

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

AirMedia Group Inc.

(Exact name of registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Cayman Islands
(State or other jurisdiction of
incorporation or organization)

7311
(Primary Standard Industrial
Classification Code Number)

Not Applicable
(I.R.S. Employer
Identification Number)

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earliest effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price ⁽¹⁾	Amount of registration fee
Ordinary Shares, par value US\$0.001 per share ⁽²⁾⁽³⁾	US\$100,000,000	US\$3,070

(1) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

(2) Includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public, and also includes ordinary shares that may be purchased by the underwriters pursuant to an over-allotment option. These ordinary shares are not being registered for the purpose of sales outside the United States.

(3) American depositary shares issuable upon deposit of the ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No.333-). Each American depositary share represents ordinary shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject To Completion)
Issued , 2007

American Depositary Shares



AirMedia Group Inc.

REPRESENTING ORDINARY SHARES

AirMedia Group Inc. is offering American Depositary Shares, or ADSs, and the selling shareholders are offering ADSs. Each ADS represents ordinary shares. This is our initial public offering and no public market exists for our ADSs or our ordinary shares. We anticipate that the initial public offering price will be between US\$ and US\$ per ADS.

We have applied to list the ADSs on the Nasdaq Global Market under the symbol "AMCN."

Investing in the ADSs involves risks. See "Risk Factors" beginning on page 11.

PRICE US\$ AN ADS

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Company	Proceeds to Selling Shareholders
Per ADS	US\$	US\$	US\$	US\$
Total	US\$	US\$	US\$	US\$

We and the selling shareholders have granted the underwriters the right to purchase up to additional ADSs to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to purchasers on or about , 2007.

MORGAN STANLEY

CIBC WORLD MARKETS

, 2007

LEHMAN BROTHERS

SUSQUEHANNA FINANCIAL GROUP, LLLP



Largest digital media network in China dedicated to air travel advertising

Concession rights contracts to operate in 52 airports, including 28 out of the 30 largest airports in China

Concession rights contracts to place our programs on the routes of 9 airlines, including the 3 largest airlines in China



Airport Network

- Currently operate over 2,000 digital TV screens in 37 airports
- Operate over 95% of the digital TV screens that display advertisements in the 15 largest airports in China
- Concession rights to operate in Terminal 3 of Beijing Capital International Airport

Airline Network

- Currently place our programs on over 16,000 digital TV screens on the routes of 9 airlines
- Programs account for over 80% of the total length of the digital TV screen advertisements of the 3 largest airlines in China



- Airports in which we currently operate digital TV screens
- Airports for which we currently have concession rights contracts and in which we plan to operate digital TV screens in the future

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You should rely only on the information contained in this prospectus or in any free writing prospectus filed with the Securities and Exchange Commission in connection with this offering. We have not authorized anyone to provide you with information that is different from that contained in this prospectus or in any filed free writing prospectus. We are offering to sell, and seeking offers to buy, the ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus or in any filed free writing prospectus is current only as of its date, regardless of the time of its delivery or of any sale of the ADSs.

We have not taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus or any filed free writing prospectus outside the United States. Persons outside the United States who come into possession of this prospectus or any filed free writing prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of this prospectus or any filed free writing prospectus outside of the United States.

Until (the 25th day after the commencement of the offering), all dealers that buy, sell, or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

CONVENTIONS THAT APPLY TO THIS PROSPECTUS

Unless otherwise indicated, references in this prospectus to,

- “ADRS” are to the American depositary receipts that evidence our ADSs;
- “ADSs” are to our American depositary shares, each of which represents ordinary shares;
- “CAAC” are to the General Administration of Civil Aviation of China, a PRC governmental agency; the largest airports in China in the 2006 Airport Data Report of CAAC are measured by the number of air passengers and the largest airlines in China in *China Civil Aviation*, a journal sponsored by the CAAC, are measured by the number of passengers;
- “China” or the “PRC” are to the People’s Republic of China, excluding, for the purpose of this prospectus only, Hong Kong, Macau and Taiwan;
- “Nasdaq” are to the Nasdaq Global Market;
- “ordinary shares” are to our ordinary shares, par value US\$0.001 per share;
- “preferred shares” are to our Series A preferred shares and Series B preferred shares;
- “Series A preferred shares” are to our Series A redeemable convertible preferred shares, par value US\$0.001 per share;
- “Series B preferred shares” are to our Series B redeemable convertible preferred shares, par value US\$0.001 per share;
- “RMB” and “Renminbi” are to the legal currency of China; and
- “US\$,” “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States.

Unless the context indicates otherwise, “we,” “us,” “our company,” “our,” and “AirMedia” refer to AirMedia Group Inc., its subsidiaries and variable interest entities and variable interest entities’ subsidiaries. Although AirMedia does not directly or indirectly own any equity interests in its consolidated variable interest entities or their subsidiaries, AirMedia effectively controls, and is the primary beneficiary of, these entities, through a series of contractual arrangements with them and their record owners. We have consolidated the financial results of these variable interest entities and their subsidiaries in our consolidated financial statements in accordance with the Generally Accepted Accounting Principles of the U.S. See “Corporate Structure,” “Related Party Transactions” and “Risk Factors” for further information on our contractual arrangements with these parties.

This prospectus contains translations of certain RMB amounts into U.S. dollar amounts at specified rates. All translations from RMB to U.S. dollars were made at the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translations of RMB into U.S. dollars have been made at the noon buying rate in effect on June 29, 2007, which was RMB7.6120 to US\$1.00. We make no representation that the RMB or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or RMB, as the case may be, at any particular rate or at all. See “Risk Factors—Risks Related to Doing Business in China—Fluctuations in exchange rates may have a material adverse effect on your investment” and “—Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively” for discussions of the effects of fluctuating exchange rates and currency control on the value of our ADSs. On October 18, 2007, the noon buying rate was RMB7.5148 to US\$1.00.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and notes thereto appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under "Risk Factors," before deciding whether to purchase the ADSs.

Overview

We operate the largest digital media network in China dedicated to air travel advertising. We operate over 95% of the digital TV screens that display advertisements in the 15 largest airports in China, according to an August 2007 report of Sinomonitor, or the Sinomonitor report. The advertising portion of our programs accounts for over 80% of the total length of the advertisements played on the digital TV screens for each of the three largest airlines in China. We operate over 2,000 digital TV screens in airports and place our programs on over 16,000 digital TV screens on airplanes. Due to PRC regulatory restrictions on foreign ownership of advertising businesses in China, we operate our advertising business through our consolidated variable interest entities and their subsidiaries in China. We have a series of contractual arrangements with these variable interest entities and their record owners that enable us to effectively control and derive substantially all of the economic benefits from these variable interest entities.

We currently have contractual concession rights to operate digital TV screens in 52 airports, including 28 out of the 30 largest airports in China. Our digital TV screens are currently located in 37 airports in China, including the five largest airports, Beijing Capital International Airport, Shanghai Pudong International Airport, Guangzhou Baiyun International Airport, Shanghai Hongqiao International Airport and Shenzhen International Airport. We plan to gradually roll out our operations in the additional 15 airports where we have contractual concession rights to operate digital TV screens. In addition, we have contractual concession rights to place our programs on the routes operated by nine airlines, including the three largest airlines in China, China Southern Airlines, China Eastern Airlines and Air China.

We also offer advertisers other media platforms in airports, such as digital frames, light box displays, 360-degree LED displays and 3D displays. We are in the process of upgrading our light box displays into digital frames and intend to significantly expand the number of digital frames in our network. For example, we recently obtained contractual concession rights to operate over 320 digital TV screens and over 440 digital frames at the newly constructed Terminal 3 of Beijing Capital International Airport and intend to install these digital TV screens and digital frames by the end of 2007. We also plan to introduce other new media platforms to expand our ability to target air travelers.

Air travel advertising in China has grown significantly in recent years as a result of growth in China's advertising market and air travel sector. By focusing on air travel advertising, we enable our advertising clients to target air travelers in China, who we believe are an attractive demographic for advertisers due to their higher-than-average disposable income. We strategically place our digital TV screens and other displays in high-traffic locations of airports, particularly in areas where there tend to be significant waiting time, such as departure halls, security check areas, boarding gates, baggage claim areas and arrival halls. In addition, the digital TV screens on our network airplanes are located in highly visible locations in passenger compartments and on the back of passenger seats. Our combined coverage in airports and on airplanes enables our programs to attract air travelers at multiple points during their travel experience, from check-in, boarding, flight time, to arrival.

We combine advertising content with non-advertising content, such as news, weather, sports and comedy clips, in our digital TV screen programs. We have agreements to show documentary clips provided by China Central Television, or CCTV, in airports and on airplanes. We also obtain program clips such as "Just For Laughs" and "Globe Trekker" from other third-party content providers. We believe this makes air travelers more receptive to the advertisements included in our programs and ultimately makes our programs more effective for

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our advertising clients. Our standard programs in airports currently include 25 minutes of advertising content during each hour of programming and are shown for approximately 16 hours per day. The length of our in-flight programs typically ranges from approximately 45 minutes to an hour per flight, approximately five to 13 minutes of which consist of advertising content.

We derive revenues principally by selling advertising time slots on our network to our advertising clients, including both direct advertisers and advertising agencies. From the commencement of our operations in August 2005 to June 30, 2007, a total of 240 advertising clients have purchased advertising time slots on our network. Our advertisers consist of international and domestic brands. Our top advertisers for 2006 and June 30, 2007 combined included Audi, China Mobile, China Unicom, Dongfeng-Citroen, Great Wall Wine, Haier, Hitachi, Lenovo, Lexus, LG, Mengniu Dairy, Nokia, Samsung and Shanghai Volkswagen, which collectively accounted for over 50.0% and 45.0% of our revenues for 2006 and the six months ended June 30, 2007, respectively.

We have grown rapidly since we commenced operations. The number of airports and airlines in which we operated and the number of digital TV screens operating in our network increased from 16, six and 12,385 as of December 31, 2005 to 32, nine and 17,837 as of June 30, 2007, respectively. For the period from August 7, 2005, the date we commenced operations, to December 31, 2005, we incurred a net loss of US\$2.4 million. For 2006, we generated net revenues of US\$17.9 million and achieved a net income of US\$4.1 million. For the six months ended June 30, 2007, our net revenues increased to US\$15.9 million from US\$6.7 million for the same period in 2006 and our net income increased to US\$4.0 million from US\$0.9 million for the same period in 2006.

Industry Background

The advertising market in China is one of the largest and fastest growing advertising markets in the world. According to ZenithOptimedia, advertising spending in China grew at a compound annual growth rate, or CAGR, of 16.4% between 2000 and 2005, making it one of the fastest growing advertising markets in the world. According to ZenithOptimedia, the advertising market in China is expected to experience continued strong growth with a CAGR of 18.1% from 2005 to 2009 and reach RMB164.0 billion (US\$20.6 billion) by 2009. The growth of China's advertising industry is being driven by a number of factors including the rapid and sustained economic growth in China, the growth in consumer spending and the relatively low historical levels of advertising spending in China per capita and as a percentage of GDP.

Air travel advertising in China is a relatively new advertising medium that has seen rapid growth in recent years. The development of the air travel advertising industry has resulted from a convergence of two rapidly growing sectors in China, out-of-home advertising, of which air travel advertising is an increasingly important subset, and air travel. Out-of-home advertising is a term we use to refer to media other than Internet, traditional television and radio broadcast and print media (which tend to be viewed primarily indoors). According to the China Statistical Abstract 2007, the number of air travelers in China grew at a CAGR of 15.5% from 67.2 million per year in 2000 to 159.7 million per year in 2006. We believe the air travel advertising industry in China has the following key characteristics:

- ability to target demographics that are attractive to advertisers;
- effective audience reach; and
- increasing acceptance by airports and airlines, air travelers and advertisers.

Our Strengths

We believe we have the following competitive strengths:

- We operate the largest digital media network in China dedicated to air travel advertising with broad geographic network coverage, and provide our advertising clients with the ability to reach a national audience through a single advertising network;
- We have contractual concession rights to operate digital TV screens in major airports and on leading airlines in China and, through our highly recognized brand name and experience in providing air travel advertising services, have also built strong relationships with these major airports and leading airlines;

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- Our air travel digital media network provides a significant value proposition to airports and airlines by offering programs that may enhance the passenger experience, and by providing airports and airlines with incremental revenue opportunities, an effective means of managing passenger traffic and a cost-effective media service;
- Our air travel digital media network provides a significant value proposition to advertisers by offering them extensive viewer reach, cost-effective advertising, scheduling flexibility and quality client service;
- We have extensive experience in combining advertising content with non-advertising content to make our airport and airplane programs more attractive to air travelers and ultimately more effective for advertisers;
- We have a highly recognized brand name in the air travel sector and strong relationships with advertisers; and
- We have a strong management team with extensive industry experience.

Our Strategies

Our goal is to extend our competitive position as the largest air travel digital media network provider in China and to successfully expand into other areas of the air travel advertising sector. Accomplishing this goal requires the successful implementation of the following strategies:

- We plan to broaden our service offerings through new advertising media platforms within the air travel advertising sector, in particular by upgrading our light box displays to digital frames and significantly expanding this platform, to broaden our consumer reach, enhance the effectiveness of our advertisements and provide our advertising clients with more choices in selecting and combining different air travel advertising platforms according to their advertising needs and preferences;
- We plan to enhance our leading market position and revenues by building local sales teams in additional cities to increase our sales of advertising time slots and utilization rate in these cities and increase the number of digital TV screens and other displays in our existing network;
- We will continue to secure high quality non-advertising content to make audiences more receptive to advertisements played on our network and ultimately bring greater value to our business in a cost-effective manner;
- We will continue to promote our brand name and the value of air travel advertising through proactive sales and marketing efforts to solidify and broaden our customer base and our relationships with airports, airlines and content providers; and
- We plan to pursue strategic relationships and acquisitions that expand our business within the air travel advertising industry, although we are not currently negotiating any material acquisitions.

Our Challenges

Our ability to realize our business objectives and execute our strategies is subject to risks and uncertainties, including the following:

- If advertisers or the viewing public do not accept, or lose interest in, our air travel digital media network, we may be unable to generate sufficient cash flow from our operating activities and our prospects and results of operations could be negatively affected;
- We derive substantially all of our revenues from the provision of air travel advertising services, and if there is a downturn in the air travel advertising industry, we may not be able to diversify our revenue sources;

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- If we are unable to retain existing concession rights contracts or obtain new concession rights contracts on commercially advantageous terms that allow us to place or operate the digital TV screens in airports or on airplanes, we may be unable to maintain or expand our network coverage and our business and prospects may be harmed;
- A substantial majority of our revenues are currently concentrated in the five largest airports and three largest airlines in China. If any of these airports or airlines experiences a material business disruption, our ability to generate revenues and our results of operations would be materially and adversely affected; and
- Our limited operating history may not provide an adequate basis to evaluate our business, financial performance or prospects or the viability of our digital media network and we do not expect to sustain our recent rates of growth in revenues or the number of airlines, airports or digital TV screens in our network in future periods.

Please see "Risk Factors" and other information included in this prospectus for a discussion of these and other risks.

Corporate History and Structure

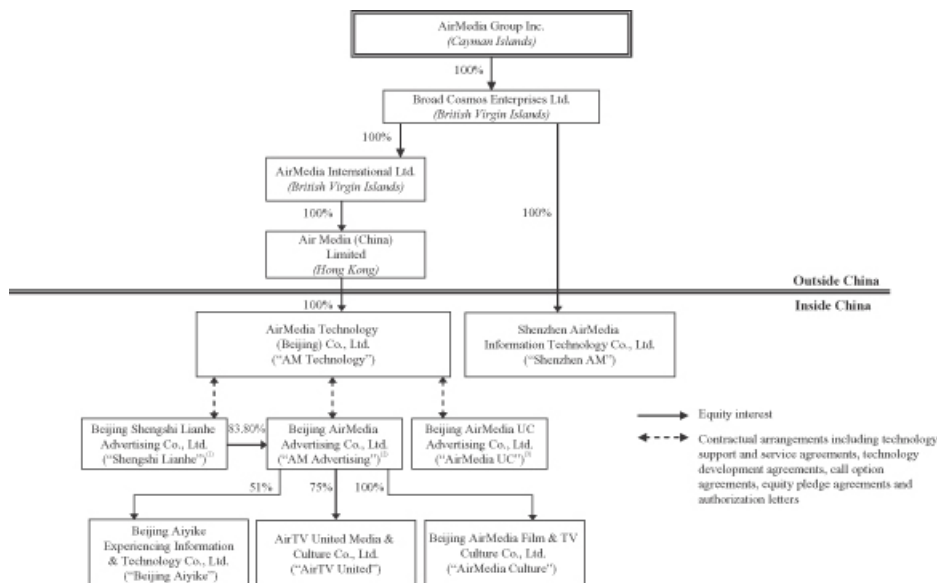
We commenced operations through Beijing Shengshi Lianhe Advertising Co., Ltd., or Shengshi Lianhe, a consolidated variable interest entity of our principal subsidiary, AirMedia Technology (Beijing) Co., Ltd., or AM Technology, in August 2005 in China. We established another wholly-owned subsidiary, Shenzhen AirMedia Information Technology Co., Ltd., or Shenzhen AM, in June 2006 in China. To prepare for this offering, we incorporated AirMedia Group Inc. in the Cayman Islands on April 12, 2007 as our listing vehicle and our holding company. Through a series of transactions, AirMedia Group Inc. became a holding company of AM Technology and Shenzhen AM.

Due to certain restrictions and qualification requirements under PRC law that apply to foreign investment in China's advertising industry, our advertising business is currently conducted through contractual arrangements among us, our subsidiaries and our variable interest entities in China, principally Beijing AirMedia Advertising Co., Ltd., or AM Advertising, Shengshi Lianhe and Beijing AirMedia UC Advertising Co., Ltd., or AirMedia UC, which are the major companies through which we provide advertising services in China. These contractual arrangements enable us to:

- exercise effective control over all of our variable interest entities;
- receive substantially all of the economic benefits from all of our variable interest entities; and
- have an exclusive option to purchase all of the equity interests in all of our variable interest entities, in each case when and to the extent permitted by PRC law.

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The following table illustrates our corporate structure as of the date of this prospectus:



- Notes: (1) Shengshi Lianhe is 49.83% owned by Herman Man Guo, our founder, chairman, chief executive officer and an ultimate owner of our ordinary shares, 37.60% by Zhenyu Wang, our director who holds the equity on behalf of CDH, 7.45% owned by Qing Xu, our director and an ultimate owner of our ordinary shares and 5.12% owned by Xiaoya Zhang, our president, director and an ultimate owner of our ordinary shares.
- (2) AM Advertising is 83.80% owned by Shengshi Lianhe, 8.07% owned by Herman Man Guo, our founder, chairman, chief executive officer and an ultimate owner of our ordinary shares, 6.09% owned by Zhenyu Wang, our director who holds the equity on behalf of CDH, 1.21% owned by Qing Xu, our director and an ultimate owner of our ordinary shares and 0.83% owned by Xiaoya Zhang, our president, director and an ultimate owner of our ordinary shares.
- (3) AirMedia UC is 51.13% owned by Herman Man Guo, our founder, chairman, chief executive officer and an ultimate owner of our ordinary shares, 38.22% owned by Zhenyu Wang, our director who holds the equity on behalf of CDH and 10.65% owned by Qing Xu, our director and an ultimate owner of our ordinary shares. AirMedia UC became a consolidated variable interest entity in 2007.

See “Corporate Structure” and “Related Party Transactions” for further information on our contractual arrangements with these parties.

Corporate Information

Our principal executive offices are located at Room 707, No. 8 Yong An Dong Li, Jianguomen Wai, Chaoyang District, Beijing 100022, People's Republic of China. Our telephone number at this address is +86-10-5126-5816 and our fax number is +86-10-8528-8912. Our registered office in the Cayman Islands is P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. Our telephone number at this address is +1-345-949-8066.

Investor inquiries should be directed to us at the address and telephone number of our principal executive offices set forth above. Our website address is <http://www.AirMedia.net.cn>. The information contained on our website is not part of this prospectus.

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THE OFFERING

Total ADSs offered	
by us	ADSs
by the selling shareholders	ADSs
Over-allotment option	We and the selling shareholders have granted the underwriters a 30-day option (commencing on the date of this prospectus) to purchase up to an additional ADSs to cover over-allotments.
Price per ADS	
The ADSs	<p>Each ADS represents ordinary shares. The depositary will hold the shares underlying your ADSs and you will have rights as provided in the deposit agreement.</p> <p>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares, after deducting its fees and expenses.</p> <p>You may turn in your ADSs to the depositary in exchange for ordinary shares. The depositary will charge you fees for any exchange.</p> <p>We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs, you agree to be bound by the deposit agreement as amended.</p> <p>To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.</p>
ADSs outstanding immediately after this offering	ADSs (or ADSs if the underwriters exercise the over-allotment option in full).
Ordinary shares outstanding immediately after this offering	ordinary shares (or ordinary shares if the underwriters exercise the over-allotment option in full), calculated based on the assumptions described below.
Use of proceeds	<p>We intend to use the net proceeds from this offering to fund capital expenditures and for other general corporate purposes, which may include strategic acquisitions of businesses that could complement our existing capabilities and businesses.</p> <p>See “Use of Proceeds” for more information.</p> <p>We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.</p>
Reserved ADSs	At our request, the underwriters have reserved for sale, at the initial public offering price, up to ADSs offered hereby for our directors, officers, employees, business associates and other related persons through our directed share program.

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Proposed Nasdaq Global Market symbol	AMCN
Depositary	JPMorgan Chase Bank, N.A.
Lock-up	We, our directors and executive officers, all of our existing shareholders and option holders have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or otherwise dispose of, directly or indirectly, any ordinary shares, ADSs, or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs, for a period of 180 days following the date of this prospectus. See "Underwriting" for more information.
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of risks you should carefully consider before investing in the ADSs.

The number of ordinary shares outstanding after this offering depends in part on the initial public offering price. This is because, as further described in "Related Party Transactions—Private Placements," the number of ordinary shares that will be issued upon the automatic conversion of the Series B preferred shares immediately upon the completion of this offering will be based in part on the initial public offering price (as adjusted for the ordinary share to ADS ratio).

The following table shows the conversion ratio of Series B preferred shares to ordinary shares and total number of ordinary shares that will be outstanding immediately after this offering based on various potential initial public offering prices, including the prices within the price range indicated on the front cover of this prospectus:

Public Offering Price Per ADS	Series B Conversion Ratio	Aggregate Number of Ordinary Shares
US\$	1 to	
	1 to	
(1)	1 to	
	1 to	
	1 to	

Note: (1) Midpoint of the estimated range of the initial public offering price.

Unless otherwise indicated, all information in this prospectus:

- assumes the issuance and sale of ordinary shares (in the form of ADSs) at an initial public offering price of US\$ per ADS (the midpoint of the price range set forth on the front cover of this prospectus);
- reflects the conversion of all outstanding Series A preferred shares into 32,600,000 ordinary shares upon the completion of this offering;
- reflects the conversion of all outstanding Series B preferred shares into ordinary shares upon the completion of this offering, calculated based on the midpoint of the price range set forth on the front cover of this prospectus;
- excludes 8,065,000 ordinary shares issuable upon the exercise of stock options issued under our 2007 share incentive plan that are outstanding as of the date of this prospectus, each at an exercise price of US\$2.00 per ordinary share;
- excludes 3,935,000 additional ordinary shares reserved for future grants under our 2007 share incentive plan as of the date of this prospectus; and
- assumes that the underwriters do not exercise their over-allotment option to purchase additional ADSs.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated financial data for the period from August 7, 2005, the date we commenced operations, to December 31, 2005 and the year ended December 31, 2006 and the consolidated balance sheet data as of December 31, 2005 and 2006 have been derived from our audited consolidated financial statements, which are included elsewhere in this prospectus. The following summary consolidated financial data for the six months ended June 30, 2006 and 2007 and the consolidated balance sheet data as of June 30, 2007 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial data. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. Our unaudited results for the six months ended June 30, 2007 may not be indicative of our results for the full year ending December 31, 2007. The summary consolidated financial data should be read in conjunction with our consolidated financial statements and our related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

	Period from August 7, 2005 to December 31, 2005		Year ended December 31, 2006		For the Six Months ended June 30,	
					2006	2007
Consolidated Statements of Operations Data:						
Revenues:						
Digital TV screens in airports	US\$	887	US\$	10,502	US\$	4,083
Digital TV screens on airplanes		405		4,868		1,636
Other displays		58		3,526		1,344
Total revenues		1,350		18,896		7,063
Business tax and other sales tax		(2)		(961)		(314)
Net revenues		1,348		17,935		6,749
Cost of revenues		(3,189)		(10,040)		(4,229)
Gross profit (loss)		(1,841)		7,895		2,520
Operating expenses		(837)		(4,044)		(1,724)
Income (loss) from operations		(2,678)		3,851		796
Net income (loss)	US\$	(2,402)	US\$	4,066	US\$	917
Deemed dividends on Series A convertible redeemable preferred shares—Accretion of redemption premium	US\$	(296)	US\$	(1,440)	US\$	714
Deemed dividends on Series B convertible redeemable preferred shares—Accretion of redemption premium	US\$	—	US\$	—	US\$	—
Net income (loss) attributable to holders of ordinary shares	US\$	(2,698)	US\$	2,626	US\$	203
Net income (loss) per ordinary share—basic and diluted	US\$	(0.04)	US\$	0.03	US\$	0.01
Net income per Series A preferred share—basic	US\$	0.01	US\$	0.06	US\$	0.02
Net income per Series B preferred share—basic	US\$	—	US\$	—	US\$	—
Net income (loss) per ADS ⁽¹⁾						
Basic	US\$		US\$		US\$	
Diluted	US\$		US\$		US\$	
Shares used in calculating net income (loss) per ordinary share—basic and diluted		62,400,000		62,400,000		62,400,000
Shares used in calculating net income per Series A preferred share—basic		37,600,000		37,600,000		37,600,000
Shares used in calculating net income per Series B preferred share—basic		—		—		2,033,149

Note: (1) Each ADS represents ordinary shares.

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The following table presents a summary of our consolidated balance sheet data as of December 31, 2005 and 2006 and as of June 30, 2007:

- on an actual basis; and
- on an as adjusted basis as of June 30, 2007 to give effect to (1) the automatic conversion of all of our outstanding Series A preferred shares into 32,600,000 ordinary shares; (2) the automatic conversion of all of our outstanding Series B preferred shares into ordinary shares, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price; and (3) the issuance and sale of ordinary shares in the form of ADSs by us in this offering, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price, after deducting estimated underwriting discounts, commissions and estimated offering expenses payable by us and assuming no exercise of the underwriters' over-allotment option.

	As of December 31,		As of June 30,	
	2005	2006	2007	
	Actual	Actual	Actual	As Adjusted ⁽¹⁾
	(in thousands)			
Consolidated Balance Sheet Data:				
Cash	US\$ 2,952	US\$ 2,086	US\$41,700	US\$
Total assets	6,371	20,547	66,865	
Total liabilities	2,765	9,511	9,499	9,499
Series A convertible redeemable preferred shares	12,296	13,736	14,450	—
Series B convertible redeemable preferred shares	—	—	39,326	—
Total shareholders' (deficiency) equity	(2,690)	221	3,593	

Note: (1) A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the amounts representing cash, total assets, and total shareholders' equity by US\$ million.

The following table presents a summary of our condensed consolidated statements of cash flow for the period from August 7, 2005 to December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2006 and 2007.

	Period from	Year ended	For the Six Months ended June 30,	
	August 7,		2006	2007
	2005 to			
	December 31,	December 31,		
	2005	2006	(in thousands)	
Consolidated Statements of Cash Flow:				
Net cash (used in) provided by operating activities	US\$ (3,277)	US\$ 2,020	US\$ 806	US\$ 1,523
Net cash used in investing activities	(762)	(5,346)	(3,478)	(3,953)
Net cash provided by financing activities	6,984	2,285	1,385	41,982

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The following table presents selected operating data for the period from August 7, 2005 to December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2006 and 2007, except for the numbers of airports, airlines and screens in our network, which were as of December 31, 2005 and 2006 and as of June 30, 2006 and 2007.

	Period from August 7, 2005 to December 31, 2005		Year ended December 31, 2006		For the Six Months ended June 30,	
					2006	2007
Selected Operating Data						
Digital TV screens in airports						
Number of airports in operation	16		28		22	32
Number of screens in our network airports	1,184		1,562		1,387	1,822
Number of time slots available for sale ⁽¹⁾	14,800		42,800		20,960	35,967
Number of time slots sold ⁽²⁾	1,139		14,409		5,651	12,797
Utilization rate ⁽³⁾	7.7%		33.7%		27.0%	35.6%
Average advertising revenue per time slot sold ⁽⁴⁾	US\$	778	US\$	729	US\$ 723	US\$ 825
Digital TV screens on airplanes						
Number of airlines in operation	6		9		7	9
Number of screens on our network airplanes	11,201		16,015		11,525	16,015
Number of time slots available for sale ⁽¹⁾	224		1,356		606	864
Number of time slots sold ⁽²⁾	27		568		180	385
Utilization rate ⁽³⁾	12.3%		41.9%		29.7%	44.5%
Average advertising revenue per time slot sold ⁽⁵⁾	US\$	14,745	US\$	8,572	US\$ 9,093	US\$11,444

- Notes: (1) We define a time slot as a 30-second equivalent advertising time unit, which is shown during each advertising cycle on a weekly basis in a given airport or on a monthly basis on the routes of a given airline, respectively. Our airport advertising programs are shown repeatedly on a daily basis during a given week in one-hour cycles and each hour of programming includes 25 minutes of advertising content, which allows us to sell a maximum of 50 time slots per week. The number of time slots available for our digital TV screens in airports during the period presented is calculated by multiplying the time slots per week per airport by the number of weeks during the period presented when we had operations in each airport and then calculating the sum of all the time slots available for each of our network airports. The length of our in-flight programs typically ranges from approximately 45 minutes to an hour per flight, approximately five to 13 minutes of which consist of advertising content. The number of time slots available for our digital TV screens on airplanes during the period presented is calculated by multiplying the time slots per airline per month by the number of months during the period presented when we had operations on each airline and then calculating the sum of all the time slots for each of our network airlines.
- (2) Number of time slots sold refers to the number of 30-second equivalent advertising time units sold during the period presented.
- (3) Utilization rate refers to total time slots sold as a percentage of total time slots available for sale during the relevant period.
- (4) Average advertising revenue per time slot sold for digital TV screens in airports is calculated by dividing our revenues derived from digital TV screens in airports by the number of time slots sold for digital TV screens in airports.
- (5) Average advertising revenue per time slot sold for digital TV screens on airplanes is calculated by dividing our revenues derived from digital TV screens on airplanes by the number of time slots sold for digital TV screens on airplanes.

RISK FACTORS

Investing in our ADSs involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. The risks described below are not, however, the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations.

Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our ADSs could decline due to any of these risks, and you may lose all or part of your investment.

This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus.

Risks Related to Our Business

Our limited operating history may not provide an adequate basis to judge our future prospects and results of operations.

We began our business operations in August 2005. Our limited operating history may not provide a meaningful basis for you to evaluate our business, financial performance and prospects. It is also difficult to evaluate the viability of our digital media network and other advertising media dedicated to the air travel sector because we do not have sufficient experience to address the risks frequently encountered by early stage companies using new forms of advertising media and entering new and rapidly evolving markets. Certain members of our senior management team have worked together for only a relatively short period of time and it may be difficult for you to evaluate their effectiveness, on an individual or collective basis, and ability to address future challenges to our business.

Given our limited operating history, we may not be able to:

- preserve our leading position in the air travel digital media market in China;
- manage our relationships with airports and airlines to retain existing concession rights contracts and obtain new concession rights contracts to operate digital media platforms in leading airports and on airlines on commercially advantageous terms or at all;
- retain and acquire advertising clients;
- manage our relationships with third-party non-advertising content providers;
- secure a sufficient amount of low-cost digital TV screens from our suppliers;
- manage our expanding operations, including the integration of any future acquisitions;
- increase and diversify our revenue sources by successfully expanding into other advertising media platforms and upgrading our light box displays to digital frames;
- respond to competitive market conditions;
- maintain adequate control of our expenses; or
- attract, train, motivate and retain qualified personnel.

If we are unsuccessful in addressing any of these risks, our business may be materially and adversely affected.

If advertisers or the viewing public do not accept, or lose interest in, our air travel digital media network, we may be unable to generate sufficient cash flow from our operating activities and our prospects and results of operations could be negatively affected.

The market for air travel digital media networks in China is relatively new and its potential is uncertain. We compete for advertising spending with many forms of more established advertising media, such as television, print media, Internet and other types of out-of-home advertising. Our success depends on the acceptance of our

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air travel digital media network by advertising clients and agencies and their continuing and increased interest in this medium as a component of their advertising strategies. Our success also depends on the viewing public continuing to be receptive towards our media network. Advertisers may elect not to use our services if they believe that consumers are not receptive to our network or that our network does not provide sufficient value as an effective advertising medium. Likewise, if consumers find some element of our network to be disruptive or intrusive, airports and airplane companies may decide not to allow us to operate the digital TV screens in airports or place our programs on airplanes and advertisers may view our network as a less attractive advertising medium compared to other alternatives. In that event, advertisers may determine to reduce their spending on our network and air travel advertising.

Air travel advertising is a relatively new concept in China and in the advertising industry generally. If we are not able to adequately track air traveler responses to our programs, in particular tracking the demographics of air travelers most receptive to air travel advertising, we will not be able to provide sufficient feedback and data to existing and potential advertising clients to help us generate demand and determine pricing. Without improved market research, advertising clients may reduce their use of air travel advertising and instead turn to more traditional forms of advertising that have more established and proven methods of tracking effectiveness.

If a substantial number of advertisers lose interest in advertising on our media network for these or other reasons or become unwilling to purchase advertising time slots on our network, we will be unable to generate sufficient revenues and cash flow to operate our business, and our revenues, prospects and results of operations could be negatively affected.

We derive substantially all of our revenues from the provision of air travel advertising services. If there is a downturn in the air travel advertising industry, we may not be able to diversify our revenue sources and our ability to generate revenues and our results of operations could be materially and adversely affected.

Substantially all of our historical revenues and expected future revenues have been and will be generated from the provision of air travel advertising services, in particular through the display of advertisements on digital TV screens located in airports and on airplanes. Our other types of advertising media platforms, such as light box displays, 360-degree LED displays, 3D displays, shuttle bus displays and displays in airport train stations, are also located in or near airports. We plan to upgrade our light box displays to digital frames and expand into additional media platforms in the near future, which are also intended to be dedicated to air travel advertising.

We do not have any current plans to expand outside this sector and enter into more advertising segments to diversify our revenue sources. As a result, if there were a downturn in the air travel advertising industry for any reason, we may not be able to diversify our revenue sources and our ability to generate revenues and our results of operations could be materially and adversely affected.

If we are unable to carry out our operations as specified in existing concession rights contracts, retain existing concession rights contracts or obtain new concession rights contracts on commercially advantageous terms, we may be unable to maintain or expand our network coverage and our costs may increase significantly in the future.

Our ability to generate revenues from advertising sales depends largely upon our ability to provide a large network of digital TV screens that show our programs in airports and on airplanes. This, in turn, requires that we retain existing concession rights contracts and obtain new concession rights contracts to operate in airports and on airlines.

We currently have concession rights to place and operate our digital TV screens in 52 airports and to place our programs on the digital TV screens of nine airlines. We currently operate at 37 airports out of the 52 airports where we have obtained contractual concession rights to operate our digital TV screens. We plan to gradually roll out our operations in the additional 15 airports. However, we cannot assure you that we will be able to carry out our operations in these airports as specified in the concession rights contracts.

A majority of our concession rights contracts to operate in airports and on airlines have terms ranging from three to five years without any automatic renewal provisions. 40 out of 84 and seven out of 15 of our concession rights contracts to operate in airports and on airlines, respectively, are subject to renewal before 2010. The

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concession fees that we incur under our concession rights contracts comprise a significant portion of our cost of revenues and accounted for approximately 166.0%, 38.0% and 34.5% of our net revenues in the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. As of September 30, 2007, we were contractually obligated to pay US\$102.9 million under our concession rights contracts. Airports and airlines tend to increase concession fees over time. As some of our concession rights contracts will terminate in the next several years, we may experience a significant increase in our costs of revenues. If we are unable to pass increased concession costs on to our advertising clients through rate increases, our operating margins and earnings could decrease and our results of operations could be materially and adversely affected.

Furthermore, as of June 30, 2007, 44 out of 84 and 13 out of 15 of our concession rights contracts to operate in airports and on airlines, respectively, contained provisions granting us certain exclusive concession rights. The scope of the exclusivity, however, varies from contract to contract. Most of these exclusivity provisions limit the scope of our exclusivity to the operation of digital TV screens in specific areas of an airport or to certain types of programs on airplanes. We cannot assure you that we will be able to retain these contracts, with or without exclusivity provisions, upon their expiration. If we were to lose exclusivity, in particular with the major airports and leading airlines, we may lose market share if our customers decide to place their advertisements on any competing digital TV screens or otherwise decrease their spending on our network. Furthermore, certain concession rights contracts contain provisions allowing the airports to terminate the contracts unilaterally without any compensation due to governmental policy reasons or the restructuring or reorganization of the airports. We cannot assure you that our concession rights contracts will not be terminated, whether with or without justification. In addition, most of our concession rights contracts were entered into with the advertising companies operated by or advertising agencies hired by airports or airline companies, and not with the airports or airline companies directly. Although these advertising companies and agents have generally assured us in writing that they have the rights to operate advertising media in airports or on airplanes and all of them have performed their contractual obligations, we cannot assure you that airports or airline companies will not challenge or revoke the contractual concession rights granted to us by their advertising companies or agents. If any airport or airline company challenges or revokes the concession rights granted to us under the relevant contracts, our business could be materially and adversely affected.

We plan to renew our existing concession rights contracts and enter into new concession rights contracts for operating digital TV screens in additional airports and for placing our programs on additional airlines. There is no assurance we will be able to retain our concession rights contracts or obtain new concession rights contracts for our digital TV screens or programs on exclusive or satisfactory terms, or at all. If we fail to retain our concession rights contracts to operate in major airports or on key airlines, or retain exclusivity, if a significant number of our existing concession rights contracts are terminated or not renewed, or if we are unable to effectively expand our network by obtaining new concession rights contracts for our digital TV screens or our programs, advertisers may find advertising on our network unattractive and may not wish to purchase advertising time slots on our network, which would cause our revenues to decline and our business and prospects to deteriorate.

A substantial majority of our revenues are currently concentrated in the five largest airports and three largest airlines in China. If any of these airports or airlines experiences a material business disruption, we would likely incur substantial losses of revenues.

A substantial majority of our airport advertising revenues are currently concentrated in the five largest airports in China, Beijing Capital International Airport, Shanghai Pudong International Airport, Guangzhou Baiyun International Airport, Shanghai Hongqiao Airport and Shenzhen International Airport. In 2006, we derived 37.1% of our total revenues from these five airports. A material business disruption, major construction or renovation, or a natural disaster affecting any of these airport in our network could render our advertising media in such airport inoperative or materially limit the locations where we can locate our digital TV screens and other air travel advertising media.

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In addition, a substantial majority of our airplane advertising revenues are currently concentrated in the three largest domestic airlines in China, China Southern Airlines, China Eastern Airlines and Air China. We derived 23.1% of our total revenues in 2006 from these three airlines. If any of these airlines lose market share and we are not able to add other airlines or increase the revenues generated from existing airlines in our network, our advertising clients may decide to spend less on our advertising network.

We expect these five airports and three airlines to continue to contribute a significant portion of our revenues in the foreseeable future. If there were a material business disruption in any of these airports or airlines, we would likely incur substantial losses of revenues.

We depend on third-party program producers to provide the non-advertising content that we include in our programs. Failure to obtain high-quality content on commercially reasonable terms could materially reduce the attractiveness of our network, harm our reputation and cause our revenues to decline.

The programs on the majority of our digital TV screens include a mix of advertising and non-advertising content. We do not produce or create any of the advertising or non-advertising content included in our programs. The advertisers provide us with the advertising content. All of the non-advertising content is provided by third-party content providers such as CCTV and various local television stations and television production companies. For example, we have obtained rights to include various news and entertainment content provided by CCTV on our network without charge on the condition that the "CCTV" logo is displayed throughout the duration of the CCTV-provided content. Some of the other third-party content providers also do not charge us for their content.

There is no assurance that we will be able to renew these contracts or obtain non-advertising content on satisfactory terms, or at all. In addition, some of the third-party content providers that currently do not charge us for their content may do so in the future. To make our programs more attractive, we must continue to secure contracts with these and other third-party content providers. If we fail to obtain a sufficient amount of high-quality content on a cost-effective basis, advertisers may find advertising on our network unattractive and may not wish to purchase advertising time slots on our network, which would materially and adversely affect our ability to generate revenues from our advertising time slots and cause our revenues to decline and our business and prospects to deteriorate.

If we are unable to attract advertisers to purchase advertising time on our network, we will be unable to maintain or increase our advertising fees, which could negatively affect our ability to grow our profits.

The fees we charge advertising clients and agencies for time slots on our network depend on the size and quality of our network and the demand by advertisers for advertising time on our network. We believe advertisers choose to advertise on our network in part based on the size of our network, the desirability of the locations where we have placed our digital TV screens and the attractiveness of our network content. If we fail to maintain or increase the number of our displays, solidify our brand name and reputation as a quality air travel digital media provider, or obtain high-quality non-advertising content at commercially reasonable prices, advertisers may be unwilling to purchase time on our network or to pay the levels of advertising fees we require to grow our profits.

When our current advertising network of digital TV screens reaches saturation in the major airports and airlines where we operate, we may be unable to offer additional time slots to satisfy all of our advertisers' needs, which could hamper our ability to generate higher levels of revenues and profitability over time.

When our network of digital TV screens reaches saturation in any particular airport or airline, we may be unable to offer additional advertising time slots to satisfy all of our advertisers' needs. We would need to increase our advertising rates for advertising in such airports or airlines in order to increase our revenues. However, advertisers may be unwilling to accept rate increases, which could hamper our ability to generate higher levels of revenues over time. In particular, the utilization rates of our advertising time slots in the five largest airports and on the three largest airlines are higher than those in other network airports or airlines and

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saturation of digital TV screens in these airports or airlines could have a material adverse effect on our growth prospects.

Our strategy of expanding our air travel media network to include new media platforms, such as digital frames or other more advanced displays, may not succeed, and our failure to do so could materially reduce the attractiveness of our network and harm our business, reputation and results of operations.

Currently, our air travel media network primarily consists of standard digital TV screens. Our growth strategy includes broadening our service offerings by building new advertising media platforms to make our network more comprehensive and effective. In particular, we plan to upgrade our light box displays to digital frames and significantly expand this platform. We also plan to expand our 360-degree LED displays and 3D displays. It is difficult to predict how these displays will be accepted by air travelers and by advertising clients and whether we will be able to generate higher revenues to offset the higher costs of some of these larger and more sophisticated displays. Our 360-degree LED displays and 3D displays are relatively new and it is uncertain how these will perform compared to our more standard digital TV screens in airports and on airplanes. Furthermore, we could incur significant costs in upgrading our light box displays to digital frame displays.

The majority of our concession rights contracts containing exclusive concession rights only grant us exclusivity with respect to digital TV screens. By entering into these new media platforms, we may face competition from other companies that are already in these areas. We also have limited experience working in these areas. It is uncertain how these businesses will perform, and there is the risk that they may not succeed at all. Our failure to expand our air travel media network to introduce new platforms and into new areas could materially reduce the attractiveness of our network and harm our business, reputation and results of operations.

If advertising registration certificates are not obtained for our airport advertising operations where such registration certificates are deemed to be required, we may be subject to administrative sanctions, including the discontinuation of our advertisements at airports where the required advertising registration is not obtained.

On May 22, 2006, the State Administration for Industry and Commerce, or the SAIC, amended the Provisions on the Registration Administration of Outdoor Advertisements, or the new outdoor advertisement provisions. Pursuant to the new outdoor advertisement provisions, advertisements placed inside or outside of the "departure halls" of airports are treated as outdoor advertisements and must be registered in accordance with the local SAIC by "advertising distributors." However, the terms "advertising distributors" and "departure halls" are not defined under the new outdoor advertisement provisions or other PRC laws and regulations.

To ensure that our airport operations comply with the applicable PRC laws and regulations, we are in the process of making inquiries with the local SAICs in the cities in which we have operations or intend to operate with respect to the application for an advertising registration certificate. However, the local SAICs with whom we consulted have expressed different views on whether the advertisements shown on our digital TV screens should be regarded as outdoor advertisements and how to register those advertisements. As of the date of this prospectus, only Shanghai SAIC has accepted our application for advertising registration certificates. Some local SAICs need more time to consider the implementation of the new outdoor advertising provisions. Other SAICs do not require us to register our advertisements.

We intend to register with the relevant SAICs if we are required to do so, but we cannot assure you that we will obtain the registration certificate in compliance with the new outdoor advertisement provisions, or at all. If the requisite registration is not obtained, the relevant local SAICs may require us to forfeit our advertising income or may impose administrative fines on us. They may also require us to discontinue advertisements at airports where the requisite advertising registration is not obtained, which may result in a breach of one or more of our agreements with our advertising clients and materially and adversely affect our business and results of operations.

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Including non-advertising content in our programs may be deemed a form of broadcasting under PRC law. If so, we may be required to obtain certain approvals and/or authorizations, the failure of which may make us unable to continue to include non-advertising content in our programs, which may cause our revenues to decline and our business and prospects to deteriorate.

A majority of the digital TV screens in our network include programs that consist of both advertising content and non-advertising content. Current PRC laws and regulations prohibit any entities or individuals from broadcasting non-advertising content through television networks without the prior approval of the relevant PRC authorities. PRC laws and regulations do not, however, expressly classify the display of non-advertising content through digital media networks such as ours as a form of broadcasting. Although we believe we are in compliance with current PRC laws and regulations and have been advised by our PRC counsel, Commerce & Finance Law Offices, that we have, except as disclosed in this prospectus, obtained all the licenses and approvals for our business operations required under applicable PRC laws and regulations, we cannot assure you that the relevant PRC authorities will reach the same conclusion.

If we are in fact deemed to be engaged in the broadcasting of non-advertising content, we may be subject to monetary penalties or may be forced to eliminate non-advertising content from the programs included in our digital TV screens, all of which could have a material and adverse effect on our business operations. In addition, if new laws or regulations are promulgated that characterize our business operations as engaging in the broadcasting of non-advertising content, we would be required to obtain additional approvals and/or authorizations. If we fail to obtain any required approvals and/or authorizations, we may not be able to continue to include non-advertising content in our programs and advertisers may find our network less attractive and be unwilling to purchase advertising time slots on our network, which may cause our revenues to decline and our business and prospects to deteriorate.

Because we rely on third-party agencies to help source advertising clients, our failure to retain key third-party agencies or attract additional agencies on favorable terms could materially and adversely affect our revenue growth.

We engage third-party agencies to help source advertising clients from time to time. We do not have long-term or exclusive agreements with these agencies, including our key third-party agencies, and cannot assure you that we will continue to maintain favorable relationships with them. If we fail to retain key third-party agencies or attract additional agencies, we may not be able to retain existing advertising clients or attract new advertisers or advertising agency clients and our business and results of operations could be materially adversely affected. Furthermore, the fees that we paid to these third-party agencies constituted a significant portion of our net revenues for the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007—39.6%, 13.2% and 16.8%, respectively. It is important therefore for us to maintain favorable commercial terms with these third-party agencies.

We have been dependent on a limited number of customers for a significant portion of our revenues and this dependence may reoccur in the future, which would make us more vulnerable to the loss of major customers or delays in payments from these customers.

A small number of customers historically accounted for a significant portion of our revenue. Our top five customers collectively accounted for approximately 48.5%, 27.5% and 25.3% of our total revenues for the period from August 7, 2005 to December 31, 2005, in 2006 and in the first half of 2007, respectively. Our largest customers have changed from year to year primarily as a result of our limited operating history and rapid growth, broadened customer base and increased sales. No single advertising client accounted for more than 10% of our total revenues for the year ended December 31, 2006 or the six months ended June 30, 2007 and we do not expect to be as dependent on a small number of customers in the future. Given our limited operating history and the rapid growth of our industry, we cannot assure you that we will not once again be dependent on a small number of customers in the future.

If we fail to sell our services to one or more of our major customers in any particular period, or if a large customer purchases less of our services or fails to purchase additional advertising time on our network, our revenues could decline and our operating results could be adversely affected. In addition, the dependence on a small number of customers could leave us more vulnerable to delays in payments from these customers. We are

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required under certain of our concession rights contracts to make prepayments. Although we do receive some prepayments from customers, there is typically a lag between the time of our prepayment of concession fees and the time that we receive payments from our customers. If one of our top customers is significantly delinquent with their payments, our financial conditions may be materially and adversely affected.

If we are unable to adapt to changing advertising trends and the technology needs of advertisers and consumers, we will not be able to compete effectively and we will be unable to increase or maintain our revenues which may materially and adversely affect our business prospects and revenues.

The market for air travel advertising requires us to continuously identify new advertising trends and the technological needs of both advertisers and consumers, which may require us to develop new formats, features and enhancements for our advertising network.

We must be able to quickly and cost-effectively expand into additional advertising media and platforms beyond digital TV screens if advertisers find these other media and platforms to be more attractive and cost-effective. In addition, as the advertising industry is highly competitive and fragmented with many advertising agencies exiting and emerging, we must closely monitor the trends in the advertising agency community. We must maintain strong relationships with leading advertising agencies to make certain that we are reaching the leading advertisers and are responsive to the needs of both the advertising agencies and the advertisers.

