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WISDOM HOLDINGS GROUP

智美控股集团

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1661)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

FINANCIAL HIGHLIGHTS

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

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

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

FINANCIAL INFORMATION

Consolidated Statement of Comprehensive Income

| | | Year ended December 31, | |
|--|------|-------------------------|------------------|
| | | 2013 | 2012 |
| | Note | RMB'000 | RMB'000 |
| Revenue | 3 | 694,308 | 557,213 |
| Cost of services | 5 | <u>(351,481)</u> | <u>(340,250)</u> |
| Gross profit | | 342,827 | 216,963 |
| Selling and distribution costs | 5 | (24,876) | (19,221) |
| General and administrative expense | 5 | (36,925) | (21,634) |
| Other gain, net | 4 | <u>26,974</u> | <u>51</u> |
| Operating profits | | 308,000 | 176,159 |
| Finance income | 6 | 8,565 | 1,675 |
| Finance costs | 6 | <u>(5,336)</u> | <u>(30)</u> |
| Finance income, net | 6 | <u>3,229</u> | <u>1,645</u> |
| Profit before income tax | | 311,229 | 177,804 |
| Income tax expenses | 7 | <u>(79,716)</u> | <u>(45,828)</u> |
| Profit for the year | | <u>231,513</u> | <u>131,976</u> |
| Profit attributable to: | | | |
| Owners of the Company | | 231,513 | 131,900 |
| Non-controlling interest | | <u>—</u> | <u>76</u> |
| | | <u>231,513</u> | <u>131,976</u> |
| Other comprehensive income: | | | |
| Foreign currency translation adjustment | | <u>(33)</u> | <u>33</u> |
| Total comprehensive income for the year | | <u>231,480</u> | <u>132,009</u> |
| Attributable to: | | | |
| Owners of the Company | | 231,480 | 131,933 |
| Non-controlling interest | | <u>—</u> | <u>76</u> |
| Total comprehensive income for the year | | <u>231,480</u> | <u>132,009</u> |

Consolidated Statement of Comprehensive Income (Continued)

| | <i>Note</i> | Year ended December 31, | |
|---|-------------|-------------------------|----------------|
| | | 2013 | 2012 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Earnings per share attributable to owners of the Company | | | |
| Basic earnings per share | <i>13</i> | <u>RMB0.17</u> | <u>RMB0.11</u> |
| Diluted earnings per share | <i>13</i> | <u>RMB0.17</u> | <u>RMB0.11</u> |
| | | | |
| | <i>Note</i> | Year ended December 31, | |
| | | 2013 | 2012 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| Dividends | <i>8</i> | <u>229,641</u> | <u>50,000</u> |

Consolidated Balance Sheet

| | | As at December 31, | |
|---|------|-------------------------|-----------------------|
| | | 2013 | 2012 |
| | Note | RMB'000 | RMB'000 |
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 35,677 | 36,110 |
| Intangible assets | | 2,276 | 2,602 |
| Deferred income tax assets | | 906 | 721 |
| | | <u>38,859</u> | <u>39,433</u> |
| Current assets | | | |
| Capitalized program costs | | 2,820 | 4,675 |
| Trade and notes receivables | 9 | 171,271 | 127,309 |
| Other receivables | 10 | 75,042 | 57,110 |
| Prepayments and other current assets | 11 | 97,289 | 42,502 |
| Amounts due from related parties | | — | 113 |
| Cash and cash equivalents | | 819,933 | 99,450 |
| | | <u>1,166,355</u> | <u>331,159</u> |
| Total assets | | <u><u>1,205,214</u></u> | <u><u>370,592</u></u> |
| Equity and liabilities | | | |
| Equity attributable to owners of the Company | | | |
| Share capital and share premium | 12 | 639,113 | 3,204 |
| Reserves | 14 | 117,067 | 105,882 |
| Retained earnings | | 314,148 | 173,853 |
| | | <u>1,070,328</u> | <u>282,939</u> |
| Total equity | | <u><u>1,070,328</u></u> | <u><u>282,939</u></u> |

