An investment in our Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our combined financial statements and related notes, before you decide to buy our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our Shares could decline, and you may lose all or part of your investment. This prospectus also contains forward looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our cooperative relationship with CCTV and other media resources has been, and is expected to continue to be, critical to our business and financial performance. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would materially and adversely affect our business, results of operations and financial condition.

We significantly rely on CCTV and other media resources to operate our business. We offer our advertising clients the advertising time slots we secure from selected TV programs on CCTV and other media resources, or help them to acquire appropriate advertising time slots on an agency basis. In addition, we normally broadcast our TV programs on CCTV and other television channels in exchange for the advertising time slots during such TV programs. If our cooperative relationships with CCTV or other media resources deteriorate or end, our business, results of operations, and financial condition will be adversely affected.

In particular, our cooperative relationship with CCTV has been, and is expected to continue to be, critical to our business and financial performance. As our largest supplier, CCTV accounted for approximately 80.4%, 85.7% and 72.7% of our total purchases for the years ended December 31, 2010, 2011 and 2012, respectively. Our revenues (inclusive of sales-related taxes) derived from the advertising resources for “World Express (國際時訊)”, “News Weekly (新聞週刊)”, “World Weekly (世界週刊)”, “Treasure Hunt (尋寶)”, “Oriental Horizon (東方時空)” and “Auto Fashion (車風尚)” accounted for approximately 71.6%, 80.9% and 80.2% of our revenues (inclusive of sales-related taxes) in 2010, 2011 and 2012, respectively. In addition, we believe our access to advertising time slots on the main channels of CCTV, particularly during certain popular TV programs, enhances our service offerings. Therefore, the continued success in our business substantially depends on our ability to maintain our relationship with CCTV, which is subject to a number of risks, including the following:

- CCTV may change the sales model of its advertising time slots. CCTV currently uses third-party agencies, such as us, to sell a significant portion of its advertising time slots to advertisers, while selling the remaining portion of its advertising time slots directly by itself. If CCTV changes this model and increases the volume of its direct sales to advertisers, we may lose our advertising clients and our results of operations will be materially and adversely affected.

- CCTV may begin to specify a limit on total advertising time slots that may be purchased by one advertising agency in the future, in which case our growth potential would be limited as we would not be able to represent our advertising clients to purchase more CCTV advertising time slots when we exceed the limit.

- CCTV’s advertising time slots, particularly those for the most popular TV programs and prime-time advertising time slots, are limited resources and highly coveted by advertisers and advertising agencies. As a result, we face intense competition for CCTV-related advertising business from a number of competitors which may have competitive advantages, such as greater financial, marketing or other resources.

We typically do not have a long-term agreement with CCTV and other media resources. For example, our agreements with CCTV in connection with the exclusive rights to advertising time slots for "World Express (國際時訊)", "News Weekly (新聞週刊)", "World Weekly (世界週刊)", "Treasure Hunt (尋寶)" and "Oriental Horizon (東方時空)" typically have a term of one year and we expect to renew those agreements on an annual basis. We acquired the exclusive right to advertising time slots for these five TV programs in 2010 and continued to hold such rights through 2013, except for our arrangement with CCTV and Beijing Qili in relation to the advertising time slots for "News Weekly (新聞週刊)", "World Weekly (世界週刊)" and "Treasure Hunt (尋寶)" in 2012. See "Business — Wisdom Branding — Media investment management services". However, there is no guarantee for renewal upon expiration of those agreements and there is no assurance that we can maintain stable business relationship with CCTV. In addition, once we receive relevant authorization certificates from CCTV, we may start selling the advertising time slots for CCTV programs for the next contract year prior to formally renewing our agreements with CCTV. However, if we are not able to formally renew such agreements with CCTV later for any reason, we may be liable for our clients which have purchased relevant advertising time slots from us. Therefore, since we do not have the protection of long-term agreements with CCTV in connection with our media investment management business, we are subject to changes of policies or practices by CCTV, as well as other uncertainties that could result in the termination of, or other changes in, these existing exclusive agreements.

In addition, the TV programs on CCTV and other media resources that are suitable candidates for our clients are also limited, and we also face competition for these desirable media resources. Therefore, while we intend to continue to seek opportunities for acquiring more desirable TV programs on CCTV and other media resources, we may not be successful in obtaining and retaining these media resources. As a result, if we are unable to renew or enter into new agreements with CCTV and other media resources on commercially feasible terms or at all, our business, results of operations and financial condition would be materially and adversely affected.

We rely on access to advertising time slots during a limited number of TV programs to place our clients' advertisements and the desirability of the advertising time slots we obtain depends on the popularity and viewership of the relevant TV programs and other factors that are difficult to predict.

We rely significantly on our exclusive rights to the advertising time slots for a limited number of TV programs on CCTV, including "Oriental Horizon (東方時空)", "World Express (國際時訊)", "News Weekly (新聞週刊)", "World Weekly (世界週刊)" and "Treasure Hunt (尋寶)", and some TV programs produced by us, the majority of the audience of which we believe overlaps with the target consumers of automobile manufacturers and high-end brand owners. However, we do not have control over the availability or scheduling of these TV programs on CCTV and other television channels. If any of such programs are rescheduled to times that are unattractive to our clients or if any of such programs are shortened or canceled by CCTV or other television channels due to the adjustment of its programming plan and we cannot obtain alternative media resources, the services for our existing clients will be adversely affected and we may also face difficulty in marketing our services and our revenues may decline.

In addition, the value of television advertising time slots depends primarily on the popularity, ratings and demographics of the viewership of the programs to which such advertising time slots are attached. Therefore, the perceived desirability of the advertising time slots we obtain from CCTV and other television channels to a certain extent depends on the acceptance by the public of the TV programs to which our advertising time slots are attached, the quality and acceptance of other competing programs, the availability of alternate forms of entertainment, the general trend of leisure time activities and other tangible and intangible factors, many of which are difficult to predict and are beyond our control. As a result, if any of the TV programs on CCTV or other television channels to which our advertising time slots are related becomes unpopular, the advertising time slots we obtain from CCTV and other television channels may become less attractive to our clients and our financial condition and results of operations could be materially and adversely impacted.

Our ability to adjust the costs for our media investment management business is limited and any substantial increase in the prices charged by CCTV for the advertising time slots available to us may reduce our profitability.

For our media investment management services, we charge our advertising clients prices based on a number of factors, including market demand for the advertising time slots, target audience, the ratings and quality of the relevant TV programs to which the advertising time slots are attached and prices charged by our competitors. In addition, we are obligated to pay the committed amount of media costs set forth in our exclusive agreements in connection with CCTV programs even if we are not able to sell all of the corresponding advertising time slots to our clients. We typically negotiate the pricing terms with the television channels with respect to the advertising time slots available to us on an annual basis. We retain the difference between the prices we charge to our advertising clients and the prices we pay to the television channels as our profits. CCTV has been increasing the prices charged to us for the advertising time slots in relation to its TV programs each year, and we expect that CCTV will continue to raise such prices in the future. We are typically able to pass on such price increases to our advertising clients. Since CCTV enjoys greater bargaining power over price increases than we do, our ability to control such media costs is limited. Therefore, if CCTV substantially raises the prices charged to us for the advertising time slots available to us and we are unable to pass on such costs to our advertising clients, our profitability may decline.