We currently play advertisements in our network airports and on our network airplanes primarily through closed-circuit television systems and video tapes, respectively. In the future, we may use other technologies, such as cable or broadband networking, advanced audio technologies and high-definition panel technology. We may be required to incur development and acquisition costs in order to keep pace with new technology needs but we may not have the financial resources necessary to fund and implement future technological innovations or to replace obsolete technology. Furthermore, we may fail to respond to these changing technology needs. For example, if the use of wireless or broadband networking capabilities on our advertising network becomes a commercially viable alternative, and we fail to implement such changes on our network or fail to do so in a timely manner, our competitors or future entrants into the market who take advantage of such initiatives could gain a competitive advantage over us.

If we cannot succeed in defining, developing and introducing new formats, features and technologies on a timely and cost-effective basis, advertising demand for our advertising network may decrease and we may not be able to compete effectively or attract advertising clients, which would have a material and adverse effect on our business prospects and revenues.

We face significant competition in the PRC advertising industry, and if we do not compete successfully against new and existing competitors, we may lose our market share, and our profitability may be adversely affected.

We face significant competition in the PRC advertising industry. We compete for advertising clients primarily on the basis of network size and coverage, location, price, the quality of our programs, the range of services that we offer and brand recognition. We compete for overall advertising spending with other alternative advertising media companies, such as Internet, street furniture, billboard and public transport advertising companies, and with traditional advertising media, such as newspapers, television, magazines and radio. We also compete for advertising dollars spent in the air travel advertising industry. While we have a large market share of the digital TV screens located in airports and airplanes, we compete, and will compete, with other media platforms of advertising, for which we do not have exclusivity, including billboards, light boxes and print media. In addition, we may also face competition from new entrants into air travel advertising in the future.

Significant competition could reduce our operating margins and profitability and result in a loss of market share. Some of our existing and potential competitors may have competitive advantages, such as significantly greater brand recognition, financial, marketing or other resources and may be able to mimic and adopt our business model. In addition, several of our competitors have significantly larger advertising networks than we do, which gives them an ability to reach a larger number of overall potential consumers and which make them less susceptible to downturns in particular sectors, such as air travel. Moreover, significant competition will provide

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advertisers with a wider range of media and advertising service alternatives, which could lead to lower prices and decreased revenues, gross margins and profits. We cannot assure you that we will be able to successfully compete against new or existing competitors.

Our results of operations are subject to fluctuations in the demand for air travel, which is affected by, among other things, seasonality, general economic conditions, terrorist attacks, security measures and plane crashes, and a decrease in the demand for air travel may make it difficult for us to sell our advertising time slots.

Our results of operations are directly linked to the fortunes of the air travel industry. Demand for air travel fluctuates significantly from period to period, is subject to seasonality due to holiday travel and weather conditions, and is particularly susceptible to downturns in the economy. In addition, among other things, terrorist attacks, or the fear of such attacks, additional security measures, plane crashes and significant and persistent air travel delays could lead to a reduction in the growth of the air travel industry in China.

Business travel is one of the primary drivers of the air travel industry. In times of economic growth, as in recent years in China, air travel tends to increase. Conversely, in times of economic downturn, air travel tends to decrease significantly. In the event of an economic downturn, overall air passengers would likely decrease.

The terrorist attacks of September 11, 2001 in the U.S. involving commercial aircraft severely and adversely affected the air travel industry in the U.S. and throughout the world. Any future terrorist activity involving the air travel industry could have an equal or greater impact. There have been highly reported attempted acts of terrorism involving aircraft flying out of Heathrow Airport in London and JFK International Airport in New York. Additional terrorist attacks or fear of such attacks, even if not made directly on the air travel industry, may negatively affect the air travel industry and the demand for air travel.

Terrorist attacks have also resulted in significantly increased security costs and associated passenger inconvenience. Since September 11, 2001, the Transportation Security Administration in the U.S. has implemented numerous security measures that affect airport and airline operations and costs, the effects of which may ultimately affect the demand for air travel. Increasingly, China and other countries in Asia are adopting similarly stringent security measures that may lead some air travelers to consider other travel options, such as trains, cars and boats, as more convenient and less intrusive. In addition, these security measures have resulted in higher costs for airports and airlines, which may result in our having to incur higher concession fees.

In addition, an aircraft crash or other accident could create a public perception that air travel is not safe or reliable, which could result in air travelers being reluctant to fly. Significant aircraft delays due to capacity constraints, weather conditions or mechanical problems could also result in lower demand for air travel, especially for shorter domestic flights.

If the demand for air travel decreases for any of these or other reasons, advertisers may be reluctant to advertise on our network and we may be unable to fill our advertising time slots and charge premium prices.

A decrease in demand for our advertising services may materially and adversely affect our ability to generate revenues, our financial condition and results of operations.

Demand for our advertising services, and the resulting advertising spending by our clients, may fluctuate due to changes in general economic conditions and advertising spending typically decreases during periods of economic downturn.

Our clients may reduce the money they spend to advertise on our network for a number of reasons, including:

- a general decline in economic conditions;
- a general decline in the number of air travelers and flights;
- a decline in economic conditions in the particular cities where our network airports are located;
- a decision to shift advertising expenditures to other available advertising media; and
- a decline in advertising spending in general.

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A decrease in demand for advertising media in general and for our advertising services in particular would materially and adversely affect our ability to generate revenues from our advertising services, and our financial condition and results of operations.

If we fail to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our expansion strategies or meet the demands of our advertising clients.

We have experienced a period of rapid growth and expansion that has placed, and continues to place, significant strain on our management personnel, systems and resources. We must continue to expand our operations to meet the demands of advertisers for a larger and more diverse network coverage. To accommodate our growth, we anticipate that we will need to implement a variety of new and upgraded operational and financial systems, procedures and controls, including the improvement of our accounting and other internal management systems, all of which require substantial management efforts.

We also will need to continue to expand, train, manage and motivate our workforce as well as manage our relationships with airports, airlines and third-party non-advertising content providers. We must add sales and marketing offices and personnel to service relationships with new airports that we will aim to add as part of our network. As we add new digital TV screens and other media platforms, we will need to incur greater maintenance costs to maintain our equipment.

All of these endeavors will require substantial managerial efforts and skill, as well as the incurrence of additional expenditures. We cannot assure you that we will be able to manage our growth effectively, and we may not be able to take advantage of market opportunities, execute our expansion strategies or meet the demands of our advertising clients.

Future acquisitions may have an adverse effect on our ability to manage our business.

We may acquire businesses, technologies, services or products which are complementary to our core digital media network business. Future acquisitions may expose us to potential risks, including risks associated with:

- the integration of new operations, services and personnel;
- unforeseen or hidden liabilities;
- the diversion of resources from our existing business and technology;
- our potential inability to generate sufficient revenue to offset new costs;
- the expenses of acquisitions; or
- the potential loss of or harm to relationships with both employees and advertising clients resulting from our integration of new businesses.

Any of the potential risks listed above could have a material and adverse effect on our ability to manage our business, our revenues and net income.

We may need to raise additional debt funding or sell additional equity securities to make such acquisitions. The raising of additional debt funding by us, if required, would result in increased debt service obligations and could result in additional operating and financing covenants, or liens on our assets, that would restrict our operations. The sale of additional equity securities could result in additional dilution to our shareholders.

We incurred a net loss for the period ended December 31, 2005 and may incur losses in the future.

We incurred a net loss of US\$2.4 million for the period from August 7, 2005, the date we commenced operation, to December 31, 2005. We cannot assure you that we will not incur net losses in the future. We expect to increase our operating expenses in anticipation of future growth. We also incur significant operating expenses prior to generating revenues. As a result, any decrease or delay in generating additional sales volume and revenues could materially and adversely affect our results of operations and could result in substantial losses.

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We do not expect to sustain our recent rates of growth in revenue or the numbers of airlines, airports or digital TV screens in our network.

We have experienced significant growth in revenues and income since we began operations in August 2005. Our net revenues increased substantially from US\$1.4 million for the period from August 7, 2005 to December 31, 2005 to US\$17.9 million in 2006. Our growth was principally due to the fact that we were still in a start-up phase in 2005 and in the process of securing many of the airport and airline concession rights that allowed us to significantly grow our network in 2006. Our net revenues also increased substantially from US\$6.7 million for the six months ended June 30, 2006 to US\$15.9 million for the six months ended June 30, 2007. Our network is currently located in 37 airports and on nine airlines, compared to 16 airports and six airlines by the end of 2005. The number of digital TV screens operated by us in airports and on which we place our programs on airplanes increased from 1,184 and 11,201 for the period from August 7, 2005 to December 31, 2005, respectively, to 1,822 and 16,015 for the six months ended June 30, 2007, respectively. We do not expect to achieve similar rates of growth in revenues or the number of airlines, airports or digital TV screens in our network in future periods.

Our quarterly and annual operating results are difficult to predict and may fluctuate significantly from period to period in the future.

Our quarterly and annual operating results are difficult to predict and may fluctuate significantly from period to period based on the seasonality of air travel, consumer spending and corresponding advertising trends in China. In addition, air travel and advertising spending in China generally tend to increase during the "golden" holiday weeks, such as the Labor Day week in May, the National Day week in October and the Chinese New Year holiday in January or February, and tend to decrease during the fourth quarter. Air travel and advertising spending in China is also affected by certain special events such as the Beijing Olympics in 2008 and related government measures. As a result, you may not be able to rely on period-to-period comparisons of our operating results as an indication of our future performance.

We may experience seasonality effects due to the seasonality of air travel and advertising spending in China. Other factors that may cause our operating results to fluctuate include a deterioration of economic conditions in China and potential changes to the regulation of the advertising industry in China, which are discussed elsewhere in this prospectus. If our revenues for a particular quarter are lower than we expect, we may be unable to reduce our operating expenses for that quarter by a corresponding amount, which would harm our operating results for that quarter relative to our operating results from other quarters.

Our business depends substantially on the continuing efforts of our senior executives, and our business may be severely disrupted if we lose their services.

Our future success heavily depends upon the continued services of our senior executives and other key employees. In particular, we rely on the expertise and experience of our chief executive officer, Herman Man Guo, our president, Xiaoya Zhang, our chief operating officer, James Zhonghua Feng, our chief financial officer, Conor Chiahung Yang, our chief strategy officer, James Hualiang Chen, our vice president in charge of operations, Jacky Jian Li, and our vice president in charge of sales, Allen Shizhong Yuan. We rely on their industry expertise, their experience in our business operations and sales and marketing, and their working relationships with our employees, our other major shareholders, our advertising clients, airports and airlines, and relevant government authorities.

If one or more of our senior executives were unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. If any of our senior executives joins a competitor or forms a competing company, we may lose clients, suppliers, key professionals and staff members. Each of our executive officers has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between our executive officers and us, we cannot assure you the extent to which

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any of these agreements could be enforced in China, where these executive officers reside, in light of the uncertainties with China's legal system. See "—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could limit the legal protections available to us or result in substantial costs and the diversion of resources and management attention."

We and our independent registered public accounting firm have identified material weaknesses and other control deficiencies in our internal control over financial reporting. If we fail to remediate these control deficiencies and fail to achieve and maintain effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act, we could suffer a loss of investor confidence in the reliability of our financial statements.

We will be subject to reporting obligations under the U.S. securities laws after the closing of this offering. The Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which must also contain management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must attest to the effectiveness of the company's internal control over financial reporting. These requirements will first apply to our annual report on Form 20-F for the fiscal year ending December 31, 2008. We cannot assure you that our management will be able to conclude that our internal control over our financial reporting is effective. Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future.

Prior to this offering, we have been a private company with limited accounting personnel with U.S. GAAP experience and other resources with which to adequately address our internal control over our financial closing and reporting process and other procedures. Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. However, in connection with the audits of our consolidated financial statements for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, we and our independent registered public accounting firm noted two material weaknesses and other control deficiencies in our internal control over financial reporting. A "material weakness" is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting. The material weaknesses observed were: (1) inadequate senior financial and accounting resources with good understanding of U.S. GAAP and SEC financial reporting requirements; and (2) lack of detailed financial closing and reporting policies and procedures.

Following the identification of these material weaknesses and other control deficiencies, we undertook certain remedial steps to address them, including hiring additional accounting staff, training our new and existing accounting staff, and hiring a third-party consultant to assist us in improving our internal control procedures. We are also in the process of preparing detailed financial closing procedures and an internal accounting policies manual for our accounting staff. However, the implementation of these measures may not fully address the material weaknesses and other control deficiencies in our internal control over financial reporting, and we cannot yet conclude that they have been fully remedied. We plan to continue to address and remediate the material weaknesses and other control deficiencies in our internal control over financial reporting in time to meet the deadline for compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. If, however, we fail to timely achieve and maintain the adequacy of our internal control, we may not be able to conclude that we have effective internal control over financial reporting.

It is important to note that we and our independent registered public accounting firm did not undertake a comprehensive assessment of our internal controls for purposes of identifying and reporting material weaknesses in our internal control over financial reporting. Given the significant number of deficiencies that were identified as a result of the limited procedures performed, we believe it is probable that had we and our independent registered public accounting firm performed a formal assessment of our internal controls over financial reporting, additional deficiencies and material weaknesses might have been identified.

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Moreover, effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act is necessary for us to produce reliable financial reports and is important to prevent fraud. As a result, our failure to achieve and maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could negatively impact the trading price of our ADSs, result in lawsuits being filed against us by our shareholders or otherwise harm our reputation.

We may need additional capital, which, if obtained, could result in dilution or significant debt service obligations. We may not be able to obtain additional capital on commercially reasonable terms, which could adversely affect our liquidity and financial position.

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

In addition, our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, including:

- investors' perception of, and demand for, securities of alternative advertising media companies;
- conditions of the U.S. and other capital markets in which we may seek to raise funds;
- our future results of operations, financial condition and cash flows;
- PRC governmental regulation of foreign investment in advertising services companies in China;
- economic, political and other conditions in China; and
- PRC governmental policies relating to foreign currency borrowings.

We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all. Any failure to raise additional funds on favorable terms could have a material adverse effect on our liquidity and financial condition.

We may be subject to, and may expend significant resources in defending against, government actions and civil suits based on the content we provide through our air travel digital media network.

Civil claims may be filed against us for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations due to the nature and content of the information displayed on our network. If consumers find the content displayed on our network to be offensive, airports or airlines may seek to hold us responsible for any consumer claims or may terminate their relationships with us. Offensive and objectionable content and legal standards for defamation and fraud in China are less defined than in other more developed countries and we may not be able to properly screen out unlawful content.

In addition, if the security of our content management system is breached and unauthorized images, text or audio sounds are displayed on our network, viewers or the PRC government may find these images, text or audio sounds to be offensive, which may subject us to civil liability or government censure despite our efforts to ensure the security of our content management system. Any such event may also damage our reputation. If our advertising viewers do not believe our content is reliable or accurate, our business model may become less appealing to viewers in China and our advertising clients may be less willing to place advertisements on our network.

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We may be subject to intellectual property infringement claims, which may force us to incur substantial legal expenses and, if determined adversely against us, may materially disrupt our business.

There is no assurance that our displays or other aspects of our business do not or will not infringe upon patents, copyrights or other intellectual property rights held by third parties. Although we are not aware of any such claims, we may become subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we are found to have violated the intellectual property rights of others, we may be enjoined from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives. In addition, we may incur substantial expenses and diversion of management time in defending against these third-party infringement claims, regardless of their merit. Successful infringement or licensing claims against us may result in substantial monetary liabilities, which may materially and adversely disrupt our business.

We do not have any business liability, disruption or litigation insurance, and any business disruption or litigation we experience might result in our incurring substantial costs and the diversion of resources.

The insurance industry in China is still at an early stage of development. Insurance companies in China offer limited business insurance products and do not, to our knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, except for fire insurance, we do not have any business liability, disruption or litigation insurance coverage for our operations in China. Any business disruption or litigation may result in our incurring substantial costs and the diversion of resources.

We face risks related to health epidemics, which could materially and adversely affect air travel and result in reduced demand for our advertising services or disrupt our operations.

Our business could be materially and adversely affected by the effect of a health epidemic or outbreak on the economic and business climate. Any prolonged recurrence of avian flu, SARS, or another epidemic or outbreak in China may have a material adverse effect on demand for air travel in China. For example, the SARS outbreak in 2003 and 2004 alarmed air travelers around both the region and the world raising issues pertaining to health and travel. During this time period, the SARS outbreak significantly deterred air travel and had a material and adverse effect on the air travel industry. From 2005 to 2007, there have also been reports on the occurrence of avian flu in various parts of China, including a few confirmed human cases and deaths.

A new outbreak of SARS or increased outbreaks of avian flu may result in health or other government authorities requiring the closure of our offices or other businesses, including airports and airline operations which comprise the primary locations where we provide our advertising services. A health epidemic could result in a significant drop in demand for air travel and ultimately our advertising services, severely disrupt our business operations and adversely affect our financial condition and results of operations.

A newly enacted PRC tax law could increase the enterprise income tax rate applicable to AM Technology, which would have a material adverse effect on our result of operations.

Pursuant to the applicable PRC tax laws, companies established in China are generally subject to a state and local enterprise income tax, or EIT, at statutory rates of 30% and 3%, respectively. In addition, an enterprise qualified as a "high and new technology enterprise" and located in a "national high-tech development zone" is entitled to a preferential EIT rate of 15% and an exemption from the EIT for its first two profitable years, and a 50% reduction of its applicable EIT rate for the succeeding three years. In addition, an enterprise qualified as a "high and new technology enterprise" located in the Beijing New Technology Industry Development Zone is entitled to a preferential EIT rate of 15% and will enjoy an exemption from the EIT for the first three years of its establishment and a 50% reduction of the EIT for the succeeding three years. The qualification of "high and new

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technology enterprise” is subject to an annual or biennial evaluation by the relevant government authority in China.

AM Technology, which is registered and operates in the Beijing New Technology Industry Development Zone, is qualified as a “high and new technology enterprise” and thus has been entitled to a preferential EIT at the rate of 15%. In addition, AM Technology is exempt from the EIT from 2006 to 2008 and will enjoy a preferential EIT at the rate of 7.5% from 2009 to 2011.

Shengshi Lianhe, Shenzhen AM and AirTV United are subject to EIT at the rate of 33%. AM Advertising was granted a tax exemption from 2006 to 2007 by the local tax authority in Beijing.

On March 16, 2007, the National People’s Congress of China enacted the Enterprise Income Tax Law, or the new PRC tax law, which will become effective on January 1, 2008. Under the new PRC tax law, foreign-invested enterprises, or FIEs, and domestic companies will be subject to EIT at a uniform rate of 25%. In addition, certain enterprises may still benefit from a preferential tax rate of 15% under the new PRC tax law if they qualify as “high and new technology enterprises supported by the state,” a term which has not yet been clearly defined under the new PRC tax law.

AM Technology will continue to be entitled to the exemption from the EIT through 2008 and the subsequent 50% reduction of its applicable EIT rate from 2009 to 2011 if AM Technology can continue to qualify as a “high and new technology enterprise.” In addition, if AM Technology continues to qualify as a “high and new technology enterprise supported by the state,” it will continue to benefit from a preferential tax rate of 15%, subject to any other applicable regulations. Otherwise, AM Technology’s applicable EIT rate may, under the new PRC tax law, gradually increase to the uniform rate of 25% by January 1, 2013. Because the applicable definitions under the new PRC tax law have not yet been defined with sufficient specificity and no relevant implementing regulations have been promulgated, it is unclear whether or not AM Technology will be subject to the increased EIT rate. An increase in AM Technology’s EIT rate pursuant to the new PRC tax law may have a material adverse effect on our results of operations.

The dividends we receive from our wholly-owned operating subsidiaries and our global income may be subject to PRC tax under the new PRC tax law, which would have a material adverse effect on our results of operations.

Under current PRC tax laws, we are exempt from withholding tax on dividends we receive from our wholly-owned operating subsidiaries, Shenzhen AM and AM Technology. Under the new PRC tax law, effective January 1, 2008, an enterprise established outside of the PRC with “de facto management bodies” within the PRC is considered a resident enterprise and will be subject to the EIT at the rate of 25% on its global income. The new PRC tax law does not, however, define the term “de facto management bodies.” If the PRC tax authorities subsequently determine that we should be classified as a resident enterprise, then our global income including the dividends we receive from Shenzhen AM and AM Technology will be subject to the EIT at the rate of 25%, which would have a material adverse effect on our business, financial condition and results of operations. The new tax law provides, however, dividends distributed between qualified resident enterprises will be exempted. As the term “qualified resident enterprises” has not been defined and needs further clarification and explanation, we cannot assure you that the dividends distributed by Shenzhen AM and AM Technology to their direct shareholders would be regarded as dividends distributed between qualified resident enterprises, and be exempted from the EIT.

Under the current PRC tax law, dividend payments to foreign investors made by foreign-invested enterprises in China, such as Shenzhen AM and AM Technology, are exempt from PRC withholding tax. We have been advised by our PRC counsel, Commerce & Finance Law Offices, that pursuant to the new PRC enterprise income tax law which will become effective on January 1, 2008, however, dividends payable by a foreign-invested enterprise in China to its foreign investors will be subject to a 20% withholding tax, unless any such foreign investor’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where we are incorporated, and the British Virgin Islands, where our wholly owned subsidiary and the 100% shareholder of Shenzhen AM is incorporated, do not have such a tax treaty with

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China. In addition, we have been advised by our PRC counsel, Commerce & Finance Law Offices, that it is uncertain whether under the new tax law, foreign corporate shareholders and corporate ADSs holders may be subject to a 20% income tax upon the dividends payable by us or on any gains they realize from the transfer of our shares or ADSs, if such income is regarded as income from "sources within the PRC." We have been advised by Commerce & Finance Law Offices that it is uncertain whether such income would be regarded as income from "sources within the PRC" because (i) the new PRC enterprise income tax law does not define what is "sources within the PRC", (ii) whether we would be regarded as "resident enterprise" is not clear; and (iii) official clarification of the proper interpretation and implementation of the new PRC enterprise income tax law has not been promulgated. If we are required under the new tax law to withhold PRC income tax on our dividends payable to our non-PRC corporate shareholders and ADSs holders or, or on any gains of the transfer of their shares or ADSs, your investment in our ADSs or ordinary shares may be materially and adversely affected.

Given the lack of detailed implementation rules, we cannot assure you that we will qualify for any tax exemptions or reductions under the new PRC tax law. If the income tax is levied on the dividends we obtain from Shenzhen AM and AM Technology, our business, financial condition and results of operations could be materially and adversely affected as a result.

Risks Related to Regulation of Our Business and to Our Structure

Compliance with PRC advertising laws and regulations may be difficult and could be costly, and failure to comply could subject us to government sanctions.

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

As an air travel advertising service provider, we are obligated under PRC laws and regulations to monitor the advertising content that is shown on our network for compliance with applicable law. In general, the advertisements shown on our network have previously been broadcast over public television networks and have been subjected to internal review and verification of such networks. We are still required to independently review and verify these advertisements for content compliance before displaying the advertisements. In addition, if a special government review is required for certain product advertisements before they are shown to the public, we are obligated to confirm that such review has been performed and approval has been obtained. In addition, for advertising content related to certain types of products and services, such as food products, alcohol, cosmetics, pharmaceuticals and medical procedures, we are required to confirm that the advertisers have obtained requisite government approvals including the advertising client's operating qualifications, proof of quality inspection of the advertised products, government pre-approval of the contents of the advertisement and filing with the local authorities.

We endeavor to comply with such requirements, including by requesting relevant documents from the advertisers. However, we cannot assure you that each advertisement that an advertiser or advertising agency client provides to us and which we include in our network programs is in compliance with relevant PRC advertising laws and regulations or that the supporting documentation and government approvals provided to us by our advertising clients in connection with certain advertising content are complete. Although we employ qualified advertising inspectors who are trained to review advertising content for compliance with relevant PRC laws and regulations, the content standards in the PRC are less certain and less clear than in those in more developed countries such as the U.S. and we cannot assure you that we will be able to properly review the content to comply with the standards imposed on us with certainty.

If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC governmental restrictions on foreign investment in the advertising industry and in the operating of non-advertising content, we could be subject to severe penalties.

Substantially all of our operations are conducted through our contractual arrangements with our consolidated variable interest entities in China, AM Advertising, Shengshi Lianhe and AirMedia UC. Though

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PRC regulations currently permit 100% foreign ownership of companies that provide advertising services, any foreign entities that invest in the advertising services industry are required to have at least three years of direct operations in the advertising industry outside of China. In addition, PRC regulations currently prohibit foreign investment in the production and operation of any non-advertising content. We do not currently directly operate an advertising business outside of China and thus cannot qualify under PRC regulations until three years after we commence any such operations outside of China or until we acquire a company that has directly operated an advertising business outside of China for the required period of time. Accordingly, our two subsidiaries, Shenzhen AM and AM Technology are currently ineligible to apply for the required licenses for providing advertising services in China.

Our advertising business is primarily provided through our contractual arrangements with our three consolidated variable interest entities in China. AM Advertising is owned by Shengshi Lianhe and four PRC citizens: Herman Man Guo, Qing Xu, Xiaoya Zhang and Zhenyu Wang, who holds the equity on behalf of CDH. Shengshi Lianhe is owned by four PRC citizens: Herman Man Guo, Qing Xu, Xiaoya Zhang and Zhenyu Wang, who holds the equity on behalf of CDH. AirMedia UC is owned by three PRC citizens: Herman Man Guo, Qing Xu and Zhenyu Wang, who holds the equity on behalf of CDH. Our variable interest entities are the major companies through which we provide advertising services in China. They directly operate our advertising network, enter into concession rights contracts and sell advertising time slots to our clients. We have been and are expected to continue to depend on our variable interest entities to operate our advertising business. We have entered into contractual arrangements with our variable interest entities, pursuant to which we, through AM Technology, provide technical support and consulting services to our variable interest entities. In addition, we have entered into agreements with our variable interest entities and each of their shareholders, which provide us with the substantial ability to control our variable interest entities. For a description of these contractual arrangements, see "Corporate Structure" and "Related Party Transactions."

Under the equity pledge agreements, the shareholders of our variable interest entities respectively pledged their equity interests in our variable interest entities to AM Technology. This pledge was duly created by recording the pledge on AM Technology's register of shareholders in accordance with the PRC Security Law, and is currently effective. According to the PRC Property Rights Law, however, to be effective as of October 1, 2007, the effectiveness of such pledge will be denied if the pledge is not registered with the relevant administration for industry and commerce. AM Technology applied for such registration, but the application was denied as no registration procedures were available. AM Technology will continue to make efforts to register such pledge when the administration for industry and commerce implements registration procedures in accordance with the PRC Property Rights Law in the future. Although we believe that AM Technology will be able to register the pledge on or prior to October 1, 2007, we cannot assure you that will be the case and if AM Technology is unable to do so, the effectiveness of such pledge may be affected.

If we or any of our variable interest entities are found to be in violation of any existing or future PRC laws or regulations or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities, including the SAIC, which regulates advertising companies, and the State Administration of Radio, Film or Television, or the SARFT, would have broad discretion in dealing with such violations, including:

- revoking the business and operating licenses of our PRC subsidiaries and affiliates;
- discontinuing or restricting our PRC subsidiaries' and affiliates' operations;
- imposing conditions or requirements with which we or our PRC subsidiaries and affiliates may not be able to comply;
- requiring us or our PRC subsidiaries and affiliates to restructure the relevant ownership structure or operations; or
- restricting or prohibiting our use of the proceeds of this offering to finance our business and operations in China.

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The imposition of any of these penalties would result in a material and adverse effect on our ability to conduct our business.

We rely on contractual arrangements with AM Advertising, Shengshi Lianhe and AirMedia UC and shareholders for a substantial portion of our China operations, which may not be as effective as direct ownership in providing operational control.

We rely on contractual arrangements with AM Advertising, Shengshi Lianhe and AirMedia UC to operate our advertising business. For a description of these contractual arrangements, see "Corporate Structure" and "Related Party Transactions." These contractual arrangements may not be as effective as direct ownership in providing us with control over our variable interest entities. Under the current contractual arrangements, as a legal matter, if our variable interest entities or their shareholders fail to perform their respective obligations under these contractual arrangements, we may have to incur substantial costs and resources to enforce such arrangements, and rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you to be effective.

Many of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through either arbitration or litigation in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements, which may make it difficult to exert effective control over our variable interest entities, and our ability to conduct our business may be negatively affected.

Contractual arrangements we have entered into among our subsidiaries and variable interest entities may be subject to scrutiny by the PRC tax authorities and a finding that we owe additional taxes or are ineligible for our preferential tax treatment, or both, could substantially increase our taxes owed, and reduce our net income and the value of your investment.

Under PRC law, arrangements and transactions among related parties may be audited or challenged by the PRC tax authorities. If any of the transactions we have entered into among AM Technology and our variable interest entities are found not to be on an arm's-length basis, or to result in an unreasonable reduction in tax under PRC law, the PRC tax authorities have the authority to disallow our tax savings, adjust the profits and losses of our respective PRC entities and assess late payment interest and penalties. See "Management's Discussion and Analysis of Financial Condition of Results of Operations—Taxation" for a discussion of the transactions referred to above. A finding by the PRC tax authorities that we are ineligible for the tax savings we achieved for the period from August 7, 2005, the date we commenced operations, to December 31, 2005 or in 2006, or that Shenzhen AM, AM Technology, AM Advertising and its subsidiaries, Shengshi Lianhe or AirMedia UC are ineligible for their preferential tax treatment, would substantially increase our taxes owed and reduce our net income and the value of your investment. As a result of this risk, you should evaluate our results of operations and financial condition without regard to these tax savings.

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

We are a holding company, and we rely principally on dividends and other distributions on equity paid by Shenzhen AM and AM Technology for our cash requirements, including the funds necessary to service any debt we may incur. If Shenzhen AM or AM Technology incur debt on its own behalf in the future, the instruments governing the debt may restrict Shenzhen AM or AM Technology's ability to pay dividends or make other distributions to us. In addition, the PRC tax authorities may require us to adjust our taxable income under the contractual arrangements AM Technology currently has in place with our variable interest entities in a manner that would materially and adversely affect AM Technology's ability to pay dividends and other distributions to us.

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Furthermore, relevant PRC laws and regulations permit payments of dividends by Shenzhen AM and AM Technology only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. Under PRC laws and regulations, Shenzhen AM and AM Technology are also required to set aside a portion of net income each year to fund certain reserve funds. These reserves are not distributable as cash dividends. In addition, subject to certain cumulative limits, the statutory general reserve fund requires annual appropriations of 10% of after-tax income to be set aside prior to payment of dividends. As a result of these PRC laws and regulations, our PRC subsidiaries and our PRC variable interest entities are restricted in their ability to transfer a portion of their net assets to us whether in the form of dividends, loans or advances.

Any limitation on the ability of Shenzhen AM or AM Technology to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, or otherwise fund and conduct our business.

Changes in laws and regulations governing air travel advertising or otherwise affecting our business in China may result in substantial costs and diversion of resources and may materially and adversely affect our business prospects and results of operations.

There are no existing PRC laws or regulations that specifically define or regulate air travel advertising. It has been reported that the relevant PRC government authorities are currently considering adopting new regulations governing air travel television advertising. We cannot predict the timing and effects of such new regulations. Changes in laws and regulations governing the content of air travel advertising, our business licenses or otherwise affecting our business in China may result in substantial costs and diversion of resources and may materially and adversely affect our business prospects and results of operations.

PRC regulation of loans to and direct investment by offshore holding companies in PRC entities may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC operating subsidiaries and affiliates.

As an offshore holding company of our PRC operating subsidiaries and affiliates, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and foreign exchange loan registrations. For example, loans by us to Shenzhen AM or AM Technology, each an FIE, to finance its activities cannot exceed statutory limits and must be registered with the State Administration of Foreign Exchange or its local counterpart. We may also determine to finance Shenzhen AM or AM Technology, by means of capital contributions. These capital contributions to Shenzhen AM or AM Technology must be approved by the PRC Ministry of Commerce or its local counterpart.

Due to the restrictions imposed on the foreign exchange loans extended to any domestic PRC companies, we are not likely to make foreign exchange loans to our consolidated PRC variable interest entities. Meanwhile, because AM Advertising and its subsidiaries, Shengshi Lianhe and AirMedia UC are domestic PRC enterprises, we are not likely to finance their activities by means of capital contributions due to regulatory issues relating to foreign investment in domestic PRC enterprises, as well as the licensing and other regulatory issues discussed in the "Regulation" section of this prospectus.

We cannot assure you that we can obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to finance Shenzhen AM, AM Technology, AM Advertising and its subsidiaries, Shengshi Lianhe or AirMedia UC on a timely basis. If we fail to receive relevant registrations or approvals, our ability to use the proceeds of this offering and to capitalize our PRC operations would be negatively affected which would adversely and materially affect our liquidity and our ability to expand our business.

Risks Related to Doing Business in China

Adverse changes in the political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our services and have a material adverse effect on our competitive position.

Substantially all of our assets are located in China and substantially all of our revenues are derived from our operations in China. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments of China. The Chinese economy differs from the economies of most developed countries in many respects, including:

- the amount of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange; and
- the allocation of resources.

While the Chinese economy has experienced significant growth in the past 25 years, growth has been uneven both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may also have a negative effect on us. We cannot predict the future direction of political or economic reforms or the effects such measures may have on our business, financial position or results of operations. Any adverse change in the political or economic conditions in China, including changes in the policies of the PRC government or in laws and regulations in China, could have a material adverse effect on the overall economic growth of China and in the air travel advertising industry. Such developments could have a material adverse effect on our business, lead to reduction in demand for our services and materially and adversely affect our competitive position.

Uncertainties with respect to the PRC legal system could limit the legal protections available to us or result in substantial costs and the diversion of resources and management attention.

We conduct our business primarily through Shenzhen AM and AM Technology, which are subject to PRC laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly-foreign owned companies. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit the legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and the diversion of resources and management attention.

Fluctuations in exchange rates may have a material adverse effect on your investment.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an average approximately 8.0% appreciation of the RMB against the U.S. dollar between July 21, 2005 and June 30, 2007. While the international reaction to the RMB revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against the U.S. dollar.

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The reporting and functional currency of our Cayman Islands parent company is the U.S. dollar. However, substantially all of the revenues and expenses of our consolidated operating subsidiaries and affiliate entities are denominated in RMB. Substantially all of our sales contracts were denominated in RMB and substantially all of our costs and expenses is denominated in RMB. The net proceeds from this offering will be denominated in U.S. dollars. Fluctuations in exchange rates, primarily those involving the U.S. dollar, may affect the relative purchasing power of these proceeds and our balance sheet and earnings per share in U.S. dollars following this offering. In addition, appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue after this offering which will be exchanged into U.S. dollars and earnings from and the value of any U.S. dollar-denominated investments we make in the future.

Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited so that we may not be able to successfully hedge our exposure at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively.

Substantially all of our revenues and expenses are denominated in RMB. If our RMB-denominated revenues increase or RMB-denominated expenses decrease in the future, we may need to convert a portion of our revenues into other currencies to meet our foreign currency obligations, including, among others, payments of dividends declared, if any, in respect of our ordinary shares or ADSs. Under China's existing foreign exchange regulations, Shenzhen AM and AM Technology are able to pay dividends in foreign currencies, without prior approval from SAFE, by complying with certain procedural requirements. However, we cannot assure you that the PRC government will not take measures in the future to restrict access to foreign currencies for current account transactions.

Foreign exchange transactions by our subsidiary and variable interest entities in China under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, PRC governmental authorities. In particular, if we or other foreign lenders make foreign currency loans to our subsidiaries or variable interest entities in China, these loans must be registered with the SAFE, and if we finance them by means of additional capital contributions using, for instance, proceeds from this offering, these capital contributions must be approved or registered by certain government authorities including the SAFE, the Ministry of Commerce or their local counterparts. These limitations could affect the ability of these entities to obtain foreign exchange through debt or equity financing, and could affect our business and financial condition.

The approval of the Chinese Securities Regulatory Commission may be required in connection with this offering under a recently adopted PRC regulation, and, if required, we cannot currently predict whether we will be able to obtain such approval.

On August 8, 2006, six PRC regulatory agencies, including the Chinese Securities Regulatory Commission, or the CSRC, promulgated the Regulation on Mergers and Acquisitions of Domestic Companies by Foreign Investors, which became effective on September 8, 2006. This new regulation has, among other things, certain provisions that require offshore special purpose vehicles, or SPVs, formed for the purpose of acquiring PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior

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to listing their securities on an overseas stock exchange. The application of this new PRC regulation remains unclear. Currently, there is no consensus among the leading PRC law firms regarding the scope and applicability of the CSRC approval requirement. On September 21, 2006, the CSRC published on its official website a notice specifying the documents and materials that are required to be submitted for obtaining the CSRC's approval. Our PRC counsel, Commerce & Finance Law Offices, has advised us that, based on their understanding of the current PRC laws and regulations as well as the procedures announced on September 21, 2006:

- the CSRC has jurisdiction over our offering;
- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this new regulation; and
- notwithstanding the above, given that we have substantially completed our restructuring in PRC before September 8, 2006, the effective date of the new regulation, it is not necessary for us to submit an application to the CSRC for its approval of the listing and trading of our ADSs on the Nasdaq Global Market.

Since the new regulation has only recently been adopted, there is uncertainty as to how this regulation will be interpreted or implemented. If it is determined that the CSRC's approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies. These sanctions may include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, delays or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of payment or remittance of dividends by our Chinese subsidiary, or other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable to us, to halt this offering before settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery of the ADSs we are offering, you would be doing so at the risk that settlement and delivery may not occur.

Recent PRC regulations relating to the establishment of offshore special purpose companies by PRC residents and registration requirements for employee stock ownership plans or share option plans may subject our PRC resident beneficial owners or the plan participants to personal liability, limit our ability to inject capital into our PRC subsidiaries, limit our subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

SAFE recently promulgated regulations that require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations apply to our shareholders who are PRC residents and may apply to any offshore acquisitions that we make in the future.

Under the SAFE regulations, PRC residents who make, or have previously made, direct or indirect investments in offshore companies, will be required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to file or update the registration with the local branch of SAFE, with respect to that offshore company, any material change involving its round-trip investment, capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger, division, long-term equity or debt investment or creation of any security interest. Moreover, the PRC subsidiaries of that offshore company are required to urge the PRC resident shareholders to update their SAFE registration with the local branch of SAFE when such updates are required under applicable SAFE regulations. If any PRC shareholder fails to make the required SAFE registration or file or update the registration, the PRC subsidiaries of that offshore parent company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation, to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into their PRC subsidiaries. Moreover, failure

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to comply with the various SAFE registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We cannot provide any assurances that all of our shareholders who are PRC residents will make or obtain any applicable registrations or approvals required by these SAFE regulations. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth therein may subject us to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiaries' ability to distribute dividends or obtain foreign-exchange-dominated loans to our company.

As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our results of operations and financial condition. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

In December 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, or the PBOC Regulation, setting forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. In January 2007, SAFE issued implementing rules for the PBOC Regulation, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On March 28, 2007, SAFE promulgated the Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas-Listed Company, or the Stock Option Rule. Under the Stock Option Rule, PRC citizens who are granted stock options by an overseas publicly-listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly-listed company, to register with SAFE and complete certain other procedures. We and our PRC employees who have been granted stock options will be subject to the Stock Option Rule when our company becomes an overseas publicly-listed company. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and legal sanctions. See "Regulation—SAFE Regulations on Offshore Investment by PRC Residents and Employee Stock Options."

Risks Related to this Offering

There has been no public market for our ordinary shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.

Prior to this initial public offering, there has been no public market for our ordinary shares or ADSs. We have applied to have our ADSs included for quotation on the Nasdaq Global Market. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs will be materially and adversely affected.

Negotiations with the underwriters will determine the initial public offering price for our ADSs which may bear no relationship to their market price after the initial public offering. We cannot assure you that an active trading market for our ADSs will develop or that the market price of our ADSs will not decline below the initial public offering price.

The market price for our ADSs may be volatile.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- regulatory developments in our target markets affecting us, our customers or our competitors;

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- announcements of studies and reports relating to the circulation, ratings, audience, quality or effectiveness of our services or those of our competitors;
- changes in the economic performance or market valuations of other advertising companies;
- actual or anticipated fluctuations in our quarterly operating results and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the air travel digital media industry;
- announcements by us or our competitors of new services, acquisitions, strategic relationships, joint ventures or capital commitments;
- addition or departure of our senior management;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs; and
- sales or perceived potential sales of additional ordinary shares or ADSs.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

Because our initial public offering price is substantially higher than our net tangible book value per share, you will incur immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of approximately US\$ [redacted] per ADS (assuming no exercise by the underwriters of options to acquire additional ADSs), representing the difference between our net tangible book value per ADS as of [redacted], 2007, after giving effect to this offering and the assumed initial public offering price of US\$ [redacted] per ADS, the midpoint of the estimated range of the initial public offering price. In addition, you may experience further dilution to the extent that our ordinary shares are issued upon the exercise of share options.

Substantial future sales or perceived potential sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs or ordinary shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Upon completion of this offering, we will have [redacted] ordinary shares outstanding including [redacted] ordinary shares represented by [redacted] ADSs. All ADSs sold in this offering, will be freely transferable without restriction or additional registration under the Securities Act of 1933, as amended, or the Securities Act. The remaining ordinary shares outstanding after this offering will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of this prospectus, subject to volume and other restrictions as applicable under Rule 144 and 701 under the Securities Act. Any or all of these shares may be released prior to expiration of the lock-up period at the discretion of the representatives. To the extent shares are released before the expiration of the lock-up period and these shares are sold into the market, the market price of our ADSs could decline.

Upon completion of this offering, certain holders of our ordinary shares will have the right to cause us to register under the Securities Act the sale of an aggregate of [redacted] shares, subject to the 180-day lock-up period in connection with this offering. Registration of these shares under the Securities Act would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these registered shares in the public market could cause the price of our ADSs to decline.

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You may not have the same voting rights as the holders of our ordinary shares and may not receive voting materials in time to be able to exercise your right to vote.

Except as described in this prospectus and in the deposit agreement, holders of our ADSs will not be able to exercise voting rights attaching to the shares evidenced by our ADSs on an individual basis. Holders of our ADSs will appoint the depository or its nominee as their representative to exercise the voting rights attaching to the shares represented by the ADSs. You may not receive voting materials in time to instruct the depository to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive cash dividends if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depository bank will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

The depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may decide not to distribute such property to you.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under Cayman Islands law, conduct a substantial portion of our operations in China and the majority of our directors and officers reside outside the United States.

We are incorporated in the Cayman Islands, and conduct a substantial portion of our operations in China through Shenzhen AM and AM Technology. A majority of our directors and officers reside outside the United States and a substantial portion of their assets are located outside of the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the Cayman Islands or in China in the event that you believe that your rights have been infringed under the securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of China may render you unable to enforce a judgment against our assets or the assets of our directors and officers. There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. For more information regarding the relevant laws of the Cayman Islands and China, see "Enforceability of Civil Liabilities."

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Our corporate affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and by the Companies Law (2007 Revision) and common law of the Cayman Islands. The rights of shareholders to take legal action against us and our directors, actions by minority shareholders and the fiduciary responsibilities of our directors are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which provides persuasive, but not binding, authority. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States and provides significantly less protection to investors. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in U.S. federal courts.

As a result, our public shareholders may have more difficulty in protecting their interests through actions against us, our management, our directors or our major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

You must rely on the judgment of our management as to the use of the net proceeds from this offering, which use may not produce income or increase our ADS price.

We have not allocated a significant portion of the net proceeds of this offering to any particular purpose. Rather, our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. The net proceeds may be used for corporate purposes that do not improve our efforts to maintain profitability or increase our ADS price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

Our memorandum and articles of association will contain anti-takeover provisions that could adversely affect the rights of holders of our ordinary shares and ADSs.

We intend to adopt an amended and restated articles of association that will become effective immediately upon the closing of this offering. We have included certain provisions in our new memorandum and articles of association that could limit the ability of others to acquire control of our company, and deprive our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

We have included the following provisions in our new articles that may have the effect of delaying or preventing a change of control of our company:

- Our board directors has the authority to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series, including the designation of the series, the number of shares of the series, the dividend rights, dividend rates, conversion rights, voting rights, and the rights and terms of redemption and liquidation preferences.
- Our board of directors may issue a series of preferred shares without action by our shareholders to the extent of available authorized but unissued preferred shares. Accordingly, the issuance of preferred shares may adversely affect the rights of the holders of the ordinary shares. Issuance of preference shares may dilute the voting power of holders of ordinary shares.
- Subject to applicable regulatory requirements, our board of directors may issue additional ordinary shares or rights to acquire ordinary shares without action by our shareholders to the extent of available authorized but unissued shares.

Our corporate actions are substantially controlled by our principal shareholder who could exert significant influence over important corporate matters, which may reduce the price of our ADSs and deprive you of an opportunity to receive a premium for your shares.

After this offering, our principal shareholder, Herman Man Guo, will beneficially own approximately _____ % of our outstanding ordinary shares, assuming an initial public offering price of US\$ _____ per ADS

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(which is the midpoint of the estimated range of the initial public offering price). In addition, Global Gateway Investment Limited, a wholly-owned subsidiary of CDH China Growth Capital Fund II, L.P., will beneficially own approximately % of our outstanding ordinary shares, assuming an initial public offering price of US\$ per ADS (which is the midpoint of the estimated range of the initial public offering price), upon conversion of the preferred shares it holds into our ordinary shares. These shareholders, if acting together, could exert substantial influence over matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase shares in this offering. In addition, these persons could divert business opportunities from us to themselves or others.

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. Holders.

Although it is not clear how the contractual arrangements between us and our variable interest entities will be treated for purposes of the "passive foreign investment company," or PFIC rules, we do not expect to be considered a PFIC, for U.S. federal income tax purposes for our current taxable year ending December 31, 2007. However, the application of the PFIC rules is subject to ambiguity in several respects and, in addition, we must make a separate determination each year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our current taxable year ending December 31, 2007 or any future taxable year. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income. The market value of our assets will be determined based on the market price of our ADSs, which is likely to fluctuate after the offering. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in this offering. If we were treated as a PFIC for any taxable year during which a U.S. Holder held an ADS or an ordinary share, certain adverse U.S. federal income tax consequences could apply to the U.S. Holder. For example, if we are a PFIC, U.S. Holders will become subject to increased tax liabilities under U.S. tax laws and regulations with respect to any gain recognized or the sale of our ADSs or ordinary shares and certain distributions, and will become subject to burdensome reporting requirements. See "Taxation—United States Federal Income Taxation—Passive Foreign Investment Company."

We will incur increased costs as a result of being a public company.

As a public company, we will incur a significantly higher level of legal, accounting and other expenses than we do as a private company. In addition, the Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the Nasdaq Global Market, have required changes in the corporate governance practices of public companies.

As a result of becoming a public company, we have established additional board committees and will adopt and implement additional policies regarding internal controls over financial reporting and disclosure controls and procedures. In particular, compliance with Section 404 of the Sarbanes-Oxley Act, which requires public companies to include a report of management on the effectiveness of their internal control over financial reporting, will increase our costs. In addition, we will incur costs associated with public company reporting requirements, such as the requirements to file an annual report and other event-related reports with the SEC.

We are currently evaluating and monitoring developments with respect to these rules. We expect these rules and regulations will increase our legal and financial compliance costs, but we cannot predict or estimate the amount or the timing of additional costs we may incur.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our anticipated growth strategies;
- our future business development, results of operations and financial condition;
- our plans to expand our digital media network into additional locations, airports and airlines in China;
- competition in the PRC advertising industry and the air travel advertising industry in China;
- the expected growth in consumer spending, average income levels and advertising spending levels;
- the growth of the air travel sector in China; and
- PRC governmental policies relating to the advertising industry.

You should thoroughly read this prospectus and the documents to which we refer with the understanding that our actual future results may be materially different from and worse than our expectations. We qualify all of our forward-looking statements with these cautionary statements. Other sections of this prospectus include additional factors that could adversely affect our business and financial performance.

This prospectus contains statistical data that we obtained from various government and private publications. We have not independently verified the data in these reports. Statistical data in these publications also include projections based on a number of assumptions. The air travel industry and the advertising industry in China, particularly the out-of-home and air travel advertising sectors, may not grow at the projected rates or at all. The failure of the air travel industry and the advertising industry to grow at the projected rates may have a material adverse effect on our business and the market price of our ADSs. Furthermore, if any one or more of the assumptions underlying the statistical data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements. In particular, this prospectus contains statistical data from the Sinomonitor report we commissioned. The calculation of digital TV screens in the Sinomonitor report does not include digital TV screens in VIP lounges for logistical reasons.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us and assuming no exercise of the underwriters' over-allotment option, will be approximately US\$ million, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price. If the underwriters exercise their over-allotment option in full, we estimate that the net proceeds to us will be approximately US\$ million. Assuming the number of ADSs offered by us as set forth on the cover page of this prospectus remains the same, a US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the net proceeds of this offering by US\$ million after deducting underwriting discounts and commissions and the estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives, and obtain additional capital. We intend to use the net proceeds from this offering to fund capital expenditures and for other general corporate purposes, which may include strategic acquisitions of businesses that could complement our existing capabilities and businesses. We are not currently negotiating any material acquisitions.

We have not yet determined all of our anticipated expenditures and therefore cannot estimate the amounts to be used for each of the purposes discussed above. The amounts and timing of any expenditure will vary depending on the amount of cash generated by our operations, competitive developments and the rate of growth, if any, of our business. Accordingly, our management will have significant flexibility in applying the net proceeds we receive from this offering. Depending on future events and other changes in the business climate, we may determine at a later time to use the net proceeds for different purposes. Pending their use, we intend to invest our net proceeds in short-term, interest-bearing bank deposits.

