

OVERVIEW

We are a media investment management⁽¹⁾ services provider, TV programs producer and distributor and sports competitions organizer in China. Our business of media investment management and branding and identity services contributed 68.7% and 79.8% of our total gross profit and total revenue in 2012, respectively. We believe we distinguish ourselves from traditional advertising companies in China by providing not only conventional branding services, but also producing TV programs and organizing sports competitions. Our program production and sports competitions organization businesses enjoyed higher profit margins compared with our branding business during the Track Record Period. We believe that our continued emphasis on program production and sports competitions organization businesses will enable us to leverage on the higher growth potential that these businesses can offer. We believe that our emphasis on program production and sports competitions organization businesses also reflects the development trend in the marketing communications industry in China. Our main clients include automobile companies and other high-end brand owners, as well as the advertising agencies that represent them. According to a report prepared by Ipsos, an international market research firm, we ranked first among automobile-related TV program production companies in China in terms of production hours of automobile-related TV programs in 2012.

We began our business in 2006 and currently offer our services through three business units, namely, Wisdom Program, Wisdom Sports and Wisdom Branding. Wisdom Program focuses on the production of video programs that are broadcasted on television and through the Internet to personal computers and mobile devices. We launched a new TV variety show entitled “Lucky Go (週末駕到/天天駕到)” in November 2012, which is currently broadcasted nationwide through Chongqing Satellite TV. We will continue to re-allocate our attention and resources to focus on producing new TV programs which will better cater for the needs of TV audience. Wisdom Sports organizes, manages and promotes domestic and international sports competitions and other marketing events, particularly those that are automobile-related. We have cooperated with international sports organizations or government authorities and organized sports competitions in China, such as “FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽)”, “China Classic Car Rally (老式汽車中國拉力賽)” and “Guangzhou Marathon (廣州馬拉松)”. Wisdom Branding offers media investment management and branding and identity services, in part by leveraging on our exclusive rights to advertising time slots for selected TV programs on nationally broadcast television channels of CCTV, China’s largest television network. We received the “Integrated Marketing Communications Award of Automobile Industry in China (中國汽車行業整合傳播大獎)” in 2012. We summarize our vision and commitment with the slogan “傳播中國智慧”.

The majority of the services we provide relate to China’s fast-growing automobile industry, particularly the passenger vehicle industry. According to the China Association of Automobile Manufacturers, production of passenger vehicles (by unit) in the PRC grew by a CAGR of 35.3% from 2001 to 2011. Through our long-term services for many leading domestic or foreign-invested automobile companies in China, including GAC Toyota Motor Co., Ltd., or GAC Toyota (廣汽豐田), and BYD Auto Co., Ltd., or BYD (比亞迪), we have acquired a deep understanding and extensive knowledge of the evolving preferences and behavior of Chinese consumers with higher-than-average disposable income. Such understanding and knowledge has helped us successfully serve other non-automotive high-end brand owners, including those in the financial products, consumer electronics, wine and liquor, high-end apparel and tourism industries, that target similar consumer groups. This has allowed us to diversify our client base. During the Track Record Period, we served 314 brands, of which 105 were in the automobile industry and 209 were in non-automobile industries. Our revenues (inclusive of sales-related taxes) generated from non-automobile-related brand owners accounted for approximately 32.9%, 40.6% and 60.3% of our revenues (inclusive of sales-related taxes) in 2010, 2011 and 2012, respectively. This trend shows our increasing level of client diversification.

(1) A type of business in which the service provider purchases advertising resources from media operators and generates revenues from sales of relevant advertising resources to its clients. Such service provider typically acts as the principal rather than the agent in rendering media investment management services and bears the inventory risks of the advertising resources secured by it from the media operators.

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We have experienced significant growth in our business during the Track Record Period. Our revenues increased from RMB298.2 million in 2010 to RMB471.4 million in 2011, and further to RMB557.2 million in 2012, representing a CAGR of 36.7%. Our profit for the year increased from RMB57.4 million in 2010 to RMB85.5 million in 2011, and further to RMB132.0 million in 2012, representing a CAGR of 51.6%.

Competitive Strengths

We believe we have the following competitive strengths:

Our program production and sports competitions organization businesses target the general public leveraging on our profound local knowledge and experience in China

With the rapid development of Chinese economy, clients pay more attention to the professional skill, diversification of media resources and creativity of program production in the selection of marketing communications services providers. There is an increasing focus on providing integrated services to meet our clients' evolving marketing requirements. We are one of the service providers in China that can combine marketing communications services with capabilities in program production and sports competitions organization. We believe that few marketing communications services providers in China could meet such marketing requirements due to regulatory and policy restrictions against foreign ownership of TV program production companies, the scarcity of high-quality media resources, the shortage of professional program producers and high capital investment in the organization of large-scale sports competitions. Leveraging our knowledge and experience in providing branding services to corporate clients and our wide service offerings, we are also able to offer innovative marketing channels through TV programs and sports competitions to satisfy their demands for marketing communications services.

We believe we have a better understanding of the PRC market than international marketing communications firms and are more attuned to the latest local consumer needs, behaviors, preferences and trends, particularly those of Chinese consumers with higher-than-average disposable income, which enables us to produce entertainment TV programs and organize sports competitions that are well recognized by the general public and can reach our corporate clients' target end-customers more effectively. We have produced high-quality and innovative TV programs in China, including "Lucky Go (週末駕到 / 天天駕到)", "Driving Fashion (駕尚)", "CCTV Automobile of the Year (CCTV 中國年度汽車評選)" and "Special Report on International Automobile Exhibitions (國際車展特別報導)", and organized new automobile-related and other sports competitions, such as "FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽)", "China Classic Car Rally (老式汽車中國拉力賽)" and "Guangzhou Marathon (廣州馬拉松)". In addition to generating revenues from our corporate clients, we are also able to generate revenues from the general public through the TV programs produced by us and sports competitions organized by us.

Our integrated business model provides us with multiple revenue streams and enhances our cost efficiency

We have distinguished ourselves from many of our competitors by providing customized marketing communications services that leverage on the strengths of our three business units, namely, Wisdom Program, Wisdom Sports and Wisdom Branding. We possess all necessary qualifications and permits to produce TV programs, organize sports competitions and provide branding services for our clients, particularly the Permit for Production and Operation of Radio and TV Programs (廣播電視節目製作經營許可證). Wisdom Branding brings its client base to us and serves as the main source of our revenues. Wisdom Program strengthens our brand recognition and offers embedded advertisements in TV programs as a marketing communications platform for corporate clients. Wisdom Sports organizes large-scale sports competitions which enable our clients to have direct access to end-consumers and provides us with the access to the international market. We also put strong emphasis on catering to the demands of our clients, particularly automobile-related clients, in the selection of product and services offered by Wisdom Program and Wisdom Sports.

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The integration of our services has enabled us to meet the diverse marketing requirements of each of our clients, reach a wider range of high-end consumers and offer our clients a rich selection of marketing channels. We maintain coordination among the three business units and create cross-selling opportunities depending on our clients' preferences and strategies in choosing marketing communications services. With shared knowledge base, skilled professionals, creative ideas and marketing information across the three business units, we are able to improve the quality of our new products and services by evaluating their feasibility from various aspects and promptly collecting feedback from existing clients. In addition, due to cost efficiency generated by our integrated operations, we are able to provide our services at competitive prices.

We are a sports competitions organizer and media products provider with expertise in China's fast-growing automobile industry and are developing a diverse customer base

We are a sports competitions organizer and media products provider with expertise in the fast-growing automobile industry in the PRC, particularly the passenger vehicle segment. Since the commencement of our business operations in 2006, we have focused on providing marketing communications services to automobile-related clients. We have established relationships with most of the leading automobile manufacturers or their agents in China. According to Ipsos, as of December 31, 2012, there were 41 automobile companies in the passenger vehicle market in China. During the Track Record Period, we have served 34 of these 41 automobile companies. We have had long-standing business relationships with over 30 domestic or foreign-invested automobile companies in China, including GAC Toyota (廣汽豐田) and BYD (比亞迪).

As a sports competitions organizer and media products provider in China, we have gained a deep understanding and extensive knowledge of the evolving preferences and behaviors of Chinese consumers with higher-than-average disposable income, which gives us a competitive advantage when serving other high-end consumer brands. Since 2010, leveraging our rich experience and good reputation in the automobile and related industries, we have successfully expanded our clientele to also include the financial products, consumer electronics, wine and liquor, high-end apparel and tourism industries. During the Track Record Period, we served 314 brands, of which 209 were in non-automobile industries.

The quality of the service offerings and access to media resources of each of our business units have been recognized by our clients and industry peers, which resulted in our receiving numerous industry awards, such as "Media Company with Most Influential Brand (最具品牌影響力傳媒公司)" in 2010, "CV Awards Top 100 Growth Companies of the Year (CV Awards 最具潛力企業 100)" in 2010, "Golden Partner Award of China Advertising Great-Wall Awards for Advertisers (中國廣告長城獎廣告主獎—金伙伴獎)" in 2011 and 2012, "Chinese Advertisement Company with Golden Comprehensive Strategy (中國廣告金牌綜合策略公司)" in 2011 and 2012, "Integrated Marketing Communications Award of Automobile Industry in China (中國汽車行業整合傳播大獎)" in 2012, and "Award of Outstanding Contribution to Automobile and Motorcycle Sports in China (中國汽車摩托車運動突出貢獻獎)" in 2012.

We have developed business relationships with selected media operators in China with an integrated coverage by CCTV, satellite and local TV channels

We have developed business relationships with selected media operators in China and offer our clients effective access to their target audience and potential customers through these media operators, including CCTV, satellite and local TV channels. In selecting our cooperation partners, we take into account several factors, including the reputation and market recognition of the media operator, target audience, geographic coverage and rating of the media operator.

Following the revamping of programs on Chongqing Satellite TV in early 2012, we timely launched a new TV variety show entitled "Lucky Go (週末駕到 / 天天駕到)", which is currently broadcasted nationwide through Chongqing Satellite TV. As of December 31, 2012, our TV program "Driving Fashion (駕尚)" was broadcasted on over 120 local TV channels. Since 2007, we have jointly produced annual special programs

with CCTV-Finance for “CCTV Automobile of the Year (CCTV中國年度汽車評選)”, which is one of the main annual automobile industry awards in China. We also produced the “Special Report on International Automobile Exhibition (國際車展特別報導)” since 2008, which covers the highest level of international automobile exhibitions held in China. In addition, we have cooperated with CCTV to develop our media investment management business and secured quality advertising time slots for selected nationally broadcasted TV programs of CCTV-News, including “World Express (國際時訊)”, “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Oriental Horizon (東方時空)”. We have established a network of TV channels and media platforms which provide media resources with diverse geographic coverage and viewer access and offer more options to our clients.

We have a strong and stable management team with extensive industry experience and a track record, supported by other skilled managers and professionals

Our management team has an average of more than 11 years of experience in our industry, and most have worked together since the establishment of our company to lead our rapid growth. For example, our president and CEO, Ms. Ren Guozun (任國尊), was involved in producing or organizing some of the most successful TV programs and events for the automobile industry in China, including the “Commemoration of the 50th Anniversary of Chinese Automobile Industry (中國汽車工業五十周年慶典)”, the main automobile industry award program in China (“CCTV Automobile of the Year (CCTV 中國年度汽車評選)”), and the official fuel efficiency challenge for passenger vehicles (“National Urban Automobile Fuel Efficiency Extreme Challenge (全國汽車節油極限挑戰賽)”). Ms. Ren was also invited to serve as a judge for the selection of “Effie Media Awards (艾菲獎)” in 2011, a major award in advertising industry, and acted as the executive vice president of the nomination committee of the 3rd Forum on Film Editing & Development of Chinese Cinema cum Person of the Cinema Award 2012 (第三屆中國電影發展論壇暨2012電影推動力論壇), a famous award in the PRC film industry. Our Executive Director, Mr. Zhang Han (張哈), has expertise in the sale of media resources and was the producer of numerous automobile-related TV programs. Our management team’s in-depth understanding of the PRC automobile industry is an important factor in attracting and retaining high quality clients, which has allowed us to gain a strong reputation in the marketing communications industry in China.

We also have a team of skilled and reputable managers and professionals. For example, Mr. Ye Jianhua (葉劍華), our manager of Wisdom Sports, has extensive experience in the organization and management of sports competitions. Mr. Xue Zhentian (薛振添), our general supervisor for creative department, has more than 20 years of expertise in brand promotion of automobiles and the target customers of automobile companies and has won many international and domestic advertisement awards, such as an award at The New York Festivals, a major international advertisement event. Mr. Li Chao (李潮), our assistant to president, has more than 20 years of expertise in the automobile-related marketing communications industry and maintains close relationships with numerous automobile companies. Mr. Shi Zhenghong (石正宏), our deputy manager of Wisdom Program, is an expert in the production of various types of TV programs and has 16 years of prior work experience at CCTV. Our experienced and stable management team, supported by other skilled managers and professionals, provides a foundation for the execution of our strategies and achievement of our goals.

Business Strategies

We intend to strengthen our position by implementing the following strategies:

Introduce international sports competitions to China, develop new sports competitions and extend our involvement in the industry value chain for sports competitions by launching related derivative products and services

As a service provider integrating sports competitions organization and program production, we will continue to produce different categories of TV programs for the sports competitions organized by us and

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distribute such TV programs through our media platforms comprising CCTV, satellite TV and local TV channels. We plan to generate revenues from sales of copyrights of such TV programs and grant of television broadcasting rights to sports competitions organized by us to media operators. We believe that such operation model will enhance the brand recognition of Wisdom Sports and increase the popularity of our competitions among the general public.

In addition, we plan to further extend our involvement in the industry value chain for sports competitions in various ways. We intend to launch training programs in China in connection with the sports competitions organized by us, such as training courses for freestyle motocross, car racing and other extreme sports, introduce foreign coaches and training materials to China, and develop a business model combining sports competitions organization, commercial promotion and training. We will continue to cooperate with international sports organizations and introduce to China sports competitions which are popular and commercially viable. We plan to develop a series of sports competitions entitled “Sports in China (運動中國)”, which include water sports, air sports and car racing, integrated with the presentation of Chinese history, culture and social development. In May 2013, we entered into an agreement with the Aviation Radio Model Sports Management Center of the PRC’s State Sports General Administration (國家體育總局航空無線電模型運動管理中心) to organize a hot air balloon championship in China in November 2013. We also plan to organize a new marathon in Hangzhou, which is subject to formal agreement and final decision of the Company, in the second half of 2013 and new marathon(s), another new hot air balloon competition and a new motorcycle-related competition in China in 2014. We will also explore opportunities for the commercial development and operation of international motor racing tracks. Furthermore, we intend to acquire the right to organize and promote more sports competitions and related television broadcasting rights, including the right to organize some of our sports competitions in foreign countries.

Continue to develop new media channels for our program production business and explore e-commerce opportunities

We intend to further introduce new TV programs that reflect the latest consumer preferences and trends. For example, in May 2013, we entered into a letter of intent with a satellite TV channel in China for the production of a military-themed TV program by us, tentatively scheduled to be broadcasted on the satellite TV channel in the second half of 2013, and the exploitation of commercial resources derived from the TV program. We also plan to launch two new entertainment TV programs in 2014. We will continue to re-allocate our attention and resources to focus on producing new TV programs which will better cater for the needs of TV audience.

Increasing consumer acceptance of technology-driven advertising and entertainment media formats and channels, including the Internet, advanced mobile communications systems and outdoor media, is an emerging trend in the media industry in China. We intend to identify and take advantage of new media formats and platforms, such as social media, and innovative marketing techniques in order to facilitate access to target consumer groups. We plan to explore e-commerce opportunities by integrating Internet, television and mobile media platforms associated with our TV program “Lucky Go (週末駕到/天天駕到)”. We have set up an e-commerce platform to be launched based on our website (www.luckygo.com.cn), which presents information on automobiles from various aspects and combines our above-the-line and below-the-line marketing resources. We have developed an online registration system for our TV programs and plan to develop an electronic ticket sales system for our sports competitions and an online car sales system on this e-commerce platform. We are in the process of creating a user base comprising the audience of the TV programs produced by us and the participants of the sports competitions organized by us. For example, the potential contestants of “Lucky Go (週末駕到/天天駕到)” who register with our website but are not selected to participate in the program will be offered a group purchase opportunity to buy automobiles at discounted prices. By continuing to broaden our media channels and extend our involvement in the industry value chain, we expect to expand the scope of our services and our product reach to wider consumer demographics, so as to further increase our value to our existing clients and attract new clients, and capture a greater share of our clients’ media spending.