We rely on clients in the automobile industry, and thus should the automobile industry suffer a downturn or be affected by fluctuations in the macroeconomic conditions, or should the products of automobile brand owners defect in a significant way, our business and financial performance may be adversely affected.

Our major clients are primarily concentrated in the automobile industry. Our revenues (inclusive of sales-related taxes) generated from automobile-related brand owners accounted for approximately 67.1%, 59.4% and 39.7% of our revenues (inclusive of sales-related taxes) in 2010, 2011 and 2012, respectively. We have greatly benefited from the rapid growth in China's automobile industry during the past few years. Further, the growth of China's automobile industry could be affected by many factors, including:

- general economic conditions in China and around the world;
- the growth of disposable household income and the availability and cost of credit available to finance automobile purchases;
- quotas, taxes and other incentives or disincentives or restrictions related to automobile purchases and ownership;
- environmental concerns and measures taken to address these concerns;
- the cost of energy, including gasoline prices, and automobile licensing and registration fees;
- the improvement of the highway system and availability of parking facilities; and
- other government policies relating to the automobile industry in China.

Any adverse changes to these factors could negatively affect the branding and marketing budgets of automobile brand owners, which may in turn adversely affect our business and financial performance.

In addition, if there were any negative impact on specific clients, such as the discovery of significant defects in their products that cause harm or damages to their end-customers or lead to product callbacks, or other substantial negative reputational impact, the branding and marketing budgets of such clients may be reduced, which in turn would adversely affect our business and financial performance.

We receive a substantial portion of our revenues from a limited number of large clients, and the loss of these clients could materially and adversely impact our business, results of operations and financial condition.

We derive a significant portion of our revenues from a limited number of large clients. For the years ended December 31, 2010, 2011 and 2012, our five largest clients accounted for approximately 31.7%, 25.2% and 34.3% of our revenues (inclusive of sales-related taxes), respectively. Most of these clients are third-party advertising agencies who obtained advertising time slots from us for brand owners and may in turn rely on a limited number of large advertisers for their businesses. The performance of such third-party advertising agencies or the advertisers they represent has a direct impact on our operating results. Advertisers who access our advertising time slots through these advertising agencies may reduce advertising and marketing spending or cancel projects at any time for any reason. There can be no assurance that any of these clients will continue to utilize our services to the same extent, or at all, in the future. As a result, a significant reduction in advertising and marketing spending by, or the loss of one or more of, our large clients, or the loss of one or more significant advertisers by our advertising agency clients, to the extent the loss in our revenues resulting from the loss of these clients is not replaced by new client accounts or increased business from existing clients, would lead to a substantial decline in our revenues, which could have a material adverse effect on our business, results of operations and financial condition. In addition, if any client with whom we have a substantial amount of business experiences financial difficulty, we could be unable to collect accounts receivable on a timely basis, if at all. This may result in an increase in our bad debt expenses and adversely affect our results of operations.

Our clients periodically review and change their marketing models and strategies, and we generally do not enter into exclusive or long-term agreements with our clients. Therefore we may be unable to retain our clients if we fail to adapt quickly to their changing demands or if they are unsatisfied with our services or for other reasons, which in turn may have an adverse effect on our revenues and profits.

As is customary in the marketing communications industry in China, we do not have exclusive or long-term agreements with our clients, who typically engage us on an annual or campaign-by-campaign basis. In many cases, we represent a client for only a portion of its advertising or marketing needs or only in specific advertising or marketing campaigns, thus enabling the client to continually compare the effectiveness of our services against that of other agencies. As a result, there is no assurance that we will be able to maintain our relationships with current and future clients. If we fail to retain our existing clients or increase advertisers' awareness and utilization of our services, or to formulate attractive and high-quality service packages and pricing structures to attract new clients, demand for our services will not grow and may even decrease, which could materially and adversely affect our ability to maintain or increase our revenues and our profitability. In addition, in recent years, an increasing number of brand owners have sought to consolidate their marketing communications activities with a smaller number of advertising agencies to increase the efficiency of their marketing budget and advertising spending and to reduce costs. This trend may result in a decrease or slow down in growth of the number of our client accounts, and could have a negative impact on our market position and materially and adversely affect our business, results of operations and financial condition.

The organization of sports-related competitions involves numerous risks, and therefore we may suffer reputational losses and be required to cover the damages with our own funds if they are not fully covered by our insurance, which in turn may have a material adverse effect on our financial condition and results of operations.

The organization and management of sports-related competitions involve numerous risks that may result in accidents. The sports competitions we have organized and we plan to organize in the near future include marathons and those involve automobiles and motor-driven vehicles. The organization of these sports competitions have risks of causing accidents, which could result in the loss of human life or personal injuries to spectators, players or our staff, significant damage to equipment and property, environmental pollution, violent spectator incidents, and financial and reputational losses to us. The insurance policies we currently have may not cover all potential liabilities that may result from these risks. The occurrence of any of these events which are not fully covered by insurance would require us to cover the damages with our own funds, thereby reducing our revenues and increasing our costs. For example, two runners died after participating in the "Guangzhou Marathon (廣州馬拉松)" organized by us in cooperation with government authorities in Guangzhou in November 2012. There was no wrongful act or negligence on our part in this accident and we were not liable for any damages for the accident. During the Track Record Period, we did not incur any similar incidents during the competitions organized by us. In the future, we may face claims due to personal injuries or property damages in the sports competitions organized by us. A successful claim against us may result in financial and reputational losses to us. Even if unsuccessful, such a claim could cause unfavorable publicity, require substantial cost to defend and divert the time and attention of our management. As a result, we may suffer financial losses or reputational losses in connection with the risks involved in the organization of sports-related competitions which in turn may have a material adverse effect on our financial condition and results of operations.

We may not be able to renew agreements for the existing sports competitions organized by us or introduce new sports competitions or events, which may have an adverse effect on our revenues and profits.

The success of our event organization, management and promotion business depends on our ability to renew the agreements for the existing sports competitions and events organized by us and to introduce new sports competitions or events. We are currently licensed by sports organizations or their authorized agents to organize certain sports competitions for a limited period of time. Therefore, we are subject to changes of strategies by those sports organizations, as well as other uncertainties that could result in our failure to renew the existing cooperation agreements with those sports organizations on commercially feasible terms. Although we plan to develop our Wisdom Sports unit as a strategy, we may not successfully obtain the license to organize new sports competitions on reasonable terms. If sports organizations are unsatisfied with the license fee packages we offer, or if sports organizations decide to cooperate with our competitors, demand for our event organization, management and promotion services may not grow and may even decrease, which in turn may have a material adverse effect on our ability to maintain or increase our revenues and our profitability.

