This section contains information and statistics relating to the Chinese economy and the industry in which we operate. We commissioned Ipsos, an independent market research firm, as an industry consultant to prepare an industry research report, the Ipsos Report. The information and data in this section have been derived from third-party sources including the Ipsos Report. While we and our Directors have taken reasonable care in the extraction, compilation and reproduction of the information derived from independent sources, we cannot assure you as to the accuracy or completeness of 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. Neither we nor any of our respective affiliates or advisors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Underwriters, nor any of their respective affiliates or advisors have prepared or independently verified the accuracy or completeness of such information directly or indirectly derived from independent sources, and such information may not be consistent with that available from other sources and should not be unduly relied upon.

Unless otherwise indicated, information and statistics relating to the global and PRC marketing communications industry in this and other sections of this prospectus have been derived from the Ipsos Report.

THE IPSOS REPORT

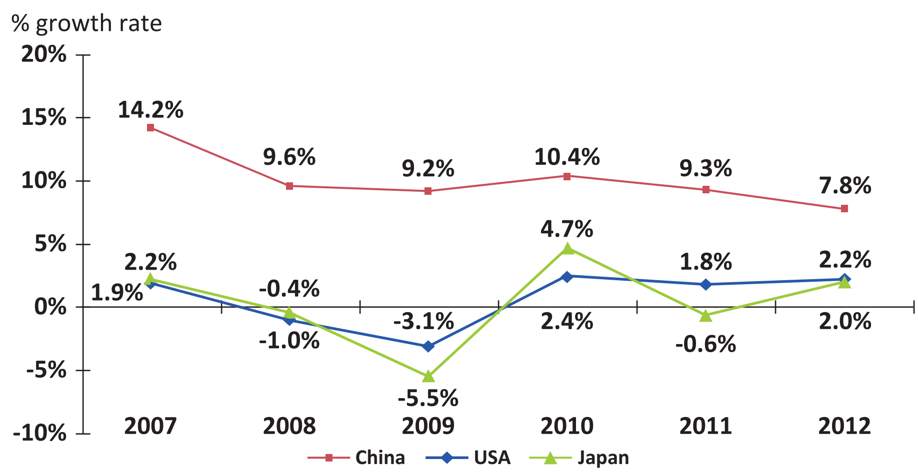
In connection with the Global Offering, we have commissioned Ipsos, an international market research firm and an Independent Third Party, to assess the overall industry situation and development trends and to analyze the competitive landscape of marketing communications and passenger vehicle marketing communications industries in China. Ipsos was founded in 1975 and listed on NYSE Euronext Paris in 1999 with presence in 84 countries. After the completion of its acquisition of Synovate in October 2011, Ipsos became the third largest global market research company. Ipsos' independent research was undertaken through primary research and secondary research. Primary research involves interviewing key stakeholders and industry experts, such as associations and experts, media companies, marketing communications companies, TV broadcasting companies, passenger vehicle companies, TV production companies, sports events organizers, magazine publishers, etc. Sources of secondary research include government department statistics, trade and business press, company annual reports and publicity materials, industry reports and analyst reports, industry associations reports, industry journals, other online sources and data from the research database of Ipsos. Ipsos indicated that the methodology adopted has enabled a full-circle and multi-level information sourcing process, where information gathered can be cross-referenced to ensure accuracy. Intelligence gathered by Ipsos has been analyzed, assessed and validated using Ipsos' in-house analysis models and techniques. The projections and data relating to future periods made by Ipsos are mainly based on the assumptions that (i) there is no external shock such as natural disasters or the wide outbreak of diseases to affect the demand and supply of marketing communications solutions in China; (ii) there will be no aggressive incentive policy to boost the retail sales of passenger vehicle during 2012-2016; and (iii) the Chinese economy is expected to slow down at an average growth rate of around 7.0% from 2013 to 2016 according to the "12th Five-Year Plan" of the China's National Economy for Social Development. The total consideration we paid to Ipsos amounts to HK$298,000, which we believe reflects market rates.

OVERVIEW OF MACRO-ECONOMIC ENVIRONMENT IN CHINA

Real GDP growth in China

China's real GDP growth has remained above the world's average in the past few years despite global economic downturn. Due to the global financial crisis, the world's GDP slumped significantly in 2009 by 2.3% and rebounded to a growth of 4.1% in 2010. Growth slowed down again in 2011 due to the European debt crisis. Real GDP growth rate in China has also dropped from 14.2% in 2007 to 9.2% in 2009 due to the global financial crisis, but rebounded in 2010 to 10.4% as a result of the RMB 4 trillion stimulus package announced by the PRC government in November 2008. However, the slowdown of the global economy and the European debt crisis caused GDP growth in China to slow down again to 7.8% in 2012.

The real GDP growth rate of China was consistently higher than that of the USA and Japan from 2007 to 2012. The chart below illustrates the real GDP growth rate of China, the USA and Japan from 2007 to 2012:



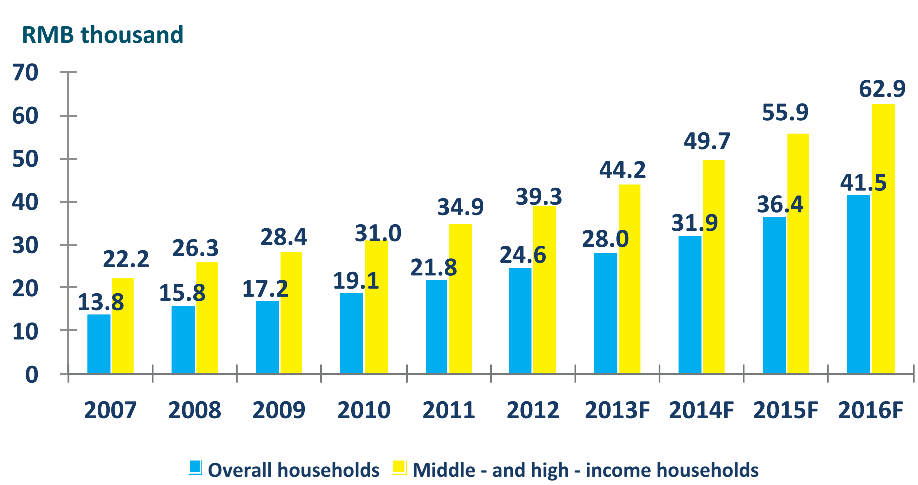
Definition of GDP: Gross domestic product at real term

Source: Ipsos based on National Bureau of Statistics of China and International Monetary Fund.