DIVIDEND POLICY

We have never declared or paid any dividends, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has complete discretion in deciding whether to distribute dividends. Even if our board of directors decides to pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors.

If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares." Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2007:

- on an actual basis; and
- on an as adjusted basis to give effect to (1) the automatic conversion of all of our outstanding Series A preferred shares into 32,600,000 ordinary shares; (2) the automatic conversion of all of our outstanding Series B preferred shares into ordinary shares, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price; and (3) the issuance and sale of ordinary shares in the form of ADSs by us in this offering, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price, after deducting estimated underwriting discounts, commissions and estimated offering expenses payable by us and assuming no exercise of the underwriters' over-allotment option.

You should read this table together with our consolidated financial statements, the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of June 30, 2007	
	Actual	As Adjusted ⁽¹⁾
	(in thousands)	
Series A convertible redeemable preferred shares, US\$0.001 par value, 37,600,000 shares authorized; 37,600,000 shares issued and outstanding	US\$14,450	US\$
Series B convertible redeemable preferred shares, US\$0.001 par value, 16,000,000 shares authorized, issued and outstanding	39,326	
Shareholders' equity:		
Ordinary shares, US\$0.001 par value, 162,400,000 shares authorized; 62,400,000 shares issued and outstanding (actual)	62	
Additional paid-in capital	—	
Statutory reserve	102	
Retained earnings	2,802	
Accumulated other comprehensive income	627	
Total shareholders' equity	3,593	
Total capitalization	US\$57,369	US\$

Note: (1) Assuming the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same, and after deduction of underwriting discounts and commissions and the estimated offering expenses payable by us, a US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ would increase (decrease) each of additional paid-in capital, total shareholders' equity and total capitalization by US\$ million.

DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of June 30, 2007 was approximately US\$ _____ million, or US\$ _____ per ordinary share as of that date, and US\$ _____ per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in net tangible book value after June 30, 2007, other than to give effect to our sale of the ADSs offered in this offering at the initial public offering price of US\$ _____ per ADS after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma net tangible book value as of June 30, 2007 would have been US\$ _____ million, or US\$ _____ per outstanding ordinary share, and US\$ _____ per ADS. This represents an immediate increase in net tangible book value of US\$ _____ per ordinary share and US\$ _____ per ADS, to the existing shareholders and an immediate dilution in net tangible book value of US\$ _____ per ordinary share and US\$ _____ per ADS, to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US\$ _____	US\$ _____
Net tangible book value as of June 30, 2007	US\$ _____	US\$ _____
Pro forma net tangible book value after giving effect to this offering	US\$ _____	US\$ _____
Pro forma net tangible book value after giving effect to this offering	US\$ _____	US\$ _____
Amount of dilution in net tangible book value to new investors in the offering	US\$ _____	US\$ _____
Amount of dilution in net tangible book value to new investors in the offering	US\$ _____	US\$ _____

The following table summarizes, on a pro forma basis as of June 30, 2007, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share/ADS paid before deducting the underwriting discounts and commissions and the estimated offering expenses. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Ordinary Share ⁽¹⁾	Average Price Per ADS ⁽¹⁾
	Number	Percent	Amount	Percent		
			(in millions)			
Existing shareholders	_____	____%	US\$ _____	____%	US\$ _____	US\$ _____
New investors	_____	____%	US\$ _____	____%		
Total	_____	____%	US\$ _____	____%		

Note: (1) The average price per ordinary share and ADS assumes an initial public offering price of US\$ _____ per ADS, the midpoint of the estimated range of the initial public offering price.

A US\$1.00 increase (decrease) in the assumed public offering price of US\$ _____ per ADS would increase (decrease) our pro forma net tangible book value after giving effect to the offering by US\$ _____ million, the

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pro forma net tangible book value per ordinary share and per ADS after giving effect to this offering by US\$ per ordinary share and US\$ per ADS and the dilution in pro forma net tangible book value per ordinary share and per ADS to new investors in this offering by US\$ per ordinary share and per ADS, assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

The pro forma information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The discussion and tables above also assume no exercise of any outstanding stock options. As of the date of this prospectus, there were 8,065,000 ordinary shares issuable upon exercise of outstanding stock options at an exercise price of US\$2.00 per share, and there were 3,935,000 ordinary shares available for future issuance upon the exercise of future grants under our share incentive plan. To the extent that any of these options are exercised, there will be further dilution to new investors.

EXCHANGE RATE INFORMATION

Our reporting and financial statements are expressed in the U.S. dollar, which is our reporting and functional currency. However, substantially all of the revenues and expenses of our consolidated operating subsidiaries and variable interest entities are denominated in Renminbi. This prospectus contains translations of RMB amounts into U.S. dollars at specific rates solely for the convenience of the reader. The conversion of RMB into U.S. dollars in this prospectus is based on the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise noted, all translations from RMB to U.S. dollars and from U.S. dollars to RMB in this prospectus were made at a rate of RMB7.6120 to US\$1.00, the noon buying rate in effect as of June 29, 2007. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, the rates stated below, or at all. The Chinese government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On October 18, 2007, the noon buying rate was RMB7.5148 to US\$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you. The source of these rates is the Federal Reserve Bank of New York.

Period	Noon Buying Rate			
	Period End	Average ⁽¹⁾ (RMB per US\$1.00)	Low	High
2002	8.2800	8.2772	8.2800	8.2700
2003	8.2767	8.2771	8.2800	8.2765
2004	8.2765	8.2768	8.2774	8.2764
2005	8.0702	8.1826	8.2765	8.0702
2006	7.8041	7.9579	8.0702	7.8041
2007				
Six months ended June 30	7.6120	7.7014	7.8127	7.6120
April	7.7090	7.7247	7.7345	7.7090
May	7.6516	7.6773	7.7065	7.6463
June	7.6120	7.6333	7.6680	7.6120
July	7.5720	7.5757	7.6055	7.5580
August	7.5420	7.5746	7.6181	7.5420
September	7.4928	7.5196	7.5540	7.4928
October (through October 18)	7.5148	7.5103	7.5158	7.5000

Note: (1) Averages for a period are calculated by using the average of the exchange rates on the end of each month during the period. Monthly averages are calculated by using the average of the daily rates during the relevant period.

ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands in order to enjoy certain benefits, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of exchange control or currency restrictions, and the availability of professional and support services. However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include a less developed body of Cayman Islands securities laws that provide significantly less protection to investors as compared to the laws of the United States, and the potential lack of standing by Cayman Islands companies to sue in the federal courts of the United States.

Our organizational documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. A majority of our officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed CT Corporation System, 111 Eighth Avenue, New York, NY 10011, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder, our counsel as to Cayman Islands law, and Commerce & Finance Law Offices, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

Commerce & Finance Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other agreements with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether a PRC court would enforce a judgment rendered by a court in the United States.

RECENT DEVELOPMENTS

The following is a summary of our selected unaudited consolidated financial results for the three months ended September 30, 2007 compared to our selected unaudited consolidated financial results for the three months ended September 30, 2006 and June 30, 2007, respectively. Results for the third quarter of 2007 may not be indicative of our full year results for the year ending December 31, 2007 or future quarterly periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus for information regarding trends and other factors that may influence our results of operations and for recent quarterly operating results.

	Three Months Ended		
	September 30, 2006	June 30, 2007	September 30, 2007
(in thousands of US\$)			
Consolidated Statements of Operations Data:			
Revenues	5,672	8,469	10,625
Business and other sales tax	(296)	(419)	(488)
Net revenues	5,376	8,050	10,137
Cost of revenues	(2,863)	(4,572)	(5,206)
Gross profit	2,513	3,478	4,931
Operating expenses:			
Selling and marketing ⁽¹⁾	(771)	(941)	(1,146)
General and administrative ⁽¹⁾	(266)	(453)	(19,135)
Total operating expenses	(1,037)	(1,394)	(20,281)
Income (loss) from operations	1,476	2,084	(15,350)
Interest income	3	51	303
Income tax benefits (loss)	27	122	(51)
Minority interest	—	2	3
Loss from equity accounted investment	—	(115)	(158)
Net income (loss)	<u>US\$ 1,506</u>	<u>US\$ 2,144</u>	<u>US\$(15,253)</u>

Note: (1) Share-based compensation expenses are included in our operating expenses as follows:

	Three Months Ended		
	September 30, 2006	June 30, 2007	September 30, 2007
(in thousands of US\$)			
Share-based compensation included in:			
Selling and marketing expenses	—	—	(100)
General and administrative expenses ⁽²⁾	—	—	(18,231)

(2) Includes a one-time share-based compensation expense of US\$17.5 million in connection with the share transfer of 5,000,000 ordinary shares in September 2007 by a major shareholder of our company to Mr. Herman Man Guo, our chairman and chief executive officer.

For the three months ended September 30, 2007, our net revenues increased by 88.6% to US\$10.1 million from US\$5.4 million for the same period in 2006. The increase was due primarily to (1) a significant increase in revenues generated from the sale of advertising time slots of our digital TV screens in airports from US\$3.5 million for the three months ended September 30, 2006 to US\$7.0 million for the three months ended September 30, 2007, and (2) an increase in revenues generated from the sale of advertising times slots of the digital TV screens on airplanes from US\$1.2 million for the three months ended September 30, 2006 to US\$2.6 million for the three months ended September 30, 2007. The increases were due to (1) a greater number of time slots sold in the third quarter of 2007 than in the same period in 2006 because of the expansion of our network coverage and capacity, and (2) an increase in the average selling prices of the time slots sold due in part to our expanded network coverage, increased acceptance of air travel digital advertising and our increase of list prices for our advertising time slots in the second quarter of 2007.

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For the three months ended September 30, 2007, our cost of revenues increased by 81.8% to US\$5.2 million from US\$2.9 million for the same period in 2006. The increase was due primarily to a US\$1.3 million increase in concession fees as we added additional concession rights contracts, as well as the US\$0.9 million increase in agency fees paid to third-party agencies as we grew our sales.

For the three months ended September 30, 2007, our net revenues increased by 25.9%, or US\$2.0 million, to US\$10.1 million from US\$8.1 million for the three months ended June 30, 2007. The increase was primarily attributable to an increase of US\$2.0 million in revenues generated from the sale of advertising time slots of our digital TV screens in airports for the three months ended September 30, 2007 compared to the three months ended June 30, 2007.

Our cost of revenues for the three months ended September 30, 2007 increased by 13.9%, or US\$0.6 million, to US\$5.2 million from US\$4.6 million in the three months ended June 30, 2007, primarily because of the US\$0.4 million increase in the agency fees paid to third-party agencies and the US\$0.2 million increase in concession fees as we continued to grow our sales and added additional concession rights contracts in the third quarter of 2007.

For the three months ended September 30, 2007, our total operating expenses were US\$20.3 million, compared to total operating expenses of US\$1.0 million for the same period in 2006 and total operating expenses of US\$1.4 million for the three months ended June 30, 2007. For the third quarter of 2007, our selling and marketing expenses and general and administrative expenses included a total of US\$18.3 million share-based compensation expenses in connection with equity incentives granted to our executive officers, directors, employees and consultants. In particular, our general and administrative expenses for the three months ended September 30, 2007 included a one-time share-based compensation charge in the amount of US\$17.5 million in connection with the share transfer of 5,000,000 ordinary shares in September 2007 by a major shareholder of our company to Mr. Herman Man Guo in recognition of his service as our chairman and chief executive officer. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Share-based Compensation" and "Related Party Transactions—Private Placements—Series A Preferred Shares."

Primarily as a result of the US\$18.3 million share-based compensation charge, we incurred a net loss of US\$16.9 million for the three months ended September 30, 2007, compared to a net income of US\$1.1 million for the same period in 2006 and US\$1.5 million for the second quarter in 2007.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated financial data for the period from August 7, 2005, the date we commenced operations, to December 31, 2005 and the year ended December 31, 2006 and the consolidated balance sheet data as of December 31, 2005 and 2006 have been derived from our audited consolidated financial statements, which are included elsewhere in this prospectus. The following selected consolidated financial data for the six months ended June 30, 2006 and 2007 and the consolidated balance sheet data as of June 30, 2007 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus and have been prepared on the same basis as our audited consolidated financial data. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the periods presented. Our unaudited results for the six months ended June 30, 2007 may not be indicative of our results for the full year ending December 31, 2007. The selected consolidated financial data should be read in conjunction with our consolidated financial statements and our related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP.

	Period from August 7, 2005 to December 31, 2005	Year ended December 31, 2006	For the Six Months ended June 30,	
			2006	2007
(in thousands, except shares, per share and per ADS data)				
Consolidated Statements of Operations Data:				
Revenues:				
Digital TV screens in airports	US\$ 887	US\$ 10,502	US\$ 4,083	US\$10,560
Digital TV screens on airplanes	405	4,868	1,636	4,403
Other displays	58	3,526	1,344	1,736
Total revenues	1,350	18,896	7,063	16,699
Business tax and other sales tax	(2)	(961)	(314)	(814)
Net revenues	1,348	17,935	6,749	15,885
Cost of revenues	(3,189)	(10,040)	(4,229)	(9,042)
Gross profit (loss)	(1,841)	7,895	2,520	6,843
Operating expenses:				
Selling and marketing	(461)	(2,751)	(1,144)	(1,844)
General and administrative	(376)	(1,293)	(580)	(936)
Total operating expenses	(837)	(4,044)	(1,724)	(2,780)
Income (loss) from operations	(2,678)	3,851	796	4,063
Interest income	3	17	8	74
Income tax benefits	273	197	113	66
Minority interest	—	1	—	3
Loss from equity accounted investment	—	—	—	(190)
Net income (loss)	US\$ (2,402)	US\$ 4,066	US\$ 917	US\$ 4,016
Deemed dividends on Series A convertible redeemable preferred shares—Accretion of redemption premium	US\$ (296)	US\$ (1,440)	US\$ 714	US\$ 714
Deemed dividends on Series B convertible redeemable preferred shares—Accretion of redemption premium	—	—	—	US\$ 326
Net income (loss) attributable to holders of ordinary shares	US\$ (2,698)	US\$ 2,626	US\$ 203	US\$ 2,976
Net income (loss) per ordinary share—basic and diluted	US\$ (0.04)	US\$ 0.03	US\$ 0.01	US\$ 0.03
Net income per Series A preferred share—basic	US\$ 0.01	US\$ 0.06	US\$ 0.02	US\$ 0.05
Net income per Series B preferred share—basic	—	—	—	US\$ 0.19

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	Period from	Year ended	For the Six Months ended	
	August 7, 2005 to December 31, 2005	December 31, 2006	June 30,	
			2006	2007
	(in thousands, except shares, per share and per ADS data)			
Net income (loss) per ADS ⁽¹⁾				
Basic	US\$	US\$	US\$	US\$
Diluted	US\$	US\$	US\$	US\$
Shares used in calculating net income (loss) per ordinary share—basic and diluted	62,400,000	62,400,000	62,400,000	62,400,000
Shares used in calculating net income per Series A preferred share—basic	37,600,000	37,600,000	37,600,000	37,600,000
Shares used in calculating net income per Series B preferred share—basic	—	—	—	2,033,149

Note: (1) Each ADS represents ordinary shares.

The following table presents a summary of our consolidated balance sheet data as of December 31, 2005 and 2006 and as of June 30, 2007:

- on an actual basis; and
- on an adjusted basis as of June 30, 2007 to give effect to (1) the automatic conversion of all of our outstanding Series A preferred shares into 32,600,000 ordinary shares; (2) the automatic conversion of all of our outstanding Series B preferred shares into ordinary shares, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price; and (3) the issuance and sale of ordinary shares in the form of ADSs by us in this offering, assuming an initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price, after deducting estimated underwriting discounts, commissions and estimated offering expenses payable by us and assuming no exercise of the underwriters' over-allotment option.

	As of December 31,		As of June 30, 2007	
	2005	2006	Actual	As Adjusted ⁽¹⁾
	Actual	Actual	Actual	(unaudited)
	(in thousands)			
Consolidated Balance Sheet Data:				
Cash	US\$ 2,952	US\$ 2,086	US\$41,700	US\$
Total assets	6,371	20,547	66,865	
Total liabilities	2,765	9,511	9,499	
Series A convertible redeemable preferred shares	12,296	13,736	14,450	
Series B convertible redeemable preferred shares	—	—	39,326	
Total shareholders' (deficiency) equity	(2,690)	221	3,593	

Note: (1) A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the amounts representing cash, total assets, and total shareholders' equity by US\$ million.

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The following table presents a summary of our condensed consolidated statements of cash flow for the period from August 7, 2005 to December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2006 and 2007.

	Period from	Year ended	For the Six Months ended June 30,	
	August 7, 2005 to December 31, 2005	December 31, 2006	2006	2007
(in thousands)				
Consolidated Statements of Cash Flow:				
Net cash (used in) provided by operating activities	US\$ (3,277)	US\$ 2,020	US\$ 806	US\$ 1,523
Net cash used in investing activities	(762)	(5,346)	(3,478)	(3,953)
Net cash provided by financing activities	6,984	2,285	1,385	41,982

The following table presents selected operating data for the period from August 7, 2005 to December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2006 and 2007, except for the numbers of airports, airlines and screens in our network, which were as of December 31, 2005 and 2006 and as of June 30, 2006 and 2007.

	Period from	Year ended	For the Six Months ended	
	August 7, 2005 to December 31, 2005	December 31, 2006	2006	2007
Selected Operating Data				
Digital TV screens in airports				
Number of airports in operation	16	28	22	32
Number of screens in our network airports	1,184	1,562	1,387	1,822
Number of time slots available for sale ⁽¹⁾	14,800	42,800	20,960	35,967
Number of time slots sold ⁽²⁾	1,139	14,409	5,651	12,797
Utilization rate ⁽³⁾	7.7%	33.7%	27.0%	35.6%
Average advertising revenue per time slot sold ⁽⁴⁾	US\$ 778	US\$ 729	US\$ 723	US\$ 825
Digital TV screens on airplanes				
Number of airlines in operation	6	9	7	9
Number of screens on our network airplanes	11,201	16,015	11,525	16,015
Number of time slots available for sale ⁽¹⁾	224	1,356	606	864
Number of time slots sold ⁽²⁾	27	568	180	385
Utilization rate ⁽³⁾	12.3%	41.9%	29.7%	44.5%
Average advertising revenue per time slot sold ⁽⁵⁾	US\$14,745	US\$ 8,572	US\$ 9,093	US\$11,444

- Notes: (1) We define a time slot as a 30-second equivalent advertising time unit which is shown during each advertising cycle on a weekly basis in a given airport or on a monthly basis on the routes of a given airline, respectively. Our airport advertising programs are shown repeatedly on a daily basis during a given week in one-hour cycles and each hour of programming includes 25 minutes of advertising content, which allows us to sell a maximum of 50 time slots per week. The number of time slots available for our digital TV screens in airports during the period presented is calculated by multiplying the time slots per week per airport by the number of weeks during the period presented when we had operations in each airport and then calculating the sum of all the time slots available for each of our network airports. The length of our in-flight programs typically ranges from approximately 45 minutes to an hour per flight, approximately five to 13 minutes of which consist of advertising content. The number of time slots available for our digital TV screens on airplanes during the period presented is calculated by multiplying the time slots per airline per month by the number of months during the period presented when we had operations on each airline and then calculating the sum of all the time slots for each of our network airlines.
- (2) Number of time slots sold refers to the number of 30-second equivalent advertising time units sold during the period presented.
- (3) Utilization rate refers to total time slots sold as a percentage of total time slots available for sale during the relevant period.
- (4) Average advertising revenue per time slot sold for digital TV screens in airports is calculated by dividing our revenues derived from digital TV screens in airports by the number of time slots sold for digital TV screens in airports.
- (5) Average advertising revenue per time slot sold for digital TV screens on airplanes is calculated by dividing our revenues derived from digital TV screens on airplanes by the number of time slots sold for digital TV screens on airplanes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this prospectus.

Overview

We operate the largest digital media network in China dedicated to air travel advertising. We operate over 95% of the digital TV screens that display advertisements in the 15 largest airports in China, according to the Sinomonitor report. The advertising portion of our programs accounts for over 80% of the total length of the advertisements played on the digital TV screens for each of the three largest airlines in China. We operate over 2,000 digital TV screens in airports and place our programs on over 16,000 digital TV screens on airplanes. Due to PRC regulatory restrictions on foreign ownership of advertising businesses in China, we operate our advertising business through our consolidated variable interest entities and their subsidiaries in China. We have a series of contractual arrangements with these variable interest entities and their record owners that enable us to effectively control and derive substantially all of the economic benefits from these variable interest entities.

We currently have contractual concession rights to operate digital TV screens in 52 airports, including 28 out of the 30 largest airports in China. Our digital TV screens are currently located in 37 airports in China, including the five largest airports, Beijing Capital International Airport, Shanghai Pudong International Airport, Guangzhou Baiyun International Airport, Shanghai Hongqiao International Airport and Shenzhen International Airport. We plan to gradually roll out our operations in the additional 15 airports with which we have concession rights. As of June 30, 2007, 44 out of the 84 concession rights contracts to operate our digital TV screens in airports contained provisions granting us certain exclusive concession rights contracts.

We currently have contractual concession rights to place our programs on the routes operated by nine airlines, including the three largest airlines in China, China Southern Airlines, China Eastern Airlines and Air China. As of June 30, 2007, 13 out of the 15 concession rights contracts to place our programs on airlines contained provisions granting us certain exclusive concession rights.

We derive our revenues by selling advertising time slots on our network to advertisers and advertising agencies. We define a time slot as a 30-second equivalent advertising time unit which is shown during each advertising cycle on a weekly basis in a given airport or on a monthly basis on the routes of a given airline, respectively. Since commencing operations in August 2005 to June 30, 2007, 240 advertising clients have purchased advertising time slots on our network. We derive revenues from the following sources:

- digital TV screens in airports, all of which consist of both advertising and non-advertising content;
- digital TV screens on airplanes, all of which consist of both advertising and non-advertising content; and
- other displays, such as light box displays, digital frames, 3D advertising displays and 360-degree LED displays, which contain only advertising content.

All of the digital TV screens on our network airplanes and a majority of the digital TV screens in our network airports play programs that consist of both advertising content and non-advertising content. In general, the majority of our programs in airports currently includes 25 minutes of advertising content during each hour of programming and are shown for approximately 16 hours per day. The length of our in-flight programs ranges from approximately 45 minutes to an hour per flight, approximately five to 13 minutes of which consist of advertising content.

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We have grown rapidly since we commenced operations. The number of airports and airlines in which we operated and the number of digital TV screens operating in our network increased from 16, six and 12,385 as of December 31, 2005 to 32, nine and 17,837 as of June 30, 2007, respectively. For the period from August 7, 2005, the date we commenced operations, to December 31, 2005, we incurred a net loss of US\$2.4 million. For 2006, we generated net revenues of US\$17.9 million and achieved a net income of US\$4.1 million. For the six months ended June 30, 2007, our net revenues increased to US\$15.9 million from US\$6.7 million for the same period in 2006 and our net income increased to US\$4.0 million from US\$0.9 million for the same period in 2006.

Factors Affecting Our Results of Operations

The increase in our operating results since we commenced our current business operations in August 2005 is attributable to a number of factors, including the substantial expansion of our digital media network in airports and on airplanes and the growing acceptance of our digital media network as an effective advertising medium by our advertising clients, airports, airlines and air travelers. We expect our future growth to be driven by the following factors and trends.

Demand for Our Advertising Time Slots

The demand for our advertising time slots is directly related to the demand for air travel and advertising spending in China. The demand for air travel is in turn affected by general economic conditions, the affordability of air travel in China and certain special events that may attract air travelers into and within China. Advertising spending is also particularly sensitive to changes in general economic conditions. The increase or decrease in demand for air travel and advertising spending could affect the attractiveness of our network to advertisers, our ability to fill our advertising time slots and the price we charge for our advertising time slots. In addition, we believe certain special events, such as the upcoming Beijing Olympics in 2008, may increase the demand for our advertising time slots as many advertisers may launch wide-scale advertising campaigns.

Service Offerings

Currently, our air travel digital media network primarily consists of standard digital TV screens. We intend to broaden our service offerings by building new advertising media platforms to make our network more comprehensive and effective. In particular, we plan to upgrade our light box displays to digital frames and significantly expand this new platform. We also plan to expand our 360-degree LED displays and 3D displays. We believe our broadened service offerings will provide our advertising clients with more choices in selecting and combining different air travel advertising platforms that best suit their advertising needs and preferences. It will also expand the consumer reach of the advertisements shown on our network and allow us to cross-sell different advertising services. Ultimately, we believe these efforts will increase and diversify the sources of revenue we can generate from our existing network of airports and airplanes.

Number of Our Advertising Time Slots Available for Sale

The number of time slots available for our digital TV screens in airports during the period presented is calculated by multiplying the time slots per week per airport by the number of weeks during the period presented when we had operations in each airport and then calculating the sum of all the time slots available for each of the our network airports. The number of time slots available for our digital TV screens on airplanes during the period presented is calculated by multiplying the time slots per airline per month by the number of months during the period presented when we had operations on each airline and then calculating the sum of all the time slots for each of our network airlines.

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By increasing the number of airports or airlines that we can operate or place displays in our existing network, we can increase the number of advertising time slots that we have available to sell. In addition, the length of our advertising cycle can potentially be extended to longer durations depending on demand in each airport or airline. However, advertisers may be unwilling to accept placement of their advertisements on a longer time cycle which decreases the frequencies of their advertisements each day. See "Risk Factors—Risks Related to our Business—When our current advertising network of digital TV screens reaches saturation in the major airports and airlines where we operate, we may be unable to offer additional time slots to satisfy all of our advertisers' needs, which could hamper our ability to generate higher levels of revenues and profitability over time."

Pricing

The average selling price we charge for our advertising time slots is calculated by dividing our advertising revenue by the number of 30-second equivalent advertising time slots sold during that period, after taking into account any discounts offered. The primary factors that affect the effective price we charge advertising clients for time slots on our network and our utilization rate include the attractiveness of our network to advertisers, which depends on the number of displays, the number and scale of airports and airplanes in our network, the level of demand for time slots, and the perceived effectiveness by advertisers of their advertising campaigns placed on our network. We may increase the average selling prices of our advertising times slots from time to time depending on the demand for our advertising time slots.

A significant percentage of the programs played on our digital TV screens in airports and on airlines includes non-advertising content. We do not directly generate revenue from non-advertising content, but instead obtain such content from third party content providers. We believe that the combination of non-advertising content with advertising content makes air travelers more receptive to our programs, which in turn makes the advertising content more effective for our advertisers. We believe this in turn allows us to charge a higher price for each advertising time slot. We closely track the program blend and customer demand to optimize our ability to generate revenue for each program cycle.

Utilization Rate

Our utilization rate is the total time slots sold as a percentage of total time slots available during the relevant period. In order to provide meaningful comparisons of our utilization rate, we normalize our time slots into 30-second units, which we can then compare across each network airport, airlines and period to chart the normalized utilization rate of our network by airports and airlines and over time. Our utilization rate is primarily affected by the demand for our advertising time slots and our ability to increase the sales of our advertising time slots, especially those advertising time slots on our network airports in second tier cities. We plan to strengthen our sales efforts in these cities by building local sales teams to increase our direct sales of advertising time slots in these cities and ultimately improve our utilization rate.

Network Coverage and Concession Fees

The demand for our advertising time slots and the effective price we charge advertising clients for time slots on our network depend on the attractiveness and effectiveness of our network to our advertising clients. This, in turn, is related to the breadth of our network coverage, including significant coverage in the major airports and airlines that advertisers wish to reach. As a result, it has been, and will continue to be, important for us to secure and retain concession rights contracts to operate our digital TV screens in major airports and to place our programs on major airlines and to increase the number of displays which we operate in those airports and or place programs on those airlines.

Concession fees constitute a significant portion of our costs of revenues. Airports and airlines tend to increase concession fees over time, and if we experience a significant increase in concession fees our costs will increase. It will therefore be important to our results of operations that we secure and retain these concession rights contracts on commercially advantageous terms.

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Revenues

We generate revenues from the sale of advertising time slots on our air travel advertising network. The following table sets forth the revenues generated from each of our advertising categories, both in absolute amounts and as percentages of total revenues for the periods indicated.

	Period from August 7, 2005 to December 31, 2005		Year ended December 31, 2006		For the Six Months ended June 30,			
					2006		2007	
	(in thousands except percentages)							
Revenues:								
Digital TV screens in airports	US\$ 887	65.7%	US\$10,502	55.6%	US\$4,083	57.8%	US\$10,560	63.2%
Digital TV screens on airplanes	405	30.0	4,868	25.8	1,636	23.2	4,403	26.4
Other displays	58	4.3	3,526	18.6	1,344	19.0	1,736	10.4
Total revenues	1,350	100.0	18,896	100.0	7,063	100.0	16,699	100.0
Business tax and other sales tax	(2)	(0.1)	(961)	(5.1)	(314)	(4.5)	(814)	(4.9)
Net revenues	<u>US\$1,348</u>	<u>99.9%</u>	<u>US\$17,935</u>	<u>94.9%</u>	<u>US\$6,749</u>	<u>95.6%</u>	<u>US\$15,885</u>	<u>95.1%</u>

Revenues from our digital TV screens in airports accounted for 65.7%, 55.6% and 63.2% of our total revenues in the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. As of December 31, 2005, our network was located in 16 airports where we operated 1,184 digital TV screens, and as of December 31, 2006, our network was located in 28 airports where we operated 1,562 digital TV screens. As of June 30, 2007, our network was located in 32 airports where we operated 1,822 digital TV screens, and we plan to gradually roll out our operations in the additional 15 airports where we have contractual concession rights to operate digital TV screens. We seek to continue to enter into concession rights agreements to operate digital TV screens in additional airports to further expand the breadth of our network.

Revenues from our digital TV screens on airplanes accounted for 30.0%, 25.8% and 26.4% of our total revenues for the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. As of December 31, 2005, our network was located on six airlines, and as of December 31, 2006 and June 30, 2007, our network was located on nine airlines.

Revenues from our other displays accounted for 4.3%, 18.6% and 10.4% of our total revenues for the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. We have offered light box displays since the commencement of our operations and revenues generated from our light box advertisements accounted for 10.4% of our total revenues in 2006. We are in the process of upgrading our light box displays to digital frames and intend to significantly expand the number of digital frames in our network. We currently plan our digital frames to run advertising programs across either a ten-minute or twenty-minute cycle and expect to start generating revenues from digital frames in the second half of 2007. In contrast to the static nature of the advertisements on our current light box advertisement displays, this will give us more flexibility and allow us to increase our advertising capacity. We also derive revenues from two 360-degree LED displays in two airports and we expect to begin generating revenues from our 3D displays currently located in 13 airports in the second half of 2007.

We believe that our ability to broaden our service offerings and increase and diversify our revenue sources will be increasingly important in the future. We expect to significantly increase revenues generated from other displays both in terms of an absolute amount and as a percentage of our net revenues, primarily from the upgrade of light box displays to digital frames and the installation of new digital frames.

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We exchange advertising time slots with other businesses for assets or services, such as digital TV screens and office rental from time to time. We recognized US\$33,532, US\$0.8 million and US\$0.1 million in revenues from the exchange of our advertising time slots for assets or services for the period from August 7, 2005 to December 31, 2005, in 2006 and for the six months ended June 30, 2007, respectively. No costs were directly attributable to these revenues.

Our PRC subsidiaries and variable interest entities, or VIEs, are subject to PRC business tax and other sales related taxes at the rate of 8.5% on total revenues after deduction of certain costs of revenues permitted by the PRC tax laws. We deduct these business taxes and other sales taxes from revenues to arrive at net revenues.

Cost of Revenues

Our cost of revenues consists primarily of concession fees, agency fees and other costs, including digital TV screen depreciation costs, digital TV screen maintenance costs and non-advertising content costs. The following table sets forth the major components of our cost of revenues, both in absolute amounts and as percentages of net revenues for the periods indicated.

	Period from August 7, 2005 to December 31, 2005		Year ended December 31, 2006		For the Six Months ended June 30,			
					2006		2007	
	(in thousands except percentages)							
Net revenues	US\$ 1,348	100.0%	US\$ 17,935	100.0%	US\$ 6,749	100.0%	US\$15,885	100.0%
Cost of revenues								
Concession fees	(2,238)	(166.0)	(6,758)	(37.7)	(3,057)	(45.3)	(5,475)	(34.5)
Agency fees	(534)	(39.6)	(2,361)	(13.2)	(895)	(13.3)	(2,674)	(16.8)
Others	(417)	(31.0)	(921)	(5.1)	(277)	(4.1)	(893)	(5.6)
Total cost of revenues	US\$ (3,189)	(236.6)%	US\$(10,040)	(56.0)%	US\$(4,229)	(62.7)%	US\$ (9,042)	(56.9)%

Concession Fees

We incur concession fees to airports for placing and operating our digital TV screens and to airlines for placing our programs on their digital TV screens. These fees constitute a significant portion of our cost of revenues and accounted for approximately 166.0%, 37.7% and 34.5% of our net revenues in the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. Most of the concession fees are fixed under the concession rights contracts with escalation, meaning fixed increases over each year of the agreement, and payments are usually due three or six months in advance. The concession fees that we incur under concession rights contracts for our digital TV screen in airports vary by the airports' passenger flow, the city where the airport is located and the profile of air passengers. The concession fees that we incur under concession rights contracts for our programs on airlines vary by the number of routes and airplanes, type of aircraft and the departure and destination cities.

Concession fees tend to increase over time as growth in passenger volume increases demand for air travel advertising among advertisers. We expect our concession fees to increase significantly due to the new concession rights contracts that we have entered into in 2007, including our September 2007 contracts for the operation of digital displays and digital frames at the newly constructed Terminal 3 of Beijing Capital International Airport. As some of our concession rights contracts are subject to renewal in the next several years, we may experience a significant increase in our concession fees in order to retain these concession contracts.

Agency Fees

We engage third-party agencies to help source advertising clients from time to time. These third-party agencies assist us in identifying and introducing advertisers to us. In return, we pay them fees if any of these advertisers generates advertising revenues for us. Fees that we pay to these third-party agencies are calculated based on a pre-set percentage of revenues generated from the clients introduced to us by the third-party agencies

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and are paid when payments are received from the clients. We record these agency fees as cost of revenues ratably over the period in which the related advertisements are displayed. Agency fees accounted for 39.6%, 13.2% and 16.8% of our net revenues in the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. We expect to continue using these third-party agencies in the near future. We expect our agency fees as a percentage of net revenues to decrease over time, due primarily to (1) the expected increase in 2008 of sales of advertising time slots for our digital frames and 3D displays for which we expect agency fees to be lower, and (2) the continued expansion of our internal sales and marketing staff.

Others. Our other cost of revenues accounted for 31.0%, 5.1% and 5.6% of our net revenues in the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively, and include the following:

Display Equipment Depreciation. Generally, we capitalize the cost of our digital TV screens and recognize depreciation costs on a straight-line basis over the term of their useful lives, which we estimate to be five years. The primary factors affecting our depreciation costs are the number of digital TV screens in our network and the unit cost for those displays, as well as the remaining useful life of the displays.

Display Equipment Maintenance Cost. Our display maintenance cost consists of salaries for our network maintenance staff, travel expenses in relation to on-site visits and monitoring and costs for materials and maintenance in connection with the upkeep of our advertising network. The primary factor affecting our display equipment maintenance cost is the size of our network maintenance staff. As we add new digital TV screens and other media platforms, we expect that our network maintenance staff, and associated costs, will increase.

Non-advertising Content Cost. We do not produce or create any of the non-advertising content shown on our network. The non-advertising content played over our network is provided by third-party content providers either for free or at fixed prices. Some of the third-party content providers that currently do not charge us for their content may do so in the future and other third-party content providers may increase the prices for their programs over time. This may increase our cost of revenues in the future.

Operating Expenses

Our operating expenses consist of general and administrative expenses and selling and marketing expenses. The following table sets forth the two components of our operating expenses, both in absolute amount and as a percentage of net revenues for the periods indicated.

	Period from August 7, 2005 to December 31, 2005		Year ended December 31, 2006		For the Six Months ended June 30,			
					2006		2007	
	(in thousands except percentages)							
Net revenues	<u>US\$1,348</u>	<u>100.0%</u>	<u>US\$17,935</u>	<u>100.0%</u>	<u>US\$ 6,749</u>	<u>100.0%</u>	<u>US\$15,885</u>	<u>100.0%</u>
Operating expenses								
General and administrative expenses	(376)	(27.9)	(1,293)	(7.2)	(580)	(8.6)	(936)	(5.9)
Selling and marketing expenses	(461)	(34.2)	(2,751)	(15.3)	(1,144)	(16.9)	(1,844)	(11.6)
Total operating expenses	<u>(837)</u>	<u>(62.1)</u>	<u>(4,044)</u>	<u>(22.5)</u>	<u>(1,724)</u>	<u>(25.5)</u>	<u>(2,780)</u>	<u>(17.5)</u>

We expect that our operating expenses will further increase in the future as we expand our network and operations and enhance our sales and marketing activities.

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General and Administrative Expenses

General and administrative expenses accounted for 27.9%, 7.2% and 5.9% of our net revenues in the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. General and administrative expenses consist primarily of office and utility expenses, salaries and benefits for general management, finance and administrative personnel, depreciation of office equipment, public relations related expenses and other administration related expenses. We expect that our general and administrative expenses will increase after the completion of this offering due to, among other things, the additional expenses for compliance with legal, accounting and other requirements associated with being a public company. In particular, compliance with Section 404 of the Sarbanes-Oxley Act, which requires public companies to include a report of management on the effectiveness of their internal control over financial reporting, will increase our costs. In addition, we will incur costs associated with public company reporting requirements, such as the requirements to file an annual report and other event-related reports with the SEC.

Selling and Marketing Expenses

Selling and marketing expenses accounted for 34.2%, 15.3% and 11.6% of our net revenues in the period from August 7, 2005 to December 31, 2005, in 2006 and in the six months ended June 30, 2007, respectively. Our selling and marketing expenses consist primarily of salaries and benefits for our sales and marketing personnel, office and utility expenses related to our selling and marketing activities, traveling expenses incurred by our sales personnel, expenses for the promotion, advertisement and sponsorship of media events, and other sales and marketing related expenses. We expect selling and marketing expenses to increase as we invest greater resources in sales and marketing of our air travel digital media network.

Minority Interest

On October 10, 2006, through our consolidated variable interest entity, AM Advertising, we acquired 75% of the equity interest in AirTV United, which holds a license granted by the SARFT to produce and operate television programs in airports and on airplanes. AirTV United entered into business cooperation agreements with AM Advertising and Shengshi Lianhe respectively in June 2007 to provide program collecting, selecting, editing and compiling services to AM Advertising and Shengshi Lianhe. We recorded minority interest in 2006 to account for the 25% interests held by the other shareholder in AirTV United.

Deemed Dividend on Series A and Series B Redeemable Convertible Preferred Shares

We issued an aggregate of 37,600,000 Series A Redeemable Convertible Preferred Shares pursuant to an agreement entered in October 2005. The Series A preferred shares may be redeemed wholly or in part from time to time at the election of holders of majority Series A preferred shares or after the third anniversary of the date of issuance of the Series A Preferred Shares. The redemption price would be at such an amount as to yield a 12% annualized effective internal rate of return with respect to the Series A preferred shares issue price, computed from the date of issuance of the Series A preferred shares until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon. We recorded the 12% premium over the redemption period as deemed dividends with debits to the accumulated deficit of \$295,890 and \$1,440,000 in the period from August 7, 2005 to December 31, 2005 and in 2006, respectively.

We issued and sold 16,000,000 Series B preferred shares to third-party investors on June 8, 2007. The Series B preferred shares are redeemable in whole or in part from time to time at the election of holders of Series B preferred shares holding at least 25% of the then outstanding Series B preferred shares, on or after February 27, 2010. The redemption price shall be sufficient to yield a 12% annualized effective internal rate of return with respect to the Series B preferred shares issue price, computed from the date of issuance of the Series B preferred shares until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon. We accrue the 12% premium and the amortization of issuance cost over the redemption period as deemed dividends with debits to the retained earnings of US\$0.3 million for the six months ended June 30, 2007.

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Critical Accounting Policies

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect our reporting of, among other things, assets and liabilities, contingent assets and liabilities and revenues and expenses. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and other factors that we believe to be relevant under the circumstances. Since our financial reporting process inherently relies on the use of estimates and assumptions, our actual results could differ from our expectations. This is especially true with some accounting policies that require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our audited consolidated financial statements because they involve the greatest reliance on our management's judgment.

Revenue Recognition

We derive revenues from selling advertising time slots on our air travel digital media network. A substantial portion of our advertising revenues are generated from digital TV screens in airports and on airplanes. We also provide advertising services to customers in other displays such as light box displays, 3D displays and 360-degree LED mega displays which are mainly installed in some specific areas in some of the airports.

We typically sign standard contracts with our advertising customers, which require us to run the advertiser's advertisements on our network in specified airports and on specified airplanes.

We recognize advertising revenues ratably over the performance period for which the advertisements are displayed, so long as collection of the fees remains probable. We do not have a significant history of bad debt.

Non-monetary Exchanges

We periodically exchange advertising time slots with other entities for assets or services, such as digital TV screen network equipment and office rental. Consistent with the guidance in APB Opinion No. 29 *Accounting for Nonmonetary Transactions*, as amended by FASB Statement No. 153 *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29*, such transactions are accounted for as nonmonetary exchange, and based on guidance in EITF 99-19 *Accounting for Advertising Barter Transactions*, we recognize revenue and assets/expenses of the exchanges based on the fair value of the advertising provided, which can be determined based on our own historical cash transactions. For the period from August 7, 2005 to December 31, 2005, the year ended December 31, 2006 and the six months period ended June 30, 2007, the amounts of revenues recognized for nonmonetary transactions were US\$33,532, US\$0.8 million and US\$0.1 million, respectively. No costs are directly attributable to these revenues.

Concession Fees

We entered into concession rights contracts under which we have the right to use airport and airline equipment and locations to display advertisements. The contract terms of a majority of such concession rights are three to five years and are renewable upon negotiation. The concession rights contracts are treated as operating lease arrangements.

Most of the concession fees are fixed with a yearly escalation. The total concession fee under each concession right agreement is charged to the consolidated statements of operations on a straight-line basis over the agreement periods, which is generally between three and five years.

Agency Fees

We pay agency fees to advertising agencies, which assist us in identifying and introducing advertisers to us, based on a certain percentage of revenue made through the advertising agencies upon receipt of payment from advertisers. The agency fees are direct costs to generate revenues and they are charged to the consolidated statement of operation ratably over the period in which the advertising is displayed.

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Prepaid and accrued agency fees are recorded as current assets and current liabilities according to the relative timing of payments made and advertising services provided.

Consolidation of Variable Interest Entity

PRC laws and regulations currently limit foreign ownership of companies that provide advertising services, including out-of-home advertising services. In order to comply with these foreign ownership restrictions, we conduct substantially all of our activities through our variable interest entities Shengshi Lianhe, AM Advertising, Air Media UC and their subsidiaries. We have entered into a series of contractual arrangements with Shengshi Lianhe, AM Advertising, Air Media UC and their subsidiaries. Through these contractual arrangements, we have the ability to effectively control Shengshi Lianhe, AM Advertising, Air Media UC and their subsidiaries and are considered the primary beneficiary of Shengshi Lianhe, AM Advertising, Air Media UC and their subsidiaries. Accordingly, Shengshi Lianhe, AM Advertising and their subsidiaries are variable interest entities of our company under U.S. GAAP and we consolidate their results in our consolidated financial statements.

Acquired Intangible Assets

Acquired intangible assets represent the license that we obtained through the acquisition of a 75% equity interest in AirTV United to produce and operate non-advertising content granted by the SARFT, which is carried at cost less accumulated amortization. The license has a perpetual life but is subject to annual compliance reviews by a government agency. We have determined that the license has an estimated economic useful life of 20 years and computed the amortization using the straight-line method.

We review our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, we measure impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, we would recognize an impairment loss based on the fair value of the assets.

Income Taxes

We recognize deferred income taxes for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net operating loss carry forwards and credits, by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. We record current income taxes in accordance with the laws and regulations applicable to us as enacted by the relevant tax authorities.

In June 2006, the FASB issued Interpretation No. 48 *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*, or FIN 48. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006, with early adoption permitted. We have elected to early adopt FIN 48 from August 7, 2005 as we did not issue the prior year audited consolidated financial statements. The adoption of FIN 48 had no significant impact on our accounting for income taxes for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006.

Net Income (Loss) Per Share

In accordance with SFAS No. 128 *Computation of Earnings Per Share*, and EITF 03-6, *Participating Securities and the Two-Class Method under FASB Statement No. 128*, or SFAS 128, basic net income (loss) per share are computed by dividing net income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year using the two-class method. Under the two-class method, net income is allocated on a pro rata basis to each class of ordinary shares and other participating securities based on their participating rights. Net losses applicable to holders of ordinary shares are allocated to ordinary shares because the Series A preferred shares are not contractually obligated to participate in sharing losses.

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The holders of Series A preferred shares are entitled to share dividends on a pro rata basis, as if their shares had been converted into ordinary shares. Accordingly, we have used the two-class method in computing net income (loss) per share.

Redemption Premium

Holders of the Series A and Series B preferred shares have the right to redeem the Series A and Series B preferred shares on or after the third anniversary of the date of issuance of the Series A preferred shares at the redemption price that is sufficient to yield a 12% annualized effective internal rate of return, computed from the date of issuance of the Series A and Series B preferred shares until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon. The carrying value of the Series A and Series B preferred shares was accreted from the original issuance price to the redemption value on a straight line basis over the redemption period as deemed dividends.

Beneficial Conversion Features

A holder of Series A preferred shares has the right, at such holder's sole discretion, to convert at any time all or any portion of the Series A preferred shares held by it into ordinary shares. The initial conversion ratio shall be on a one for one basis, subject to certain general anti-dilution adjustments. The Series A preferred shares will be automatically converted into ordinary shares upon the closing of this offering. As the effective conversion price exceeded the fair value of ordinary shares on October 18, 2005, the commitment day, there was no beneficial conversion feature upon issuance of the Series A preferred shares.

Each Series B preferred share, if we consent in writing, are convertible into such number of ordinary shares as determined by dividing the Series B issue price by the Series B conversion price in effect at the time of conversion. The initial conversion ratio shall be on a one for one basis, subject to certain anti-dilution adjustments.

The Series B preferred shares shall automatically convert into ordinary shares, at the applicable Series B conversion price, upon the earlier of (1) the closing of this offering and (2) the third anniversary of the Series B original issue date. In addition, there is a contingent conversion price adjustment based upon the price of this offering. See "Related Party Transactions—Private Placements" for a discussion of the Series B conversion price.

As the effective conversion price exceeded the fair value of ordinary shares on the commitment day of June 8, 2007, there was no beneficial conversion feature upon the issuance of the Series B preferred shares. The effect of the contingent price adjustment terms to the consideration of beneficial conversion feature will be assessed when the contingency is resolved.

Share-based Compensation

On July 2, 2007 and July 20, 2007, our board of directors granted a total of 7,725,000 share options to our executive officers, directors and employees. On July 20, 2007, our board of directors granted 340,000 share options to certain consultants. All of the options have an exercise price of US\$2.00 per share with an incentive plan term of 10 years and vest over a three year period with one-twelfth of the options vesting each quarter from the date of the grant.

For the options granted to our executive officers, directors and employees, we have accounted for these options to employees in accordance with *SFAS No. 123(R)—Share-Based Payment* by recognizing compensation expenses based on the grant-date fair value over the period during which the grantee is required to provide service in exchange for the award. For the options granted to consultants, we have accounted for these options in accordance with *EITF 96-18—Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*. The compensation expenses relating to options granted to these consultants will be recognized entirely in July 2007 at the time the options were granted.

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The fair value of the option award is estimated on the date of grant using the Black-Scholes option pricing model that uses the assumptions noted in the following table. The Black-Scholes model is one of the most commonly used models that meet the criteria required by SFAS No.123(R) in estimating fair value of employee share options.

	Options Granted on July 2, 2007		Options Granted on July 20, 2007	
	US\$	1.92	US\$	1.92
Fair value of ordinary shares				
Risk-free interest rate		5.48%		5.57%
Expected life range (number of years)		5.81		5.81
Expected dividend yield		0%		0%
Expected volatility		40.90%		40.70%
Fair value of awarded options	\$	0.897	\$	0.897

The risk-free rate for periods within the expected life of the option is based on the implied yield rates of China International Bond denominated in US dollars as of the valuation date. The expected life of options represents the period of time the granted options are expected to be outstanding. As we did not grant options before, no historical exercising pattern could be followed in estimating the expected life. Therefore, the expected life is estimated as the average of the contractual term and the vesting period. The employees that were granted the share options are expected to exhibit similar behavior. As we expected to grow the business with internally generated cash, we do not expect to pay dividend in the foreseeable future. Because we do not maintain an internal market for our shares, the expected volatility was based on the historical volatilities of comparable publicly traded companies engaged in similar business.

In determining the fair value of ordinary shares, we have considered the guidance prescribed by the AICPA Audit and Accounting Practice Aid "Valuation of Privately-Held-Company Equity Securities Issued as Compensation," or the Practice Aid. Specifically, paragraph 16 of the Practice Aid indicates a hierarchy in deciding on the type of valuation to perform and the valuation specialist to use. We have followed the "level A" recommendation of the Practice Aid by establishing the fair value of the shares in contemporaneous valuation by an independent appraiser.

We have engaged American Appraisal China Limited, or AA, an independent appraiser, to assist in our determination of the fair value of our ordinary shares and the fair value of options granted in July 2007.