Consolidated Balance Sheet (Continued)

| | | As at December 31, | |
|--|-------------|--------------------|----------------|
| | | 2013 | 2012 |
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables | 15 | 25,834 | 30,764 |
| Other payables | 16 | 14,403 | 13,042 |
| Advance from customers | | 12,796 | 11,854 |
| Amount due to related parties | | — | 3,817 |
| Tax payables | | 81,853 | 28,176 |
| | | <u>134,886</u> | <u>87,653</u> |
| Total liabilities | | <u>134,886</u> | <u>87,653</u> |
| Total equity and liabilities | | <u>1,205,214</u> | <u>370,592</u> |
| Net current assets | | <u>1,031,469</u> | <u>243,506</u> |
| Total assets less current liabilities | | <u>1,070,328</u> | <u>282,939</u> |

Notes to the Consolidated Financial Statements

1. General Information

Wisdom Holdings Group (the “Company”) was incorporated in the Cayman Islands on March 21, 2012 as an exempted company with limited liability under the Companies Law, Cap 22 (2012 Revision) of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) is principally engaged in the provision of organization and management of sports-related competitions and other marketing events, program production and related services and advertising services, in the People’s Republic of China (the “PRC” or “China”) (“the Listing Business”).

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

2. Basis of preparation

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

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

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

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

3. Segment information

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

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

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

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

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

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

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

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

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

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

4. Other gain, Net

| | Year ended December 31, | |
|-------------------|-------------------------|----------------|
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Government grants | 26,360 | 65 |
| Others | 614 | (14) |
| | <u>26,974</u> | <u>51</u> |

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

5. Expenses by Nature

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

6. Finance income and Finance costs

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

7. Income Tax Expenses

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

| | Year ended December 31, | |
|---|-------------------------|----------------------|
| | 2013 | 2012 |
| | RMB'000 | RMB'000 |
| Current income tax — PRC corporate income tax | 79,901 | 45,937 |
| Deferred income tax | <u>(185)</u> | <u>(109)</u> |
| Income tax expense | <u><u>79,716</u></u> | <u><u>45,828</u></u> |

(i) Cayman Islands profits tax

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

(ii) Hong Kong profits tax

No Hong Kong profits tax has been provided, as the Group has no taxable profit earned or derived in Hong Kong. The applicable Hong Kong profit tax rate is 16.5% for the year ended December 31, 2013 (2012: 16.5%).

(iii) PRC corporate income tax (“CIT”)

CIT is provided on the assessable income of entities within the Group incorporated in the PRC.

8. Dividends

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

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

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

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

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

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

9. Trade and Notes Receivables

| | As at December 31, 2013 <i>RMB'000</i> | 2012 <i>RMB'000</i> |
|-------------------|--|------------------------|
| Trade receivables | 161,539 | 112,304 |
| Notes receivables | 9,732 | 15,005 |
| | <u>171,271</u> | <u>127,309</u> |

The carrying amounts of receivables approximate their fair values.

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

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

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

The carrying amounts of receivables are mainly denominated in RMB.

10. Other Receivables

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

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

11. Prepayments and other current assets

| | As at December 31, | |
|---|--------------------|----------------|
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Prepayment for advertising timeslots | 86,904 | 35,732 |
| IPO-related service fees | — | 4,357 |
| Prepaid membership fee | 1,421 | 1,456 |
| Prepaid lease and property management fees | 2,408 | 457 |
| Prepayment for sports competition, event organization expense | 5,044 | — |
| Prepayment for programme production expense | 1,060 | — |
| Others | 452 | 500 |
| | <u>97,289</u> | <u>42,502</u> |

12. Share capital and Share premium

| | Number of shares (thousand) | Share capital RMB'000 | Share premium RMB'000 | Total RMB'000 |
|--|--------------------------------|--------------------------|--------------------------|------------------|
| Issued and fully paid: | | | | |
| At January 1, 2012 | — | — | — | — |
| Issuance of shares (Note a) | 10 | 63 | 3,141 | 3,204 |
| At December 31, 2012 | 10 | 63 | 3,141 | 3,204 |
| Share Subdivision (Note b) | 39,990 | — | — | — |
| Issuance of new shares upon the capitalization of share premium (Note c) | 1,160,000 | 1,786 | (1,786) | — |
| Net proceeds from issuance of new shares (Note d) | 409,045 | 630 | 635,279 | 635,909 |
| At December 31, 2013 | 1,609,045 | 2,479 | 636,634 | 639,113 |
| Represented by: | | | | |
| Proposed dividend (Note 8) (Note e) | | | 149,641 | |
| Share premium reserve | | | 486,993 | |
| | | | 636,634 | |

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

Note:

