball projects in the second half of the year. Meanwhile, the Group will also begin to set a foothold in partners' fields in the basketball industry chain, such as basketball academy, players economy, coaches economy, development of derivative products and international basketball tournaments.

Since sports facilities are the most important means to cultivate the sports market, the Group will actively promote the stadium business and related management services in the second half of the year. The Group has started the move to invest in over ten stadiums in the first-tier cities of Beijing, Shanghai, Guangzhou, and Shenzhen. It is expected that the Group will be able to derive profit from the stadium business by the end of the second half of the year. The Group plans to set up about 100 stadiums in the next three years through comprehensive events cooperation with local governments to offer high-end sports facilities for the mass users and generate stable cash flows from consumer spending. At the same time, now that China has successfully won the bid to host the Winter Olympic Games, the Group will position itself in winter sports areas and will actively cooperate with local governments and sports bureau to promote winter sports projects.

Meanwhile, the Group has entered into a strategic agreement with Mi Gu Interactive Entertainment Co., Ltd. (咪咕互動娛樂有限公司), (“**Mi Gu Interactive Entertainment**”), a subsidiary of China Mobile Ltd. The Group will work jointly with Mi Gu Interactive Entertainment to create a Chinese Sports-entertainment platform catering for the needs of domestic road-race enthusiasts. Mi Gu Interactive Entertainment has access to 1 billion subscribers of the largest three telecoms operators in China, of whom 200 million subscribers are active users. The execution of this strategic agreement means that the Group will be able to integrate with a data platform which has 1 billion subscribers and that the Group will be able to bring on board a massive number of consumers for the Group’s current events and service products. Also, it will provide data support for the Group’s subsequent service-consumption products to meet the different demands of the road-race enthusiasts accurately and will generate additional consumer–incomes for the Group.

For the sports industry, internet and innovative technologies will help improve the information level of the industry, boost the efficiency of product supply and enhance the innovative capacity of the industry. The Group will look for investment opportunities in profitable and mature sports-technology enterprises in the second half of the year to accelerate business attainment leveraging on mutual strengths. The Group will also actively seek suitable opportunities for cooperation with or acquisition of premium sports enterprises.


FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 23.6% to RMB225.1 million for the six months ended 30 June 2016 from RMB294.8 million for the six months ended 30 June 2015. This decrease was mainly due to a decrease in revenue from Wisdom Program & Branding.

Revenue from Wisdom Events increased by approximately 81.9% to RMB194.5 million for the six months ended 30 June 2016 from RMB106.9 million for the six months ended 30 June 2015. This increase was mainly due to (i) the commercial right of NBL obtained in 2016; (ii) revenue from the operation of marathon events in the first half of 2016 while there was no such revenue in the six months ended 30 June 2015; and (iii) revenue from public sports competitions.

Revenue from Wisdom Program & Branding decreased by approximately 83.7% to RMB30.6 million for the six months ended 30 June 2016 from RMB187.9 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in revenue from the advertising business, which was a result of the Group's change in strategy.

Cost of Services

The Group's cost of services decreased by approximately 30.4% to RMB107.0 million for the six months ended 30 June 2016 from RMB153.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in the cost of services from Wisdom Program & Branding.

Cost of services for Wisdom Events increased by approximately 122.5% to RMB89.0 million for the six months ended 30 June 2016 from RMB40.0 million for the six months ended 30 June 2015. This increase was mainly due to the increase in the number of events held and the upgrade of the events' operations.

Cost of services for Wisdom Program & Branding decreased by approximately 84.2% to RMB18.0 million for the six months ended 30 June 2016 from RMB113.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in the cost of advertising business.

Gross Profit and Gross Margin

As a result of the above mentioned factors, the Group's gross profit decreased by approximately 16.3% to RMB118.1 million for the six months ended 30 June 2016 from RMB141.1 million for the six months ended 30 June 2015. The gross margin for the Group increased to approximately 52.5% for the six months ended 30 June 2016 from 47.9% for the six months ended 30 June 2015. The decrease of the gross profit was mainly due to the decrease in the gross profit from Wisdom Program & Branding. The increase in the gross margin was mainly due to the increase in the proportion of revenue from Wisdom Events which devoted higher gross margin.

As a result of the foregoing changes in revenue and cost of services for Wisdom Events, the gross profit for Wisdom Events increased by approximately 57.7% to RMB105.5 million for the six months ended 30 June 2016 from RMB66.9 million for the six months ended 30 June 2015. The gross margin for Wisdom Events decreased to 54.2% for the six months ended 30 June 2016 from 62.6% for the six months ended 30 June 2015. This decrease was primarily due to the increase in cost from the upgrade of products for the sports 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 83.0% to RMB12.6 million for the six months ended 30 June 2016 from RMB74.2 million for the six months ended 30 June 2015. The gross margin increased to 41.2% for the six months ended 30 June 2016 from 39.5% for the six months ended 30 June 2015.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by approximately 62.1% to RMB18.8 million for the six months ended 30 June 2016 from RMB11.6 million for the six months ended 30 June 2015. This increase was mainly due to increased marketing efforts arising from the development of new events.

General and Administrative Expenses

The Group's general and administrative expenses increased by approximately 33.5% to RMB24.7 million for the six months ended 30 June 2016 from RMB18.5 million for the six months ended 30 June 2015. This increase was mainly due to administrative cost for business developments.