We face intense competition in the marketing communications industry in China, and if we do not compete successfully against existing and new competitors, we may lose our market share and our business, results of operations, financial condition and prospects may be materially and adversely affected.

The marketing communications industry in China is highly competitive and fragmented. There are numerous media and marketing channels that our clients could use to promote their products or services, and in each media sector there are multiple companies competing for clients' marketing budgets. Key competitive considerations for retaining existing business and winning new business include our service quality, available advertising time slots, price, reputation, relationships with a variety of media channels, our specific expertise in the automobile-related sector, and our experience in designing tailored marketing campaigns for our clients. In particular, we face competition from companies that adopt a similar model as ours or offer marketing communications channels that are comparable to our offerings. The competition we face is primarily associated with the following:

- With respect to program production, we face direct competition from other program producers, including broadcasters that could independently produce programs and operators and television stations that independently produce and broadcast programs.
- With respect to the organization, management and marketing of sports competitions and other events, we face competition from other event management companies.

- With respect to our media investment management and branding and identity services, our competitors include PRC affiliates of international 4A advertising agencies, and a small number of domestic advertising companies that provide branding and identity services for clients in all industries.

Some of our existing and potential competitors may have competitive advantages, such as more established relationships with desirable clients and media channels, significantly greater financial, marketing or other resources or stronger market reputation, or may be able to better implement similar or competing business models. Increased competition could reduce our profitability and result in a loss of our market share. We cannot assure you that we will be able to successfully compete against new or existing competitors and failure to do so may cause our market share to decline, and our business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, we face competition from other marketing communications service providers for acquisition of valuable and limited media resources available on CCTV and other media platforms for the broadcast of the TV programs produced by us and our clients' advertisements, on the basis of sales and marketing capabilities, operating track record, service quality and other relevant factors.

Furthermore, the competition for talented employees in our industry is extremely intense, which has put significant pressure on us to increase employee remunerations to match industry standards. However, there can be no guarantee of the continuing competitiveness of our salary levels. If our compensation levels fail to keep up with industry standards, current or potential competent employees may choose to join our competitors. In such event, we may fail to maintain the high quality of our services to meet the needs of our clients.

We depend substantially on the continuing efforts of our senior management and key personnel, and our business and prospects may be severely disrupted if we lose their services.

Our future success depends on the continued services of the key members of our senior management team, in particular, the continued service of Ms. Ren Guozun, our founder, chairlady and president. Ms. Ren has more than 12 years of working experience in the automobile-related marketing communications and media industry. We rely on her experience in our business operations, as well as her business vision, management skills and working relationships with our employees, clients and media resources. If we lose the services of any senior management and key personnel, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects. In addition, the loss of any of our key employees may adversely impact the perception of us by our clients, media and investors. Furthermore, if any of our senior management and key personnel joins a competitor or forms a competing company, we may lose a significant number of our clients, which also could have a material adverse effect on our business and revenues. For more detailed information on our senior management, please refer to the section "Directors and Senior Management" in this prospectus.

If we are unable to adapt to changing trends in the marketing communications industry and preferences of our clients, media resources and consumers, we will not be able to compete effectively.

The provision of marketing communications services requires us to continuously identify new industry trends and the preferences of our clients, media resources and consumers, which may require us to develop new features and enhancements for our services. We continually follow the marketing communications market and new trends and developments with respect to or affecting media resources. We also conduct in-depth market research to analyze the effectiveness of the marketing campaigns of our clients and to project the trends of the marketing communications market in the near future. We may be required to incur development and acquisition costs to hire new managers or other personnel in order to keep pace with new market trends. If we fail to provide our program production, sports competitions and events organization and branding services effectively to meet our clients' evolving needs, or if we cannot succeed in developing and introducing new services on a timely and cost-effective basis, the demand for our marketing communications services may decrease and we may not be able to compete effectively or attract clients, which would have a material adverse effect on our business and results of operations.

We plan to secure media resources on new media platforms. We may not be successful in that business due to our lack of experience and expertise with respect to those new media platforms and we may face many other risks and uncertainties.

We plan to secure media resources on new media platforms, such as the Internet and mobile devices. We have traditionally not been engaged in businesses involving those new media platforms and, as a result, we have little or no expertise and experience in operating these businesses. In addition, our expertise and experience in the television platform may not be readily applied to prospective businesses involving those new media platforms. In contrast, our existing and potential competitors may have competitive advantages, such as significantly greater financial, marketing or other resources or expertise and experience with respect to new media platforms. As a result, we may not be able to successfully secure media resources on new media platforms on favorable terms, or at all.

Furthermore, the market in China for marketing communications services involving some of those new media platforms is relatively new and its potential is uncertain. Our success in securing and managing media resources on new media platforms depends on the acceptance of marketing communications on those new media platforms by our clients and their continuing interest in such platforms as a component of their marketing strategies.

Implementing our plan to secure media resources in new media platforms will also require us to:

- continue to identify and obtain media resources in those new media platforms that are attractive to our clients;
- significantly expand our capital expenditures to pay for media resources;
- obtain related governmental approvals; and
- expand the number of operational and sales staff that we employ.

If we are unable to successfully implement our strategy relating to new media platforms, or if such expansion does not otherwise benefit our business, our prospects and competitive position may be materially harmed and our business, financial condition and results of operations may be materially and adversely affected.

The PRC regulates advertising content extensively and we may be subject to laws, regulations and government actions based on the advertising content we design for our clients or other services we provide to them.

PRC advertising laws and regulations require advertisers, advertising operators and advertising distributors, including businesses such as ours, to ensure that the content of the advertisements they prepare or distribute is fair and accurate and is in full compliance with applicable laws and regulations. Violation of these laws or regulations may result in penalties, including fines, confiscation of advertising fees, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, the PRC government may revoke a violator's license for advertising business operations.

Under applicable PRC laws and regulations, we are required to independently review and verify the content of our clients' advertisements for compliance and to confirm that any required government review has been performed and that all necessary approvals have been obtained. In addition, for advertising content related to special types of products and services, such as alcohol, cosmetics, pharmaceuticals and medical procedures, we are required to confirm that our clients have obtained requisite government approvals, including operating qualifications, proof of quality inspection of the advertised products and services, and government pre-approval of the content of the advertisement and filings with the local authorities.

We endeavor to comply with applicable PRC laws and regulations in connection with the advertising content, including by requesting relevant documents from the advertising clients and employing qualified advertising inspectors who are trained to review advertising content for compliance. If the relevant PRC governmental agencies determine that the content of the advertisements that we represent violated any applicable laws, rules or regulations, we could be subject to penalties. If the media operators refuse to broadcast the advertisements of our clients due to the non-compliance with relevant laws and regulations, we will also suffer economic loss and our business will also be negatively affected. Such violations or alleged violations of the content requirements may also adversely affect our reputation, operations and financial performance, and may impair our ability to conduct and expand our business in China.