Increasing household income in China

Increase in household disposable income was a main growth driver of Chinese economy in the past decade. According to National Bureau of Statistics of China, the average annual household disposable income per capita for overall households in China grew at a CAGR of 12.3% from 2007 to 2012, whilst that for middle and high income household grew at a CAGR of 12.1% from 2007 to 2012. Such growth was mainly attributable to the increase in the number of wealthy households. The robust growth in Chinese economy and strong domestic consumption in recent years have also led to an increase in living standards for urban households. According to Ipsos, it is expected that the average annual household disposable income per capita for overall households in China will continue to grow at a CAGR of 14.0% from 2013 to 2016, while that for middle- and high-income households will grow at a CAGR of 12.5% during the same period.

The following chart shows the average annual household disposable income per capita in China for overall and middle- to high-income households respectively from 2007 to 2012 and the forecast for 2013 to 2016:

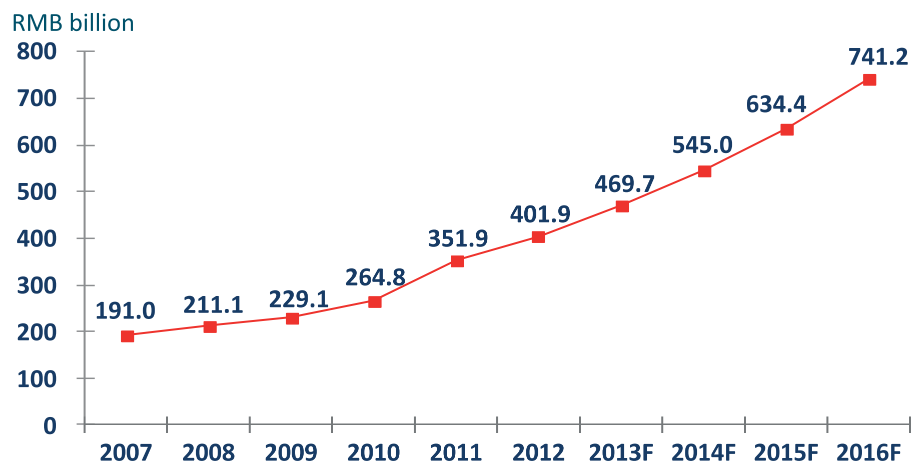


Source: Ipsos analysis and based on National Bureau of Statistics of China.

Despite its growing economy, China is still a developing country with its average annual household disposable income per capita remaining relatively low. The "Income-Doubling plan" to double average wages over the five years from 2011, together with the PRC government's attempt to further raise the individual income tax threshold from RMB2,500 to RMB3,000 per month, is expected to boost the average annual household disposable income per capita in China. With more households with middle- to high-income level in China, it is expected that the spending power of Chinese residents on high value consumer goods and luxury goods will increase, which may in turn incentivize brand owners to increase their marketing expenditures to capture the opportunities.

OVERVIEW OF MARKETING EXPENDITURES IN CHINA

Marketing expenditure in China in respect of advertisements and marketing events increased at a CAGR of 16.0% from RMB191.0 billion in 2007 to RMB401.9 billion in 2012, according to Ipsos. Growth in marketing expenditure in China slowed down in 2009 due to the global financial crisis that hampered sales and tightened marketing budgets of brand owners. However, marketing expenditure increased again in 2010 and 2011 along with the economy recovery and restored confidence of brand owners. The increase in advertising rates in various media platforms, such as TV, digital and print media, also contributed to the increased marketing expenditure in China. Driven mainly by the rapid growth of digital media advertising, it is expected that marketing expenditure in China will sustain the growth from 2013 to 2016 at a CAGR of 16.4%, according to Ipsos.



Sources: Ipsos interviews and analysis

Marketing expenditure by passenger vehicles in China

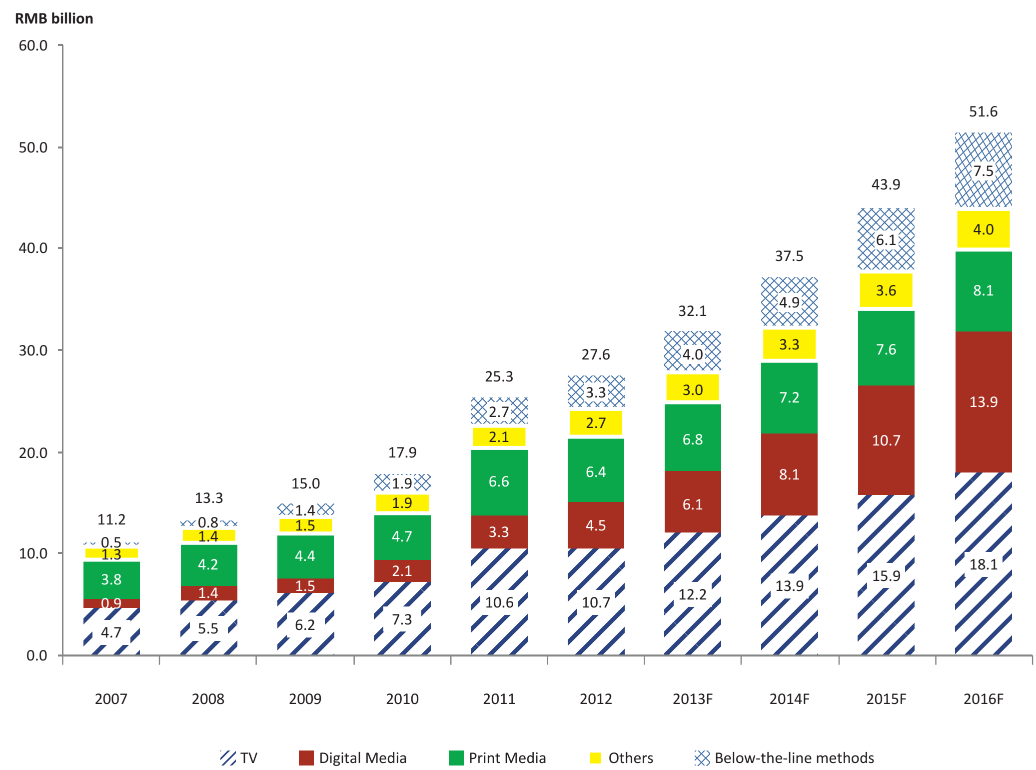
Total marketing expenditure by passenger vehicles in China continued to increase from RMB11.2 billion in 2007 to RMB27.6 billion in 2012 at a CAGR of 19.8%. According to Ipsos, marketing expenditure by passenger vehicles in China is expected to grow from RMB32.1 billion in 2013 to RMB51.6 billion in 2016 at a CAGR of 17.1%, mainly driven by the increase of marketing expenditure through digital media by passenger vehicles brand owners.

TV is the major media channel for marketing communications for passenger vehicles and accounted for 38.7% of total marketing expenditure by passenger vehicles in China in 2012. Digital media and below-the-line methods have grown rapidly and accounted for 16.3% and 12.0%, respectively, of the total marketing expenditure by passenger vehicles in China in 2012.