Other Income

The Group's other income decreased by approximately 15.3% to RMB13.3 million for the six months ended 30 June 2016 from RMB15.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease of the income generated from purchasing principal-guaranteed and low risk financial products offered by reputable commercial banks and the decrease in tax refund from the governmental body.

Other Gains and Losses

The Group's net other losses decreased by approximately 78.9% to RMB1.2 million for the six months ended 30 June 2016 from RMB5.7 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in provision for outstanding receivables.

Finance Income

The Group's net finance income decreased by approximately 55.6% to RMB2.8 million for the six months ended 30 June 2016 from RMB6.3 million for the six months ended 30 June 2015. This decrease was mainly due to the decrease in interest income bank deposits.

Profit Before Income Tax

As a result of the foregoing, the Group's profit before income tax decreased by approximately 29.7% to RMB89.5 million for the six months ended 30 June 2016 from RMB127.4 million for the six months ended 30 June 2015.

Income Tax Expense

The Group's income tax expense decreased by approximately 34.5% to RMB22.4 million for the six months ended 30 June 2016 from RMB34.2 million for the six months ended 30 June 2015. This decrease was mainly attributable to the decrease of the profit from domestic companies of the Group which needed to pay income tax.

The Group's effective tax rate for the six months ended 30 June 2015 was approximately 26.9%, compared to approximately 25.0% for the six months ended 30 June 2016. The change is mainly due to the decrease in non-deductible expenses incurred by offshore companies in the first half of 2016.

Profit

As a result of the foregoing, the Group's profit decreased by approximately 27.9% to RMB67.1 million for the six months ended 30 June 2016 from RMB93.1 million for the six months ended 30 June 2015. The Group's net profit margin decreased from 31.6% for the six months ended 30 June 2015 to 29.8% for the six months ended 30 June 2016.

Cash Flows

As at 30 June 2016, the Group's cash and cash equivalents amounted to RMB686.8 million compared with that of RMB522.3 million as at 31 December 2015. 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 approximately 1.5% to 6.0%. The Group takes a prudent approach in selecting financial products.

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

	For the six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Net cash generated from operating activities	**205,363**	49,052
Net cash (used in)/generated from investing activities	**(40,919)**	121,194
Net cash used in financing activities	**—**	(149,641)
Net increase in cash and cash equivalents	**164,444**	20,605
Cash and cash equivalents at beginning of the period	**522,259**	598,486
Exchange gain/(losses) on cash and cash equivalents	**84**	(3)
Cash and cash equivalents at end of the period	**686,787**	619,088

Net Cash Generated from Operating Activities

Net cash generated from operating activities increased to RMB205.4 million for the six months ended 30 June 2016 from RMB49.1 million for the six months ended 30 June 2015. The increase was mainly attributable to a substantial increase in cash received from operations.

Net Cash Used in/Generated from Investing Activities

Net cash generated from investing activities amounted to RMB121.2 million for the six months ended 30 June 2015 while net cash used in investing activities amounted to RMB40.9 million for the six months ended 30 June 2016. The change was mainly attributable to (i) cash outflow of approximately RMB15.5 million due to purchase of real estate; (ii) cash outflow of approximately RMB27.5 million due to investing in SEG Wisdom; and (iii) there was no revenue from disposal of financial assets for the six months ended 30 June 2016 while there were proceeds from disposal of financial assets for the six months ended 30 June 2015.

Net Cash Used in Financing Activities

Net cash was not used in financing activities for the six months ended 30 June 2016, while net cash used in financing activities amounted to RMB149.6 million for the six months ended 30 June 2015, which was mainly attributable to the payment of dividend as approved by the Company's shareholders.

Working Capital

The Group's net current assets increased by approximately 2.3% to RMB1,054.3 million as at 30 June 2016 from RMB1,030.5 million as at 31 December 2015. The Group maintained working capital at a relatively high level that can adequately meet the daily working capital requirements and finance the business development.

Capital Expenditure

The total spending on the acquisition of property, plant and equipment amounted to RMB15.5 million for the six months ended 30 June 2016 (For the six months ended 30 June 2015: RMB0.7 million).

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimize the cost of funds, the Group's treasury activities are centralized and cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2016, the Group had net current assets of RMB1,054.3 million (31 December 2015: RMB1,030.5 million), of which cash and cash equivalents amounted to RMB686.8 million (31 December 2015: RMB522.3 million).

A prudent approach in treasury management has long been the Company's policy, ensuring that the Group maintains strong reserves of cash to finance its daily operations and future developments.

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

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

The Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the six months ended 30 June 2016. The Company has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

CAPITAL STRUCTURE OF THE GROUP

The reorganization of the Company and the subsidiaries of the Company as set out in the prospectus of the Company dated 28 June 2013 (the "**Prospectus**") was completed on 24 June 2013. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 July 2013. On 7 August 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 23 May 2014 to employees of the Group and as at the date of this report, no option has been exercised. The options to subscribe for a total of 2,500,000 shares of the Company were granted on 29 May 2015 to employees of the Group and as at the date of this report, no option has been exercised. Save for the above, there was no alteration in the capital structure of the Group for the six months ended 30 June 2016.