Determining the fair value of ordinary shares requires making complex and subjective judgments regarding projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of grant.

AA used a combination of the income approach and the market approach to assess the fair value of our ordinary shares on a contemporaneous basis.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts developed by us. The assumptions used in deriving the earnings forecasts are consistent with our business plan. These assumptions include: no material changes in the existing political, legal and economic conditions in China; no major changes in the tax rates applicable to our subsidiaries and consolidated affiliated entities in China; our ability to retain competent management, key personnel and staff to support our ongoing operations; and no material deviation in market conditions from economic forecasts. These assumptions are inherently uncertain. The risk associated with achieving our forecasts were assessed in selecting the appropriate discount rate.

Under the market approach, different value measures and market multiples of comparable companies are calculated and analyzed to induce a series of multiples that are considered representative of the industry average. The market multiples are then adjusted based on a comparison of our growth rate, business risk and profitability with those of the comparable companies. Thereafter, the adjusted multiples were applied to our performance indicators, and discounted for lack of marketability, to determine value of our company that is on a minority and freely-traded basis.

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The major assumptions used in calculating the fair value of our ordinary shares include:

- *Weighting of DCF and market multiples.* AA assigned a 60% weight to the DCF approach and 40% weight to the market multiple approach.
- *Weighted average cost of capital, or WACC.* WACC of 16% was used.
- *Comparable companies.* In deriving discount rate and market multiples, certain publicly traded companies were selected for reference as our guideline companies.
- *Capital market valuation multiples.* AA obtained and assessed updated capital market data of the selected comparable companies and used multiples of enterprise value to revenue, or EV/Revenue and enterprise value to EBITDA, or EV/EBITDA for its valuations.
- *Discount for lack of marketability, or DLOM.* AA quantified DLOM using the Black-Scholes option-pricing model. This method treats the right to sell a company's shares freely before a liquidity event as a put option. The farther the valuation date is from an expected liquidation event, the higher the put option value and thus the higher the implied DLOM. DLOM of 5% was used in our valuations.

AA used the option-pricing method with consideration of probability of a successful initial public offering to allocate equity value to the preferred and ordinary shares, taking into account the guidance prescribed by the Practice Aid. This method involves making estimates of the anticipated probability of achieving an initial public offering, and estimates of the volatility of our equity securities. We assume an equal probability of achieving an initial public offering and not achieving as of the valuation date considering the uncertainty in the process of an initial public offering. Estimating the volatility of the share price of a privately held company is complex because there is no readily available market for the shares. AA estimated the volatility of our shares based on historical volatility of comparable companies' shares. Had we used different estimates of volatility, the allocations between preferred and ordinary shares would have been different.

For the 7,725,000 options granted to our executive officers, directors and employees on July 2, 2007 and July 20, 2007 and based on the fair value of the awarded options, there were US\$4,127,000 and US\$2,804,000, respectively, of total unrecognized compensation expenses and such compensation expenses will be recognized as expenses over the vesting period of three years from the respective grant dates. For the 340,000 options granted to our consultants, the compensation expense was US\$305,000 which will be recognized in July 2007 as the consultants are not obligated to provide services to us in the future.

We have also incurred a one-time share-based compensation charge in the amount of US\$17.5 million in connection with the transfer of 5,000,000 ordinary shares in September 2007 by a major shareholder of our company to Mr. Herman Man Guo in recognition of his service as our chairman and chief executive officer. See "Related Party Transactions—Private Placements—Series A Preferred Shares." We determined the fair value of our ordinary shares as of the date of the share transfer based on the then estimated preliminary valuation of our company in connection with this offering. This charge is included in our general and administrative expenses for the three months ended September 30, 2007.

Internal Control over Financial Reporting

Our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. However, we and our independent registered public accounting firm, in connection with the preparation and external audit of our consolidated financial statements for the period from August 7, 2005 to December 31, 2005 and for the year ended December 31, 2006, noted two material weaknesses and other control deficiencies in our internal control over financial reporting. A "material weakness" is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control over financial reporting. The material weaknesses observed were: (1) inadequate senior financial and accounting resources with good understanding of U.S. GAAP and SEC financial reporting requirements; and (2) our lack of detailed financial closing and reporting policies and procedures.

Following the identification of the material weaknesses and other control deficiencies, we undertook certain remedial steps to address them. In March 2007, we appointed our chief financial officer, who has extensive financial reporting experience, to lead our company's accounting and financial reporting department. We also

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hired additional accounting personnel, trained our new and existing accounting staff, and hired a third-party consultant to assist us in improving our internal control procedures. However, the implementation of these measures may not fully address the material weaknesses and other control deficiencies in our internal control over financial reporting that might have been identified, had we performed a formal assessment of our internal controls over financial reporting.

We plan to take additional initiatives to improve our internal control over financial reporting and disclosure controls, including (1) hiring additional senior accounting personnel who have a strong understanding of U.S. GAAP and SEC reporting requirements; (2) providing additional accounting and financial reporting training for our new and existing personnel; (3) reviewing for approval on all journal entries; (4) cross-checking by senior accountants for all general ledger accounts; and (5) preparing fluctuation analysis for management review. However, the process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. See "Risk Factors—Risks Related to Our Business—We and our independent registered public accounting firm have identified material weaknesses and other control deficiencies in our internal control over financial reporting. If we fail to remediate these control deficiencies and fail to achieve and maintain effective internal control over financial reporting in accordance with the Sarbanes-Oxley Act, we could suffer a loss of investor confidence in the reliability of our financial statements."

Taxation

Under the current laws of the Cayman Islands, we are not subject to tax on its income or capital gains. In addition, payments of dividends by us are not subject to withholding tax in the Cayman Islands.

PRC Enterprise Income Tax

Pursuant to the applicable PRC tax laws, companies established in China are generally subject to a state and local enterprise income tax, or EIT, at statutory rates of 30% and 3%, respectively. In addition, an enterprise qualified as a "high and new technology enterprise" and located in a "national high-tech development zone" is entitled to a preferential EIT rate of 15% and an exemption from the EIT for its first two profitable years, and a 50% reduction of its applicable EIT rate for the succeeding three years. In addition, an enterprise qualified as a "high and new technology enterprise" located in the Beijing New Technology Industry Development Zone is entitled to a preferential EIT rate of 15% and will enjoy an exemption from the EIT for the first three years of its establishment and a 50% reduction of the EIT for the succeeding three years. The qualification of "high and new technology enterprise" is subject to an annual or biennial evaluation by the relevant government authority in China.

AM Technology, which is registered and operates in the Beijing New Technology Industry Development Zone, is qualified as a "high and new technology enterprise" and thus has been entitled to a preferential income tax rate of 15%. In addition, AM Technology is exempt from EIT from 2006 to 2008 and is entitled to a preferential EIT of 7.5% from 2009 to 2011.

Shengshi Lianhe, Shenzhen AM and AirTV United are subject to EIT at the rate of 33%. AM Advertising was granted a tax exemption from 2006 to 2007 by the local tax authority in Beijing.

On March 16, 2007, the National People's Congress adopted the new PRC tax law, which will become effective from January 1, 2008 and will replace the existing separate income tax laws for domestic enterprises and foreign-invested enterprises by adopting a unified income tax rate of 25% for most enterprises. We have applied the newly enacted tax rate in calculating the deferred tax assets and liabilities for the six months ended June 30, 2007. In accordance with the new PRC tax law, the existing preferential tax treatments granted to AM

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Technology because it qualifies as a "high and new technology enterprise" may continue as long as AM Technology qualifies as a "high and new technology enterprise supported by the state." However, as the detailed implementation rules of the new PRC tax law have not yet been issued, it is unclear whether AM Technology can qualify as a "high and new technology enterprise supported by the state" after the new income tax law becomes effective. Under applicable accounting rules, until AM Technology receives official approval for this status, it must use the transition rule in its calculation of its deferred tax balances, which requires a gradual increase in rates over the five-year transition period. If AM Technology receives the approval, then its present net deferred tax balance will not be materially changed. The difference would be reflected in our consolidated statement of operations in the period during which the approval is received. Furthermore, under the new PRC tax law, a "resident enterprise," which includes an enterprise established outside of China with management located in China, will be subject to PRC income tax. If the PRC tax authorities subsequently determine that the Company and its subsidiaries established outside of China should be deemed as a resident enterprise, the Company and its subsidiaries established outside of China will be subject to PRC income tax at a rate of 25%.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated both in absolute amounts and as percentages of net revenues. This information should be read together with our consolidated financial statements, including the related notes, that appear elsewhere in this prospectus. Our limited operating history makes it difficult to predict our future operating results. Therefore, our historical consolidated results of operations are not necessarily indicative of our results of operations you may expect for any future period.

	Period from August 7, 2005 to December 31, 2005		Year ended December 31, 2006		For the Six Months ended June 30,				
					2006		2007		
(in thousands except percentages)									
Consolidated Statements of Operations									
Data:									
Revenues:									
Digital TV screens in airports	US\$ 887	65.8%	US\$ 10,502	58.6%	US\$ 4,083	60.5%	US\$10,560	66.5%	
Digital TV screens on airplanes	405	30.0	4,868	27.1	1,636	24.2	4,403	27.7	
Other displays	58	4.3	3,526	19.7	1,344	19.9	1,736	10.9	
Total revenues	1,350	100.1	18,896	105.4	7,063	104.7	16,699	105.1	
Business tax	(2)	(0.1)	(961)	(5.4)	(314)	(4.7)	(814)	(5.1)	
Net revenues	1,348	100.0	17,935	100.0	6,749	100.0	15,885	100.0	
Cost of revenues	(3,189)	(236.6)	(10,040)	(56.0)	(4,229)	(62.7)	(9,042)	(56.9)	
Gross profit (loss)	(1,841)	(136.6)	7,895	44.0	2,520	37.3	6,843	43.1	
Operating expenses:									
Selling and marketing	(461)	(34.2)	(2,751)	(15.3)	(1,144)	(17.0)	(1,844)	(11.6)	
General and administrative	(376)	(27.9)	(1,293)	(7.2)	(580)	(8.6)	(936)	(5.9)	
Total operating expenses	(837)	(62.1)	(4,044)	(22.5)	(1,724)	(25.5)	(2,780)	(17.5)	
(Loss) income from operations	(2,678)	—	3,851	21.5	796	11.8	4,063	25.6	
Interest income	3	0.2	17	0.1	8	0.1	74	0.5	
Minority interest	—	—	1	—	—	—	3	0.0	
Income tax benefits	273	20.3	197	1.1	113	1.7	66	0.4	
Net income (loss)	US\$(2,402)	(178.2)%	US\$ 4,066	22.7%	US\$ 917	13.6%	US\$ 4,016	25.3%	

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The following table presents selected operating data for the period from August 7, 2005 to December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2006 and 2007, except for the numbers of airports, airlines and screens in our network, which were as of December 31, 2005 and 2006 and as of June 30, 2006 and 2007.

	Period from August 7, 2005 to December 31, 2005		For the Six Months ended June 30,	
			Year ended December 31, 2006	2006
Selected Operating Data:				
Digital TV screens in airports				
Number of airports in operation	16	28	22	32
Number of screens in our network airports	1,184	1,562	1,387	1,822
Number of time slots available for sale ⁽¹⁾	14,800	42,800	20,960	35,967
Number of time slots sold ⁽²⁾	1,139	14,409	5,651	12,797
Utilization rate ⁽³⁾	7.7%	33.7%	27.0%	35.6%
Average advertising revenue per time slot sold ⁽⁴⁾	US\$ 778	US\$ 729	US\$ 723	US\$ 825
Digital TV screens on airplanes				
Number of airlines in operation	6	9	7	9
Number of screens on our network airplanes	11,201	16,015	11,525	16,015
Number of time slots available for sale ⁽¹⁾	224	1,356	606	864
Number of time slots sold ⁽²⁾	27	568	180	385
Utilization rate ⁽³⁾	12.3%	41.9%	29.7%	44.5%
Average advertising revenue per time slot sold ⁽⁵⁾	US\$ 14,745	US\$ 8,572	US\$ 9,093	US\$11,444

- Notes: (1) We define a time slot as a 30-second equivalent advertising time unit which is shown during each advertising cycle on a weekly basis in a given airport or on a monthly basis on all the routes of a given airline, respectively. Our airport advertising programs are shown repeatedly on a daily basis during a given week in one-hour cycles and each hour of programming includes 25 minutes of advertising content, which allows us to sell a maximum of 50 time slots per week. The number of time slots available for our digital TV screens in airports during the period presented is calculated by multiplying the time slots per week per airport by the number of weeks during the period presented when we had operations in each airport and then calculating the sum of all the time slots available for each of our network airports. The length of our in-flight programs typically ranges from approximately 45 minutes to an hour per flight, approximately five to 13 minutes of which consist of advertising content. The number of time slots available for our digital TV screens on airplanes during the period presented is calculated by multiplying the time slots per airline per month by the number of months during the period presented when we had operations on each airline and then calculating the sum of all the time slots of each of our network airlines.
- (2) Number of time slots sold refers to the number of 30-second equivalent advertising time units sold during the period presented.
- (3) Utilization rate refers to total time slots sold as a percentage of total time slots available for sale during the relevant period.
- (4) Average advertising revenue per time slot sold for digital TV screens in airports is calculated by dividing our revenues derived from digital TV screens in airports by the number of time slots sold for digital TV screens in airports.
- (5) Average advertising revenue per time slot sold for digital TV screens on airplanes is calculated by dividing our revenues derived from digital TV screens on airplanes by the number of time slots sold for digital TV screens on airplanes.

We do not believe that our results of operations for the period from August 7, 2005, the date we commenced operations, to December 31, 2005 is directly comparable to our results of operations for the full year 2006. The primary reason for the significant increases in revenues, net income and costs and expenses from 2005 to 2006 are primarily attributable to the significant increases in our operational results, which are reflected in the table above, and the start-up nature of our business in the approximately four month period in 2005. As a result, no such comparison of these two periods is presented in the following paragraphs and the results of operations for these two periods are discussed separately.

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006.

Net Revenues. Our net revenues increased substantially from US\$6.7 million for the six months ended June 30, 2006 to US\$15.9 million for the six months ended June 30, 2007. The increase was due primarily to (1) a significant increase in revenues generated from the sale of advertising time slots of our digital TV screens in airports from US\$4.1 million for the six months ended June 30, 2006 to US\$10.6 million for the six months ended June 30, 2007, and (2) an increase in revenues generated from the sale of advertising times slots of the digital TV screens on airplanes from US\$1.6 million for the six months ended June 30, 2006 to US\$4.4 million for the six months ended June 30, 2007.

The increases were due in large part to the expansion of our network coverage from 22 airports and seven airlines as of June 30, 2006 to 32 airports and nine airlines as of June 30, 2007, respectively. In addition, in the beginning of 2007 we increased the length of our advertising cycle in airports from 20 minutes per hour of our programs to 25 minutes per hour. As a result of the greater breadth of our network coverage and the longer advertising cycle, the number of advertising time slots available for sale in airports increased from 20,960 in the six months ended June 30, 2006 to 35,967 in the six months ended June 30, 2007. The number of advertising time slots available for sale on airlines increased from 606 in the six months ended June 30, 2006 to 864 in the six months ended June 30, 2007.

The number of time slots sold for airports increased from 5,651 in the six months ended June 30, 2006 to 12,797 in the six months ended June 30, 2007. For airlines, the number of time slots sold increased from 180 in the six months ended June 30, 2006 to 385 in the six months ended June 30, 2007. The increases were due to (1) the growing acceptance of the emerging air travel digital advertising, (2) our rapid build-up of our brand and reputation among advertising clients, and (3) the increase in the number of network airports and airlines in which we operated. As a result, our utilization rates increased from 27.0% to 35.6% for airports in the six months ended June 30, 2006 to the six months ended June 30, 2007, respectively, and from 29.7% to 44.5% for airlines for those same periods.

In addition, average selling prices per time slot sold increased for both airports and airlines due in part to our increase of list prices for our advertising time slots in the six months ended June 30, 2007. The average selling price per time slot sold for our network airports increased from US\$723 to US\$825 for the six months ended June 30, 2006 and 2007, respectively. For network airlines, the average selling price per time slot sold increased from US\$9,093 to US\$11,444 for those periods.

Cost of Revenues. Our cost of revenues increased from US\$4.2 million for the six months ended June 30, 2006 to US\$9.0 million for the six months ended June 30, 2007. The increase was primarily due to (1) an increase in concession fees from US\$3.1 million for the six months ended June 30, 2006 to US\$5.5 million for the six months ended June 30, 2007, and (2) an increase in agency fees paid to third-party agencies from US\$0.9 million for the six months ended June 30, 2006 to US\$2.7 million for the six months ended June 30, 2007. Our cost of revenues as a percentage of our total net revenues decreased from 62.7% for the six months ended June 30, 2006 to 56.9% for the six months ended June 30, 2007.

The increase in concession fees was due primarily to the significant increase in the number of concession rights contracts that we had, from 50 as of June 30, 2006 to 101 as of June 30, 2007, and the higher fee amounts that we incurred in the six months ended June 30, 2007 after the renewal of certain existing concession rights contracts. The increase in third-party agency fees we paid was due to the increase in the number of agencies that we used and in the number of customers that these third-party agencies helped us source as we sought to grow our business to fill a larger number of time slots available for sale and at higher prices.

Operating Expenses. Our operating expenses increased by 61.3% from US\$1.7 million for the first six months of 2006 to US\$2.8 million for the six months of 2007. Operating expenses as a percentage of our total net revenues decreased from 25.5% for the six months ended June 30, 2006 to 17.5% for the six months ended June 30, 2007.

- **Selling and marketing expenses.** Our selling and marketing expenses increased from US\$1.1 million for the six months ended June 30, 2006 to US\$1.8 million for the six months ended June 30, 2007,

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primarily due to an increase of US\$0.3 million in salaries and benefits for our sales and marketing personnel as we grew our sales staff, an increase of US\$0.2 million in office and utility expenses related to our sales and marketing activities, and an increase of US\$0.2 million in travel expenses incurred by our sales and marketing personnel.

- *General and administrative expenses.* Our general and administrative expenses increased from US\$0.6 million for the six months ended June 30, 2006 to US\$0.9 million for the six months ended June 30, 2007, primarily due to an increase of US\$0.1 million in salaries and benefits for our administrative personnel as our operations have grown and an increase of approximately US\$70,000 in professional fees between these two periods.

Income from Operations. As a result of the foregoing, we generated income from operations of US\$4.1 million for the six months ended June 30, 2007 compared to US\$0.8 million for the six months ended June 30, 2006.

Net Income. As a result of the foregoing, we achieved net income of US\$4.0 million for the six months ended June 30, 2007, as compared to US\$0.9 million for the six months ended June 30, 2006.

Our Consolidated Results of Operations for the Year Ended December 31, 2006.

Net Revenues. We had net revenues of \$17.9 million in 2006 from the sale of advertising time slots on our air travel digital media network, including US\$10.5 million from the sale of advertising time slots of our digital TV screens in airports, US\$4.9 million from the sale of advertising time slots of our digital TV screens on airplanes, US\$3.5 million from the sale of advertising time slots of our other displays and net of US\$1.0 million of business taxes and other sales taxes.

Cost of Revenues. Our total cost of revenues of US\$10.0 million in 2006 primarily consisted of US\$6.8 million in concession fees paid to place and operate our digital TV screens and to place our programs on their digital TV screens, US\$2.4 million in agency fees that we paid to third-party agencies, and US\$0.8 million in other cost of revenues.

Operating Expenses. Our total operating expenses of US\$4.0 million in 2006 consisted of US\$2.7 million in selling and marketing expenses and US\$1.3 million in general and administrative expenses.

- *Selling and marketing expenses.* Our US\$2.7 million selling and marketing expenses primarily consisted of US\$1.2 million in salaries and benefits for our sales and marketing personnel, US\$0.9 million associated with the promotion and advertisement of our advertising services and US\$0.6 million in office and utility expenses related to our sales and marketing activities;
- *General and administrative expenses.* Our US\$1.3 million in general and administrative expenses primarily consisted of US\$0.7 million in office and utility expenses, US\$0.2 million in salaries and benefits for general management, finance and administrative personnel and other expenses related to our general and administrative functions.

Income from Operations. As a result of the foregoing, we generated income from operations of US\$3.9 million in 2006.

Income Taxes. In 2006, we recorded US\$0.2 million of income tax benefits as a result of the recognition of certain deferred tax assets that we believe can be realized in the future.

Net Income. As a result of the foregoing, we had net income of US\$4.1 million in 2006.

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Our Consolidated Results of Operations for the Period from August 7, 2005 to December 31, 2005

Net Revenues. We had net revenues of US\$1.4 million for the period from August 7, 2005 to December 31, 2005 from the sale of advertising time slots on our air travel digital media network, including US\$0.9 million from the sale of advertising time slots of our digital TV screens in airports, US\$0.4 million from the sale of advertising time slots of our digital TV screens on airplanes and US\$0.1 million from the sale of advertising time slots of our other displays.

Cost of Revenues. Our total cost of revenues of US\$3.2 million for the period from August 7, 2005 to December 31, 2005 primarily consisted of US\$2.2 million in concession fees paid to place and operate our digital TV screens and to place our programs on their digital TV screens, US\$0.5 million in agency fees that we paid to third-party agencies and US\$0.4 million in airport display equipment depreciation.

Operating Expenses. Our total operating expenses of US\$0.8 million for the period from August 7, 2005 to December 31, 2005 consisted of US\$0.4 million in selling and marketing expenses and US\$0.4 million in general and administrative expenses.

- *Selling and marketing expenses.* Our US\$0.4 million in selling and marketing expenses primarily consisted of US\$0.2 million salaries and benefits for our sales and marketing personnel and US\$0.2 million associated with the promotion and advertisement of our advertising services;
- *General and administrative expenses.* Our US\$0.4 million in general and administrative expenses primarily consisted of US\$0.2 million in office and utility expenses.

Loss from Operations. As a result of the foregoing, we incurred a loss from operations of US\$2.7 million for the period from August 7, 2005 to December 31, 2005.

Income taxes. For the period from August 7, 2005 to December 31, 2005, we recorded US\$0.3 million in income tax benefits as a result of the recognition of certain deferred tax assets that we believe can be realized in the future.

Net Loss. As a result of the foregoing, we had net loss of US\$2.4 million for the period from August 7, 2005 to December 31, 2005.

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Our Selected Quarterly Results of Operations

The following tables present our selected unaudited quarterly results of operations for the six quarters in the period ended June 30, 2007 in absolute amounts and as a percentage of net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited condensed consolidated financial statements on the same basis as our audited consolidated financial statements. The unaudited condensed consolidated financial statements includes all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the quarters presented.

	For the Three Months ended					
	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007
(in thousands)						
Consolidated Statements of Operations Data:						
Revenues:						
Digital TV screens in airports	US\$ 1,458	US\$ 2,625	US\$ 3,475	US\$ 2,944	US\$ 5,625	US\$ 4,935
Digital TV screens on airplanes	754	882	1,239	1,992	1,836	2,566
Other displays	437	907	958	1,225	769	968
Total revenues	2,649	4,414	5,672	6,161	8,230	8,469
Business tax and other sales tax	(107)	(207)	(296)	(351)	(395)	(419)
Net revenues	2,542	4,207	5,376	5,810	7,835	8,050
Cost of revenues	(1,916)	(2,313)	(2,863)	(2,948)	(4,470)	(4,572)
Gross profit	626	1,894	2,513	2,862	3,365	3,478
Operating expenses						
Selling and marketing	(511)	(633)	(771)	(836)	(903)	(941)
General and administrative	(270)	(310)	(266)	(447)	(483)	(453)
Total operating expenses	(781)	(943)	(1,037)	(1,283)	(1,386)	(1,394)
Income (loss) from operations	(155)	951	1,476	1,579	1,979	2,084
Interest income	5	3	3	6	23	51
Income tax benefits (expenses)	81	32	27	57	(56)	122
Minority interest	—	—	—	1	1	2
Loss from equity accounted investment	—	—	—	—	(75)	(115)
Net income (loss)	<u>US\$ (69)</u>	<u>US\$ 986</u>	<u>US\$ 1,506</u>	<u>US\$ 1,643</u>	<u>US\$ 1,872</u>	<u>US\$ 2,144</u>

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	For the Three Months ended					
	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007
Consolidated Statements of Operations Data:						
Revenues:						
Digital TV screens in airports	57.4%	62.4%	64.6%	50.7%	71.8%	61.3%
Digital TV screens on airplanes	29.7	21.0	23.0	34.3	23.4	31.9
Other displays	17.2	21.6	17.8	21.1	9.8	12.0
Total revenues	104.2	104.9	105.5	106.0	105.0	105.2
Business tax and other sales tax	(4.2)	(4.9)	(5.5)	(6.0)	(5.0)	(5.2)
Net revenues	100.0	100.0	100.0	100.0	100.0	100.0
Cost of revenues	(75.4)	(55.0)	(53.3)	(50.7)	(57.1)	(56.8)
Gross profit	24.6	45.0	46.7	49.3	42.9	43.2
Operating expenses						
Selling and marketing	(20.1)	(15.0)	(14.3)	(14.4)	(11.5)	(11.7)
General and administrative	(10.6)	(7.4)	(4.9)	(7.7)	(6.2)	(5.6)
Total operating expenses	(30.7)	(22.4)	(19.3)	(22.1)	(17.7)	(17.3)
Income (loss) from operations	(6.1)	22.6	27.5	27.2	25.3	25.9
Interest income	0.2	0.1	0.1	0.1	0.3	0.6
Income tax benefits (expenses)	3.2	0.8	0.5	1.0	(0.7)	1.5
Minority interest	—	—	—	—	—	—
Loss from equity accounted investment	—	—	—	—	(1.0)	(1.4)
Net income (loss)	(2.7)%	23.4%	28.0%	28.3%	23.9%	26.6%

Our total revenues have increased in each of the six quarters leading up to and including the quarter ended June 30, 2007. The growth of our quarterly revenues was due primarily to increased acceptance of air travel advertising and the addition of airports and airlines into our network and digital TV screens that we operated and on which we placed advertising programs, which resulted in more time slots available for sale. The average selling prices of the time slots on our network have generally increased as well, due in part to our expanded network coverage and increased acceptance of air travel digital advertising.

The fluctuations in advertising spending and the utilization rates and average selling prices of our advertising time slots have affected, and are likely to continue to affect, our quarterly results of operations. For certain product promotions and subject to internal budget and advertising spending plans, our advertising clients may choose to purchase a large number of advertising time slots in certain quarters and scale back their advertising campaigns in subsequent quarters. For example, we sold a large number of advertising time slots to several major customers on our digital TV screens in airports in the first quarter of 2007, resulting in a significant increase in revenue from the fourth quarter of 2006 and a slight decrease in revenues in the second quarter of 2007 from digital TV screens in airports. Similarly, we sold a large number of advertising time slots to several major customers on our digital TV screens on airlines in the fourth quarter of 2006, resulting in a significant increase in revenues from the third quarter of 2006 and a slight decrease in revenues in the first quarter of 2007 from digital TV screens on airlines.

We may experience seasonality effects in the future due to the seasonality of air travel and advertising spending in China. Other factors that may cause our quarterly operating results to fluctuate include any economic downturn in China and potential changes to the regulation of the advertising industry in China, both of which are discussed elsewhere in this prospectus.

Liquidity and Capital Resources

Cash Flows and Working Capital

To date, we have financed our operations primarily through internally generated cash and the sale of preferred shares in private placements. As of June 30, 2007, we had approximately US\$41.7 million in cash. We generally deposit our excess cash in interest bearing bank accounts. Although we consolidate the results of our

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variable interest entities in our consolidated financial statements, we can only receive cash payments from them pursuant to our contractual arrangements with them and their shareholders. See "Corporate Structure."

Our principal uses of cash primarily include capital expenditures, contractual concession fees and, to a lesser extent, salaries and benefits for our employees and other operating expenses. We expect that these will remain our principal uses of cash in the foreseeable future. However, we may use additional cash to fund strategic acquisitions, although we are not currently negotiating any material acquisitions.

We expect to incur, by the end of 2008, approximately US\$20.0 million to fund capital expenditures, including purchases of additional digital TV screens and associated equipment, digital frames and other digital products for our network, and approximately US\$16.3 million to fund the prepayments under our concession rights contracts entered into prior to August 31, 2007. In addition, our contractual obligations and commitments as of August 31, 2007 require us to pay a total of approximately US\$15.0 million to fund the prepayments under our concession rights contracts from 2009 until 2015 and a total of approximately US\$2.0 million rent under our operating leases from 2009 until 2010. We believe that our existing cash resources plus the anticipated cash flow from operations will be sufficient to meet our current cash needs until the end of 2008. However, our capital expenditures and cash needs through 2008 are based on current estimates only and the actual amounts that we incur may vary if we change our business plans or for reasons beyond our control.

We expect that our accounts receivable, one of the principal components of our current assets, will continue to increase as we continue to increase sales to customers. Accounts receivable, net of allowance for doubtful accounts, were US\$1.0 million, US\$5.3 million and US\$8.5 million as of December 31, 2005 and 2006 and June 30, 2007, respectively. Our accounts receivable consist of billed receivable and unbilled receivable. Unbilled receivable represents amounts earned under certain sales contracts that are still in progress but not billable as of the respective balance sheet dates. We recognize revenues ratably over the performance period for which advertisements are displayed. There is typically a lag between the time we recognize revenues and the time we bill our customers according to the payment terms of the sales contracts.

Unbilled receivable increased significantly from US\$0.4 million as of December 31, 2005 to US\$4.2 million as of December 31, 2006, primarily as a result of the significant increase in our sales in the full year of 2006 as compared with the approximately five-month period in 2005 since our inception in August 2005. Unbilled receivable increased further to US\$4.4 million as of June 30, 2007 primarily as a result of our increased sales. We have negotiated, and will continue to negotiate, more favorable payment terms in our sales contracts as we further expand our digital media network. For example, the ratio of unbilled receivable to billed receivable was 1.05 to 1 as of June 30, 2007, a significant decrease from the 3.95 to 1 ratio as of December 31, 2006. We expect to bill and collect substantially all of these unbilled amounts within twelve months of the respective balance sheet dates.

The following table shows our cash flows with respect to operating activities, investing activities and financing activities for the period from August 7, 2005 to December 31, 2005, in 2006 and for the six months ended June 30, 2006 and 2007:

	Period from August 7, 2005 to December 31, 2005	Year ended December 31, 2006 (in thousands)	For the Six Months ended June 30,	
			2006	2007
Net cash (used in) provided by operating activities	US\$ (3,277)	US\$ 2,020	US\$ 806	US\$ 1,523
Net cash used in investing activities	(762)	(5,346)	(3,478)	(3,953)
Net cash provided by financing activities	6,984	2,285	1,385	41,982
Net increase (decrease) in cash	2,952	(866)	(1,193)	39,614
Effect of exchange rate changes on cash	7	175	94	62
Cash at the beginning of the period	—	2,952	2,952	2,086
Cash at the end of the period	2,952	2,086	1,759	41,700

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Operating Activities

Net cash provided by operating activities was US\$1.5 million in the first half of 2007. This was primarily attributable to (1) our net income of US\$4.0 million from the operation of our advertising networks, (2) an increase of US\$1.9 million in accounts payable primarily consisting of the concession fees payable under our concession rights contracts for our digital TV screens or programs due to the expansion of our network coverage and increased number of concession rights contracts, and (3) an increase of US\$0.5 million in deferred revenues derived from prepayment by customers due to our increased sales. The foregoing was partly offset by (1) an increase of US\$3.0 million in accounts receivable from our customers due to our increased sales, (2) an increase of US\$1.2 million in other current assets primarily attributable to advance payments to our employees, and (3) an increase of US\$0.6 million in long term-deposits primarily as security for office rental deposits.

We had cash provided by operating activities of US\$2.0 million in 2006. This was primarily attributable to (1) our net income of US\$4.1 million generated from the operation of our advertising networks, (2) an increase of US\$1.8 million in accounts payable primarily consisting of the concession fees payable under our concession rights contracts for our digital TV screens or programs due to the expansion of our network coverage, and (3) an increase of US\$1.0 million in deferred revenues derived from prepayment by customers due to our increased sales. The foregoing was partly offset by (1) an increase of US\$4.5 million in accounts receivable from our customers due to our increased sales, and (2) an increase of US\$1.1 million in other current assets primarily attributable to our prepayment of agency fees to third-party agencies and advance payments to our employees.

We used US\$3.3 million cash for operating activities for the period from August 7, 2005 to December 31, 2005. This was primarily attributable to (1) our net loss of US\$2.4 million, (2) an increase of US\$1.0 million in accounts receivable from our customers due to our increased sales, and (3) an increase of US\$0.6 million in long term deposits as security deposits for our concession fees. The foregoing was partly offset by an increase of US\$0.8 million in accounts payable primarily consisting of the concession fees payable under our concession rights contracts for our digital TV screens or programs due to the expansion of our network coverage.

Investing Activities

Net cash used in investing activities amounted to US\$4.0 million for the six months ended June 30, 2007, mainly as a result of (1) our purchases of equipment, primarily digital TV screens, for US\$2.1 million, and (2) the final US\$1.2 million payment to acquire a 75% equity interest in AirTV United. The initial US\$2.0 million payment of the total consideration of US\$3.3 million for the 75% equity interest was paid in 2006. We also used \$0.6 million for a long-term investment in connection with our acquisition of a 51% equity interest in Beijing Aiyike.

Net cash used in investing activities in 2006 amounted to US\$5.3 million, mainly as a result of our purchases of equipment, primarily digital TV screens, for US\$3.3 million and the purchase of intangible assets, primarily to acquire a 75% equity interest in AirTV United, for an initial US\$2.0 million payment out of total consideration of US\$3.3 million, the balance of which was recorded as amount due to a related party as of December 31, 2006.

Net cash used in investing activities in the period from August 7, 2005 to December 31, 2005 amounted to US\$0.8 million, as a result of our equipment purchases, primarily digital TV screens, office equipment and vehicles, for US\$0.8 million.

Financing Activities

Net cash provided by financing activities amounted to US\$42.0 million for the six months ended June 30, 2007, mainly as a result of (1) the US\$39.0 million of net proceeds from our Series B preferred share placement in June 2007, and (2) the final drawdown of US\$2.9 million of the total US\$12.0 million proceeds from our Series A preferred share placements.

Net cash provided by financing activities in 2006 amounted to US\$2.3 million, mainly as a result of US\$3.1 million of proceeds from our Series A preferred share placements, partly offset by our repayment of note payable of US\$0.8 million.

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Net cash provided by financing activities in the period from August 7, 2005 to December 31, 2005 amounted to US\$7.0 million, mainly as a result of an initial drawdown of US\$6.0 million out of the US\$12.0 million proceeds from our Series A preferred share placements, proceeds of US\$0.8 million from note payables to two unrelated individuals and proceeds of US\$0.2 million from shareholders loans.

Contractual Obligations and Commercial Commitments

We have entered into operating lease agreements primarily for our office spaces in China. These leases expire through 2009 and are renewable upon negotiation. In addition, the contract terms of our concession rights contracts are usually three to five years. Most of these concession rights expire through 2011 and are renewable upon negotiation. The following table sets forth our contractual obligations and commercial commitments as of December 31, 2006:

	Payment Due by Year Ending					2011 and thereafter
	Total	2007	2008	2009	2010	
Operating lease agreements	US\$ 2,508	US\$ 937	US\$ 935	US\$ 445	US\$ 191	—
Concession rights contracts	38,423	11,228	11,050	8,658	4,987	US\$2,500
Total	<u>US\$40,931</u>	<u>US\$12,165</u>	<u>US\$11,985</u>	<u>US\$9,103</u>	<u>US\$5,178</u>	<u>US\$2,500</u>

Other than the obligations set forth above, we did not have any long-term debt obligations, operating lease obligations, purchase obligations or other long-term liabilities as of December 31, 2006.

As of September 30, 2007, we were contractually obligated to pay US\$102.9 million under our concession rights contracts. The significant increase in our contractual payment obligations compared to December 31, 2006 was due to the new concession rights contracts we entered into in 2007, including our September 2007 contracts for the operation of digital TV screens and digital frames at the newly constructed Terminal 3 of Beijing Capital International Airport.

Capital Expenditures

We incurred capital expenditures of US\$0.9 million, US\$7.6 million and US\$1.6 million for the period from August 7, 2005 to December 31, 2005, in 2006 and for the six months ended June 30, 2007, respectively. Our capital expenditures were made primarily to purchase digital TV screens, digital frames and associated equipment for our network. We also periodically exchange advertising time slots with other entities for digital TV screens, other equipment and office rental through barter transactions.

We expect to incur capital expenditures of approximately US\$8.0 million in 2007 primarily to purchase additional digital TV screens and associated equipment and upgrade our light box displays to digital frames and install additional digital frames.

We believe that our current cash and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs, including our cash needs for capital expenditures for the next 12 months. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from lending institutions.

Off-Balance Sheet Commitments and Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an

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unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. We have not used derivative financial instruments in our investment portfolio. Interest earning instruments carry a degree of interest rate risk. We have not been exposed nor do we anticipate being exposed to material risks due to changes in market interest rates. However, our future interest income may fall short of expectations due to changes in market interest rates.

Foreign Exchange Risk Our financial statements are expressed in U.S. dollars, which is our reporting and functional currency. However, substantially all of the revenues and expenses of our consolidated operating subsidiaries and affiliate entities are denominated in RMB. Substantially all of our sales contracts are denominated in RMB and substantially all of our costs and expenses are denominated in RMB. We have not had any material foreign exchange gains or losses. Although in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the foreign exchange rate between U.S. dollars relative to the RMB because the value of the business of our operating subsidiaries and entities is effectively denominated in RMB, while the ADSs will be traded in U.S. dollars. Furthermore, a decline in the value of the RMB could reduce the U.S. dollar equivalent of the value of the earnings from, and our investments in, our subsidiaries and PRC-incorporated affiliates in China.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the People's Bank of China. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under this new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximately 8.0% appreciation of the RMB against the U.S. dollar as of June 30, 2007. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against the U.S. dollar. To the extent that we need to convert U.S. dollars we receive from this offering into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. We have not used any forward contracts or currency borrowings to hedge our exposure to foreign currency exchange risk.

Inflation

In recent years, China has not experienced significant inflation, and thus historically inflation has not had a significant effect on our business. According to the National Bureau of Statistics of China, the change in the Consumer Price Index in China was 3.9%, 1.8% and 1.5% in 2004, 2005 and 2006, respectively.

Recently Issued Accounting Standards

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements*. This statement defines fair value, establishes a framework of measuring fair value, and expands disclosure requirements about fair value measurements. SFAS No. 157 is effective for financial statements to be issued for fiscal years beginning after November 15, 2007. We do not expect the adoption of SFAS No. 157 to have a material impact on our financial statements.

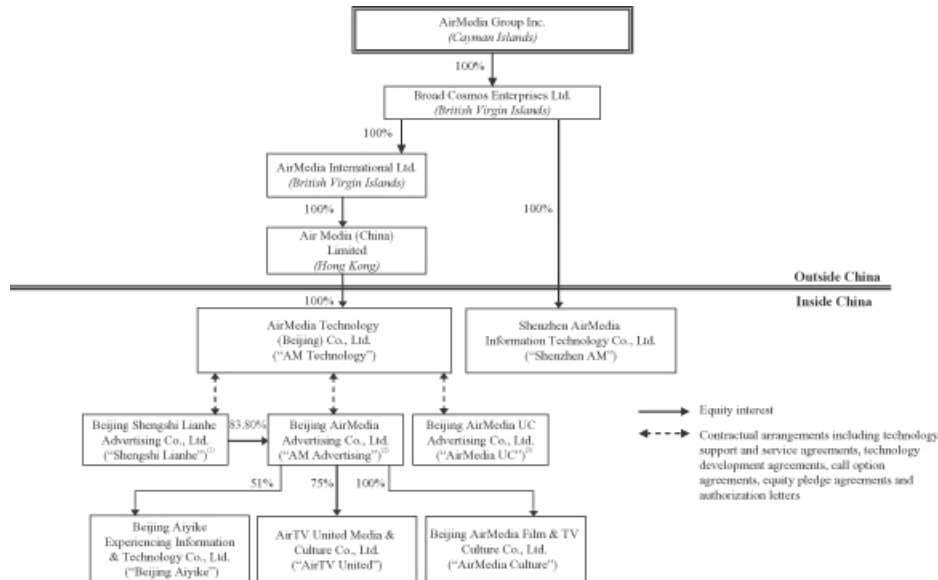
In February 2007, the FASB issued SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 provides entities with an option to report selected financial assets and liabilities at fair value, with the objective to reduce both the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective for financial statements to be issued for fiscal years beginning after November 15, 2007. We do not expect the adoption of SFAS No. 159 to have a material impact on our financial statements.

CORPORATE STRUCTURE

Corporate History and Structure

We are a Cayman Islands incorporated holding company that conducts operations through our subsidiaries, VIEs and the VIEs' subsidiaries in China. We commenced operations in August 2005 in China through Shengshi Lianhe, a consolidated variable interest entity of our principal subsidiary, AirMedia Technology (Beijing) Co., Ltd., or AM Technology. We established another wholly-owned subsidiary, Shenzhen AirMedia Information Technology Co., Ltd., or Shenzhen AM, in June 2006 in China. In order to facilitate foreign investment in our company, we established an offshore holding company, Broad Cosmos Enterprises Limited, or Broad Cosmos, as a company registered in the British Virgin Islands in June 2006. To prepare for this offering, we incorporated AirMedia Group Inc. in the Cayman Islands in April 2007 as our listing vehicle and as our holding company, followed by a share exchange between AirMedia Group Inc. and Broad Cosmos. As a result of the share exchange, AirMedia Group Inc. acquired 100% of the equity interests in Broad Cosmos, which in turn holds 100% of the equity interests in AM Technology and Shenzhen AM.

The following diagram illustrates our corporate structure as of the date of this prospectus:



- Notes: (1) Shengshi Lianhe is 49.83% owned by Herman Man Guo, our founder, chairman, chief executive officer and an ultimate owner of our ordinary shares, 37.60% by Zhenyu Wang, our director who holds the equity on behalf of CDH, 7.45% owned by Qing Xu, our director and an ultimate owner of our ordinary shares and 5.12% owned by Xiaoya Zhang, our president, director and an ultimate owner of our ordinary shares.
- (2) AM Advertising is 83.80% owned by Shengshi Lianhe, 8.07% owned by Herman Man Guo, our founder, chairman, chief executive officer and an ultimate owner of our ordinary shares, 6.09% owned by Zhenyu Wang, our director who holds the equity on behalf of CDH, 1.21% owned by Qing Xu, our director and an ultimate owner of our ordinary shares and 0.83% owned by Xiaoya Zhang, our president, director and an ultimate owner of our ordinary shares.
- (3) AirMedia UC is 51.13% owned by Herman Man Guo, our founder, chairman, chief executive officer and an ultimate owner of our ordinary shares, 38.22% owned by Zhenyu Wang, our director who holds the equity on behalf of CDH and 10.65% owned by Qing Xu, our director and an ultimate owner of our ordinary shares. AirMedia UC became a consolidated variable interest entity in 2007.

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Contractual Arrangements

Since December 10, 2005, foreign investors have been permitted to own directly a 100% interest in PRC advertising companies if the foreign investor has at least three years of direct operations outside of China. We do not currently directly operate an advertising business outside of China and cannot qualify under the PRC regulations allowing 100% foreign ownership of a PRC advertising company any earlier than three years after we commence any such operations or until we acquire a company which has directly operated an advertising business for the required period of time. Accordingly, since we have not been involved in the direct operation of an advertising business outside of China, our domestic PRC subsidiaries, AM Technology and Shenzhen AM, which are considered foreign-invested, are currently ineligible to apply for the required advertising services licenses in China.

Our advertising business is currently provided through contractual arrangements with our variable interest entities in China, principally AM Advertising, Shengshi Lianhe and AirMedia UC. AM Advertising is owned by Shengshi Lianhe and four PRC citizens, Herman Man Guo, Qing Xu, Xiaoya Zhang and Zhenyu Wang. Shengshi Lianhe is owned by four PRC citizens, Herman Man Guo, Qing Xu, Xiaoya Zhang and Zhenyu Wang. AirMedia UC is owned by three PRC citizens, Herman Man Guo, Qing Xu and Zhenyu Wang. Our variable interest entities are the major companies through which we provide advertising services in China.

Our variable interest entities directly operate our advertising network, enter into concession rights contracts and sell advertising time slots to our clients. We have been and are expected to continue to be dependent on our variable interest entities to operate our advertising business until we qualify for direct ownership of an advertising business in China under the PRC laws and regulations and acquire our variable interest entities as our direct, wholly-owned subsidiaries, as described below. AM Technology has entered into contractual arrangements with our variable interest entities, which enable us to:

- exercise effective control over our variable interest entities;
- receive substantially all of the economic benefits from our variable interest entities; and
- have an exclusive option to purchase all of the equity interests in our variable interest entities.

Technology Support and Service Agreements. Pursuant to the technology support and service agreements between AM Advertising and AM Technology, Shengshi Lianhe and AM Technology, and AirMedia UC and AM Technology, respectively, AM Technology has the exclusive right to provide to AM Advertising, Shengshi Lianhe and AirMedia UC technology consulting services, including research and development of technologies related to AM Advertising, Shengshi Lianhe and AirMedia UC's operation, the maintenance and monitoring of displays and programming systems, research on the solution of technical problems, and other related technical support and services. AM Technology owns the intellectual property rights developed in the performance of these agreements. AM Advertising, Shengshi Lianhe and AirMedia UC pay to AM Technology annual service fees in an amount determined by each of the parties in July of each year based on the number and experience of the technical service personnel, technologies used, time spent, contents and value of the technical services provided by AM Technology as well as the connection of the technical services provided with AM Advertising, Shengshi Lianhe and AirMedia UC's gross revenues. These annual services fees are prorated into four quarters and due within 15 days before the end of each quarter. These agreements run for ten-year terms and are subject to automatic renewal for an additional ten-year term provided that no objection is made in the twenty-days prior to the renewal of the term.

Technology Development Agreements. Pursuant to the technology development agreements between AM Advertising and AM Technology, Shengshi Lianhe and AM Technology, and AirMedia UC and AM Technology, respectively, AM Advertising, Shengshi Lianhe and AirMedia UC exclusively engage AM Technology to provide technology development services. AM Technology owns the intellectual property rights developed in the performance of these agreements. AM Advertising, Shengshi Lianhe and AirMedia UC pay to AM Technology annual service fees in an amount determined by each of the parties in July of each year based on

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the number and experience of the technical service personnel, technologies used, time spent, content and value of the technical services provided by AM Technology as well as the connection of the technical services provided with AM Advertising, Shengshi Lianhe and AirMedia UC's gross revenues. These annual services fees are prorated into four quarters and due within 15 days before the end of each quarter. These agreements run for ten-year terms and are subject to automatic renewal for an additional ten-year term provided that no objection is made within twenty-days prior to the renewal of the term.

Call Option Agreements. Under the call option agreements among AM Advertising, AM Technology, and the shareholders of AM Advertising, among Shengshi Lianhe, AM Technology, and the shareholders of Shengshi Lianhe, and among AirMedia UC, AM Technology and the shareholders of AirMedia UC respectively, the shareholders of AM Advertising, Shengshi Lianhe and AirMedia UC irrevocably granted AM Technology or its designated third party an exclusive and irrevocable right to purchase from AM Advertising, Shengshi Lianhe or AirMedia UC's shareholders, as the case may be, to the extent permitted under PRC law, all of the equity interests in AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, for the minimum amount of consideration permitted by the applicable law without any other conditions. AM Technology agreed to provide a guarantee for AM Advertising, Shengshi Lianhe or AirMedia UC's performance of their obligations under any contracts or agreements relating to their business operations and committed to provide loans to support the business development needs of AM Advertising, Shengshi Lianhe or AirMedia UC or when AM Advertising, Shengshi Lianhe or AirMedia UC suffers any operating difficulties. No such guarantee or loan has been provided as of the date of this prospectus.

Equity Pledge Agreements. Under the equity pledge agreements among AM Advertising, AM Technology and the shareholders of AM Advertising, among Shengshi Lianhe, AM Technology and the shareholders of Shengshi Lianhe and among AirMedia UC, AM Technology and the shareholders of AirMedia UC, respectively, the shareholders of AM Advertising, Shengshi Lianhe and AirMedia UC pledged all of their equity interests in AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, to AM Technology to guarantee AM Advertising, Shengshi Lianhe or AirMedia UC's performance of its obligations under the technology support and service agreements and the technology development agreements. AM Technology has the right to receive dividends from the shares pledged by the shareholders of AM Advertising, Shengshi Lianhe and AirMedia UC.

Authorization Letters. Each shareholder of AM Advertising, Shengshi Lianhe and AirMedia UC has executed an authorization letter to authorize AM Technology to exercise certain of its rights as shareholder of AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, including voting rights, the rights to enter into legal documents to transfer any or all of its equity interests in AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, and the rights to designate the general manager of AM Advertising, Shengshi Lianhe and AirMedia UC in the shareholder meetings. Such authorization letters will remain effective during the respective operating periods of AM Advertising, Shengshi Lianhe and AirMedia UC.

BUSINESS

Overview

We operate the largest digital media network in China dedicated to air travel advertising. We operate over 95% of the digital TV screens that display advertisements in the 15 largest airports in China, according to the Sinomonitor report. The advertising portion of our programs accounts for over 80% of the total length of the advertisements played on the digital TV screens for each of the three largest airlines in China. We operate over 2,000 digital TV screens in airports and place our programs on over 16,000 digital TV screens on airplanes. Due to PRC regulatory restrictions on foreign ownership of advertising businesses in China, we operate our advertising business through our consolidated variable interest entities and their subsidiaries in China. We have a series of contractual arrangements with these variable interest entities and their record owners that enable us to effectively control and derive substantially all of the economic benefits from these variable interest entities.