We may be exposed to liabilities from allegations that certain of our clients' advertisements may be false or misleading or that our clients' products may be defective.

We may become, or may be joined as, a defendant in litigations or administrative proceedings brought against our clients by third parties, our clients' competitors, regulatory authorities or consumers. These actions could involve claims alleging, among other things, that:

- advertisements made with respect to our clients' products or services are false, deceptive, misleading, libelous, injurious to the public welfare or otherwise offensive;
- our clients' products are defective or injurious and may be harmful to others; or
- marketing, communications or advertising materials created for our clients infringe on the proprietary rights of third parties.

The damages, costs, expenses or attorney's fees arising from any of these claims could have an adverse effect on our business and results of operations to the extent that we are not adequately insured against such risks or indemnified by our clients. In addition, our reputation may be negatively affected by such allegations.

The production and broadcasting of TV programs are regulated extensively in China, and our production of TV programs are subject to various PRC law and regulations.

In accordance with the requirements under applicable PRC laws and regulations, we have obtained a Permit for Production and Operation of Radio and TV Programs (廣播電視節目製作經營許可証). If our permit is revoked due to our serious violation of applicable rules in respect of the production and content of TV programs, or if we fail to renew our required permit upon its expiration, we may not continue to produce TV programs and our business will be materially adversely affected. The television stations and other media operators will review our TV programs before they are broadcasted. If our TV programs could not be broadcasted as a result of the non-compliance with relevant laws and regulations, such violation may result in penalties and our business and results of operations will be adversely affected.

Our current operating results may not be indicative of future earnings.

Our operating results may fluctuate significantly from period to period based on the seasonality of consumer spending, TV programs and marketing trends in China or other factors. For example, the demand for our 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 our clients during that period. In addition, we derive a portion of our revenues from organization, management and promotion of domestic and international sports-related competitions and events, the occurrence of which vary from period to period. If our revenues for a particular period are lower than we expect, we may be unable to reduce our operating expenses for that period by a corresponding amount, which would harm our operating results for that period relative to our operating results from other periods. As a result, our results of operations may fluctuate significantly from period to period and you should not rely on period-to-period comparisons of our historical results of operations as an indication of our future performance.

The recent global financial crisis and economic downturn have had, and may continue to have, a material adverse effect on our business, results of operations and financial condition.

The global financial crisis and economic downturn since 2008 and the ongoing European sovereign debt crisis have adversely affected economies and businesses around the world. China's economy has also faced challenges. To the extent that there have been improvements in some areas, it is uncertain whether such recovery is sustainable. Demand for our marketing communications services and the resulting marketing spending by our clients are highly sensitive to changes in economic conditions. Recessionary economic cycles may adversely affect the businesses of our clients, which can have the effect of reducing the volume of advertising time slots and other services our clients purchase from us.

In an economic downturn characterized by higher unemployment, lower corporate earnings, lower business investment and lower consumer spending, the demand for marketing communications services may be materially and adversely affected. In the past, our clients have responded to weakening economic conditions with reductions to their marketing budgets and downsizing or canceling their marketing campaigns. This pattern may recur in the future. In addition, to the extent some of our clients experience financial difficulties as a result of the changes in economic conditions, we may suffer reduced revenues and write-offs of accounts receivables, among others.

Moreover, a slowdown in the global or China's economy or the recurrence of any financial disruptions may have a material and adverse impact on financings available to us. The weakness in the economy could erode investors' confidence, which constitutes the basis of the credit markets. The recent financial turmoil affecting the financial markets and banking system may significantly restrict our ability to obtain financing in the capital markets or from financial institutions on commercially reasonable terms, or at all. Although we are uncertain about the extent to which the recent global financial and economic crisis and slowdown of China's economy may impact our business in the short term and long term, there is a risk that our business, results of operations and prospects will be materially and adversely affected by any ongoing global economic downturn or slowdown in China's economy.

We may need additional capital and we may not be able to obtain it at acceptable terms or at all, which could adversely affect our liquidity and financial condition.

We may require additional cash due to changed business conditions or other future developments. If our current sources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities or convertible debt securities could result in dilution to our shareholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations and liquidity.

Our ability to obtain additional capital on acceptable terms is subject to a variety of risks and uncertainties, including:

- investors' perception of, and demand for, our securities;
- prevailing conditions of the capital markets in which we seek to raise funds;

- our future results of operations, financial condition and cash flows;
- PRC governmental regulation of the marketing communications industry in China;
- PRC governmental policies relating to foreign currency; and
- economic, political and other conditions in China.

Any failure by us to raise additional funds that are necessary for our operations on terms favorable to us could have a material adverse effect on our liquidity and financial condition.

Our failure to protect our intellectual property rights could have a negative impact on our business and competitive position.

We operate in an industry that places a premium on creative abilities and artistic talents. Many of our work products resulting from our creative activities are the subject of intellectual property rights, on which our business relies to stay competitive in the marketplace. The success of our business depends substantially upon our continued ability to use our brand, copyright, trade names and trademarks to increase brand awareness and to further develop our brand. The unauthorized reproduction of our trade names or trademarks and the unauthorized broadcast of our video programs could diminish the value of our brand and its market acceptance, competitive advantages or goodwill and reduce our revenues. In addition, our proprietary information, which has not been patented or otherwise registered as our property, is a component of our competitive advantage and our growth strategy.

We rely on a combination of copyright, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property rights. Nevertheless, these afford only limited protection and policing unauthorized use of proprietary information can be difficult and expensive. In addition, the application of laws governing intellectual property rights in China and abroad is uncertain and evolving, and could involve substantial risks to us. To our knowledge, the relevant authorities in China historically have not protected intellectual property rights to the same extent as most other countries. If we were unable to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, operating results and financial condition.

Our business may be adversely affected by unforeseen events or natural disasters that are beyond our control or other significant events.

Natural disasters, acts of war, political unrest, terrorist attacks and epidemics, which are beyond our control, may adversely affect the economy, infrastructure, and livelihood of the people of China, and may cause uncertainties and cause our business to suffer in ways that we cannot currently predict. The occurrence of any unforeseen events, natural disasters or other significant events, may adversely affect our sales and results of operations. For example, a magnitude 8.0 earthquake and a magnitude 7.0 earthquake struck Sichuan Province on May 12, 2008 and April 22, 2013, respectively. Many television stations in China significantly changed their programming after the earthquake to broadcast developments and rescue operations relating to the earthquake. All television channels in China ceased to broadcast any advertisements during a three-day national mourning period from May 19, 2008 to May 21, 2008. In addition, certain television advertisements with content that was deemed to be inappropriate for broadcast during coverage of this tragic event were suspended in May and June 2008. During the occurrence of a natural disaster like the earthquake that occurred in Sichuan Province in 2008, we may experience disruptions of our advertising placement and loss of our advertising time slots purchased from those television channels. In addition, such a natural disaster may adversely affect advertising spending of our clients, which may adversely affect our sales and results of operations. Therefore, if any unforeseen events, natural disasters or other significant events occur in the future, the broadcast of our clients' advertisements may be adversely affected, which may have a material adverse effect on our business, financial conditions and results of operations.