- The Company was incorporated on March 21, 2012 with an authorized capital of 50,000 ordinary shares with a nominal value of US\$1.00 each. On the date of incorporation, 8,800 shares were issued at nominal value. On June 28, 2012, 1,000 shares were issued at nominal value. On July 3, 2012, 200 shares were issued at a total consideration of US\$500,000. Accordingly, the total number of issued ordinary shares was increased to 10,000 shares with a nominal value of US\$1.00 each. Considerations in respect of issuance of shares were fully paid. Considerations exceeding the carrying value of the ordinary shares were recorded as share premium, amounting to US\$499,800 (equivalent to RMB3,141,000).
- On June 14, 2013, the shareholders of the Company resolved to approve the subdivision of each issued and unissued ordinary share of US\$1.00 each in the share capital of the Company to 4,000 shares with a nominal value of US\$0.00025 each. The shareholders also resolved to approve to increase the authorized share capital of the Company from US\$50,000 to US\$1,000,000 by the creation of an additional 3,800,000,000 shares with a nominal value of US\$0.00025 each. Accordingly, the authorized share capital of the Company became US\$1,000,000 divided into 4,000,000,000 ordinary shares with a nominal value of US\$0.00025 each, and the issued share capital of the Company become US\$10,000 divided into 40,000,000 ordinary shares with a nominal value of US\$0.00025 each. As a result, additional 39,900,000 shares were issued.
- On June 14, 2013, the shareholders of the Company resolved to capitalize an amount of US\$290,000 (equivalent to RMB1,786,000) from the share premium account of the Company and to appropriate such amount as to capital to pay up in full at par 1,160,000,000 shares for allotment and issue to the shareholders in proportion to their respective shareholding, appear on the register of members of the Company at the close of business on June 14, 2013 in proportion to their then existing shareholdings in the Company, each ranking pari passu in all respects with the then existing issued shares, and the Directors of the Company were authorized to give effect to such capitalization and distributions.

- (d) On July 11, 2013, the Company was listed on the Main Board of the Stock Exchange by way of share offer of 400,000,000 new shares at HK\$2.11 per share (par value of US\$0.00025). On August 7, 2013, 9,045,000 new shares were further issued by the Company at HK\$2.11 per share (par value of US\$0.00025) after the over-allotment option was fully exercised by the stabilisation manager. The net proceeds received from the share offer and over-allotment credited to share capital and share premium were RMB630,000 and RMB635,279,000 respectively.
- (e) Under the Companies Law of the Cayman Islands, the share premium account is available for distribution to shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed the Company is in a position to pay off its debts as they fall due in the ordinary course of business of the Company.

13. Earnings Per Share

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

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

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

Note:

- (i) The weighted average number of ordinary shares for the years ended December 31, 2013 and 2012 used in basic and diluted earnings per share calculation is retrospectively adopted for the subdivision of shares on June 14, 2013, and the capitalization of the share premium account of the Company as disclosed in Note 12.

14. Reserves

| | Statutory reserves RMB'000 | Other reserves RMB'000 | Total RMB'000 |
|---|---|---------------------------------------|--------------------------|
| At January 1, 2012 | 16,164 | 82,152 | 98,316 |
| Statutory reserves appropriation | 7,533 | — | 7,533 |
| Foreign currency translation adjustment | — | 33 | 33 |
| | <hr/> | <hr/> | <hr/> |
| At December 31, 2012 | 23,697 | 82,185 | 105,882 |
| Statutory reserves appropriation | 11,218 | — | 11,218 |
| Foreign currency translation adjustment | — | (33) | (33) |
| | <hr/> | <hr/> | <hr/> |
| At December 31, 2013 | <u>34,915</u> | <u>82,152</u> | <u>117,067</u> |

15. Trade payables

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

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

16. Other Payables

| | As at December 31, | |
|----------------------|---------------------------|----------------|
| | 2013 | 2012 |
| | RMB'000 | RMB'000 |
| Payroll | 3,640 | 2,428 |
| Dividend | — | 5,000 |
| IPO-related expenses | 3,630 | 4,306 |
| Deposit | 2,800 | 4 |
| Audit fee | 2,400 | — |
| Others | 1,933 | 1,304 |
| | <hr/> | <hr/> |
| | 14,403 | 13,042 |
| | <hr/> | <hr/> |