We currently have contractual concession rights to operate digital TV screens in 52 airports, including 28 out of the 30 largest airports in China. Our digital TV screens are currently located in 37 airports in China, including the five largest airports, Beijing Capital International Airport, Shanghai Pudong International Airport, Guangzhou Baiyun International Airport, Shanghai Hongqiao International Airport and Shenzhen International Airport. We plan to gradually roll out our operations in the additional 15 airports where we have contractual concession rights to operate digital TV screens. In addition, we have contractual concession rights to place our programs on the routes operated by nine airlines, including the three largest airlines in China, China Southern Airlines, China Eastern Airlines and Air China.

We also offer advertisers other media platforms in airports, such as digital frames, light box displays, 360-degree LED displays and 3D displays. We are in the process of upgrading our light box displays into digital frames and intend to significantly expand the number of digital frames in our network. For example, we recently obtained contractual concession rights to operate over 320 digital TV screens and over 440 digital frames at the newly constructed Terminal 3 of Beijing Capital International Airport and intend to install these digital TV screens and digital frames by the end of 2007. We also plan to introduce other new media platforms to expand our ability to target air travelers.

Air travel advertising in China has experienced significant growth in recent years as a result of growth in China's advertising market and air travel sector. By focusing on air travel advertising, we enable our advertising clients to target air travelers in China, who we believe are an attractive demographic for advertisers due to their higher-than-average disposable income. We strategically place our digital TV screens and other displays in high-traffic locations of airports, particularly in areas where there tend to be significant waiting time, such as departure halls, security check areas, boarding gates, baggage claim areas and arrival halls. In addition, the digital TV screens on our network airplanes are located in highly visible locations in passenger compartments and on the back of passenger seats. Our combined coverage in airports and on airplanes enables our programs to attract air travelers at multiple points during their travel experience, from check-in, boarding, flight time, to arrival.

We combine advertising content with non-advertising content, such as news, weather, sports and comedy clips, in our digital TV screen programs. We have agreements to show documentary clips provided by CCTV, in airports and on airplanes. We also obtain program clips such as "Just For Laughs" and "Globe Trekker" from other third-party content providers. We believe this makes air travelers more receptive to the advertisements included in our programs and ultimately makes our programs more effective for our advertising clients. Our standard programs in airports currently include 25 minutes of advertising content during each hour of programming and are shown for approximately 16 hours per day. The length of our in-flight programs typically ranges from approximately 45 minutes to an hour per flight, approximately five to 13 minutes of which consist of advertising content.

We derive revenues principally by selling advertising time slots on our network to our advertising clients, including both direct advertisers and advertising agencies. Since commencing operations in August 2005 to June

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30, 2007, a total of 240 advertising clients have purchased advertising time slots on our network. Our advertisers consist of international and domestic brands. Our top advertisers for 2006 and the six months ended June 30, 2007 combined included Audi, China Mobile, China Unicom, Dongfeng-Citroen, Great Wall Wine, Haier, Hitachi, Lenovo, Lexus, LG, Mengniu Dairy, Nokia, Samsung and Shanghai Volkswagen, which collectively accounted for over 50.0% and 45.0% of our revenues for 2006 and the six months ended June 30, 2007, respectively.

We have grown rapidly since we commenced operations. The number of airports and airlines in which we operated and the number of digital TV screens operating in our network increased from 16, six and 12,385 as of December 31, 2005 to 32, nine and 17,837 as of June 30, 2007, respectively. For the period from August 7, 2005, the date we commenced operations, to December 31, 2005, we incurred a net loss of US\$2.4 million. For 2006, we generated net revenues of US\$17.9 million and achieved a net income of US\$4.1 million. For the six months ended June 30, 2007, our net revenues increased to US\$15.9 million from US\$6.7 million for the same period in 2006 and our net income increased to US\$4.0 million from US\$0.9 million for the same period in 2006.

Industry Background

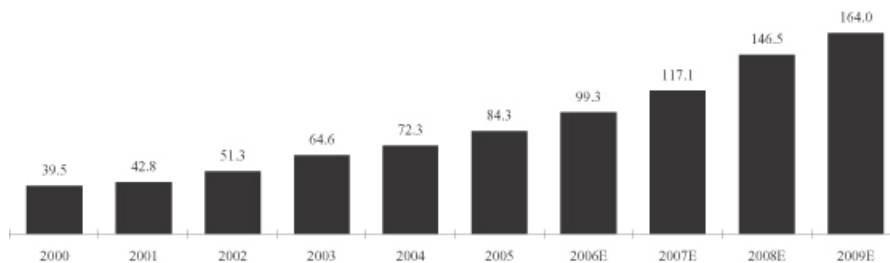
Air travel advertising in China is a relatively new advertising market. The development of the air travel advertising industry is driven by growth in China's advertising market and the air travel sector.

China's Advertising Market

The advertising market in China has the following characteristics:

- *One of the Largest and Fastest Growing Advertising Markets* . Advertising spending in China totaled RMB84.3 billion (US\$10.6 billion) in 2005 according to ZenithOptimedia's October 2007 Advertising Expenditure Forecasts Report, making it the largest advertising market in Asia excluding Japan. According to ZenithOptimedia, advertising spending in China grew at a compound annual growth rate, or CAGR, of 16.4% between 2000 and 2005, making it one of the fastest growing advertising markets in the world. ZenithOptimedia predicts the advertising market in China will experience continued strong growth with a CAGR of 18.1% from 2005 to 2009 and reach RMB 164.0 billion (US\$20.6 billion) by 2009. The chart below sets forth the historical and projected size of China's advertising market:

China's total advertising expenditure at current prices (RMB billion) ⁽¹⁾



Source: ZenithOptimedia Advertising Expenditure Forecasts, October 2007.

Note: (1) 2000-2005 numbers are based on State Administration of Industry and Commerce statistics of China. All numbers excluded agency income, which comprises regular commission and income from program syndication, sports sponsorship, event marketing, industry training and other sources, production costs, includes classified advertising and the discounts that are negotiated between agency and media owners.

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The following table sets forth historical and estimated future advertising spending in the countries and regions described for the years indicated and the respective CAGR from 2000 to 2005:

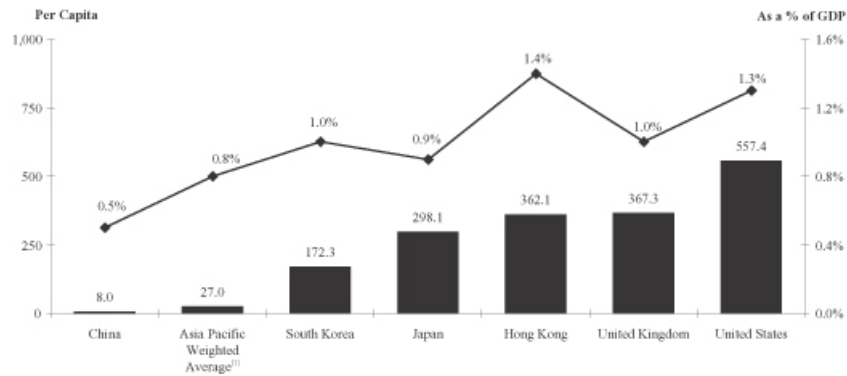
	2000	2001	2002	2003	2004	2005	2006E	2007E	2008E	CAGR from 2000 to 2005
	(in billions, except for percentages)									
China	5.0	5.4	6.4	8.1	9.1	10.6	12.5	14.7	18.4	16.4%
South Korea	7.1	7.0	8.1	8.5	7.9	8.2	8.9	9.3	9.6	2.9%
India	1.6	1.8	2.0	2.5	3.1	3.6	4.6	5.3	6.2	17.7%
Taiwan	1.8	2.0	2.0	2.2	1.8	1.6	1.6	1.5	1.6	(2.5)%
Hong Kong	1.5	1.6	1.9	1.9	2.3	2.5	3.0	3.0	3.3	10.5%
Other Asia ⁽²⁾ (excluding Japan)	5.3	5.9	6.8	7.9	9.8	10.8	11.7	12.7	14.8	15.5%
Total Asia (excluding Japan)	22.3	23.8	27.2	31.0	34.0	37.4	42.1	46.6	53.8	10.9%
Japan	39.4	38.8	36.1	36.1	37.5	38.2	38.4	39.0	39.9	(0.6)%
Total Asia	61.8	62.6	63.4	67.1	71.5	75.6	80.5	85.6	93.7	4.1%
United States	156.7	147.2	149.8	152.3	161.5	166.2	174.8	179.3	186.6	1.2%

Source: ZenithOptimedia Advertising Expenditure Forecasts, October 2007.

Notes: (1) All of the U.S. dollar amounts are derived from the original source, which were translated from the corresponding RMB amounts at a rate of RMB 7.9734 to US\$1.00.
 (2) Includes Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

The growth of China's advertising industry is driven by rapid and sustained economic growth and growth in consumer spending. China's economy has grown and continues to grow rapidly compared to the growth experienced by developed economies. According to the International Monetary Fund, China was the fourth largest economy in the world in 2005 in terms of GDP, which amounted to over US\$2.2 trillion. Consumer spending per capita in China increased at a CAGR of 9.7% from 2000 to 2005 according to National Bureau of Statistics of China. In the meantime, advertising spending per capita and as a percentage of GDP in China remains very low relative to other countries and regions historically, indicating that there is significant growth potential in China's advertising industry as its consumer markets continue to develop and income levels increase.

Advertising expenditure per capita (US\$) and as a % of GDP (2005)



Source: Zenith Optimedia Advertising Expenditure Forecasts, October 2007

Note: (1) Includes Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam.

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In addition, according to ZenithOptimedia, advertising expenditure is expected to grow between 2007 and 2010 in China during the build-up to the Beijing Olympics in 2008 and the Shanghai World Expo in 2010.

- **Increasingly Important Role of Out-of-Home Advertising.** Out-of-home advertising accounts for a larger percentage of total advertising spending in China compared to Europe, the United States and other countries in Asia. Out-of-home advertising has seen rapid development and growth in China in recent years. This form of advertising, which includes billboards, street furniture displays and transit displays such as airport digital TV screens, digital TV screens on airplanes and vehicle wrap display advertising, allows advertisers to effectively target increasingly mobile and urbanized target audiences in a flexible and cost-effective way. We believe that advertisers in China increasingly choose alternative media over traditional media such as television, radio broadcast and print media given the more limited geographic reach of China's traditional media outlets. Total out-of-home advertising spending as a percentage of all advertising spending in China has increased from 13.1% in 2001 to 14.9% in 2005 according to ZenithOptimedia.

In China, out-of-home advertising networks have gained broad acceptance and have become a well-established segment of the advertising industry. According to ZenithOptimedia, it is the third largest advertising medium in China after TV and newspaper. Digital out-of-home advertising has experienced fast growth in part due to the fact that digital equipment and technologies have become increasingly flexible and are able to target large populations in concentrated major cities on a cost-effective basis. According to ZenithOptimedia, China's out-of-home advertisement market is expected to grow at a CAGR of 20.0% from US\$1.7 billion in 2005 to US\$3.4 billion in 2009.

Air Travel Advertising Market in China

China Air Travel Industry. In the last decade, China's air travel market has seen rapid growth. The following table indicates the number of air travelers from 2000 to 2006:



Source: *China Statistical Abstract 2007.*

Note: (1) The number of air travelers is counted each time a person uses air travel. For example, one passenger who travels 10 times is counted as 10 air travelers.

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According to the China Statistical Abstract 2007, the number of air travelers in China grew at a CAGR of 15.5% from 2000 to 2006, higher than that of 3.0% and 5.5% for the number of railway and highway passengers, respectively, in the same period.

China has also seen similar growth in the number of airports and domestic flights. The number of airports in China increased from 139 in 2000 to 142 in 2006 and the number of domestic routes increased from 1,032 in 2000 to 1,068 in 2006 according to the China Statistical Abstract 2007. Furthermore, the existing airports and newer replacement airports continue to grow significantly in terms of utilization and capacity, as reflected by increases in the number of air passengers, landings and take-offs and the size of the airports, number of terminals and number of boarding gates.

The following table shows the increase in the number of air passengers and landings and take-offs of the ten largest airports in China for the periods indicated. One passenger is defined as someone who arrives in, departs from, or transfers through the airport on a given day. International Air Transport Association predicts that China will see an average annual growth rate of air passengers of 9.6% from 2005 to 2009, which is expected to be the second fastest growing air travel market in the world.

Airports	Air Passengers (millions)				Landings/Take-offs (thousands)			
	2003	2004	2005	2006	2003	2004	2005	2006
Beijing Capital International Airport	24.3	34.9	41.0	48.7	233.8	304.9	341.7	378.9
Shanghai Pudong International Airport	15.1	21.0	23.7	26.8	134.3	178.7	205.0	232.0
Guangzhou Baiyun International Airport	15.0	20.3	23.6	26.2	142.3	182.8	211.3	232.4
Shanghai Hongqiao International Airport	9.7	14.9	17.8	19.3	109.4	150.8	170.0	177.6
Shenzhen International Airport	10.8	14.3	16.3	18.4	119.5	140.5	151.4	169.5
Chengdu Airport	8.2	11.7	13.9	16.3	83.1	110.2	133.0	155.5
Kunming Airport	7.4	9.8	11.8	14.4	78.7	92.4	109.0	135.6
Hangzhou Airport	4.4	6.3	8.1	9.9	50.7	67.0	79.3	100.8
Xi'an Airport	4.4	6.4	7.9	9.4	60.2	77.7	91.4	99.3
Chongqing Airport	4.3	5.2	6.6	8.1	56.1	64.8	72.7	88.9

Source: 2006 and 2004 Airport Data Reports by the CAAC

Air Travel Advertising. We believe air travel advertising in China has the following key characteristics:

- *Attractive target demographics.* We believe the average air traveler in China presents an attractive audience group for advertisers who aim to reach consumers with higher-than-average disposable income to promote their products or services.
- *Effective audience reach.* We believe the waiting periods in airports and air traveling time allow air travel advertising to reach consumers for extended periods of time, which may in turn increase the effectiveness of the advertisements. Displays in airports can be strategically placed in locations where passengers tend to congregate and where there tend to be long waiting periods, such as departure halls, security check areas, boarding gates, baggage claim areas and arrival halls. The visibility of air travel advertising is particularly significant on airplanes where air passengers are kept in a relatively captive environment with more limited viewing options.
- *Increasing acceptance.* We believe digital media networks have been increasingly accepted by the three major groups in the air travel advertising industry: airports and airlines, air travelers and advertisers. We believe many airports and airlines have chosen to partner with digital media companies to reduce their operational costs, expand the content provided to air travelers and improve the overall passenger experience. Digital media networks provide air travelers with informative and entertaining content or otherwise provide an outlet to fill idle time, which may help to enhance the overall passenger experience and add value to the air travel services or products provided by airports and airlines. We believe advertisers have increasingly chosen air travel advertising due to its high receptivity among air travelers and ability to reach favorable demographics.

Our Competitive Strengths

We believe we have the following competitive strengths:

Largest Nationwide Digital Media Network in China Dedicated to Air Travel Advertising.

We operate the largest digital media network in China dedicated to air travel advertising. We operate over 2,000 digital TV screens in airports and place our programs on over 16,000 digital TV screens on airplanes. We operate over 95% of all of the digital TV screens that display advertisements in the 15 largest airports in China, according to the Sinomonitor report. We have obtained the right to place our programs on the routes operated by nine airlines, including the three largest airlines in China, China Southern Airlines, China Eastern Airlines and Air China. Our advertising programs account for over 85% of the total length of the advertising programs played on these three largest airlines.

We believe our broad geographic network coverage allows our advertising clients to reach a national audience through a single advertising network provider. There are limited nationwide advertising networks in China available for advertisers to target consumers with higher-than-average disposable income to promote their products or services on a national scale. We believe the established scale of our network provides our advertising clients with more choices in selecting and combining different network airports, airlines and locations that are tailored to the needs of their advertising campaigns. The large scale and attractive viewer demographic of our network provides us with a competitive advantage over other competing advertising networks. In addition, our scale allows us to secure desirable locations in airports and on airplanes on favorable terms and to achieve cost efficiency in many aspects of our operations, including program design, network development, content acquisition, equipment purchasing and training.

Concession Rights Contracts and Established Relationships with Major Airports and Leading Domestic Airlines.

Contractual concession rights are critical for our business operations. There is a limited number of large airports and airlines in China and the locations in airports and on airplanes where digital TV screens can be placed are also limited. As of June 30, 2007, we had entered into concession rights contracts to operate digital TV screens in 51 airports, including China's five largest airports located in Beijing, Shanghai, Guangzhou and Shenzhen, and nine out of the ten largest Chinese airlines. We have recently obtained concession rights to operate 328 digital TV screens and 448 digital frames in the newly constructed Terminal 3 of Beijing Capital International Airport, and we intend to complete the installation of these digital TV screens and displays by the end of 2007. Many of our concession rights contracts, which typically run for multiple-year terms, provide us with certain exclusivity rights. For example, we have obtained the exclusive right to operate all the closed-circuit displays located in the domestic and international arrival and departure areas under our contract with Guangzhou Baiyun International Airport.

Through our highly recognized brand name and our experience in providing air travel advertising services, we have also built strong relationships with major airports and leading airlines in China. We believe our large number of concession rights contracts and the strong relationships with network airports and airlines enable us to strengthen our leading position in the air travel digital media market.

Significant Value Proposition to Airports and Airlines.

We believe our services provide the following significant benefits to our network airports and airlines:

- *Enhanced Passenger Experience.* The content provided in our air travel digital media network provides air travelers with an entertaining means to pass time while waiting in airports and traveling on airplanes. We believe our digital media network enhances the passenger experience and adds value to the air travel services or products provided by our network airports and airlines.
- *Incremental Revenue Opportunity.* Under our concession rights contracts, we pay a fee in exchange for the concession rights to play our programs in airports and on airplanes. Through these contractual

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arrangements, individual airports and airlines can join a nationwide digital media network in China to provide high-quality media content to air travelers.

- **Effective Means of Managing Passenger Traffic.** Some airports also utilize non-advertising time of our network to provide flight and other information to air travelers. The ability to provide timely information to passengers allows our digital media network to aid in the management of passenger traffic.
- **Cost-Effective Media Service.** The large scale of our network allows us to provide our network airports and airlines with a wide range of digital media programs on a cost-effective basis which may otherwise be costly and time consuming for each airport or airline to procure individually.

Significant Value Proposition to Advertising Clients.

We operate a digital media network that:

- **Offers Extensive Viewer Reach.** We strategically place our displays in high-traffic locations of airports, particularly in areas where there tend to be significant waiting time, such as departure halls, security check areas, boarding gates, baggage claim areas and arrival halls. In addition, the displays on our network airplanes are located in highly visible locations, such as from the top of passenger compartments and on the back of passenger seats. This allows our displays and programs to target air travelers at multiple points during their travel experience, from check-in, boarding, flight time, to arrival.
- **Provides Cost-effective Advertising.** Our network targets audiences with demographic profiles desirable to advertisers and allows advertisers to reach consumers in a more cost-effective way compared to traditional media in China. We believe the cost of reaching the same number of consumers with higher-than-average disposable income is significantly lower on our network than advertising through other more traditional media such as television, billboards or newspapers.
- **Provides Flexibility for Advertisers.** We generally update our airport and airplane programs on a weekly and monthly basis, respectively. This gives advertisers scheduling flexibility by allowing them to change their advertising campaigns on short notice and run them for shorter time periods than other media, such as billboards.
- **Offers Quality Client Service.** Our program production team consists of both advertising and television production professionals who are skilled in designing effective programming for our advertising clients based on the viewing preferences of air travelers. We have also built a sales team experienced in presenting the value of our air travel digital media network and providing suitable advertising services to our potential clients, and we have established national operational synergies, all of which have enabled us to operate and further develop our air travel digital media network. We have also commissioned a third party to provide advertising research and analysis reports to our clients on a regular basis to help our advertising clients better understand the advertising market and various advertising media available to them.

Extensive Experience in Managing Content.

As an early-mover in out-of-home digital media content, we have accumulated extensive experience in designing, identifying, acquiring and compiling content that is attractive to viewers and advertisers. Our experience and our monitoring of the viewing preferences of air travelers helps us to create and update programs with an optimal blend of advertising and non-advertising content for this market. Managing content allows us to improve both the effectiveness of the advertisements in our programs and the attractiveness of our network to our advertising clients.

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In addition, we have developed strong relationships with content providers such as CCTV. These allow us to obtain high-quality non-advertising content that enhances the overall production value of our programs, which in turn further enhances the effectiveness and the attractiveness of our network. We have obtained the right to show documentary clips provided by CCTV in airports and on airplanes from May 2007 to May 2009. Our content also includes public awareness videos for WildAid, an international non-governmental organization, which are aimed at reducing the illegal trade in wildlife products. By combining non-advertising content with advertising content into our programs, we believe air travelers are more receptive to the advertisements included in our programs as they can also watch weather information, market updates, sports scores and highlights, public service messages and other news as well as entertainment programs. This is particularly significant in attracting interested viewers on airplanes who are kept in a relatively captive environment with more limited viewing options.

Highly Recognized Brand Name with a Large Base of Advertising Clients.

We have built a highly recognized brand name in China by developing a reputation for consistently and effectively delivering large-scale yet focused, high-quality air travel digital media content. Our success in maintaining and enhancing our brand and image is demonstrated by our numerous awards, including the "Media with the Best Partnership Value in China" at the 2006 China Advertising Forum. Our brand name and reputation have enabled us to develop and retain a strong advertising client base and our programs include advertisements for international and domestic brand name companies. Our top advertisers for 2006 and the six months ended June 30, 2007 combined included Audi, China Mobile, China Unicom, Dongfeng-Citroen, Great Wall Wine, Haier, Hitachi, Lenovo, Lexus, LG, Mengniu Dairy, Nokia, Samsung and Shanghai Volkswagen.

Strong Management Team with Extensive Industry Experience and a Proven Track Record.

We have a senior management team with extensive experience in China's advertising, sales and marketing and television program production industries. Herman Man Guo, our founder, chairman and chief executive officer, has 10 years of experience in China's advertising industry. James Zhonghua Feng, our chief operating officer, has 14 years of experience in advertising sales and marketing in China. Other senior members of our management team have worked for a number of major domestic and international advertising, marketing or media firms in China and have established strong working relationships with our advertising clients, airports and airlines, content providers and relevant government authorities. Under their leadership, we have developed a track record for successfully executing our strategies and becoming a leader in the air travel advertising industry.

Our Strategy

Our goal is to capitalize on our leading market position as the largest air travel digital media network provider in China and to successfully expand into other platforms in the air travel advertising sector. Accomplishing this goal requires the successful implementation of the following strategies:

Broaden Our Service Offerings through New Advertising Media Platforms within the Air Travel Advertising Sector.

Currently, our air travel media network primarily consists of standard digital TV screens. We intend to broaden our service offerings by building new advertising media platforms to make our network more comprehensive and effective. In particular, we plan to upgrade our light box displays to digital frames and significantly expand this new platform. For example, we recently signed contracts to operate over 320 digital TV screens and over 440 digital frames at the newly constructed Terminal 3 of Beijing Capital International Airport and intend to complete the installation of these digital TV screens and digital frames by the end of 2007. We also plan to expand our 360-degree LED displays and 3D displays.

We intend to build separate sales teams to focus on developing the client base for each of these new advertising media platforms while promoting the broader value that the overall network and these platforms collectively provide to our advertising clients. We believe the creation of new advertising media platforms within the air travel advertising sector and our broadened service offerings will provide our advertising clients with

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more choices in selecting and combining different air travel advertising platforms that best suit their advertising needs and preferences. It will also expand the reach of the advertisements shown on our network and allow us to cross-sell different advertising services. We believe that the strong presence that we have built through our existing network provides us with significant opportunities to launch new platforms and services and test new initiatives in a reliable and cost-effective manner. Ultimately, we anticipate these efforts will increase the revenue we can generate.

In addition, with consumers' increasing acceptance of technology-driven advertising and entertainment media, we intend to identify and take advantage of new opportunities in the China advertising market by developing innovative advertising techniques and media. For example, we plan to explore the field of interactive advertising such as an "experiment center" in airports, which gives consumers the opportunity to test new products or services in person.

Increase Our Revenues by Leveraging Our Existing Digital Media Network.

We have the broadest network coverage in China based on the number of airports and airlines covered by our network. We intend to leverage our leading market position to maintain our market leadership, enhance our mass appeal to our advertising clients and increase our fees and revenues. To achieve this goal, we intend to:

- *Build Local Sales Teams in Additional Cities and Increase our Sales and Utilization Rate of Advertising Time Slots in these Cities.* Currently, we have offices in China in the major cities where we maintain our sales network such as Beijing, Shanghai, Guangzhou and Shenzhen. We plan to build local sales teams in several additional cities to strengthen our sales efforts in these cities, further develop relationships with local advertisers, increase our direct sales of advertising time slots in these cities and improve our utilization rate, or the percentage of available time slots that we sell to advertisers.
- *Increase the Number of Locations in Airports or Airplanes in Our Existing Network.* We intend to enter into supplemental concession rights contracts to increase the number of locations in airports and airplanes that we can place or operate digital TV screens or other displays in order to broaden the viewer reach of the advertisements shown on our network and enhance our current position in many of the most desirable airports and airlines.

We will continue to evaluate further opportunities in the future to obtain concession rights to operate in airports and on airlines that are not currently in our network. This will help to ensure that our network continues to include the most significant airports and airlines in China. While the rates of advertising fees that we charge our advertising clients are not directly tied to the number of locations in our network, we believe that expanding our network will extend our audience reach, make our digital media network more attractive to advertisers and ultimately lead to higher fee rates and increased revenues.

Continue to Secure High Quality Non-Advertising Content to Enhance the Attractiveness of Our Network.

As non-advertising content in our media network constitutes a significant attraction for air travel audiences and makes our clients' advertisements more effective, we will continue to secure high quality non-advertising content from third-party content providers such as CCTV. We will seek to obtain more diversified content from content providers, develop relationships with additional content providers, add exclusivity and automatic renewal clauses into content provision contracts, and improve the quality of editing and programming to enhance the overall attractiveness of our programs. In addition, we have recently obtained from film production companies the rights to play several blockbuster films on airplanes in our network. We also show movie trailers and extended movie promotions such as "behind-the-scenes" type programming. We believe providing high quality non-advertising content in our network is a cost-effective way of making our programs more effective for our advertising clients.

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Continue to Promote Our Brand Name and the Value of Air Travel Advertising.

We will continue to promote our brand name through proactive sales and marketing efforts. We believe this will allow us to broaden our client base as well as strengthen our relationships with airports, airlines and content providers. We also seek to extend our leading market position by taking initiatives to highlight the value of air travel advertising relative to other media. We will continue to utilize research tools that enable our clients to better understand how our network can successfully reach their target audiences and promote their advertising campaigns.

In addition, we are working closely with advertisers, advertising agencies and other diversified media companies to develop more sophisticated systems that will provide improved demographic tracking measurements of air travel advertising. We believe that these measurement systems will further enhance the attractiveness of air travel advertising for both existing clients and new advertisers. We will also continue to promote our network as an attractive means for content providers to showcase their programs. The value we provide to our content providers allows us to limit our content acquisition costs.

Pursue Strategic Relationships and Acquisitions.

We plan to pursue strategic relationships and acquisitions that expand our business within the air travel advertising industry. We plan to identify, execute and integrate acquisitions to build scale and enter into complementary businesses and new media platforms that enhance our air travel advertising network and reach. We plan to evaluate strategic acquisition opportunities that we believe will further enhance our market leadership position while also providing an attractive return on investment. When evaluating potential acquisition targets, we will consider factors such as market position, growth and earnings prospects and ease of integration. We are not currently negotiating any material acquisitions.

Advertising Services

We generate revenues from the advertising services from the following platforms: digital TV screens in airports, which consist of both advertising and non-advertising content, digital TV screens on airplanes, which consist of both advertising and non-advertising content, and other displays, such as light box displays, 3D advertising displays and 360-degree LED displays, which only contain advertising content.

Digital TV Screens in Airports

We currently operate over 2,000 digital TV screens in 37 airports in China and have entered into concession rights contracts to operate digital TV screens in 52 airports in China. These 37 airports accounted for approximately 87.8% of the total air travelers in China in 2006 according to CAAC. We have recently obtained contractual concession rights to operate 328 digital TV screens in the newly constructed Terminal 3 of Beijing Capital International Airport, and we intend to complete the installation of these digital TV screens by the end of 2007.

Our most common form of digital advertising in airports is closed-circuit television displays. We strategically place our digital TV screens in areas of airports such as departure halls, security check areas, boarding gates, baggage claim areas and arrival halls, where most of the air travelers congregate and spend significant time waiting. A majority of our standard digital TV screens are 42-inch plasma display panels, or PDPs, or liquid crystal displays, or LCDs.

Our airport programs consist of advertising and non-advertising content and are played for approximately 16 hours per day. Our non-advertising content is played in two-hour cycles, during which our advertising content is repeated hourly. During each hour, 25 minutes of the program consists of advertising content provided to us by our advertising clients and the rest of the program consists of non-advertising content such as news and entertainment content provided by third-party content providers. In addition to the separate advertising messages or videos, which are updated weekly, we promote the brand names of our advertising clients by naming our programs after their brand names. The non-advertising content consists of the latest domestic and international news provided by CCTV, which is updated daily, and other content including comedy clips such as "Just For Laughs," the tourism program "Globe Trekker" provided by Pilot Production and fashion shows, which are generally updated monthly. In eight airports in our network including Beijing Capital International Airport, Shanghai Hongqiao International Airport, Guangzhou Baiyun International Airport, Shenzhen International

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Airport, Chengdu Airport, Sanya Airport, Haikou Airport and Changsha Airport, we turn our displays into split screens when showing non-advertising content. The split-screen feature allows non-advertising content and advertisements to be played simultaneously.

In addition to the traditional displays, some of our major network airports also have feature displays such as:

- *Mega display screens.* In both the departure hall and the arrival hall of the Beijing Capital International Airport, we have placed four LED mega display screens with a size of nine square meters each, featuring large viewing angles and high resolution images. We have also placed two LED mega display screens in Kunming Airport and Guangzhou Baiyun International Airport of 14 square meters and 22 square meters in size, respectively.
- *Displays in airport train station.* We have obtained concession rights to place 14 digital TV screens in the Maglev Train station of Shanghai Pudong International Airport.
- *Shuttle bus displays.* We have placed 60 digital TV screens on 31 airport shuttle buses operated by three airports to transport air passengers. In addition, we have obtained concession rights to place an additional 18 digital TV screens on 9 airport shuttle buses in other airports.

We will seek to expand our use of these applications and develop other technically advanced display platforms to other airports in our network in the future.

Digital TV Screens on Airplanes

Our programs are placed on over 16,000 digital TV screens on over 2,000 routes of nine airlines. The displays on our network airplanes, which have been installed by aircraft manufacturers, are located at the top of passenger compartments and on the back of passenger seats. The digital TV screens at the top of passenger compartments typically range from 14 inches to 50 inches in size and there are approximately 10 to 300 on each plane. The display screens on the back of passenger seats typically range from seven inches to nine inches in size, depending on the class of the passenger seating area, and typically there is a display screen behind each passenger seat.

Our airplane display programs are played once for approximately 45 minutes to an hour per flight. Approximately five to 13 minutes of each program consists of advertising content provided to us by our advertising clients and the rest of the program consists of non-advertising content. The non-advertising content on our planes includes the latest domestic and international news, market updates and sports snapshots and other content similar to that shown on our airport programs. We also promote brand names of our advertising clients through our programs by naming our programs after their brand names or displaying their logos on the corner of the screens during the programs. We have recently obtained rights from film production companies to play several blockbuster films on airplanes in our network.

As substantially all of the airplanes on which our programs are played use video tape players to play video messages and substantially all of these airplanes only have one video tape unit, passengers are not typically given a selection of channels.

Other Displays

Light box advertisements are static poster advertisements illuminated with back lighting and set underneath our digital TV screens. We currently operate over 1,370 light boxes in 30 airports. We will seek to expand this area of our business and will upgrade these static light boxes to digital frame displays that can display different advertisements sequentially over an advertising cycle. We have begun this process and intend to significantly increase the number of our digital frames in the near future. For example, we recently obtained contractual concession rights to operate 328 digital TV screens and 448 digital frames at the newly constructed Terminal 3 of Beijing Capital International Airport and intend to complete the installation of these digital TV screens and digital frames by the end of 2007.

The light box displays are being upgraded into 46-inch digital frame displays that will run advertisements across a twenty-minute cycle. Our new digital frame displays range from 63 to 70 inches and will run advertisements across a ten-minute cycle.

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In addition, we also have the following services:

- *360-degree LED mega display.* We have placed a 360-degree LED mega display screen, which allows for viewing from all angles around the display, in the baggage claim areas of Beijing Capital International Airport and Chengdu Airport. The mega display plays static or dynamic advertising content for 15 hours a day.
- *3D displays.* We have entered into contracts with 21 airports to place a total of 226 3D displays that play advertising content and specially created non-advertising content repeatedly in 10-minute cycles for 16 hours a day. As of June 30, 2007, we have installed 122 3D displays in 13 airports.
- *Digital TV screens on top of newspaper racks.* In Guangzhou Baiyun International Airport and Shenzhen International Airport, we have placed 50 and 70 17-inch digital TV screens, respectively, each on top of newspaper racks, which play advertising content repeatedly in 20-minute cycles.

Advertising Network

Airports

As of June 30, 2007, we had entered into 84 concession rights contracts to operate our digital TV screens and other displays in 51 airports in China, covering substantially all of the major airports in China. Our digital media network currently includes 37 airports in China, including the five largest airports in China, Beijing Capital International Airport, Shanghai Pudong International Airport, Guangzhou Baiyun International Airport, Shanghai Hongqiao International Airport and Shenzhen International Airport, in which we have placed and operated approximately 123, 151, 222, 83 and 242 digital TV screens, respectively. We derived more than 34.2% of our total revenue in 2006 from these five airports and we believe advertising in other airports in our network will further drive the increase of our revenues.

As of June 30, 2007, 44 out of these 84 concession rights contracts contained provisions granting us exclusive concession rights. The scope of the exclusivity, however, varies from contract to contract. Most of these exclusivity provisions limit the exclusivity to certain areas of an airport. For example, our contract with Guangzhou Baiyun International Airport granted us the exclusive right to operate all the closed-circuit displays located in the domestic and international arrival and departure areas.

We also have concession rights contracts to operate other displays, such as light box displays, digital frames, 360-degree LED displays and 3D displays in airports. For example, we recently signed contracts to operate 328 digital TV screens and 448 digital frames at the newly constructed Terminal 3 of Beijing Capital International Airport and intend to complete the installation of these digital TV screens and digital frames by the end of 2007.

Most of the concession fees are fixed under the concession rights contracts with escalation, meaning fixed increases over each year of the agreement, and payments are usually due three or six months in advance. The concession fee that we pay for operation in each airport varies by its passenger volume and the city where the airport is located. As part of the value added service to our network airports, we provide up to 10% of the non-advertising content at the request of the network airports to provide displays of flight and airport information without charging the airports any fee. A majority of our concession rights contracts for our digital TV screens in the airports have terms ranging from three to five years without any automatic renewal provisions. However, we can opt to renew the agreements three or five months before the expiration of certain concession rights contracts, on the condition that we renew on similar commercial terms as those proposed by any third party. 40 out of 84 and seven out of 15 of our concession rights contracts to operate in airports and on airlines, respectively, are subject to renewal before 2010, including the concession rights contracts to operate in the five major airports in Beijing, Shanghai, Guangzhou and Shenzhen. The number of displays and placement locations are explicitly specified in the majority of our concession rights contracts.

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The following map sets forth the geographic coverage of our airport media network as of the date of this prospectus:



- n Airports in which our digital TV screens are currently in operation
- Airports where we have obtained contractual concession rights without having displays in operation yet
- * Includes both Shanghai Pudong International Airport and Shanghai Hongqiao International Airport

Airlines

Our programs are placed on over 16,000 digital TV screens located on over 2,000 routes operated by the following nine airlines:

- China Southern Airlines
- China Eastern Airlines
- Air China
- Shanghai Airlines
- Shenzhen Airlines

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- Air Macau
- Xiamen Airlines
- United Eagle Airlines
- East Star Airlines

Among the 15 concession rights contracts we had entered into to place our programs on these network airlines as of June 30, 2007, 13 concession rights contracts contained provisions granting us exclusive concession rights. The scope of the exclusivity, however, varies from contract to contract. Most of these exclusivity provisions limit the exclusivity to certain types of programs played on airplanes. For example, our concession rights contract for our programs on Air China granted us the exclusive right to operate the *Air Panorama* program, including both advertising and non-advertising content, that is played on all of the domestic routes operated by Air China and we have the exclusive right to operate the *Eastern Airlines Entertainment* program under our concession rights contracts for our programs on China Eastern Airlines. Most of the concession fees are fixed under the concession rights contracts with escalation, varying by the number of routes and airplanes, type of aircraft and the departure and destination cities. Some of the concession rights contracts set forth the number and model of airplanes on which our programs can be played.

Advertising Clients, Sales and Marketing

Our Advertising Clients and Contracts

Advertisers purchase advertising time slots on our advertising network either directly or through advertising agencies after negotiating the terms of the advertising purchase agreements directly with us. We rely on advertising agency clients for a significant portion of our sales. Our advertisers consist of international and domestic brands. Our top advertisers for 2006 and the six months ended June 30, 2007 combined included Audi, China Mobile, China Unicom, Dongfeng-Citroen, Great Wall Wine, Haier, Hitachi, Lenovo, Lexus, LG, Mengniu Dairy, Nokia, Samsung and Shanghai Volkswagen, which collectively accounted for over 50.0% and 45.0% of our revenues for 2006 and the six months ended June 30, 2007, respectively.

We have a broad base of international and domestic advertisers in various industries. In 2006, the top three industries which advertise on our network were automobile, telecommunications and consumer electronics based on the revenues derived from companies in these industries. Advertising for the automobile industry, the telecommunications industry and the consumer electronics industry accounted for approximately 27.4%, 17.8% and 14.0% of our total revenues in 2006, respectively, and 32.6%, 7.8% and 13.0% for the first half of 2007, respectively.

We offer advertisers five-, 15- or 30- second time slots on our advertising network. Our sales are made pursuant to written contracts with commitments ranging from one week to several months. The sales contracts typically fix the duration, time and frequency of advertisements. Payments under the certain sales contracts are subject to our clients' receipt of monitoring reports which verify the proper display of the advertisements. We generally require our clients to submit advertising content at least seven days prior to the campaign start date. We also reserve the right to refuse to display advertisements that are not in compliance with content requirements under PRC laws and regulations.

From the commencement of our operations in August 2005 to June 30, 2007, a total of 240 advertising clients have purchased advertising time slots on our network. Our top five clients accounted for 27.5% of our total revenues in 2006. The total number of our advertisers increased from 22 to 154 in 2006 and the total number of our advertising agency clients increased from 12 to 58 in 2006. For the period from August 7, 2005, the date we commenced operations, to December 31, 2005, Shanghai Volkswagen and Mengniu Dairy accounted for 15.5% and 10.8% of our total revenues. No single advertising client accounted for more than 10% of our total revenues for the year ended December 31, 2006 or the six months ended June 30, 2007.

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Sales and Marketing

We provide a number of services in connection with each client's advertising campaign. We rely on our experienced sales team to assist advertisers in structuring advertising campaigns by analyzing advertisers' target audiences and consumer products and services. We conduct market research, consumer surveys, demographic analysis and other advertising industry research for internal use to help our advertisers to create effective advertisements. We also purchase or commission studies containing relevant market study data from third-party market research firms such as Sinomonitor. We typically consult such studies to assist us in evaluating the effectiveness of our network to our advertising clients and to illustrate to our clients our ability to reach targeted demographic groups effectively.

Our experienced advertising sales team is organized by region and city with presence in 11 cities. Our regional marketing managers have an average of seven years of experience in the advertising industry in China. The members of our current sales team have an average of four years of sales experience in the advertising industry. We provide in-house education and training to our sales force to ensure they provide our current and prospective clients with comprehensive information about our services, the advantages of using our air travel digital media network as a marketing channel, and relevant information regarding the advertising industry. Our performance-linked compensation structure and career-oriented training are key drivers that motivate our sales employees.

We actively attend various public relation events to promote our brand image and the value of air travel digital advertising. We also market our advertising services by displaying our name and logo on all of our digital TV screens and by placing advertisements on third-party media from time to time, including CCTV.

We engage third-party agencies to help source advertising clients. Agency fees are calculated based on a pre-set percentage of revenues generated from the clients introduced to us by the agencies.

Pricing

The list prices of our advertising services vary by the size of the airport or airline in which the advertisement is placed, the demand of advertising services for each airport and airlines, as well as by the duration of the time slot purchased and the duration of the advertising campaign. Prices for the aggregate time slots on our network purchased by each advertiser or advertising agency client are fixed under sales contracts, typically at a discount to our list prices. We increased our list prices in the first half of 2007, and going forward we plan to review our list prices periodically.

Programming

A majority of our digital TV screens in airports play programs in a two-hour cycle repeatedly throughout the day and our digital TV screens on our network airplanes play programs ranging from 45 minutes to one hour once per flight. We compile each cycle from advertisements of five-, 15- or 30-seconds in length provided by advertisers to us and from non-advertising content provided by third-party content providers. We generally create a programming list on a weekly and monthly basis for programs played in airports and on airlines, respectively, by first fixing the schedule for advertising content according to the respective sales contract with our clients to guarantee the agreed duration, time and frequency of advertisements. We then add the non-advertising content to achieve an optimal blend of advertising and non-advertising content.

Our advertising clients provide us with the advertising content on our network. We do not produce or create any of the advertising content shown on our digital TV screens. All of the advertising content displayed on the portion of the network we operate directly is reviewed by qualified members of our staff to ensure compliance with PRC laws and regulations. See "Regulation—Regulation of Advertising Services—Advertising Content." We update advertising content for our programs played on the digital TV screens in our network airports and airplanes on a weekly and monthly basis, respectively.

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The non-advertising content played over our network is provided by third-party content providers such as CCTV and various local television stations and television production companies. We do not produce or create any of the non-advertising content shown on our network. We have obtained the right to include CCTV documentary clips and various news and entertainment content for free on the condition that the "CCTV" logo is displayed on our digital TV screens. We have also entered into program purchase agreements with various television production companies to acquire the right to play certain of their programs on our network at fixed prices.

Our programming team edits, compiles and records into digital format all of our network programs according to the programming list. Each programming list and pre-recorded program is carefully reviewed by the head of the execution team to ensure the accuracy of the order, duration and frequency as well as the appropriateness of the content.

Airports

For the programs played in our network airports, our programming team converts content to a MPEG file and delivers it to the local execution teams in our network airports nationwide. The local execution team uploads the MPEG file to the local servers in each network airport, which transmits the pre-recorded programs to each digital TV screen through the closed-circuit television system in the airport. In each airport, we either use the closed-circuit television systems provided by the airport or install our own systems. The more technically advanced systems used in eight airports, including Beijing, Shanghai, Guangzhou and Shenzhen, enable us to simultaneously monitor digital TV screens from our headquarters in Beijing.

Airplanes

Substantially all of the network airplanes use video tape players to show video programs. Our programming team converts the content from digital format to video tapes and mails a master video tape to each airlines on a monthly basis. Airlines generally review the pre-recorded programs that we provide before duplicating and distributing the video tapes to each airplane. Flight attendants on each airplane are responsible for the daily operation of our programs on the airplane digital TV screens.

Display Equipment Supplies and Maintenance

The primary hardware required for the operation of our network are the digital TV screens that we use in our media network. The majority of our digital TV screens consist of PDPs and LCDs. Maintaining a steady supply of our display equipment is important to our operations and the growth of our network. As of June 30, 2007, the top five suppliers of our digital TV screens were Hitachi, Qingdao Haier, LG, Samsung and Konka, which collectively provided 62.8% of our total digital TV screens. We contract a third party to manufacture our 3D digital TV screens to our specifications. Our digital TV screen suppliers typically provide us with one-year warranties.

Approximately 21.2% of our digital TV screen purchases in 2006 were made through barter transactions, which means we provided advertising time slots to the digital TV screen manufacturers in exchange for the digital TV screens. Such barter transactions are based on our determination of the fair value of the advertising time slots exchanged for digital TV screens.

Our service team cleans, maintains and monitors the digital TV screens and other displays in our network airports on a daily basis. We have engaged two to four skilled maintenance staff for each network airport to make five scheduled inspections on our displays every day. They report any technical problems that they cannot solve on-site to our technicians in Beijing who strive to remotely analyze and fix problems within 12 hours.

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Customer Service

Our customer service team is responsible for compiling monitoring reports to clients as evidence that their advertisements are played on our network within one week after launching the advertising campaign. We also provide our advertising clients with weekly reports prepared by third parties, which verify the proper functioning of our displays and the proper dissemination of the advertisement by conducting on-site evaluations and polls to analyze the effectiveness of and public reaction to the advertisement. In addition, our network airports and airlines are also actively involved in the monitoring process and provide our clients with stamped certificates certifying the playing of the advertisements.

Competition

We compete primarily with several different groups of competitors:

- advertising companies that operate airport advertising networks, such as JC Decaux, and out-of-home digital advertising networks beyond the air travel sector, such as Focus Media;
- in-house advertising companies of airports and airlines that may operate their own advertising networks; and
- other advertising media companies, such as Internet, street furniture displays, billboard and public transport advertising companies, and with traditional advertising media, such as newspapers, television, magazines and radio, some of which may advertise in the airports in which we have exclusive contract rights to operate digital TV screens.

We compete for advertising clients primarily on the basis of network size and coverage, location, price, quality of our programs, the range of services that we offer and our brand recognition. Many of our competitors have a variety of competitive advantages over us, such as larger resources. Many competitors have a longer history than us in the out-of-home advertising industry and may have a more extensive network that extends beyond the air travel sector and offers a more diversified portfolio. This may make their network more attractive to advertising clients and less reliant on a particular advertising sector. In addition, we may also face competition from new entrants into the air travel advertising sector in the future.

Employees

We had 129, 165 and 300 employees as of December 31, 2005 and 2006 and June 30, 2007, respectively. The following table sets forth the number of our employees by area of business as of June 30, 2007:

	Number of Employees	% of Total
Sales and Marketing Department	167	55.7%
Quality Control and Technology Department	70	23.3
Programming Department	22	7.3
Resources Development Department	8	2.7
General Administrative and Accounting	33	11.0
Total	<u>300</u>	<u>100%</u>

Generally we enter into standard employment contracts with our officers, managers and other employees. According to these contracts, all of our employees are prohibited from engaging in any other employment during the period of their employment with us. The employment contracts with officers and managers are subject to renewal every three years and the employment contracts with other employees are subject to renewal every year.

In addition, we enter into standard confidentiality agreements with all of our employees including officers and managers that prohibit any employee from disclosing confidential information obtained during their

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employment with us. Furthermore, the confidentiality agreements include a covenant that prohibits all employees from engaging in any activities that compete with our business within three years after the period of their employment with us.

None of our employees is a member of a labor union and we consider our relationship with our employees to be good.

Intellectual Property

To protect our brand and other intellectual property, we rely on a combination of trademark and trade secret laws as well as confidentiality agreements with our employees, sales agents, contractors and others. We are in the process of registering three trademarks in China, including “航美传媒,” “AirMedia” and our business logo. We have registered our domain name *www.AirMedia.net.cn* with the Internet Corporation for Assigned Names and Numbers. We do not hold any patents or copyrights and cannot be certain that our efforts to protect our intellectual property rights will be adequate or that third parties will not infringe or misappropriate these rights.

Facilities

Our headquarters are located in Beijing, where we lease approximately 1,900 square meters of office space. We expect to move our headquarters to a new location in Beijing in the fourth quarter of 2007. Our branch offices lease approximately 908 square meters of office space in three other locations, including Shanghai, Chengdu and Guangzhou.

Legal Proceedings

We are currently not a party to any material legal proceeding. From time to time, however, we may be subject to various claims and legal actions arising in the ordinary course of business.

REGULATION

We operate our business in China under a legal regime consisting of the State Council, which is the highest authority of the executive branch of the National People's Congress, and several ministries and agencies under its authority including the SAIC.

China's Advertising Law was promulgated in 1994. In addition, the State Council, SAIC and other ministries and agencies have issued regulations that regulate our business, all of which are discussed below.

Limitations on Foreign Ownership in the Advertising Industry

The principal regulations governing foreign ownership in the advertising industry in China include:

- The Catalogue for Guiding Foreign Investment in Industry (2004); and
- The Administrative Regulations on Foreign-invested Advertising Enterprises (2004).

These regulations require foreign entities that directly invest in the advertising industry to have at least two years of direct operations in the advertising industry outside of China. Since December 10, 2005, foreign investors have been permitted to directly own a 100% interest in advertising companies in China, but must also have at least three years of direct operations in the advertising industry outside of China. PRC laws and regulations do not permit the transfer of any approvals, licenses or permits, including business licenses containing a scope of business that permits engaging in the advertising industry. In the event we are permitted to acquire the equity interests of our variable interest entities under the rules allowing for complete foreign ownership, our variable interest entities would continue to hold the required advertising licenses consistent with current regulatory requirements.