From 2007 to 2012, marketing expenditure by passenger vehicles through TV channels increased at a CAGR of 17.9%. During the same period, marketing expenditure by passenger vehicles through digital media increased at a CAGR of 38.0% and that of below-the-line marketing methods increased at a CAGR of

45.9%. Although digital media and below-the-line marketing methods grew quickly from 2007 to 2012, it is expected that TV will remain as the dominant media channel through 2016.

From 2013 to 2016, marketing expenditure by passenger vehicles through TV channels is expected to increase at a CAGR of 14.1%, while those through digital media and below-the-line marketing methods are expected to increase at a CAGR of 31.6% and 23.3%, respectively. The following chart shows the total marketing expenditure by passenger vehicles in China and further breakdown of the marketing expenditure by different media channels from 2007 to 2012, and the forecasts from 2013 to 2016:



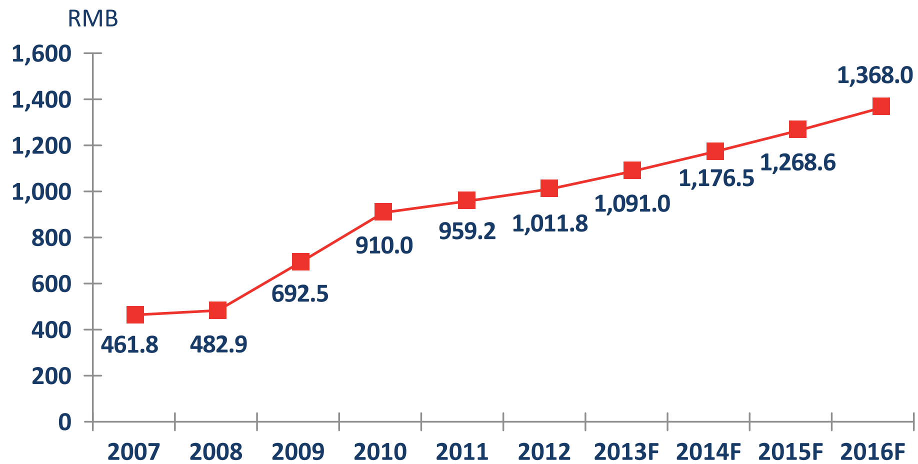
Sources: Ipsos interviews and analysis

Retail spending on passenger vehicles in China

There is an increasing trend in the total retail spending on passenger vehicles per capita, from RMB461.8 in 2007 to RMB1,011.8 in 2012 at a CAGR of 17.0%. With the increase of household disposable income per capita in the coming years, total retail spending on passenger vehicles per capita is expected to increase from RMB1,091.0 in 2013 to RMB1,368.0 in 2016 at a CAGR of 7.8%.

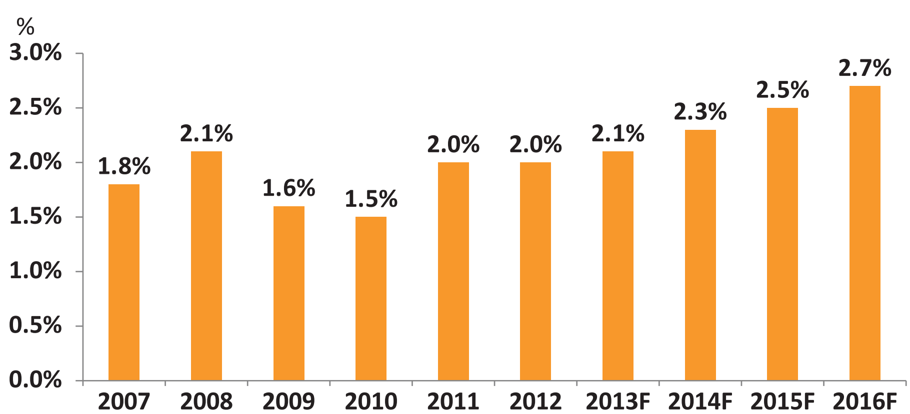
Due to the global financial crisis in 2008, growth of the passenger vehicle market slowed down in China. However, with the stimulus by the PRC government in canceling car purchase tax and introducing fuel tax reform, the passenger vehicle market rebounded significantly in China in 2009 and 2010. The total retail spending on passenger vehicles per capita increased by 43.4% and 31.4% in 2009 and 2010, respectively. Since 2009, China has surpassed the USA and become the largest passenger vehicle market globally, making China the key source of profit for certain international automobile brands.

The following chart shows the total retail spending on passenger vehicles per capita in China from 2007 to 2012 and the forecast from 2013 to 2016:



Sources: Ipsos research and analysis, based on National Bureau of Statistics of China

The percentage of marketing expenditure by passenger vehicles out of total vehicle retail sales grew from 1.8% in 2007 to 2.0% in 2012. As it is anticipated that the competition of the passenger vehicles market will intensify, which may drive up marketing expenditure, and price of passenger vehicles will decline, the percentage of marketing expenditure by passenger vehicles out of total vehicle retail sales is expected to increase from 2.1% in 2013 to 2.7% in 2016. The following chart shows the percentages of marketing expenditure by passenger vehicles out of total vehicle retail sales from 2007 to 2012 and the forecast from 2013 to 2016:



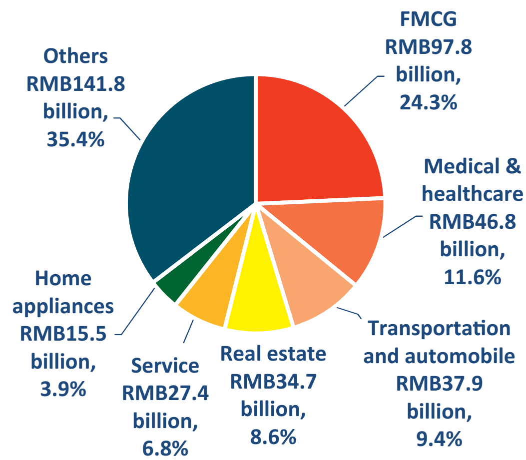
Notes: Total marketing expenditure includes above-the-line and below-the-line marketing

Sources: Ipsos interviews and analysis

Marketing expenditure on other industries in China

In 2012, fast moving consumer goods ("FMCG"), medical and healthcare, and transportation and automobile are the top three industries in terms of above-the-line marketing expenditure in China. According to Ipsos, marketing expenditure on FMCG, medical and healthcare, and transportation and automobile industries in 2012 reached RMB97.8 billion, RMB46.8 billion and RMB37.9 billion, accounting for 24.3%, 11.6% and 9.4% of the total marketing expenditure in China, respectively.