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

(i) Reference is made to the announcement of the Company dated 28 October 2014. As of 30 June 2016, Beijing Wisdom Media Holding Co., Ltd. had contributed RMB30.0 million to Wisdom Hongtu Fund. (ii) Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理 (浙江) 有限公司) (the wholly-owned subsidiary of the Company) acquired 20% equity interest of Beijing Enbiou Sports Management Co., Ltd. (北京恩彼歐體育管理有限公司) with RMB3.6 million in March 2016, becoming its single largest shareholder. (iii) Beijing Wisdom Culture Co., Ltd. (the wholly-owned subsidiary of the Company) bought 55% in equity interest of SEG Wisdom with RMB27.5 million from Shenzhen ZM Sports Stadium Investment Co., Ltd. (深圳智美運動場館投資有限公司) which is the Company's connected party on 7 April 2016. Save as disclosed in this report, for the six months ended 30 June 2016, the Company had no material investment, material acquisition and disposal of subsidiaries. Save as disclosed in the relevant announcements, the Company has no plans for material investment or acquisition of material capital asset in the future.

CHARGE ON ASSETS

As at 30 June 2016, there was no charge on the Group's assets.

FINANCIAL RATIO

Financial ratio	As at 30 June 2016	As at 31 December 2015
Current ratio	2,014.7%	1,873.8%
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 31 December 2015 and 30 June 2016.

CONTINGENT LIABILITIES

As at 30 June 2016, the Company had no material contingent liabilities.

HUMAN RESOURCES

The total number of employees of the Group was 171 as at 30 June 2016. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the six months ended 30 June 2016 amounted to RMB28.8 million.

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

The Group established the Wisdom DNA Culture Fund in 2016 to award stocks to 10 outstanding employees annually in order to encourage employees to constantly look for breakthroughs and to achieve higher self-attainments. The Fund is donated by the Chairlady of the Board of the Group. The Company adopted a share option scheme. As at 30 June 2016, the Company has granted certain share options under the share option scheme. For further details, please refer to the paragraph headed “Capital Structure of the Group” in this report.

STRUCTURED CONTRACTS

As the business operation of Beijing Wisdom Media Holding Co., Ltd. (北京智美傳媒股份有限公司) (“**Beijing Wisdom Media**”) constitutes business activities which are subject to prohibition or restriction on foreign investment under the PRC laws (the “**Restricted Business**”), the Company cannot acquire equity interest in Beijing Wisdom Media. As a result, the Group has entered into a series of contracts (“**Structured Contracts**”) designed to provide Beijing Wisdom Culture Co., Ltd. (“**Wisdom Culture**”), a wholly-owned subsidiary of the Company and thus the Group with effective control over Beijing Wisdom Media and, to the extent permitted by PRC laws and regulations, grant the right to the Group to acquire the equity interests in Beijing Wisdom Media upon the listing. The Structured Contracts were entered into on 24 June 2013. Pursuant to the Structured Contracts, all material business activities of Beijing Wisdom Media are instructed and supervised by Wisdom Culture and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to the Group.

Operating entities of the Group controlled through the Structured Contracts

During the six months ended 30 June 2016, 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.

Disclosure of Interests

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

As at 30 June 2016, the interests and short positions of the Directors or chief executive of the Company in the shares of the Company (the "**Shares**"), underlying Shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of director	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Ms. Ren Wen	Founder of discretionary trust (Note 1)	603,480,000	37.51%
	Interest of controlled corporation (Note 2)	91,541,000	5.69%

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 in accordance with the law of Guernsey and managed by Credit Suisse Trust Limited as trustee. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.
2. These 91,541,000 Shares are held by Lucky Go Co., Ltd. Ms. Ren Wen holds approximately 65.45% equity interest in Lucky Go Co., Ltd. and she is deemed or taken to be interested in all the Shares held by Lucky Go Co., Ltd. for the purpose of the SFO.

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

Name of director	Name of associated corporation	Approximate percentage of shareholding interest
Ms. Ren Wen	Beijing Wisdom Media Holding Co., Limited (北京智美傳媒股份有限公司) (“**Beijing Wisdom Media**”)	52.38%
	Beijing Car Culture Advertising Co., Ltd (北京智美車文廣告有限公司) (Note 3)	100%
	Beijing Xinchuang Branding Co., Ltd (北京新創智力品牌管理有限公司) (Note 3)	100%
	Beijing Wisdom Films Culture Media Co., Ltd. (北京智美映畫文化傳媒有限公司) (Note 3)	100%
	Beijing Kuawei Lianzhong Sports Development Company Limited (北京跨維聯眾體育發展有限公司) (Note 3)	100%
Mr. Sheng Jie (Note 4)	Beijing Wisdom Media	8.46%
Mr. Zhang Han	Beijing Wisdom Media	0.18%

Note:

3. A wholly owned subsidiary of Beijing Wisdom Media.
4. Mr. Sheng Jie has resigned as a director of the Company with effect from 26 August 2016.

Save as disclosed above, as at 30 June 2016, 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 30 June 2016, according to the register of interest kept by the Company under section 336 of the SFO, the following persons (not being a Director or chief executive of the Company) had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(i) Long position in the Shares

Name of shareholder	Nature of interest	Number of shares	Approximate percentage of shareholding interest
Trust Co	Interest of controlled corporation (Note 5)	603,480,000	37.51%
Credit Suisse Trust Limited	Trustee (Note 5)	603,480,000	37.51%
Queen Media	Beneficial owner (Note 5)	603,480,000	37.51%
Top Car Co., Ltd. (Note 6)	Beneficial owner	110,075,000	6.84%
Avance Holdings Limited	Beneficial owner	95,379,000	5.93%
Lucky Go Co., Ltd. (Note 6)	Beneficial owner	91,541,000	5.69%

Note:

5. Queen Media was the direct owner of 603,480,000 Shares and Ms. Ren Wen was a director of the Queen Media. 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 in accordance with the law of Guernsey and managed by Credit Suisse Trust Limited as trustee. The discretionary beneficiaries of the SKY Trust include Ms. Ren Wen and her family members.
6. As of the date of this report, Dr. Shen Wei and Mr. Zhang Han acted as the directors of Top Car Co., Ltd. and Ms. Ren Wen acted as director of Luck Go Co., Ltd.