Since we have not been involved in advertising outside of China for the required number of years, our domestic PRC operating subsidiaries, are currently ineligible to apply for the required advertising services licenses in China. Our advertising business is currently mainly provided through our contractual arrangements with our consolidated variable interest entities in China, including AM Advertising, Shengshi Lianhe and AirMedia UC. Our variable interest entities are the major companies through which we provide advertising services in China. Our subsidiary, AM Technology, has entered into a series of contractual arrangements with our PRC operating affiliates and their respective subsidiaries and shareholders under which:

- we are able to exert effective control over our PRC operating affiliates and their respective subsidiaries;
- a substantial portion of the economic benefits of our PRC operating affiliates and their respective subsidiaries are transferred to us; and
- we have an exclusive option to purchase all of the equity interests in our PRC operating affiliates in each case when and to the extent permitted by PRC law.

See "Corporate Structure" and "Related Party Transactions."

In the opinion of Commerce & Finance Law Offices, our PRC legal counsel:

- the respective ownership structures of AM Technology and our consolidated variable interest entities are in compliance with existing PRC laws and regulations;
- the contractual arrangements among AM Technology and our consolidated variable interest entities, in each case governed by PRC law, are valid, binding and enforceable, and will not result in any violation of PRC laws or regulations currently in effect; and

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- except for the SAIC outdoor advertising registrations for which we are still in the process of applying, the PRC business operations of our variable interest entities as described in this prospectus are in compliance with existing PRC laws and regulations in all material respects.

We have been advised by our PRC legal counsel, however, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities, in particular the SAIC (which regulates advertising companies), will not in the future take a view that is contrary to the opinion of our PRC legal counsel. We have been further advised by our PRC counsel that if the PRC government determines that the agreements establishing the structure for operating our PRC advertising business do not comply with PRC government restrictions on foreign investment in the advertising industry, we could be subject to severe penalties. See “Risk Factors—Risks Related to Regulation of Our Business and to Our Structure—If the PRC government finds that the agreements that establish the structure for operating our China business do not comply with PRC governmental restrictions on foreign investment in the advertising industry and in the operating of non-advertising content, we could be subject to severe penalties.”

Regulation of Advertising Services

Business License for Advertising Companies

The principal regulations governing advertising businesses in China include:

- The Advertising Law (1994);
- The Advertising Administrative Regulations (1987); and
- The Implementing Rules for the Advertising Administrative Regulations (2004).

These regulations stipulate that companies that engage in advertising activities must obtain from the SAIC or its local branches a business license which specifically includes within its scope the operation of an advertising business. Companies conducting advertising activities without such a license may be subject to penalties, including fines, confiscation of advertising income and orders to cease advertising operations. The business license of an advertising company is valid for the duration of its existence, unless the license is suspended or revoked due to a violation of any relevant law or regulation. We do not expect to encounter any difficulties in maintaining our business licenses. Each of our variable interest entities has obtained or is in the process of obtaining such a business license from the local branches of the SAIC as required by existing PRC regulations.

Advertising Content

PRC advertising laws and regulations set forth certain content requirements for advertisements in China, which include prohibitions on, among other things, misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest. Advertisements for anesthetic, psychotropic, toxic or radioactive drugs are also prohibited. The dissemination of tobacco advertisements via media is also prohibited as well as the display of tobacco advertisements in any waiting lounge, theater, cinema, conference hall, stadium or other public area. There are also specific restrictions and requirements regarding advertisements that relate to matters such as patented products or processes, pharmaceuticals, medical instruments, agrochemicals, foodstuff, alcohol and cosmetics. In addition, all advertisements relating to pharmaceuticals, medical instruments, agrochemicals and veterinary pharmaceuticals advertised through radio, film, television, newspaper, magazine, out-of-home and other forms of media, together with any other advertisements which are subject to censorship by administrative authorities according to relevant laws and administrative regulations, must be submitted to the relevant administrative authorities for content approval prior to dissemination. We do not believe that advertisements containing content subject to restriction or censorship comprise a material portion of the advertisements displayed on our network.

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Advertisers, advertising operators and advertising distributors are required by PRC advertising laws and regulations to ensure that the content of the advertisements they prepare or distribute are true and in full compliance with applicable law. In providing advertising services, advertising operators and advertising distributors must review the prescribed supporting documents provided by advertisers for advertisements and verify that the content of the advertisements comply with applicable PRC laws and regulations. In addition, prior to distributing advertisements for certain commodities which are subject to government censorship and approval, advertising distributors are obligated to ensure that such censorship has been performed and approval has been obtained. Violation of these regulations may result in penalties, including fines, confiscation of advertising income, orders to cease dissemination of the advertisements and orders to publish an advertisement correcting the misleading information. In circumstances involving serious violations, the SAIC or its local branches may revoke violators' licenses or permits for advertising business operations. Furthermore, advertisers, advertising operators or advertising distributors may be subject to civil liability if they infringe on the legal rights and interests of third parties in the course of their advertising business.

Outdoor Advertising

The Advertising Law stipulates that the exhibition and display of outdoor advertisements must not:

- utilize traffic safety facilities and traffic signs;
- impede the use of public facilities, traffic safety facilities and traffic signs;
- obstruct commercial and public activities or create an unpleasant sight in urban areas;
- be placed in restrictive areas near government offices, cultural landmarks or historical or scenic sites; or
- be placed in areas prohibited by the local governments from having outdoor advertisements.

In addition to the Advertising Law, the SAIC promulgated the Outdoor Advertising Registration Administrative Regulations on December 8, 1995, as amended on December 3, 1998 and May 25, 2006, respectively, which governs the outdoor advertising industry in China.

Outdoor advertisements in China must be registered with the local SAIC before dissemination. The advertising distributors are required to submit a registration application form and other supporting documents for registration. After review and examination, if an application complies with the requirements, the local SAIC will issue an Outdoor Advertising Registration Certificate for such advertisement. The content, format, specifications, periods and locations of dissemination of the outdoor advertisement must be submitted for filing with the local SAIC.

See "Risk Factors—Risks Related to Our Business—If advertising registration certificates are not obtained for our airport advertising operations and where such registration certificates are deemed to be required, we may be subject to administrative sanctions, including the discontinuation of our advertisements at airports where the required advertising registration is not obtained."

Regulations on Foreign Exchange

Foreign exchange regulation in China is primarily governed by the following rules:

- Foreign Currency Administration Rules (1996), as amended, or the Exchange Rules; and
- Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996), or the Administration Rules.

Under the Exchange Rules, the RMB is convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions. Conversion of RMB for capital account items, such as direct investment, loan, security investment and repatriation of investment, however, is still subject to the approval of the SAFE.

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Under the Administration Rules, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, including approval by the Ministry of Commerce, the SAFE and the State Development and Reform Commission.

Regulations on Dividend Distribution

The principal regulations governing dividend distributions of wholly foreign-owned companies include:

- Wholly Foreign-Owned Enterprise Law (1986), as amended; and
- Wholly Foreign-Owned Enterprise Law Implementing Rules (1990), as amended.

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

SAFE Regulations on Offshore Investment by PRC Residents and Employee Stock Options

SAFE issued a public notice in January 2005 concerning foreign exchange regulations on mergers and acquisitions in China. The public notice stated that if an offshore company controlled by PRC residents intends to acquire a PRC domestic company, such acquisition will be subject to strict examination by the relevant foreign exchange authorities. The public notice also stated that the approval of the relevant foreign exchange authorities is required for any sale or transfer by PRC residents of a PRC domestic company's assets or equity interests to foreign entities, such as us, for equity interests or assets of the foreign entities. In April 2005, SAFE issued another public notice. In accordance with the April notice, if an acquisition of a PRC company by an offshore company controlled by PRC residents has been confirmed by a Foreign Investment Enterprise Certificate prior to the promulgation of the January notice, the PRC residents must each submit a registration form to the local SAFE branch with respect to their respective ownership interests in the offshore company, and must also file an amendment to such registration if the offshore company experiences material events, such as changes in the share capital, share transfer, mergers and acquisitions, spin-off transaction or use of assets in China to guarantee offshore obligations. The April notice also provided that failure to comply with the registration procedures set forth in the April notice may result in a restriction on the PRC company's ability to distribute profits to its offshore parent company and to increase its registered capital.

On October 21, 2005, SAFE issued a new public notice which became effective on November 1, 2005. The new notice repealed the January and April 2005 SAFE notices, effective from November 1, 2005. The October 2005 notice also required every PRC resident to register with the local SAFE branch before setting up a special purpose company outside of China. PRC residents who had set up or controlled such special purpose offshore companies before November 1, 2005 are required to register with the local SAFE branch before March 31, 2006. On May 29, 2007, SAFE issued a new public notice requiring PRC companies to urge their PRC resident shareholders to register or update their SAFE registration with the local SAFE branch as required under the October 2005 notice. Failure to register with SAFE will subject such PRC residents to personal liability, and may also limit our ability to contribute additional capital into our PRC subsidiary or our subsidiary's ability to distribute dividends to us, or otherwise adversely affect our business.

In December 2006, the People's Bank of China promulgated the Administrative Measures of Foreign Exchange Matters for Individuals, or the PBOC Regulation, setting forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. In January

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2007, SAFE issued implementing rules for the PBOC Regulation, which, among other things, specified approval requirements for certain capital account transactions such as a PRC citizen's participation in the employee stock ownership plans or stock option plans of an overseas publicly-listed company. On March 28, 2007, SAFE promulgated the Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas Listed Company, or the Stock Option Rule. The purpose of the Stock Option Rule is to regulate foreign exchange administration of PRC domestic individuals who participate in employee stock holding plans and stock option plans of overseas listed companies.

According to the Stock Option Rule, if a PRC domestic individual participates in any employee stock holding plan or stock option plan of an overseas listed company, a PRC domestic agent or the PRC subsidiary of such overseas listed company shall, among others things, file, on behalf of such individual, an application with SAFE to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock holding or stock option exercises as PRC domestic individuals may not directly use overseas funds to purchase stock or exercise stock options. Concurrent with the filing of such application with SAFE, the PRC subsidiary shall obtain approval from SAFE to open a special foreign exchange account at a PRC domestic bank to hold the funds required in connection with the stock purchase or option exercise, any returned principal or profits upon sales of stock, any dividends issued upon the stock and any other income or expenditures approved by SAFE. The PRC subsidiary also is required to obtain approval from SAFE to open an overseas special foreign exchange account at an overseas trust bank to hold overseas funds used in connection with any stock purchase.

All proceeds obtained by PRC domestic individuals from sales of stock shall be fully remitted back to China after relevant overseas expenses are deducted. The foreign exchange proceeds from these sales can be converted into RMB or transferred to such individuals' foreign exchange savings account after the proceeds have been remitted back to the special foreign exchange account opened at the PRC domestic bank. If the stock option is exercised in a cashless exercise, the PRC domestic individuals are required to remit the proceeds to the special foreign exchange account.

Although the Stock Option Rule has been promulgated recently and many issues require further interpretation, we and our PRC employees who have been granted stock options will be subject to the Stock Option Rule when our company becomes an overseas listed company. If we or our PRC employees fail to comply with the Stock Option Rule, we and/or our PRC employees may face sanctions imposed by foreign exchange authority or any other PRC government authorities.

In addition, the General Administration of Taxation has issued a few circulars concerning employee stock options. Under these circulars, our employees working in China who exercise stock options will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee stock options with relevant tax authorities and withhold individual income taxes of those employees who exercise their stock options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or any other PRC government authorities.

Regulation on Overseas Listing

On August 8, 2006, six PRC regulatory agencies, namely, the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective on September 8, 2006. The new regulations require, among other things, offshore special purpose vehicles, or SPVs, formed for overseas listing purposes and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by SPVs seeking CSRC approval of their overseas listings.

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While the application of the new regulations remain unclear, based on their understanding of current PRC laws, regulations, and new procedures announced on September 21, 2006, our PRC counsel, Commerce & Finance Law Offices, has advised us that:

- the CSRC has jurisdiction over our offering;
- the CSRC has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this new regulation; and
- notwithstanding the above, given that we have substantially completed our restructuring before September 8, 2006, the effective date of the new regulations, it is not necessary for us to submit an application to the CSRC for its approval of the listing and trading of our ADSs on the Nasdaq Global Market.

See "Risk Factors—Risk Related to Doing Business in China—The approval of the Chinese Securities Regulatory Commission may be required in connection with this offering under a recently adopted PRC regulation, and, if required, we cannot currently predict whether we will be able to obtain such approval."

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Herman Man Guo	44	Chairman and Chief Executive Officer
Xiaoya Zhang	45	Director and President
Qing Xu	46	Director
Zhenyu Wang	44	Director
Xiaojun Shang	33	Director
Shichong Shan	76	Independent Director
Donglin Xia	46	Independent Director
James Zhonghua Feng	36	Chief Operating Officer
Conor Chiahung Yang	44	Chief Financial Officer
James Hualiang Chen	43	Chief Strategy Officer
Jacky Jian Li	50	Vice President of Operations
Allen Shizhong Yuan	40	Vice President of Sales

Mr. Herman Man Guo is our founder and has served as the chairman of our board of directors and our chief executive officer since our company's inception. He was the general manager of Beijing Sunshine Media Co., Ltd. from 1997 to 2004. From 1991 to 1996, Mr. Guo served as the deputy general manager of Beijing Trade & Technology Development Company. Prior to that, he worked in China Civil Aviation Development Service Company in 1988. Mr. Guo received his bachelor's degree in applied mathematics from People's Liberation Army Information Engineering University in China in 1983 and currently attends the Executive MBA program at Peking University in China.

Mr. Xiaoya Zhang has served as our director and president since our company's inception. From 1995 to 2004, Mr. Zhang was a department director of China Investment Engineering Consulting Company. Prior to that, he served as the deputy general manager of Dalian Zhongxing Industrial Company from 1992 to 1995. From 1989 to 1992, Mr. Zhang served as the program manager of China Agriculture Development Trust Investment Company. Mr. Zhang received his bachelor's degree in mathematics from Shandong University in China in 1983 and his master's degree in system engineering from Beijing University of Aeronautics and Astronautics in China in 1989.

Mr. Qing Xu has served as our director since October 2005. From 2003 to 2005, Mr. Xu served as a vice president of Zhongyuan Guoxin Investment Guarantee Co., Ltd. Prior to that, he served as a department director of China Haohua Group Co., Ltd. from 1997 to 2003 and as a department manager of Beijing Trade & Technology Development Company from 1991 to 1997. Mr. Xu was a secretary at the PRC State Council Secretary Bureau from 1984 to 1991. Mr. Xu received his associate's degree in business and economics management from Beijing Normal University in 1996.

Mr. Zhenyu Wang has served as our director since October 2005. Mr. Wang is currently the managing director of CDH China Growth Capital Management Company Limited, the management company of CDH China Growth Capital Fund II L.P. From 2000 to 2005, he worked in the direct investment department of China International Capital Corporation's Private Equity Group. From 1996 to 2000, Mr. Wang worked as a financial consultant to the World Bank and Asia Development Bank. From 1994 to 1996, he was a project manager at Beijing Copia Consulting Company, a business consulting firm. Mr. Wang received his bachelor's degree in machinery engineering and his master's degree in industrial and commercial management from Hefei Polytechnic University in China.

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Ms. Xiaojun Shang has served as our director since October 2005. Ms. Shang is currently the vice president in CDH China Growth Capital Management Company Limited, the management company of CDH China Growth Capital Fund II L.P. From 2001 to 2003, she served as an assistant vice president of the Asia private equity group of GIC Special Investments Pte Ltd. From 1997 to 2000, she worked for DBS Land which later merged into CapitaLand, where she served as a manager in the business development department, the strategic planning & asset management department and subsequently in the corporate planning department. Ms. Shang received her bachelor's degree in finance and banking from National University of Singapore in 1996.

Mr. Shichong Shan has served as our independent director since July 2007. Mr. Shan has retired since 1996. Before he retired, Mr. Shan had held a number of senior executive positions in various government agencies and other organizations in the aviation industry in China, including CAAC. Mr. Shan attended the college program at the Eastern China Military and Politics Institute in China.

Mr. Donglin Xia has served as our independent director since October 2007. Mr. Xia is an accounting professor of the School of Economics and Management, Tsinghua University. He is also a special advisor to the Accounting Standard Committee of the Ministry of Finance in China and the deputy general secretary of China Accounting Society. He served as the head of the accounting department of the School of Economics and Management, Tsinghua University. Mr. Xia currently serves on the board of Huaneng Power International, a power generation company in China that is listed on the New York Stock Exchange, Shanghai Stock Exchange and Hong Kong Stock Exchange. Mr. Xia received his Ph.D. degree in economics from the Finance and Administration Science Research Institute of Ministry of Finance in China in 1995.

Mr. James Zhonghua Feng has served as our chief operating officer since October 2005. Before joining us in 2005, he served as the general manager of New Chang'an Media Advertising Company from 2004 to 2005. From 2000 to 2004, Mr. Feng served as the deputy general manager of Beijing Tianzhi Creative Advertising Company. Prior to that, he was the general manager of the Beijing and Shanghai branches of Shenzhen Nantong Umbrella Industry Group Co., Ltd. Mr. Feng received his bachelor's degree in Chinese literature from Sichuan Normal University in China in 1993 and currently attends the Executive MBA program at Peking University in China.

Mr. Conor Chiahung Yang has served as our chief financial officer since March 2007. Prior to joining our company, he was the chief executive officer of Rock Mobile Corporation from 2004 to February 2007. From 1999 to 2004, Mr. Yang served as the chief financial officer of the Asia Pacific region for CellStar Asia Corporation. Mr. Yang was an executive director of Goldman Sachs (Asia) L.L.C. from 1997 to 1999 and the chief investment officer of Sherwood Inc. from 1996 to 1997. Mr. Yang was a vice president of Lehman Brothers Asia Limited from 1994 to 1996 and worked at Morgan Stanley Asia from 1992 to 1994. Mr. Yang received his bachelor's degree in food science from Fu Jen University in Taiwan in 1985 and his MBA degree from University of California, Los Angeles in 1992.

Mr. James Hualiang Chen has served as our chief strategy officer since January 2007. He served as the deputy manager of the brand department of China Netcom Group Co., Ltd. from 2000 until he joined us in January 2007. From 1996 to 2000, Mr. Chen served as the senior account manager of several advertising companies such as Bates and Dentsu. Mr. Chen received his bachelor's degree in engineering in electricity system and automation from Tianjin University in China in 1987 and his master's degree in economics from Nankai University in China in 1992.

Mr. Jacky Jian Li has served as our vice president of operations since October 2005. Prior to joining our company, Mr. Li worked for ASDM International Advertising Co., Ltd. from 2003 to 2005, where he was a program director. From 2002 to 2003, he served as a program director of CCTV. He was the deputy general manager of Super Star Reader Company from 2000 to 2002 after he served as the chief representative of Polyglot

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International in China from 1993 to 2000. Mr. Li received his bachelor's degree in Chinese literature from Peking University in China in 1983.

Mr. Allen Shizhong Yuan has served as our vice president of sales since March 2007. From 2005 to 2007, Mr. Yuan served as a sales director of JCDecaux China, where he was responsible for sales of the subway and airport programs. Prior to that, Mr. Yuan served as a sales director of Media Nation Advertising Co., Ltd. from 2000 to 2004. Mr. Yuan received his bachelor's degree in medical science from Shanghai Jiao Tong University in China in 1991.

Employment Agreements

We have entered into employment agreements with our senior executive officers, Herman Man Guo, Xiaoya Zhang, James Zhonghua Feng and Conor Chiahung Yang. We plan to enter into similar employment agreements with our other executive officers. Under these employment agreements, each of our four executive officers is employed for a specified time period, subject to automatic extension unless either we or the executive officer gives a one-month prior notice to terminate such employment. We may terminate the employment for cause, at any time, without notice or remuneration, for certain acts of the employee, including but not limited to a conviction or plea of guilty to certain crimes, negligence or dishonesty to our detriment and failure to perform the agreed-to duties after a reasonable opportunity to cure the failure. An executive officer may terminate his employment at any time without notice or penalty if there is a material reduction in his authority, duties and responsibilities or if there is a material reduction in his annual salary before the next annual salary review. Furthermore, either we or an executive officer may terminate the employment at any time without cause upon advance written notice to the other party. These agreements do not provide for any special termination benefits, nor do we have other arrangements with these executive officers for special termination benefits.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in strict confidence and not to use, except as required in the performance of his duties in connection with the employment, any confidential information, trade secrets and know-how of our company or the confidential information of any third party, including our variable interest entities and our subsidiaries, received by us. In addition, each executive officer has agreed to be bound by non-competition restrictions set forth in his or her employment agreement. Specifically, each executive officer has agreed not to, for a period ranging from one to two years following the termination or expiration of the employment agreement, (i) carry on or be engaged or interested, directly or indirectly, as shareholder, director, employee, partner, agent or otherwise carry on any business in direct competition with our business; (ii) solicit or entice away from us, or attempt to solicit or entice away from us, any person or entity who has been our customer, client or our representative or agent or in the habit of dealing with us within two years prior to such executive officer's termination of employment; (iii) solicit or entice away from us, or attempt to solicit or entice away from us, any person or entity who has been our officer, manager, consultant or employee within two years prior to such executive officer's termination of employment; or (iv) use a name including the word "AirMedia" or any other words used by us in our name or in the name of any of our products or services, in such a way as to be capable of or likely to be confused with our name or the name of our products or services.

Board of Directors

Our board of directors currently consists of seven directors. A director is not required to hold any shares in the company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested. A director may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Committees of the Board of Directors

We have established two committees under the board of directors: the audit committee and the compensation committee. We currently do not plan to establish a nominating committee. After the completion of this offering, the independent directors of our company will select and recommend to the board for nomination by the board such candidates as the independent directors, in the exercise of their judgment, have found to be well qualified and willing and available to serve as our directors prior to each annual meeting of our shareholders at which our directors are to be elected or re-elected. In addition, our board of directors has resolved that director nominations at any time after the completion of this offering be approved by a majority of the board as well as a majority of the independent directors of the board. In compliance with Rule 4350 of the Nasdaq Stock Market, Marketplace Rules, a majority of the members of each of our board committees will be independent directors during the one-year transition period after our ADSs are listed on the Nasdaq Global Market and all of the committee members will be independent directors thereafter. We have adopted a charter for each of the board committees, which will become effective immediately upon the completion of this offering. Each committee's members and responsibilities are described below.

Audit Committee. Our audit committee consists of Messrs. Xiaoya Zhang, Shichong Shan and Donglin Xia. We have determined that Messrs. Shichong Shan and Donglin Xia satisfy the "independence" requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and Rule 4350 of the Nasdaq Marketplace Rules. The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately and periodically with management and the independent auditors; and
- reporting regularly to the full board of directors.

Compensation Committee. Our compensation committee consists of Messrs. Herman Man Guo, Shichong Shan and Donglin Xia. We have determined that Messrs. Shichong Shan and Donglin Xia satisfy the "independence" requirements of Rule 4350 of the Nasdaq Marketplace Rules. Our compensation committee assists the board in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and recommending to the board with respect to the total compensation package for our four most senior executives;

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- approving and overseeing the total compensation package for our executives other than the four most senior executives;
- reviewing and making recommendations to the board with respect to the compensation of our directors; and
- reviewing periodically and approving any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Duties of Directors

Under Cayman Islands law, our directors have a statutory duty of loyalty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. A shareholder has the right to seek damages if a duty owed by our directors is breached.

Terms of Directors and Officers

All directors hold office until their successors have been duly elected and qualified. A director may only be removed by the shareholders. Officers are elected by and serve at the discretion of the board of directors.

Compensation of Directors and Executive Officers

In 2006, the aggregate cash compensation to our executive officers was approximately US\$0.1 million, and we did not make any cash compensation to our non-executive directors.

Share Options

In July 2007, we adopted the 2007 Share Incentive Plan to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of our business. Our board of directors has authorized the issuance of up to 12,000,000 ordinary shares upon the exercise of awards granted under our plan. As of the date of this prospectus, options to purchase a total of 8,065,000 of our ordinary shares have been granted and are outstanding. These options will vest on a straight-line basis over a three-year period, with one-twelfth of the options vesting each quarter from the date of grant.

The following table summarizes, as of the date of this prospectus, the options granted to our senior executive officers, directors and to other individuals as a group, without giving effect to the options that were exercised or terminated, if any.

<u>Name</u>	<u>Ordinary Shares Underlying Options Awarded</u>	<u>Exercise Price (US\$/Share)</u>	<u>Date of Grant</u>	<u>Date of Expiration</u>
Herman Man Guo	2,000,000	2.00	July 2, 2007	July 2, 2017
Xiaoya Zhang	1,000,000	2.00	July 2, 2007	July 2, 2017
James Zhonghua Feng	*	2.00	July 2, 2007	July 2, 2017
	*	2.00	July 20, 2007	July 20, 2017
Conor Chaihung Yang	*	2.00	July 2, 2007	July 2, 2017
Shichong Shan	*	2.00	July 20, 2007	July 20, 2017
Other individuals as a group	3,265,000	2.00	July 20, 2007	July 20, 2017

* Less than 1% of our total outstanding ordinary shares.

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The following paragraphs summarize the terms of our 2007 Share Incentive Plan.

Plan Administration. Our board of directors, or a committee designated by our board or directors, will administer the plan. The committee or the full board of directors, as appropriate, will determine the provisions and terms and conditions of each option grant.

Award Agreements. Options and stock purchase rights granted under our plan are evidenced by a stock option agreement or a stock purchase right agreement, as applicable, that sets forth the terms, conditions and limitations for each grant. In addition, the stock option agreement and the stock purchase right agreement also provide that securities granted are subject to a 180-day lock-up period following the effective date of a registration statement filed by us under the Security Act, if so requested by us or any representative of the underwriters in connection with any registration of the offering of any of our securities.

Eligibility. We may grant awards to our employees, directors and consultants or any of our related entities, which include our subsidiaries or any entities in which we hold a substantial ownership interest.

Acceleration of Options upon Corporate Transactions. The outstanding options will terminate and accelerate upon occurrence of a change-of-control corporate transaction where the successor entity does not assume our outstanding options under the plan. In such event, each outstanding option will become fully vested and immediately exercisable, and the transfer restrictions on the awards will be released and the repurchase or forfeiture rights will terminate immediately before the date of the change-of-control transaction provided that the grantee's continuous service with us shall not be terminated before that date.

Term of the Options. The term of each option grant shall be stated in the stock option agreement, provided that the term shall not exceed 10 years from the date of the grant.

Vesting Schedule. In general, the plan administrator determines, or the stock option agreement specifies, the vesting schedule.

Transfer Restrictions. Options to purchase our ordinary shares may not be transferred in any manner by the optionee other than by will or the laws of succession and may be exercised during the lifetime of the optionee only by the optionee.

Termination of the Plan. Unless terminated earlier, the plan will terminate automatically in 2013. Our board of directors has the authority to amend or terminate the plan subject to shareholder approval to the extent necessary to comply with applicable law. However, no such action may (i) impair the rights of any optionee unless agreed by the optionee and the plan administrator or (ii) affect the plan administrator's ability to exercise the powers granted to it under our plan.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our ordinary shares, as of the date of this prospectus, by:

- each of our directors and executive officers;
- each person known to us to own beneficially more than 5.0% of our ordinary shares; and
- other selling shareholders.

The calculations in the shareholder table below assume that there are _____ ordinary shares as of the date of this prospectus and _____ ordinary shares outstanding immediately after this offering. Those numbers were calculated on the assumption that the initial public offering price is US\$ _____ per ADS, the midpoint of the estimated range of the initial public offering price. As further described in "Related Party Transactions—Private Placements," the number of ordinary shares that will be issued upon the automatic conversion of the Series B preferred shares immediately upon the completion of this offering will be based in part on the initial public offering price (as adjusted for the ordinary share to ADS ratio).

The following table shows the conversion ratio of Series B preferred shares to ordinary shares and total number of ordinary shares that will be outstanding immediately after this offering based on various potential initial public offering prices, including the prices within the price range indicated on the front cover of this prospectus:

Public Offering Price Per ADS	Series B Conversion Ratio	Aggregate Number of Ordinary Shares
US\$	1 to	
	1 to	
(1)	1 to	
	1 to	
	1 to	

Note: (1) Midpoint of the estimated range of the initial public offering price.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Being Sold in This Offering		Ordinary Shares Beneficially Owned After This Offering	
	Number	%	Number	%	Number	%
Directors and Executive Officers:						
Herman Man Guo ⁽¹⁾	54,832,640	47.3%				
Qing Xu ⁽²⁾	7,450,560	6.4%				
Xiaoya Zhang ⁽³⁾	5,116,800	4.4%				
James Zhonghua Feng	—	—				
Conor Chiahung Yang	—	—				
James Hualiang Chen	—	—				
Jacky Jian Li	—	—				
Allen Shizhong Yuan	—	—				
Xiaojun Shang	—	—				
Zhenyu Wang	—	—				
Shichong Shan	—	—				
All Directors and Executive Officers as a Group	67,400,000	53.8%				
Principal and Selling Shareholders:						
Wealthy Environment Limited ⁽⁴⁾	54,832,640	47.3%				
Global Gateway Investment Limited ⁽⁵⁾	32,600,000	28.1%				
OZ Management LP ⁽⁶⁾	8,000,000	6.9%				
Mambo Fiesta Limited ⁽⁷⁾	7,450,560	6.4%				

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- Note: (1) Includes 54,832,640 ordinary shares held by Wealthy Environment Limited, a British Virgin Islands company wholly owned by Mr. Guo. The business address of Mr. Guo is No. 8, Yong An Dong Li, Jian Guo Men Wai, Chao Yang District, Beijing, China.
- (2) Includes 7,450,560 ordinary shares held by Mambo Fiesta Limited, a British Virgin Islands company wholly owned by Mr. Xu. The business address of Mr. Xu is No. 8, Yong An Dong Li, Jian Guo Men Wai, Chao Yang District, Beijing, China.
- (3) Includes 5,116,800 ordinary shares held by Great Bridges International Corporation, a British Virgin Islands company wholly owned by Mr. Zhang. The business address of Mr. Zhang is No. 8, Yong An Dong Li, Jian Guo Men Wai, Chao Yang District, Beijing, China.
- (4) Wealthy Environment Limited, a company incorporated in the British Virgin Islands, is wholly owned and controlled by Herman Man Guo. The registered address of Wealthy Environment Limited is P.O. Box 173, Kingston Chambers, Road Town Tortola, British Virgin Islands.
- (5) Includes 32,600,000 ordinary shares issuable upon conversion of 32,600,000 Series A preferred shares held by Global Gateway Investment Limited upon the completion of this offering. All of the issued and outstanding shares of Global Gateway Investment Limited are wholly owned by CDH China Growth Capital Fund II, L.P., or CDH Fund II, a Cayman Islands exempted limited partnership. CDH China Growth Capital Holdings Company Limited, or CDH Growth Capital Holdings, a Cayman Islands exempted limited liability company, is the general partner of CDH Fund II and has the power to direct CDH Fund II as to the voting and disposition of shares directly and indirectly held by CDH Fund II. The investment committee of CDH Growth Capital Holdings comprises Wu Shangzhi, Jiao Shuge and Liu Xinlai. Changes to the investment committee require the approval of the directors of CDH Growth Capital Holdings. The directors of CDH Growth Capital Holdings are nominated by the principal shareholders of CDH Growth Capital Holdings, being (1) an affiliate of Capital Z Partners, (2) an affiliate of the Government of Singapore Investment Corporation, and (3) China Diamond Holdings II, L.P., a British Virgin Islands limited partnership controlled by senior members of the CDH Fund II investment team. The business address for Global Gateway Investment Limited is P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands.
- (6) Assuming an initial offering price of US\$, the midpoint of the estimated range of the initial public offering price, includes: (1) ordinary shares issuable upon conversion of 3,868,000 Series B preferred shares held by OZ Master Fund, Ltd., or OZMO; (2) ordinary shares issuable upon conversion of 3,447,200 Series B preferred shares held by OZ Asia Master Fund, Ltd., OZMA; and (3) ordinary shares issuable upon conversion of 684,800 Series B preferred shares held by OZ Global Special Investments Master Fund, L.P., or SIMF. As further described in "Related Party Transactions—Private Placements," the number of ordinary shares that will be issued upon the automatic conversion of the Series B preferred shares immediately upon the completion of this offering will be based in part on the initial public offering price (as adjusted for the ordinary share to ADS ratio). A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would decrease (increase) the number of ordinary shares issuable to OZMO, OZMA and SIMF by approximately , and , respectively. Daniel S. Och, as senior managing member of Och-Ziff GP LLC, the general partner of OZ Management LP, the investment manager of OZMO and OZMA, may be deemed to have investment and/or voting control of the shares held by OZMO and OZMA. Daniel S. Och is senior managing member of Och-Ziff GP LLC, the general partner of OZ Advisors LP, which in turn is the general partner of SIMF. In that capacity, he may be deemed to have investment and/or voting control of the shares held by SIMF. OZ Management LP and its affiliates are beneficial owners of more than 5% of our outstanding ordinary shares. The business address for OZ Management Limited is 9 West 57th Street, New York, NY 00019.
- (7) Mambo Fiesta Limited, a company incorporated in the British Virgin Islands, is wholly owned and controlled by Qing Xu. The registered address of Mambo Fiesta Limited is P.O. Box 173, Kingston Chambers, Road Town Tortola, British Virgin Islands.

As of the date of this prospectus, none of our outstanding ordinary shares of Series A preferred shares are held by record holders in the United States. As of the date of this prospectus, 50.0% of our outstanding Series B preferred shares are held by three record holders in the United States. Each of OZMO, OZMA and SIMF, which holds our Series B preferred shares, has represented to us that it is affiliated with a registered broker-dealer. Based on their representations, we believe that at the time of the purchase of our Series B preferred shares, OZMO, OZMA and SIMF purchased our Series B preferred shares in the ordinary course of business, and had no agreements or understandings, directly or indirectly, with any person to distribute the shares. None of our shareholders, including OZMO, OZMA and SIMF, is in the business of underwriting securities.

RELATED PARTY TRANSACTIONS

Contractual Arrangements

Since December 30, 2005, foreign investors have been permitted to own directly a 100% interest in PRC advertising companies with at least three years of direct operations outside of China. We do not currently directly operate an advertising business outside of China and cannot qualify under the PRC regulations allowing 100% foreign ownership of a PRC advertising company any earlier than three years after we commence any such operations or until we acquire a company which has directly operated an advertising business for the required period of time. Accordingly, since we have not been involved in the direct operation of an advertising business outside of China, our domestic PRC subsidiaries, AM Technology and Shenzhen AM, which are considered foreign-invested, are currently ineligible to apply for the required advertising services licenses in China. Our advertising business is currently provided through contractual arrangements with our consolidated variable interest entities in China, principally AM Advertising, certain of its subsidiaries, Shengshi Lianhe and AirMedia UC.

Our variable interest entities directly operate our advertising network, enter into concession rights contracts and sell advertising time slots to our clients. We have been and are expected to continue to be dependent on our variable interest entities to operate our advertising business until we qualify for direct ownership of an advertising business in China under the PRC laws and regulations and acquire our variable interest entities as our direct, wholly-owned subsidiaries. AM Technology has entered into contractual arrangements with our variable interest entities, pursuant to which AM Technology provide exclusive technology support and service and technology development services in exchange for payments from them. In addition, AM Technology has entered into agreements with our variable interest entities and each of their shareholders which provide AM Technology with the substantial ability to control our variable interest entities. These agreements are summarized in the following paragraphs.

Technology Support and Service Agreements. Pursuant to the technology support and service agreements between AM Advertising and AM Technology, Shengshi Lianhe and AM Technology, and AirMedia UC and AM Technology, respectively, AM Technology has the exclusive right to provide to AM Advertising, Shengshi Lianhe and AirMedia UC technology consulting services, including research and development of technologies related to AM Advertising, Shengshi Lianhe and AirMedia UC's operation, the maintenance and monitoring of displays and programming systems, research on the solution of technical problems, and other related technical support and services. AM Technology owns the intellectual property rights developed in the performance of these agreements. AM Advertising, Shengshi Lianhe and AirMedia UC pay to AM Technology annual service fees in an amount determined by each of the parties in July of each year based on the number and experience of the technical service personnel, technologies used, time spent, contents and value of the technical services provided by AM Technology as well as the connection of the technical services provided with AM Advertising, Shengshi Lianhe and AirMedia UC's gross revenues. These annual services fees are prorated into four quarters and due within 15 days before the end of each quarter. The aggregate annual fee that was agreed upon in July 2007 was US\$0.9 million. These agreements run for ten-year terms and are subject to automatic renewal for an additional ten-year term provided that no objection is made in the twenty-days prior to the renewal of the term.

Technology Development Agreements. Pursuant to the technology development agreements between AM Advertising and AM Technology, Shengshi Lianhe and AM Technology, and AirMedia UC and AM Technology, respectively, AM Advertising, Shengshi Lianhe and AirMedia UC exclusively engage AM Technology to provide technology development services. AM Technology owns the intellectual property rights developed in the performance of these agreements. AM Advertising, Shengshi Lianhe and AirMedia UC pay to AM Technology annual service fees in an amount determined by each of the parties, in July of each year based on the number and experience of the technical service personnel, technologies used, time spent, content and value of the technical services provided by AM Technology as well as the connection of the technical services provided with AM Advertising, Shengshi Lianhe and AirMedia UC's gross revenues. These annual services fees are prorated into four quarters and due within 15 days before the end of each quarter. The aggregate annual fee that was agreed upon in July 2007 was US\$12.3 million. These agreements run for ten-year terms and are subject to automatic renewal for an additional ten-year term provided that no objection is made within twenty-days prior to the renewal of the term.

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Call Option Agreements. Under the call option agreements among AM Advertising, AM Technology, and the shareholders of AM Advertising, among Shengshi Lianhe, AM Technology and the shareholders of Shengshi Lianhe and among AirMedia UC, AM Technology and the shareholders of AirMedia UC respectively, the shareholders of AM Advertising, Shengshi Lianhe and AirMedia UC irrevocably granted AM Technology or its designated third party an exclusive and irrevocable right to purchase from AM Advertising, Shengshi Lianhe or AirMedia UC's shareholders, as the case may be, to the extent permitted under PRC law, all of the equity interests in AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, for the minimum amount of consideration permitted by the applicable law without any other conditions. AM Technology agrees to provide a guarantee for AM Advertising, Shengshi Lianhe or AirMedia UC's performance of their obligations under any contracts or agreements relating to their business operations and committed to provide loans to support the business development needs of AM Advertising, Shengshi Lianhe or AirMedia UC or when AM Advertising, Shengshi Lianhe or AirMedia UC suffers any operating difficulties. No such guarantee or loan has been provided as of the date of this prospectus.

Equity Pledge Agreements. Under the equity pledge agreements among AM Advertising, AM Technology and the shareholders of AM Advertising, among Shengshi Lianhe, AM Technology and the shareholders of Shengshi Lianhe and among AirMedia UC, AM Technology and the shareholders of AirMedia UC, respectively, the shareholders of AM Advertising, Shengshi Lianhe and AirMedia UC pledged all of their equity interests in AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, to AM Technology to guarantee AM Advertising, Shengshi Lianhe or AirMedia UC's performance of its obligations under the technology support and service agreements and the technology development agreements. AM Technology has the right to receive dividends from the shares pledged by the shareholders of AM Advertising, Shengshi Lianhe and AirMedia UC.

Authorization Letters. Each shareholder of AM Advertising, Shengshi Lianhe and AirMedia UC has executed an authorization letter to authorize AM Technology to exercise certain of its rights as shareholder of AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, including voting rights, the rights to enter into legal documents to transfer any or all of its equity interests in AM Advertising, Shengshi Lianhe or AirMedia UC, as the case may be, and the rights to designate the general manager of AM Advertising, Shengshi Lianhe and AirMedia UC in the shareholder meetings. Such authorization letters will remain effective during the respective operating periods of AM Advertising, Shengshi Lianhe and AirMedia UC.

Business Cooperation Agreements. AirTV United, a PRC company 75% owned by AM Advertising, holds a license to produce and operate television programs to be played in airports and on airplanes, which was granted by the State Administration of Radio, Film and Television. Under the business cooperation agreements between AirTV United and AM Advertising, and AirTV United and Shengshi Lianhe, respectively, AirTV United agreed to provide program collecting, selecting, editing and compiling services to AM Advertising and Shengshi Lianhe to satisfy their requirements for non-advertising contents shown in airports or on airplanes. AirTV United owns the copyrights developed in the performance of these agreements. AM Advertising and Shengshi Lianhe pay AirTV United a certain amount of service fees based on the program acquisition costs of AirTV United, the number and experience of program editing staff of AirTV United and the contents and value of the programs provided by AirTV United. AirTV United agreed not to enter into similar cooperation agreements or arrangements with any third parties without the written consent of AM Advertising and Shengshi Lianhe. These agreements run for ten-year terms.

Amounts Due to Sunshine Media Co., Ltd.

Sunshine Media Co., Ltd., or Sunshine, is a PRC company that was incorporated in September 1997. It was formed by Herman Man Guo, our chairman and chief executive officer, Qing Xu, our director, and other third party shareholders. Its principal business operation is to sell flight tickets for airlines.

In 2005, Sunshine paid to third parties on our behalf the costs of purchasing digital TV screens and certain operating expenses, and we agreed to reimburse Sunshine. We do not expect to enter into similar arrangements

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with Sunshine in the future. In October 2006, AM Advertising acquired a 75% equity interest in AirTV United from Sunshine at a purchase price of approximately US\$3.3 million. Our amounts due to Sunshine were US\$0.6 million and US\$2.6 million as of December 31, 2005 and 2006, respectively. The amount for 2005 comprised operating expenses paid by Sunshine on behalf of and reimbursable by us for the purchase of digital TV screens. The amount for 2006 comprised operating expenses paid by Sunshine on behalf of and reimbursable by us for the purchase of digital TV screens and payable in connection with AM Advertising's acquisition of 75% of the equity interest in AirTV United from Sunshine. As of June 30, 2007, the amount due to Sunshine was reduced to US\$76,434 and we expect to settle the remaining balance before the completion of this offering.

Amounts Due from Beijing Aiyike

We entered into an agreement with Beijing Aiyike, of which we own a 51% equity interest, in June 2007 to provide short-term, interest free and unsecured loans to Beijing Aiyike. We provided loans to Beijing Aiyike in an aggregate amount of approximately US\$0.2 million in June and July of 2007.

Private Placements

Series A Preferred Shares

In October 2005, we and CDH entered into an agreement, according to which we agreed that CDH or its affiliate would acquire a Series A preferred share interest in us. Under this agreement, CDH or its affiliate was obligated to pay US\$12.0 million to us in return for a Series A preferred share interest of 37.6% of our total equity interest on an as converted basis, with the payments to be made at our discretion. CDH, through its wholly-owned subsidiary, paid approximately US\$6.0 million and US\$3.0 million in 2005 and 2006, respectively, and paid the remaining balance in February 2007. In February 2007, we and Global Gateway Investment Limited, a wholly-owned subsidiary of CDH, entered into a Series A share purchase agreement to document the issuance of a Series A preferred share interest contemplated under the October 2005 agreement. Each Series A preferred share will automatically convert into one ordinary share upon the completion of this offering.

In conjunction with the October 2005 agreement, CDH agreed to transfer up to 5,000,000 ordinary shares (converted from CDH's Series A preferred shares) to Herman Man Guo, our founder, chairman and chief executive officer, if we achieved certain pre-determined performance benchmarks. On September 27, 2007, the share transfer arrangement was amended to eliminate the performance benchmarks and CDH transferred 5,000,000 ordinary shares (converted from CDH's Series A preferred shares) to Mr. Guo without any conditions in recognition of his service to us.

Series B Preferred Shares

In June 2007, we issued and sold an aggregate of 16,000,000 Series B Redeemable Convertible Preferred Shares, par value US\$0.001 each, in a private placement pursuant to a Series B share purchase agreement dated April 26, 2007 at an aggregate price of US\$40.0 million to a group of investors, including OZMO, which purchased 3,868,000 shares, OZMA, which purchased 3,447,200 shares, SIMF, which purchased 684,800 shares, and AM SPV Limited, which purchased 8,000,000 shares from us. The Series B preferred shares will automatically convert into our ordinary shares upon the completion of this offering. The price at which the Series B preferred shares will be converted into the ordinary shares will be 90% of the initial public offering price, if an initial public offering is consummated before June 7, 2008, 85% of the initial public offering price, if an initial public offering is consummated after June 7, 2008 but before December 7, 2008, 80% of the initial public offering price, if an initial public offering is consummated after December 7, 2008 but before June 7, 2009 and

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the lower of (1) 80% of the initial public offering price, and (2) a price per ordinary share that will result in the conversion of Series B preferred shares into such number of the ordinary shares that represent 12.5% of our fully-diluted share capital, if an initial public offering is consummated after June 7, 2009.

Shareholders Agreement

In connection with our Series A private placement in October 2005, we and certain of our shareholders entered into a shareholders agreement in March 2007 to further document the shareholding relationship agreed upon in October 2005. That shareholders agreement was terminated in June 2007 when we and certain of our shareholders entered into a new shareholders agreement, dated as of June 7, 2007, with the Series B investors pursuant to the Series B private placement. The June shareholders agreement, as further amended and restated on September 27, 2007, provides that our board of directors will consist of a minimum of five directors. Herman Man Guo, Xiaoya Zhang and Qing Xu, or the founding shareholders collectively, have the right to appoint and remove two directors so long as the founding shareholders hold in the aggregate at least 15% of the equity interest of our company. If the founding shareholders or Global Gateway Investment Limited were to hold less than 15% of our equity interest, the founding shareholders and or Global Gateway Investment Limited, as the case may be, would have the right to appoint and remove one director. OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd. and OZ Global Special Investments Master Fund, L.P. collectively have the right to designate one individual to attend all the board and committee meetings in an observer capacity so long as they hold at least 50% of their respective initial equity interests in our company. The preferred shareholders have preemptive rights with respect to any issuance of securities by us. The founding shareholders have certain rights with respect to any proposed share transfers by any preferred shareholders, including the right of first refusal with respect to any share transfers by any of the preferred shareholders, and vice versa. Under this agreement, we are required to obtain the consent of the directors appointed by the founding shareholders and Global Gateway Investment Limited to take certain actions, including the authorization, issuance or creation of any shares in any member of our group, any sale of all or substantially all of the assets of our group, any commitment to capital expenditures in excess of RMB2.5 million, and any non-ordinary course transactions or transactions outside our business scope.

Under this agreement, we have granted certain of our shareholders customary registration rights, including demand and piggyback registration rights and Form F-3 registration rights. For a detailed description of these rights, see "Description of Share Capital—Registration Rights."

With the exception of the registration rights, this shareholders' agreement will terminate upon the completion of this offering.

Share Exchange

Pursuant to a share exchange agreement dated June 7, 2007 among AirMedia Group Inc., Broad Cosmos, Global Gateway Investment Limited and Herman Man Guo, Qing Xu and Xiaoya Zhang, or the Existing Shareholders, AirMedia Group Inc. acquired all of shares of Broad Cosmos from Global Gateway Investment Limited and each Existing Shareholders in exchange for the issuance of substantially identical equity securities of AirMedia Group Inc. to Global Gateway Investment Limited and each Existing Shareholders as held in Broad Cosmos immediately prior to the share exchange. As a result, AirMedia Group Inc. owns 100% of the outstanding equity securities of Broad Cosmos and Global Gateway Investment Limited and the Existing Shareholders together owned (prior to the Series B private placement) 100% of the outstanding equity securities of AirMedia Group Inc.

Share Options

See "Management—Share Options."

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association and the Companies Law (2007 Revision) of the Cayman Islands, which is referred to below as the Companies Law.

As of the date of this prospectus, our authorized share capital consists of 451,400,000 ordinary shares, with a par value of US\$0.001 each, 32,600,000 Series A preferred shares, with a par value of US\$0.001 each, and 16,000,000 Series B preferred shares, with a par value of US\$0.001 each. As of the date of this prospectus, there are 67,400,000 ordinary shares, 32,600,000 Series A preferred shares and 16,000,000 Series B preferred shares issued and outstanding.

Upon completion of this offering, we will adopt an amended and restated memorandum and articles of association and our authorized share capital will be US\$1,000,000 divided into 900,000,000 ordinary shares of a nominal or par value of US\$0.001 each and 100,000,000 preferred shares of a nominal or par value of US\$0.001 each. We will not have any preferred shares issued and outstanding upon the completion of this offering and we have no current plan to issue any preferred shares. However, our amended and restated memorandum and articles of association will provide our board of directors the authority to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. While the issuance of preferred shares provides us with flexibility in connection with possible acquisitions or other corporate purposes, it could, among other things, have the effect of delaying, deferring or preventing a change of control transaction and could adversely affect the market price of our ADSs.

The following are summaries of material provisions of our proposed amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares that we expect will become effective upon completion of this offering.

Ordinary Shares

General

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their shares.

Dividend Rights

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law.

Voting Rights

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of our board of directors or any other shareholder holding at least ten percent of the shares given a right to vote at the meeting, present in person or by proxy.

A quorum required for a meeting of shareholders consists of at least two shareholders present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders' meetings are held annually and may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in aggregate at least ten percent of our voting share capital. Advance

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notice of at least seven days is required for the convening of our annual general meeting and other shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution is required for important matters such as a change of name. Holders of the ordinary shares may effect certain changes by ordinary resolution, including alter the amount of our authorized share capital, consolidate and divide all or any of our share capital into shares of larger amount than our existing share capital, and cancel any shares.

Transfer of Shares

Subject to the restrictions of our articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any ordinary share unless (a) the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer; (b) the instrument of transfer is in respect of only one class of ordinary shares; (c) the instrument of transfer is properly stamped, if required; (d) in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; (e) the shares conceded are free of any lien in favor of us; or (f) a fee of such maximum sum as the Nasdaq Global Market may determine to be payable, or such lesser sum as our board of directors may from time to time require, is paid to us in respect thereof.

If our directors refuse to register a transfer, they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Shares and Forfeiture of Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid on the specified time are subject to forfeiture.

Redemption of Shares

Subject to the provisions of the Companies Law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by special resolution.