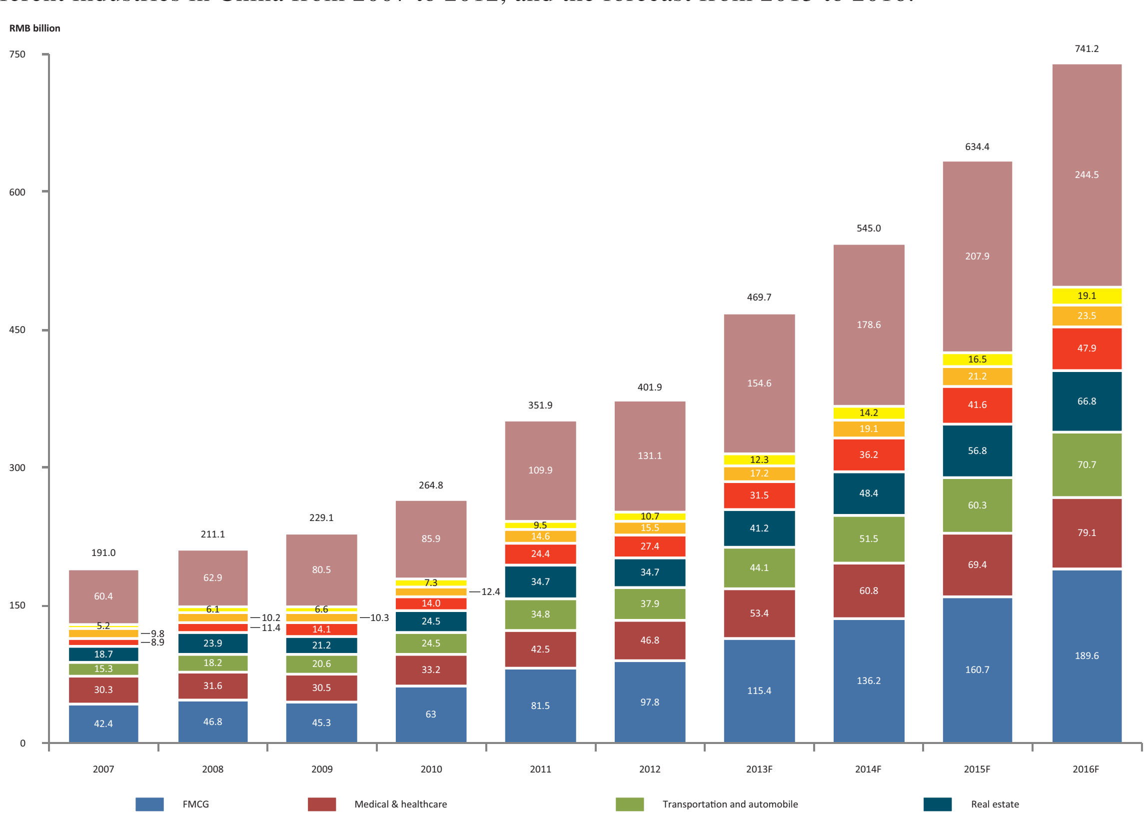
The following chart shows the breakdown of total marketing expenditure in China in 2012:



Notes: (1) Total marketing expenditure includes above-the-line and below-the-line marketing; (2) Marketing expenditure on transportation and automobile industry includes passenger vehicles, other types of vehicles, and transportation (railway and rental) services; (3) Others include information and technology, education, banking and finance, apparel etc.

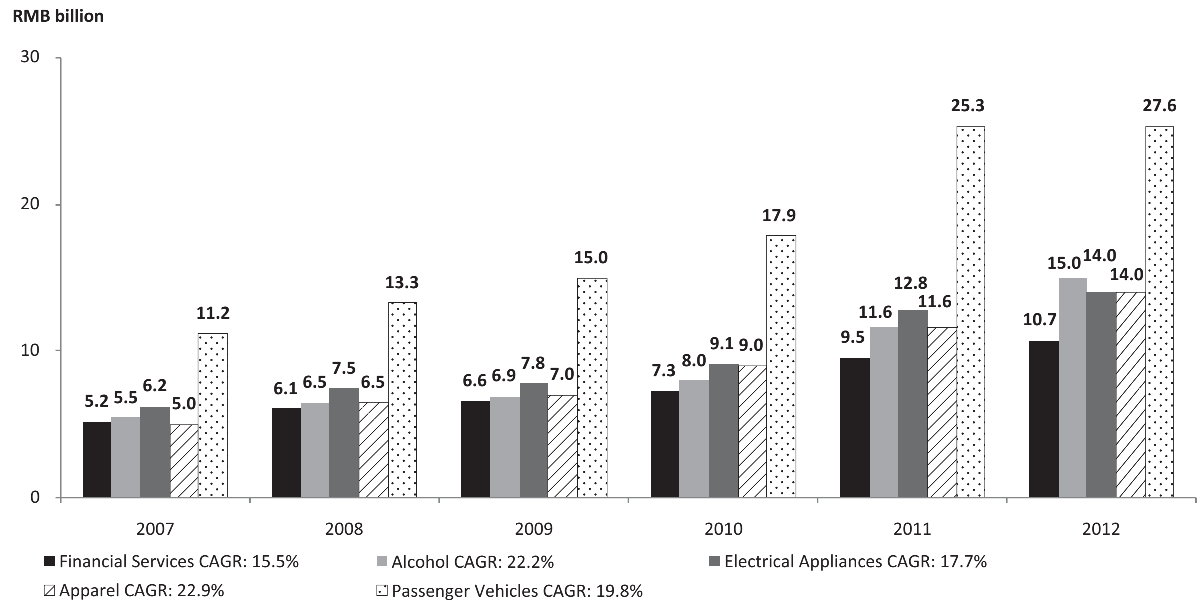
Sources: Ipsos interviews and analysis

According to Ipsos, marketing expenditure of service industry grew fastest among all industries at a CAGR of 25.2% from 2007 to 2012, while transportation and automobile industry grew second fastest at a CAGR of 19.9% during the same period. From 2013 to 2016, marketing expenditure of FMCG industry is expected to grow fastest among all industries at a CAGR of 18.0%, followed by that of transportation and automobile industry at a CAGR of 17.0%. The following chart shows the total marketing expenditure of different industries in China from 2007 to 2012, and the forecast from 2013 to 2016:



Sources: Ipsos interviews and analysis

High-income group in China tends to spend on high value-added services and luxury goods, such as financial services, alcohol, electrical appliances, high-end apparel and passenger vehicles. When comparing the marketing expenditure among these five selected industries, passenger vehicles was the largest from 2007 to 2012. The following chart shows the marketing expenditure by industries from 2007 to 2012:



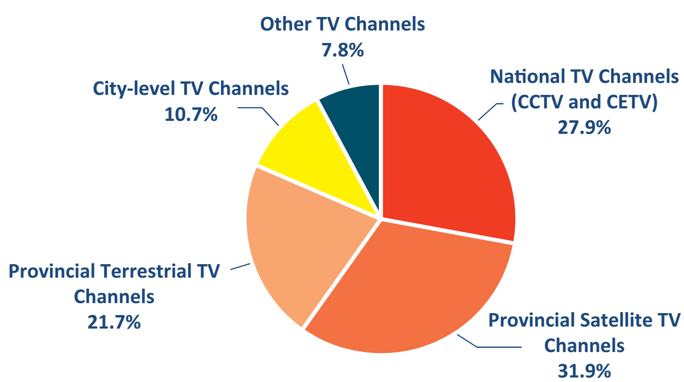
Sources: Ipsos interviews and analysis

OVERVIEW OF THE MARKETING COMMUNICATIONS INDUSTRY IN CHINA

The marketing communications industry involves marketing strategy implementation services for clients such as research and development, marketing content production, sales, channeling, etc. through above-the-line advertising media, including TV, digital media, print media, and below-the-line marketing methods, such as events, fairs, exhibition and road-shows.

Above-the-line advertising media channels

Above-the-line advertising media channels mainly consist of TV, digital media and print media, among which TV is the dominant channel. TV penetration in China reached 98.2% of the total population in 2012. There are five types of TV channels in China, including national TV channels (CCTV and CETV), provincial satellite TV channels, provincial terrestrial TV channels, city level terrestrial TV channels and others. TV channels with national reach, including CCTV, CETV and provincial satellite TV channels, have maintained a steady market share in each year from 2007 to 2011. Provincial terrestrial TV channels, city level terrestrial TV channels and other types of TV channels only broadcast locally. CCTV is China's largest and most influential television station with 37 channels, which include about 25 public channels and 12 pay-per-view channels. In 2012, the number of TV audience for CCTV was estimated to reach about 768 million. In addition to CCTV and CETV, there are 31 provincial satellite TV stations and 277 provincial terrestrial, city level terrestrial and others types of TV stations with 2,153 broadcast channels in China at the end of 2011, providing an extensive platform for advertising. According to Ipsos, in 2012, national TV channels (including CCTV and CETV) captured 27.9% of market share in terms of viewership in China while provincial satellite TV channels accounted for 31.9% of market share in terms of viewership. The following chart shows the market share of TV channels in terms of viewership in China in 2012:



Note: According to Ipsos, market share of CCTV accounts for over 99% of the viewership of national TV channels

Sources: Ipsos

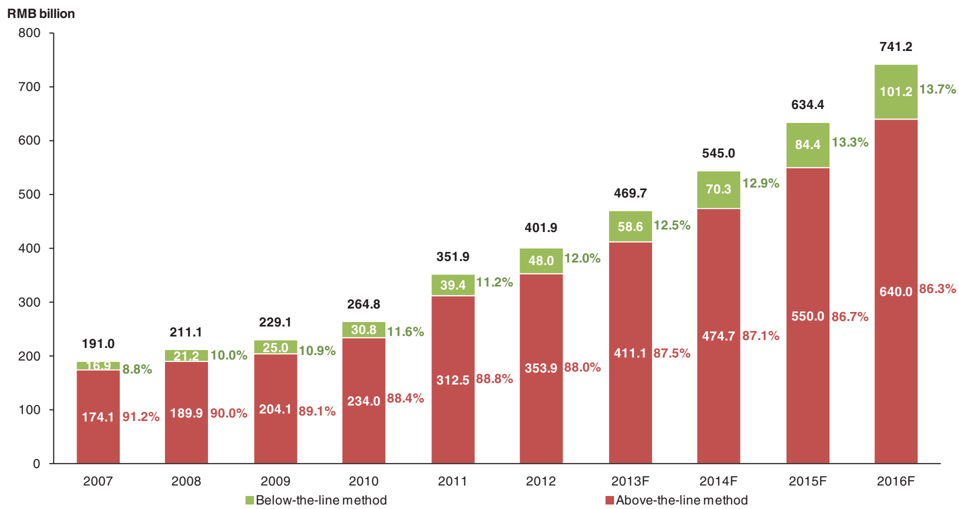
Digital media include the Internet and mobile devices. Increasing Internet penetration in China facilitates advertising through digital media channel. According to the China Internet Network Information Center, China's Internet population reached 512 million by the end of 2011, with a penetration rate of 38.3%. About 66.0% of the Internet population in China had Internet access through mobile devices. The rise in Internet and mobile devices users in China will provide more opportunities for marketing via new digital media channels.

Print media, which mainly include magazines and newspaper, have showed a decreasing demand in recent years. Given the fast growing trend of digital media in the near future, it is believed that the demand for marketing through print media will further diminish.

Below-the-line marketing methods

Below-the-line marketing methods can be categorized into marketing events, fairs, exhibitions and road shows. As brand owners have gradually placed more emphasis on the effectiveness of their marketing campaigns in reaching their target customers, below-the-line methods have been developed from a supplement to above-the-line advertising to a distinctive means of marketing service itself. According to Ipsos, the growth of the marketing expenditure on below-the-line methods had even outpaced the growth of TV advertisements from 2007 to 2012.

In 2012, the marketing expenditure allocated to above-the-line methods accounted for 88.0% of the total marketing expenditure in China and reached RMB353.9 billion while below-the-line methods accounted for 12.0% of the total marketing expenditure in China and reached RMB48.0 billion. It is expected that the marketing expenditure allocated to above-the-line methods will account for 86.3% of the total marketing expenditure in China with RMB640.0 billion and below-the-line methods will account for 13.7% of the total marketing expenditure in China with RMB101.2 billion in 2016. The following chart shows the allocation of the total marketing expenditure in China between above-the-line and below-the-line methods from 2007 to 2012, and the forecast from 2013 to 2016:



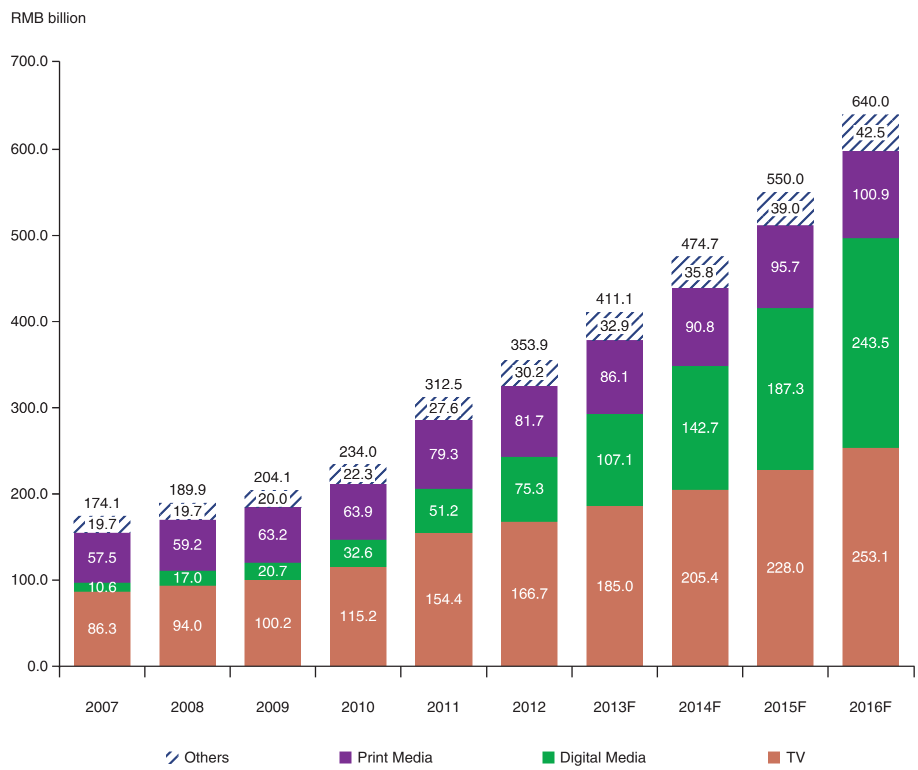
Sources: Ipsos interviews and analysis

Marketing expenditure by above-the-line advertising media

TV is the major channel for above-the-line advertising and accounted for 41.5% of total marketing expenditure in China in 2012. Digital media has grown rapidly and accounted for 18.7% of the total marketing communications expenditure in China in 2012.

From 2007 to 2012, marketing expenditure on TV channels increased at a CAGR of 14.1%, while that on digital media increased at a CAGR of 48.0%. Although Internet and mobile devices penetration in China is a driving force for digital media marketing communications and grew the fastest from 2007 to 2012 among all media channels, it is expected that TV will remain the dominant media channel through 2016 due to its credibility and brand influence.

From 2013 to 2016, marketing expenditure on TV channels is expected to increase at a CAGR of 11.0%, while that on digital media is expected to increase at a CAGR of 31.5%. The following chart shows the total marketing expenditure in China and its breakdown by different media channels from 2007 to 2012, and the forecast from 2013 to 2016:



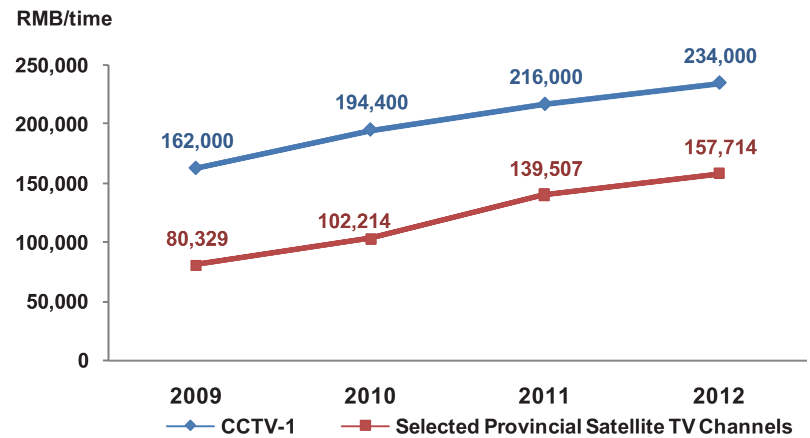
Sources: Ipsos interviews and analysis

Advertising rates on TV

The increase in demand for TV advertisement airtime in China has driven the growth of the advertising rates on TV. Moreover, the Administrative Measures for the Broadcasting of Radio and TV Advertisements (廣播電視廣告播出管理辦法) implemented in 2009 in China provide that the length of time for broadcasting commercial advertisements in a one-hour program of a broadcasting institution shall be no more than 12 minutes, and the total length of time for broadcasting commercial advertisements shall be no more than 18 minutes during the period from 11:00 to 13:00 of a radio station or from 19:00 to 21:00 of a TV station. Such limits have also contributed to the surge of advertising rates on TV. Furthermore, the implementation of the Supplementary Provisions on the Administrative Measures for the Broadcasting of Radio and Television Advertisements in 2011, which do not allow the insertion of any form of advertisements during the broadcasting of a 45-minute television drama, has further driven the increase in the advertising rates. From 2009 to 2012, the advertising rate on CCTV-1 grew from RMB162,000 to RMB234,000 for a 30-second commercial airtime at prime time, representing a CAGR of 13.0%.

The average advertising rates at prime time on selected provincial satellite TV channels in China have increased from 2009 to 2012. The average advertising rates for seven selected provincial satellite TV channels (Dragon TV (東方衛視), Hunan STV (湖南衛視), CCQTV (重慶衛視), SDTV (山東衛視), ZTV (浙江衛視), JSTV (江蘇衛視) and SZTV (深圳衛視)) have increased from RMB80,329 to RMB157,714 for a 30-second commercial airtime at prime time, representing a CAGR of 25.2%. These seven selected provincial satellite TV channels have accounted for 46.7% market share of all provincial satellite TV channels in China in terms of viewership in 2012.

The advertising rates for a 30-second commercial airtime at prime time on CCTV-1 is more expensive than the average advertising rates on selected provincial satellite TV channels from 2009 to 2012. The following chart shows the historical trend of advertising rates on CCTV-1 and average advertising rates on the seven selected provincial satellite TV channels for a 30-second commercial airtime at prime time from 2009 to 2012:



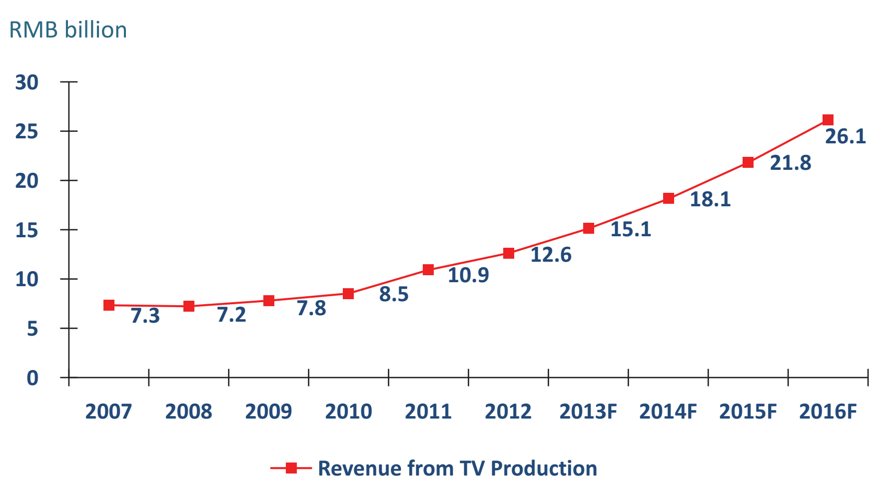
Note: Prime time for CCTV-1 and the seven selected provincial satellite TV channels are between 21:30-22:00

Sources: Ipsos based on CCTV and 中國媒體廣告刊例網

Revenue generated from TV program production and automobile-related TV program production

Revenue from TV program production increased from RMB7.3 billion in 2007 to RMB12.6 billion in 2012 at a CAGR of 11.4%, and is expected to grow at a CAGR of 20.0% from RMB15.1 billion in 2013 to RMB26.1 billion in 2016.

