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## HISTORY AND REORGANIZATION

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### HISTORY

The history of our Group can be traced to December 2006 when Beijing Wisdom Media, the principal operating entity of our Group, was incorporated. Ms. Ren, our chairlady and executive Director, and her family were the initial shareholders of Beijing Wisdom Media and provided the funds for its establishment. The following sets forth the key milestones of our Group since 2006:

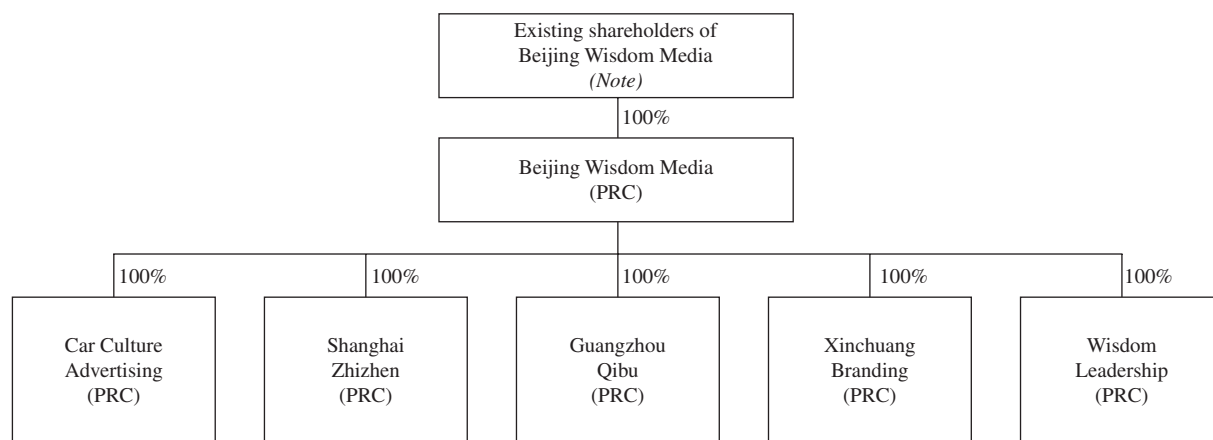
Year	Key milestones
2006	Beijing Wisdom Media was established
2007	Launched “CCTV Automobile of the Year (CCTV 年度汽車評選)”
2008	<p>Launched “National Urban Automobile Fuel Efficiency Extreme Challenge” (全國城市汽車節油極限挑戰賽) with Federation of Automobile Sports of the PRC (中國汽車運動聯合會)</p> <p>Organized “Auto Starlight &amp; Green Fashion Environmental Charity Event for Blessing the Olympic Game” 《車影星光綠色風尚祝福奧運環保公益酒會》</p> <p>Produced Special Report on International Automobile Exhibition (國際車展特別報導)</p>
2009	Guangzhou Qibu was established
2010	<p>Beijing Wisdom Media was transformed from a limited liability company to a joint stock company</p> <p>Car Culture Advertising was established</p> <p>The Group’s automobile-related TV program was first broadcasted on a satellite TV channel</p> <p>Air time of the TV programs produced by us reached 720 minutes</p> <p>We were granted with the exclusive right by CCTV to advertising time for selected TV programs broadcasted on CCTV, including “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)”</p> <p>We were awarded with the “Media Company with Most Influential Brand” 《最具品牌影響力傳媒公司》</p> <p>We were awarded with the “CV Awards Top 100 Growth Companies of the Year” 《CV Awards 最具潛力企業 100》</p>
2011	<p>Xinchuang Branding and Wisdom Leadership were established</p> <p>Launched “Auto Fashion (車風尚)” and “Driving Fashion (駕尚)”</p> <p>Air time of the TV programs produced by us reached 1,930 minutes</p> <p>We were awarded with the “Chinese Advertisement Company with Golden Comprehensive Strategy” 《中國廣告金牌綜合策略公司》</p> <p>We were awarded with the “Golden Partner Award of China Advertising Great-Wall Awards for Advertisers” 《廣告主長城金夥伴獎》</p>

## HISTORY AND REORGANIZATION

Year	Key milestones
2012	<p>Launched “Lucky Go (週末駕到/天天駕到)”</p> <p>Air time of the TV programs produced by us reached 3,985 minutes</p> <p>Held the “Guangzhou Sub-station Competition of “FIM Freestyle Motocross World Championship” 《國際摩聯花式極限摩托世界錦標賽》</p> <p>Organized “2012 China Classic Car Rally” 《2012老式汽車中國拉力賽》</p> <p>Organized “Guangzhou Marathon 2012” 《2012廣州馬拉松》</p> <p>We were granted with the “Chinese Advertisement Company with Golden Comprehensive Strategy” 《中國廣告金牌綜合策略公司》</p> <p>We were granted with the “Golden Partner Award of China Advertising Great-Wall Awards for Advertisers” 《廣告主長城金夥伴獎》</p> <p>We were granted with the “Integrated Marketing Communications Award of Automobile Industry in China” (中國汽車行業整合傳播大獎)</p> <p>We were granted with the “Outstanding Contribution to Automobile and Motorcycle Sports in China” 《中國汽車摩托車運動突出貢獻獎》</p> <p>We were granted with the “Outstanding Contribution Award for Media Investment Management Services Providers for CCTV Advertisements” 《中央電視台年度承包公司傑出貢獻獎》</p>
2013	<p>Launched “China Trends (中國潮)”</p>

### CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP IMMEDIATELY BEFORE REORGANIZATION

Our corporate and shareholding structure immediately before the Reorganization:



*Note: For the details of the existing shareholders of Beijing Wisdom Media, please refer to the paragraph headed “Our Operating Entities in the PRC controlled through the Structured Contracts-Beijing Wisdom Media” in this section.*

### REORGANIZATION

The Reorganization was completed on June 24, 2013 in anticipation of and preparation for the Listing, pursuant to which our Company became the ultimate holding company of our Group. Our PRC legal

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## HISTORY AND REORGANIZATION

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advisers confirmed that we have obtained all necessary approvals, consents, licences and permits under the relevant PRC laws and regulations in connection with the Reorganization. As confirmed by our PRC legal advisers, our beneficial owners who are PRC citizens or residents have completed the process of registration of No. 75 Notice on June 4, 2013.

As advised by our PRC legal advisers, the M&A Rules require an offshore SPV formed for listing purposes and controlled directly or indirectly by PRC companies or individuals to obtain CSRC approval prior to the listing and trading of the vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published procedures specifying documents and materials to be submitted by a SPV seeking CSRC's approval of overseas listing. However, since the publication of the above procedures, the CSRC has not promulgated any supplementary requirements for overseas listing of a SPV, and the MOFCOM has not promulgated any regulations on restricting overseas listing of a SPV via structured contracts.

Based on the above analysis, our PRC legal advisers confirmed their opinion that prior approval from the CSRC or the MOFCOM is not required to be obtained for the listing of the Company on the Hong Kong Stock Exchange.

### *Incorporation of our Company*

On March 21, 2012, our Company was incorporated in the Cayman Islands with an authorized share capital of US\$50,000 divided into 50,000 Shares with a nominal value of US\$1.00 each. On March 21, 2012, 5,029 Shares were issued to Queen Media, 864 Shares were issued to Top Car, and 2,907 Shares were issued to Lucky Go, respectively at nominal value. On June 28, 2012, 1,000 Shares were issued to Ms. Ren at nominal value. After such issue of Shares, our Company was held as to 51.32% by Queen Media, 8.82% by Top Car, 29.66% by Lucky Go and 10.20% by Ms. Ren. The principal business of our Company is investment holding.

### *Incorporation of our BVI and Hong Kong subsidiaries*

On April 2, 2012, Torch Media was incorporated as a limited liability company in BVI, with an authorized share capital of US\$50,000 divided into 50,000 ordinary shares of nominal value of US\$1.00 each. One ordinary share of US\$1.00 was issued to our Company on the same date. Since the establishment of Torch Media, it has been a wholly-owned subsidiary of our Company. The principal activity of Torch Media is investment holding.

On April 23, 2012, Wisdom HK was incorporated as a limited liability company in Hong Kong, with an authorized share capital of HK\$10,000 divided into 10,000 ordinary shares with a nominal value of HK\$1.00 each, of which one share was issued to Torch Media. Since the establishment of Wisdom HK, it has been a wholly-owned subsidiary of Torch Media. The principal activity of Wisdom HK is investment holding.

### *Transfers of the shares of Lucky Go*

Lucky Go was incorporated in the BVI on March 16, 2012 by 15 individual shareholders, all of which are natural persons and are shareholders of Beijing Wisdom Media. On April 26, 2013, Chen Bin and Ms. Ren entered into share transfer agreements with Shi Libin, who is also a shareholder of Lucky Go, respectively. Pursuant to the share transfer agreements, Chen Bin agreed to transfer to Shi Libin his entire interest in Lucky Go, representing 0.31% of the issued share capital of Lucky Go, at nil consideration and Ms. Ren agreed to transfer to Shi Libin 2.44% of the issued share capital of Lucky Go at nil consideration. Upon completion of these transfers, Lucky Go was owned as to 33.13% by Ms. Ren, 6.19% by Shi Libin and 60.68% by the other 12 shareholders. Chen Bin will transfer his interest in Beijing Wisdom Media to Ms. Ren when the necessary procedures and registrations under the relevant applicable PRC laws and regulations are completed.

## HISTORY AND REORGANIZATION

### *Share subdivision*

On June 14, 2013, our Shareholders resolved to approve, among other things, the subdivision of each issued and unissued ordinary share of US\$1.00 each in the capital of our Company to 4,000 shares of US\$0.00025 each. For further information on changes in the share capital of our Company, please refer to “Appendix IV — Statutory and General Information — A. Further information about our Company”.