Save as disclosed above, as at 30 June 2016, 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 required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Important Events

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the "**Share Option Scheme**") on 14 June 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 the 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 interim 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 14 June 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 of the Company on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares of the Company 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 23 May 2014 to employees (the "**Grantees**") 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 23 May 2015 and 23 May 2016, respectively and 25% of the options will become exercisable on each of 23 May 2017 and 23 May 2018, respectively subject to the satisfaction of the individual performance assessment of the Grantees for the relevant years. The options granted are exercisable from the vesting dates mentioned above to 22 May 2024.

The options to subscribe for a total of 2,500,000 Shares were granted under the Share Option Scheme on 29 May 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 became exercisable on 29 May 2016 and 25% of the options will become exercisable on each of 29 May 2017, 29 May 2018 and 29 May 2019, respectively subject to the satisfaction of the individual performance assessment of the Grantees for the relevant years. The options are exercisable from the vesting dates mentioned above to 28 May 2025.

For the period ended 30 June 2016, no option has been exercised. As of 30 June 2016, 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. 715,000 options lapsed due to the resignation of the employees for the six months ended 30 June 2016 and no option was cancelled during such period.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2016.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, for the six months ended 30 June 2016 and as at the date of this report, the Company had maintained sufficient public float as required under the Listing Rules.

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, capitalised professional service fees and related expenses) amounted to approximately RMB635.9 million, which are intended to be applied in the manner as disclosed in the Prospectus in respect of the global offering of its shares. As of 30 June 2016, part of the proceeds has been applied as follows:

RMB290 million raised through the listing has been used for the registered capital of Wisdom Culture (Zhejiang) Co., Ltd. (智美文化(浙江)有限公司) whose name was changed to Wisdom Events Operation and Management (Zhejiang) Co., Ltd. (智美賽事營運管理(浙江)有限公司) on 30 March 2015. The core business of such company will focus on organizing sports competitions and related events, the development of sports related products, brand promotion and communications services, etc.. The remaining net proceeds from the listing will be used for the suggested purposes as set out in the section headed "Use of Proceeds" of the Prospectus.

CHANGE OF INFORMATION OF DIRECTORS

Mr. Sheng Jie has resigned as an executive director of the Company and the vice chairman of the Board on 26 August 2016 and Mr. Song Hongfei has been appointed as an executive director of the Company on the same date.

INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2016.

Corporate Governance and Other Information

CORPORATE GOVERNANCE CODE

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

The Board is of the view that for the six months ended 30 June 2016, the Company has complied with the code provisions as set out in the CG Code, save and except for code provision A.2.1. Details will be set out below.

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

During the period from 1 January 2016 to 7 April 2016, Dr. Shen Wei, an executive Director, was the president of the Company. Since 7 April 2016, Dr. Shen Wei ceased to act as the president of the Company and was re-designated as the senior vice president of the Company. Ms. Ren Wen, who acts as the chairlady of the Board and an executive Director, was appointed as the president of the Company.

Ms. Ren Wen is responsible for the implementation of the strategic layout of the Group whilst Dr. Shen Wei is responsible for the operation of stadium related business. The Board meets regularly 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. Executive Directors and the senior management perform separate duties to assist the chairlady and the president. The Board considers that the structure ensures an effective operation of the Group by exercising consolidated and consistent leadership. For details, please refer to the Company's announcement dated 7 April 2016.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Model Code throughout the six months ended 30 June 2016.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2016.

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 for the purpose of reviewing the financial information and providing supervision on the financial reporting system, risk management and internal control systems as well as the effectiveness of the internal audit function of the Group. The Audit Committee comprises three members, two being independent non-executive Directors and one being a non-executive Director, namely, Mr. Wei Kevin Cheng, as its Chairman, Mr. Jin Guoqiang and Mr. Xu Jiongwei.

The Audit Committee met with the external auditor of the Company to discuss the review process and accounting issues of the Audit Committee. The interim financial results of the Group for the six months ended 30 June 2016 is unaudited but has been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and by the Audit Committee.

The Audit Committee has reviewed together with management of the Company the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2016 and considers it in compliance with generally accepted accounting principles as well as laws and regulations.

Report on Review of Interim Condensed Consolidated Financial Statements

Deloitte.
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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF WISDOM SPORTS GROUP
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wisdom Sports Group (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 31 to 56, which comprises the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

Report on Review of Interim Condensed Consolidated Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2015 and the relevant explanatory notes included in these condensed consolidated financial statements were reviewed by another auditor who expressed an unmodified review conclusion on those statements on 21 August 2015. The comparative condensed consolidated statement of financial position as at 31 December 2015 and the relevant explanatory notes included in the consolidated financial statements for the year ended 31 December 2015 were audited by the same auditor who expressed an unmodified opinion on those statements on 31 March 2016.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 August 2016