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of the Group

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

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

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

Business Review

1. *Wisdom Sports*

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

2013 is a crucial year for Wisdom Sports' strategic plan in entertainment industry, as the Group established its overall development strategy in the sports and entertainment industry for the coming 3 years. Major sports competitions, international or domestic, such as "FIM Freestyle Motocross World Championship 2013 (2013 國際摩聯花式極限摩托世界錦標賽)", "Hangzhou International Marathon 2013 (2013杭州國際馬拉松)", "Guangzhou Marathon 2013 (2013廣州馬拉松)", and "Hot Air Balloon Championship 2013 (2013中國熱氣球公開賽)" were held successfully, forming part of efforts of the Group to realise its business model in sports and entertainment industry which aspired to cover projects in the air, on the sea and on land. The achievements made in expanding into a more general customer base, maintaining a sustainable profit model, and organising events with ample offline information, were strong drivers for the Group's success in obtaining the long term rights to operation and commercial development of major events such as "China Longzhou Tournament (中華龍舟大賽)" and "Marathon Majors (馬拉松系列賽)". The Group's major seasonal profit ceilings were thus sundered. The combination of competitions of different types also diversified the portfolio of offline competitions and entertainment activities and helped extending the coverage of the industry chain. Meanwhile, the Group, jointly with the State Administration of Press, Publication, Radio, Film and Television of China (國家新聞出版廣電總局), set up China Sporting Culture Promotion Association (中國體育文化傳播促進會), which established the new model of separate administration and execution under the support of the government. Products were being developed in the realm of new media to complement existing sports events that the Group held. "Yuepao (約跑)", a smartphone application for roadrunners, was launched to facilitate the development of O2O (Online-to-Offline combined marketing model) business model and to establish a big data platform for sports and health information gradually, which laid a solid foundation for the overall development of B2C model in the sports and entertainment industry chain.

2. *Wisdom Program*

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

The State Administration of Press, Publication, Radio, Film and Television of China issued orders for restrictions in entertainment programs and singing competitions in 2013, requiring more original content in programs being broadcast so as to become independent from reliance

on imported programs. For the Group, the policy gave clear directions for its development in program production business. The Group's strategy in program production is to create synergies between professional programs and branding programs, of which the mutual development would bring stable growth in professional programs as well as rapid increases in the income generated from branding programs, leading to a significant increase in the revenue of Wisdom Program in 2013. Net revenue and gross profit of the programs increased by approximately 132.2% and 164.7%, respectively, as compared to the corresponding period of last year. In 2013, the Group performed well in terms of project selection, negotiations for collaborating projects, business planning, and communications with the government and competent regulatory bodies of the industry.

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

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

3. *Wisdom Branding*

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

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

Industry Outlook and Prospects of the Group

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

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

Wisdom Sports & Entertainment business unit (智美體育娛樂事業部) will be established by Wisdom Sports. As various operational items of sports competitions are being actively developed, the Group will start developing the business related to sports agent, venue operations and club operations gradually by enabling interconnected interactions between different sports events, sport clubs, mobile gyms, online sports communities, mobile applications for sports, intelligent sport & health terminals, weaving them into an integrated platform for sports and health in China, and achieving the O2O-fused development model.

Sports & Entertainment business unit of the Group has scheduled to hold a total of over 40 events in 2014, including 12-15 marathon races which will cover developed cities in China, among others, such as Guangzhou, Hangzhou, Chongqing, Changsha; 9 “China Longzhou Tournament (中華龍舟大賽)” and the “Dragon Boat World Cup of 2014 (2014龍舟世界杯)”;

10 hot air balloon festivals; and 1 “FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽)”. It is estimated that the Group’s first dragon boat-themed mobile game application will be released around the Dragon Boat Festival in 2014, and the online version of the sports- and health-related information platform in China will be put online in July.

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

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

Financial Review

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

Revenue

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

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

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

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

Cost of Services

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

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

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

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

Gross Profit and Gross Margin

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

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

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

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

Selling and Distribution Costs

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

General and Administrative Expenses

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

Other Gain, Net

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

Finance Income, Net

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

Profit Before Income Tax

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

Income Tax Expenses

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

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

Profit for the year

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

Cash Flows

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

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

Net Cash Generated from Operating Activities

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

Net Cash Generated from/used in Investing Activities

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

Net Cash Generated from/used in Financing Activities

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

Working Capital

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

Capital Expenditure

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

LIQUIDITY AND FINANCIAL RESOURCES OF THE GROUP

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralized and cash is generally deposited with banks and denominated mostly in RMB. As at December 31, 2013, the Group had net current assets of RMB1,031.5 million (December 31, 2012: RMB243.5 million), of which cash and cash equivalents and various bank deposits together amounted to RMB819.9 million (December 31, 2012: RMB99.5 million).