### **Pre-IPO Investments**

The table below sets forth details of our Pre-IPO investments:

Name of the Pre-IPO Investor	Date of investment	Consideration paid (US\$)	Payment date of consideration	No. of shares subscribed or transferred (Note 1)	Cost per share paid by each Investor (US\$) (Note 1)	No. of shares held after share subdivision and the Capitalization Issue	Cost of shares paid by each Investor (US\$) (Note 2)	Discount to Offer Price (Note 3)	Approximate percentage of shareholding interests held by Pre-IPO Investor in our Company upon completion of Pre-IPO investments	Approximate percentage of shareholding interests held by the Pre-IPO Investor in our Company upon Listing (assuming Over-allotment is not exercised)
Guan Xin Investments Limited	July 3, 2012	250,000	July 4, 2012	100	2,500	12,000,000	0.0208	92.35% - 94.25%	1%	0.75%
Merits Gain Investments Ltd.	July 3, 2012	250,000	July 9, 2012	100	2,500	12,000,000	0.0208	92.35% - 94.25%	1%	0.75%
Avance Holdings Limited (Note 4)	July 16, 2012	50,000	July 18, 2012	1,000	50	120,000,000	0.0004	99.85% - 99.89%	10%	7.50%
Simplicio Universal Limited	July 11, 2012	5,000	July 12, 2012	100	50	12,000,000	0.0004	99.85% - 99.89%	1%	0.75%
Horoy Enterprise Holdings Limited	July 16, 2012	10,000	July 16, 2012	200	50	24,000,000	0.0004	99.85% - 99.89%	2%	1.5%
Horoy International Holdings Limited	July 16, 2012	10,000	July 16, 2012	200	50	24,000,000	0.0004	99.85% - 99.89%	2%	1.5%
Joy Thought Holdings Limited	July 17, 2012	30,000	July 18, 2012	600	50	72,000,000	0.0004	99.85% - 99.89%	6%	4.5%
New Kingleader Holdings Limited	July 17, 2012	10,000	July 18, 2012	200	50	24,000,000	0.0004	99.85% - 99.89%	2%	1.5%
Sunny Stone Limited	July 18, 2012	5,000	July 19, 2012	100	50	12,000,000	0.0004	99.85% - 99.89%	1%	0.75%

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## HISTORY AND REORGANIZATION

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Note:

1. Prior to the share subdivision and the Capitalization Issue.
2. After the share subdivision mentioned in “— share subdivision” above and the Capitalization Issue.
3. Such discount was calculated based on the Offer Price of not more than HK\$2.81 per Offer Share but not less than HK\$2.11 per Offer Share unless otherwise announced by our Company.
4. To the best knowledge of the Directors, the shareholders of Avance Holdings Limited hold their respective interests for Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司), which acquired 10% equity interest of Beijing Wisdom Media by way of subscription of new share capital in December 2009.

### ***Guan Xin Investments Limited (“Guan Xin”) and Merits Gain Investments Ltd. (“Merits Gain”)***

In preparation for the Listing, our Company was incorporated with a view to becoming the listing vehicle and the ultimate holding company of our Group after the Reorganization. As part of the formation of the offshore corporate structure of the Group, we understood from the relevant PRC regulatory authorities that our Company should not be thinly capitalized. With that understanding, our then shareholders decided to bring in two independent investors, namely Guan Xin and Merits Gain, to subscribe for a total of 200 Shares at the total consideration of US\$500,000.

On June 5, 2012, Guan Xin and Merits Gain entered into a letter of intent with the Company and the shareholders of Queen Media, Top Car and Lucky Go with respect to the subscription by each of Guan Xin and Merits Gain of 100 Shares at a consideration of US\$250,000 (“Guan Xin and Merits Gain Consideration”), equivalent to US\$2,500 per Share respectively. The formal subscription agreement was entered into on July 3, 2012. The Guan Xin and Merits Gain Consideration was based on arm’s length negotiation between the parties. Each of Guan Xin and Merits Gain will own approximately 0.75% of the issued share capital of the Company upon Listing. Guan Xin is an investment holding company incorporated in the BVI, whose ultimate beneficial owner is Lui Lung Wai (呂龍威), who is, to the best of the knowledge, information and belief of our Directors, independent of and not connected with our Company and our subsidiaries. Merits Gain is an investment holding company incorporated in the BVI, whose ultimate beneficial owner is Xiangwen Sha, who is, to the best of the knowledge, information and belief of our Directors, independent of and not connected with our Company and our subsidiaries. The investments made by Guan Xin and Merits Gain are not subject to lock-up and any special rights. The Guan Xin and Merits Gain Consideration was irrevocably settled by Guan Xin and Merits Gain and received by our Company on July 4 and July 9, 2012 respectively. There are no conditions imposed to the use of the Guan Xin and Merits Gain Consideration by the Company and part of the Guan Xin and Merits Gain Consideration was used as working capital by our Company.

Subsequent to the investments by Guan Xin and Merits Gain, several strategic investors were introduced.

### ***Avance Holdings Limited (“Avance Holdings”)***

On July 16, 2012, Avance Holdings entered into a share transfer agreement with Ms. Ren, pursuant to which Ms. Ren agreed to transfer 1,000 ordinary shares of the then issued share capital of the Company to Avance Holdings at a consideration of US\$50,000 (“Avance Holdings Consideration”), equivalent to US\$50 per share based on arm’s length negotiation between the parties with reference to the net asset value of our Company at that time. Avance Holdings is an investment holding company incorporated in the BVI. To the best knowledge of the Directors, the shareholders of Avance Holdings hold their respective interests on behalf of Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) (“Shenzhen Capital”), the ultimate beneficial owner. Shenzhen Capital has been interested in, directly and through its subsidiary Beijing Hongtu Jiahui Venture Investment Co., Ltd, an aggregate of 10% of the total issued shares of Beijing Wisdom Media since December 2009. The shareholding of Avance Holdings in our Company is 10% immediately before the Global Offering and will be 7.5% upon Listing. The introduction of Avance Holdings as a shareholder of the Company was to reflect the existing shareholding interest of Shenzhen

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## HISTORY AND REORGANIZATION

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Capital in Beijing Wisdom Media before the Reorganization. The investment made by Avance Holdings is not subject to lock-up and any special rights. The Avance Holdings Consideration was irrevocably settled by Avance Holdings and received by Ms. Ren on July 18, 2012.

### *Simplicio Universal Limited (“Simplicio”)*

On July 11, 2012, Simplicio entered into a share transfer agreement with Lucky Go, pursuant to which Lucky Go agreed to transfer 100 ordinary shares of the then issued share capital of the Company to Simplicio at a consideration of US\$5,000 (“Simplicio Consideration”), equivalent to US\$50 per share based on arm’s length negotiation between the parties with reference to the net asset value of our Company. Simplicio will own approximately 0.75% of the issued share capital of the Company upon Listing. To the best of the knowledge, information and belief of our Directors, Simplicio is an investment holding company incorporated in the BVI, whose ultimate beneficial owner is Lu Xin (陸昕), who is, independent of and not connected with our Company and our subsidiaries. To the best knowledge of the Directors, Lu Xin maintains a working relationship with certain international sports organizations. We believe that our Group will be able to leverage on the experience and business network of Lu Xin in identifying new opportunities for us to organize and promote more sports events and competitions. The investment made by Simplicio is not subject to lock-up and any special rights. The Simplicio Consideration was irrevocably settled by Simplicio and received by Lucky Go on July 12, 2012.

### *Horoy Enterprise Holdings Limited (“Horoy Enterprise Holdings”) and Horoy International Holdings Limited (“Horoy International”)*

On July 16, 2012, Horoy Enterprise Holdings entered into a share transfer agreement with Lucky Go, pursuant to which Lucky Go agreed to transfer 200 ordinary shares of the then issued share capital of the Company to Horoy Enterprise Holdings at a consideration of US\$10,000 (“Horoy Enterprise Consideration”), equivalent to US\$50 per share based on arm’s length negotiation between the parties with reference to the net asset value of our Company. Horoy Enterprise Holdings will own approximately 1.50% of the issued share capital of the Company upon Listing. To the best of the knowledge, information and belief of our Directors, Horoy Enterprise Holdings is an investment holding company incorporated in the BVI, whose ultimate beneficial owners are Lai Hoi Man and Chan See Ting, who are independent of and not connected with our Company and our subsidiaries. The investment made by Horoy Enterprise Holdings is not subject to lock-up and any special rights. The Horoy Enterprise Holdings Consideration was irrevocably settled by Horoy Enterprise Holdings and received by Lucky Go on July 16, 2012.

On July 16, 2012, Horoy International entered into a share transfer agreement with Lucky Go, pursuant to which Lucky Go agreed to transfer 200 ordinary shares of the then issued share capital of the Company to Horoy International at a consideration of US\$10,000 (“Horoy International Consideration”), equivalent to US\$50 per share based on arm’s length negotiation between the parties with reference to the net asset value of our Company. Horoy International will own approximately 1.50% of the issued share capital of the Company upon Listing. To the best of the knowledge, information and belief of our Directors, Horoy International is an investment holding company incorporated in Samoa, whose ultimate beneficial owners are Lai Hoi Man and Chan See Ting, who are independent of and not connected with our Company and our subsidiaries. The investment made by Horoy International is not subject to lock-up and any special rights. The Horoy International Consideration was irrevocably settled by Horoy International and received by Lucky Go on July 16, 2012.

To the best knowledge of the Directors, Lai Hoi Man and Chan See Ting have extensive experience in real estate development in the PRC. We believe that our Group will be able to leverage on their business network to reach out to potential high net worth customers.



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## HISTORY AND REORGANIZATION

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### *Joy Thought Holdings Limited (“Joy Thought”)*

On July 17, 2012, Joy Thought entered into a share transfer agreement with Lucky Go, pursuant to which Lucky Go agreed to transfer 600 ordinary shares of the then issued share capital of the Company to Joy Thought at a consideration of US\$30,000 (“Joy Thought Consideration”), equivalent to US\$50 per share based on arm’s length negotiation between the parties with reference to the net asset value of our Company. Joy Thought will own approximately 4.50% of the issued share capital of the Company upon Listing. To the best of the knowledge, information and belief of our Directors, Joy Thought is an investment holding company incorporated in the BVI, whose ultimate beneficial owner is Chou Tai-Soon (周台生), who is independent of and not connected with our Company and our subsidiaries. To the best knowledge of the Directors, Chou Tai-Soon is engaged in the business of manufacturing automobile parts in Taiwan and the PRC. We believe that our Group will be able to leverage on his business network to reach out to potential customers in the automobile and related industries as well as potential customers in Taiwan. The investment made by Joy Thought is not subject to lock-up and any special rights. The Joy Thought Consideration was irrevocably settled by Joy Thought and received by Lucky Go on July 18, 2012.