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Six months ended 30 June	
		2016	2015
		RMB'000	RMB'000
	NOTES	**(unaudited)**	(unaudited)
Revenue	4	**225,082**	294,805
Cost of services	6	**(107,001)**	(153,694)
Gross profit		**118,081**	141,111
Selling and distribution expenses	6	**(18,805)**	(11,559)
General and administrative expenses	6	**(24,715)**	(18,500)
Other income	7	**13,315**	15,715
Other gains and losses	8	**(1,190)**	(5,727)
Finance income		**2,752**	6,310
Share of result of a joint venture		**84**	—
Profit before income tax		**89,522**	127,350
Income tax expense	9	**(22,414)**	(34,209)
Profit and total comprehensive income for the period		**67,108**	93,141
Profit attributable to owners of the Company		**67,108**	93,141
Earnings per share attributable to owners of the Company			
Basic earnings per share	11	**RMB0.04**	RMB0.06
Diluted earnings per share	11	**RMB0.04**	RMB0.06

Interim Condensed Consolidated Statement of Financial Position

	NOTES	**30 June 2016 RMB'000 (unaudited)**	31 December 2015 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	**24,264**	10,615
Investment property	12	**20,103**	20,732
Goodwill	12	**105**	105
Intangible assets	12	**4,080**	4,218
Available-for-sale financial assets	13	**36,000**	36,000
Long-term receivable	14	**3,600**	—
Interest in a joint venture	15	**27,584**	—
		115,736	71,670
Current assets			
Capitalized program costs		**2,528**	2,528
Trade and bills receivables	16	**180,635**	334,871
Tax recoverable		**9,141**	13,244
Other receivables	17	**105,949**	112,265
Prepayments and other current assets	18	**118,076**	96,863
Financial assets at fair value through profit or loss	19	**6,211**	6,563
Cash and cash equivalents	20	**686,787**	522,259
		1,109,327	1,088,593
Total assets		**1,225,063**	1,160,263
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	**2,479**	2,479
Share premium	21	**337,352**	337,352
Reserves		**124,527**	123,802
Retained earnings		**705,644**	638,536
Total equity		**1,170,002**	1,102,169

	NOTE	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
LIABILITIES			
Current liabilities			
Trade payables	22	27,110	33,932
Other payables		20,149	14,375
Advance from customers		7,802	8,718
Other tax payables		—	1,069
		55,061	58,094
Total liabilities		55,061	58,094
Total equity and liabilities		1,225,063	1,160,263
Net current assets		1,054,266	1,030,499
Total assets less current liabilities		1,170,002	1,102,169

Interim Condensed Consolidated Statement of Changes in Equity

	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Equity Attributable to owners of the Company RMB'000
Balance at 1 January 2016 (audited)	**2,479**	**337,352**	**123,802**	**638,536**	**1,102,169**
Profit and total comprehensive income for the period	—	—	—	67,108	67,108
Share-based payments	—	—	725	—	725
Balance at 30 June 2016 (unaudited)	**2,479**	**337,352**	**124,527**	**705,644**	**1,170,002**
Balance at 1 January 2015 (audited)	2,479	486,993	121,813	587,935	1,199,220
Profit and total comprehensive income for the period	—	—	—	93,141	93,141
Dividends relating to 2014 paid in June 2015	—	(149,641)	—	—	(149,641)
Share-based payments	—	—	337	—	337
Balance at 30 June 2015 (unaudited)	2,479	337,352	122,150	681,076	1,143,057

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Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net cash generated from operating activities	**205,363**	49,052
Cash flows from investing activities		
Purchases of property, plant and equipment	**(15,547)**	(698)
Purchases of intangible assets	**–**	(969)
Purchases of available-for-sale financial assets	**–**	(30,000)
Investment in a joint venture	**(27,500)**	–
Increase in long-term receivable	**(3,600)**	–
Proceeds on disposal of financial assets at fair value through profit or loss	**–**	150,000
Purchases of other financial assets	**(339,000)**	(320,000)
Proceeds on disposal of other financial assets	**341,976**	323,686
Subscription money paid in respect of available-for-sale financial assets	**–**	(6,000)
Acquisition of a subsidiary	**–**	(1,650)
Interest received	**2,752**	6,825
Net cash (used in)/generated from investing activities	**(40,919)**	121,194
Cash flows from financing activities		
Dividends paid to owners	**–**	(149,641)
Net cash used in financing activities	**–**	(149,641)
Net increase in cash and cash equivalents	**164,444**	20,605
Cash and cash equivalents at beginning of the period	**522,259**	598,486
Exchange gain/(loss) on cash and cash equivalents	**84**	(3)
Cash and cash equivalents at end of the period	**686,787**	619,088

Notes to the Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

Wisdom Sports Group (the "**Company**"), was incorporated in the Cayman Islands on 21 March 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 and 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 11 July 2013.

This condensed consolidated financial statements is presented in Renminbi ("**RMB**"), unless otherwise stated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standards ("**HKAS**") 34, "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

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

In preparing this condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015. In addition, the Group applied the following accounting policies which became relevant to the Group in the current interim period:

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement, Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint venture are incorporated in these condensed consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

Interest in a joint venture-continued

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with a joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

Available-for-sale equity investments

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that a linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of the reporting period.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**") that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Method of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10 and HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

Except for changing the ordering of certain note giving prominence to the areas of the Group's activities which are considered more relevant to the understanding of the Group's operating activities and regrouping of certain items to further enhance the understand ability of certain line items presented on the condensed consolidated financial statements, the application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

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4. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) fees from wisdom events services which are mainly derived from the organizing and managing of sports-related competitions and providing other related marketing services in conjunction with these events, e.g. events sponsorship income, sales of commercial rights of events, events enrolment fees etc., and (ii) fees from wisdom program production and related services which are primarily derived from directing, filming and producing video programs for television stations, including program production and advertising income, less returns, discounts and sales related tax.