Strengthen our research and development initiatives and enhance our proprietary consumer information database and media information database to improve our capabilities in providing branding and identity services

We intend to strengthen our research and development initiatives in order to better understand our clients' business needs and adapt to the changing trends of the marketing communications industry. For example, we are in the process of building up a research team dedicated to (i) researching evolving industry trends and consumer behavior and preferences, (ii) researching new and innovative media platforms and channels, and (iii) developing new products and services.

In addition, we intend to further organize and utilize the large amount of proprietary consumer information accumulated through our years of involvement in program production and sports competitions organization services to track and analyze consumer preferences and evolving trends. We believe the data gathered directly by us is more reliable and relevant to our business than data provided by third parties. We plan to further enhance this database by improving our data collection methods and analysis tools. This database will allow us to provide better services to our existing clients by precisely targeting the potential consumers for their products. It also represents another tool that can help us further expand the scope of our corporate clients to more high-end consumer brands. In addition, we intend to seek opportunities to leverage on our consumer information database to generate additional revenue. We are also in the process of enhancing our media information database to analyze viewership rates of media resources and customer preferences for media resources.

Based on our understanding and knowledge of consumers and media resources, we intend to enhance the breadth and depth of the branding services provided to our key clients, particularly our automobile clients, by offering additional branding and identity services. Our full range of services will encompass the development of a focused brand strategy, brand planning, market research, event planning and implementation, public relations management, program production, media investment management and advertisement agency. We expect these services to create more cross-selling opportunities for our other businesses. Leveraging on our expertise in program production and our access to diverse media channels, we aim to serve as an integrated services provider to cater to our clients' marketing and communications needs, and in turn enable them to achieve their goals of increasing product sales, higher market share, and brand value enhancement in the PRC market in an efficient manner.

Enhance the business-to-customer profit model through producing entertainment TV programs and organizing sports competitions targeting the general public

In addition to serving our corporate clients, we produce entertainment TV programs and organize sports competitions targeting the general public. Through the offering of these services, we are able to not only generate revenues from corporate clients, but also generate revenues from the general public from various sources, such as ticket sales to spectators, registration fees from contestants and the sale of related licensed merchandise in connection with the sports competitions organized by us. We plan to further explore market potential offered by activities involving participation by the general public and make greater efforts in the development and launch of new business-to-customer products and services. To better integrate with our current business operations, we will focus on products and services in program production, sports competitions organization and e-commerce which target the general public. Leveraging our familiarity with the automobile industry, we will also focus on designing automobile-related products and services with direct access to or impact on the general public, such as automobile clubs. With the participation of the general public, we expect to generate revenues from new sources, such as the training fees and membership fees in connection with various sports competitions organized by us. We believe that we can maximize our profitability by developing the business-to-customer model and strengthen positive synergy with our services for corporate clients.

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Expand our market share and geographic presence through our own development and production efforts or by pursuing acquisitions of new media resources or businesses

We intend to selectively introduce additional international entertainment to the PRC market and tailor them to the latest consumer preferences and trends in China. For example, we will continue to explore opportunities for producing new TV programs by reference to popular overseas TV programs. We also plan to acquire the right to organize some popular international sports competitions in foreign countries.

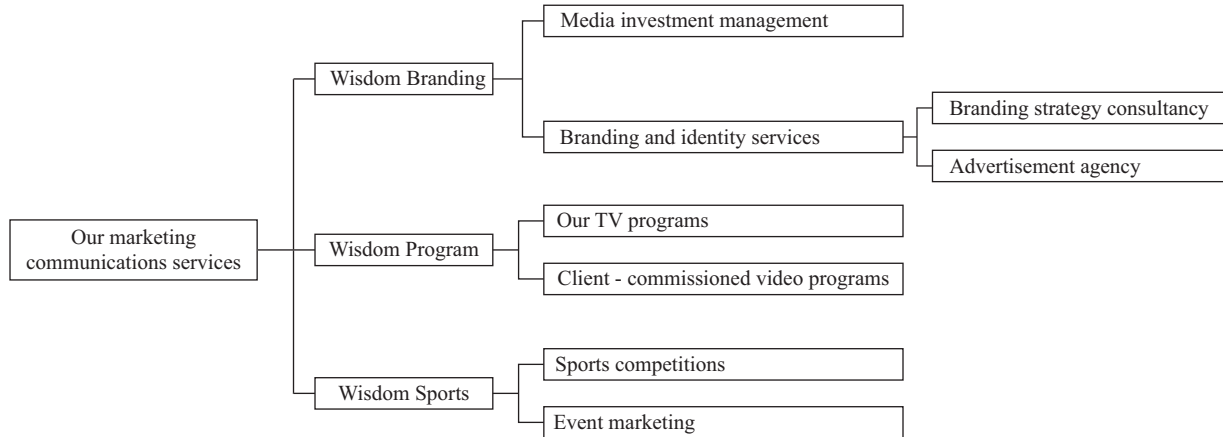
In addition, we plan to provide marketing communications services targeting overseas markets to Chinese companies with an international business presence. We may seek to enhance our international capabilities to address the different needs of our clients, in particular the needs of domestic companies seeking to enter the international market, by pursuing acquisitions of international media resources or businesses. As of the Latest Practicable Date, no specific target had been identified.

OUR MARKETING COMMUNICATIONS SERVICES

We offer our marketing communications services through three business units, namely, Wisdom Program, Wisdom Sports and Wisdom Branding. All of these three business units target the general public when formulating the marketing communications strategies and generate most of their revenues from corporate clients. In addition, these three business units offer marketing platforms that are commonly used by corporate clients. To differentiate our business from the business of many traditional advertising companies which only generate revenues from sale of advertising resources purchased from third parties with monetary consideration, Wisdom Program produces TV programs in exchange for advertising time slots and other types of advertising resources which are then on-sold to our clients and in Wisdom Sports, we generate revenues from the sale of advertising space, naming rights and tickets associated with sports competitions organized by us. In Wisdom Branding, we receive revenues from sale of advertising time slots acquired from CCTV and other media resources. With shared knowledge base, skilled professionals, creative ideas and marketing information across the three business units, we are able to improve the quality of our new products and services by evaluating their feasibility from various aspects and promptly collecting feedback from existing clients. In addition, due to cost efficiency generated by our integrated operations, we are able to provide our services at competitive prices. Therefore, we believe that these three business units are closely inter-related. To maintain our integrated approach, we will strike a balance of the development of our three business units and will continue to implement consistent quality control measures and service standards across the various business units. With our diversified service and product offerings and the cross-selling opportunities among our three business units, we are able to increase the aggregate spending of our clients and further strengthen the customer loyalty. In addition, as our TV programs, sports competitions and marketing events may be broadcasted or presented on various media platforms, we realize the goal of multiple sales through one-time investment. Therefore, as we continue to exploit the commercial potentials of our Wisdom Program and Wisdom Sports units, which generally have enjoyed higher profit margins compared with our Wisdom Branding unit, we believe that our overall gross margin would increase.

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The following diagram illustrates the types of marketing communications services regularly provided by us during the Track Record Period:



Wisdom Branding

Wisdom Branding offers media investment management and branding and identity services. We leverage on our thorough understanding of the PRC automobile industry and marketing expertise to customize for our clients branding services.

For media investment management business, we generate revenues from selling the TV advertising time slots and advertising space that we purchased from media operators to our clients and recognize as our revenues the amounts paid to us by our clients. Our existing exclusive rights to advertising time slots for five CCTV programs will be due for renewal at the end of 2013. We cannot assure you that our existing exclusive rights to advertising time slots for the five CCTV programs will be renewed after the end of 2013. For the risk relating to the renewal of our existing exclusive rights to advertising time slots for the five CCTV programs, see “Risk Factors — Our cooperative relationship with CCTV and other media resources has been, and is expected to continue to be, critical to our business and financial performance. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would materially and adversely affect our business, results of operations and financial condition”. Our branding and identity services offer (i) branding strategy consultancy services, and (ii) advertisement agency services to our clients. We receive revenues from our clients for our consultancy work and our design of promotional packages in our branding strategy consultancy services. We also derive revenues for advertisement agency services from the commissions paid by our clients, which typically represent the difference between the price we charge to our advertising clients and the price we pay for available advertising time slots.

Media investment management services

Under our media investment management business, we secure the advertising time slots for selected TV programs on CCTV and advertising space from other media operators and sell these advertisement resources to our advertising clients. For the advertising resources to which we have secured exclusive rights, potential clients can only purchase relevant advertising resources from us. We set the listed prices of our advertising time slots within a 5% deviation from the listed prices of advertising time slots on the same TV channel at similar broadcasting time by taking into account of various factors, including the rating and target audience of the relevant TV programs where the advertisements will be broadcasted, our sales capability, general market conditions and market demand. We use these listed prices as a basis of negotiations with our clients and we typically provide discounts to such listed prices to our customers with reference to, amongst others, pricing of comparable time slots, viewership rates of the program, volume of

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purchase and any history of cooperation. Due to the market recognition of advertising time slots for those selected CCTV programs and the strong capabilities of our sales team, we believe we had a track record in the sales of relevant advertising time slots. CCTV has been increasing the prices charged to us for many of its advertising time slots each year, and we expect that CCTV will continue to raise such prices in the future. We have increased our listed prices each year correspondingly during the Track Record Period to ensure that we are able to cover increases in media costs in the prices we charge our clients and thus sustain our expected profit margin. We were able to pass on these price increases to our clients during the Track Record Period and believe that we will be able to do so in the future.

The chart below sets forth a summary of our advertising time slots at CCTV:

<u>TV program</u>	<u>TV channel</u>	<u>Broadcast schedule</u>	<u>Advertising time per episode</u>	<u>Period</u>
World Express (國際時訊)	CCTV-News	22:00-22:30, Monday to Friday	120 seconds	January 2010 to December 2013
News Weekly (新聞週刊)	CCTV-News	22:15-23:00, Saturday	120 seconds	January 2010 to December 2011
			60 seconds ⁽¹⁾	January 2012 to December 2012
			120 seconds	January 2013 to December 2013
World Weekly (世界週刊)	CCTV-News	22:15-23:00, Sunday	120 seconds	January 2010 to December 2011
			60 seconds ⁽¹⁾	January 2012 to December 2012
			120 seconds	January 2013 to December 2013
Treasure Hunt (尋寶)	CCTV-1	18:00-18:52, Saturday	300 seconds	April 2010 to May 2010
			240 seconds	June 2010 to December 2010
			180 seconds	January 2011 to December 2011
			90 seconds ⁽¹⁾	January 2012 to December 2012
			120 seconds	January 2013 to December 2013
Oriental Horizon (東方時空)	CCTV-News	20:00-21:00, Monday to Sunday	150 seconds	November 2010 to December 2012
			120 seconds	January 2013 to December 2013

Note:

(1) For the reason of reduction in advertising time slots for these three TV programs in 2012, see “— Media Resources and other Suppliers”.

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The chart below sets forth the contract period of each relevant CCTV agreement and whether such CCTV agreement was entered into pursuant to renewal:

TV program	Contract period	Contract entered into pursuant to renewal
World Express (國際時訊)	January to December 2010	No ⁽¹⁾
	January to December 2011	Yes
	January to December 2012	Yes
	January to December 2013	No
News Weekly (新聞週刊)	January to December 2010	No ⁽¹⁾
	January to December 2011	Yes
	January to December 2012	Yes ⁽²⁾
	January to December 2013	No
World Weekly (世界週刊)	January to December 2010	No ⁽¹⁾
	January to December 2011	Yes
	January to December 2012	Yes ⁽²⁾
	January to December 2013	No
Treasure Hunt (尋寶)	April to December 2010	No ⁽¹⁾
	January to December 2011	Yes
	January to December 2012	Yes ⁽²⁾
	January to December 2013	No
Oriental Horizon (東方時空)	November 2010 to December 2011	No ⁽¹⁾
	January to December 2012	Yes
	January to December 2013	No

Note:

(1) *Such CCTV agreements were entered into pursuant to our winning bids at CCTV's ad-hoc public auctions.*

(2) *We cooperated with Beijing Qili to exercise the renewal in practice through a business arrangement with CCTV, see “— Media Resources and other Suppliers”*

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According to Ipsos, based on the information of weekly viewership rates among TV programs broadcasted on CCTV-1 and CCTV-News respectively during 2012 from a media research company, which conducts TV & radio audience measurement research in China and an Independent Third Party, the number of times “Treasure Hunt (尋寶)” ranked among the top 20 TV programs on CCTV-1 during 2012 was 47 times in the 53 weeks of polls for 2012; and the numbers of times “Oriental Horizon (東方時空)”, “World Express (國際時訊)”, “New Weekly (新聞週刊)” and “World Weekly (世界週刊)”, ranked among the top 10 TV programs on CCTV-News during 2012 were 52 times, 50 times, 21 times and 27 times, respectively, in the 53 weeks of polls for 2012. The table below sets forth the average viewership rate for each of the five TV programs and, for comparison purpose, a range of weekly average viewership rate among top 10 TV programs during the Track Record Period:

Name of program	Channel	Average viewership rate (%) ⁽¹⁾		
		2010	2011	2012
Treasure Hunt (尋寶) ⁽²⁾	CCTV-1	1.13	1.04	0.96
Top 10 TV programs		1.37 - 12.19	1.04 - 11.24	0.79 - 10.70
Oriental Horizon (東方時空)	CCTV-News	0.52	0.66	0.92
World Express (國際時訊)		0.50	0.61	0.83
New Weekly (新聞週刊)		0.51	0.55	0.73
World Weekly (世界週刊)		0.53	0.59	0.71
Top 10 TV programs		0.54 - 1.49	0.59 - 1.00	0.73 - 1.31

Source: Ipsos

Notes:

- (1) Based on Ipsos, viewership rate is calculated by dividing the average number (per minute) of TV audience for a certain TV program during a specified time period by the average number (per minute) of selected sample population with TV ownership. Average viewership rate for each year was compiled by Ipsos, based on the top 20 programs (on CCTV-1) and top 10 programs (on CCTV-News) by weekly viewership rate (about 52 weeks per year); the average viewership rate was the average rate for all weeks during a year.
- (2) “Treasure Hunt (尋寶)” was broadcasted on CCTV-1 from September 3, 2010 onwards, and broadcasted on CCTV-2 before that. The average viewership rate for “Treasure Hunt (尋寶)” in 2010 on CCTV-2 was 0.69%; and the whole year average viewership rate for “Treasure Hunt (尋寶)” in 2010 across CCTV-1 and CCTV-2 was 0.83%.

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The chart below sets forth the listed prices for advertising time slots for the five TV programs during the period indicated:

	Listed prices for advertising time slots in a unit of					
	5 seconds	10 seconds	15 seconds	20 seconds	25 seconds	30 seconds
	RMB					
For the year ended						
December 31, 2010						
Oriental Horizon (東方時空)	47,000	75,000	88,000	125,000	—	167,000
World Express (國際時訊)	43,000	71,600	83,000	122,000	—	149,600
News Weekly (新聞週刊)	43,000	71,600	83,000	122,000	—	149,600
World Weekly (世界週刊)	43,000	71,600	83,000	122,000	—	149,600
Treasure Hunt (尋寶)	58,000	81,000	99,000	132,000	150,000	175,000
For the year ended						
December 31, 2011						
Oriental Horizon (東方時空)	55,000	87,000	102,600	145,000	166,000	188,000
World Express (國際時訊)	57,000	88,000	107,000	156,000	176,000	192,000
News Weekly (新聞週刊)	63,000	95,000	110,000	160,000	178,000	196,000
World Weekly (世界週刊)	63,000	95,000	110,000	160,000	178,000	196,000
Treasure Hunt (尋寶)	65,000	100,000	116,000	169,000	188,000	198,000
10pm primetime package ⁽¹⁾ (22點黃金套)	57,000	88,000	107,000	—	176,000	192,000
News time package ⁽²⁾ (新聞時空套)	289,000/week	611,000/week	727,000/week	—	1,180,000/week	1,324,000/week
For the year ended						
December 31, 2012						
Oriental Horizon (東方時空)	70,000	110,600	133,000	184,000	—	240,000
World Express (國際時訊)	73,600	110,400	138,000	190,000	—	248,400
News Weekly (新聞週刊)	80,000	118,000	146,000	203,000	—	256,000
World Weekly (世界週刊)	80,000	118,000	146,000	203,000	—	256,000
Treasure Hunt (尋寶)	80,000	130,000	140,000	218,000	—	248,000
10pm primetime package ⁽¹⁾ (22點黃金套)	73,600	110,400	138,000	190,000	—	248,400

Notes:

- (1) Included advertising time slots for “World Express (國際時訊)” from Monday to Friday, “News Weekly (新聞週刊)” on Saturday and “World Weekly (世界週刊)” on Sunday.
- (2) Included advertising time slots for “Oriental Horizon (東方時空)” from Monday to Friday, “News Weekly (新聞週刊)” on Saturday and “World Weekly (世界週刊)” on Sunday.