### *New Kingleader Holdings Limited (“New Kingleader”)*

On July 17, 2012, New Kingleader entered into a share transfer agreement with Lucky Go, pursuant to which Lucky Go agreed to transfer 200 ordinary shares of the then issued share capital of the Company to New Kingleader at a consideration of US\$10,000 (“New Kingleader Consideration”), equivalent to US\$50 per share based on arm’s length negotiation between the parties with reference to the net asset value of our Company. New Kingleader will own approximately 1.50% of the issued share capital of the Company upon Listing. To the best of the knowledge, information and belief of our Directors, New Kingleader is an investment holding company incorporated in the BVI, whose ultimate beneficial owner is Lan Yan (蘭燕), who is independent of and not connected with our Company and our subsidiaries. To the best knowledge of the Directors, Lan Yan is engaged in the import and export trading of automobiles in the PRC. We believe that our Group will be able to leverage her business relationship to reach out to potential customers in the automobile and related industries in the PRC. The investment made by New Kingleader is not subject to lock-up and any special rights. The New Kingleader Consideration was irrevocably settled by New Kingleader and received by Lucky Go on July 18, 2012.

### *Sunny Stone Limited (“Sunny Stone”)*

On July 18, 2012, Sunny Stone entered into a share transfer agreement with Lucky Go, pursuant to which Lucky Go agreed to transfer 100 ordinary shares of the then issued share capital of the Company to Sunny Stone at a consideration of US\$5,000 (“Sunny Stone Consideration”), equivalent to US\$50 per share based on arm’s length negotiation between the parties with reference to the net asset value of our Company. Sunny Stone will own approximately 0.75% of the issued share capital of the Company upon Listing. To the best of the knowledge, information and belief of our Directors, Sunny Stone is an investment holding company incorporated in the BVI, whose ultimate beneficial owner is Li Shan, who is independent of and not connected with our Company and our subsidiaries. To the best knowledge of the Directors, Li Shan maintains a working relationship with program production houses in the PRC. We believe that our Group will be able to leverage on the experience and business network of Li Shan to obtain copyrights for the production and/or broadcast of foreign television programs. The investment made by Sunny Stone is not subject to lock-up and any special rights. The Sunny Stone Consideration was irrevocably settled by Sunny Stone and received by Lucky Go on July 19, 2012.

On the above basis, our Directors believe that the introduction of these investors is in the interest of our Group and its shareholders as a whole.

The ultimate shareholders of each of Guan Xin, Merits Gain, Simplicio, Horoy Enterprise Holdings, Horoy International, Joy Thought, New Kingleader and Sunny Stone are friends of Ms. Ren and do not have

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## HISTORY AND REORGANIZATION

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existing business relationships with us. To the understanding of our Directors, Simplicio and Sunny Stone decided to invest in our Company as the business model of our Group may have synergy with the business of their ultimate beneficial owners involving sports competitions and program production; Horoy Enterprise Holdings and Horoy International decided to invest in our Company in order to diversify the investment portfolios of their ultimate beneficial owners, which comprised investments in the real estate industry, into the marketing communications industry, and our integrated business model provides us with multiple revenue streams, in particular, from media investment management services, program production and sports competition organization; and Joy Thought and New Kingleader, each of which ultimate beneficial owners is engaged in automobile-related business, decided to invest in our Company in view of our expertise in China's fast-growing automobile industry as a media products provider.

To the best knowledge of the Directors, each of the above pre-IPO investors is independent from each other, except for Horoy Enterprise Holdings and Horoy International which are controlled by the same ultimate shareholders. The Shares held by our pre-IPO investors will form part of the Company's public float upon Listing.

On the above basis, the Sole Sponsor confirmed that the aforesaid Pre-IPO Investments are in compliance with the interim guidance dated October 13, 2010 issued by the Stock Exchange.

### ***Incorporation of our PRC subsidiaries***

On July 6, 2012, August 3, 2012 and August 3, 2012, Wisdom Culture, Zhejiang Wisdom Advertising and Zhejiang Wisdom Sports, respectively, were established with a view to rationalizing our group holding structure as part of our long term business development.

Wisdom Culture was established as a wholly foreign owned enterprise in the PRC by Wisdom HK on July 6, 2012 with a registered and paid up capital of US\$500,000. Wisdom Culture and Beijing Wisdom Media also entered into a series of Structured Contracts in relation to the TV program production business so as to maintain the control of the operation, obtain the economic benefits and prevent leakages of assets and values to the registered equity holders of Beijing Wisdom Media. Please refer to the paragraph headed "Structured Contracts" in this section for details of the contractual arrangement.

Zhejiang Wisdom Advertising was established as a limited liability company in the PRC with a registered and paid up capital of RMB10,000,000 on August 3, 2012. Zhejiang Wisdom Advertising is wholly-owned by Wisdom Culture. It is principally engaged in advertisement production and agency services and is one of our principal operating subsidiaries. Zhejiang Wisdom Advertising was established with a view to developing our advertising business as part of our long term business development.

Zhejiang Wisdom Sports was established as a limited liability company in the PRC with a registered and paid up capital of RMB10,000,000 on August 3, 2012. Zhejiang Wisdom Sports is wholly-owned by Wisdom Culture. It is principally engaged in organization, management and promotion of sports events and is one of our principal operating subsidiaries. Zhejiang Wisdom Sports was established with a view to developing our sports-related business as part of our long term business development.

As of the Latest Practicable Date, Zhejiang Wisdom Advertising and Zhejiang Wisdom Sports have taken up our business of advertisement production and agency services and our business of organization, management and promotion of sports events, respectively.

On April 3, 2013, Zhejiang Weishide Advertising was established. As of the Latest Practicable Date, Zhejiang Weishide Advertising has not yet commenced business.

### ***Establishment of the SKY Trust by Ms. Ren***

On April 15, 2013, the SKY Trust was established, with Ms. Ren as settlor and with Ms. Ren and her family members as discretionary beneficiaries. On April 15, 2013, Ms. Ren transferred her entire



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## HISTORY AND REORGANIZATION

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shareholdings in Queen Media to Trust Co, a limited company incorporated in Guernsey, for nil consideration for the settlement of the SKY Trust with Credit Suisse Trust Limited acting as the trustee. Following such transfer, Trust Co has become the sole shareholder of Queen Media. The beneficiaries of the SKY Trust are Ms. Ren and her family members. The sole asset of such family trust is the entire issued share capital of Trust Co which is managed by Credit Suisse Trust Limited.

### STRUCTURED CONTRACTS

On June 24, 2013, Wisdom Culture and Beijing Wisdom Media entered into the Structured Contracts in relation to the TV program production business so as to maintain the control of the operation, obtain the economic benefits and prevent leakages of assets and values to the registered equity holders of Beijing Wisdom Media. We have narrowly tailored the Structured Contracts in order to achieve the Group's business purposes to minimize the potential for conflict with relevant PRC laws and regulations. Our Group intends to unwind the Structured Contracts and acquire the equity interest in Beijing Wisdom Media as soon as the relevant PRC laws allow us to operate Beijing Wisdom Media's business without the Structured Contracts.

The business operations of Beijing Wisdom Media involve the production of TV programs, which is subject to foreign investment restrictions under the applicable PRC laws. As such, we cannot acquire the equity interest in Beijing Wisdom Media. As a result, the Structured Contracts dated June 24, 2013 were entered into between or amongst Beijing Wisdom Media, all of its shareholders and/or Wisdom Culture and were designed to provide Wisdom Culture and thus our Group with effective control over the financial and operational policies of Beijing Wisdom Media and (to the extent permitted by PRC laws and regulations) the right to acquire the equity interests in Beijing Wisdom Media after the Listing. As at the Latest Practicable Date, Beijing Wisdom Media is held as to 52.29% by Ms. Ren, 8.46% by Mr. Sheng Jie, 0.18% by Mr. Zhang Han, all of which our executive Directors, and 39.07% by other existing shareholders, details of which are set out in the paragraph headed "Our Operating Entities in the PRC controlled through the Structured Contracts — Beijing Wisdom Media" in this section.

The Structured Contracts currently in force comprise five agreements, namely: (i) the exclusive consulting and service agreement; (ii) the irrevocable power of attorney; (iii) the exclusive business operating agreement; (iv) the exclusive option agreement; and (v) the share pledge agreement under which all the material business activities involving the Restricted Businesses of Beijing Wisdom Media are instructed and supervised by Wisdom Culture and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to our Group. The Structured Contracts are conditional upon the granting by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Hong Kong Offer Shares (including any Shares which may be sold pursuant to the exercise of the Over-allotment Options and the options which may be granted under the Share Option Scheme), and such listing and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange. Our PRC legal advisers advised that the Structured Contracts are in compliance with and are enforceable under the existing PRC laws or regulations. Details of the Structured Contracts are set out below:

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

Wisdom Culture and Beijing Wisdom Media entered into an exclusive consulting and service agreement dated June 24, 2013, pursuant to which Wisdom Culture will, on an exclusive basis, provide Beijing Wisdom Media with consulting and other related services.