The revenues attributable to the Group's service lines are as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Events sponsorship income	**79,098**	45,663
Sales of commercial rights of events	**111,085**	60,849
Events enrolment fees	**4,275**	390
Program production	**—**	1,123
Advertising income	**30,624**	186,780
	225,082	294,805

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

There are two reportable segments in the Group, consisting of Wisdom Events and Wisdom Program and Branding. Wisdom Events is engaged in the organization, management and promotion of various sporting tournaments and other marketing activities. Wisdom Program & Branding is engaged in the production and distribution of television programs and advertisements. The Group actively carried out business restructuring and extended the sports and industry chain as the Group's future overall development strategy layout while reduced business of Program and Branding.

4. REVENUE AND SEGMENT INFORMATION (continued)

The segment information provided to the Chief Executive Officer for the reportable segments for the six months ended 30 June 2016 is as follows:

(Unaudited)	Wisdom Events RMB'000	Wisdom Program and Branding RMB'000	Total RMB'000
Revenue	194,458	30,624	225,082
Cost of services	(88,993)	(18,008)	(107,001)
Gross profit	105,465	12,616	118,081
Selling and distribution expenses			(18,805)
General and administrative expenses			(24,715)
Other income			13,315
Other gains and losses			(1,190)
Finance income			2,752
Share of result of a joint venture			84
Income tax expense			(22,414)
Profit for the period			67,108

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

(Unaudited)	Wisdom Events RMB'000	Wisdom Program & Branding RMB'000	Total RMB'000
Revenue	106,902	187,903	294,805
Cost of services	(39,993)	(113,701)	(153,694)
Gross profit	66,909	74,202	141,111
Selling and distribution expenses			(11,559)
General and administrative expenses			(18,500)
Other income			15,715
Other gains and losses			(5,727)
Finance income			6,310
Income tax expense			(34,209)
Profit for the period			93,141

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4. REVENUE AND SEGMENT INFORMATION (continued)

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

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

The Group recognised revenue from customers individually represent over 10% of the Group's total revenue as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Customer A	**33,962**	—
Customer B	**22,642**	—
Customer C	**22,642**	—
Customer D	**38,632**	—
Customer E	**—**	36,321
	117,878	36,321

The revenue is attributable to the Wisdom Events segment.

5. SEASONALITY OF OPERATIONS

The demand for the Group's services is usually higher during the second half of each year than it is during the first half, which is mainly attributable to the greater marketing and sales efforts of the Group's customers during that period. In addition, the Group derives a portion of its revenues from organization, management and promotion of domestic and international sports-related competitions and events, the occurrence of which varies from period to period. In the financial year ended 31 December 2015, 43.3% of revenues accumulated in the first half of the year, with 56.7% accumulated in the second half of the year.

6. EXPENSES BY NATURE

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Event organization and related costs	**77,258**	20,919
Advertising time slots, program production and related costs	**17,799**	113,566
Employee benefit expenses	**28,046**	21,460
Share-based payments	**725**	337
Operating lease rentals	**6,749**	5,758
General office expenses	**4,150**	3,995
Depreciation and amortization	**2,861**	3,165
Travelling expenses	**2,904**	2,410
Entertainment expenses	**179**	420
Promotion related expenses	**472**	255
Professional fees (Note)	**7,868**	7,928
Remuneration — audit fees	**800**	800
Remuneration — non-audit fees	**649**	2,700
Others	**61**	40
	150,521	183,753

Note: The amounts mainly represent selling and marketing related consultation expenses which is included in the selling and distribution expenses.

7. OTHER INCOME

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Investment income from other financial assets (Note a)	**2,976**	3,686
Government grants (Note b)	**10,243**	12,029
Others	**96**	—
	13,315	15,715

Note:

(a) The Group invested mainly 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 30 June 2016 is nil (31 December 2015: nil).

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

8. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Financial assets at fair value through profit or loss		
— fair value (loss) gain	**(352)**	1,354
Exchange gain (loss)	**282**	(2,981)
Provision for impairment of trade receivables	**(1,080)**	—
Provision for impairment of other receivables	**—**	(4,100)
Others	**(40)**	—
	(1,190)	(5,727)

9. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current income tax	**22,414**	34,309
Deferred income tax	**—**	(100)
	22,414	34,209

(i) Cayman Islands profits tax

The Company is not subject to any taxation in the Cayman Islands.

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profit tax rate is 16.5% for the six months ended 30 June, 2016 (2015: 16.5%).

9. INCOME TAX EXPENSE (continued)

(iii) PRC enterprise income tax ("EIT")

EIT is provided on the taxable income of entities within the Group incorporated in the PRC.

Pursuant to the PRC Enterprise Income Tax Law (the "**New EIT Law**"), the EIT is unified at 25% for all types of entities, effective from 1 January 2008.

