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## CONNECTED TRANSACTIONS

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During the Track Record Period, our Company has entered into a number of related party transactions, details of which are set out in Note 29 to the Accountant's Report set out in Appendix I to this prospectus. Our Directors have confirmed that these related party transactions were conducted in the ordinary course of business and on normal commercial terms.

Upon the Listing, the following transactions will constitute continuing connected transactions under the Listing Rules for our Company.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions have been carried out by our Group and the connected persons of our Company during the Track Record Period and are expected to continue after the Listing. The transactions will constitute continuing connected transactions which are not exempt from all reporting, announcement and/ or independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules upon the Listing:

#### Structured Contracts

As disclosed in the paragraph headed "Structured Contracts" in the section headed "History and Restructuring" in this prospectus, the business operation of Beijing Wisdom Media constitutes Restricted Business.

As the business operation of Beijing Wisdom Media constitutes Restricted Business, we cannot acquire equity interest in Beijing Wisdom Media. As a result, our Group has entered into a series of contracts designed to provide Wisdom Culture and thus our Group with effective control over Beijing Wisdom Media and, to the extent permitted by PRC law and regulations, grant the right to our Group to acquire the equity interests in Beijing Wisdom Media upon the Listing. The Structured Contracts were entered into on June 24, 2013 pursuant to which all material business activities of Beijing Wisdom Media are instructed and supervised by Wisdom Culture and all economic benefits and risks arising from the business of Beijing Wisdom Media are transferred to our Group.

The Structured Contracts currently in force comprise five agreements, namely: (i) the exclusive consulting and service agreement; (ii) the exclusive business operating agreement; (iii) the share pledge agreement; (iv) the exclusive option agreement and (v) the powers of attorney, which were entered into between/among Wisdom Culture, Beijing Wisdom Media and/or the existing shareholders of Beijing Wisdom Media, the detailed terms of which are set out in the paragraph headed "Structured Contracts" in the section headed "History and Restructuring" of this prospectus. The PRC legal advisers of our Company have advised that the Structured Contracts are in compliance with and are enforceable under the existing PRC laws or regulation.

#### *Implications under the Listing Rules*

The Structured Contracts were entered into between/among Wisdom Culture, Beijing Wisdom Media and/or the existing shareholders, including Ms. Ren, of Beijing Wisdom Media. As Ms. Ren is a substantial shareholder of our Company and an executive Director and therefore a connected person of our Company, the transactions contemplated under the Structured Contracts constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the Listing.

#### *The view of our Directors*

Our Directors (including the independent non-executive Directors) are of the view that the Structured Contracts and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, and that the businesses of the Group subject to the Structured Contracts have been and shall be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Our Directors also believe that our Group's structure whereby the financial results of Beijing Wisdom Media are

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consolidated into our Group's financial results commencing from June 24, 2013, and the flow of economic benefit of its business to our Group places our Group in a special position in relation to the connected transactions. Accordingly, notwithstanding that the transactions contemplated under the Structured Contracts technically constitute continuing connected transactions for the purposes of Chapter 14A of the Listing Rules, our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administration costs to our Company if the continuing connected transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the requirements of publishing an announcement and obtaining approval of the independent Shareholders.

The Directors confirm that it is a normal business practice and in the best interest of the Company and its shareholders for the Structured Contracts to be of duration longer than three years and for so long as the Company is listed on the Stock Exchange.

### *Waiver application*

Pursuant to Rule 14A.42(3) of the Listing Rules, our Company has applied to the Stock Exchange, and the Stock Exchange has agreed to grant a waiver from strict compliance with (i) announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts; (ii) the requirement of setting a maximum aggregate annual value (i.e. an annual cap) for the fees payable to Wisdom Culture under the Structured Contracts; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less, for so long as the Shares are listed on the Stock Exchange, subject to the following conditions:

- (a) No changes without independent non-executive Directors' approval: Except as described below, no changes to the Structured Contracts will be made without the approval of the independent non-executive Directors;
- (b) No changes without independent Shareholders' approval: No changes to the Structured Contracts will be made without the approval of the independent Shareholders;
- (c) Economic benefits flexibility: The Structured Contracts continue to enable our Group to receive the relevant economic benefits derived by Beijing Wisdom Media through: (i) our Group's option at any time (if and when permitted under PRC laws) to acquire, all or part of the entire equity interest of Beijing Wisdom Media at the lowest price permissible under PRC laws; (ii) the business structure under which the revenue generated by Beijing Wisdom Media is mainly retained by our Group; and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of Beijing Wisdom Media;
- (d) Renewal and reproduction: The framework of the Structured Contracts may be renewed and/or reproduced upon the expiry of the existing arrangements or, in relation to any existing or new wholly foreign-owned enterprise or operating company that our Group might wish to establish, without obtaining the approval of Shareholders, on substantially the same terms and conditions as the Structured Contracts. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company that our Group may establish upon renewal and/or reproduction of the Structured Contracts will be treated as the connected persons of our Company and transactions between these connected persons and our Company other than those under similar structured contracts shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals;
- (e) Ongoing reporting and approvals: Our Group will disclose details relating to the Structured Contracts on an ongoing basis as follows:
  - details of the Structured Contracts will be disclosed in the annual reports and accounts of our Group in accordance with the relevant provisions of the Listing Rules;

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- the independent non-executive Directors will review the Structured Contracts annually and confirm in the annual reports and accounts of our Group for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Structured Contracts so that the revenue generated by Beijing Wisdom Media has been mainly retained by our Group; (ii) no dividends or other distributions have been made by Beijing Wisdom Media to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between Beijing Wisdom Media and our Group during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Company is concerned and in the interests of the Shareholders as a whole;
- our Company's auditor will carry out review procedures annually on the transactions under the Structured Contracts and will provide a letter to the Directors with a copy to the Stock Exchange, at least ten Business Days before the bulk-printing of the annual report of our Group, confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the relevant Structured Contracts and that no dividends or other distributions have been made by Beijing Wisdom Media to the holders of its equity interests which are not subsequently assigned or transferred to our Group;
- for the purposes of Chapter 14A of the Listing Rules, Beijing Wisdom Media will be treated as our Company's wholly-owned subsidiary, and its directors, chief executives or substantial shareholders and their respective associates will be treated as connected persons of our Company, and transactions between these connected persons and our Group, other than those under the Structured Contracts, will be subject to requirements under Chapter 14A of the Listing Rules; and
- Beijing Wisdom Media will undertake that, for so long as the Shares are listed on the Stock Exchange, to provide our Group's management and our Company's auditor full access to its relevant records for the purpose of our Company's auditor's review of the connected transactions.

### *Confirmation from the Sole Sponsor*

The Sole Sponsor is of the view that the terms of the agreements constituting the Structured Contracts and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations and that the businesses of the Group subject to the Structured Contracts have been and shall be entered into in the ordinary and usual course of business of our Group, and are on normal commercial terms and are fair and reasonable and are in the interests of the Shareholders as a whole. With respect to the term of the relevant agreements constituting the Structured Contracts which term is of a duration longer than three years, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of Beijing Wisdom Media can be effectively controlled by Wisdom Culture; (ii) Wisdom Culture can obtain the economic benefits from the operation of Beijing Wisdom Media; and (iii) any possible dissipation of assets and values of Beijing Wisdom Media can be prevented.