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

The Group has not experienced any material impact or effects on its operations or liquidity as a result of fluctuations in currency exchange rates for the year ended December 31, 2013, and the Company has not used any financial instruments for hedging purposes as the risk of exposure to fluctuations in exchange rates is comparatively low.

CAPITAL STRUCTURE OF THE GROUP

The reorganization (the “**Reorganization**”) of the Company and the subsidiaries of the Company as set out in the prospectus of the Company dated June 28, 2013 (the “**Prospectus**”) was completed on June 24, 2013. The Company was listed on the Main Board of the Stock Exchange on July 11, 2013. On August 7, 2013, the Company issued an additional 9,045,000 ordinary shares at the offer price of HK\$2.11 each to the public upon the partial exercise of the over-allotment option. Apart from the Reorganization, there was no alternation in the capital structure of the Group for the year ended December 31, 2013.

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

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

CHARGE ON ASSETS

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

FINANCIAL RATIO

| Financial ratio | As at December 31, 2013 | As at December 31, 2012 |
|------------------------------|-------------------------------|-------------------------------|
| Current ratio ⁽¹⁾ | 864.7% | 377.8% |
| Gearing ratio ⁽²⁾ | N/A | N/A |

Notes:

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

(2) Gearing ratio is calculated as net debt (total bank borrowings less cash and cash equivalents) divided by total equity. The gearing ratio is not applicable to the Group as it had no bank borrowings as at December 31, 2012 and December 31, 2013 respectively.

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

CONTINGENT LIABILITIES

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

HUMAN RESOURCES

The total number of employees of the Group was 196 as at December 31, 2013. The Group implements remuneration policy that is competitive in the industry, and pays commissions and discretionary bonus to its sales personnel and other employees with reference to performance of the Group and individual employees. The total cost of the employees for the year ended December 31, 2013 amounted to RMB28.4 million.

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

The Group also selects potential management staff to receive advance training in domestic leading business schools regularly, aiming at enhancing their all-round capability.

USE OF PROCEEDS FROM LISTING

The net proceeds from issue of new shares of the Company in its global offering and the partial exercise of over-allotment option (after deducting the underwriting fees, capitalised professional service fees and related expenses) amounted to approximately RMB635.9 million, which are intended to be applied in the manner as disclosed in the Prospectus in respect of the global offering of its shares. As at December 31, 2013, part of the proceeds has been applied as follows:

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

DIVIDENDS

Beijing Wisdom Media Holding Co., Limited, an affiliated entity of the Company, distributed dividends to its then shareholders in the amount of RMB80 million in May 2013. No interim dividend was paid by the Company for the period ended June 30, 2013. The Board recommends a payment of final dividend of RMB0.093 per share for the year ended December 31, 2013 to the shareholders whose names appear on the register of members of the Company on May 26, 2014.

The proposed declaration of final dividend is subject to the shareholders’ approval at the forthcoming annual general meeting (the “AGM”).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities throughout the period from July 11, 2013 (the “**Listing Date**”) to December 31, 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that throughout the period from the Listing Date to December 31, 2013, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), save and except for code provision A.2.1 of the Corporate Governance Code, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors’ securities transactions.

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

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee has reviewed together with the management and PricewaterhouseCoopers the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended December 31, 2013.

AUDITORS

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

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

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the preliminary announcement of the Group's results for the year ended December 31, 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

POST BALANCE SHEET EVENTS

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

CLOSURE OF SHARE REGISTER OF MEMBERS

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

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

PUBLICATION OF CIRCULAR AND ANNUAL REPORT

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the AGM, will be despatched to the shareholders in due course.

The annual report of the Company for the year ended December 31, 2013 will be despatched to the shareholders and published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.wisdom-china.cn>) in due course.

By order of the Board
Wisdom Holdings Group
Ren Wen
Chairlady and Executive Director

Hong Kong, March 30, 2014

As at the date of this announcement, the executive Directors are Ms. Ren Wen, Mr. Sheng Jie, and Mr. Zhang Han; the non-executive Directors are Mr. Jin Haitao, Mr. Wang Shihong and Mr. Xu Jiongwei; and the independent non-executive Directors are Mr. Wei Kevin Cheng, Mr. Ip Kwok On Sammy and Mr. Jin Guoqiang.