In consideration of the provision of the aforesaid services provided to Beijing Wisdom Media, Beijing Wisdom Media has agreed to pay Wisdom Culture a service fee. The service fee to which Wisdom Culture is entitled to receive shall represent the total revenue of Beijing Wisdom Media, after deducting all operational costs and relevant applicable taxes. Wisdom Culture and Beijing Wisdom Media shall negotiate

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## HISTORY AND REORGANIZATION

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in good faith the actual amount of service fee payable after taking into consideration (i) the scope and scale of the services provided by Wisdom Culture; and (ii) the anticipated cash needs of Beijing Wisdom Media for its normal operations and business development from time to time. Beijing Wisdom Media has agreed to pay Wisdom Culture the service fee no later than 10 working days upon the receipt of invoice issued by Wisdom Culture. Our Directors consider that the above arrangement will ensure the economic benefits generated from the operations of Beijing Wisdom Media will flow to Wisdom Culture and hence, our Group as a whole and meanwhile sustaining normal business operations and facilitating necessary developments for the content/program production business under the Wisdom Program unit. In the event that Beijing Wisdom Media incurred any operating loss or encountered any critical operational adversity, Wisdom Culture may, but is not obligated to, provide financial support to Beijing Wisdom Media, and Beijing Wisdom Media shall unconditionally accept the decision of Wisdom Culture as to whether Beijing Wisdom Media should continue its operations.

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

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

- ***Irrevocable power of attorney***

All of the shareholders of Beijing Wisdom Media executed an irrevocable power of attorney dated June 24, 2013, which enables our Company and our Directors and their successors (including any liquidator being appointed in the event of liquidation) to exercise all the powers of the shareholders (including their successors and transferees) of Beijing Wisdom Media.

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

Pursuant to the power of attorney, our Company and our Directors and their successors (including any liquidator being appointed in the event of liquidation) shall exercise rights of all of the shareholders of Beijing Wisdom Media (including but not limited to right to propose a general meeting, rights of voting, sale or transfer of all or part of their interests in Beijing Wisdom Media, signing minutes and filing documents with relevant companies registry). Our Company has the power to designate the person as nominated by our executive Directors or our Board to exercise the rights to our Company under the power of attorney.

- ***Exclusive business operating agreement***

Wisdom Culture, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive business operating agreement dated June 24, 2013, pursuant to which Beijing Wisdom Media agreed, and all of the aforesaid shareholders agreed to cause Beijing Wisdom Media and its subsidiaries, not to enter into any transaction which might substantially affect Beijing Wisdom

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## HISTORY AND REORGANIZATION

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Media's assets, business, employees, rights, obligations or operations unless prior written approval of Wisdom Culture or its designated third party (which shall be a wholly-owned subsidiary of our Company) have been obtained. Such prohibited transaction includes, without limitation, the following:

- (a) engaging in any activities outside of the ordinary course of Beijing Wisdom Media's business;
- (b) altering Beijing Wisdom Media's constitutional documents, the scope of operation or registered capital;
- (c) incurring any debts which in aggregate exceed RMB1 million;
- (d) providing any guarantee to any third parties in respect of their liabilities;
- (e) acquiring or leasing or transferring or disposing of any of Beijing Wisdom Media's core assets, or acquiring or leasing or transferring or disposing of any of Beijing Wisdom Media's assets (other than those in the ordinary course of business);
- (f) distributing any bonus or dividend in any manner; and
- (g) entering into any transaction with any connected person of Beijing Wisdom Media or its shareholders.

Pursuant to the exclusive business operating agreement, all of the shareholders of Beijing Wisdom Media agreed to, amongst other things:

- (a) appoint candidate(s) nominated by Wisdom Culture as director(s) of Beijing Wisdom Media in accordance with the procedures prescribed under the PRC laws and regulations and Beijing Wisdom Media's constitutional documents;
- (b) procure the appointment of candidates nominated by Wisdom Culture to be the chairman of the board of directors, the chief executive officer, the financial controller and other senior management of Beijing Wisdom Media; and
- (c) transfer the bonus, distributable dividend, any other income or interest receivable by them at nil consideration to Wisdom Culture as soon as practicable.

In the event of death, bankruptcy or divorce of the shareholders of Beijing Wisdom Media resulting in a change in ownership of its shares, all shareholders of Beijing Wisdom Media agreed that (i) the rights and obligations under the exclusive business operating agreement shall continue to bind on their successors; and (ii) the exclusive business operating agreement shall prevail over their wills, divorce agreements, debts arrangements and other legal instruments in any forms entered into by them after the signing of the exclusive business operating agreement, unless prior written approval of Wisdom Culture has been obtained.

In the event that the shareholders or officers of the shareholders (in case of a body corporate) of Beijing Wisdom Media occupy the position of directors, the senior management and other positions of our Company, all of the shareholders of Beijing Wisdom Media agreed that they shall give priority to, and shall not cause the damage to, the interests of Wisdom Culture and our Company if there are any potential conflicts of interest amongst Wisdom Culture, our Company, Beijing Wisdom Media and its shareholders.

Ms. Ren, being the chairlady of our Company, has been appointed as the chairlady of the board of directors of Beijing Wisdom Media and has taken up the leading role in the governance of implementation of the financial and operating policies in respect of Beijing Wisdom Media in order to ensure that Beijing Wisdom Media will be managed and operated according to our Group's policies and the terms of the Structured Contracts.

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

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## HISTORY AND REORGANIZATION

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- *Exclusive option agreement*

Wisdom Culture, Beijing Wisdom Media and all of its shareholders (including their successors and transferees) entered into an exclusive option agreement dated June 24, 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to grant an irrevocable option to Wisdom Culture for it or its designated third party (which shall be a wholly-owned subsidiary of our Company) to acquire all or any of their equity interests in Beijing Wisdom Media, on condition that such acquisition should comply with terms of the exclusive option agreement, at nominal price (being the minimum price as permitted under the applicable PRC laws and regulations), if such acquisition is permissible under the PRC laws and regulations.

Pursuant to the exclusive option agreement, Beijing Wisdom Media has undertaken to perform certain acts or refrain from performing certain other acts unless it has obtained prior approval from Wisdom Culture or its designated third party (which shall be a wholly-owned subsidiary of our Company), including but not limited to the following:

- (a) Beijing Wisdom Media shall prudently and effectively operate its business and transactions in accordance with the good financial and business standards and conventions;
- (b) as requested by Wisdom Culture from time to time, Beijing Wisdom Media shall provide its operational and financial information to Wisdom Culture;
- (c) Beijing Wisdom Media shall not sell, transfer, create encumbrances or otherwise dispose of its any assets, business, income or permit it to subsist any guarantee thereof, other than those in the ordinary course of business or having been disclosed to and consented by Wisdom Culture;
- (d) Beijing Wisdom Media shall not distribute the dividend and bonus in whatsoever manner to any of its shareholders;
- (e) Beijing Wisdom Media shall not incur, take up, guarantee or permit it to subsist any loans other than those in the ordinary course of business or having been disclosed to and consented by Wisdom Culture;
- (f) Beijing Wisdom Media shall not enter into any material contracts, other than those in the ordinary course of business;
- (g) Beijing Wisdom Media shall not alter its constitutional documents or registered capital; and
- (h) Beijing Wisdom Media shall not engage in any merger or acquisition or make investment in any entities.

Pursuant to the exclusive option agreement, all of the shareholders of Beijing Wisdom Media have undertaken that, amongst other things:

- (a) the performance of any of their obligations under the exclusive option agreement will not result in breach of any applicable PRC laws and any contract or agreement and is not subject to the approval of PRC authorities;
- (b) they shall immediately notify Wisdom Culture of any litigation, arbitration or administrative proceeding, which involved, or may involve, their equity interests in Beijing Wisdom Media; or any events which may adversely affect such equity interests;
- (c) to maintain all rights of equity interests in Beijing Wisdom Media, they shall sign such documents and take such actions as necessary or appropriate, and initiate or defend such claims as necessary or appropriate; and
- (d) subsequent to the acquisition by Wisdom Culture from the shareholders of Beijing Wisdom Media of all or any of the equity interests, the shareholders of Beijing Wisdom Media shall return to the Group the proceeds received from any such transfer which is subject to enterprise income tax at the rate of 25%.

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## HISTORY AND REORGANIZATION

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Prior to exercising the share option to acquire all shares and assets of Beijing Wisdom Media by Wisdom Culture or its designated third party (which shall be a wholly-owned subsidiary of our Company) and in the event of death, bankruptcy or divorce of the shareholders of Beijing Wisdom Media resulting in a change in ownership of its shares, all shareholders of Beijing Wisdom Media agreed that (i) the rights and obligations under the exclusive option agreement shall continue to bind on their successors; and (ii) the exclusive option agreement shall prevail over their wills, divorce agreements, debts arrangements and other legal instruments in any forms entered into by them after the signing of the exclusive option agreement, unless prior written approval of Wisdom Culture has been obtained.

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

- ***Share pledge agreement***

Wisdom Culture and all of the shareholders (including their successors and transferees) of Beijing Wisdom Media entered into a share pledge agreement dated June 24, 2013, pursuant to which all of the shareholders of Beijing Wisdom Media agreed to pledge their equity interests in Beijing Wisdom Media to Wisdom Culture to secure the performance of all of the obligations of Beijing Wisdom Media and/or all of its shareholders under the aforesaid exclusive business operating agreement and exclusive consulting and service agreement. Such obligations include without limitation all fees, expenses and damages payable to Wisdom Culture, interest, default payments, compensations, enforcement costs, and all liabilities owed by Beijing Wisdom Media and its shareholders to Wisdom Culture in the event the aforesaid exclusive business operating agreement and the exclusive consulting and service agreement became unenforceable.

Pursuant to the share pledge agreement, all of the shareholders of Beijing Wisdom Media have undertaken to Wisdom Culture, amongst other things:

- (a) not to transfer the equity interests in Beijing Wisdom Media (save and except the transfer of shares to Wisdom Culture or its designated third party, which shall be a wholly-owned subsidiary of our Company) and not to create or allow any guarantee or pledge to be created thereon that may affect the rights and interest of Wisdom Culture without the prior written consent of Wisdom Culture;
- (b) to comply with and implement the requirements under all applicable PRC laws and regulations, and on the receipt of any notice, order or proposal issued by any competent authority in relation to the share pledge, to deliver the same to Wisdom Culture not later than 5 working days upon such receipt and to comply with such notice, order or proposal according to Wisdom Culture's reasonable instructions;
- (c) to promptly notify Wisdom Culture any event or notice of event that may affect equity interests of any shareholders of Beijing Wisdom Media or rights thereof; that may change the obligation under the share pledge agreement and the performance thereof by any shareholders of Beijing Wisdom Media and to comply with such notice, order or proposal according to Wisdom Culture's reasonable instructions; and
- (d) to comply with and perform their warranties, undertakings, agreements and representations under the share pledge agreement and to compensate Wisdom Culture in the event that the shareholders of Beijing Wisdom Media fail to perform or fully fulfill such warranties, undertakings, agreements and representations.