Our commercial use of owned properties and our rights to lease certain properties could be challenged, which could prevent us from continuing to operate the affected facilities or increase the costs associated with operating these facilities.

Our owned properties are currently used as office premises for our Group. However, the relevant building title certificates indicate that these properties are for residential use. If relevant authorities require us to conform to the designated usage specified in relevant building title certificates, we may be required to relocate our offices to other places and bear related relocation cost. For one leased property in Guangzhou, the lessor was unable to provide us with a copy of the building title certificate or document evidencing the authorization or consent of the ultimate owner of leasing such property. We are in the process of standardizing the internal procedures for signing lease agreements, including requiring lessors to provide title certificates for our review prior to signing, or written owners' consents, if the lessors are not the registered property owners. In addition, the lessors of most of our leased properties have not registered the relevant lease agreements with governmental authorities in the PRC. Under PRC law, such non-compliances may result in the risk that we may not be able to continue to occupy the relevant properties if any such lease is challenged by third parties or relevant authorities. If we need to relocate a large number of offices within a short period of time, our operations may be disrupted.

Our insurance coverage is limited and we may incur substantial costs as a result of a severe business liability or disruption or other unexpected events, which could have a material adverse effect on our financial condition and results of operations.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business disruption, business liability or similar business insurance products. We have determined that the risks of disruption or liability from our business, the cost of obtaining insurance coverage for these risks and the difficulties associated with obtaining such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, we do not maintain insurance coverage for any business liability, disruption, litigation or property insurance coverage for our operations in China and would have to bear the costs and expenses associated with any such events out of our own resources, which in turn could have an adverse effect on our operating results.

RISKS RELATING TO STRUCTURED CONTRACTS AND OUR CORPORATE STRUCTURE

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

We and our PRC subsidiaries are considered foreign persons or foreign-invested enterprises under PRC laws, and, as a result, we are required to comply with PRC laws and regulations applicable to foreign investments, including those restricting foreign participation in the TV program production business. Because of these restrictions, we have developed a corporate structure in which we do not have an ownership interest in the entities involved in activities in which foreign entities' and foreign invested enterprises' participation is restricted. For a description of our corporate structure, see "History and Reorganization."

Based on the advice of King & Wood Mallesons, our PRC legal advisers, the corporate structure of our consolidated affiliated entities and our subsidiaries in China comply with all existing PRC laws and regulations. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, we cannot assure you that the PRC regulatory authorities will not adopt any new regulation to restrict or prohibit foreign investment in the TV program production business through contractual arrangement in the future, or will not determine that our corporate structure and contractual arrangements violate PRC laws, rules or regulations. In addition, certain recent press articles claimed that certain PRC court rulings and arbitral decisions invalidated certain agreements which were intended to circumvent foreign investment restrictions in the PRC in contravention of the PRC Contract Laws and the General Principles of Civil Laws.

If we, any of the consolidated affiliated entities or any of their current or future subsidiaries are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, including:

- revoke our business and operating licenses;
- require us to discontinue or restrict our operations;
- restrict our right to collect revenues;
- require us to restructure our operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which we may not be able to comply; or
- take other regulatory or enforcement actions against us that could be harmful to our business.

The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of the affiliated entities or our right to receive their economic benefits, we would no longer be able to consolidate these entities.

We rely on contractual arrangements with consolidated affiliated entities for our operations in China, which may not be as effective in providing operational control as direct ownership.

We have relied and expect to continue to rely on contractual arrangements with our consolidated affiliated entities to operate our TV program production business in China. For a description of these contractual arrangements, see "History and Reorganization — Reorganization — Structured Contracts." These contractual arrangements may not be as effective in providing us with control over these consolidated affiliated entities as direct ownership. If we had direct ownership of the consolidated affiliated entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of those entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current contractual arrangements, we rely on the performance by the consolidated affiliated entities and their shareholders of their obligations under the contracts to exercise control over our consolidated affiliated entities. Therefore, our contractual arrangements with our affiliated entities may not be as effective in ensuring our control over our operations in China as direct ownership would be.

Any failure by our consolidated affiliated entities or their respective shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business and financial condition.

If a consolidated affiliated entity or its shareholders fail to perform their obligations under the contractual arrangements, we may have to incur substantial costs and resources to enforce our rights under the contracts, and rely on legal remedies under PRC law, including seeking specific performance or injunctive relief and claiming damages, which may not be effective. For example, if the shareholders of a consolidated affiliated entity were to refuse to transfer their equity interest in such consolidated affiliated entity to us or our designee when we exercise the call option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. Furthermore, enforcement of certain terms in the Structured Contracts, such as the remedies provided by an arbitrator, may not be enforced by PRC courts or may not be enforceable under the PRC laws. In addition, the shareholders of Beijing Wisdom Media expect to register the share pledges under the share pledge agreement with the relevant administration for industry and commerce after the signing of such agreement and currently do not expect to encounter any legal barriers to complete the registration. However, in the event that the shareholders of Beijing Wisdom fail to register the share pledges and future share pledges with the relevant administration for industry and commerce, the share pledges under the share pledge agreement may be considered unenforceable.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal system in China is not as developed as in other jurisdictions. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would incur additional expenses and delay. In the event we are unable to enforce these contractual arrangements, we may not be able to exert effective control over our consolidated affiliated entities, and our ability to conduct our business may be negatively affected.

Contractual arrangements our subsidiary has entered into with our consolidated affiliated entities may be subject to scrutiny by the PRC tax authorities and a finding that we or our consolidated affiliated entities owe additional taxes could substantially reduce our combined net income and the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year when the transactions are conducted. We could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between or amongst Beijing Wisdom Media and its subsidiaries, all of the shareholders of Beijing Wisdom Media and its subsidiaries, and Wisdom Culture do not represent arm's-length negotiations and consequently adjust our consolidated affiliated entities' income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our consolidated affiliated entities, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our consolidated affiliated entities for any unpaid taxes. Our combined net income may be materially and adversely affected if our affiliated entities' tax liabilities increase or if they are subject to late payment fees or other penalties.

The shareholders, directors and executive officers of our consolidated affiliated entities may have potential conflicts of interest with our Company, which may materially and adversely affect our business.

Ms. Ren Guozun, Mr. Sheng Jie and Mr. Zhang Han are shareholders, directors and executive officers of Beijing Wisdom Media, one of our consolidated affiliated entities. Ms. Ren, Mr. Sheng and Mr. Zhang are also directors of our Company.