End-customers’ advertising resources

As an industry practice during the Track Record Period, CCTV typically reserves its end-customers’ advertising resources, including CCTV prime time advertising resources (黃金廣告資源) and CCTV subscription-based advertising resources (簽約認購類廣告資源) for its own sale, in the following ways. In respect of CCTV prime time advertising resources, CCTV holds annual public auctions in or around November each year to sell these advertising resources. It is an industry practice for an end-customer who intends to purchase these CCTV prime time advertising resources to engage advertising agencies to place bids on its behalf in the annual public auctions. In respect of CCTV subscription-based advertising resources, CCTV conducts a subscription process during a subscription period from September to October each year to sell these advertising resources on a first-come-first-serve basis. It is an industry practice for an end-customer who intends to purchase CCTV subscription-based advertising resources to engage advertising agencies to file a subscription application to purchase such advertising resources on its behalf. After the subscription period, any unsold CCTV subscription-based advertising resources will become available for direct sale to end-customers.

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During the Track Record Period, we did not acquire any CCTV prime time advertising resources in the annual public auctions held by CCTV or any CCTV subscription-based advertising resources in the subscription process conducted by CCTV.

Advertising Agencies' Advertising Resources

As an industry practice during the Track Record Period, CCTV typically sells its advertising agencies' advertising resources in the following ways: CCTV may (i) initiate ad-hoc public auctions for the exclusive rights to such advertising resources; or (ii) grant such exclusive rights to the relevant existing advertising agency if it has the renewal right and renews its agreement with CCTV in connection with such exclusive rights; or (iii) decide to grant such exclusive rights to the relevant existing advertising agency without the renewal right and not to initiate ad-hoc public auctions unless that advertising agency decides not to renew or has breached its agreement with CCTV. Prior to an ad-hoc public auction, CCTV may set out requirements stipulating the exclusive right period and the renewal term for the agreement to be entered into between CCTV and a winner bidder and the renewal term may be of one or more years. In contrast, when CCTV renews its agreement with an existing advertising agency without the renewal right, we believe that it typically renews such agreement on an annual basis. We believe that it is a usual practice of CCTV that only when the existing advertising agency decides not to renew or has breached its agreement with CCTV, CCTV would then initiate ad-hoc public auctions for the exclusive rights to the relevant advertising resources. We believe that during the Track Record Period and up to the Latest Practicable Date, CCTV has not deviated, or indicated that it will deviate, from the aforesaid practice of CCTV, such as (i) changing its sale model and selling these advertising agencies' advertising resources directly to end-customers, rather than through advertising agencies such as the Group; (ii) specifying a cap on the amount of advertising time slots which may be acquired by a single advertising agency; or (iii) publicly announcing any formal policy on the methods of selling these advertising agencies' advertising resources, including the requirement of public auctions. CCTV has indicated that it currently intends to generally maintain the current proportion of its advertising agencies' advertising resources going forward. It is also an industry practice for a customer who intends to purchase these advertising agencies' advertising resources to purchase from advertising agencies who have secured exclusive rights to such advertising resources. Notwithstanding the above, we cannot assure that CCTV will not change its policies in respect of the way it sells advertising resources, the factors it considered when renewing exclusive rights to advertising time slots and the proportion of its advertising resources to be sold through advertising agencies and directly to end-users. For the risk relating to change of policies, see "Risk Factors — Our cooperative relationship with CCTV and other media resources has been, and is expected to continue to be, critical to our business and financial performance. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would materially and adversely affect our business, results of operations and financial condition".

Under our media investment management services, our exclusive rights refer to the exclusive rights to sell advertising time slots for certain CCTV programs which are not reserved by CCTV for its own sales as end-customers' advertising resources.

In November 2009, CCTV initiated an ad-hoc public auction for the exclusive rights to advertising time slots for various TV programs in 2010 and we obtained exclusive rights to three of our five TV programs at such public auction. Under our agreements with CCTV for these exclusive rights, we were entitled to the right to renew these agreement for two additional one-year terms. According to the requirements set out by CCTV, any advertising company with a valid business license and having passed the annual regulatory inspection by the SAIC is qualified to apply for authorization to act as an advertising agency for CCTV and any company which had been previously authorized to act as an advertising agency for CCTV may participate in the public auction as long as such company had paid all media costs for the advertisements it placed on CCTV and complied with applicable PRC laws. In addition, the participants were required to pay deposits to CCTV for the auction in the amount set by CCTV for different programs or time periods, which can offset media costs in installments if they would finally win the bids. We determined

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the bidding prices in the tendering process by referring to the bottom price set by CCTV, the maximum media costs we may afford and the winning bid prices for other advertising time slots announced in the auction. We were required to pay a deposit of RMB10 million before making a bid for the exclusive rights to advertising time slots for “World Express (國際時訊)”, “News Weekly (新聞週刊)” and “World Weekly (世界週刊)” and we acquired such rights in this public auction in November 2009. In addition, we also acquired the exclusive rights to advertising time slots for “Treasure Hunt (尋寶)” and “Oriental Horizon (東方時空)” from CCTV through the public auction process in March 2010 and September 2010, respectively. We paid a deposit of RMB3 million to CCTV before making a bid in the public auction process for each of these two TV programs. Subsequently, we have renewed our agreements with CCTV for each of the five TV programs without going through public auction. Other than participating in the aforesaid public auctions in November 2009, March 2010 and September 2010, we did not participate in any other auction for bidding for TV programs during the Track Record Period and up to the Latest Practicable Date.

We strategically selected to acquire the exclusive rights to advertising time slots for these five TV programs. We believe that the majority of the audience of these TV programs overlaps with the target consumers of our clients, particularly those automobile manufacturers and high-end brand owners. We entered into agreements with CCTV with a typical term of one year in connection with advertising time slots for these five TV programs. Under these agreements, we were committed to pay a fixed amount of media costs corresponding to certain amount of advertising time slots to secure our exclusive rights to such advertising time slots during the broadcasting of these programs. A specified percentage of the media costs should be paid as a deposit prior to the beginning of the contract year, and the remaining portion of the media costs should be paid in monthly installments for the advertisements to be broadcasted in the following month. We may also sell more advertising time slots to our clients than those that were previously prescribed under our agreements with CCTV, if permitted by CCTV. If CCTV changes the broadcast schedule of relevant TV programs due to the adjustment of its programming plan, we need to pay the media costs according to the adjusted price as agreed upon by both parties. If CCTV fails to broadcast certain advertisements placed by us on behalf of our clients, CCTV is obligated to broadcast those advertisements at a different time slot with comparable value or, when a different time slot with comparable value is not available, to refund relevant media costs paid by us without any interest or other compensation. The Directors confirm that the Company did not breach these agreements during the Track Record Period and up to the Latest Practicable Date.

The total amount of purchased advertising time slots for these five TV programs were 67,110 seconds, 101,820 seconds and 95,395 seconds for the years ended December 31, 2010, 2011 and 2012, respectively. The total amount of sold advertising time slots for these five TV programs were 61,370 seconds, 76,895 seconds and 72,900 seconds for the years ended December 31, 2010, 2011 and 2012, respectively. As a sales strategy, we are committed to sell the acquired advertising time slots at certain listed prices and discounts with a view to achieve overall profitability even with unsold advertising time slots. During the Track Record Period, we were able to maintain profitability within Wisdom Branding even with unsold advertising time slots. With respect to any unsold advertising time slots, as long as we pay the minimum amount of media costs committed by us, CCTV is not entitled to sell these unsold time slots to third parties under its agreement with us. Also, we would not sell these unsold time slots at a discount larger than that under our sales strategy. Instead, as we usually provide our clients' advertisements to CCTV for broadcast arrangement of a TV program before it is broadcasted, CCTV may extend the duration of the TV program to cover any unsold advertising times slots. During the Track Record Period, we utilized certain of our unsold advertising time slots to broadcast videos of the Company or its products for promotion and video of our key clients as rewards to them from time to time.

We were entitled to the right to renew our agreements with CCTV for two additional one-year terms when we acquired these advertising time slots in 2010, except for the “Oriental Horizon (東方時空)” agreement, under which we only had a one-time renewal right to extend the term for 2012 after the initial term expired on December 31, 2011. These agreements, however, may be terminated prior to their expiration if we commit a material breach, such as the late payment of the deposits and other media costs.

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In 2011, we renewed the relevant agreements with CCTV and continued to have the exclusive rights to advertising time slots for all of these five TV programs for another year. In 2012, we renewed the relevant agreements with CCTV for “World Express (國際時訊)” and “Oriental Horizon (東方時空)”. The renewal of the relevant agreements involved increases in the price of the advertising time slots, which were determined based on mutual negotiation. Except for the amounts of media costs, these agreements contained terms substantially similar to those of the agreements in connection with our exclusive rights to advertising time slots in 2010. As part of our plan to divert part of our resources to develop new sports events and produce new TV programs and to manage the downside risks due to economic downturn, we decided to cooperate with Beijing Qili Advertisement Co., Ltd. (formerly known as Beijing Chewen Dianjing Communication Co., Ltd.) (“Beijing Qili”), our client with good business relationship with us during the Track Record Period and an Independent Third Party, to exercise the renewal of the relevant agreements with CCTV in practice for the other three TV programs, “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Treasure Hunt (尋寶)” in 2012 through a business arrangement. Under this business arrangement, Beijing Qili directly acquired from CCTV the exclusive rights to all of the advertising time slots for the three TV programs and subsequently entered into an agreement with us and agreed to sell to us the exclusive rights to 50% of advertising time slots for these three TV programs at cost. Such amount of 50% of advertising time slots for these three TV programs accounted for approximately 11.6% of the aggregate advertising time slots for which we and Beijing Qili were committed to pay the corresponding minimum amount of media costs under the CCTV agreements for the five TV programs.

Our existing exclusive rights to advertising time slots for five CCTV programs

After the expiration of our agreements with CCTV for the exclusive rights to advertising time slots for “World Express (國際時訊)” and “Oriental Horizon (東方時空)” and our agreement with Beijing Qili for the exclusive rights to 50% of advertising time slots for “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Treasure Hunt (尋寶)” on December 31, 2012, CCTV has agreed to grant us the exclusive rights to advertising time slots for these five TV programs in 2013 and issued authorization certificates for the sales of relevant advertising time slots to us. CCTV granted to us the exclusive rights to advertising time slots for these five TV programs in 2013 through business negotiation without holding a public auction. We entered into formal agreements with CCTV with respect to the exclusive rights to advertising time slots for “Oriental Horizon (東方時空)”, “Treasure Hunt (尋寶)”, “World Express (國際時訊)”, “News Weekly (新聞週刊)” and “World Weekly (世界週刊)” in 2013.

The term of these agreements is one year with an expiration date of December 31, 2013. We are not entitled to any renewal right under these agreements upon their expiration. We cannot assure you that our existing exclusive rights to advertising time slots for the five CCTV programs will be renewed after the end of 2013. For the risk relating to the renewal of our existing exclusive rights to advertising time slots for the five CCTV programs, see “Risk Factors — Our cooperative relationship with CCTV and other media resources has been, and is expected to continue to be, critical to our business and financial performance. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would materially and adversely affect our business, results of operations and financial condition”.

According to these agreements, the minimum amount of media costs we are committed to pay in 2013 corresponds to media costs for an aggregate of 93,840 seconds of advertising time slots for these five TV programs. The length of advertising time slots may be subject to changes agreed by the parties. Except for the increase in media costs, these agreements contained terms substantially similar to those of the agreements in connection with our exclusive rights to advertising time slots from 2010 to 2012. See “— Media Resources And Other Suppliers”.

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We believe we have the capabilities to acquire the exclusive rights to the advertising time slots for these five TV programs from CCTV continuously on an annual basis for the following reasons:

- We believe that we have an established platform for the sales of advertising time slots for these five TV programs and maintained a stable business relationship with CCTV since 2006. We acquired the exclusive rights to advertising time slots for these five TV programs in 2010 and continued to hold such rights for 2013, except for our arrangement with CCTV and Beijing Qili in relation to the advertising time slots for “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Treasure Hunt (尋寶)” in 2012. As we have entered into formal agreements with CCTV with respect to exclusive rights to advertising time slots for these five TV programs during the Track Record Period and in 2013, we believe that we have a probable chance of continuing our cooperation with CCTV in these five TV programs as long as we are able to comply with applicable PRC laws and perform our obligations under the existing agreements with CCTV, including the payment of media costs.
- we have a track record of sales of advertising time slots for these five TV programs and a dedicated and experienced sales and marketing team with good working relationship with our direct clients and deep understanding of the target customers for the relevant advertising time slots.
- We have maintained a client base that is able to place advertisements that meet CCTV’s strict requirements regarding the advertisement contents. Our client base includes both automobile companies and other high-end brand owners. During the Track Record Period, we served 314 brands, of which 105 were in the automobile industry and 209 were in non-automobile industry.
- We have produced certain automobile-related TV programs which were broadcasted on CCTV, such as special programs of “CCTV Automobile of the Year (CCTV中國年度汽車評選)” and “Special Report on International Automobile Exhibitions (國際車展特別報導)”. We have also produced special TV programs for certain sports competitions organized by us and broadcasted them on CCTV-5, such as “FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽)”. We believe that the TV programs we produced had offered CCTV an additional channel of sourcing TV programs, in particular automobile related TV programs, which enabled us to maintain our stable business relationship with CCTV.

Moreover, if CCTV decides to distribute advertising time slots for its TV programs through public auction in the future, we believe that we have capability and credentials to be competitive in the bidding process for the advertising time slots we currently have and may further expand our media resources by acquiring more advertising time slots from CCTV.

Notwithstanding the above, there are other factors which CCTV will consider when making decisions whether to renew our exclusive rights to advertising time slots for the five CCTV programs. We cannot assure you that we are able to (i) maintain stable business relationship with CCTV, (ii) renew our existing exclusive rights to advertising time slots for the five CCTV programs after the end of 2013, and (iii) maintain or expand our existing client base. For the risk relating to maintaining stable business relationship with CCTV, see “Risk Factors — Our cooperative relationship with CCTV and other media resources has been, and is expected to continue to be, critical to our business and financial performance. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would materially and adversely affect our business, results of operations and financial condition”.

Following a strategic review of our business which we conducted in 2011, we discontinued some of our low-margin operations, such as advertisements placing with “Global Business & Finance (環球財經)”, a financial magazine in China, and the magazine and air media programs of Shanghai Airlines.

Service process

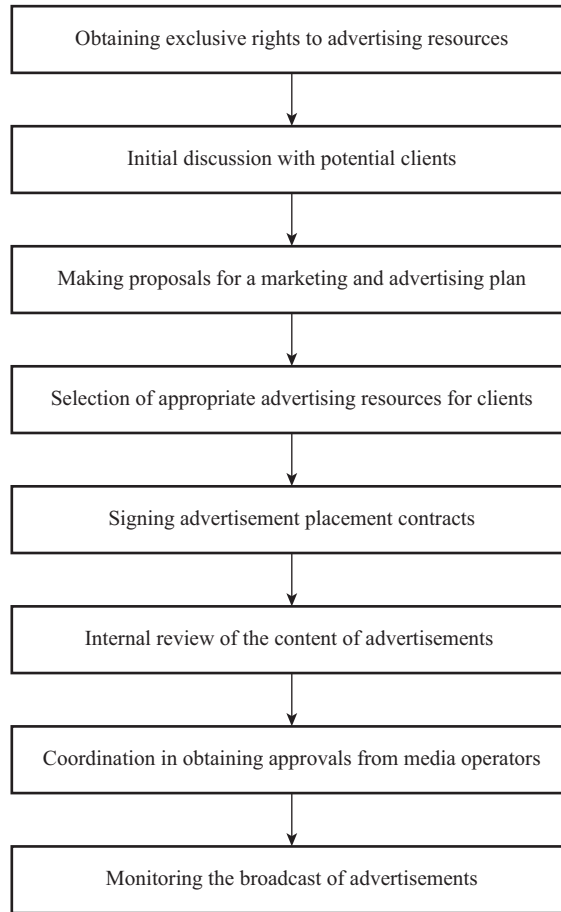
Our clients directly purchase from us advertising time slots to which we have obtained exclusive rights from CCTV or other media operators. Our media investment management services typically start with an initial discussion between our sales and marketing personnel and a potential client. After learning more about the client, including a better understanding of its business and goals for placing the advertisements, we conduct the relevant market research for them and propose a marketing and advertising plan, which includes our recommendations of advertising strategies, specific TV channels or other media platforms and time slots on which to place the advertisements to maximize the desired effect. After the client approves the plan, we enter into an advertisement placement contract with the client, which will specify the time slots or the programs within which the advertisements will be broadcasted and the relevant price for the advertising time slots allocated to such client. These advertisement placement contracts provide that if the advertisement placements are illegal or invalid due to any reasons on the part of our clients, our clients shall assume related liabilities and indemnify us against all losses we may suffer in connection with such illegality or invalidity. We allocate our advertising time slots to clients on a first-come, first-served basis. If the overall demand for advertising time slots during certain periods exceeds the amount to which we have acquired, subject to confirmation by CCTV, we may acquire additional amount of advertising time slots on a case-by-case basis to cater to the needs of our clients.