Under the share pledge agreement, shareholders of Beijing Wisdom Media are, among other things, deemed to have defaulted on the terms of the share pledge agreement if:

- (a) they or their successors or transferees fail to pay sum payable; or fail to perform the obligations under the exclusive consulting and service agreement and exclusive business operating agreement; or



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## HISTORY AND REORGANIZATION

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- (b) they are unable to repay their debts or other liabilities.

In any of the events of default set out in the share pledge agreement, Wisdom Culture shall be entitled to exercise the following rights:

- (a) Wisdom Culture may issue notice of default to all of the shareholders of Beijing Wisdom Media;
- (b) if fees payable have not been fully settled, none of the shareholders of Beijing Wisdom Media shall transfer any of their equity interests in Beijing Wisdom Media without the written consent of Wisdom Culture;
- (c) unless all of the shareholders of Beijing Wisdom Media have cured default or have taken remedial actions as necessary, Wisdom Culture may at any time after the issue of notice of default exercise its rights to acquire the equity interests in Beijing Wisdom Media;
- (d) Wisdom Culture may acquire the equity interests in Beijing Wisdom Media at an agreed price, and is in priority to receive the sale proceeds obtained in tender or by sale of the equity interests in Beijing Wisdom Media in accordance with the PRC statutory procedures until all unpaid service fees and all other payables have been fully settled and the exclusive option agreement and exclusive business operating agreement have been duly performed; and
- (e) all of the shareholders of Beijing Wisdom Media shall not hinder and shall provide necessary assistance if Wisdom Culture exercises its rights under the share pledge agreement.

In the event of death, bankruptcy or divorce of any shareholders of Beijing Wisdom Media resulting in a change in ownership of its shares, all shareholders of Beijing Wisdom Media agreed that (i) the rights and obligations under the share pledge agreement shall continue to bind on their successors and the other shareholders; and (ii) the share pledge agreement shall prevail over their wills, divorce agreements, debts arrangements and other legal instruments in any forms entered into by them after the signing of the share pledge agreement, unless prior written approval of Wisdom Culture has been obtained.

According to the terms of the share pledge agreement and the PRC laws, rights and obligations in the share pledge agreement will be binding on the successors or transferees of Wisdom Culture and the shareholders of Beijing Wisdom Media.

The share pledge agreement dated June 24, 2013 will be registered on Beijing Wisdom Media's register of members and with the Administration for Industry and Commerce, following which the share pledge agreement shall be in full force and effect until and unless it is terminated by Wisdom Culture by giving all of the shareholders of Beijing Wisdom Media a 30 days' prior written notice of termination. None of the shareholders of Beijing Wisdom Media shall have any right to terminate the share pledge agreement.

### *Relevant provisions of the Property Law of the PRC*

According to Article 219 of the Property Law of the PRC (中華人民共和國物權法), where the debtor defaults on its debt obligations or where the pledge right as stipulated by the parties shall be realized, the pledgee may, by negotiating with the pledger, acquire the pledge upon an agreed price or seek deferred payments from the money generated from the auction or sale of the pledged properties. Reference shall be made to the market price for any acquisition or sale of pledged property.

Based on the above, the PRC legal advisers of the Company are of the opinion that, where the parties choose to realize their pledge rights through acquiring the pledge in all or in part upon an agreed price, the consideration should refer to the market price rather than be set at a "nominal price" by the parties at will.

### *Remedy for other events of default*

The PRC legal advisers of the Company are of the opinion that, following events of default other than the non-payment of service fees, Wisdom Culture is still entitled to enforce the share pledge agreement and

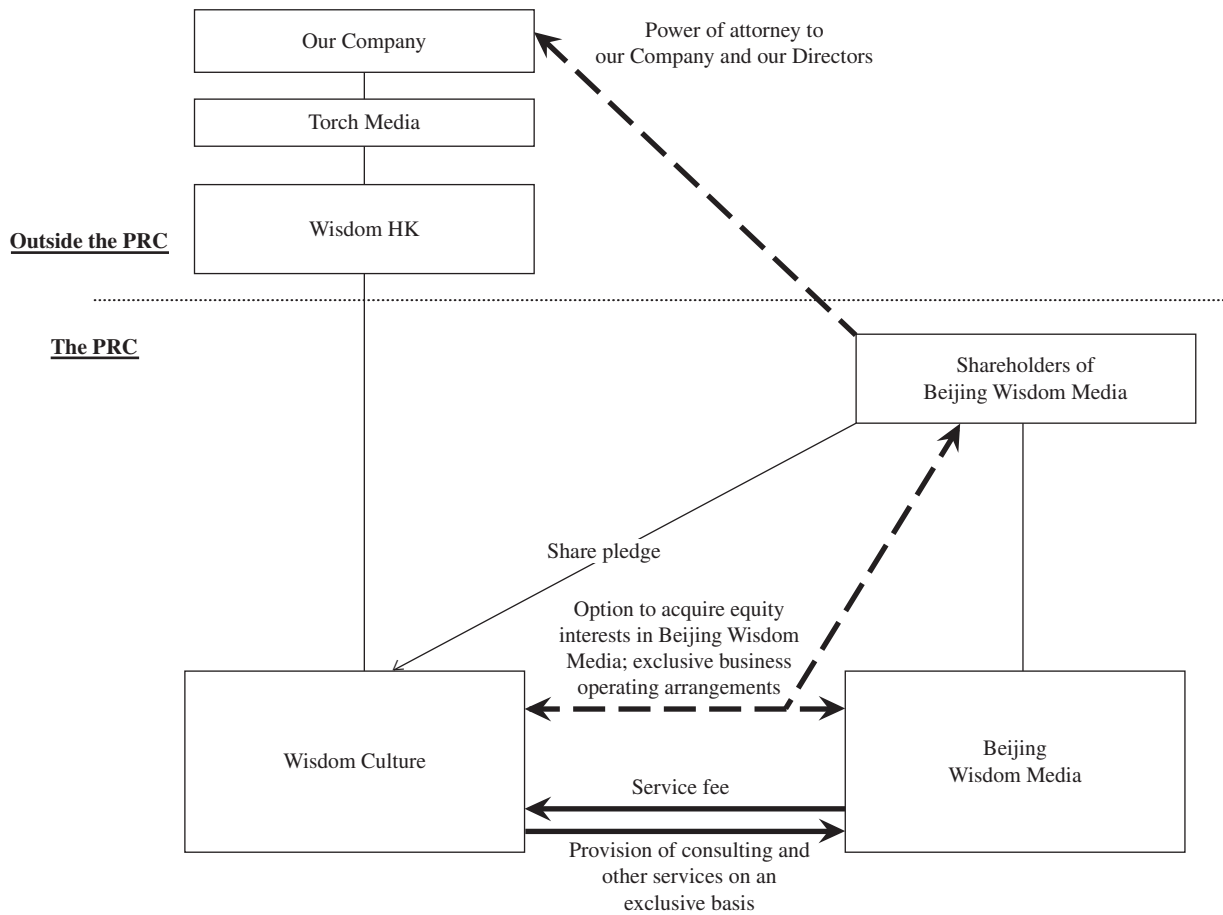


## HISTORY AND REORGANIZATION

acquire the equity interest in Beijing Wisdom Media with the amount of any loss or damages suffered by the Wisdom Culture. As such, the shareholders of Beijing Wisdom Media will not have obtained any proceeds arising from such event of default.

### *Diagrammatic representation of the Structured Contracts*

The following simplified diagram illustrates how the Structured Contracts effectively transfer the economic benefits of Beijing Wisdom Media and pass the risks associated therewith to our Group as stipulated under the Structured Contracts:



*Notes:*

1. Wisdom Culture will provide Beijing Wisdom Media with the consulting and other related services. In return, Beijing Wisdom Media shall pay Wisdom Culture a service fee. The service fee shall represent the total revenue of Beijing Wisdom Media, after deducting all operational costs and relevant applicable taxes, to be negotiated between Wisdom Culture and Beijing Wisdom Media after taking into consideration (i) the scope and scale of the services provided by Wisdom Culture; and (ii) the anticipated cash needs of Beijing Wisdom Media for its normal operations and business development from time to time.
2. Pursuant to the exclusive business operating agreement, all of the shareholders of Beijing Wisdom Media shall transfer all bonus, distributable dividend, any other income or interest receivable by them at nil consideration to Wisdom Culture as soon as practicable.
3. Pursuant to the power of attorney, our Company, our Directors and their successors (including any liquidator being appointed in the event of liquidation) shall exercise rights of all of the shareholders of Beijing Wisdom Media (including but not limited to right to propose a general meeting, rights of voting, sale or transfer of all or part of their interests in Beijing Wisdom Media, signing minutes and filing documents with relevant companies registry). The Company has the power to designate the person as nominated by its executive Directors or the Board to exercise the rights to the Company under the power of attorney.
4. Pursuant to the share pledge agreement, all of the shareholders of Beijing Wisdom Media have pledged their equity interests in Beijing Wisdom Media to Wisdom Culture to secure the performance of all of the obligations of Beijing Wisdom Media and/or all of its shareholders under the exclusive business operating agreement and the exclusive consulting and service agreement.

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## HISTORY AND REORGANIZATION

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5. Pursuant to the exclusive option agreement, all of the shareholders of Beijing Wisdom Media have granted an irrevocable option to Wisdom Culture to acquire their equity interests in Beijing Wisdom Media in accordance with the terms of the exclusive option agreement at nominal price if such acquisition is permissible under the PRC laws and regulations.