Variations of Rights of Shares

All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied either with the written consent of the holders of three-fourths of the issued shares of

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that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See “Where You Can Find Additional Information.”

History of Securities Issuances

The following is a summary of our securities issuances since our establishment.

Ordinary Shares

As part of the October 2005 agreement between the founding shareholders and CDH, it was agreed that the founding shareholders would hold 100% of our ordinary shares, representing 62.4% of our total equity interest on an as converted basis. After our intermediate holding company, Broad Cosmos, was incorporated in June 2006 in connection with our corporate restructuring, Broad Cosmos issued 10,000 ordinary shares to the founding shareholders. In March 2007, the Broad Cosmos ordinary shares were split and the total ordinary shares issued and outstanding to the founding shareholders was 62,400,000. In June 2007, pursuant to a share exchange agreement between AirMedia Group Inc. and the founding shareholders and preferred shareholders of Broad Cosmos, AirMedia Group Inc. issued 62,400,000 ordinary shares to the founding shareholders in exchange for their 62,400,000 ordinary shares of Broad Cosmos.

In July 2007, we granted options to purchase a total of 8,065,000 of our ordinary shares at an exercise price of US\$2.00 per share to a group of individuals including our executive officers, directors, employees and consultants.

Preferred Shares

In October 2005, we and CDH entered into an agreement, according to which we agreed that an affiliate of CDH would acquire a Series A preferred share interest in us. Under this agreement, CDH or its affiliate was obligated to pay US\$12.0 million to us in return for a Series A preferred share interest of 37.6% of our total equity interest on an as converted basis, with the payments to be made at our discretion. CDH, through its wholly-owned subsidiary, paid approximately US\$6.0 million and US\$3.0 million in 2005 and 2006, respectively, and paid the remaining balance in February 2007. In February 2007, we and Global Gateway Investment Limited, a wholly-owned subsidiary of CDH, entered into a Series A share purchase agreement to document the issuance of a Series A preferred share interest contemplated under the October 2005 agreement. In June 2007, pursuant to a share exchange agreement between AirMedia Group Inc. and the founding shareholders and preferred shareholders of Broad Cosmos, AirMedia Group Inc. issued 37,600,000 preferred shares to Global Gateway Investment Limited in exchange for its 37,600,000 preferred shares of Broad Cosmos. Each Series A preferred share will automatically convert into one ordinary share upon the completion of this offering.

On September 27, 2007, Global Gateway Investment Limited converted 5,000,000 Series A preferred shares into 5,000,000 ordinary shares and transferred these ordinary shares to a personal holding company wholly owned by Mr. Herman Man Guo, our founder, chairman and chief executive officer. See “Related Party Transactions—Private Placements—Series A Preferred Shares.”

In June 2007, we issued and sold an aggregate of 16,000,000 Series B Redeemable Convertible Preferred Shares, par value US\$0.001 each, in a private placement pursuant to a Series B share purchase agreement dated April 26, 2007 at an aggregate price of US\$40.0 million to a group of investors, including OZMO, which purchased 3,868,000 shares, OZMA, which purchased 3,447,200 shares, SIMF, which purchased 684,800 shares, and AM SPV Limited, which purchased 8,000,000 shares from us. The Series B preferred shares will automatically convert into our ordinary shares upon the completion of this offering. The price at which the Series

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B preferred shares will be converted into the ordinary shares will be 90% of the initial public offering price, if an initial public offering is consummated before June 7, 2008, 85% of the initial public offering price, if an initial public offering is consummated after June 7, 2008 but before December 7, 2008, 80% of the initial public offering price, if an initial public offering is consummated after December 7, 2008 but before June 7, 2009 and the lower of (1) 80% of the initial public offering price, and (2) a price per ordinary share that will result in the conversion of Series B preferred shares into such number of the ordinary shares that represent 12.5% of our fully-diluted share capital, if an initial public offering is consummated after June 7, 2009.

Differences in Corporate Law

The Companies Law of the Cayman Islands is modeled after that of the United Kingdom but does not follow recent United Kingdom statutory enactments. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements

Cayman Islands law does not provide for mergers as that term is understood under United States corporate law. However, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to majority vote have been met;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such that a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a take-over offer is made and accepted by holders of 90.0% of the shares within four months, the offerer may, within a two month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of United States corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

We are not aware of any reported class action or derivative action having been brought in a Cayman Islands court. In principle, we will normally be the proper plaintiff and a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting or proposing to act illegally or *ultra vires*;

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- the act complained of, although not *ultra vires*, could be effected duly if authorized by more than a simple majority vote which has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Registration Rights

Pursuant to our shareholders agreement entered into in June 2007, we have granted certain registration rights to holders of our registrable securities, which include our ordinary shares issued upon conversion of our preferred shares. Set forth below is a description of the registration rights granted under the shareholders agreement.

Demand Registration Rights

At any time commencing the earlier of February 27, 2010 and six months following a public offering, either holders of at least 25% of registrable securities then held by shareholders holding Series A preferred shares on the date of the June 2007 shareholders agreement or holders of at least 25% of registrable securities then held by shareholders holding Series B preferred shares on the date of the June 2007 shareholders agreement have the right to demand that we file a registration statement under the Securities Act covering the registration of their securities. However, we are not obligated to effect any such demand registration if our shareholders do not propose to sell our ordinary shares and such other securities at an aggregate price to the public of at least US\$3 million, or if we have, within the six month period preceding the demand, already effected a registration under the Securities Act or if the shareholders requesting such registration had an opportunity to be included in a registration pursuant to their piggyback registration rights. We have the ability to delay the filing of a registration statement for up to 90 days if we furnish to the shareholders requesting such registration a certificate signed by our president or chief executive officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such registration statement to be filed. We are not obligated to effect more than two such demand registrations initiated by Series A preferred shareholder and two such demand registrations initiated by Series B preferred shareholders.

Piggyback Registration Rights

If we propose to file a registration statement for a public offering of our securities, other than pursuant to a F-3 registration statement or the shareholders' demand registration rights or other than relating to a share option plan or a corporate reorganization, we must offer all holders of registrable securities the opportunity to include their securities in the registration statement. Registrations pursuant to such piggyback registration are not deemed as demand registrations.

Form F-3 Registration Rights

Any holder or holders of a majority of our registrable shares then outstanding have the right to request we file a registration statement under Form F-3 or S-3 covering the offer and sale of their securities. However, we are not obligated to effect any such registration if, among other things, Form S-3 or F-3 is not available for such offering by the shareholders, or the aggregate amount of securities to be sold under the registration statement is less than US\$3 million, or we have, within the six month period preceding the demand, already effected a registration under the Securities Act, or in any particular jurisdiction in which we would be required to qualify to do business or to execute a general consent to service of process in effecting such registration. We have the ability to delay the filing of a registration statement for up to 90 days if we furnish to the shareholders requesting such registration a certificate signed by our president or chief executive officer stating that, in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such Form S-3 or Form F-3 registration statement to be filed. Such requests for registrations are not counted as demand registrations.

Expenses of Registration

We will pay all expenses relating to any demand or piggyback registrations, whether or not such registrations become effective, except that shareholders shall bear the expense of any broker's commission or underwriter's discount or commission relating to registration and sale of their securities.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Receipts

JPMorgan Chase Bank, N.A., as depositary, will issue the ADSs which you will be entitled to receive in the offering. Each ADS will represent an ownership interest in ordinary shares which we will deposit with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary and yourself as an ADR holder. In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which have not been distributed directly to you. Unless specifically requested by you, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you will receive which reflect your ownership of ADSs.

The depositary's office is located at 4 New York Plaza, New York, NY 10004.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Because the depositary's nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf. The obligations of the depositary and its agents are set out in the deposit agreement. The deposit agreement and the ADSs are governed by New York law.

The following is a summary of the material terms of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement from the SEC's website at <http://www.sec.gov>.

Share Dividends and Other Distributions

How will you receive dividends and other distributions on the shares underlying your ADSs?

We may make various types of distributions with respect to our shares. The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars and, in all cases, making any necessary deductions provided for in the deposit agreement. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, to the extent the depositary is legally permitted it will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- **Cash.** The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (a) appropriate adjustments for taxes withheld, (b) such distribution being impermissible or impracticable with respect to certain registered holders, and (c) deduction of the depositary's expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a

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reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.

- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
- *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we provide satisfactory evidence that the depositary may lawfully distribute such rights, the depositary will distribute warrants or other instruments representing such rights. However, if we do not furnish such evidence, the depositary may:
 - sell such rights if practicable and distribute the net proceeds as cash; or
 - if it is not practicable to sell such rights, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing.

We have no obligation to file a registration statement under the Securities Act in order to make any rights available to ADR holders.

- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (a) distribute such securities or property in any manner it deems equitable and practicable or (b) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines that any distribution described above is not practicable with respect to any specific ADR holder, the depositary may choose any practicable method of distribution for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability for interest thereon and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance. In the case of the ADSs to be issued under this prospectus, we will arrange with the underwriters named herein to deposit such shares.

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Shares deposited in the future with the custodian must be accompanied by certain delivery documentation, including instruments showing that such shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made.

The custodian will hold all deposited shares (including those being deposited by or on our behalf in connection with the offering to which this prospectus relates) for the account of the depositary. ADR holders thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as "deposited securities."

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary's direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADSs at the depositary's office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares at the custodian's office or effect delivery by such other means as the depositary deems practicable, including transfer to an account of an accredited financial institution on your behalf. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may fix record dates for the determination of the ADR holders who will be entitled (or obligated, as the case may be):

- to receive a dividend, distribution or rights;
- to give instructions for the exercise of voting rights at a meeting of holders of ordinary shares or other deposited securities;
- for the determination of the registered holders who shall be responsible for the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR; or
- to receive any notice or to act in respect of other matters all subject to the provisions of the deposit agreement.

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Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. After receiving voting materials from us, the depositary will notify the ADR holders of any shareholder meeting or solicitation of consents or proxies. This notice will state such information as contained in the voting materials and describe how you may instruct the depositary to exercise the voting rights for the shares which underlie your ADSs and will include instructions for giving a discretionary proxy to a person designated by us. For instructions to be valid, the depositary must receive them in the manner and on or before the date specified. The depositary will try, as far as is practical, subject to the provisions of and governing the underlying shares or other deposited securities, to vote or to have its agents vote the shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct. The depositary will not itself exercise any voting discretion. Furthermore, neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast or for the effect of any vote.

There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

Reports and Other Communications

Will I be able to view our reports?

The depositary will make available for inspection by ADR holders any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities. We will furnish these communications in English when so required by any rules or regulations of the Securities and Exchange Commission.

Additionally, if we make any written communications generally available to holders of our shares, including the depositary or the custodian, and we request the depositary to provide them to ADR holders, the depositary will mail copies of them, or, at its option, English translations or summaries of them to ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

ADR holders will be charged a fee for each issuance of ADSs, including issuances resulting from distributions of shares, rights and other property, and for each surrender of ADSs in exchange for deposited securities. The fee in each case is US\$5.00 for each 100 ADSs (or any portion thereof) issued or surrendered.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADRs or to whom ADRs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the ADRs or the deposited securities or a distribution of ADRs), whichever is applicable:

- to the extent not prohibited by the rules of any stock exchange or interdealer quotation system upon which the ADSs are traded, a fee of US\$1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of US\$0.02 or less per ADS (or portion thereof) for any cash distribution made pursuant to the deposit agreement;
- a fee of up to US\$0.05 per ADS per calendar year for services performed by the depositary in administering our ADR program (which fee shall be assessed against holders of ADRs as of the record date set by the depositary not more than once each calendar year and shall be payable in the manner described in the next succeeding provision);

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- any other charge payable by any of the depositary, any of the depositary's agents, including, without limitation, the custodian, or the agents of the depositary's agents in connection with the servicing of our shares or other deposited securities (which charge shall be assessed against registered holders of our ADRs as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such registered holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at your request;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
- expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars; and
- such fees and expenses as are incurred by the depositary (including without limitation expenses incurred in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable laws, rules or regulations.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary. The fees described above may be amended from time to time.

Our depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses and exchange application and listing fees. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide services until its fees for those services and any other unpaid fees are paid.

Payment of Taxes

ADR holders must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If an ADR holder owes any tax or other governmental charge, the depositary may (a) deduct the amount thereof from any cash distributions, or (b) sell deposited securities and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for any shortfall. Additionally, if any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of deposited securities or withdrawal of deposited securities (except under limited circumstances mandated by securities regulations). If

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any tax or governmental charge is required to be withheld on any non-cash distribution, the depositary may sell the distributed property or securities to pay such taxes and distribute any remaining net proceeds to the ADR holders entitled thereto.

By holding an ADR or an interest therein, you will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained in respect of, or arising out of, your ADSs.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to:

- (1) amend the form of ADR;
- (2) distribute additional or amended ADRs;
- (3) distribute cash, securities or other property it has received in connection with such actions;
- (4) sell any securities or property received and distribute the proceeds as cash; or
- (5) none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or prejudices any substantial existing right of ADR holders. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder is deemed to agree to such amendment. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations, which amendment or supplement may take effect before a notice is given or you otherwise receive notice. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities.

How may the deposit agreement be terminated?

The depositary may terminate the deposit agreement by giving the ADR holders at least 30 days prior notice, and it must do so at our request. The deposit agreement will be terminated upon the removal of the depositary for any reason. After termination, the depositary's only responsibility will be (i) to deliver deposited securities to ADR holders who surrender their ADRs, and (ii) to hold or sell distributions received on deposited securities. As soon as practicable after the expiration of six months from the termination date, the depositary will sell the deposited securities which remain and hold the net proceeds of such sales, without liability for interest, in trust for the ADR holders who have not yet surrendered their ADRs. After making such sale, the depositary shall have no obligations except to account for such proceeds and other cash. The depositary will not be required to invest such proceeds or pay interest on them.

Limitations on Obligations and Liability to ADR holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, the depositary and its custodian may require you to pay, provide or deliver:

- payment with respect thereto of (a) any stock transfer or other tax or other governmental charge, (b) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register, and (c) any applicable fees and expenses described in the deposit agreement;
- the production of proof satisfactory to the depositary and/or its custodian of (a) the identity of any signatory and genuineness of any signature and (b) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial ownership of any securities, payment of applicable taxes or governmental charges, or legal or beneficial ownership and the nature of such interest, information relating to the registration of the shares on the books maintained by or on our behalf for the transfer and registration of shares, compliance with applicable laws, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADR, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents. Neither we nor the depositary nor any such agent will be liable if:

- present or future law, rule or regulation of the United States, the Cayman Islands, the People's Republic of China or any other country, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism or other circumstance beyond our control, the depositary's or our respective agents' control shall prevent, delay or subject to any civil or criminal penalty any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depositary or our respective agents (including, without limitation, voting);
- it exercises or fails to exercise discretion under the deposit agreement or the ADR;
- it performs its obligations without gross negligence or bad faith;
- it takes any action or refrains from taking any action in reliance upon the advice of or information from legal counsel, accountants, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information; or
- it relies upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADSs or otherwise to the extent such information is requested or required by or pursuant to any lawful authority, including

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without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators.

The depositary will not be responsible for failing to carry out instructions to vote the deposited securities or for the manner in which the deposited securities are voted or the effect of the vote. In no event shall we, the depositary or any of our respective agents be liable to holders of ADSs or interests therein for any indirect, special, punitive or consequential damages.

The depositary may own and deal in deposited securities and in ADSs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof. We reserve the right to request you to deliver your ADSs for cancellation and withdrawal of the deposited securities so as to permit us to deal with you directly as a holder of deposited securities and, by holding an ADS or an interest therein, you will be agreeing to comply with such instructions.

Requirements for Depositary Actions

We, the depositary or the custodian may refuse to:

- issue, register or transfer an ADR or ADRs;
- effect a split-up or combination of ADRs;
- deliver distributions on any such ADRs; or
- permit the withdrawal of deposited securities (unless the deposit agreement provides otherwise), until the following conditions have been met:
 - the holder has paid all taxes, governmental charges, and fees and expenses as required in the deposit agreement;
 - the holder has provided the depositary with any information it may deem necessary or proper, including, without limitation, proof of identity and the genuineness of any signature; and
 - the holder has complied with such regulations as the depositary may establish under the deposit agreement.

The depositary may also suspend the issuance of ADSs, the deposit of shares, the registration, transfer, split-up or combination of ADRs, or the withdrawal of deposited securities (unless the deposit agreement provides otherwise), if the register for ADRs or any deposited securities is closed or the depositary decides it is advisable to do so.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. You may inspect such records at such office during regular business hours, but solely for the purpose of communicating with other holders in the interest of business matters relating to the deposit agreement. Such register may be closed from time to time, when deemed expedient by the depositary.

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The depositary will maintain facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADRs. These facilities may be closed from time to time, to the extent not prohibited by law.

Pre-release of ADSs

The depositary may issue ADSs prior to the deposit with the custodian of shares (or rights to receive shares). This is called a pre-release of the ADS. A pre-release is closed out as soon as the underlying shares (or rights to receive shares from us or from any registrar, transfer agent or other entity recording share ownership or transactions) are delivered to the depositary. The depositary may pre-release ADSs only if:

- the depositary has received collateral for the full market value of the pre-released ADSs (marked to market daily); and
- each recipient of pre-released ADSs agrees in writing that he or she:
 - owns the underlying shares;
 - assigns all rights in such shares to the depositary;
 - holds such shares for the account of the depositary; and
 - will deliver such shares to the custodian as soon as practicable, and promptly if the depositary so demands.

In general, the number of pre-released ADSs will not evidence more than 30% of all ADSs outstanding at any given time (excluding those evidenced by pre-released ADSs). However, the depositary may change or disregard such limit from time to time as it deems reasonably appropriate as a result of market conditions. The depositary may retain for its own account any earnings on collateral for pre-released ADSs and its charges for issuance thereof.

Appointment

In the deposit agreement, each holder and each person holding an interest in ADSs, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs; and
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have outstanding _____ ADSs representing approximately _____ % of our ordinary shares in issue, assuming an initial public offering price of US\$ _____ per ADS (which is the midpoint of the initial public offering price range). All of the ADSs sold in this offering and the ordinary shares they represent will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial amounts of our ADSs in the public market could have a material adverse effect on the prevailing market prices of our ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and although we have applied to list the ADSs on the Nasdaq Global Market, we cannot assure you that an active trading market for our ADSs will develop. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. We do not expect that an active trading market will develop for our ordinary shares not represented by the ADSs.

Lock-Up Agreements

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any ADSs, ordinary shares or any securities convertible into or exercisable or exchangeable for ADSs or ordinary shares, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ADSs or ordinary shares, whether any such transaction described above is to be settled by delivery of ADSs or ordinary shares or such other securities, in cash or otherwise, or file any registration statement with the SEC relating to the offering of any ADSs, ordinary shares, or any securities convertible into or exercisable or exchangeable for ADSs or ordinary shares, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus.

Our directors, executive officers, all of our existing shareholders and option holders have agreed that, subject to certain exceptions, they will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise dispose of, directly or indirectly, any ordinary shares, any ADSs, or any securities convertible into or exchangeable or exercisable for any ordinary shares or ADSs, enter into any swap, or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ordinary shares or ADSs, whether any of these transactions are to be settled by delivery of ordinary shares, ADSs or other securities, in cash or otherwise, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus. After the expiration of the 180-day period, the ordinary shares or ADSs held by our directors, executive officers or principal shareholders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

The 180-day "lock-up" period is subject to adjustment under certain circumstances. If in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then in either case the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless the representatives waive such an extension in writing.

Rule 144

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated) who has beneficially owned our restricted ordinary shares for at least one year is entitled to sell within any three-month period a number of ordinary shares that does not exceed the greater of the following:

- 1% of the number of our ordinary shares then outstanding, in the form of ADSs or otherwise, which will equal approximately _____ ordinary shares immediately after this offering, assuming an initial public offering price of US\$ _____ per ADS (which is the midpoint of the initial public offering price range); or

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- the average weekly trading volume of our ordinary shares, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC by such person.

Sales under Rule 144 must be made through unsolicited brokers' transactions. They are also subject to manner of sale provisions, notice requirements and the availability of current public information about us. However, these shares would remain subject to lockup arrangements and would only become eligible for sale when the "lock-up" period expires.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the three months preceding a sale, and who has beneficially owned the ordinary shares proposed to be sold for at least two years from the later of the date these shares were acquired from us or from our affiliate, including the holding period of any prior owner other than an affiliate, is entitled to sell those shares in the United States immediately following this offering without complying with the manner-of-sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted, "144(k) shares" may be sold at any time.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our common shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell such common shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares, in the form of ADSs or otherwise, or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the "lock-up" agreements described above. See "Description of Share Capital—Registration Rights."

TAXATION

The following summary of the material Cayman Islands and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this Registration Statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder, our special Cayman Islands counsel. Based on the facts and subject to the limitations set forth herein, the statements of law or legal conclusions under the caption “—United States Federal Income Taxation” are the opinion of Latham & Watkins LLP, our special United States counsel, as to the material United States federal income tax consequences of an investment in the ADSs or ordinary shares. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of Commerce & Finance Law Offices, our PRC counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

PRC Taxation

Under the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises currently in effect, dividends payable to non-PRC investors are exempt from PRC withholding tax. In addition, under currently effective PRC laws, any dividends payable, or distributions made, by us to holders or beneficial owners of our ADSs will not be subject to any PRC tax, provided that the holders or beneficial owners have not been physically resident in the PRC for a period of one year or more and have not become subject to PRC tax.

On March 16, 2007, the National People's Congress promulgated the EIT Law, which will take effect beginning January 1, 2008. Under the EIT Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises,” and will generally be subject to the uniform 25% enterprise income tax rate as to their global income. The EIT Law does not define the term “de facto management bodies” and it is currently unclear under what situations an enterprise's “de facto management body” would be considered to be located in China. Substantially all of our management is currently based in China, and may remain in China after the effectiveness of the EIT Law. In addition, although the EIT Law provides that dividend income between “qualified resident enterprises” is exempted income, it is unclear what is considered a “qualified resident enterprise” under the EIT Law. Even a foreign enterprise otherwise classified as a “non-resident enterprise” shall be subject to the EIT on its income derived from PRC at the rate of 25% provided it has an establishment and premise in the PRC and at 20% provided it has no establishment or premise in the PRC.

Furthermore, unlike the Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprise currently in effect, which specifically exempts withholding tax on dividends payable to non-PRC investors, under the EIT Law, foreign corporate shareholders and corporate ADSs holders may be subject to a 20% income tax upon the dividends payable by us or on any gains they realize from the transfer of our shares or ADSs, if such income is regarded as income from “sources within the PRC.” Given the fact that (i) the new PRC enterprise income tax law does not define what is “sources within the PRC”, (ii) whether we would be regarded as “Resident Enterprise” is not clear; and (iii) official clarification of the proper interpretation and implementation of the new PRC enterprise income tax law has not been promulgated, it is uncertain whether foreign corporate shareholders and corporate ADSs holders may be subject to a 20% income tax upon the dividends payable by us or on any gains they realize from the transfer of our shares or ADSs. If we are required under the new tax law to withhold PRC income tax on our dividends payable to our non-PRC corporate shareholders and ADSs holders or on any gains of the transfer of their shares or ADSs, your investment in our ADSs or ordinary shares may be materially and adversely affected.

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United States Federal Income Taxation

The following discussion describes the material U.S. federal income tax consequences to U.S. Holders (defined below) under present law of an investment in the ADSs or ordinary shares. Based on the facts and subject to the limitations set forth herein, the statements of law or legal conclusions in the following discussion are the opinion of Latham & Watkins LLP, our special U.S. counsel, as to the material United States federal income tax consequences of an investment in the ADSs or ordinary shares. This discussion applies only to U.S. Holders that hold the ADSs or ordinary shares as capital assets and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States as in effect on the date of this registration statement and on U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this registration statement, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, and it is possible that such change will apply retroactively and affect the tax consequences described below.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- certain financial institutions;
- insurance companies;
- broker dealers;
- traders that elect to mark to market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting stock;
- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee stock options or otherwise as compensation; or
- persons holding ADSs or ordinary shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR ORDINARY SHARES.

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply if you are the beneficial owner of ADSs or ordinary shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any state or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

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If you are a partner in a partnership or other entity taxable as a partnership that holds ADSs or ordinary shares, your tax treatment will depend on your status and the activities of the partnership.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with the terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying shares (for example, pre-releasing ADSs to persons who do not have the beneficial ownership of the securities underlying the ADSs). Accordingly, the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders (discussed below) could be affected by actions taken by intermediaries in the chain of ownership between the holder of ADSs and our company if as a result of such actions the holders of ADSs are not properly treated as beneficial owners of underlying shares.

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to discussions below under “—Passive Foreign Investment Company,” the gross amount of all our distributions to you with respect to the ADSs or ordinary shares will be included in your gross income as ordinary dividend income on the date of actual or constructive receipt by the depository, in the case of ADSs, or by you, in the case of ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, including individual U.S. Holders, for taxable years beginning before January 1, 2011, dividends will be “qualified dividend income” that is taxed at the lower applicable capital gains rate, provided that certain conditions are satisfied, including that (1) the ADSs or ordinary shares are readily tradable on an established securities market in the United States or we are eligible for the benefit of the income tax treaty between the United States and the PRC, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend is paid or the preceding taxable year, and (3) certain holding period requirements are met. United States Treasury Department guidance indicates that our ADSs, upon listing on the Nasdaq Global Market (but not our ordinary shares), will be readily tradable on an established securities market in the United States. There can be no assurance that our ADSs will be considered readily tradable on an established securities market in later years. You should consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

Dividends will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to the ADSs or ordinary shares will constitute “passive category income” or, in the case of certain U.S. Holders, constitute “general category income.” If PRC withholding taxes apply to dividends paid to you with respect to the ADSs or ordinary shares, you may be able to obtain a reduced rate of PRC withholding taxes under the income tax treaty between the United States and the PRC if certain requirements are met. In addition, subject to certain conditions and limitations, PRC withholding taxes on dividends may be treated as foreign taxes eligible for credit against your U.S. federal income tax liability. U.S. Holders should consult their own tax advisors regarding the creditability of any PRC tax.

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To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits (determined under U.S. federal income tax principles), it will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder can expect that a distribution will be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Taxation of a Disposition of ADSs or Ordinary Shares

Subject to discussions below under "Passive Foreign Investment Company," you will recognize capital gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference between the amount realized (in U.S. dollars) for the ADS or ordinary share and your tax basis (in U.S. dollars) in the ADS or ordinary share. If you are a non-corporate U.S. holder (such as an individual), you will be eligible for reduced tax rates if you have held the ADSs or ordinary shares for more than a year. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will be treated as U.S. source gain or loss for foreign tax credit limitation purposes, subject to exceptions and limitations. However, in the event we are deemed to be a Chinese "resident enterprise" under PRC tax law, we may be eligible for the benefits of the income tax treaty between the United States and the PRC. In such event, if PRC tax were to be imposed on any gain from the disposition of the ADSs or ordinary shares, a U.S. Holder may elect to treat such gain as PRC source income. U.S. Holders should consult their own tax advisors regarding the creditability of any PRC tax.

Passive Foreign Investment Company

Although it is not clear how the contractual arrangements between us and our variable interest entities will be treated for purposes of the PFIC rules, we believe we will not be treated as a PFIC for U.S. federal income tax purposes for our current taxable year ended December 31, 2007. Our belief is based on our current and anticipated operations and composition of our earnings and assets for the 2007 taxable year, including the current and expected valuation of our assets based on the current value of our equity and the expected price of our ADSs following the offering. Our actual PFIC status for 2007 will not be determinable until the close of the 2007 taxable year and, accordingly, there is no guarantee that we will not be a PFIC for the 2007 taxable year or for any future taxable year. Because PFIC status is a factual determination for each taxable year which cannot be made until the close of the taxable year, Latham & Watkins LLP, our special U.S. counsel, expresses no opinion with respect to our PFIC status for any taxable year. A non-U.S. corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income, or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the "asset test").

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

We must make a separate determination each year as to whether we are a PFIC. As a result, it is possible that our PFIC status will change. In particular, because the total value of our assets for purposes of the asset test will be calculated using the market price of our ADSs and ordinary shares, our PFIC status will depend in large part on the market price of our ADSs and ordinary shares. Accordingly, it is possible that fluctuations in the market price of the ADSs and ordinary shares will result in our being a PFIC for any year. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in this offering. If we are a PFIC for any year during which you hold ADSs or ordinary shares, we will continue to be treated as a PFIC for all succeeding years during which you hold ADSs or ordinary shares, absent a special election. For instance, if we cease to be a PFIC, you can avoid some of the adverse effects of the PFIC regime by

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making a deemed sale election with respect to the ADSs or ordinary shares, as applicable. If we are a PFIC for any taxable year and any of our foreign subsidiaries is also a PFIC, a U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, you will be subject to special tax rules with respect to any "excess distribution" that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a "mark-to-market" election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

Alternatively, a U.S. Holder of "marketable stock" (as defined below) in a PFIC can make a mark-to-market election for such stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. However, such election cannot be made with respect to any lower tier PFIC. If you make a mark-to-market election for the ADSs or ordinary shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate for qualified dividend income discussed above under "—Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares" would not apply.

The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter ("regularly traded") on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. We expect that the ADSs will be listed on the Nasdaq Global Market and, consequently, if you are a holder of ADSs and the ADSs are regularly traded on the Nasdaq Global Market, the mark-to-market election would be available to you were we to be or become a PFIC.

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If a non-U.S. corporation is a PFIC, a holder of shares in that corporation can avoid taxation under the rules described above by making a “qualified electing fund” election to include its share of the corporation’s income on a current basis, or a “deemed sale” election once the corporation no longer qualifies as a PFIC. However, you can make a qualified electing fund election with respect to your ADSs or ordinary shares only if we agree to furnish you annually with certain tax information, and we do not intend to prepare or provide such information.

If you hold ADSs or ordinary shares in any year in which we are a PFIC, you will be required to file Internal Revenue Service Form 8621 regarding distributions received on the ADSs or ordinary shares and any gain realized on the disposition of the ADSs or ordinary shares.

You are urged to consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or ordinary shares.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or redemption of ADSs or ordinary shares will be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding at a current rate of 28%, unless the conditions of an applicable exception are satisfied. Backup withholding will not apply to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status can provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding can be credited against your U.S. federal income tax liability, and you can obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. International plc and Lehman Brothers Inc. are acting as representatives, have severally agreed to purchase, and we and the selling shareholders have agreed to sell to them, severally, the number of ADSs indicated below:

Name	Number of ADSs
Morgan Stanley & Co. International plc	
Lehman Brothers Inc.	
CIBC World Markets Corp.	
Susquehanna Financial Group, LLLP	
Total	_____
	=====

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. The underwriters are not required, however, to take or pay for the ADSs covered by the underwriters' over-allotment option described below. Morgan Stanley & Co. International plc will offer the ADSs in the United States through its registered broker-dealers in the United States.

The underwriters initially propose to offer part of the ADSs directly to the public at the initial public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$ _____ per ADS under the initial public offering price. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the underwriters.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the public offering price of \$ _____, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ADSs as the number listed next to the underwriter's name in the preceding table bears to the total number of ADSs listed in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be \$ _____ million, the total underwriters' discounts and commissions would be \$ _____ million and the total proceeds to us (before expenses) would be \$ _____ million. We will not receive any of the proceeds from the sale of the ADSs by the selling shareholders.

The table below shows the per ADS and total underwriting discounts and commissions we and the selling shareholders will pay the underwriters, assuming an initial public offering price of \$ _____ per ADS as the midpoint of the estimated range of the initial public offering price. The underwriting discounts and commissions are determined by negotiations among us, the selling shareholders and the representatives and are a percentage of the offering price to the public. Among the factors to be considered in determining the discounts and commissions are the size of the offering, the nature of the security to be offered and the discounts and commissions charged in comparable transactions.

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These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional ADSs.

<u>Underwriting Discounts and Commissions</u>	<u>No Exercise</u>	<u>Full Exercise</u>
Per ADS	US\$	US\$
Total by the Company	US\$	US\$
Total by the selling shareholders	US\$	US\$

Notes: (1) A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per ADS would increase (decrease) the underwriting discounts and commissions per ADS by \$.

(2) A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per ADS would increase (decrease) the total underwriting discounts and commissions by approximately \$, assuming no exercise of the underwriters' over-allotment option, and by approximately \$ million, if the underwriters' over-allotment option is exercised in full. In each case, we have assumed no other change to the number of ADSs offered by us as set forth on the cover page of this prospectus.

In June 2007, AM SPV Limited purchased 8,000,000 of our Series B Redeemable Convertible Preferred Shares for US\$20.0 million. AM SPV Limited distributed these Series B preferred shares to its shareholders in August 2007. Pursuant to this distribution, SIG China Investments One, Ltd., an affiliate of Susquehanna Financial Group, LLLP, received 4,000,000 Series B preferred shares. The Series B preferred shares will automatically convert into ordinary shares upon the completion of this offering at a conversion price equal to 90% of the initial public offering price. The shares acquired by the affiliate of Susquehanna Financial Group, LLLP shall not be sold during the offering, or sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the date of effectiveness or commencement of sales of the public offering, except as otherwise permitted by Conduct Rule 2710 of the Financial Industry Regulatory Authority.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of ADSs offered by them.

We estimate that the total expenses of the offering payable by us, excluding underwriting discounts and commissions, will be approximately \$ million. Expenses include the Securities and Exchange Commission and the Financial Industry Regulatory Authority filing fees, the Nasdaq Global Market listing fees, printing, and legal, accounting and transfer agent and registrar fees.

We have applied to have the ADSs listed on the Nasdaq Global Market under the symbol "AMCN."

Each of us, the selling shareholders, our directors, executive officers, existing shareholders and option holders has agreed that, subject to certain exceptions, without the prior written consent of the representatives on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs.

whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs, or such other securities, in cash or otherwise.

The restrictions described in the immediately preceding paragraph do not apply to:

- transactions relating to the ordinary shares, ADSs or other securities acquired in this offering or acquired in open market transactions after the completion of this offering.

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The foregoing lock-up period will be extended under certain circumstances. If (1) during the last 17 days of the applicable lock-up period, we issue an earnings release or material news or a material event relating to us occurs; or (2) prior to the expiration of the applicable lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the applicable lock-up period, the lock-up will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

To facilitate this offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs. Specifically, the underwriters may sell more ADSs than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ADSs available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs compared to the price available under the over-allotment option. The underwriters may also sell ADSs in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in this offering. In addition, to stabilize the price of the ADSs, the underwriters may bid for, and purchase, ADSs in the open market. Finally, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing the ADSs in this offering, if the syndicate repurchases previously distributed ADSs to cover syndicate short positions or to stabilize the price of the ADSs. Any of these activities may stabilize or maintain the market price of the ADSs above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

From time to time, the underwriters may have provided, and may continue to provide, investment banking and other financial advisory services to us.

We and the selling shareholders have agreed to indemnify the underwriters against certain liabilities, including liabilities' under the Securities Act.

At our request, the underwriters have reserved for sale, at the initial public offering price, up to ADSs offered by this prospectus to our directors, officers, employees, business associates and related persons. We will pay all fees and disbursements of counsel incurred by the underwriters in connection with offering the ADSs to such persons. Any sales to these persons will be made by Morgan Stanley & Co. International plc through a directed share program. The number of ADSs available for sale to the general public will be reduced to the extent such persons purchase such reserved ADSs. Any reserved ADSs not so purchased will be offered by the underwriters to the general public on the same basis as the other ADSs offered by this prospectus.

The address of Morgan Stanley & Co. International plc is 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom. The address of Lehman Brothers Inc. is 745 Seventh Avenue, New York, New York 10019, United States of America. The address of CIBC World Markets Corp. is 300 Madison Avenue, 5th Floor, New York, New York 10017, United States of America. The address of Susquehanna Financial Group, LLLP is 401 City Avenue, Suite 220, Bala Cynwyd, PA 19004, United States of America.

Electronic Offer, Sale and Distribution of ADSs

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. The underwriters may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may

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make Internet distributions on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders. Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by any underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Pricing of the Offering

Prior to this offering, there has been no public market for the ordinary shares or ADSs. The initial public offering price is determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price are our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods; and the price-earnings ratios, price-sales ratios and market prices of securities and certain financial and operating information of companies engaged in activities similar to ours.

The estimated initial public offering price range set forth on the cover page of this prospectus is subject to change as a result of market conditions and other factors.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), an offer of the ADSs to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the ADS to the public in that Relevant Member State at any time,

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (d) in any other circumstances which do not require the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive;

provided that no such offer of ADSs shall result in a requirement for the publication by the company of a prospectus pursuant to Article 3 of the Prospectus Directive.

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For the purposes of this provision, the expression an "offer of ADSs to the public" in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom. An offer of the ADSs may not be made to the public in the United Kingdom within the meaning of Section 102B of the Financial Services and Markets Act 2000 (as amended) (FSMA) except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by the company of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority (FSA).

An invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) may only be communicated to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which Section 21 of FSMA does not apply to the company.

All applicable provisions of the FSMA with respect to anything done by the underwriters in relation to the ADSs must be complied with in, from or otherwise involving the United Kingdom.

Japan. The underwriters will not offer or sell any of our ADSs directly or indirectly in Japan or to, or for the benefit of any Japanese person or to others, for re-offering or re-sale directly or indirectly in Japan or to any Japanese person, except in each case pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law of Japan and any other applicable laws and regulations of Japan. For purposes of this paragraph, "Japanese person" means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Hong Kong. Our ADSs may not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to our ADSs may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to our ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) or any rules made under that Ordinance. The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Singapore. This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA; (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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Where the ADSs are subscribed or purchased under Section 275 by a relevant person which is:

- (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the ADSs under Section 275 except:

- (1) to an institutional investor (for corporations, under 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

Cayman Islands. This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares in the Cayman Islands.

People's Republic of China. This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

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EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with the offer and sale of the ADSs by us. With the exception of the SEC registration fee and the Financial Industry Regulatory Authority filing fee, all amounts are estimates.

SEC registration fee	US\$
Nasdaq Global Market listing fee	
Financial Industry Regulatory Authority filing fee	
Printing expenses	
Legal fees and expenses	
Accounting fees and expenses	
Miscellaneous	
Total	<u>US\$</u>

LEGAL MATTERS

The validity of the ADSs and certain other legal matters as to the United States federal and New York law in connection with this offering will be passed upon for us by Latham & Watkins LLP. Certain legal matters as to the United States federal and New York law in connection with this offering will be passed upon for the underwriters by Davis Polk & Wardwell. The validity of the ordinary shares represented by the ADSs offered in this offering and certain other legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder. Legal matters as to PRC law will be passed upon for us by Commerce & Finance Law Offices and for the underwriters by Fangda Partners. Latham & Watkins LLP may rely upon Maples and Calder with respect to matters governed by Cayman Islands law and Commerce & Finance Law Offices with respect to matters governed by PRC law. Davis Polk & Wardwell may rely upon Fangda Partners with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements and the related financial statement schedule for the period from August 7, 2005 to December 31, 2005 and for the year ended December 31, 2006 in this prospectus have been audited by Deloitte Touche Tohmatsu CPA Ltd., an independent registered public accounting firm, as stated in their report appearing herein and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The offices of Deloitte Touche Tohmatsu CPA Ltd. are located at 8/F., Office Tower W2, The Towers, Oriental Plaza, 1 East Chang An Avenue, Beijing 100738, The People's Republic of China.

The statements included in this prospectus under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" and notes to our audited and unaudited consolidated financial statements beginning on page F-1, to the extent they relate to the practices and methodologies management used to determine the fair value of our ordinary shares and stock options on the grant dates, have been reviewed and confirmed by American Appraisal China Limited, an independent appraiser. Management is solely responsible for determining the value of its ordinary shares and share options, and made its value determinations with the assistance of American Appraisal China Limited. The offices of American Appraisal China Limited are located at Room 1506, 15/F Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and securities under the Securities Act with respect to underlying ordinary shares represented by the ADSs, to be sold in this offering. We have also filed with the SEC a related registration statement on F-6 to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement on Form F-1 and its exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon completion of this offering we will be subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. You may also obtain additional information over the Internet at the SEC's website at www.sec.gov.

As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of proxy statements to shareholders, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
AIRMEDIA GROUP INC.

We have audited the accompanying consolidated balance sheets of AirMedia Group Inc. (the "Company"), its subsidiaries, its variable interest entities (the "VIE") and its VIE's subsidiary (collectively the "Group") as of December 31, 2005 and 2006 and the related consolidated statements of operations, shareholders' equity (deficiency) and comprehensive income (loss), and cash flows for the period from August 7, 2005 (Commencement of Operation) to December 31, 2005 and the year ended December 31, 2006, and the related financial statement schedule included in Schedule I. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Group is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2005 and 2006, and the consolidated results of its operations and its cash flows for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related financial statement schedule, when considered in relation to such consolidated financial statements taken as a whole, presents fairly in all material respects, the information set forth therein.

/s/ Deloitte Touche Tohmatsu CPA Ltd.
Beijing, The People's Republic of China
July 17, 2007

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AIRMEDIA GROUP INC.
CONSOLIDATED BALANCE SHEETS
(In U.S. dollars in thousands, except share related data)

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2006</u>
Assets		
Current assets:		
Cash	\$ 2,952	\$ 2,086
Accounts receivable, net of allowance for doubtful accounts of \$Nil, and \$273 in 2005 and 2006	961	5,261
Prepaid concession fees	333	1,204
Other current assets	<u>256</u>	<u>1,377</u>
Total current assets	4,502	9,928
Acquired intangible assets, net	—	4,885
Property and equipment, net	959	4,519
Long term deposits	637	750
Deferred tax assets - noncurrent	<u>273</u>	<u>465</u>
TOTAL ASSETS	<u><u>6,371</u></u>	<u><u>20,547</u></u>
Liabilities		
Current liabilities:		
Notes payable	784	—
Accounts payable	792	2,863
Accrued expenses and other current liabilities	208	1,297
Deferred revenue	123	1,162
Amounts due to related parties	647	2,366
Amounts due to shareholders	<u>—</u>	<u>211</u>
Total current liabilities	<u>2,554</u>	<u>7,899</u>
Non-current liabilities:		
Amounts due to shareholders	211	—
Deferred tax liability—noncurrent	<u>—</u>	<u>1,612</u>
Total liabilities	<u>2,765</u>	<u>9,511</u>
Commitments (Note 20)		
Minority interest		
Series A convertible redeemable preferred shares (\$0.001 par value; 37,600,000 and 37,600,000 shares authorized and 37,600,000 and 37,600,000 shares issued and outstanding in 2005 and 2006, respectively)	12,296	13,736
Series A subscription receivable	<u>(6,000)</u>	<u>(2,920)</u>
Shareholders' equity		
Ordinary shares (\$0.001 par value; 162,400,000 shares authorized in 2005 and 2006; 62,400,000 shares issued and outstanding in 2005 and 2006 respectively)	62	62
Ordinary shares subscription receivable	<u>(62)</u>	<u>(62)</u>
Statutory reserve	—	102
Accumulated deficit	(2,698)	(174)
Accumulated other comprehensive income	<u>8</u>	<u>293</u>
Total shareholders' equity (deficiency)	<u>(2,690)</u>	<u>221</u>
TOTAL LIABILITIES, MINORITY INTEREST, SERIES A CONVERTIBLE REDEEMABLE PREFERRED SHARES, AND SHAREHOLDERS' EQUITY (DEFICIENCY)	<u><u>\$ 6,371</u></u>	<u><u>\$ 20,547</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

AIRMEDIA GROUP INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In U.S. dollars in thousands, except share related data)

	For the period from August 7, 2005 to December 31, 2005	For the year ended December 31, 2006
Revenues	\$ 1,350	\$ 18,896
Business tax and other sales tax	(2)	(961)
Net revenues	<u>1,348</u>	<u>17,935</u>
Cost of revenues	<u>3,189</u>	<u>10,040</u>
Gross profit (loss)	<u>(1,841)</u>	<u>7,895</u>
Operating expenses:		
Selling and marketing	461	2,751
General and administrative	376	1,293
Total operating expenses	<u>837</u>	<u>4,044</u>
Income/(loss) from operations	(2,678)	3,851
Interest income	<u>3</u>	<u>17</u>
Income/(loss) before income taxes and minority interest	<u>(2,675)</u>	<u>3,868</u>
Income tax benefits	273	197
Net income/(loss) before minority interest	<u>(2,402)</u>	<u>4,065</u>
Minority interest	<u>—</u>	<u>1</u>
Net income (loss)	<u>(2,402)</u>	<u>4,066</u>
Deemed dividend on series A convertible redeemable preferred shares - Accretion of redemption premium	<u>(296)</u>	<u>(1,440)</u>
Net income/(loss) attributable to holders of ordinary shares	<u>(2,698)</u>	<u>2,626</u>
Net income/(loss) per ordinary share - basic and diluted	<u>\$ (0.04)</u>	<u>\$ 0.03</u>
Net income per preferred share - basic	<u>\$ 0.01</u>	<u>\$ 0.06</u>
Shares used in calculating net income/(loss) per ordinary share - basic and diluted	<u>62,400,000</u>	<u>62,400,000</u>
Shares used in calculating net income per preferred share - basic	<u>37,600,000</u>	<u>37,600,000</u>
Pro forma net income per share on an as converted basis, basic (unaudited) (Note 2)	<u> </u>	<u> </u>
Pro forma net income per share on an as converted basis, diluted (unaudited) (Note 2)	<u> </u>	<u> </u>
Shares used in calculating pro forma per share amounts on an as converted basis, basic (unaudited) (Note 2)	<u> </u>	<u> </u>
Shares used in calculating pro forma per share amounts on an as converted basis, diluted (unaudited) (Note 2)	<u> </u>	<u> </u>

The accompanying notes are an integral part of these consolidated financial statements.

AIRMEDIA GROUP INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY) AND COMPREHENSIVE INCOME (LOSS)
(In U.S. dollars in thousands, except share data)

	Ordinary shares		Subscription receivable	Statutory reserve	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity (deficiency)	Comprehensive income (loss) for the period/year
	Shares	Amount						
Balance as of August 7, 2005	—	—	—	—	—	—	—	—
Issuance of ordinary shares	62,400,000	\$ 62	\$ (62)	—	—	—	—	—
Deemed dividend on series A convertible redeemable preferred shares - Accretion of redemption premium	—	—	—	—	\$ (296)	—	\$ (296)	—
Foreign currency translation adjustment	—	—	—	—	—	\$ 8	8	\$ 8
Net loss	—	—	—	—	(2,402)	—	(2,402)	(2,402)
Balance as of December 31, 2005	62,400,000	62	(62)	—	(2,698)	8	(2,690)	(2,394)
Deemed dividend on series A convertible redeemable preferred shares-Accretion of redemption premium	—	—	—	—	(1,440)	—	(1,440)	—
Provision for statutory reserve	—	—	—	102	(102)	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	285	285	285
Net income	—	—	—	—	4,066	—	4,066	4,066
Balance as of December 31, 2006	<u>62,400,000</u>	<u>\$ 62</u>	<u>\$ (62)</u>	<u>\$ 102</u>	<u>\$ (174)</u>	<u>\$ 293</u>	<u>\$ 221</u>	<u>\$ 4,351</u>

The accompanying notes are an integral part of these consolidated financial statements.

AIRMEDIA GROUP INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars in thousands)

	For the period from August 7, 2005 to December 31, 2005	For the year ended December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (2,402)	\$ 4,066
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Minority interest	—	(1)
Allowance for doubtful accounts	—	268
Depreciation and amortization	318	522
Changes in assets and liabilities		
Accounts receivable	(960)	(4,455)
Prepaid concession fees	(332)	(844)
Other current assets	(256)	(1,083)
Long term deposit	(636)	(97)
Accounts payable	791	1,829
Amounts due to related party	133	12
Amounts due to shareholder	10	—
Accrued expenses and other current liabilities	208	985
Deferred revenue	122	1,015
Deferred tax assets	(273)	(197)
Net cash provided by (used in) operating activities	<u>(3,277)</u>	<u>2,020</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(762)	(3,377)
Purchase of intangible assets	—	(1,969)
Net cash used in investing activities	<u>(762)</u>	<u>(5,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayment of) note payables	784	(795)
Proceeds from amounts due to shareholders	200	—
Proceeds from issuance of series A convertible redeemable preferred shares	6,000	3,080
Net cash provided by financing activities	<u>6,984</u>	<u>2,285</u>
Effect of exchange rate changes	7	175
NET INCREASE (DECREASE) IN CASH	2,952	(866)
CASH, BEGINNING OF PERIOD	—	2,952
CASH, END OF YEAR	<u>\$ 2,952</u>	<u>\$ 2,086</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION NON-CASH INVESTING ACTIVITIES:		
Amount due to related party for acquisition of intangible assets (Note 4 and 21)	\$ —	\$ 1,341
Fair value of property and equipment acquired in exchange of advertising services rendered	<u>\$ 5</u>	<u>\$ 699</u>

The accompanying notes are an integral part of these consolidated financial statements.

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1. ORGANIZATION AND PRINCIPAL ACTIVITIES***Introduction of the Group***

AirMedia Group Inc. ("AirMedia" or the "Company") was incorporated in the Cayman Islands on April 12, 2007. Through a share swap with Broad Cosmos Enterprises, Ltd. ("Broad Cosmos"), an entity under common control of AirMedia, AirMedia became the holding company for the group of companies as described below.

AirMedia, its subsidiaries, its variable interest entities ("VIEs") and VIE's subsidiary (collectively referred to "AirMedia and its subsidiaries" or the "Group") operate air travel TV media network in the People's Republic of China ("PRC") with exclusive contracts and concession rights to operate digital displays in the major airports in the PRC, and on the airplanes operated by major airline companies in the PRC.