After we enter into contracts with CCTV or other media operators to broadcast the relevant advertisements of our clients, our personnel who are responsible for media relationship will review such advertisements to ensure that the content of the relevant advertisements are in compliance with the applicable regulatory requirements in China and the specific content or technical requirements of CCTV or other relevant media operators. Our team responsible for the preliminary review of clients' advertisement contents includes three personnel certified by CCTV to handle this task. Although the three personnel do not belong to our senior management team, they are experienced and familiar with applicable PRC advertising laws, CCTV's requirements and technical indicators in respect of advertising materials, so they are certified by CCTV. The responsible staff at the advertising department of CCTV is in charge of the final review of our clients' advertisements according to applicable PRC advertising laws. We keep regular contacts with responsible staff at CCTV and actively coordinate the review process. We also help our clients prepare and collect the relevant legal documents required by CCTV or other relevant media operators for the release of the advertisements, including the business licenses and trademark certificates of our clients, and also send sample advertisements to media operators for their preview. After receiving approvals (including those for content of advertisements) from CCTV or other relevant media operators, the advertisements will be broadcasted according to the agreed-upon schedule. We have also engaged CVSC- TNS Research ("CTR") to monitor each broadcast of the advertisements to ensure they are broadcasted during the time slots and for the duration specified in the relevant contracts. CTR is engaged in the monitoring activities and is an independent monitor with recognized authority and reputation in the advertising industry.

Pursuant to the advertisement placement contracts with our clients, if any advertising time slots are cancelled or rescheduled by CCTV, we are required to provide a notice for such changes issued by CCTV to our clients in advance and arrange for the broadcast of their advertisements at a different time. However, our clients are not entitled to claim any additional compensation from us or CCTV. During the Track Record Period, CCTV made adjustments to advertising times slots to which we had the exclusive rights on certain occasions, such as during the Chinese New Year holidays or during the broadcast of special TV programs for the Olympic Games. Such adjustments did not have any material adverse effect on our relationship with our clients. See "Risk Factors — We rely on access to advertising time slots during a limited number of TV programs to place our clients' advertisements and the desirability of the advertising time slots we obtain depends on the popularity and viewership of the relevant TV programs and other factors that are difficult to predict."

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The service process flow for our media investment management services is set out below:



Branding and identity services

Our branding and identity services offer (i) branding strategy consultancy services, and (ii) advertisement agency services to our clients. Some clients engage us to formulate branding strategies and then commission us to place advertisements on various media platforms. Other clients may engage us to provide only one of these two types of services depending on their different marketing needs.

With our capabilities in branding strategy consultancy, we are able to provide our clients with comprehensive services for the PRC market. This full range of services encompasses the development of a focused brand strategy, brand planning, market research, event planning and implementation, public relations management, program production, advertisement agency and media investment. Our ability to produce various types of programs and our access to diverse media resources allow us to serve as an integrated services provider for our clients' brand promotion and communication needs, and in turn enable them to achieve their goals of increasing product sales, higher market share, and brand value enhancement in the PRC market. With the increasing overseas investments by PRC brand owners, we also plan to provide marketing strategies for our clients to help them promote their brand images in overseas markets. We determine the price of our branding strategy consultancy services on a case-by-case basis with reference to the scale, complexity and coverage of services provided by us, and the price range of similar services set by international 4A advertising companies and domestic advertising companies.

For our advertisement agency service, we serve as an agent in placing advertisements for our clients on television channels, including CCTV, satellite and local TV channels and, to a lesser extent, on other media

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platforms, including the Internet and various outdoor media. We only place advertisements on specified media platforms according to our client's instructions and do not have the exclusive rights to such advertising resources. The commissions for advertisement agency services were set at an average of approximately 5% or less of our clients' related advertising expenditures annually during the Track Record Period with reference to various factors, such as the type of advertisements, requested media platforms, the related human resources committed by us and our expected administrative expenses. As we maintain business relationships with media operators in China and acquire a large amount of advertising resources from time to time, we believe that our clients may obtain more competitive prices if they commission us to place advertisements on third-party media platforms rather than directly negotiating with those media operators or their agents. Furthermore, we believe we are also in a position to offer high-quality professional advice to our clients in respect of the effective placements of advertisements on appropriate media platforms.

Service process

When we start our branding strategy consultancy work, we discuss directly with the client its brand promotion strategies and plan, identify the specific reason why the client wishes to promote or further enhance its brand image, what the client's demands are for the brand promotion, and what impact that client intends or expects to make with the brand promotion so that we can ensure that the brand promotion services proposal is highly responsive to and tailored for the client's specific needs.

We conduct preliminary marketing research on the client's brands, products and services, and its industry in general to have a better understanding of its unique marketing needs and current branding position to ensure that our marketing proposal meets the client's needs. Our client services personnel establish an inter-departmental taskforce to determine our client's target consumer group and their consumption preferences to decide the most effective marketing communications strategy.

Based on our market research and communications with the client, we will help our client determine the overall market position of its brand and formulate a comprehensive brand promotion strategic plan. Our plan will provide the client with overall guidelines on the promotion of its brands for the target market and consumers, the coordination with various market participants to maintain and improve its brand image, and the effective utilization of available media resources and marketing solutions.

Our inter-departmental taskforce will develop a detailed implementation plan and an estimated budget. After we receive the approval from the client about the detailed implementation plan, we will coordinate with our program production, sports competitions organization and advertisement services teams to effectively and efficiently achieve the client's marketing purpose within the approved budget, including producing TV commercials and corporate videos for the client, embedding the client's brand image in our TV programs, designing and organizing suitable marketing events, and placing advertisement in our secured media platforms or making advertisement placements on behalf of the client on other media platforms. The implementation of our plans often result in cross-selling opportunities among our various business units and enhance the client's loyalty to us. We may also explore additional marketing opportunities from third party service providers and consolidate these resources for our clients to better serve their marketing demands.

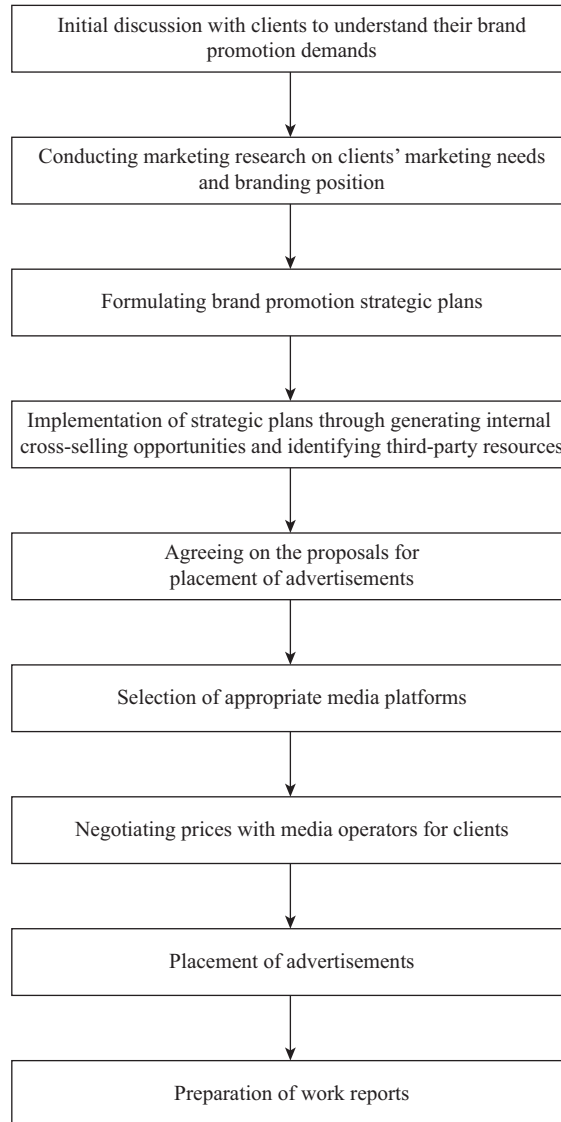
If a client prefers to have its advertisements broadcasted during time slots other than those we have obtained from CCTV, or on other TV channels or media platforms, we can serve as an agent for the client to procure relevant advertising resources. After agreeing on the proposals for the placement of advertisements, we will select media platforms and their available advertising resources that can better meet the marketing demands of the client. We will then negotiate the prices with relevant media operators or their agents according to the instructions from the client. Once the client's related advertising expenditures are determined, we will charge commissions to the client and make arrangements for the placement of its advertisements on the selected media platform.

During the course of our engagement, we will also collect data on sales of the client's products or services, and feedback on the promotional campaign from target audience and consumers to determine

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whether any adjustments should be made to the implementation plan. We will also prepare a work report to evaluate the effectiveness of our branding strategy plan and its implementation, including the placement of advertisement on other platforms, for our client's and our own internal reference.

The service process flow for our branding and identity business, including both branding strategy consultancy and advertisement agency services, is set out below:



Wisdom Program

Wisdom Program produces video programs broadcasted on television and through the Internet to personal computers and mobile devices. Wisdom Program also produces TV programs, TV commercials and corporate videos according to specific instructions from our clients.

Our focus on Wisdom Program is aligned with the PRC government's policy regarding separation of roles in program production and broadcasting for TV stations, which encourages companies like us to engage in the production of TV programs. We were granted the Permit for Production and Operation of

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Radio and TV Programs on July 21, 2010 for our operation of Wisdom Program and renewed it on July 2, 2012. Such permit will expire on July 2, 2014 and can be renewed within 30 days of its expiration. We normally assume the upfront costs for the production of TV programs and exchange the completed TV programs for advertising time slots and various categories of embedded advertisements from media operators for free or at a price lower than market rates. Based on our upfront production costs and expected gross margin, we can determine the expected total selling price of the advertising resources we need to receive in exchange for the relevant TV programs produced by us. By referring to the price of advertising time slots offered on the same TV channel at similar broadcasting time and the market price of embedded advertisements in similar TV programs, we can assess the package of advertising resources we need to exchange in order to achieve our expected total selling price. The package of advertising resources we may obtain, including the length of advertising time slots and the categories of embedded advertisements, and the price of such advertising resources, if any, will be determined based on our commercial negotiations with media operators. Our Wisdom Program unit mainly generates revenues from the sale of the advertising time slots as well as from the embedded advertisements sponsored by our clients. As we are normally granted the exclusive rights to related advertising resources and do not share the profits with media operators, we believe we can maximize the profitability of the TV programs produced by us by increasing their viewership rates and distributing them on a wider network of media platforms. In addition, we also receive production fees from our clients for the video programs, TV commercials and corporate videos they commission us to produce; we currently do not intend to actively seek to be commissioned by clients to produce these client-commissioned video programs in 2013.

Our TV programs

We mainly produce various entertainment TV programs. We embed information and advertisements with respect to automobiles or other products in our TV programs and offer them as an effective marketing platform to our clients. We target popular TV channels whose audience generally have higher-than-average disposable income to broadcast our TV programs, as we believe these channels offer an opportunity for our clients to reach their target customers. We typically enter into agreements with media operators with a term of one year. According to these agreements, we are responsible for the production and quality of TV programs. The parties to such agreement are entitled to termination rights if one party commits a material breach, such as late payment of production fees or media costs, or material non-compliance with applicable PRC laws in respect of the contents of the TV programs and related advertisements. The Directors confirm that the Company did not breach these agreements during the Track Record Period and up to the Latest Practicable Date.

We have produced “Driving Fashion (駕尚)”, a TV program broadcasted on a network of over 120 local TV channels as of December 31, 2012, with coverage in various cities in 26 provinces in China. It is a program which primarily covers the introduction of fashion and lifestyle, discussion of news topics and interviews with public figures. The automobiles and related products are presented in this program through various formats, such as the props for the program, the topics of discussion on fashion or interviews with entrepreneurs in the automobile industry. During the Track Record Period, we offered such TV program to media operators and exchange for an aggregate of 388,800 seconds advertising time slots on all TV channels that broadcasted this program and various categories of other advertising resources, such as naming rights, advertising space and other types of embedded advertisements. As this TV program was broadcasted on a network of local TV channels, we aggregated the prices of related advertising resources available to all TV channels broadcasting this TV program as the total selling price and sold these media resources as a package to our clients. We suspended this TV program in March and April 2013 in order to upgrade it by customizing the program’s content to meet our clients’ requirement and increase the popularity of this program. This program was re-launched in May 2013 and has been broadcasted on a new network of over 100 local TV channels as of the Latest Practicable Date. The aforesaid network of over 120 local TV channels has been utilized by our weekly news commentary TV program “China Trends (中國潮)” since March 2013.

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We also produce other types of TV programs, such as variety shows. For example, we created a new TV variety show entitled “Lucky Go (週末駕到 / 天天駕到)” that integrates our television, Internet and mobile devices platforms. This program is currently broadcasted nationwide through Chongqing Satellite TV and sponsored by automobile companies. The audience can register to become contestants through our website (www.luckygo.com.cn), mobile devices and other methods. If a contestant successfully navigates through all of the obstacles in the game show, he or she will earn an opportunity to spin a prize wheel for the grand prize. The contestant who wins the grand prize for each episode can exchange the right to use a new car for ten years sponsored by an automobile company with his or her old car. In the future, other potential contestants who register with the program’s website but are not selected to participate in this program may be offered a group purchase opportunity to buy automobiles at discounted prices. We are in the process of enhancing our own database of end-users of automobiles by collecting registration information from the website of this program and plan to generate revenues through e-commerce on our website around the end of 2013. We purchased a package of advertising resources associated with this program at a price lower than the market price of advertising time slots on Chongqing Satellite TV at similar broadcasting time slots. The advertising resources we obtain include the advertising time slots, naming rights, advertising space at the program production site, the display and introduction of client’s products in such program and certain other types of embedded advertisements. We priced the advertising resources by referring to the prices of similar advertising resources available on other satellite TV channels. In addition, we are entitled to receive production fees for this program from the advertising agency of Chongqing Satellite TV in 2013.

We recently launched a 30 minute weekly news commentary TV program “China Trends (中國潮)” in March 2013, which is currently broadcasted through a network of over 130 local TV channels with which we had established business relationships with respect to other TV programs, including “Driving Fashion (駕尚)”. From March 8, 2013 up to the Latest Practicable Date, 15 episodes of “China Trends (中國潮)” were broadcasted. We offer this TV program to media operators and exchange advertising time slots on all TV channels that broadcast this program and various categories of other advertising resources, such as naming rights, advertising space and other types of embedded advertisements. As this TV program is broadcasted on a network of local TV channels, we package all related advertising resources from all TV channels broadcasting this TV program and sell them to our clients.

From January 1, 2013 up to the Latest Practicable Date, we exchanged “China Trends (中國潮)”, “Driving Fashion (駕尚)”, “Lucky Go (週末駕到 / 天天駕到)” and “Auto Fashion (車風尚)” for 502,230 seconds, 382,710 seconds, 25,020 seconds and 360 seconds of the relevant advertising time slots, respectively and relevant naming rights and embedded advertisements of these TV programs for free or at a price lower than market rates.