### ***Conduct of operations in compliance with the Structured Contracts***

Our Group has adopted and will adopt the following procedures, systems and controls to ensure the sound and effective operation of our Group (including Beijing Wisdom Media) and the implementation of the Structured Contracts after the Listing:

- (a) as part of our internal control measures, major issues arising from implementation of the Structured Contracts will be reviewed by the Board (including the independent non-executive Directors) on a regular basis, which will be no less frequent than on a quarterly basis;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) will be discussed at such regular meetings or extraordinary meetings of the Board (including the independent non-executive Directors), if appropriate, which will be no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of our Group will report regularly (which will be no less frequent than on a monthly basis) to the senior management of our Company in relation to the compliance and performance conditions under the Structured Contracts and other related matters and the senior management of our Company will in turn report any non-compliance issues to the Board (including independent non-executive Directors) on a regular basis;
- (d) given that the Structured Contracts will constitute continuing connected transactions of our Company upon Listing, our Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver, further information on which is set out in the section “Connected Transactions” in this prospectus. Our Company will comply with the conditions prescribed under the waiver given by the Stock Exchange in connection with the continuing connected transactions contemplated under the Structured Contracts;
- (e) (if required) legal adviser and, or other professionals will be retained to assist our Group to deal with specific issues arising from the Structured Contracts; and
- (f) our independent non-executive Directors will review the compliance of the Structured Contracts on an annual basis and their confirmation will be disclosed in our annual report.

There are a number of safeguards to ensure that Wisdom Culture does not engage in any restricted business under the rules, regulation and laws of the PRC. First of all, the scope of business of Wisdom Culture does not include the operation of the restricted business, and therefore it is not legally permitted to conduct the same. Further, relevant assets, personnel and resources related to the restricted business of our Group are also owned and employed by Beijing Wisdom Media and not Wisdom Culture. In addition, our Group has an in-house legal and compliance team, and retains external legal advisers by way of general retainer and according to its needs from time to time. As such, the Group will be able to obtain timely advice on this aspect.

Wisdom Culture has the necessary resources to discharge its various responsibilities under the Structured Contracts. In particular, Wisdom Culture directly holds the entire equity interests of Zhejiang Wisdom Sports and Zhejiang Wisdom Advertising, which operate the business units of Wisdom Sports and Wisdom Advertising, which are not restricted business and therefore not subject to the Structured Contracts. These business units represent a significant part of the Group’s business operations and financial resources. As at the Latest Practicable Date, Wisdom Culture and its directly owned subsidiaries (including representative offices) have an aggregate of 92 employees of various ranks.

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## HISTORY AND REORGANIZATION

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### *Effect and legality of the Structured Contracts*

Our PRC legal advisers confirmed that, based on the prevailing laws and regulations in the PRC, the Structured Contracts are in compliance with, and do not violate the existing rules, regulations and laws in the PRC and are in compliance with the respective articles of association of each party thereto. Each of the Structured Contracts is legal, valid and binding on the contracting parties under the PRC laws. In addition, on September 20, 2011, The MOFCOM publicly clarified, amongst other things, that no laws, regulations and policies have been issued by the MOFCOM to govern variable interest entities (“VIE”) structures in the PRC. As confirmed by our PRC legal advisers, SARFT has not promulgated any regulation on the legality and effectiveness of controlling a PRC TV production enterprise by a foreign entity via Structured Contracts. Consultation have also been made with relevant government authorities through their own designated communication channels for handling consultation and questions from the public. On May 10, 2013, our PRC legal advisers have consulted the SARFT via a telephone call regarding the legality of the Structured Contracts between a PRC TV production enterprise and a foreign enterprise. According to the reply of the personnel at the Department of Media Institution Administration of SARFT (廣播電影電視總局傳媒機構管理司), they do not regulate or forbid such arrangements. On May 20, 2013, our PRC legal advisers have consulted the MOFCOM via a telephone call regarding the legality of overseas listing via VIE structure. According to the reply of the personnel at the Administrative Affairs Service Centre of the MOFCOM (中華人民共和國商務部行政事務服務中心), the VIE structure does not violate the PRC laws. Both of Certain Opinions on Canvassing Foreign Investment into the Culture Industry and the Catalog for the Guidance of Foreign Investment Industries contain no such provisions explicitly forbidding the Structured Contracts. As such, the Directors are of the view that the Structured Contracts conferring significant control and economic benefits from the shareholders of Beijing Wisdom Media to our Group is enforceable under the PRC laws.

The Company is aware of certain recent press articles claiming 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 Law and the General Principles of Civil Laws, and that such court rulings and arbitral decisions may increase (i) the possibility of the PRC courts taking similar action on VIE commonly adopted by foreign investors to engage in restricted businesses in the PRC and (ii) the incentive for VIE’s PRC owners to renege on their contractual obligations.

Pursuant to article 52 of the PRC Contract Law, a contract shall be void under any of the following circumstances: (i) the contract is concluded through the use of fraud or coercion by one party, therefore damages the interests of the State; (ii) malicious collusion is conducted to damage the interests of the State, a collective or a third party; (iii) the contract damages the public interests; (iv) an illegitimate purpose is concealed under the guise of legitimate acts; or (v) the contract violates the mandatory provisions of the laws and administrative regulations. Our PRC legal advisers are of the view that the relevant terms of the Structured Contracts do not fall within any of the five circumstances under which contracts would be determined to be invalid as set out in article 52 of the PRC Contract Law, in particular, “concealing an illegitimate purpose under the guise of legitimate acts” and “violating the mandatory provisions of laws and administrative regulations”, and the terms of the Structured Contracts do not violate any other provisions of the PRC Contract Law and General Principles of Civil Law.

In addition to the share pledge agreement, the following measures are also in place to ensure that the shareholders of Beijing Wisdom Media will discharge their obligations under the Structured Contracts:

- a. The share pledge agreement will be registered with the competent administration for industry and commerce. In accordance with the Property Rights Law of the PRC (中華人民共和國物權法), the pledge interest shall be created at the time of registration of the pledge interest by the administration for industry and commerce. After registration, the share pledge shall be enforceable against a third party.

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## HISTORY AND REORGANIZATION

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- b. The shareholders of Beijing Wisdom Media have executed in blank the share transfer agreements with respect to their shareholding. The Company will keep all these executed agreements and if there is any risk that the share pledge agreement being held invalid or a shareholder fails to discharge his or her obligations under the Structured Contracts, Wisdom Culture may sign and date the share transfer agreement.
- c. Beijing Wisdom Media and its shareholders have confirmed that they will surrender their rights to any legal actions arising from the Structured Contracts, including, without limitation, the rights of bringing legal actions or applying for arbitrations, and will not seek any form of legal relief relating to the Structured Contracts.

Wisdom Culture's entitlement to the economic benefits generated from the operations of Beijing Wisdom Media is part of the transactions under the Structured Contracts. Under the Structured Contracts, all the material business activities involving the restricted businesses of Beijing Wisdom Media are instructed and supervised by Wisdom Culture and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to Wisdom Culture. The commercial purpose of the Structured Contracts is to provide our Group, having access to a fund raising platform after the Listing, with effective control over the financial and operational policies of Beijing Wisdom Media. Therefore, the Directors consider that there is a clear commercial purpose behind the Structured Contracts.

Further, the PRC legal advisers of the Company are of the view that based on the tax certificates issued by the relevant tax authorities and the tax declaration auditing reports issued by relevant independent tax auditors, the types of taxes and tax rates applicable to Wisdom Culture and Beijing Wisdom Culture are the same. As such, the Structured Contracts and the transactions under the same do not have any impact, favorable or not, on the tax liabilities of the Group before the Structured Contracts are entered into.

On the above bases, the Company takes the view that the Structured Contracts are not, and should not be seen as, an attempt to avoid any the Group's tax liabilities which may be subject to challenge by the PRC tax bureaus or government authorities.

Our PRC legal advisers confirmed that they are not aware that there are any judgments or arbitral decisions restricting the Listing by using VIE structures and the Structured Contracts will likely be challenged by the relevant authorities. Up to the Latest Practicable Date, the Group has not encountered any interference or encumbrances from any PRC governing bodies in operating their business through Beijing Wisdom Media under the Structured Contracts. The risks relating to the Structured Contracts are not covered by any insurance. The business unit of Wisdom Program is subject to the Structured Contracts, while the business units of Wisdom Sports and Wisdom Branding are operated by subsidiaries of Wisdom Culture. In the event that the validity of the VIE structure is being challenged by the relevant PRC authorities, the business operation of Wisdom Sports and Wisdom Branding would not be affected.

As for Wisdom Culture and Beijing Wisdom Media, after due and reasonable enquiries, in the opinion of our PRC legal advisers, the two companies and their subsidiaries have obtained all the necessary permits, approvals and certificates of qualifications to carry out their existing business activities in the PRC.

### *Manner of settlement of disputes which may arise from the Structured Contracts*

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof. The results of the arbitration shall be final and binding on all relevant parties. The arbitrator may award remedies over the shares or assets of Wisdom Culture, injunctive relief or order the winding up of Beijing Wisdom Media. The courts of Hong Kong, Cayman Islands, the PRC or the place where Wisdom Culture's or Beijing Wisdom Media's principal assets are located will have the power to grant provisional remedies in support of the arbitration pending formation of the arbitral tribunal or in appropriate cases.

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## HISTORY AND REORGANIZATION

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However, according to our PRC legal advisers, under the PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order for purpose of protecting assets of or equity interest in operating entities in PRC in case of disputes. Such remedies therefore may not be available to our Group, notwithstanding the terms of Structured Contracts. In other words, such provision in the Structured Contracts may not be enforceable.

The PRC laws do not disallow the arbitral body to give award of transfer of assets of or equity interest in Beijing Wisdom Media. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support such award of the arbitral body when deciding whether to take enforcement measures.

Under the PRC laws, courts or judicial authorities in the PRC generally do not award remedies over the shares and/or assets of Beijing Wisdom Media, injunctive relief or winding-up of Beijing Wisdom Media as interim remedies, before there is any final outcome of arbitration.

Our PRC legal advisers also have reservation that even though the terms of the Structured Contracts provide that overseas courts are given jurisdictions to grant and/or enforce interim remedies or in support of arbitration, such interim remedies may not be recognized or enforced by the PRC court. In the event we are unable to enforce the Structured Contracts, we may not be able to exert effective control over Beijing Wisdom Media, and our ability to conduct our business may be negatively affected.