PRC laws provide that a director or an executive officer owes a fiduciary duty to the company he directs or manages. As directors and executive officers of Beijing Wisdom Media, Ms. Ren, Mr. Sheng and Mr. Zhang must therefore act in good faith and in the best interests of Beijing Wisdom Media and must not use their respective positions for personal gain. On the other hand, as directors of our Company, Ms. Ren, Mr. Sheng and Mr. Zhang have a duty of care and loyalty to our Company and to our shareholders as a whole under Cayman Islands law. As a result, for Ms. Ren, Mr. Sheng and Mr. Zhang, conflicts of interests may arise due to their dual roles both as directors and executive officers of Beijing Wisdom Media and as directors of our Company, and may also arise due to their dual roles both as shareholders of Beijing Wisdom Media and as directors of our Company.

Ms. Ren, Mr. Sheng and Mr. Zhang may breach or cause the consolidated affiliated entities to breach or refuse to renew the existing contractual arrangements that allow us to effectively control those entities and receive economic benefits from them. If we cannot resolve any conflicts of interest or disputes between us and Ms. Ren, Mr. Sheng and Mr. Zhang, we would have to rely on legal proceedings to resolve these disputes and/or enforce our agreements for such contractual arrangements, which may be expensive, time-consuming and disruptive to our operations, and there may also be substantial uncertainty as to the outcome of any such legal proceedings.

We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and other distributions on equity to be paid by our wholly-owned PRC subsidiary, Wisdom Culture, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If Wisdom Culture incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, Wisdom Culture, as a wholly foreign-owned enterprise in China, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise such as Wisdom Culture is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. At its discretion, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends.

Any limitation on the ability of Wisdom Culture to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business. See "— Risks Related to Doing Business in China — The dividends we receive from our PRC subsidiaries and our worldwide income may be subject to PRC tax under the PRC EIT law, which would have a material adverse effect on our results of operations" and "— Risks Related to Doing Business in China — Our foreign investors may be subject to a PRC withholding tax upon the dividends payable by us on our Shares and upon gains realized on the sale of our Shares, if we are classified as a PRC 'resident enterprise'."

PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of the Global Offering to make loans to our PRC subsidiaries and consolidated affiliated entities or to make additional capital contributions to our PRC subsidiaries, which may materially and adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries and consolidated affiliated entities. We may make loans to our PRC subsidiaries and consolidated affiliated entities, or we may make additional capital contributions to our PRC subsidiaries.

Any loans by us to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC law, are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to Wisdom Culture to finance its activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. We may also decide to finance Wisdom Culture by means of capital contributions.

These capital contributions must be approved by the MOFCOM or its local counterpart. Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to our consolidated affiliated entities, which are PRC domestic companies. Further, we are not likely to finance the activities of our consolidated affiliated entities by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in TV program production business.

On August 29, 2008, SAFE promulgated the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular 142 provides that the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of a foreign-invested company. The use of such RMB capital may not be altered without SAFE approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of SAFE Circular 142 could result in severe monetary or other penalties. Furthermore, SAFE promulgated a circular on November 19, 2010, or Circular No. 59, which tightens the examination on the authenticity of settlement of net proceeds from the Global Offering and requires that the settlement of net proceeds shall be in accordance with the description in this prospectus.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, including SAFE Circular 142, if we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from the Global Offering and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

RISKS RELATED TO DOING BUSINESS IN CHINA

Changes in the PRC's political, economic or social conditions or government policies could have a material adverse effect on our business and operations.

Since all of our business operations are conducted in China, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic, social conditions and legal developments in China.

The PRC economy differs from the economies of most developed countries in many respects, including but not limited to, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although the PRC government has in recent years implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the PRC government. The PRC government also exercises significant control over the PRC's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies.

The PRC government has implemented various measures to encourage economic growth. Some of these measures benefit the overall PRC economy, but may also have a negative effect on us. For example, our operating results and financial condition may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. The PRC government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which could in turn reduce the demand for our services and adversely affect our operating results and financial condition.

The PRC government also regulates television broadcasts, including the amount of broadcast time that may be set aside for advertisements. Changes in these regulations, and particularly any reduction in the amount of broadcast time that may be set aside for advertisements, could have a material adverse impact on our business and operations.

Uncertainties with respect to the PRC legal system could limit the legal protections available to you and us.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which legal decisions have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. However, since the PRC legal system is still evolving, the interpretations of many laws, regulations and rules and their enforcement involve uncertainties, which may limit legal protections available to us and other investors, including you. For example, we may have to resort to administrative and court proceedings to enforce the legal protection that we enjoy either by law or contract. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy in China than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into with our business partners, clients and suppliers, and thus may materially and adversely affect our business and operations.

The dividends we receive from our PRC subsidiaries and our worldwide income may be subject to PRC tax under the PRC EIT law, which would have a material adverse effect on our results of operations.

On March 16, 2007, the PRC National People's Congress enacted the Enterprise Income Tax Law (the "EIT Law"), and on December 6, 2007, the PRC State Council issued the Implementation Regulations of the Enterprise Income Tax Law (the "Implementation Regulations"), both of which became effective on January 1, 2008. Under the EIT Law and its Implementation Regulations, dividends, interests, rent and royalties payable by a enterprise to investors that are non-resident enterprises will be subject to a 10% withholding tax, unless such non-resident enterprise's jurisdiction of incorporation has a tax treaty with the PRC that provides for a reduced rate of withholding tax.

We were incorporated in the Cayman Islands and we hold interests in our PRC subsidiaries through our indirectly wholly-owned subsidiary, Auto Culture Group Holdings Limited, a Hong Kong incorporated company. According to the double taxation avoidance arrangement between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in China to its shareholder(s) incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if certain criteria are fulfilled. One criterion is that the Hong Kong holding company directly holds 25% or more shareholder interest in the PRC enterprise. The SAT issued Circular 601 on October 27, 2009, addressing which entities are treated as "beneficial owners" eligible for tax benefits under the tax treaties on dividends, interest, and royalties. Circular 601 provides that PRC tax authorities will evaluate each applicant (income recipient) on a case-by-case basis to determine whether it qualifies as a "beneficial owner" of a PRC enterprise. In addition, Circular 601 establishes that when PRC tax authorities are performing the "beneficial owner" evaluation they will use the "substance over form" principle as the basis to make their determination. It is possible, based on these principles, that the PRC tax authorities would not consider Auto Culture Group Holdings Limited to be the "beneficial owner" of any dividends paid from our PRC subsidiaries and thus would deny the claim for the reduced rate of withholding tax. Another criterion relates to the ownership structure, which requires that the Hong Kong holding company should be directly held by the listed entity. For these reasons, our current company structure is not likely to be entitled to the reduced rate of 5%. Any dividends from our PRC subsidiaries to Auto Culture Group Holdings Limited will instead be subject to the PRC withholding tax at a 10% rate. The imposition of any PRC withholding tax will reduce our net income and would have an adverse effect on our operating results.