The following table sets forth details of each of the TV programs we have produced:

<u>Program</u>	<u>Description</u>	<u>Frequency</u>	<u>Broadcast Period</u>	<u>Current Media Platform</u>
CCTV Automobile of the Year (CCTV 中國年度汽車評選)	A series of TV programs and an awards ceremony on the annual automobile of the year, jointly produced with CCTV	Special programs for the annual award of CCTV Automobile of the Year	From December 2007	CCTV-Finance, the primary channel of CCTV focusing on finance and economics with nationwide coverage in China

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Program	Description	Frequency	Broadcast Period	Current Media Platform
Special Report on International Automobile Exhibitions (國際車展特別報導)	Special TV reports of annual automobile exhibitions in Beijing, Shanghai and Guangzhou	Special programs of automobile exhibitions broadcasted during certain TV programs from time to time	From April 2008	CCTV-Finance, the primary channel of CCTV focusing on finance and economics with nationwide coverage in China
Rapid Heartbeat (加速心跳)	An automobile-related matchmaking entertainment TV program	Weekly	September 2010 – March 2011	Shenzhen Satellite TV, a satellite channel of Shenzhen TV station with nationwide coverage in China
Auto Fashion (車風尚)	A TV news magazine program on newly released automobiles and automobile industry news	Weekly	March 2011 – January 2013	CCTV-Finance, the primary channel of CCTV focusing on finance and economics with nationwide coverage in China
Driving Fashion (駕尚)	A comprehensive TV program on the information of automobiles and various categories of related products and services	Weekly	From August 2011	Local TV channels
Lucky Go (週末駕到 / 天天駕到)	A TV variety show	Includes weekday shows and weekend shows	From November 2012	Chongqing Satellite TV
China Trends (中國潮)	A news commentary TV program	Weekly	From March 2013	Local TV channels

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The following table sets forth the length of our TV programs and our advertising resources associated with these TV programs for the periods indicated below:

Program	For the year ended December 31,									
	2010			2011			2012			
	No. of TV channels broadcasted (as of December 31, 2012)	Length per episode (minutes)	No. of episodes	Advertising resources	Length per episode (minutes)	No. of episodes	Advertising resources	Length per episode (minutes)	No. of episodes	Advertising resources
Rapid Heartbeat (加速心跳)	0	60	12	3,600 seconds advertising time slots and other types of advertising resources	60	2	600 seconds advertising time slots and other types of advertising resources	—	—	—
Auto Fashion (車風尚)	1	—	—	—	40	30	1,800 seconds advertising time slots and other types of advertising resources	40	37	2,640 seconds advertising time slots and other types of advertising resources
Driving Fashion (駕尚)	Over 120	—	—	—	30	19	21,960 seconds advertising time slots and other types of advertising resources	30	52	366,840 seconds advertising time slots and other types of advertising resources
Lucky Go (週末駕到)	1	—	—	—	—	—	—	50	6 (weekend shows)	2,160 seconds advertising time slots and other types of advertising resources
Lucky Go (天天駕到)	1	—	—	—	—	—	—	15	43 (weekday shows)	2,580 seconds advertising time slots and other types of advertising resources

The total amount of purchased advertising time slots for the TV programs in the table above were 3,600 seconds, 24,360 seconds and 374,220 seconds for the years ended December 31, 2010, 2011 and 2012, respectively. The total amount of sold advertising time slots for the TV programs in the table above were 540 seconds, 18,955 seconds and 315,085 seconds for the years ended December 31, 2010, 2011 and 2012, respectively.

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Since 2007, we jointly produced annual special program with CCTV-Finance for “CCTV Automobile of the Year (CCTV中國年度汽車評選)”, which is one of the main annual automobile industry awards in China. We also produced the “Special Report on International Automobile Exhibition (國際車展特別報導)” since 2008, which covers the highest level of international automobile exhibitions held in China. We normally broadcasted these special programs in the TV programs produced by us, such as “Auto Fashion (車風尚)”, or on other media platforms. We generate revenues from the sale of sponsorship rights and various types of embedded advertisements in connection with these special programs to our clients. We do not exchange these special programs for any advertising time slots from media operators.

After the expiration of our agreement regarding the TV program “Auto Fashion (車風尚)” with CCTV on December 31, 2012 and the broadcast of all episodes of such program which had been produced, we and CCTV came to a mutual decision not to renew this agreement. The lapse of this agreement will allow us to re-allocate additional attention and resources to focus on producing new TV programs which will better cater for the needs of TV audience. We believe the launch of our TV programs “Lucky Go (周末駕到/天天駕到)” in November 2012 and “China Trends (中國潮)” in March 2013 will offer a wider category of TV programs for our clients and the discontinuation of “Auto Fashion (車風尚)” will not have any material adverse effect on our business operations.

Client-commissioned video programs

We have also been commissioned by our clients to produce video programs for their further distribution to local TV stations or other media platforms, or produce corporate videos, promotional videos and TV commercials for the promotion of their products and brand image. In a typical service process, we first discuss with the clients on their requirements and specifications of the video programs and then provide them with the program proposal and story board design. After the proposal and design are reviewed and confirmed by the clients, we will carry out the shooting and post-production work and deliver the video programs to the clients. We receive production fees from our clients with respect to these client-commissioned video programs and do not exchange these video programs for advertising time slots from media operators. The production fees are mainly determined based on the market price, the types and specifications of the video programs and our production costs and gross margin requirements, subject to further negotiation with the clients.

After a strategic review of our operational model in Wisdom Program in 2012, we decided to focus on the production of TV programs which could generate revenues through the sales of relevant advertising resources. In addition, we re-allocated our attention and resources to produce new TV programs which would better cater for the needs of TV audience. Therefore, we did not produce any client-commissioned video programs from January 1, 2013 up to the Latest Practicable Date and currently do not intend to actively seek to be commissioned by clients to produce any client-commissioned video programs in 2013.

Program production process

The flow for our program production services is divided into two stages: (i) program planning and media channel cooperation, and (ii) program production and broadcasting.

Program planning and media channel cooperation

We conduct preliminary market research and identify the type of programs that we believe will be well received by our target audience. We then identify the most appropriate media channels for our programs and liaise with the relevant media operators. After modifying our program proposal based on the feedback from the media operators and obtaining their approval, we will proceed with producing a sample program for the media operators’ preview and comments. Once the media operators approve our sample program, we will enter into formal agreements with the media operators to fix the timing of the broadcasts of our programs and to secure our right to the advertising time slots during the broadcasts of our programs.

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Program production and broadcasting

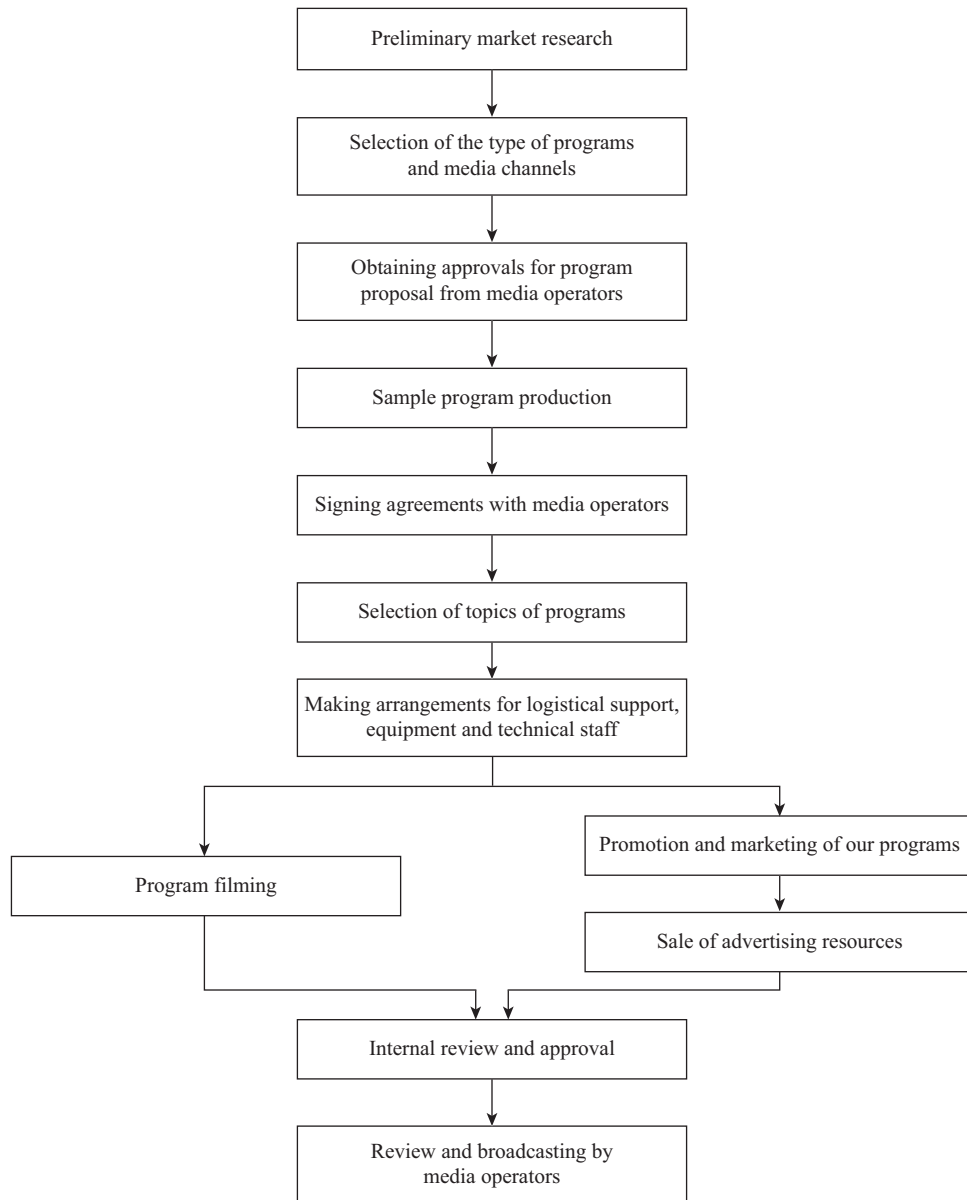
Based on our program proposal, our program director will select and recommend the topics of the programs for consideration by the program's general supervisor. After obtaining approval for the program topics, the program director will instruct our implementation team to launch the production process and provide necessary logistical support, equipment and technical staff for the production. The program production process begins with preliminary filming and ends with the combining of all of the program's sections into one episode during post editing. During the production process, our sales team will promote and market our programs, and solicit sponsorship from our clients. Our sales team and implementation team will coordinate with each other to appropriately embed our clients' advertisements into the programs, such as the logos and trademarks of the brand owners. Our sales team will also commence the sales of advertising time slots associated with the programs to potential clients. We believe that the coordination between our program production team and sales team could help us to better plan and control the program production costs and reduce relevant operation risks.

After the completion of the production process, the program's general supervisor will review the program and suggest further changes as necessary. The modified program will then be submitted to our production committee for final internal review and approval. Finally, our broadcast department will submit the finished program to the media operators for review and broadcast. In addition, in order to control and improve the quality of our programs, we regularly collect audience feedback and ratings from a third-party marketing information research company.

We sometimes outsource part of our program production work to third parties. Such outsourcing usually occurs when the filming locations are distant from our main place of business, and self-production is therefore less economical. In addition, to control and reduce production costs and risks and to maintain a stable profit margin, we subcontract part of our work, such as stage setting and motion design, to third-party professional service providers. Under these outsourcing agreements, we agree to pay a fixed amount of service fees to the third-party service providers and have the right to supervise them in provision of such services according to our plans and instructions.

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The service process flow for our program production business is set out below:



Program placement channels

We primarily target to broadcast our programs through conventional television stations. We have established a collaborative relationship with CCTV, China's largest television network, to produce TV programs for viewers in the PRC. Moreover, in a strategic effort to broaden the audience of our TV programs, we have been expanding our television media resources to collaborate with satellite TV channels with nationwide coverage as well as popular local TV channels.

We have implemented a "Three-Screens-in-One (三屏合一)" strategy that is intended to concurrently leverage on television, personal computers and mobile devices as the main media channels for the integrated distribution of our programs. We believe these channels of distribution are mutually complementary and the use of the Internet will allow us to enhance the speed of distribution of our programs, extend the coverage in a more cost-effective manner and better satisfy the needs of end-users, particularly as more people are using web-enabled mobile handheld devices in the PRC. Our TV programs

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are also available on web portal websites and other Internet television platforms, such as NetEase, Sohu and Youku. We have created an automobile-focused website that features programs on automobiles. By creating our programs to appeal generally to the PRC end-consumer market, and utilizing different media platforms to market the brands we serve, we can better meet our clients' business needs while maximizing the value of our services.

Wisdom Sports

Wisdom Sports focuses on the organization, management and promotion of domestic and international sports competitions and other marketing events, particularly those that are automobile-related.

We regularly identify popular and influential sports competitions and cooperate with the related sports organizations to organize such competitions in China. We also organize large-scale themed events and offer them as effective marketing communications platforms. In addition, we produce special TV programs featuring the sports competitions or events organized by us and distributed these programs on CCTV and other satellite TV channels. By leveraging our extensive cooperation with media platforms and our capabilities in program production, we believe we have consolidated our strengths in Wisdom Program and Wisdom Sports and thereby enhanced the brand recognition of the sports competitions organized by us as well as increased the popularity of such competitions among the general public.

Our Wisdom Sports unit generates revenues from the sponsorship fees from automobile-related and other brand owners, the sale of advertising space at competition and event venues, registration fees from contestants and ticket sales to spectators. We were able to achieve overall profitability in each of our competitions and events after taking into account all revenues generated from that competition or event and related derivative products and services during the Track Record Period. The sponsorship in sports competitions organized by us may take various forms, such as acquiring the naming rights or getting listed as top sponsors, partners or suppliers in such competitions. We normally determine the sponsorship fees by taking into account various factors, such as the level of sports competitions, venue, nature of events, target audience, co-organizing parties, broadcast media platforms and the scarcity of relevant competitions, as well as the price of similar products in the market. In addition, we plan to generate additional revenues from the sale of related licensed merchandise in the future. We also plan to generate revenues from the grant of television broadcast rights of these sports competitions to media operators in the future.

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Sports competitions

We launched the “National Urban Automobile Fuel Efficiency Extreme Challenge (全國城市汽車節油極限挑戰賽)” in 2008 with two co-organizers, including the Federation of Automobile Sports of the PRC, or FASC. FASC is the PRC branch of the Federation of International Automobile Sports, or FIAS, which is primarily responsible for managing automobile sports and supervising the implementation of the FIAS regulations in the PRC. We are responsible for formulating plans for each year’s competitions and making detailed arrangements to organize the competitions in different cities in China. We also solicit sponsorship for the competitions from our clients and promote the competitions through various media platforms, including in TV programs produced by us. We believe that this competition has become increasingly popular among automobile companies and automobile owners in China, particularly with the recent increased interest in issues relating to energy efficiency. The following table sets forth the details of the local competitions that collectively form the “National Urban Automobile Fuel Efficiency Extreme Challenge (全國城市汽車節油極限挑戰賽)” for the periods indicated below:

Year	Name of Local Competitions	Location
2012	Shanghai General Motors LaCrosse 2.4L, Beijing (節油賽-上海通用別克君越2.4L北京站)	Beijing
	Shanghai General Motors LaCrosse 2.4L Mixed Power, Beijing (節油賽-上海通用別克君越2.4L混合動力北京站)	Beijing
2011	Skoda One-Tank of Petrol, Shanghai-Beijing (節油賽-斯科達一箱油上海至北京)	Shanghai to Beijing
2010	Golf Tour of Hainan One-Tank of Petrol Challenge (高爾夫環海南一箱油挑戰賽)	Hainan
	Peugeot 408, Beijing (標緻408北京站)	Beijing
	Wingle 5 Trans-Hainan Challenge (風駿5穿越海南挑戰賽)	Hainan
	Fengshen “I Am Auto King” Extreme Challenge (風神“我是車王”極地挑戰賽)	Yantai, Chengdu, Wuhan, Guizhou, Inner Mongolia, and Lhasa

We entered into an agreement with FASC to continue to organize, manage and promote the “National Urban Automobile Fuel Efficiency Extreme Challenge (全國城市汽車節油極限挑戰賽)” with a term of three years starting from April 2012. Under the agreement, FASC agreed to be responsible for obtaining the annual approval for these competitions from the General Administration of Sport of China, assisting in obtaining necessary governmental consents for each station of the competitions, approving the organization plans with respect to the itineraries, venues, rules and safety measures prepared by us, and arranging for the necessary referees, staff and competition equipment with reimbursement from us. FASC was also assisted by a third-party sports company in implementing its responsibilities in the competition. We agreed to propose the itineraries and venues for these competitions and obtain necessary governmental consents after receiving FASC’s approval of our plans. In addition, we agreed to be responsible for implementing the competition plans, marketing and promoting the competitions and soliciting potential sponsors. Any default of a party which would impair the performance of this agreement or the organization of the final competition may trigger the non-breaching party’s termination right under the agreement. After paying the annual registration fees of RMB20,000 and relevant service fees of RMB191,200 for these competitions to FASC and its authorized party, we would bear all the costs for organizing these competitions and enjoy the business profits generated from such competitions.