The following chart shows the total revenue generated from TV program production (excluding advertising/marketing expenditure by customers) in China from 2007 to 2012 and the forecast from 2013 to 2016:

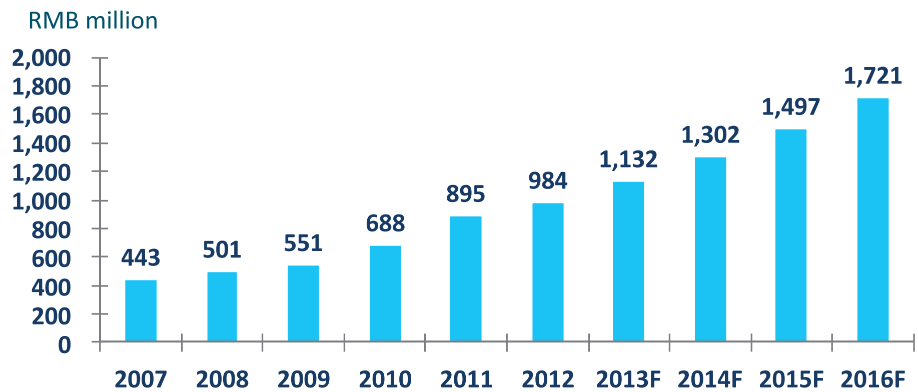


Notes: Revenue includes production fees from TV broadcasting companies, royalty fees, copyright transaction fee (版權交易額) and advertising placement fees (植入廣告費用) etc.

Sources: Ipsos interview and analysis

TV is an important above-the-line media method for automobile brand owners and manufacturers to promote their brands and launch new models of automobiles. As disposable income increases, lifestyle changes and automobile penetration rate grows in China, TV channels are motivated to rollout or distribute imported automobile-related TV programs to increase viewership rates and advertising revenue. Total revenue generated by automobile-related TV program production companies mainly includes production fees from TV broadcasting companies, advertising and marketing expenditure by brand owners and royalty fees. Revenue from automobile-related TV program production in China increased from RMB443.0 million in 2007 to RMB984.0 million in 2012 at a CAGR of 17.3%, and is expected to grow at a CAGR of 15.0% from RMB1,132.0 million in 2013 to RMB1,721.0 million in 2016.

The following chart shows the total revenue generated by automobile-related TV program production companies in China from 2007 to 2012 and the forecast from 2013 to 2016:



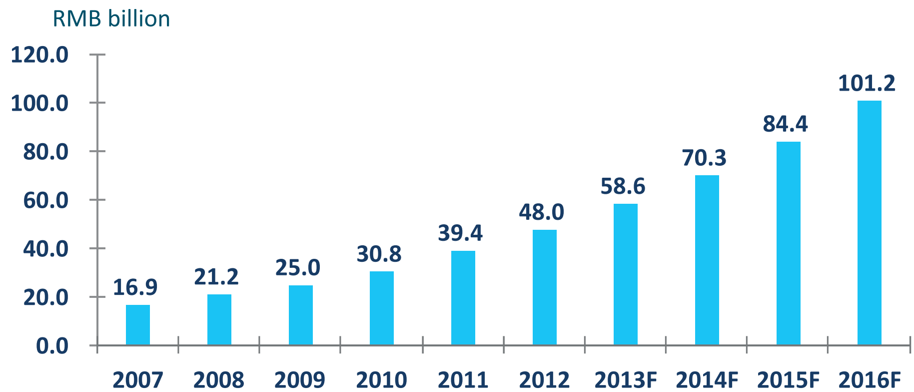
Notes: Revenue includes production fees from TV broadcasting companies, advertising/marketing expenditure by customers, royalty fees etc.

Sources: Ipsos interviews and analysis

Marketing expenditure by below-the-line methods

Events, fairs, exhibitions and road shows accounted for 12.0% of the total marketing expenditure in China in 2012. In particular, the growth of sport events organized in China is driving the growth of marketing expenditure through below-the-line methods. According to the General Administration of Sport of China Athletics Administrative Center and Federation of Automobile Sports, 25 marathons and 102 automobile & motorcycle sport events were organized in 2012. Sports events have served as an important marketing channel. For example, marketing expenditure on Beijing International Marathon increased from US$2.9 million in 2002 to over US$20.1 million in 2009.

Marketing expenditure on below-the-line methods in China increased from RMB16.9 billion in 2007 to RMB48.0 billion in 2012 at a CAGR of 23.2%, and is expected to grow at a CAGR of 20.0% from RMB58.6 billion in 2013 to RMB101.2 billion in 2016. The following chart shows the total below-the-line marketing expenditure in China from 2007 to 2012, and the forecast from 2013 to 2016:



Sources: Ipsos interviews and analysis

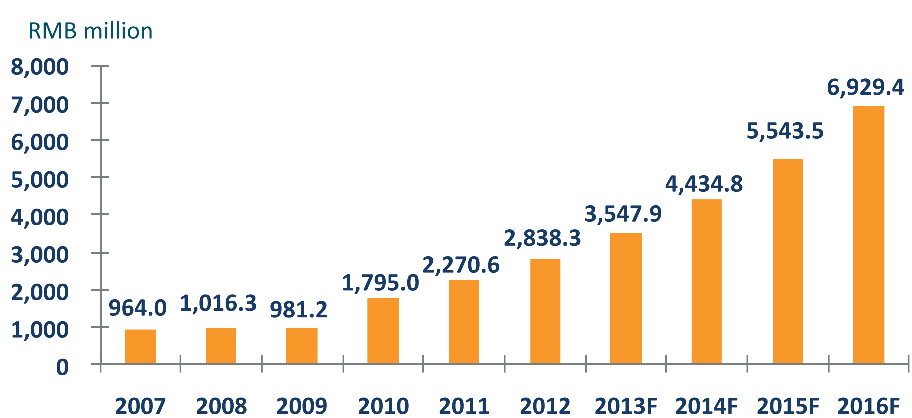
Revenue generated from organizing sports events

Event organization is a major below-the-line marketing method. In particular, revenues generated from organizing events of civilian vehicles racing, extreme sports, marathon, cycling and boat racing in China are rising. In particular, motor sports events are an effective advertising channel for automobile brand owners to demonstrate car performance in various aspects, such as speed, fuel consumption rate, safety, etc. In this regard, motor sports events effectively complements above-the-line marketing initiatives which focus on brand positioning and image. In addition to automobile manufacturers, manufacturers of tire, petroleum and automobile accessories also actively participated in motor sports events marketing.