Under the EIT Law, an enterprise established outside China with its "de facto management body" within China is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its worldwide income. The "de facto management body" is defined as the organizational body that effectively exercises overall management and control over production and business operations, personnel, finance and accounting, and properties of the enterprise. It remains unclear how the PRC tax authorities will interpret such a broad definition. Currently, all of our management is based in China, and there are no plans to move the company management outside of China in the future. If the PRC tax authorities subsequently determine that we should be classified as a resident enterprise, then our worldwide income will be subject to income tax at a uniform rate of 25%, which may have a material adverse effect on our financial condition and results of operations. Notwithstanding the foregoing provision, the EIT Law also provides that, if a resident enterprise directly invests in another resident enterprise, the dividends received by the investing resident enterprise from the invested enterprise are exempted from income tax, subject to certain conditions. Therefore, if we are classified as a resident enterprise, the dividends we receive from our PRC subsidiaries may be exempt from PRC enterprise income tax. However, it remains unclear how the PRC tax authorities will interpret the PRC tax resident treatment of an offshore company, like us, having indirect ownership interests in PRC enterprises through intermediary holding vehicles.

Our foreign investors may be subject to a PRC withholding tax upon the dividends payable by us on our Shares and upon gains realized on the sale of our Shares, if we are classified as a PRC "resident enterprise".

Under the EIT Law, any dividends paid to and gain realized by "non-resident enterprises" is subject to a 10% withholding tax to the extent such gain is sourced within China, unless the "non-resident enterprises" are otherwise exempted or reduced by tax treaties. PRC withholding tax at a 20% rate may apply to dividends paid to and any gain realized by non-resident individual shareholders. Therefore, if we are classified as a PRC resident enterprise under the EIT Law by the PRC tax authorities, we may be required to withhold PRC income tax on capital gains realized from sales of our Shares and dividends distributed to shareholders that are "non-resident enterprises," as such income may be regarded as income from "sources within China." In such a case, our foreign corporate shareholders that are "non-resident enterprises" may become subject to a 10% withholding income tax under the EIT Law and our non-resident individual shareholders may become subject to a 20% withholding income tax, unless any such shareholders are qualified for preferential withholding rates under tax treaties.

If the PRC tax authorities recognize us as a PRC resident enterprise under the EIT Law, shareholders that are not PRC tax residents and wish seek to enjoy preferential tax rates under relevant tax treaties will need to apply to the PRC tax authorities for recognition of their eligibility for such benefits in accordance with Notice of the SAT on Issues Relating to the Measures for the Administration of Non-Residents' Claim for Treatment under the Double Taxation Treaties (Trial), or Circular 124, issued by the SAT on August 24, 2009. The PRC tax authorities are likely to determine eligibility based on a substantive analysis of the shareholder's tax residency and economic substance. Moreover, with respect to taxation of dividends, the "beneficial ownership" test under Circular 601 will also apply. If a shareholder is determined to be ineligible for treaty benefits, such shareholder would become subject to higher PRC tax rates on capital gains realized from sales of our Shares and on dividends on our Shares. In such circumstances, the value of such foreign shareholders' investment in our Shares may be materially and adversely affected.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the State Administration of Taxation, or the SAT, on December 10, 2009 with retroactive effect from January 1, 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly via disposing of the equity interests of an overseas holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that: (i) has an effective tax rate less than 12.5% or (ii) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall report to the relevant tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC withholding tax at a rate of up to 10%. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

There is uncertainty as to the application of SAT Circular 698. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the relevant tax authority of the PRC resident enterprise. In addition, there are not any formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. SAT Circular 698 may be determined by the tax authorities to be applicable to our private equity financing transactions where non-resident investors were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-resident investors in such transactions may become at risk of being taxed under SAT Circular 698 and we may be required to expend valuable resources to comply with SAT Circular 698 or to establish that we should not be taxed under the general anti-avoidance rule of the PRC Enterprise Income Tax Law, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors' investments in us.

The approval of the China Securities Regulatory Commission may be required in connection with the Global Offering, and, if required, we cannot assure you that we will be able to obtain such approval.

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors ("M&A Rules"), which became effective on September 8, 2006 and was amended on June 22, 2009. This regulation, among other things, requires offshore special purpose vehicles, or SPVs, formed for the purpose of an overseas listing and controlled by PRC companies or individuals, to obtain CSRC approval prior to listing their securities on an overseas stock exchange. The application of this regulation remains unclear. King & Wood Mallesons, our PRC legal advisers, has advised us that, based on their understanding of the current PRC laws, rules and regulations,

- we established our PRC subsidiaries by means of direct investment other than by merger and acquisition of any equity interest or assets of a PRC domestic company owned by PRC companies and/or PRC individuals as defined under the M&A Rules that are our beneficial owners after the effective date of the M&A Rules;

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation;

- given that no provision in this regulation clearly classified contractual arrangements as a type of transaction subject to its regulation, we are not required to submit an application to the CSRC for its approval of the listing and trading of our Shares on the Stock Exchange.

Because there has been no official interpretation or clarification of this regulation since its adoption, there is uncertainty as to how this regulation will be interpreted or implemented. If it is determined that the CSRC approval is required for the Global Offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek the CSRC approval for the Global Offering. These sanctions may include fines and penalties on our operations in the PRC, delays or restrictions on the repatriation of the proceeds from the Global Offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our China subsidiary, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Shares. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable to us, to halt the Global Offering before the settlement and delivery of the Shares that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the Shares we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

PRC regulations relating to the establishment of offshore holding companies by PRC residents may subject our PRC resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE has promulgated several regulations, including the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies, or SAFE Circular No. 75, issued on November 1, 2005. These regulations require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations apply to our shareholders who are PRC residents by virtue of their establishment or their maintaining a controlling interest in our company, and may apply to any offshore acquisitions that we make in the future.

Our beneficial owners who are PRC citizens or residents completed their required registrations with SAFE on June 4, 2013. However, we may not at all times be fully aware or informed of the identities of all of our beneficial owners who are PRC citizens or residents, and we may not always be able to compel our beneficial owners to comply with Circular No. 75; nor can we ensure you that their registrations, if they choose to apply, will be successful. The failure or inability of our PRC resident beneficial owners to make any required registrations or comply with these requirements may subject such beneficial owners to fines and legal sanctions and may also limit our ability to contribute additional capital into or provide loans (including using the proceeds from the Global Offering) to our China operations, limit our PRC subsidiary's ability to pay dividends or otherwise distribute profits to us, or otherwise materially and adversely affect us.

It may be difficult to effect service of process on, or to enforce any judgments obtained outside China against us, our Directors or our senior management members who reside in China.