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In addition to our cooperation with FASC, we cooperated with other sports organizations and their authorized agents to organize the following large-scale competitions:

- FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽). This championship has been held more than 120 times in 25 countries on five continents since its inception in 2001 and this was the first time it was held in China. In the Guangzhou sub-station of this championship competition held by us in September 2012 with three other co-organizers, assisted by various local government authorities, ten contestants from eight countries participated in this competition at the venue in Guangzhou, China. We have obtained the right to organize this championship in China for a period of five years from 2012 and 2016 and are required to pay an annual fee ranging from €160,000 to €195,000. We are also entitled to the right to renew our right to organize this championship in China for the period from 2017 to 2021.
- China Classic Car Rally (老式汽車中國拉力賽). This is one of the top-ranked automobile competitions in the world and recognized by the State Sports General Administration of the PRC and FIAS. In this year's competition organized by us in September 2012 with three other co-organizers, the racing line spanned more than 1,000 kilometers in five cities in China. We also cooperated with various local government authorities to hold activities at different stations to promote this competition in China, such as a classic car culture exhibition and a charity banquet. We have obtained the right to organize this competition in China for a period of ten years from 2012 to 2021 and paid a license fee in the total amount of RMB2.5 million in 2012.
- Guangzhou Marathon (廣州馬拉松). We cooperated with three sports organizations and government authorities in Guangzhou, assisted by various local government authorities, to launch this competition in November 2012 and have obtained the right to organize this competition for a period of three years from 2012 to 2014. We are required to pay a fixed amount of RMB1.0 million out of the profit to the co-organizer in each of 2013 and 2014. We are also entitled to the right to renew our right to organize this competition upon the ending of the current term.
- Hot Air Balloon Championship (中國熱氣球公開賽). We have entered into an agreement with the Aviation Radio Model Sports Management Center of the PRC's State Sports General Administration (國家體育總局航空無線電模型運動管理中心) to organize a hot air balloon championship in China in November 2013. Under this agreement, the Aviation Radio Model Sports Management Center will be responsible for the implementation of necessary air safety measures and we will be responsible for the implementation of necessary safety measures on the ground. We plan to liaise with the local government authorities to implement such necessary safety measures on the ground; for example, arrangement by the local police and authorities around the landing field area in respect of (i) isolation and safeguard of the fuel bottles; (ii) control of public access; and (iii) safety and medical emergency response team staffed with medical personnel and equipped with ambulance vehicles. As advised by our PRC legal advisers, under this agreement, we could be liable for losses suffered by the Aviation Radio Model Sports Management Center as a result of any third party's claims in connection with any accidents happened, during the Hot Air Balloon Championship (中國熱氣球公開賽) except for those losses in connection with air safety measures. We intend to acquire additional insurance policies to cover our potential liabilities that may arise during the Hot Air Balloon Championship (中國熱氣球公開賽).

Our roles and responsibilities in these sports competitions mainly include the following aspects: (i) obtaining required government approvals, (ii) implementing the plans for these competitions, (iii) making arrangements for the contestants, referees and staff, (iv) making arrangements for competition venues and facilities, (v) making arrangements with respect to safety, and (vi) commercially promoting these competitions and soliciting sponsors. The co-organizers in these sports competitions typically include

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relevant sports organizations and government authorities, which have the powers to approve the plans for the competitions, including the venues, routes and rules, and coordinate with various government agencies and other institutions in the organization of these large-scale competitions. We shared the costs for Guangzhou Marathon (廣州馬拉松) held in November 2012 with local governments and bore all the costs for the Guangzhou sub-station of FIM Freestyle Motocross World Championship (國際摩聯花式極限摩托世界錦標賽) held in September 2012 and the China Classic Car Rally (老式汽車中國拉力賽) held in September 2012. After payment of license fees and other required fees, we enjoyed the right to commercially develop and promote these competitions and earned revenues from sponsorship fees, the sale of advertising space at the venues, registration fees from contestants and ticket sales to spectators.

We capitalize on our organization of these high profile competitions to provide a dynamic marketing platform for our clients. For example, our automobile clients generally have sizable budgets for below-the-line marketing for the sponsorship in various large-scale competitions. We increase the total spending of these automobile clients by offering direct access to their target customers through our automobile competitions, thereby enhancing their brand and product recognition in a cost-effective manner.

We intend to cooperate with relevant international sports organizations and introduce and organize six to eight new sports competitions in China or other Asian countries, such as those involving motorcars, motorboats and automobiles. While we have preliminary plans to organize a hot air balloon championship in China and a new marathon in Hangzhou in the second half of 2013 and new marathon(s), another new hot air balloon competition and a new motorcycle-related competition in China in 2014, we have not entered into any agreements or made any final decisions regarding such new sports competitions as of the Latest Practicable Date.

Event marketing

We organized automobile-themed events as a marketing platform for our clients, such as the “China Automobile Summit Forum for the 10th Anniversary of China’s WTO Accession (WTO入世十周年中國汽車高峰論壇)” in 2011. We organized this event during the Guangzhou International Automobile Exhibition, an influential automobile exhibition in China, to offer more marketing opportunities for our clients. We believe our clients benefited from the extensive participation in this event by key players in the automobile industry and high exposure of this event to the automobile end-customers and other consumers with higher-than-average disposable income.

Service process

We regularly identify influential domestic sports competitions and seek opportunities to introduce popular international sports competitions into China. Once we decide to launch a new sports competition, we will cooperate with relevant sports organizations or their authorized agents, such as FASC and Fédération Internationale de Motocyclisme, to obtain the right to hold these competitions. We enter into formal cooperation agreements with the sports organizations or their authorized agents with respect to the detailed arrangements for the organization and management of the competitions. These agreements normally provide the license fees, responsibilities of each party in the organization of these sports competitions, and the marketing and promotional arrangements.

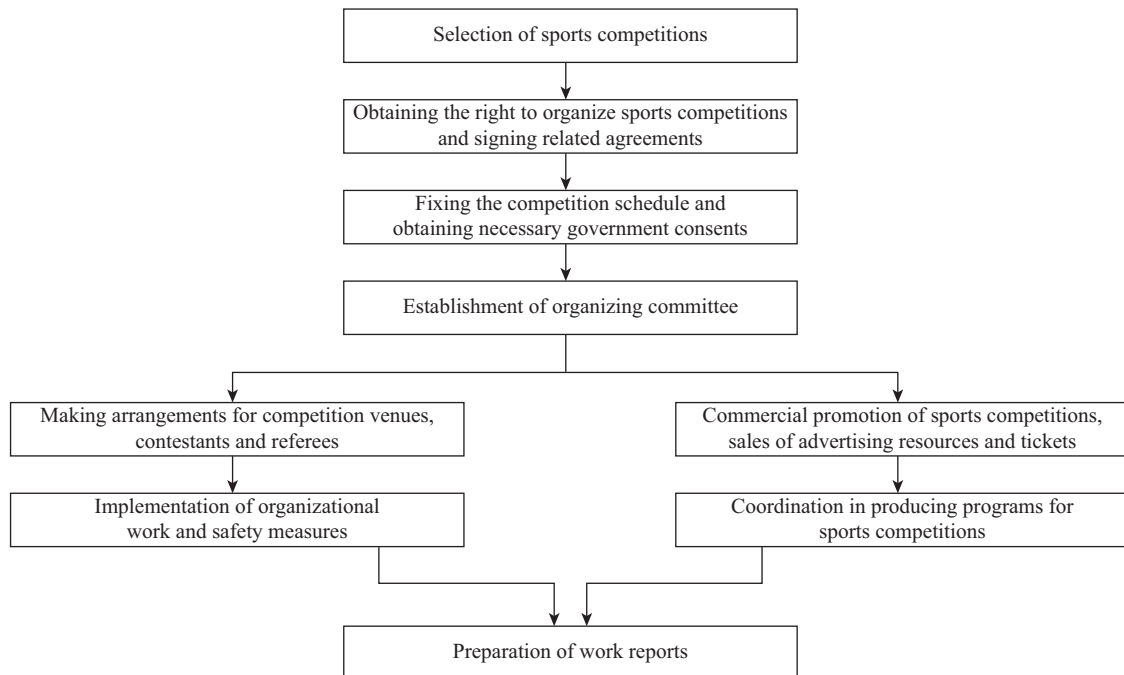
Each year, we coordinate with the sports organizations and co-organizers to fix the schedule of the sports competitions. Once the competition schedule is fixed and necessary government consents are obtained, we will establish an organizing committee to manage the overall planning and implementation of organizational work, as well as approval of payment of operation costs for sports competitions organization in accordance with an implementation schedule. We normally incur majority of operation costs during the “making arrangement for competition venues, contestants and referees” and “implementation of organizational work and safety measures” stages and other operation costs during the “commercial

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promotion of sports competitions, sales of advertising resources and tickets” and “coordination in producing programs for sports competitions” stages as shown in the service process flow below. With the support from the sports organizations, we solicit participation from highly competitive contestants and appoint authoritative and experienced referees to maintain the professionalism and fairness of the competitions. We also make comprehensive and detailed arrangements for each sports competition with respect to safety (including fire safety) of the contestants and the audience, public sanitation and environmental protection. During the Track Record Period and up to the Latest Practicable Date, we did not incur any financial liability as a result of any accidents in such sports competitions that would have a material adverse effect on our operating results or financial condition.

In addition, we market the sports competitions to our clients and sell the sponsorship rights and advertising space at the competition venues. To further promote our sports competitions among a wider public group, we will cooperate with media operators to broadcast the sports competitions live or record the sports competitions for later broadcast as TV programs produced by us. These sports competitions contribute to the overall popularity of our TV programs and strengthen the marketing effectiveness for our clients. Finally, we prepare a report regarding our work in the organization of the sports competitions that summarizes the experience and achievements for our clients’ and our own internal reference. The data we collect from these sports competitions and other events regarding contestants, attendees and sponsors is added to our database as a valuable resource for our research on industry trends to improve our future marketing strategies.

The service process flow for our sports competitions organization business is set out below.



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AWARDS

The table below sets out the major awards that we received since 2010:

<u>Year</u>	<u>Awards</u>
2010	Media Company with Most Influential Brand (最具品牌影響力傳媒公司) CV Awards Top 100 Growth Companies of the Year (CV Awards 最具潛力企業100)
2011	Golden Partner Award of China Advertising Great-Wall Awards for Advertisers (廣告主長城金夥伴獎) Chinese Advertisement Company with Golden Comprehensive Strategy (中國廣告金牌綜合策略公司)
2012	Golden Partner Award of China Advertising Great-Wall Awards for Advertisers (廣告主長城金夥伴獎) Chinese Advertisement Company with Golden Comprehensive Strategy (中國廣告金牌綜合策略公司) Integrated Marketing Communications Award of Automobile Industry in China (中國汽車行業整合傳播大獎) Outstanding Contribution to Automobile and Motorcycle Sports in China (中國汽車摩托車運動突出貢獻獎) Outstanding Contribution Award for Media Investment Management Service Providers for CCTV Advertisements (中央電視台年度承包公司傑出貢獻獎)

SALES AND MARKETING

Sales and marketing functions are important to our business. Our sales and marketing strategy focuses on promoting our marketing communications capabilities to maintain relationships with our current clients, and to develop relationships with new potential clients. As of December 31, 2012, we had 63 employees dedicated to our day-to-day sales and marketing activities. Our sales and marketing department comprises five teams, specializing in sales to key clients in the automobile industry, sales of TV programs produced by us, sales in connection with sports competitions organized by us, sales of CCTV advertisements and sales strategies of marketing communications services.

We seek to foster relationships with our current and potential clients, which are mostly automobile and other brand owners, as well as PRC-based advertising agencies. We meet with brand owners and their advertising agencies that may have a need for any of our services, and we discuss their media placement needs for their products or services or for any products or services they represent on behalf of others. These meetings provide us with an in-depth understanding of the current automobile and other brand marketing communications developments in the PRC, as well as related demand for our services, industry trends and potential market opportunities. Sometimes these client meetings provide us with feedback on our services and our cooperative relationships with media resources that help us refine our services and attract new clients. We offer rebates to some of our large clients, particularly those advertising agencies. The range of rebates we may offer depends on the types of services purchased by these clients and the brand owners represented by them. For example, the rebates may vary for the advertising time slots for different CCTV programs held by us.

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Our sales and marketing department holds meetings with our program production department and sports competitions and events department periodically to discuss new projects and market opportunities. Our close relationship with current clients and potential clients enables us to promptly receive their feedback on proposed new projects. This feedback can help us enhance the quality and popularity of our new projects before launch and increase their success rates. In addition, our sales and marketing department actively identifies the clients' demands and designs customized plans for our clients based on the products and services offered by us. We seek cross-selling opportunities to provide a full range of marketing communications services to our clients, such as placement of embedded advertisements in video programs produced by us, sponsorship in sports competitions organized by us and placement of advertisements on various media platforms arranged by us. For example, some clients that initially sponsor our sports competitions also engage us to place their advertisements on various media platforms in connection with the relevant sports competitions to enhance their brand recognition. Furthermore, our planned launch of new products and services helps us to maintain current clients as well as attract new clients.

As a provider of entertainment TV programs and sports competitions targeting the general public, we are able to market our products and services through multiple channels, such as press conferences for new TV programs and sports competitions, trailers for new TV programs and media visits at the production venues of TV programs. These marketing events may enhance the understanding of our services by the general public and help us solicit business opportunities from potential clients.

Furthermore, we provide on-the-job training for our sales and marketing department in order to improve their knowledge and experience. We also require them to attend external seminars, including those sponsored by our media partners and clients, that are intended to improve their ability to communicate with automobile and other brand owner clients. We also have a bonus system to incentivize our sales and marketing team to continually improve their work efficiency, and also to help reduce turnover.

CLIENTS

Our main clients include automobile companies and other high-end brand owners, as well as the advertising agencies that represent them. We enter into contractual arrangements with these clients, which are all Independent Third Parties. As the customary practice in the marketing communications industry, some brand owners designate advertising agencies, including PRC affiliates of large 4A advertising agencies, to retain us on their behalf to provide services to them. In these kinds of arrangements, we usually enter into a service contract with the advertising agency that specifies the end customer of our services and describes in detail the services we will provide and relevant terms and conditions.

During the Track Record Period, we served 314 brands, of which 105 were in the automobile industry and 209 were in non-automobile industries, including the financial products, consumer electronics, wine and liquor, high-end apparel and tourism industries. Our revenues (inclusive of sales-related taxes) generated from non-automobile-related brand owners accounted for approximately 32.9%, 40.6% and 60.3% of our revenues (inclusive of sales-related taxes) in 2010, 2011 and 2012, respectively. Many of our current clients have been our clients for more than four years.

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The following tables set forth the breakdown of the brand owners we have served during the Track Record Period in each of our business units by industries to which relevant brands belong:

Wisdom Branding:

	For the year ended December 31,		
	2010	2011	2012
Industries			
Automobile-related	31	42	26
Tourism	3	17	15
Wine and liquor	9	10	12
Food and beverage	4	9	11
Electrical appliances	3	9	9
Others	<u>21</u>	<u>25</u>	<u>22</u>
Total	<u>71</u>	<u>112</u>	<u>95</u>

Wisdom Program:

	For the year ended December 31,		
	2010	2011	2012
Industries			
Automobile-related	11	32	34
Tourism	—	7	12
Wine and liquor	—	2	3
Food and beverage	1	—	3
Electrical appliances	—	1	2
Others	<u>1</u>	<u>4</u>	<u>6</u>
Total	<u>13</u>	<u>46</u>	<u>60</u>

Wisdom Sports:

	For the year ended December 31,		
	2010	2011	2012
Industries			
Automobile-related	11	17	6
Food and beverage	—	—	3
Tourism	—	—	2
Financial institution	—	—	2
Apparel	—	1	2
Others	<u>—</u>	<u>4</u>	<u>5</u>
Total	<u>11</u>	<u>22</u>	<u>20</u>

We believe that we have an integrated business model. The revenues generated from our clients who purchased services or products from two or more of our business units during the relevant years accounted for 45.6%, 56.8% and 44.5% of our revenues (inclusive of sales-related taxes) for the years ended December 31, 2010, 2011 and 2012, respectively. The revenues (inclusive of sales-related taxes) generated from our clients who purchased services or products from two or more business units were RMB140.6 million, RMB275.7 million and RMB256.5 million in the years ended December 31, 2010, 2011 and 2012, respectively.

We are developing a diversified customer base. For the years ended December 31, 2010, 2011 and 2012, our top five clients accounted for approximately 31.7%, 25.2% and 34.3% of our revenues (inclusive of sales-related taxes), respectively. Most of our top five clients during the Track Record Period were advertising agencies which directly entered into agreements with us. These advertising agencies normally

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represented several brand owners including GAC Toyota and BYD. Our largest client accounted for approximately 7.9%, 6.5% and 12.3% of our revenues (inclusive of sales-related taxes), respectively, for the years ended December 31, 2010, 2011 and 2012.