With increasing public awareness of health and fitness, marathon has become another effective advertising channel in China through live broadcasting on TV. Large scale of audiences enable brand exposures which in turn raise the market value of marathons.

Revenue generated from civilian vehicle racing, extreme sports, marathon, cycling and boat racing in China increased from RMB964.0 million in 2007 to RMB2,838.3 million in 2012 at a CAGR of 24.1%. It is expected that revenue generated from organizing these sports events will grow at a CAGR of 25.0% from RMB3,547.9 million in 2013 to RMB6,929.4 million in 2016.

The following chart shows the total revenue generated from organizing civilian vehicle racing, extreme sports, marathon, cycling and boat racing in China from 2007 to 2012 and the forecast from 2013 to 2016:



Notes: Revenue includes civilian vehicle racing (民用車比賽), extreme sports (極限運動), marathon, cycling, boat racing
Sources: Ipsos interviews and analysis

COMPETITIVE LANDSCAPE OF MARKETING COMMUNICATIONS INDUSTRY

The marketing communications industry in China is highly fragmented and competitive with many service providers of different business mix, including marketing communications solution providers, public relations companies, exhibitors, digital marketing solution providers, etc. There were 297,000 marketing communications services providers in China at the end of 2011. To capitalize on the continuous growth of China's economy, brand owners need to deploy for cost-effective and value-maximizing marketing communications services. Marketing communications service providers that can serve different industries by providing different product types of services will be at an advantage.

According to Ipsos, we ranked first among automobile-related TV program production companies in China in terms of production hours of automobile-related TV programs in 2012.

The following table shows the top five automobile-related TV program production companies in China in terms of production hours of automobile-related TV programs in 2012:

Rank	Name of Company	Headquarter location	Automobile-related TV program production in 2012 (minutes)
1	北京智美傳媒股份有限公司 Beijing Zhimei Media Co., Ltd.	Beijing	3,985
2	上海蓋特威文化傳媒有限公司 Shanghai Gateway Media Co., Ltd.	Shanghai	2,780
3	上海天下汽車文化傳播有限公司 (Shanghai Total Auto Culture & Communication Co., Ltd.)	Shanghai	2,500
4	《車世界》共同傳媒 (Auto world Media Ltd.)	Shanghai	1,800
5	北京銳意興汽車文化傳播有限公司 (Beijing Ruiyixing Auto Culture & Communication Co., Ltd.)	Shanghai	930

Sources: Ipsos interviews and analysis

Factors of competition

Providing effective and cost-efficient services is the key for marketing communications service providers in China to attract and retain brand owners. Brand owners prefer those integrated marketing communications solution providers who can provide full range and cross-media services. Rich data resources, industry expertise, local market knowledge and understanding of evolving consumer preferences are also essential differentiating factors. Marketing communications solutions providers are actively expanding their broadcasting networks, media resources, supplier base, human resources and information system to enhance their management and execution capability. They also constantly utilize different media channels such as TV, print media, digital media and events marketing as tools for brand promotion. Hence, multiplatform capabilities and good relationship with different media vendors are essential.

Entry barriers

The marketing communications industry is a talent-intensive industry. Experienced talents who are familiar with different aspects of marketing services and those who understand the client-side business and domestic consumer behavior are in need.

It is difficult to develop a long-term strategic partnership with sizeable clients, who have high requirements on choosing marketing communications solutions providers in respect of service network, knowledge of local market, operation system efficiency, industry experience, track record, firm reputation and overall service standard. It is difficult for average marketing communications service providers to meet these requirements and develop a long-term partnership with sizeable clients.

Requirement of strong cash-flow is another entry barrier for potential new entrants in marketing communications industry. Dominant TV channels may require significant prepayment for bulk-purchase of advertising time slots, hence advertising agencies with insufficient capital are disadvantaged. Moreover, large-scale marketing communications solutions providers with adequate capital can invest in advertisement planning, purchasing media database and market research to enhance the effectiveness of their marketing solutions.

TV program production is a highly-regulated industry in China. Before companies can engage in the business of the production and operation of radio and TV programs, they have to obtain the License to Produce and Distribute Radio or TV Programs from the Chinese government. To apply for this license, market players need to have well-established production capabilities and fulfill the criteria of (i) being an independent legal entity, and have name, organizations, and articles of association in compliance with the provisions of the laws and regulations of the PRC; (ii) having professional staff, capital, and workplace necessary for the operation of the business of the production and operation of radio and TV programs, and having a registered capital of no less than RMB3 million; (iii) having no record of license suspension or record of punishment of the legal representative within 3 years prior to the application; (iv) meeting other requirements by the laws and regulations.

Sports competitions and events organization requires networks, industry knowledge and experience. Companies need to maintain a good relationship with different sports organizations and local governments in order to coordinate the sports competitions and events smoothly. New entrants with insufficient network and experience would find it difficult to obtain the required government approvals and support from different sports organizations.

Opportunities

The blooming economy and increasing marketing expenditure of companies in different industries have provided favorable market conditions to the development of marketing communications industry. Moreover, the PRC government's initiatives in integrating the telecommunications networks, Internet and broadcasting networks will also accelerate the development of marketing communications industry. In particular, TV stations are no longer confined to broadcasting their own in-house productions but start to introduce more high quality and appealing programs from external production houses. In recent years, entertainment programs including some reality shows have been well received by the general public in China. These programs not only generated decent royalty income for the producers, but also substantially increased the rates of advertising airtime in between parts of the show. This creates good opportunities for program producers which also provide marketing communications services.

For automobile-related marketing communications industry in China, since China is the world's largest automobile market with much lower penetration rate than other developed countries, automobile brands compete fiercely for market share and give rise to opportunities for marketing communications firms. The earliest markets of passenger vehicles in China were developed in 2001 and were mainly located in Beijing, Yangtze River Delta, Pearl River Delta and other developed regions in the coastal areas. In particular, Beijing, Shanghai and Guangzhou are major passenger vehicle markets. As these markets are getting mature and well developed with high automobile penetration rate, automobile enterprises may target in-land cities with relatively higher growth potential and devote marketing resources to develop brand awareness, which creates opportunities for marketing communications service providers with in-land presence and pragmatic experience.