### ***Basis of presenting the financial information of Beijing Wisdom Media***

The Structured Contracts collectively enabled Wisdom Culture to exercise effective control and obtain substantially all economic risks and benefits of Beijing Wisdom Media. Therefore as shown in the Accountant's Report in Appendix I to this prospectus, the financial information of Beijing Wisdom Media has been combined into the Group for the Track Record Period, as a wholly-owned subsidiary of the Group.

Immediately prior to the Reorganization, the Group's operations were carried out by Beijing Wisdom Media and its subsidiaries, which were under the control of Ms. Ren. Pursuant to the Reorganization, Beijing Wisdom Media and its subsidiaries are under the effective control of the Company through the Structured Contract arrangements. As the Reorganization does not result in any changes in the substance, management and control of the Group's business, the financial information of the Group is presented on a combined basis using the carrying values of Beijing Wisdom Media and its subsidiaries for the Track Record Period. With the completion of the Reorganization on June 24, 2013 Beijing Wisdom Media will effectively become our indirect subsidiary and we will subsequently consolidate the financial results of Beijing Wisdom Media and its subsidiaries.

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## HISTORY AND REORGANIZATION

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### OUR OPERATING ENTITIES IN THE PRC CONTROLLED THROUGH THE STRUCTURED CONTRACTS

As at the Latest Practicable Date, our Company has indirect interests in and contractual arrangements with the following subsidiaries, particulars of which are set out below:

Name of company	Date of incorporation/ establishment	Issued/registered and paid-up capital	Attributable interest to our Company	Principal activities
Beijing Wisdom Media	December 26, 2006	RMB60,000,000	100% <sup>(1)</sup>	Content production of automobile culture, production of automobile TV programs and special films, and editing and operation of the automobile column in magazines
Car Culture Advertising	August 25, 2010	RMB5,000,000	100% <sup>(1)</sup>	Dormant <sup>(2)</sup>
Shanghai Zhizhen	July 10, 2007	RMB500,000	100% <sup>(1)</sup>	Dormant <sup>(2)</sup>
Guangzhou Qibu	December 24, 2009	RMB3,000,000	100% <sup>(1)</sup>	Dormant <sup>(2)</sup>
Xinchuang Branding	January 25, 2011	RMB1,000,000	100% <sup>(1)</sup>	Dormant <sup>(2)</sup>
Wisdom Leadership	January 25, 2011	RMB1,000,000	100% <sup>(1)</sup>	Dormant <sup>(2)</sup>

*Notes:*

(1) *Controlled by our Company through the Structured Contracts.*

(2) *The business of these subsidiaries have been transferred to Zhejiang Wisdom Sports and Zhejiang Wisdom Advertising as part of the Reorganization.*

The following sets forth the respective corporate history of our operating entities in the PRC controlled through the Structured Contracts since their respective dates of incorporation.

#### ***Beijing Wisdom Media***

Beijing Wisdom Media is principally engaged in the content production of automobile culture, production of automobile TV programs and special films, and editing and operation of the automobile column in magazines, and it is one of our principal operating subsidiaries through the Structured Contracts.

Beijing Wisdom Media, formerly known as Beijing Wisdom Shangcheng Advertising Limited (北京智美尚成廣告有限公司), was established as a limited liability company in the PRC with a registered and paid up capital of RMB500,000 on December 26, 2006. On April 28, 2008, the registered and paid up capital of Beijing Wisdom Media increased to RMB2,000,000, which was in turn increased to RMB21,000,000 on October 19, 2009, and further to RMB23,333,333 on December 21, 2009.

In December 2009, Beijing Wisdom Media and its then shareholders entered into an agreement (the “2009 Investment Agreement”) with Shenzhen Capital and its subsidiary, Beijing Hongtu Jiahui Venture



## HISTORY AND REORGANIZATION

Investment Co., Ltd as new investors, pursuant to which the new investors acquired 10% equity interest of Beijing Wisdom Media by way of subscription of new share capital. Under the 2009 Investment Agreement, the then existing shareholders of Beijing Wisdom Media agreed to re-acquire the investment from the new investors at principal plus 8% annual interest or the net asset value attributable to such investment (whichever higher) if Beijing Wisdom Media, among other things, did not complete an initial public offering by December 31, 2014, or incurred a loss exceeding a certain percentage of its net asset value, which has been terminated by a supplemental agreement to the 2009 Investment Agreement in June 2011. Under a separate clause of the same agreement, Ms. Ren pledged to provide cash compensation to the new investors of Beijing Wisdom Media if Beijing Wisdom Media does not achieve certain net income targets for the years ended December 31, 2009 and 2010. Subsequently, Beijing Wisdom Media achieved the net income targets for the years ended December 31, 2009 and 2010. Following the Reorganization, Avance Holdings was introduced as a shareholder of our Company to reflect the existing shareholding interest of Shenzhen Capital in Beijing Wisdom Media before the Reorganization. The investment made by Avance Holdings is not subject to lock-up and any special rights.

### *Transformation from a limited liability company to a joint stock company*

Pursuant to a resolution of the shareholders of Beijing Wisdom Media passed on May 10, 2010, Beijing Wisdom Media was transformed from a limited liability company to a joint stock company under the new name of Beijing Wisdom Media Holding Co., Limited (北京智美傳媒股份有限公司), with registered and paid up capital of RMB60,000,000 of RMB1.00 each. The promoters of the new joint stock company were the 23 existing equity holders. The initial shareholders of Beijing Wisdom Media as a joint stock company are as follows:

<u>Name of shareholder</u>	<u>Number of shares held</u>	<u>Shareholding percentage</u>
Ms. Ren .....	31,266,000	52.11%
Shi Libin (史立斌) .....	5,940,000	9.9%
Sheng Jie (盛杰) .....	5,076,000	8.46%
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司) ...	3,495,600	5.826%
Beijing Hongtu Jiahui Venture Investment Co., Ltd (北京紅土嘉輝創業投資有限公司) (note) .....	2,504,400	4.174%
Cao Yi (曹怡) .....	1,350,000	2.25%
Shen Guirong (沈貴榮) .....	1,080,000	1.8%
Wang Zhiqiang (王志強) .....	1,080,000	1.8%
Wang Jianchang (王建昌) .....	1,080,000	1.8%
Peng Xiaoguang (彭曉光) .....	1,080,000	1.8%
Li Zhihua (李志華) .....	1,080,000	1.8%
Guo Ruilin (郭瑞林) .....	1,080,000	1.8%
Chen Feihua (陳飛華) .....	1,080,000	1.8%
Gong Tai (龔泰) .....	540,000	0.9%
Qin Ying (秦鷹) .....	540,000	0.9%
Chen Li (陳力) .....	540,000	0.9%
Sun Fulin (孫福麟) .....	324,000	0.54%
Sun Jingli (孫京麗) .....	270,000	0.45%
Dai Peng (戴鵬) .....	270,000	0.45%
Zhang Qi (張琦) .....	108,000	0.18%
Zhang Han (張晗) .....	108,000	0.18%
Xi Zhengsheng (希正生) .....	54,000	0.09%
Chen Bin (陳斌) .....	54,000	0.09%
Total .....	60,000,000	100%

*Note: Beijing Hongtu Jiahui Venture Investment Co., Ltd. is a subsidiary of Shenzhen Capital.*

On June 14, 2011, Ms. Ren entered into a share transfer agreement with Zhang Qi, pursuant to which Zhang Qi transferred her 0.18% interest in Beijing Wisdom Media to Ms. Ren at par. On July 29, 2011, Xi Zhengsheng entered into a share transfer agreement with his wife, Han Fang, and his son, Xi Wang,

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## HISTORY AND REORGANIZATION

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respectively, pursuant to which Xi Zhengsheng transferred 27,000 shares in Beijing Wisdom Media at nil consideration to each of Han Fang and Xi Wang. Upon completion of these transfers, Beijing Wisdom Media was owned as to 52.29% by Ms. Ren, 9.9% by Shi Libin, 8.46% by Sheng Jie, 5.826% by Shenzhen Capital, 4.174% by Hongtu Jiahui, 2.25% by Cao Yi, a former employee, 0.18% by Zhang Han, 0.09% by Chen Bin, a former employee, and 0.045% by each of Han Fang and Xi Wang, family members of the late Xi Zhengsheng, a former employee. The remaining 16.74% was held by the other 13 individual shareholders, including business affiliates of the Group, to whom Beijing Wisdom Media issued shares in order to provide an additional incentive to promote the Group's business.

A majority of the shareholders of Beijing Wisdom Media hold interest in the Company through their shareholding in Queen Media, Top Car and Lucky Go. Ms. Han Fang, Ms. Sun Jingli, Mr. Gong Tai and Mr. Xi Wang, four shareholders of Beijing Wisdom Media, holding an aggregate of 1.44% equity interest therein, decided not to subscribe for shares of the Company and not to hold indirect interest in the Company due to personal reasons.

### *Car Culture Advertising*

Car Culture Advertising was established as a limited liability company in the PRC on August 25, 2010 with a registered and paid up capital of RMB5,000,000. Since the establishment of Car Culture Advertising, it has been a wholly-owned subsidiary of Beijing Wisdom Media.

### *Shanghai Zhizhen*

Shanghai Zhizhen was established as a limited liability company in the PRC with a registered and paid up capital of RMB500,000 on July 10, 2007. Throughout the Track Record Period and as of the Latest Practicable Date, it has been a wholly-owned subsidiary of Beijing Wisdom Media.

### *Guangzhou Qibu*

Guangzhou Qibu was established as a limited liability company in the PRC with a registered and paid up capital of RMB3,000,000 on December 24, 2009. Since the establishment of Guangzhou Qibu, it has been a wholly-owned subsidiary of Beijing Wisdom Media.

### *Xinchuang Branding*

Xinchuang Branding was established as a limited liability company in the PRC with a registered and paid up capital of RMB1,000,000 on January 25, 2011. Since the establishment of Xinchuang Branding, it has been a wholly-owned subsidiary of Beijing Wisdom Media.