(iv) PRC withholding income tax

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

Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to undistributed profits of the PRC subsidiaries as at 30 June 2016 amounting to RMB712,813,000 (31 December 2015: RMB648,560,000) as in the opinion of the directors of the Company, the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

10. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the company is based on the following data:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**67,108**	93,141

	Six months ended 30 June	
	2016	2015
	000	000
	(unaudited)	(unaudited)
Weighted average number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**1,609,045**	1,609,045
Effect of dilutive potential ordinary shares:		
Share options	**–**	338
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,609,045**	1,609,383

The computation of diluted earnings per share for the six months ended 30 June 2016 does not assume the exercise of the Company's outstanding share options as the exercise price of those shares options was higher than the average market price for shares for the six months ended 30 June 2016.

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

	Property plant and equipment RMB'000	Investment property RMB'000	Intangible assets RMB'000	Goodwill RMB'000
Six months ended 30 June 2016				
Net book value				
Opening amount				
as at 1 January 2016 (audited)	10,615	20,732	4,218	105
Additions	15,547	—	196	—
Depreciation and amortization	(1,898)	(629)	(334)	—
Closing amount				
as at 30 June 2016 (unaudited)	24,264	20,103	4,080	105
Six months ended 30 June 2015				
Net book value				
Opening amount				
as at 1 January 2015 (audited)	11,735	21,992	2,074	—
Acquisition of a subsidiary	—	—	1,540	105
Additions	698	—	969	—
Depreciation and amortization	(2,310)	(630)	(225)	—
Closing amount				
as at 30 June 2015 (unaudited)	10,123	21,362	4,358	105

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
The Fund (as defined in Note 23) (Note a)	**30,000**	30,000
Investment in 北京酷玩部落科技有限公司 ("CoolplayClub") (Note b)	**6,000**	6,000
	36,000	36,000

Notes:

(a) As at 30 June 2016, the available-for-sale financial assets, RMB30,000,000 (31 December 2015: RMB30,000,000) were stated at fair value. Details of the available-for-sale financial assets are set out in Note 24.

(b) On 23 June 2015, Beijing Wisdom Media entered into a capital increase framework contract with Nie Xuezhen, Kong Fei, Gu Shufeng and Zhang Xiaodong, who are the then shareholders of CoolplayClub, whereas Beijing Wisdom Media will make capital contribution into CoolplayClub. As at 31 December 2015, Beijing Wisdom Media has paid the capital contribution amounting to RMB6,000,000 to CoolplayClub. The registration of Beijing Wisdom becoming shareholder of CoolplayClub is completed during the current period. As Beijing Wisdom Media had no intention to sell the investment in near future and the percentage of equity interest in Coolplay Club is 7.5%, the investment is recognised as available-for-sale financial assets which were measured at cost less any identified impairment losses at the end of the reporting period as the range of reasonable fair value estimates is so significant that the directors the Company (the "**Directors**") are of the opinion that the fair value cannot be reliably measured.

14. LONG-TERM RECEIVABLE

In March 2016, Wisdom Events Operation and Management (Zhejiang) Co., Ltd., ("**ZMWH**"), a wholly-owned subsidiary of the Group, signed an agreement with Beijing Enbiou Sports Management Co., Ltd. (the "**NBL Company**") to obtain the exclusive commercial right of 2016-2019 National Men's Basketball League ("**Exclusive Commercial Right**") without geographical limitation from NBL Company for total consideration of RMB140,000,000. Other terms in the agreement including (i) ZMWH is obliged to make a payment of RMB3.6 million (the "**Consideration**") and in return 20% equity interest in NBL Company is transferred to ZMWH; (ii) ZMWH has the right to appoint one out of five of the directors of NBL Company; (iii) ZMWH is not subjected to share any profits or losses and net assets of the NBL Company: (iv) ZMWH has the priority right to extend the Exclusive Commercial Right upon expiry thereof; (v) ZMWH cannot dispose 20% the equity interest during the period of Exclusive Commercial Right; (vi) If ZMWH does not extend the Exclusive Commercial Right upon expiry in 2019, ZMWH should transfer back the 20% equity interest of NBL Company at consideration of RMB3.6 million plus a compounded internal rate of return of 10% per annum. Based on the substance of the arrangement, the directors of the Company consider the Group's investment in NBL Company possesses the economic characteristics and risks of a debt instrument rather than an equity instrument. Accordingly, the investment is accounted for as long term receivable and subsequently measured at amortised cost.

15. INTEREST IN A JOINT VENTURE

On 7 April 2016, Beijing Wisdom Culture Co., Ltd., ("**BJWSD**"), a wholly-owned subsidiary of the Group, entered into the equity transfer agreement ("**ETA**") with Shenzhen ZM Sports Stadium Investment Co., Ltd. ("**SZZM**") and SEG Property ("**SEG**"), pursuant to which SZZM transferred 55% equity interest in Shenzhen SEG ZM Sports Culture Development Co., Ltd. ("**SEG ZM**") to BJWSD at RMB27.5 million. SZZM is controlled by Ms. Ren Wen, a controlling shareholder of the Company. Immediately after the execution of ETA, SZZM, BJWSD and SEG held 10%, 55% and 35% equity interest in SEG ZM, respectively. The Articles of Association specifies that at least two-third shareholding are required to approve for decision on directing the relevant activities of SEG ZM. Even though BJWSD held 55% equity interest in SEG ZM, based on the current shareholding structure, decisions about relevant activities require mutual consent of the Group and SEG and hence in the opinion of the directors of the Company, the Group's interest in SEG ZM is accounted for as a joint venture.