Our active clients refer to those clients who purchased services or products from us in each year during the Track Record Period. The total revenues generated from our active clients during the Track Record Period accounted for 44.6% of our aggregate revenues (inclusive of sales-related taxes) during the same period. During the Track Record, the majority of our active clients operated in the automobile-related industry and the other active clients operated in the industries of furniture and household appliances, food and beverage, and financial services.

We entered into an agreement with one of our top five clients in 2012 to sell to it the exclusive rights to all of the advertising time slots for “Treasure Hunt (尋寶)” for 2013, except that under the agreement, we have reserved our rights to sell such amount of the advertising time slots as requested by and to another advertising agency specified under the agreement representing its existing end-customers. As our direct sales to the aforesaid advertising agency would reduce the amount of advertising time slots for “Treasure Hunt (尋寶)” available for sale by this top five client, under our agreement with this top five client, any profit (net of the corresponding media costs, tax and fees) generated from our sales to this advertising agency would be shared equally between us and the aforesaid top five client.

MEDIA RESOURCES AND OTHER SUPPLIERS

The majority of suppliers in our branding services unit are media operators. We procure advertising time slots from television stations and advertising space from outdoor and other media operators for our clients’ advertisements. In selecting appropriate media resources for procuring advertising time slots and space, we take several factors into account, including the reputation and market recognition of the media operator, target audience and geographic coverage and rating of the media operator. We carefully select the appropriate media resources and media operators for each of the clients we serve.

We have stable business relationship with CCTV, an Independent Third Party, since 2007 and have entered into contractual arrangements with them to obtain exclusive advertising rights to a number of TV programs and acquire advertising time slots. We believe that our cooperation with CCTV is one of the reasons we are able to retain existing clients and attract new clients. During the Track Record Period, we acquired the exclusive rights to all or part of the advertising time slots of certain programs 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).” The media costs of these TV programs are relatively high and, therefore, CCTV accounted for a large proportion of our cost of services compared with other suppliers during the Track Record Period. Our exclusive agreements with CCTV on those selected programs normally have a term of one year. The price for the advertising time slots generally increases each year based on mutual negotiation.

To better implement our business strategy of developing program production and sports competitions organization businesses and strike a balance of the development of our three business units, we decided to focus on launching new TV programs and sports competitions in 2012 when we formulated our business plan for the next year in the end of 2011. In addition, we then anticipated that the slowdown of the growth in the PRC economy in the fourth quarter of 2011 would continue in 2012 and might adversely affect the volume of advertisements to be placed by our clients. We had sufficient financial resources to pay the deposits for advertising time slots for all of five TV programs in 2012 and sufficient management resources and staff to manage our media investment management, program production and sports competitions organization businesses, had we acquired the exclusive rights directly from CCTV. However, based on our business strategy and the macroeconomic environment, we decided to cooperate with a third party in our media investment management services which would allow us to divert part of our resources to program production and sports competitions organization businesses and manage the potential downside risks in branding services.

Beijing Qili, our client with good business relationship with us during the Track Record Period, expressed an interest in acquiring the exclusive rights to advertising time slots for some TV programs then held by us with an aim to strengthen its media investment management business. Beijing Qili is an Independent Third Party. Our Company, subsidiaries (including those held through the Structured Contracts), shareholders, directors and their respective associates confirmed that they do not have any past or present relationship (including, without limitation, business, family or trust relationship) with Beijing Qili or its shareholder. For the years ended December 31, 2010, 2011 and 2012, Beijing Qili accounted for 2.3%, 1.5% and 12.3% of our revenues (inclusive of sales-related taxes), respectively. While Beijing Qili purchased only from our Wisdom Program and Wisdom Sports units in 2010 and 2011, it became more involved as an authorized advertising agency in 2012 and acquired from us advertising time slots for “World Express (國際時訊)” and “Oriental Horizon (東方時空)”, which were daily TV programs, that could be cross sold with Beijing Qili’s advertising time slots for weekly TV programs, including “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Treasure Hunt (尋寶)” in 2012.

In order not to substantively reduce the amount of our advertising time slots for TV programs, and taking into account the marketing capability of Beijing Qili, we agreed to cooperate with Beijing Qili for the purchase and sales of advertising time slots for three weekly TV programs, namely “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Treasure Hunt (尋寶)”. Therefore, even though we were entitled to the right to renew the agreements with CCTV in connection with all of those five TV programs for another year upon their expiration on December 31, 2011, we only renewed our agreements with CCTV for the exclusive rights to advertising time slots for the two daily programs namely “World Express (國際時訊)” and “Oriental Horizon (東方時空)”. In respect of the exclusive right to advertising time slots for the three weekly TV programs for 2012, we informed CCTV that we decided to cooperate with Beijing Qili to exercise the renewal in practice through a business arrangement. As confirmed by a representative of CCTV, CCTV was aware that Beijing Qili is an Independent Third Party of the Group. By this arrangement, Beijing Qili could directly acquire from CCTV the exclusive rights to advertising time slots for these three TV programs and subsequently enter into an agreement with us to sell the exclusive rights to 50% of advertising time slots for these three TV programs, allowing us and Beijing Qili to split the potential downside risks of acquiring the exclusive rights to these advertising time slots.

We believe that CCTV considered this arrangement reasonable as the agreements under this arrangement contain terms substantially similar to the relevant agreements for 2010 and 2011 and hence would not be detrimental to CCTV and that CCTV had made similar arrangements with respect to its advertising resources for other TV programs granted to other advertising agencies. Also, we believe that as Beijing Qili intended to become more involved as an authorized advertising agency in 2012, Beijing Qili considered the above arrangement reasonable. As a result, CCTV granted the exclusive rights to advertising time slots for the three weekly programs namely “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Treasure Hunt (尋寶)” directly to Beijing Qili in 2012 without holding a public auction process, which is consistent with our belief that it is a usual practice of CCTV that only when the existing advertising agency decides not to renew or has breached its agreement with CCTV, CCTV would then initiate ad-hoc public auctions for the exclusive rights to the relevant advertising resources. We do not consider this business arrangement as assignment of exclusive rights to the advertising time slots for these three CCTV programs from us to Beijing Qili. Subsequently, Beijing Qili entered into an agreement with us and agreed to sell to us the exclusive rights to 50% of advertising time slots for these three TV programs at cost. We did not sell to Beijing Qili any of our advertising time slots for these three TV programs for 2012 and Beijing Qili did not sell to us any of their remaining 50% of advertising time slots for these three TV programs for 2012; however, under the agreement between Beijing Qili and us, when the overall demand of our clients for these advertising time slots exceeded the amount to which we had acquired, we were entitled to acquire additional amount of advertising time slots at cost from Beijing Qili to satisfy the demand of our clients. The term of this agreement was one year with an expiration date of December 31, 2012. We did not have any profit sharing arrangement with Beijing Qili in connection with such cooperation. Therefore, in 2012, Beijing Qili became one of our suppliers for the advertising time slots for these three TV programs and also continued to be one of our clients for the advertising time slots for the other two CCTV TV programs we offered.

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As Beijing Qili only sold 50% of advertising time slots for those three weekly TV programs to us, our committed media costs in respect of these TV programs were reduced by half in 2012, which helped control our risks. Instead of making a deposit for advertising time slots for relevant TV programs before the beginning of the contract year and prepaying the media costs to CCTV each month, we were only required to make payments to Beijing Qili according to our actual placements of advertisements each month and settle the committed media costs by the end of each half year. In addition, pursuant to our agreement with Beijing Qili, we may place more advertisements by paying additional media costs, which offered more upside flexibility. Under such arrangement with Beijing Qili, we were able to have more flexibility in managing our cash flow for each of our three business units and implementing our business strategy in the uncertain economic environment in 2012. This arrangement offered an opportunity for Beijing Qili to tap into the media investment management industry in the PRC, in particular, establishing a cooperation with CCTV and became an authorized advertising agency of CCTV. This allows Beijing Qili to leverage on their position to further expand their media investment management business in the PRC. The Directors do not consider Beijing Qili as a potential competitor of our Company on the basis that (i) Beijing Qili only has a short track record in this industry; and (ii) their relationship with CCTV was built upon our relationship with CCTV and Beijing Qili did not have as strong tie with CCTV as compared to our track record with CCTV.

We focused in building up our Wisdom Sports and Wisdom Program platforms in 2012 and successfully launched new sports events and new TV programs. As we plan to further integrate our three business units and develop more cross-selling opportunities and are confident in the market demands of our media investment management services in 2013, we decided to discontinue our cooperation model with Beijing Qili in 2013. Although the cooperation model with Beijing Qili has been discontinued, we believe that such arrangement was beneficial to us as well as Beijing Qili. We were able to control our financial risk in an anticipated slowdown of growth in the PRC and Beijing Qili was able to tap into the media investment management industry in PRC. We will continue to maintain good business relationship with and offer our services to Beijing Qili. After the expiration of our agreements with CCTV for the exclusive rights to advertising time slots for “World Express (國際時訊)” and “Oriental Horizon (東方時空)” and our agreement with Beijing Qili for the exclusive rights to 50% of advertising time slots for “News Weekly (新聞週刊)”, “World Weekly (世界週刊)” and “Treasure Hunt (尋寶)” on December 31, 2012, CCTV has agreed to grant us the exclusive rights to advertising time slots for these five TV programs in 2013 and issued authorization certificates for the sales of relevant advertising time slots to us. We acquired the exclusive right to advertising time slots for these five TV programs in 2010 and continued to hold such rights during the Track Record Period and up to the Latest Practicable Date, except for the aforementioned business arrangement in relation to the advertising time slots for the three weekly TV programs in 2012. We believe that at the relevant time before the expiration of the relevant agreements for these three weekly TV programs for 2012, Beijing Qili did not engage CCTV on any discussion or indicate to CCTV any intention in respect of the renewal of the relevant agreements and based on (i) the aforementioned business arrangement, (ii) our stable relationship with CCTV, and (iii) our track record as the advertising agency for these three TV programs, CCTV decided to grant us the exclusive rights to the advertising time slots for these three TV programs for 2013. We entered into formal agreements with CCTV with respect to the exclusive rights to advertising time slots for these five TV programs in 2013. The terms of these agreements is one year with an expiration date of December 31, 2013. We cannot assure you that our existing exclusive rights to advertising time slots for the five CCTV programs will be renewed after the end of 2013. For the risk relating to the renewal of our existing exclusive rights to advertising time slots for the five CCTV programs, see “Risk Factors — Our cooperative relationship with CCTV and other media resources has been, and is expected to continue to be, critical to our business and financial performance. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would materially and adversely affect our business, results of operations and financial condition”. From January 1, 2013 up to the Latest Practicable Date, while Beijing Qili did not purchase any of our products or services, based on public information, it remains to be one of the authorized advertising agencies of CCTV.

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We also secure other valuable and effective media resources from satellite TV channels with nationwide coverage and local TV channels, Internet portal sites and online television platforms in China and other outdoor media, depending on the specific marketing demands of our clients. During the Track Record Period, we also secured media resources from magazines and video screens on trains and airplanes.

In addition to media operators, the majority of suppliers in our program production business unit are service providers for program production related work. We outsource a small portion of our work, consisting mostly of labor-intensive and technical or logistical supporting work, to third party service providers, such as the stage setting and motion design. We also lease production studios and recording studios from third parties from time to time depending on the production schedule of relevant TV programs. During the Track Record Period, we incurred approximately RMB10.1 million, RMB23.6 million and RMB12.8 million for production related costs excluding media costs, which include production and recording studio leasing, equipment leasing, stage setting and motion design, and other related costs. As the available time slots and the production quality of the production studios and recording studios currently leased by us may not satisfy our increasing demands of media production work and keep pace with the latest technology development in this field, we plan to build our own high-definition production studios and recording studios.

The majority of suppliers in our sports competitions organization business unit are venue providers and logistics service providers in connection with the organization and promotion of sports competitions and events. We aim to ensure that the brand owners we are servicing have channels of brand exposure that are adequate to reach their target audience, and that the spaces where these activities take place have enough capacity and adequate facilities to properly serve the brand owner's needs. Therefore, we work with venue providers and other service providers that have the capacity and facilities to reach the brand owner's target audience and, where necessary, cooperate with other event organizers to ensure that our clients' needs are met. In addition, we engage event management and public relations companies to provide support services to us for the events we organize and manage.

For the years ended December 31, 2010, 2011 and 2012, our five largest suppliers accounted for approximately 90.1%, 92.4% and 89.5% of our total purchases, respectively. Our largest supplier, CCTV, accounted for approximately 80.4%, 85.7% and 72.7% of our total purchases for the years ended December 31, 2010, 2011 and 2012, respectively. Our Wisdom Program unit had 11, 19, 21 suppliers with transaction amount of RMB100,000 or more per year for the years ended December 31, 2010, 2011 and 2012, respectively. Our Wisdom Sports unit had 5, 6, 18 suppliers with transaction amount of RMB100,000 or more per year for the same periods, respectively. Our Wisdom Branding had 6, 11 and 6 suppliers with transaction amount of RMB100,000 or more per year for the same periods, respectively.

During the Track Record Period, we secured the exclusive rights to the advertising time slots, advertising space, naming rights and embedded advertisement of certain TV programs from CCTV and the exclusive rights to the advertising space, naming rights and embedded advertisement of certain TV programs from Shenzhen Satellite TV, Chongqing Satellite TV and over 120 local TV channels with the coverage in various cities in 26 provinces in China.

CCTV is China's largest and most influential television network with 37 channels and nationwide coverage. In 2012, the viewership population of CCTV was estimated by Ipsos to be about 768 million. Due to its extensive network coverage, it is often the preference of our existing and potential clients to broadcast their advertisements on CCTV which they believe their products or services can gain maximum exposure and recognition. Although we believe that strong demand for CCTV advertising time slots from our clients will continue and CCTV will continue to be our single largest supplier, we have taken and will continue to take necessary measures to control the risk of reliance on CCTV, including:

- (i) We have developed business relationships with media operators in China and offer our clients effective access to their target audience and potential customers through these media operators, including satellite and local TV channels, such as Chongqing Satellite TV. We intend to establish

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relationships with other media operators in China and explore new media channels such as the Internet (including social media), advanced mobile communications systems (including smart phones and mobile TV devices and platforms) and outdoor media (including outdoor digital bulletin boards) which will enable us to offer wider range of media selection for our customers when they select a media operator or the type of media channel for broadcasting their advertisements. We believe that we are able to optimize the mixture of our suppliers by further diversifying our media resources and media channels.

Our current plan includes: (i) we will be focused on cooperating with media operators that possess media resources with costs structure and sales potential which would allow us to maintain or further improve our overall gross profit; we may evaluate media resources of mobile media operators, outdoor media operators and a few select non-CCTV media operators in the Southern China region in which, we believe, a good selection of such non-CCTV media operators have operation and (ii) we will continue to develop our own website (www.luckygo.com.cn), which presents information on automobiles from various aspects and combines our above-the-line and below-the-line resources.

Our estimated capital expenditures would be in the amounts of approximately RMB230,000 and RMB340,000 for 2013 and 2014, respectively, for further development of our own website (www.luckygo.com.cn) and would include: (i) investment costs on servers and storage hardware and related cleanroom set up; and (ii) licensing fees for software development.

- (ii) Under the agreements with CCTV, the Company is not subject to any restriction from cooperation with other media operators in connection with any matter, including (i) acquiring the exclusive rights to advertising time slots from other media operators; and (ii) broadcasting clients' advertisements with other media operators even if such advertisements are also broadcasted on CCTV.

We will continue to ensure that we are not subject to any aforesaid restriction in any future agreements with CCTV or other media operators such that we can continue to expand our network of media operators.

- (iii) Unlike other traditional CCTV advertising agencies, we have engaged in production of several CCTV programs, including "CCTV Automobile of the Year (CCTV 中國年度汽車評選)" broadcasted in 2007, "Special Report on International Automobile Exhibitions (國際車展特別報導)" in 2008 and "Auto Fashion (車風尚)" from 2011 to 2013, and other TV programs, including "Rapid Heartbeat (加速心跳)" broadcasted from 2010 to 2011, "Driving Fashion (駕尚)" from 2011 to now, "Lucky Go (週末駕到 / 天天駕到)" from 2012 to now and "China Trends (中國潮)" in 2013, for other media operators and also plan to launch two new entertainment TV programs in 2014. As we have been engaged by CCTV and other media operators for production of TV programs for an established period of time, we believe our TV programs are of high-quality. We can leverage quality TV programs we produce not only to exchange for advertising resources from CCTV and other media operators, but also to benefit them by offering these quality TV programs to complement their respective TV programs. This strategy would allow the Company to maintain a business relationship with CCTV and other media operators in China.