### *Wisdom Leadership*

Wisdom Leadership was established as a limited liability company in the PRC with a registered and paid up capital of RMB1,000,000 on January 25, 2011. Since the establishment of Wisdom Leadership, it has been a wholly-owned subsidiary of Beijing Wisdom Media.

Prior to the reorganization, we operated our advertising services business through Car Culture Advertising and Xinchuang Branding, and our sports competitions organization business through Beijing Wisdom Media.

As part of the reorganization, we have transferred our advertising services business and sports competitions organization business mentioned above to Zhejiang Wisdom Advertising and Zhejiang Wisdom Sports respectively. Such transfer was effected by way of replacing the original signing parties with Zhejiang Wisdom Advertising or Zhejiang Wisdom Sports (as the case may be) in the service

## HISTORY AND REORGANIZATION

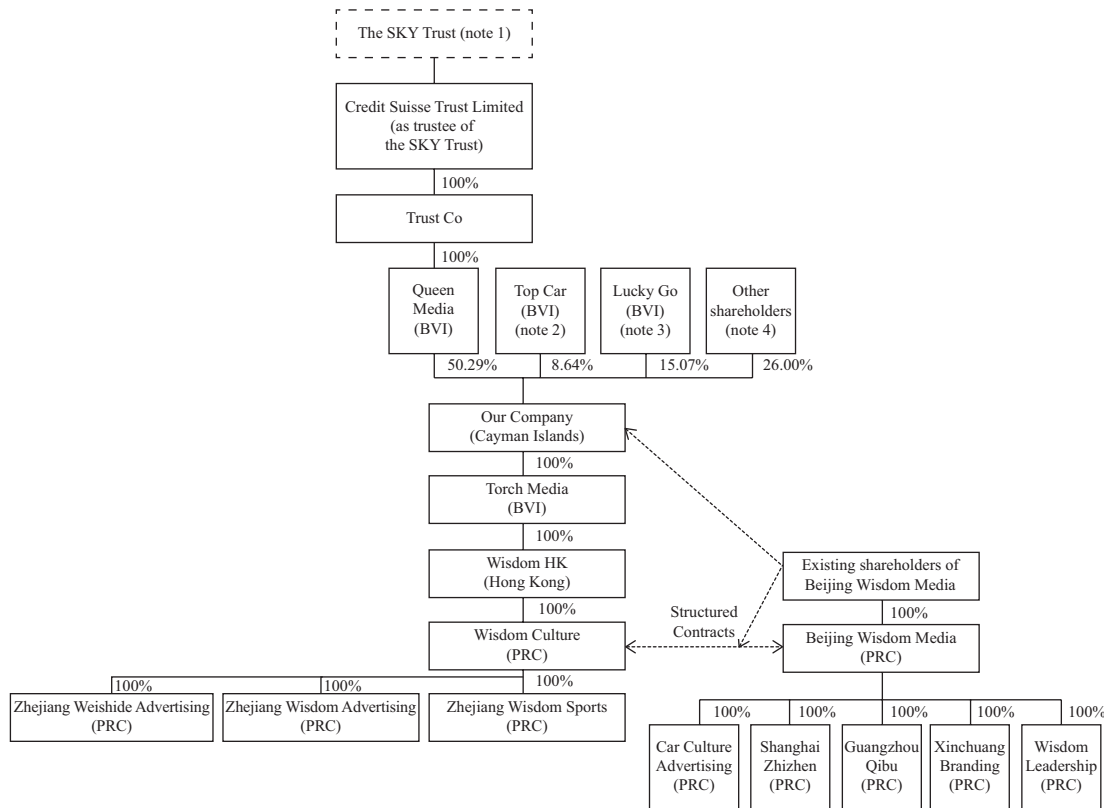
agreements between our clients and us on renewal of such agreements or otherwise as agreed between our clients and us, to the effect that the rights and responsibilities of the original signing parties would be assumed by Zhejiang Wisdom Advertising or Zhejiang Wisdom Sports (as the case may be).

Shanghai Zhizhen was engaged in advertising business in magazines, which was discontinued by the Group. Guangzhou Qibu and Wisdom Leadership were not engaged in any material business before the reorganization.

The Company plans to dissolve those subsidiaries of Beijing Wisdom Media in the long run.

### CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP AFTER COMPLETION OF THE REORGANIZATION AND BEFORE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

After completion of the Reorganization but immediately before Capitalization Issue and the Global Offering:



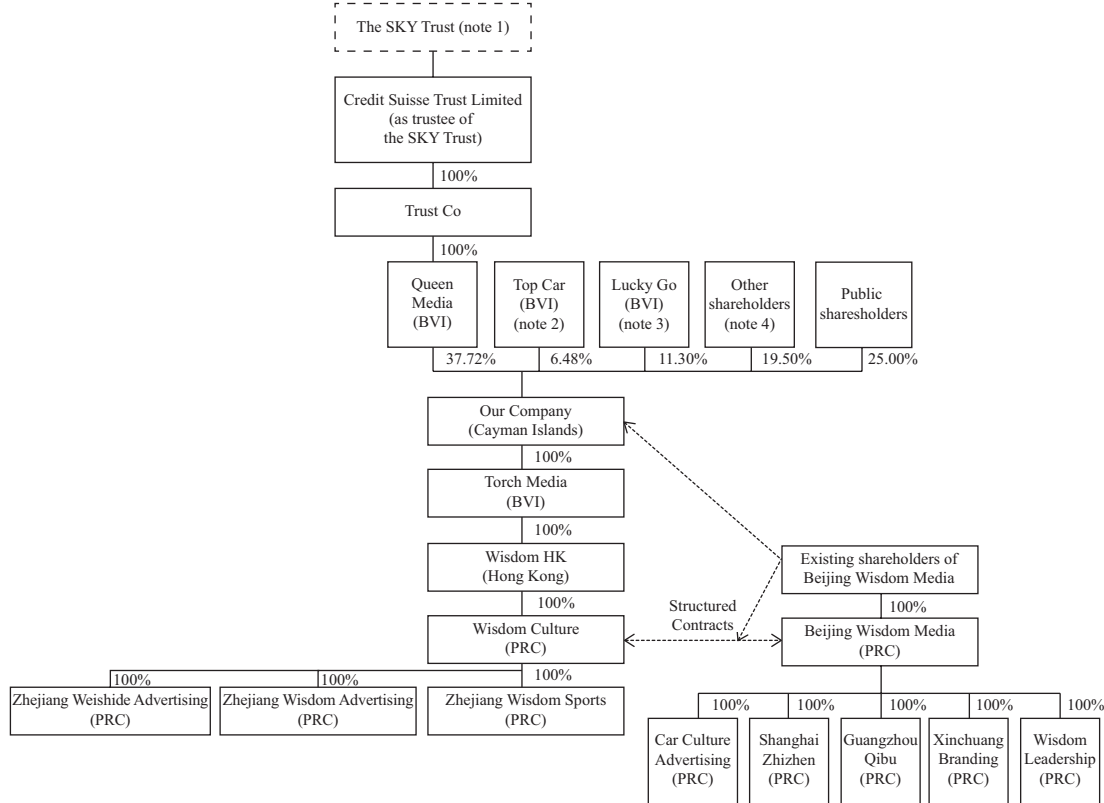
**Note:**

1. The SKY Trust is a family trust established by Ms. Ren and with Ms. Ren and her family members as discretionary beneficiaries.
2. Top Car is held as to 88.42% by Ms. Ren, 5.79% by Sheng Jie and 5.79% by Zhang Han, all of whom are natural persons.
3. Lucky Go is held as to 33.13% by Ms. Ren, 7.74% by Cao Yi, 6.19% by Shi Libin, 6.19% by Peng Xiaoguang, 6.19% by Guo Ruilin, 6.19% by Wang Zhiqiang, 6.19% by Li Zhihua, 6.19% by Wang Jianchang, 6.19% by Chen Feihua, 6.19% by Shen Guirong, 3.10% by Qin Ying, 3.10% by Chen Li, 1.86% by Sun Fulin and 1.55% by Dai Peng, all of whom are natural persons.
4. These shareholders include Guan Xin Investments Limited, Merits Gain Investments Ltd., Avance Holdings Limited, Simplicio Universal Limited, Horoy Enterprise Holdings Limited, Horoy International Holdings Limited, Joy Thought Holdings Limited, New Kingleader Holdings Limited and Sunny Stone Limited. For information on their respective shareholding, please refer to "History and Reorganization — Pre-IPO Investments".

## HISTORY AND REORGANIZATION

### CORPORATE AND SHAREHOLDING STRUCTURE OF OUR GROUP AFTER COMPLETION OF REORGANIZATION, CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

Immediately after completion of the Reorganization, Capitalization Issue and the Global Offering (without taking into account any Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme or pursuant to exercise of the Over-allotment Option):



**Note:**

1. The SKY Trust is a family trust established by Ms. Ren and with Ms. Ren and her family members as discretionary beneficiaries.
2. Top Car is held as to 88.42% by Ms. Ren, 5.79% by Sheng Jie and 5.79% by Zhang Han, all of whom are natural persons.
3. Lucky Go is held as to 33.13% by Ms. Ren, 7.74% by Cao Yi, 6.19% by Shi Libin, 6.19% by Peng Xiaoguang, 6.19% by Guo Ruilin, 6.19% by Wang Zhiqiang, 6.19% by Li Zhihua, 6.19% by Wang Jianchang, 6.19% by Chen Feihua, 6.19% by Shen Guirong, 3.10% by Qin Ying, 3.10% by Chen Li, 1.86% by Sun Fulin and 1.55% by Dai Peng, all of whom are natural persons.
4. These shareholders include Guan Xin Investments Limited, Merits Gain Investments Ltd., Avance Holdings Limited, Simplicio Universal Limited, Horoy Enterprise Holdings Limited, Horoy International Holdings Limited, Joy Thought Holdings Limited, New Kingleader Holdings Limited and Sunny Stone Limited. For information on their respective shareholding, please refer to "History and Reorganization — Pre-IPO Investments".