All of our operating assets are located in China, and most of our officers and Directors reside in China. China does not currently have treaties providing for the reciprocal recognition or enforcement of judgments of courts located in the United States, the United Kingdom, Singapore, Japan, or most other countries. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters, pursuant to which a party with a final court judgment rendered by a court of law in Hong Kong in respect of a judgment sum payable under a civil and commercial action may apply for enforcement of such judgment in China, and vice versa. However, it is impossible to enforce a judgment rendered by Hong Kong's court of law in China if there is no prior agreement as to the choice of court. In addition, according to the PRC Civil Procedures Law, courts in China will not enforce a foreign judgment if they decide that the judgment violates the basic principles of the PRC laws, national sovereignty, security or public interest. Therefore, it may not be possible for investors to effect service of process upon our subsidiaries or our Directors pursuant to the authority of non-PRC courts, and it may be difficult for our shareholders to enforce against us in China any judgments obtained from non-PRC courts.

Government control in currency conversion and future movements in foreign exchange rates may adversely affect our financial condition, results of operations, and ability to remit dividends.

Our business is located in the PRC and most of the transactions are conducted in Renminbi. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under the relevant foreign exchange restrictions in China, conversion of the Renminbi is permitted, without the need for SAFE approval, for "current account" transactions, which includes dividends, trade, and service-related foreign exchange transactions. Conversion of the Renminbi for "capital account" transactions, which includes foreign direct investment and loans, is still subject to significant limitations and requires approvals from and registration with SAFE and other PRC regulatory authorities. We cannot assure you that SAFE or other PRC governmental authorities will not further limit, or eliminate, our ability to purchase foreign currencies in the future. Any existing and future restrictions on currency exchange in China may restrict our ability to convert cash derived from our operating activities into foreign currencies to fund expenditures denominated in foreign currencies. If the foreign exchange control system in China prevents us from obtaining sufficient foreign currencies to satisfy our currency demand, we may not be able to pay dividends in foreign currencies to our shareholders.

The exchange rates between the Renminbi and the U.S. dollar, Euro and other foreign currencies are affected by, among other things, changes in China's political and economic conditions. Beginning on July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies. This change in policy has resulted in a significant appreciation of the Renminbi against the U.S. dollar. On September 23, 2005, the PRC government widened the daily trading band for Renminbi against non-U.S. dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system. Effective May 21, 2007, the People's Bank of China expanded the floating range of the trading price of the U.S. dollar against the Renminbi in the inter-bank spot foreign exchange market. On June 19, 2010, the People's Bank of China announced that the PRC government will reform the RMB exchange rate regime and increase the flexibility of the exchange rate.

Our functional currency is Renminbi while the proceeds to be raised from the Global Offering will be denominated in Hong Kong dollars. There can be no guarantee that the Hong Kong dollars will be able to convert into Renminbi at all times in a timely manner, or at all, and any restrictions on such conversion may restrict or even prohibit our use of the proceeds from the Global Offering for implementing our future plans as disclosed in this prospectus. Furthermore, the PRC government is under intense international pressure to substantially liberalize its currency policy, and to appreciate further the value of the Renminbi. As we need to convert the proceeds from the Global Offering from Hong Kong dollars to Renminbi to pay our operating expenses, any appreciation of Renminbi against the Hong Kong dollar would result in an adverse impact on the conversion of the proceeds from the Global Offering. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our Shares or for other business purposes, appreciation of the Hong Kong dollar against the Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

RISKS RELATED TO THE SHARES AND THE GLOBAL OFFERING

There has been no prior public market for our Shares, and an active trading market may not develop after the Global Offering.

Prior to the Global Offering, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Joint Global Coordinators (on behalf of the Underwriters) and us, and may differ from the market prices for the Shares after the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, our Shares. However, there is no assurance that the listing of the Shares on the Stock Exchange will result in the development of an active and liquid public trading market for our Shares following the Global Offering or in the future.

The market price and liquidity of our Shares following the Global Offering may be volatile.

The market price, liquidity, and trading volume of the Shares may be highly volatile. The following factors, among others, may cause the market price of our Shares after the Global Offering to vary significantly from the Offer Price:

- variations in our revenues, profits and cash flow;
- changes in laws and regulations in China;
- unexpected business interruptions resulting from natural disasters or other events;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approvals for our operations;
- our inability to compete effectively in the market;
- political, economic, financial and social developments in China and worldwide;
- fluctuations in stock market prices and volume;
- changes in analysts' estimates of our financial performance; and
- involvement in material litigation.

In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced price volatility in the past for reason not related to their performance, and it is possible that the Shares may be subject to changes in price not directly related to our performance.

Purchasers of the Shares will experience immediate dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Shares is higher than the net tangible assets value per share immediately prior to the Global Offering. Therefore, purchasers of the Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible assets value to HK$0.88 per Share, based on the maximum Offer Price of HK$2.81 per Share.

In order to expand our business, we may consider offering and issuing additional Shares in the future. We may also issue additional Shares pursuant to the Share Option Scheme. Purchasers of the Shares may experience dilution in the net tangible assets book value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible assets book value per Share.

Dividends declared in the past may not be indicative of our dividend policy in the future.

No dividend has been paid or declared by the Company since its incorporation. Beijing Wisdom Media declared dividends to its then shareholders in the amount of RMB18.0 million and RMB40.0 million for the years ended December 31, 2010 and 2011, respectively, all of which have been paid. Beijing Wisdom Media declared dividends to its then shareholders in the amount of RMB50.0 million in July 2012, out of which RMB45.0 million was paid as of December 31, 2012 and the remaining portion will be paid before the Listing. Beijing Wisdom Media declared dividends to its then shareholders in the amount of RMB80.0 million in May 2013, out of which RMB72.0 million has been paid and the remaining portion will be paid before the Listing. The amounts of distributions that we have declared and made in the past are not indicative of the dividends that we may pay in the future. A declaration of dividends proposed by our Directors and the amount of any dividends will depend on various factors, including, without limitation, our results of operations, financial condition, future prospects, and other factors which our Directors may determine are important. For further details of our dividend policy, see the section headed "Financial Information — Dividend Policy" in this prospectus. The Company relies on dividend payments from the subsidiaries for funding. We cannot guarantee if and when we will pay dividends in the future. Moreover, dividends payable to foreign investors may become subject to PRC withholding taxes.

You may face difficulties in protecting your interests under Cayman Islands law.

Our corporate affairs are governed by, among other things, the Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be limited compared to the laws of Hong Kong or other jurisdictions. See Appendix III, "Summary of the Constitution of the Company and Cayman Islands Company Law" to this prospectus.

Information, forecasts and other statistics obtained from industry organization and official government sources contained in this prospectus may not be accurate.

Information, forecasts and other statistics in this prospectus relating to the economy and the marketing communications industry on an international, regional and specific country basis have been collected from materials from industry organization and official government sources. The Directors of the Company have relied on these statements with due care and have no reason to believe that the statements are not accurate. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Global Coordinators, the Underwriters or any other party involved in the Global Offering and no representation is given as to its accuracy.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering. Prior to the date of this prospectus, there has been press and media coverage regarding us and the Offering, which included certain financial information, financial projections, valuations, capital expenditures, offering information and other information about us. We have not authorized the disclosure of any such information in the press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on any such information.