16. TRADE AND BILLS RECEIVABLES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Trade receivables	**181,715**	297,489
Bills receivables	**—**	37,382
Less: provision for impairment of trade receivables	**(1,080)**	—
	180,635	334,871

As at 30 June 2016 and 31 December 2015, the ageing analysis based on recognition date of the above trade receivables, net of allowance for doubtful debts, was as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within 1 month	**39,800**	70,467
1 to 3 months	**13,081**	79,792
4 to 6 months	**2,554**	12,982
7 to 12 months	**76,733**	104,493
Over 12 months	**48,467**	29,755
	180,635	297,489

17. OTHER RECEIVABLES

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Government grant receivables	19,772	36,349
Deposits with media companies and event organization companies	74,114	66,723
Advances to employees	9,618	7,574
Lease and other deposits	3,612	3,519
Interest receivables	—	88
Others	2,933	2,112
Less: Provision for impairment of other receivables	(4,100)	(4,100)
	105,949	112,265

18. PREPAYMENTS AND OTHER CURRENT ASSETS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Prepayments for media resources	72,160	78,678
Prepayments for sport competition and event organization expenses	24,107	5,317
Prepaid lease and property management fees	1,529	3,939
Value-added tax credit	11,651	5,049
Others	8,629	3,880
	118,076	96,863

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Financial assets at fair value through profit or loss	6,211	6,563

The above financial assets are recorded in the condensed consolidated statement of financial position at fair value. Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains and losses" in the condensed consolidated statement of profit or loss and other comprehensive income.

20. CASH AND CASH EQUIVALENTS

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Cash on hand	174	194
Cash in bank	686,613	522,065
	686,787	522,259

21. 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 1 January 2016 (audited) and 30 June 2016 (unaudited)	1,609,045	2,479	337,352	339,831
At 1 January 2015 (audited)	1,609,045	2,479	486,993	489,472
Dividends relating to 2014 paid in June 2015	—	—	(149,641)	(149,641)
At 30 June 2015 (unaudited)	1,609,045	2,479	337,352	339,831

22. TRADE PAYABLES

As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade payables based on recognition date were as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within 1 month	**10,014**	16,957
1 to 3 months	**1,599**	15,984
4 to 6 months	**—**	139
7 to 12 months	**14,645**	—
Over 12 months	**852**	852
	27,110	33,932

23. COMMITMENTS

(a) Operating lease commitments — Group as lessee

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 1 and 3 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	**5,566**	9,973
In the second to fifth years, inclusive	**555**	767
	6,121	10,740

23. COMMITMENTS (continued)

(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 from 2014 to 2018. Pursuant to the terms of the strategic cooperation agreements, the Group has been granted the exclusive rights for operating all the social sports competitions organized and operated by the above organizations.

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

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	**11,400**	14,400
In the second to fifth years, inclusive	**16,350**	26,800
	27,750	41,200

(c) In March 2016, ZMWH obtained the exclusive commercial right of 2016–2019 National Men's Basketball League ("**Exclusive Commercial Right**") without geographic limitation from NBL Company. Details are set out in Note 14. The aggregate payments are as follows:

	30 June 2016 RMB'000 (unaudited)	31 December 2015 RMB'000 (audited)
Within one year	**35,000**	—
In the second to fifth years, inclusive	**85,000**	—
	120,000	—

23. COMMITMENTS (continued)

(d) Investment commitments

Beijing Wisdom Media 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**"), independent third parties, and committed to make a capital contribution of RMB75,000,000 for the joint establishment of 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)) (the "**Fund**"). As at 30 June, 2016, Beijing Wisdom Media has invested RMB30,000,000 into the Fund. The remaining aggregate payments amounted to RMB45,000,000.

24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

24.1 Financial risk factors

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

The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

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

24.2 Liquidity risk

Compared to the year ended 31 December 2015, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(continued)

24.3 Fair value

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

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

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2016 and 31 December 2015:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Unaudited				
At 30 June 2016				
Assets				
Financial assets at fair value through profit or loss	**—**	**6,211**	**—**	**6,211**
Available-for-sale financial assets	**—**	**—**	**30,000**	**30,000**
Audited				
At 31 December 2015				
Assets				
Financial assets at fair value through profit or loss	—	6,563	—	6,563
Available-for-sale financial assets	—	—	30,000	30,000

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.

24. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(continued)

24.3 Fair value (continued)

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 19).

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

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

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

As of 30 June 2016, Beijing Wisdom Media Holding Co., Ltd. ("**Beijing Wisdom Media**"), a wholly owned subsidiary of the Company entered into a Limited Partnership Agreement ("**LPA**") with SCG and Hongtu Jingshan, and has invested RMB30,000,000 into the Fund. Since the Fund has not commenced any major operations as of 30 June 2016, the level 3 fair value of this investment approximated the value of the cash contribution made.

25. RELATED PARTY TRANSACTIONS

(a) 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 controlling shareholder of the Company is Ms. Ren Wen.

(b) The Group has the following related-party transactions during the period:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NBL Company		
Exclusive Commercial Right Expense (Note 14)	**15,291**	—
	15,291	—

In April 2016, BJWSD entered into an ETA with SZZM and SEG, pursuant to which SZZM transferred 55% equity interest in SEG ZM to BJWSD at RMB27.5 million. Ms. Ren Wen, a controlling shareholder of the Company, indirectly holds the controlling shareholding interest in SZZM. Details are set out in Note 15.

(c) The transaction with related parties which related to key management compensations as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Director's fees	**277**	102
Salaries and allowances	**2,017**	3,459
Social welfare	**80**	199
Share-based payments	**187**	149
	2,561	3,909

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