As our current plan, we aim to continue to leverage our high quality TV program to exchange more advertising resources. Please refer to item (iv) below for our current plan and estimated capital expenditures of our program production business.

- (iv) Leveraging our corporate client base, we have made efforts to diversify our business through developing our program production and sports competitions organization businesses, which may also provide other advertising channels.

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Our current plan of our program production business includes; (i) we launched a new TV program “Lucky Go (週末駕到/天天駕到)” with Chongqing Satellite TV in November 2012; upon the expiration of the current term of our agreement with Chongqing Satellite TV on December 31, 2013, we are entitled to the renewal right for another two years; (ii) we recently launched a weekly 30 minute news commentary TV program “China Trends (中國潮)” in March 2013, which is currently broadcasted through a network of local TV channels; and (iii) in May 2013, we entered into a letter of intent with a satellite TV channel in China for the production of a military-themed TV program by us, tentatively scheduled to be broadcasted on the satellite TV channel in the second half of 2013, and the exploitation of commercial resources derived from the TV program. Our current plan of our sports competitions organization business includes: (i) in May 2013, we entered into an agreement with the Aviation Radio Model Sports Management Center of the PRC’s State Sports General Administration (國家體育總局航空無線電模型運動管理中心) to organize a hot air balloon championship in China in November 2013; and (ii) we also plan to organize a new marathon in Hangzhou in the second half of 2013.

As we expect to operate our program production business in 2013 based on existing equipment and facilities and expand the volume of and improve the technology used in the business in 2014, our estimated capital expenditures would be in the amounts of approximately RMB1 million and RMB114 million for 2013 and 2014, respectively, for our program production business and would include: (i) building of production and recording studios; (ii) purchase and installment of required production and post-production equipment; and (iii) customized industry-specific stage equipment and lighting. We currently do not expect to incur any capital expenditures for our sports competitions organization business for 2013 and 2014, after which, we expect to incur capital expenditures, including payment of license fees or registration fees for new sports competitions and expenses for competition facilities.

- (v) We plan to acquire exclusive rights to more advertising time slots for part or all TV programs broadcasted on satellite and local TV channels in affluent areas in China.

We believe that our ability to maintain a balance among a wide range of media resources and to offer a broad range of services has enabled us and will continue to enable us to control the risk of reliance on CCTV. For further details of our expected capital expenditures relating to the above measures, please refer to section headed “Future Plans and Use of Proceeds”.

In the event that we fail to renew our existing agreements with CCTV, as our contingency plans, we intend to reallocate our deposit with and prepayment to CCTV freed up after such non-renewal to (i) acquire other media resources from other CCTV programs or other media operators and (ii) further develop and expand Wisdom Program and Wisdom Sports units which have enjoyed higher profit margin as compared with Wisdom Branding unit during the Track Record Period.

For the risks relating to our reliance on CCTV and the renewal of our existing exclusive rights to advertising time slots for the five CCTV programs, see “Risk Factors — Our cooperative relationship with CCTV and other media resources has been, and is expected to continue to be, critical to our business and financial performance. Failure to enter into new, or renew, the existing exclusive agreements with CCTV and other media resources on commercially feasible terms or at all would materially and adversely affect our business, results of operations and financial condition”.

QUALITY CONTROL

We have strict requirements for the basic qualifications of our program production supervisors, directors, photographers, reporters and editors. Our program production center has also formulated basic requirements in respect of topic selection, post-production and internal review and rating of finished video programs. These measures ensure the consistent quality of our TV programs and other video programs.

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In order to ensure that we produce only high quality programs, we have strict topic submission requirements, and we also have an examination and approval procedure for the program production process. Our quality management topic submission requirements mainly focus on whether a topic can feasibly be included in a program from a cost, time, content, method and regulatory approval perspective. Furthermore, we have specific standards for the broadcast tapes in respect of voice quality, accuracy and speed of subtitles, packaging, picture quality and other key items and have adopted detailed rules for the storage and transmission of broadcast tapes.

We review the content of the programs that will be broadcasted to ensure that each individual episode is connected to the series as a whole. The responsible editor and the program's general supervisor review each episode before it is sent to the producers for further review. We have implemented a program rating system, which sets out the detailed requirements for the finished programs. Every month, a committee that is composed of the producers and the program's general supervisor, will review and rate each program based on a defined scale, and each director's compensation will be influenced by such ratings. We also review video programs and our clients' advertisement to make sure they comply with the applicable rules and special requirements of media operators with respect to the media content and advertisement content.

We also have specific rules to ensure the safety and fairness of our sports competitions. We have adopted stringent requirements with respect to the selection of venue and suppliers, safety of contestants, audience and staff (including fire safety), purchase of life and property insurance policies, onsite security, seating of the audience, public sanitation and environmental protection, and formulated procedures and standards for the selection of staff responsible for these matters. Our organizing committee and referee group also review the qualifications of contestants and strictly implement the competition rules.

We utilize an incentive system that links compensation with the level of responsibility and performance on a project. By standardizing all of our businesses with a procedural specification, and clearly stating each job position's responsibility on the project, we have improved our businesses' levels of standardization and overall quality. We create bonus funds that are awarded for high quality work. In addition, clients' acknowledgements and feedback on the quality of work of our individual employees is recorded and taken into account for compensation purposes.

We aim to provide the highest quality products and services to our clients. As of the Latest Practicable Date, there was no significant dispute, lawsuit, or arbitration brought against us due to a client's dissatisfaction.

RESEARCH AND DEVELOPMENT

In order to better understand our clients' business needs and adapt to the changing trends of the marketing communications industry, we have invested in several research and development initiatives. We recently set up a team in charge of the launch and maintenance of our website, as a new media platform to serve our clients. We are also in the process of building up a research center dedicated to (i) researching evolving industry trends and consumer behavior and preferences, (ii) researching new and innovative media platforms and channels, and (iii) developing new products and services. We have set up a proprietary consumer information database based on the information we accumulated from prior program production, organization of sports competitions and event marketing. We plan to further enhance this database by improving our data collection methods and analysis tools. We are also in the process of enhancing our media information database to analyze viewership rates of media resources and customer preferences for media resources. In addition, we have established a reward mechanism to ensure that we create innovative video programs. In order to encourage and enhance our team's creativity, we have also formulated and implemented a reward for the Wisdom Program staff member that proposes the best program topic each year.

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CREDIT POLICY AND CONTROL

We have adopted stringent credit control procedures, and we monitor our working capital on an on-going basis to minimize potential credit risks. Our chief financial officer is responsible for implementing our credit policy and monitoring the settlement of our receivables. Since we provide marketing communications services, our clients are mainly reputable brand owners (and the advertising agencies that represent them) that do not generally have a history of payment defaults. Also, we believe that, in general, we are able to capitalize on the quality of our existing clients and our relationships with them to attract and secure other high quality clients that have sound credit standing and no history of defaulting on their debts, which helps to further reduce our credit risk.

EMPLOYEES

As of December 31, 2010, 2011 and 2012, we had 121, 154 and 163 full-time employees in China, respectively. The following table sets forth the number of our staff by functional role as of December 31, 2012:

	<u>Number of employee</u>	<u>Percentage</u>
Sales and marketing	63	38.7%
Program production	26	16.0%
Sports competitions and events	21	12.9%
Branding and identity services	7	4.3%
Management and administration	39	23.9%
New Media	<u>7</u>	<u>4.3%</u>
Total	<u>163</u>	<u>100%</u>

We offer our employees competitive compensation packages and various training programs, which are intended to attract and retain qualified personnel. As of December 31, 2012, 56.4% of our employees held undergraduate degrees or above.

The remuneration package of our employees includes salary, bonus and other cash benefits and benefits in-kind. As required by PRC regulations, we participate in various employee benefit plans that are organized by local governments, including housing, pension, medical and unemployment benefit plans. We are required under PRC laws to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local governments from time to time. The total amount of contributions we made to employee benefit plans for the years ended December 31, 2010, 2011 and 2012 was approximately RMB1.3 million, RMB2.6 million and RMB4.9 million, respectively.

We typically enter into a standard employment agreement and a confidentiality agreement with our employees. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations.

INSURANCE

During the Track Record Period, we maintained statutory social insurance coverage for our employees and management. For the sports competitions we organized, we also purchased insurance policies for the contestants and on-site working staff. Based on our industry experience and the market practice in the PRC, we believe that the insurance coverage maintained by us is adequate for our current business operations.

INTELLECTUAL PROPERTY RIGHTS

As of the Latest Practicable Date, our Group had registered 17 trademarks in the PRC, had applied for registration of two trademarks in the PRC and had registered 39 domain names in the PRC. Details of our

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material intellectual property rights are set out in the subsection “Intellectual Property Rights” in Appendix IV to this prospectus.

COMPETITION

The marketing communications industry in China is highly competitive and fragmented. There are numerous media and marketing channels that our clients could use to promote their products or services, including television, radio, magazines, newspapers, outdoor advertising and the Internet. Furthermore, in each media sector there are multiple companies competing for clients’ advertising budgets. In particular, we face competition from companies that adopt a similar business model as ours or offer marketing communications channels that are comparable to our offerings.

The marketing communications industry in China is a talent-intensive industry. It is difficult for new and inexperienced marketing communications service providers to understand the client-side business and domestic consumer behavior and develop a long-term strategic partnership with sizable clients. As these sizable clients have relatively high requirements on different aspects such as service network, knowledge of local market, industry experience etc. For capital insufficient marketing communications service providers, they face great challenges to enter this industry because dominant TV channels may require significant prepayment for bulk-purchase of advertising time slots.

TV program production is a highly-regulated industry in China. In order to obtain the Permit for Production and Operation of Radio and TV Programs from the Chinese government, market players need to have well-established production capabilities. Production houses without this permit are not allowed to produce TV programs.

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.

We mainly engage in the provision of marketing communications services to automobile companies and other brand owners or the advertising agencies that represent them. We compete with other companies in each segment of the services we provide, as follows:

- With respect to our media investment management and branding and identity services, our competitors include PRC affiliates of international 4A advertising agencies, and a small number of domestic advertising companies that provide branding and identity services for clients in industries.
- With respect to program production, we face direct competition from other program producers, including broadcasters that could independently produce programs and operators and television stations that independently produce and broadcast programs.
- With respect to the organization, management and promotion of sports competitions and other events, we face competition from other event management companies.

We compete mainly based on service quality, available advertising time slots, price, reputation, relationships with a variety of media channels, our specific expertise in the automobile and automobile-related sector, and our experience in designing tailored marketing campaigns for our clients.

We believe that our specific expertise in the automobile and automobile-related sector as well as our ability to provide branding services, produce compelling programs and organize sports competitions events represent a significant advantage over our competitors. However, we cannot assure you that we will be able to maintain our competitiveness in this industry. See “Risk Factors — Risks Related to Our Business and

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

PROPERTY

As of the Latest Practicable Date, our Group owned eight properties in Beijing with an aggregate floor area of 1,106 square meters which are used as office premises for our Group. We have obtained the building title certificates for all the properties we own. However, the relevant building title certificates indicate that these properties are for residential use and relevant authorities may require us to conform to the designated usage specified in relevant building title certificates. We believe that even if we are required to relocate any or all of our offices to other places and bear related relocation cost, there would be no material adverse effect on our operations and financial condition. Ms. Ren, one of our Controlling Shareholders, has agreed to indemnify us against all damages that we might incur if we are required to relocate our offices due to the non-compliant use of our owned properties. Details of our owned properties are set out below:

No.	Owned Properties	Gross floor area (sq.m)	Registered Owner
1	Room 701, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	161.43	Beijing Wisdom Media
2	Room 702, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	114.54	Beijing Wisdom Media
3	Room 703, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	114.54	Beijing Wisdom Media
4	Room 705, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	161.43	Beijing Wisdom Media
5	Room 706, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	116.51	Beijing Wisdom Media
6	Room 709, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	114.54	Beijing Wisdom Media
7	Room 710, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	161.43	Beijing Wisdom Media
8	Room 711, Floor 7, Bldg 1, 16 Xinyuanli, Chaoyang District, Beijing	116.51	Beijing Wisdom Media

As of December 31, 2012, each of our properties had a carrying amount below 15% of our combined total assets. On this basis, no property valuation report in respect of the Group’s property interests is required in reliance upon the exemption provided by Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

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We also lease six properties in Beijing, one property in Shanghai, one property in Guangdong and three properties in Zhejiang from Independent Third Parties for use as our offices and warehouses. The lessors for most of these real property leases have not registered the leases with the relevant PRC authority. Our PRC legal advisers advise us that even though these leases have not been registered, it will not affect the validity of the leases. Furthermore, for one leased property in Guanzhou, the lessor was not able to provide building title certificate or other evidence of ownership, and such lessor may not have proper legal title to lease the relevant property. We believe that even if we are required to relocate to other properties, there would be no material adverse effect on our operations and financial condition. Ms. Ren, one of our Controlling Shareholders, has agreed to indemnify us against all damages that we might incur if any of our leases are deemed invalid. Details of our leased properties are set out below:

No.	Lease Properties	Gross floor area (sq.m)	Lessee	Expiry dates of the leases
1	B3-33, Floor B3, Kunsha Building, 16 Xinyuanli, Chaoyang District, Beijing	18	Beijing Wisdom Media	November 15, 2013
2	Room 4327, Haiyuncang International Building, Dongzhimen, Dongcheng District, Beijing	15	Xinchuang Branding	January 16, 2014
3	Room 4326, Haiyuncang International Building, Dongzhimen, Dongcheng District, Beijing	15	Wisdom Leadership	January 16, 2014
4	Room 812, No. 1508, Jiangpu Road, Yangpu District, Shanghai	43.53	Shanghai Zhizhen	February 28, 2014
5	Room 302, 303, 312, 313, Bldg C, No.39, Liangmaqiao Road, Chaoyang District, Beijing	867.37	Beijing Wisdom Media	July 12, 2013
6	Room 106, No. 146, Fangcun Ave. East, Liwan District, Guangzhou	30	Guangzhou Qibu	May 8, 2015
7	Room 1701-1703, Huatengbeitang Office Area, 37 Nanmofang Road, Chaoyang District, Beijing	15	Wisdom Culture	June 6, 2014
8	Room 102, 1st FL Main Office Building, 118 Longxin Road, Haining Economic Development Area, Haining	50	Zhejiang Wisdom Sports	July 30, 2013
9	Room 103, 1st FL Main Office Building, 118 Longxin Road, Haining Economic Development Area, Haining	50	Zhejiang Wisdom Advertising	July 30, 2013
10	Room 313, Bldg C, No. 39, Liangmaqiao Road, Chaoyang District, Beijing	82.19	Zhejiang Wisdom Advertising	July 12, 2013
11	Room 1101, 1102, 1103, 1104, Bldg B, UDC Times Building, No. 8, Xinye Road, Jianggan District, Hangzhou	1,458.76	Zhejiang Wisdom Sports	November 14, 2015
12	Room 302, 303, 312, 313, Bldg C, No.39, Liangmaqiao Road, Chaoyang District, Beijing ⁽¹⁾	949.56	Beijing Wisdom Media	January 12, 2014

Note:

(1) Lease no. 12 will commence on July 13, 2013, upon expiration of leases nos. 5 and 10.

REGULATORY COMPLIANCE AND LEGAL PROCEEDINGS

As of the Latest Practicable Date, we were not involved in any litigation, arbitration, or claim, and our directors are not aware of any litigation, arbitration, or claim that is pending or being threatened by or

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against us that would have a material adverse effect on our operating results or financial condition. From time to time, we may be subject to various claims and legal actions that arise in the ordinary course of business.

Our PRC legal advisers have confirmed that, other than those described in “— Property”, our Group, including our subsidiaries incorporated in the PRC, have complied with all of the relevant regulatory requirements, and have obtained all the permits, licenses, and approvals necessary for engaging in our business and operations as required by PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, the Company had not been held liable for its clients’ advertisement contents by reason of such contents being not in compliance with the relevant regulations.

The Group has an in-house legal and compliance team led by Ms. Hao Bin (郝彬). Ms. Hao obtained the Certificate of Legal Professional Qualification of the PRC in 2010. She has been serving in the in-house legal and compliance team of the Group for approximately three years. Also, the Group 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 matters relating to its business, such as licensing, ongoing regulatory compliance, intellectual property matters and litigations arising out of or in connection with the ordinary course of its business.

Our business does not fall into the category of heavily polluting industries. Our operations are in compliance with the relevant environmental requirements, and we strictly comply with national and local rules and standards for environmental protection. As confirmed by our PRC legal advisers, we are not subject to any environment obligations arising from our business operations.

Additional information on the relevant laws and regulations affecting our business is provided in the section of this prospectus headed “Regulatory Overview.”