As of December 31, 2006, details of the Group's subsidiaries, VIEs and VIE's subsidiary are as follows:

<u>Name</u>	<u>Date of incorporation/ acquisition</u>	<u>Place of incorporation</u>	<u>Percentage of economic ownership</u>
Intermediate Holding Company:			
Broad Cosmos	June 26, 2006	British Virgin Islands ("BVI")	100%
Subsidiaries:			
AirMedia Technology Co., Ltd. ("AM Technology")	September 19, 2005	PRC	100%
Shenzhen AirMedia Technology Co., Ltd. ("Shenzhen AM")	June 6, 2006	PRC	100%
VIEs:			
Beijing Shengshi Lianhe Advertising Co., Ltd. ("Shengshi Lianhe")	August 7, 2005	PRC	100%
Beijing AirMedia Advertising Co., Ltd. ("AM Advertising")	November 22, 2005	PRC	100%
VIE's subsidiary:			
Beijing AirTV United Media & Culture Co., Ltd. ("AirTV United")	October 10, 2006	PRC	75%

The VIE arrangements

Chinese regulations currently limit foreign ownership of companies that provide advertising services, including out-of-home television advertising services. Since December 30, 2005, foreign investors have been permitted to own directly a 100% interest in PRC advertising companies if the foreign investor has at least three years of direct operations outside of PRC.

However, since the Group has not been involved in the direct operation of the advertising business outside of the PRC, the PRC subsidiaries of the Group, AM Technology and Shenzhen AM, which are considered foreign-invested, are currently ineligible to apply for the required advertising service licenses in the PRC.

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The Group therefore conducts substantially all of its activities through Shengshi Lianhe and AM Advertising (the "VIEs") and the VIEs' subsidiary. The VIEs have entered into a series of agreements with AM Technology in November 2005:

- **Technology support and service agreement:** AM Technology provides exclusive technology supports and consulting services to the VIEs and VIEs are required to pay AM Technology for the technical and consulting services they are provided. The VIEs pay to AM Technology annual service fees in the amount determined by VIEs and AM Technology on negotiation basis each year.
- **Technology development agreement:** VIEs exclusively engage AM Technology to provide technology development services. AM Technology owns the intellectual property rights developed in the performance of these agreements. The VIEs pay to AM Technology annual service fees in the amount determined by VIEs and AM Technology on negotiation basis each year.
- **Call option agreement:** Under the call option agreements, the shareholders of VIEs irrevocably granted AM Technology or its designated third party an exclusive option to purchase from VIEs' shareholders, to the extent permitted under PRC law, all the equity interests in the VIEs, as the case may be, for the minimum amount of consideration permitted by the applicable law without any other conditions. In addition, AM Technology will act as guarantor of VIEs in all operation related contracts, agreements and transactions and commit to provide loans to support the business development needs of VIEs or when the VIEs are suffering operating difficulties. No such guarantee or loans were provided as of December 31, 2006.
- **Equity pledge agreement:** Under the equity pledge, the shareholders of the VIEs pledged all of their equity interests, including the right to receive declared dividends, in the VIEs to AM Technology to guarantee VIEs' performance of its obligations under the technology support and service agreement and the technology development agreement.
- **Authorization letter:** Each shareholder of the VIEs has executed an authorization letter to authorize AM Technology to exercise certain of its rights, including voting rights, the rights to enter into legal documents and the rights to transfer any or all of its equity interest in the VIEs. Such authorization letters will remain effective during the operating periods of the VIEs.

Through the above contractual arrangements, AM Technology has obtained 100% of shareholders' voting interest in the VIEs and has the right to receive all dividends declared and paid by the VIEs. As a result, AM Technology receives substantially all of the VIEs' expected residual returns and holds variable interests in the VIEs. Since AM Technology is the primary beneficiary of the VIE arrangement, it consolidates the VIEs under Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 46(R), "Consolidation of Variable Interest Entities—an interpretation of ARB No. 51", which requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties.

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History of the Group and corporate reorganization

The Group's history began with the commencement of operation by the following shareholders in Shengshi Lianhe ("Shengshi"), a company registered in the PRC, on August 7, 2005. Prior to the commencement of operations, Shengshi Lianhe had no assets, no liabilities and no operations. It was incorporated on March 12, 2001.

Beneficiary owners	Percentage of ownership
Mr. Guo, Man ("Guo, Man")	79.86%
Mr. Xu, Qing ("Xu, Qing")	11.94%
Mr. Zhang, Xiaoya ("Zhang, Xiaoya")	8.20%

Shengshi Lianhe began to enter into concession right agreements with airports and airlines to display advertising at those airports and on airplanes.

In October 2005, Guo, Man, Xu, Qing and Zhang, Xiaoya, (collectively the "founding shareholders") and CDH China Management Company Limited entered into a legally binding agreement (the "2005 Agreement"), according to which CDH China Growth Fund II L.P. or its affiliate (collectively "CDH"), became an investor through the ownership of convertible preferred shares. CDH is a third party private equity fund. Under this 2005 Agreement:

- (i) the founding shareholders obtained 100% of the common stock issued and outstanding in AM Technology, which entered into a VIE arrangement with Shengshi in November, 2005, and any new entities formed in the Group. Assuming the conversion of the convertible preferred interest held by CDH into ordinary shares, the founding shareholders would hold 62.4% of total ordinary shares.
- (ii) CDH agreed to contribute US\$12,000 cash into the business in return for a convertible redeemable preferred share interest, which represents 37.6% of the total equity interest in AM Technology on an if converted basis and in any new entities formed in the Group (see Note 15).

Upon CDH's investment, the equity interest structure of AM Technology on and as converted basis was as follows:

Beneficiary owners	Percentage of ownership
Guo, Man	49.83%
Xu, Qing	7.45%
Zhang, Xiaoya	5.12%
CDH	37.60%
Total	100%

In anticipation of making such an investment, in August 2005, CDH had established AirMedia (China) Ltd. in Hong Kong with 100% ownership through AM International, a wholly owned BVI company and in September 2005, AirMedia (China) Ltd. established a wholly owned PRC subsidiary, AM Technology.

There was no change in control of the underlying business of Shengshi Lianhe before and after CDH became a shareholder of AM Technology and this has been treated as a recapitalization of the Shengshi Lianhe business with no change in basis.

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Subsequently, CDH has subscribed in cash for its convertible preferred share interest as and when called upon to do so and as of December 31, 2006 had subscribed \$9,080 out of the total cash consideration of \$12,000.

Broad Cosmos was incorporated in the BVI on June 26, 2006 for the purpose of holding a 100% equity interest in AM Technology and other subsidiaries and VIEs formed subsequent to the incorporation of AM Technology.

In March 2007, Broad Cosmos executed a share split which made total ordinary shares issued and outstanding 62,400,000.

On April 12, 2007, the shareholders of Broad Cosmos incorporated AirMedia in the Cayman Islands as a new holding Company of Broad Cosmos and executed a 1 to 1 share swap between Broad Cosmos and AirMedia. As a result, AirMedia has become the holding company of Broad Cosmos and its subsidiaries, its VIEs and its VIE's subsidiary. The impact of this share split and share swap has been retroactively reflected in the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, its VIEs and its VIE's subsidiary. All inter-company transactions and balances have been eliminated upon combination.

(c) Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenue and expenses in the financial statements and accompanying notes. Significant accounting estimates reflected in the Group's financial statements include allowance for doubtful accounts, the useful lives of and impairment for property and equipment and intangible assets, and valuation allowance for deferred tax assets. Actual results could differ from those estimates.

(d) Significant risks and uncertainties

The Group participates in a dynamic industry and believes that changes in any of the following areas could have a material adverse effect on the Group's future financial position, results of operations, or cash flows: the Group's limited operating history; advances and trends in new technologies and industry standards; competition from other competitors; regulatory or other PRC related factors; and risks associated with the Group's ability to attract and retain employees necessary to support its growth; risks associated with the Group's growth strategies; and general risks associated with the advertising industry.

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(e) Property and equipment, net

Property and equipment, net is carried at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated on a straight-line basis over the following estimated useful lives:

Digital display network equipment	5 years
Furniture and fixture	5 years
Computer and office equipment	5 years
Vehicle	5 years
Leasehold improvement	Shorter of the term of the lease or the estimated useful lives of the assets

(f) Impairment of long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. When these events occur, the Group measures impairment by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss based on the fair value of the assets.

(g) Acquired intangible assets

Acquired intangible asset represents a TV program production and operation license ("TV program license"), which is carried at cost less accumulated amortization. The license has perpetual life but is subject to annual compliance review by a government agency. The Company determined the license has an estimated economic useful life of 20 years and computed the amortization using the straight-line method.

(h) Revenue recognition

The Group's revenues are derived from selling advertising time slots on the Group's air travel digital media network. For the period from August 7, 2005 to December 31, 2005 and year ended December 31, 2006, substantially all of the advertising revenues are generated from digital TV screens in airports and digital TV screens on airlines.

The Group typically signs standard contracts with its advertising customers, who require the Group to run the advertiser's advertisements on the Group's network in specified airports and on specified airplanes for a period of time. The Group recognizes advertising revenues ratably over the performance period for which the advertisements are displayed, so long as collection of the fees remains probable.

Deferred revenue

Prepayments from customers for advertising service are deferred and recognized as revenue when the advertising services are rendered.

Non-monetary exchanges

The Group periodically exchange advertising time slots with other entities for assets or services, such as digital screen network equipment and office rental. Consistent with the guidance in APB Opinion No.29

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Accounting for nonmonetary transactions as amended by FASB Statement No. 153 Exchanges of nonmonetary assets, an amendment of APB Opinion No.29, such transactions are accounted for as nonmonetary exchange, and based on guidance in EITF 99-17, Accounting for Advertising Barter Transactions, we recognize revenue and assets/expenses of the exchanges based on the fair value of the advertising provided, which can be determined based on our own historical practice of receiving cash. For the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, the amounts of revenue recognized for nonmonetary transactions were \$34 and 759, respectively. No direct costs are attributable to the revenues.

(i) Business tax and other sale related taxes

The Group's PRC subsidiary and VIEs are subject to business tax and other sale related taxes at the rate of 8.5% on total revenues after deduction of certain costs of revenues permitted by the PRC tax laws. Business tax is recorded as a deduction to revenue when incurred.

(j) Concession fees

The Group entered concession right agreements with airports and airlines, under which the Group has the right to use the spaces or equipment of the airports and airlines to display the advertisements. The concession right agreement is treated as an operating lease arrangement.

Fees under concession right agreements with airports and airlines are usually due every three or six months. Payments made are recorded as current assets and current liabilities according to the respective payment terms. Most of the concession fees are fixed with escalation, which means fixed increase over each year of the agreement. The total concession fee under each concession right agreement is charged to the consolidated statements of operations on a straight-line basis over the agreement periods, which is generally between three and five years.

(k) Agency fees

The Group pays fees to advertising agencies based on certain percentage of revenue made through the advertising agencies upon receipt of payment from advertisers. The agency fees are charged to cost of revenues in the consolidated statement of operation ratably over the period in which the advertising is displayed. Prepaid and accrued agency fees are recorded as current assets and current liabilities according to relative timing of payments made and advertising service provided.

(l) Other operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating lease. Payments made under operating leases are charged to the consolidated statements of operations on a straight-line basis over the lease periods.

(m) Advertising costs

The Group expenses advertising costs as incurred. Total advertising expenses were \$1 and \$239 for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, respectively, and have been included as part of selling and marketing expenses.

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(n) Foreign currency translation

The functional and reporting currency of AirMedia is the United States dollar ("US dollar"). Monetary assets and liabilities denominated in currencies other than the US dollar are translated into the US dollar at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the US dollar during the year are converted into US dollar at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the statements of operations.

The financial records of the Group's subsidiaries, its VIEs and its VIE's subsidiary located in the PRC are maintained in its local currency, the Renminbi ("RMB"), which is the functional currency of these entities. Assets and liabilities are translated using the exchange rates in effect on the balance sheet date. Equity accounts are translated at historical exchange rates. Revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive income in the accompanying consolidated statements of shareholders' equity (deficiency) and comprehensive income (loss).

(o) Income taxes

Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net operating loss carry forwards and credits, by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws and regulations applicable to the Group as enacted by the relevant tax authorities.

In June 2006, the FASB issued Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109*. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006, with early adoption permitted. The Group has elected to early adopt FIN 48 from August 7, 2005 as no prior year audited consolidated financial statements of the Group have been issued before. The adoption of FIN 48 had no significant impact on the Group's accounting for income taxes for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006.

(p) Comprehensive income (loss)

Comprehensive income (loss) includes net income (loss) and foreign currency translation adjustments. Comprehensive income (loss) is defined as the change in equity during a period from transactions and other events and circumstances except for transactions resulting from investments by shareholders and distributions to shareholders.

(q) Concentration of credit risk

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of cash and accounts receivable. The Group places their cash with financial institutions with high-credit ratings and quality.

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The Group conducts credit evaluations of customers and generally do not require collateral or other security from their customers. The Group establishes an allowance for doubtful accounts primarily based upon the age of the receivables and factors relevant to determining the credit risk of specific customers. The amount of receivables ultimately not collected by the Group has generally been consistent with management's expectations and the allowance established for doubtful accounts.

Details of the customers accounting for 10% or more of total revenues are as follow:

Customer	For the period from August 7, 2005 to December 31, 2005	For the year ended December 31, 2006
	%	%
A	15.52	3.06
B	10.76	2.62

Details of the customers accounting for 10% or more of accounts receivable are as follow:

Customer	As of December 31,	
	2005	2006
	%	%
A	21.83	—
B	15.14	—
C	—	11.52

(r) Fair value of financial instruments

The carrying amounts of accounts receivable, accounts payable, amounts due to related parties, amounts due to shareholders and notes payable approximate their fair values due to the short-term maturity of these instruments.

(s) Net income/(loss) per share

In accordance with SFAS No. 128 ("SFAS 128"), "Computation of Earnings Per Share," and EITF 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128", basic net income (loss) per share are computed by dividing net income/(loss) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year using the two-class method. Under the two-class method, net income is allocated on a pro rata basis to each class of ordinary shares and other participating securities based on their participating rights. Net losses applicable to holders of ordinary shares are allocated to ordinary shares because the Series A preferred shares are not contractually obligated to participate in sharing losses.

The holders of Series A preferred shares are entitled to share dividends on a pro rata basis, as if their shares had been converted into ordinary shares. Accordingly, the Group has used the two-class method in computing net income (loss) per share.

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(t) Unaudited pro forma net income (loss) per share

Pro forma basic and diluted income (loss) per share is computed by dividing income (loss) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding for the year plus the number of ordinary shares resulting from the assumed conversion upon the closing of the planned initial public offering of the outstanding Series A and Series B convertible preferred shares.

(u) Recently issued accounting standards

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements*. This statement defines fair value, establishes a framework of measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements to be issued for fiscal years beginning after November 15, 2007. The Group does not expect the adoption of SFAS No. 157 to have a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 provides entities with an option to report selected financial assets and liabilities at fair value, with the objective to reduce both the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective for financial statements to be issued for fiscal years beginning after November 15, 2007. The Group does not expect the adoption of SFAS No. 159 to have a material impact on its financial statements.

3. SEGMENT INFORMATION AND REVENUE ANALYSIS

The Group is mainly engaged in selling air-traveling television advertising time slots on their network of television screens located in high traffic airports and on airplanes of airline companies throughout PRC.

In accordance with SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information*, the Group chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group; hence, the Group has only one operating segment. The Group has internal reporting that does not distinguish between markets or segments.

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Geographic information

The Group operates in the PRC and all of the Group's long-lived assets are located in the PRC. Although the Group operates through multiple airports and airlines in PRC which include Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu etc, it believes it operates in one segment as all airports and airlines provide selling air-traveling television advertising time slots to the customers and advertisers. Accordingly all financial segment information can be found in the consolidated financial statements.

	December 31,	
	2005	2006
Revenues:		
Digital TV screens in airports	\$ 887	\$10,502
Digital TV screens on airplanes	405	4,868
Other displays	58	3,526
	<u>\$1,350</u>	<u>\$18,896</u>

4. ACQUISITION

On October 10, 2006, the Group, through AM Advertising, acquired 75% equity interest of AirTV United with cash consideration of \$3,310. AirTV United had no material assets and liabilities and was inactive other than holding a TV program license, which is authorized by China National TV & Movie Broadcasting Bureau. This license allows editing, producing and operating non-advertising programs that are displayed on TV. The following table presents the allocation of the acquisition costs:

		Amortization period
Total consideration	\$3,310	
Less: cash acquired	<u>(1)</u>	
Cost allocated to TV program license	3,309	
Plus: deferred income tax liability recognized	<u>1,631</u>	
Total acquired intangible asset cost initially recognized	<u>\$4,940</u>	20 years

The 25% interest held by other shareholders of AirTV United is recorded as minority interest in the consolidated balance sheets and consolidated statement of operations.

As of December 31, 2006, \$1,969 was paid out of the total consideration of \$3,310. The remaining balance of \$1,341 was recorded as amount due to related party as set out in Note 21(c).

The pro forma effects of the AirTV United acquisition as if the acquisition had occurred on January 1, 2006 on the Group's consolidated financial statements were immaterial as this entity has no other significant business transactions other than holding this license.

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5. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	December 31,	
	2005	2006
Billed receivable	\$537	\$1,062
Unbilled receivable	424	4,199
	\$961	\$5,261

Unbilled receivable represents amounts earned under advertising contracts in progress but not billable at the respective balance sheet dates. These amounts become billable according to the contract term. The Group anticipates that substantially all of such unbilled amounts will be billed and collected within twelve months of the balance sheet dates.

Movement of allowance for doubtful accounts is as follows:

	Balance at Beginning of the period	Charge to expenses	Reductions	Exchange adjustment	Balance at end of the period
2005	—	—	—	—	—
2006	—	\$ 268	—	5	\$ 273

6. OTHER CURRENT ASSETS

Other current assets consist of the follows:

	December 31,	
	2005	2006
Prepaid agency fees	\$ 75	\$ 662
Advances to employees	61	544
Short-term deposits	22	146
Other prepaid expenses	98	25
	\$256	\$1,377

Short-term deposits primarily consist of prepaid deposit for leasing office space.

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7. LONG-TERM DEPOSITS

Long term deposits consist of the follows:

	December 31,	
	2005	2006
Concession fee deposits	\$587	\$699
Office rental deposits	50	51
	<u>\$637</u>	<u>\$750</u>

Concession fee deposits normally have terms of three to five years and are refundable at the end of the concession terms. Office rental deposits normally have terms of two to three years and are refundable at the end of the lease term.

The long term deposits are not within the scope of Accounting Principles Board Opinion No. 21, *Interests on Receivables and Payables*, because they are intended to provide security for the counterparty to the concession rights or office rental agreements. Therefore, the deposits are recorded at costs.

8. ACQUIRED INTANGIBLE ASSETS, NET

The TV program license (Note 4) is amortized on straight-line basis over 20 years, the estimated useful life. The amortization expense of the license was \$55 for the year ended December 31, 2006. The balance of the license is as follows:

	December 31,	
	2005	2006
TV program license	—	\$ 4,940
Less: accumulated amortization	—	(55)
	<u>—</u>	<u>\$ 4,885</u>

9. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the follows:

	December 31,	
	2005	2006
Digital display network equipment	\$ 943	\$4,835
Computer and office equipment	127	167
Vehicle	141	186
Leasehold improvement	45	110
Furniture and fixture	21	26
	1,277	5,324
Less: accumulated depreciation and amortization	(318)	(805)
	<u>\$ 959</u>	<u>\$4,519</u>

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10. NOTES PAYABLE

On September 10, 2005, the Group issued, through a VIE, a note in the amount of \$223 from an unrelated individual. The borrowings were non-interest bearing and uncollateralized. The note was fully paid off by August 2006.

On September 28, 2005, the Group issued, through a VIE, a note in the amount of \$558 from an unrelated individual. The borrowings were non-interest bearing and uncollateralized. The note was fully paid off by August 2006.

On September 28, 2005, the Group issued, through a VIE, a note in the amount of \$3 from an unrelated individual. The borrowings were non-interest bearing and uncollateralized. The note was fully paid off by August 2006.

11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the follows:

	December 31,	
	2005	2006
Other tax payable	\$ 9	\$ 948
Accrued professional fees	84	127
Accrued payroll and welfare	106	114
Others liabilities	9	108
	<u>\$208</u>	<u>\$1,297</u>

Others liabilities primarily consist of miscellaneous general and administrative expenses incurred but not yet paid.

12. AMOUNTS DUE TO SHAREHOLDERS

The balance represents borrowings from shareholders. The borrowings were non-interest bearing, uncollateralized and without specific repayment terms. The balance was recorded as noncurrent liability as of December 31, 2005 and current liability as of December 31, 2006 as management intends to fully repay the amount in 2007.

13. INCOME TAXES

AirMedia is a tax-exempted company incorporated in the Cayman Islands.

Broad Cosmos is a tax-exempted company incorporated in the British Virgin Islands.

Shengshi Lianhe, Shenzhen AM and AirTV United, are registered in the PRC, are all subject to PRC Enterprise Income Tax (EIT) on the taxable income in accordance with the relevant PRC income tax laws. EIT rate for companies operating in the PRC is 33%.

AM Technology qualifies as a "new or high-technology enterprise" located in a high-tech zone in Beijing and, therefore, is entitled to a three-year exemption from EIT from year 2006 to 2008, a preferential tax rate of

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7.5% from year 2009 to 2011, and a preferential tax rate of 15% thereafter as long as it continues to qualify as a "new or high-technology enterprise".

AM Advertising is subject to zero percent income tax for year 2006 and 2007 pursuant to a tax incentive policy granted by the local tax authority in Beijing.

Income tax benefits are as follows:

	<u>December 31,</u>	
	<u>2005</u>	<u>2006</u>
Income taxes benefits:		
Current	\$ —	\$ —
Deferred	273	197
Total	<u>\$273</u>	<u>\$197</u>

The principal components of the Group's deferred income tax assets and liabilities are as follows:

	<u>December 31,</u>	
	<u>2005</u>	<u>2006</u>
Deferred tax assets:		
Non-current		
Depreciation of property and equipment	\$ 32	\$ 71
Start-up cost	11	8
Allowance for doubtful accounts	—	81
Net operating loss carryforwards	230	305
Total deferred tax assets	<u>\$273</u>	<u>\$ 465</u>
Valuation allowance	—	—
Net deferred tax assets	<u>\$273</u>	<u>\$ 465</u>
Deferred tax liabilities:		
Non-current		
Acquired intangible assets	—	1,612
Total deferred tax liabilities	<u>—</u>	<u>\$1,612</u>

As management believes that the Group will generate taxable PRC statutory income in the near future and it is more likely than not that all of the deferred tax assets will be realized, no valuation allowance has been established for the deferred tax assets at December 31, 2005 and 2006.

The net operating loss carry forwards for the PRC subsidiaries expire on various dates through 2012.

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Reconciliation between the provision for income taxes computed by applying the PRC EIT rate of 33% to income before income taxes and the actual provision of income taxes is as follows:

	December 31,	
	2005	2006
Net income before provision for income taxes	\$(2,675)	\$ 3,868
PRC statutory tax rate	33%	33%
Income tax at statutory tax rate	(883)	1,277
Expenses not deductible for tax purposes:		
Entertainment expenses exceeded the tax limit	17	96
Payroll expenses exceeded the tax limit	30	82
Education expenses exceeded the tax limit	—	6
Deemed interest income	—	100
Effect of income tax exemptions in a VIE	—	(1,784)
Effect of income tax rate difference in other jurisdictions	563	26
Income tax benefits	\$ (273)	\$ (197)
Effective tax rates	10.2%	(5.1%)

If AM Advertising was not in a tax holiday period from August 7, 2005 to December 31, 2005 and the year end December 31, 2006, net income/(loss) per share amounts would be as follows:

	2005	2006
Changes in income tax expenses	—	\$1,685
Net income/(loss) per ordinary share-basic	—	\$ 0.01
Net income/(loss) per ordinary share-diluted	—	\$ 0.01
Net income/(loss) per preferred share-basic and diluted	—	\$ 0.05

As a result of the adoption of FIN 48 for the periods presented in this consolidated financial statements, the Group did not identify significant unrecognized tax benefits for the period from August 7, 2005 to December 31, 2005 and the year end December 31, 2006. The Group did not incur any interest and penalties related to potential underpaid income tax expenses and also believed that the adoption of FIN 48 does not have a significant impact on the unrecognized tax benefits within 12 months from December 31, 2006.

Since the commencement of operations in August 2005, the relevant tax authorities of the Group's subsidiaries in PRC have not conducted a tax examination. As such, the Group's subsidiaries, VIEs and VIE's subsidiary are subject to tax audits at the tax authority's discretion.

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14. NET INCOME/(LOSS) PER SHARE

For the above mentioned periods, the Group had securities outstanding which could dilute basic income/(loss) per share for the period indicated:

	For the period from August 7, 2005 to December 31, 2005	For the Year ended December 31, 2006
Net income/(loss)	\$ (2,402)	\$ 4,066
Deemed dividend on Series A convertible redeemable preferred shares—Accretion of redemption premium	(296)	(1,440)
Net income/ (loss) attributable to holders of ordinary shares	<u>(2,698)</u>	<u>2,626</u>
Numerator used in basic and diluted net Income/(loss) per share:		
Net income/(loss) allocated for computing net Income/(loss) per ordinary share—basic	<u>\$ (2,698) (i)</u>	<u>\$ 1,639(ii)</u>
Net income/(loss) allocated for computing net Income/(loss) per preferred share—basic	296(i)	2,427(ii)
Net income/(loss) used in calculating Income/(loss) per ordinary share— diluted	<u>(2,698)</u>	<u>1,639</u>
Shares (denominator):		
Weighted average ordinary shares outstanding used in computing net income/(loss) per ordinary share—basic	<u>62,400,000 (iii)</u>	<u>62,400,000 (iii)</u>
Weighted average ordinary and preferred shares Outstanding used in computing net income/(loss) per ordinary share—diluted	<u>62,400,000 (iv)</u>	<u>62,400,000 (iv)</u>
Weighted average shares outstanding used in computing net income/(loss) per preferred share—basic	<u>37,600,000</u>	<u>37,600,000</u>
Net income/(loss) per ordinary share—basic and diluted	<u>\$ (0.04)</u>	<u>\$ 0.03</u>
Net income/(loss) per preferred share—basic	<u>\$ 0.01</u>	<u>\$ 0.06</u>

- (i) In 2005, since the Series A preferred shares were not obligated to participate in sharing in losses of the Group, all the net loss attributable to ordinary shares were allocated to ordinary shareholders.
- (ii) In 2006, the net income attributable to holders of ordinary shares was allocated between ordinary shares and preferred shares on pro rata basis on the dividend participant rights. Since each Series A preferred share has the same participating right as each ordinary shares, the allocation was based on the number of ordinary shares and Series A preferred shares issued. The net income allocated for computing net income per preferred share-basic also contain the deemed dividend for accretion of the redemption premium.
- (iii) The proceeds for subscription of ordinary shares were paid off in June 2007 (see Note 17). However, since the unpaid ordinary shares were entitled to full rights, such as right to participate in dividends, for the period from August 7, 2005 to December 31, 2005 and the year end December 31, 2006, they are included in computation of net income (loss) per share.
- (iv) The Group had securities outstanding which could potentially dilute basic net income/(loss) per share in the future, but which were excluded from the computation of diluted net income/(loss) per share in the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, as their effects would have been anti-dilutive. Such outstanding securities consist of 37,600,000 shares on Series A preferred shares in 2005 and 2006.

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15. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On October 18, 2005, CDH, the founding shareholders and AM Technology entered into an agreement whereby CDH purchased an aggregate of \$12,000 of the Series A convertible redeemable preferred share interest in AM Technology, representing 37.6% voting power in the Group.

The preferred share interest in AM Technology was subsequently replaced with the preferred shares representing the same interest in Broad Cosmos, which subsequently became the corresponding number of preferred shares in AirMedia through share swap.

Of the total consideration amount, US\$6,000 and US\$3,080 were contributed into the Group in 2005 and 2006, respectively, at the discretion of the management of the Group. The remaining balance of US\$2,920 was paid in February 2007.

The significant terms of Series A Preferred Shares are as follows.

Dividends

If the Group declares and pays any dividends on the ordinary shares, then, holders of Series A Preferred Shares shall be entitled to share in such dividends on a pro rata basis, as if their shares have been converted into ordinary shares.

Liquidation preference

In the event of any liquidation event, the shareholders of the series A preferred share would be entitled to receive in preference to the shareholders of the ordinary shares an amount per Series A Preferred Shares equal to the Series A issue price plus all accrued or declared but unpaid dividends. After full preference amount has been paid on all the shares of the Series A Preferred Shares, any remaining funds or assets of the Group legally available for distribution to shareholders shall be distributed pro rata among the holders of the Series A Preferred Shares (on an as-if-converted basis) together with the holders of the ordinary shares.

Voting rights

Each Series A Share carries a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares. The Series A Preferred Shares generally vote together with the Ordinary Shares and not as a separate class.

Conversion

Each holder of Series A Preferred Shares shall have the right, at such holder's sole discretion, to convert at any time and from time to time all or any portion of the Series A Preferred Shares held by it into ordinary shares. The initial conversion ratio shall be on a one for one basis, subject to certain general anti-dilution adjustments.

The Series A Preferred Shares are automatically converted into ordinary shares upon the closing of a qualified public offering, which means a firm commitment underwritten initial public offering and listing on an internationally recognized stock exchange by the Group of its ordinary shares representing at least 15% of the ordinary shares (on a fully diluted basis immediately prior to such initial public offering) at a price per share implying a pre-money valuation of the Group of at least US\$100 million.

As the effective conversion price exceeded the fair value of ordinary shares on commitment day of October 18, 2005, there was no beneficial conversion feature upon issuance of Series A Preferred Shares.

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Redemption

The Series A Preferred Shares shall be redeemed wholly or in part from time to time at the election of holders of majority Series A Preferred Shares on or after the third anniversary of the date of issuance of the Series A Preferred Shares. The redemption price will be sufficient to yield a 12% annualized effective internal rate of return with respect to the Series A Preferred Shares issue price, computed from the date of issuance of the Series A preferred shares until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon.

The Group accrues the 12% premium over the redemption period as deemed dividends with debits to the accumulated deficit of \$296 and \$1,440 for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, respectively.

16. STOCK BASED COMPENSATION

Pursuant to the 2005 Agreement, in the event that the Group's 2006 audited net income after certain agreed adjustments (the "Adjusted Net Income") defined in the 2005 agreement exceeds the pre-determined 2006 threshold, CDH will transfer to Guo Man, a founder, chairman and the Chief Executive Officer of the Group, 2006 Reward Shares up to 5,000,000 ordinary shares converted from Series A preferred shares, based on a graded vesting increasing schedule, for zero consideration. If the 2006 Reward Shares do not reach the maximum number of shares which is 5,000,000, and if the average Adjusted Net Income of 2006 and 2007 exceeds pre-determined 2007 threshold, then CDH will transfer to Guo Man, the applicable 2007 Reward Shares, based on a graded vesting increasing schedule, for zero consideration, until the aggregate number of 2007 Reward Shares and 2006 Reward Shares equals the maximum number of reward shares, which is 5,000,000.

The Group has determined, with assistance of American Appraisal China Limited, an independent third party, that the fair value of the ordinary share as of the grant date of October 18, 2005 is \$0.20 per share, and the total share-based compensation would have been \$1 million had the maximum performance threshold is reached and maximum number of shares are issued at the end.

The valuation analyses utilize and consider generally accepted valuation methodologies and may require significant judgment. In arriving the fair market value of the equity interest of the entity, the independent appraiser considers the income approach (Discounted Cash Flow method, or "DCF") and market approach (Enterprise Value ("EV")/EBITDA and EV/Net Sales) as outlined as follows:

Income approach is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

As of December 31, 2006, since the 2006 Adjusted Net Income did not meet the pre-determined 2006 threshold and management does not believe the average Adjusted Net Income of 2006 and 2007 will meet the pre-determined 2007 threshold, no share based compensation was recognized in the statement of operations for the year ended December 31, 2006.

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17. ORDINARY SHARES

Total ordinary shares issued and outstanding of AirMedia to the founding shareholders are as follows:

<u>Shareholders</u>	<u>Number of ordinary shares</u>	<u>Percentage of total shares issued and outstanding</u>
Guo, Man	49,832,640	49.83%
Xu, Qing	7,450,560	7.45%
Zhang, Xiaoya	5,116,800	5.12%
Total	<u>62,400,000</u>	<u>62.4%</u>

The remaining 37.6% of shares were held by CDH in the form of Series A preferred shares, see Note 15 for detail.

The outstanding ordinary shares were issued to founding shareholder at par value of \$0.001 each and ordinary shares subscription payment was made on June 26, 2007.

18. MAINLAND CHINA CONTRIBUTION PLAN

Full time employees of the Group in the PRC participate in a government-mandated multiemployer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to accrue for these benefits based on certain percentages of the employees' salaries. The total contribution for such employee benefits were \$7 and \$89 for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, respectively.

19. STATUTORY RESERVES

As stipulated by the relevant law and regulations in the PRC, the Group's subsidiaries in the PRC are required to maintain non-distributable statutory surplus reserve. Appropriations to the statutory surplus reserve are required to be made at not less than 10% of profit after taxes as reported in the subsidiaries' statutory financial statements prepared under PRC GAAP. Once appropriated, these amounts are not available for future distribution to owners or shareholders. Once the general reserve is accumulated to 50% of the subsidiaries' registered capital, the subsidiaries can choose not to provide more reserves. The statutory reserve may be applied against prior year losses, if any, and may be used for general business expansion and production and increase in registered capital of the subsidiaries. Amounts contributed to the statutory reserve were \$Nil and \$102 for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, respectively.

20. COMMITMENTS

(a) Rental leases

The Group has entered into operating lease agreements principally for its office spaces in the PRC. These leases expire through 2009 and are renewable upon negotiation. Rental expenses under operating leases for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006 were \$103 and \$305.

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Future minimum rental lease payments under non-cancelable operating leases agreements were as follows:

<u>Year ending</u>	<u>US\$</u>
2007	\$ 937
2008	935
2009 and thereafter	636
	<u>\$2,508</u>

(b) Concession fees

The Group has entered into concession right agreements with airports and airlines. The contract terms of such concession rights are usually three to five years. The concession rights expire through 2011 and are renewable upon negotiation. Concession fees charged into statement of operations for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006 was \$2,238 and \$6,758.

Future minimum concession fee payments under non-cancelable concession right agreements were as follows:

<u>Year ending</u>	<u>US\$</u>
2007	\$11,228
2008	11,050
2009	8,658
2010	4,987
2011 and thereafter	2,500
	<u>\$38,423</u>

21. RELATED PARTY TRANSACTIONS

Details of amounts due to related parties as of December 31, 2005 and 2006 were as follows:

<u>Name of related parties</u>	<u>Director interested</u>	<u>December 31,</u>	
		<u>2005</u>	<u>2006</u>
Sunshine Media Co., Ltd. ("Sunshine")	Guo, Man & Xu, Qing	<u>\$647</u>	<u>\$2,366</u>
		<u>\$647</u>	<u>\$2,366</u>

Sunshine was a company incorporated in September 1997 in the PRC with its principal business was to sell flight tickets for the airports and airlines formed by Guo Man, founder, Chairman and CEO of the Group, and Xu Qing, director of the Group together with few other external shareholders.

The balance as at December 31, 2005 is comprised of the following:

- (a) \$504 represented an amount payable for the purchasing of digital display network equipment on behalf of the Group.
- (b) \$133 represented operating expenses paid by Sunshine on behalf of the Group and was reimbursable by the Group.

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The balance as at December 31, 2006 is comprised of the following:

- (c) \$1,341 represented an amount AM Advertising agreed to pay to Sunshine for the acquisition of the equity interest of AirTV United as described in Note 4.
- (d) \$880 represented an amount payable for the purchasing of digital display network equipment on behalf of the Group.
- (e) \$145 represented operating expenses paid by Sunshine on behalf of the Group and was reimbursable by the Group.

22. SUBSEQUENT EVENTS

(a) Acquisition

On January 1, 2007, the Group acquired 51% of the outstanding ordinary shares of Beijing Aiyike Information Technology, Ltd. ("Beijing Aiyike"), an advertising service provider, in exchange for cash of \$640 and additional contingent cash consideration of \$641 if the founders of Beijing Aiyike can obtain certain new concession right agreements from certain airports by December 31, 2007. Because the minority equity owners have substantive participating rights over Beijing Aiyike, the acquisition does not qualify as a business combination but will be accounted for using the equity method of accounting.

(b) New VIE arrangement

In 2007, AM Technology entered into agreement as described in Note 1 with Beijing AirMedia UC Advertising Co. Ltd. (the "AirMedia UC"), pursuant to which, AirMedia UC became a 100% consolidated VIE of the Group. AirMedia UC was incorporated on November 3, 2006 by certain shareholders of the Group on behalf of the Group. Prior to entering into these agreements, AirMedia UC was inactive in operations.

(c) Series B convertible redeemable preferred shares

On June 8, 2007, the Group issued 16,000,000 Series B Redeemable Convertible Preferred Shares, par value US\$0.001 each, for an aggregate purchase price of US\$40,000 (including issuance cost US\$1,000). The Series B Preferred Shares will represent a 12.5% ownership interest in the Group on an as if converted basis immediately after the closing.

(d) 2007 Share Incentive Plan

On July 2, 2007, the Board of Directors adopted the 2007 share incentive plan (the "2007 Option Plan") and awarded options to the Company's four senior executives (the "Senior Executive Options") and certain other officers and employees (the "July 2 Employee Options") to purchase an aggregate of 4,600,000 and 3,125,000 ordinary shares of the Company, respectively, at an exercise price of US\$2.00 per share. One twelfth of the Senior Executive Options will vest each quarter until July 2, 2010. The Group has determined, with assistance of American Appraisal China Limited, an independent third party, that the fair value of the Senior Executive Option as of the grant date was \$0.897 per share for a total amount of \$4,127, which will be recognized as expenses over the vesting period of three years.

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The fair value of each Senior Executive Option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Fair value of underlying ordinary shares	\$ 1.92
Risk free interest rate	5.48%
Dividend yield	0.0%
Expected term	5.81
Expected volatility	40.90%

The Employee Options would vest in the same schedule in the event that management determines in the future that each grantee passes the periodic evaluation of the performance for each of the above vesting periods. Because the measurement for the periodic evaluation of the performance was set up in the award agreement, the Company believes no mutual understanding on the key terms of the share-based payment award was reached. Therefore, the Employee Options were not considered to be granted as of July 2, 2007.

(e) New PRC Enterprise Income Tax Law

On March 16th, 2007, the National People's Congress adopted the Enterprise Income Tax Law (the "New Income Tax Law"), which will become effective from January 1, 2008 and will replace the existing separate income tax laws for domestic enterprises, which are VIEs of the Group, and foreign-invested enterprises, which are AM Technology and ShenZhen AM in the Group, by adopting a unified income tax rate of 25% for most enterprises. In accordance with the New Income Tax Law, the existing preferential tax treatments granted to AM Technology because it qualifies "high and new technology enterprise" may continue to be entitled as long as AM Technology qualifies "high and new technology enterprise supported by the state". However, as the detailed implementation rules of the New Income Tax Law has not yet been issued, it is unclear whether AM Technology can qualify as a "high and new technology enterprise supported by the state" after the New Income Tax Law becomes effective. Furthermore, under the New Income Tax Law, a "resident enterprise," which includes an enterprise established outside of China with management located in China, will be subject to PRC income tax. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside PRC should be deemed a resident enterprise, the Company and its subsidiaries registered outside PRC will be subject to PRC income tax at a rate of 25%.

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Additional Information-Financial Statement Schedule I
Condensed Financial Information of Parent Company
BALANCE SHEET
(In U.S. dollars in thousands, except share related data)

	December 31, 2005	December 31, 2006
ASSETS		
Cash and cash equivalents	\$ —	\$ 16
Investment in subsidiaries	3,606	11,020
Total Assets	<u>3,606</u>	<u>11,036</u>
SERIES A REDEEMABLE CONVERTIBLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY		
Series A convertible redeemable preferred shares	12,296	13,735
Subscription receivable	(6,000)	(2,920)
Shareholders' equity		
Ordinary Shares	62	62
Ordinary shares subscription receivable	(62)	(62)
Accumulated deficit	(2,698)	(72)
Accumulated other comprehensive income	8	293
Total shareholders' equity (deficiency)	<u>(2,690)</u>	<u>221</u>
TOTAL SERIES A CONVERTIBLE REDEEMABLE PREFERRED SHARES, AND SHAREHOLDERS' EQUITY (DEFICIENCY)	<u>\$ 3,606</u>	<u>\$ 11,036</u>

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Condensed Financial Information of Parent Company
STATEMENTS OF OPERATIONS
(In U.S. dollars in thousands)

	For the period from August 7, 2005 to December 31, 2005	For the year ended December 31, 2006
Operating expenses		
General and administrative	\$ —	\$ 1
Total operating expenses	<u>—</u>	<u>1</u>
Loss from operations	—	(1)
Equity in earnings (loss) of subsidiaries	(2,402)	4,066
Interest income	—	1
Net income (loss)	<u>(2,402)</u>	<u>4,066</u>
Deemed dividend on Series A convertible redeemable preferred shares -Accretion of redemption premium	(296)	(1,440)
Net income (loss) attributable to holders of ordinary shares	<u>\$ (2,698)</u>	<u>\$ 2,626</u>

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STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME
(In U.S. dollars in thousands, except share related data)

	Ordinary shares		Subscription receivable	Accumulated deficit	Accumulated other comprehensive income	Total shareholders' equity (deficiency)	Comprehensive income (loss)
	Shares	Amount					
Balance as of August 7, 2005	—	—	—	—	—	—	—
Issuance of ordinary shares	62,400	\$ 62	\$ (62)	—	—	—	—
Deemed dividend on series A convertible redeemable preferred shares - Accretion of redemption premium	—	—	—	\$ (296)	—	\$ (296)	—
Foreign currency translation adjustment	—	—	—	—	\$ 8	8	\$ 8
Net income	—	—	—	(2,402)	—	(2,402)	(2,402)
Balance as of January 1, 2006	62,400	62	(62)	(2,698)	8	(2,690)	(2,394)
Deemed dividend on series A convertible redeemable preferred shares - Accretion of redemption premium	—	—	—	(1,440)	—	(1,440)	—
Provision for statutory reserve	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	285	285	285
Net income	—	—	—	4,066	—	4,066	4,066
Balance as of December 31, 2006	<u>62,400</u>	<u>\$ 62</u>	<u>\$ (62)</u>	<u>\$ (72)</u>	<u>\$ 293</u>	<u>\$ 221</u>	<u>\$ 4,351</u>

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Additional Information-Financial Statement Schedule I
Condensed Financial Information of Parent Company
STATEMENTS OF CASH FLOWS
(In U.S. dollars in thousands)

	For the period from August 7, 2005 to December 31, 2005	For the year ended December 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ 2,402	\$ 4,066
Equity in earnings (loss) of subsidiaries	(2,402)	(4,066)
Net cash provided by operating activities	—	—
CASH FLOWS FROM INVESTING ACTIVITIES		
Injection of capital in a subsidiary	—	(64)
Net cash used in investing activities	—	(64)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of series A convertible redeemable preferred share	—	80
Net cash provided by financing activities	—	80
Effect of exchange rate changes	—	—
NET INCREASE IN CASH	—	16
CASH, BEGINNING OF THE PERIOD	—	—
CASH, END OF THE YEAR	—	\$ 16

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Notes:

1. BASIS FOR PREPARATION

The Condensed Financial Information of the parent company, AirMedia Group Inc., and Broad Cosmos before AirMedia Group Inc., was incorporated, only has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the parent company has used equity method to account for its investment in its subsidiaries, AM Technology and Shenzhen AM, and its VIEs, Shengshi Lianhe and AM Advertising, and VIE's subsidiary, AirTV United.

2. CONVERTIBLE REDEEMABLE PREFERRED SHARES

On October 18, 2005, CDH entered into an agreement (the "2005 Agreement") with the founding shareholders to purchase an aggregated \$12,000 of the convertible redeemable interest, representing 37.6% voting interests in the Group, if converted. The preferred shares were issued and outstanding on October 21, 2005.

Of the total consideration amount, US\$6,000 and US\$3,080 were contributed into the Group in 2005 and 2006, respectively, at the discretion of the management of the Group. The remaining balance of US\$2,920 was paid in February 2007.

The significant terms of Series A Preferred Shares are as follows.

Dividends

If the Group declares and pays any dividends on the ordinary shares, then, holders of Series A Preferred Shares shall be entitled to share in such dividends on a pro rata basis, as if their shares have been converted into ordinary shares.

Liquidation preference

In the event of any liquidation event, the shareholders of the series A preferred share would be entitled to receive in preference to the shareholders of the ordinary shares an amount per Series A Preferred Shares equal to the Series A issue price plus all accrued or declared but unpaid dividends. After full preference amount has been paid on all the shares of the Series A Preferred Shares, any remaining funds or assets of the Group legally available for distribution to shareholders shall be distributed pro rata among the holders of the Series A Preferred Shares (on an as-if-converted basis) together with the holders of the ordinary shares.

Voting rights

Each Series A Share carries a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares. The Series A Preferred Shares generally vote together with the Ordinary Shares and not as a separate class.

Conversion

Each holder of Series A Preferred Shares shall have the right, at such holder's sole discretion, to convert at any time and from time to time all or any portion of the Series A Preferred Shares held by it into ordinary shares. The initial conversion ratio shall be on a one for one basis, subject to certain general anti-dilution adjustments.

The Series A Preferred Shares are automatically converted into ordinary shares upon the closing of a qualified public offering, which means a firm commitment underwritten initial public offering and listing on an internationally recognized stock exchange by the Group of its ordinary shares representing at least 15% of the ordinary shares (on a fully diluted basis immediately prior to such initial public offering) at a price per share implying a pre-money valuation of the Group of at least US\$100 million.

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As the effective conversion price exceeded the fair value of ordinary shares on commitment day of October 18, 2005, there was no beneficial conversion feature upon issuance of Series A Preferred Shares.

Redemption

The Series A Preferred Shares shall be redeemed wholly or in part from time to time at the election of holders of majority Series A Preferred Shares on or after the third anniversary of the date of issuance of the Series A Preferred Shares. The redemption price will be sufficient to yield a 12% annualized effective internal rate of return with respect to the Series A Preferred Shares issue price, computed from the date of issuance of the Series A preferred shares until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon.

The Group accrues the 12% premium over the redemption period as deemed dividends with debits to the accumulated deficit of \$296 and \$1,440 for the period from August 7, 2005 to December 31, 2005 and the year ended December 31, 2006, respectively.

3. STOCK BASED COMPENSATION

Pursuant to the 2005 Agreement, in the event that the Group's 2006 audited net income after certain agreed adjustments ("Adjusted Net Income") exceeds pre-determined 2006 threshold, CDH will transfer to the Mr. Man Guo, a founder shareholder, a director and the Chief Executive Officer of the Group, 2006 Reward Shares up to 5,000,000 ordinary shares converted from Series A preferred shares, based on a graded vesting increasing schedule, for zero consideration. If the 2006 Reward Shares do not reach the maximum number of shares which is 5,000,000, and if the average Adjusted Net Income of 2006 and 2007 exceeds pre-determined 2007 threshold, then CDH will transfer to Mr. Man Guo, the applicable 2007 Reward Shares, based on a graded vesting increasing schedule, for zero consideration, until the aggregate number of 2007 Reward Shares and 2006 Reward Shares equals the maximum reward shares, which is 5,000,000.

The Group has determined, with assistance of American Appraisal China Limited, an independent third party, that the fair value of the ordinary share as of the grant date of October 18, 2005 is \$0.20 per share, and the total share-based compensation would have been \$1 million had the maximum performance threshold is reached and maximum number of shares are issued at the end.

The valuation analyses utilize and consider generally accepted valuation methodologies and may require significant judgment. In arriving the fair market value of the equity interest of the entity, the independent appraiser considers the income approach (Discounted Cash Flow method- "DCF") and market approach (Enterprise Value ("EV")/EBITDA and EV/Net Sales) as outlined as follows:

Income approach is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

As of December 31, 2006, since the 2006 Adjusted Net Income did not exceed pre-determined 2006 threshold and management does not believe the average Adjusted Net Income of 2006 and 2007 will probably exceed the pre-determined 2007 threshold, no share based compensation was recognized in the statement of operations for the year ended December 31, 2006.

AIRMEDIA GROUP INC.

4. ORDINARY SHARES

Before AirMedia was incorporated in April 2007, Broad Cosmos was the entity that issued ordinary shares to founding shareholders.

On March 8, 2007, Broad Cosmos executed a share split which made total ordinary shares issued and outstanding of 62,400,000. Following the share swap between Broad Cosmos and AirMedia when AirMedia was incorporated, total ordinary shares issued and outstanding of AirMedia to the founding shareholders are as follows:

<u>Shareholders</u>	<u>Number of ordinary shares</u>	<u>Percentage of total shares issued and outstanding</u>
Guo, Man	49,832,640	49.83%
Xu, Qing	7,450,560	7.45%
Zhang, Xiaoya	5,116,800	5.12%
Total	<u>62,400,000</u>	<u>62.40%</u>

The remaining 37.6% of shares were held by CDH in the form of Series A preferred shares, see Note 2 for detail.

The outstanding ordinary shares were issued to founding shareholder at par value of \$0.001 each and ordinary shares subscription payment was made on June 26, 2007.

AIRMEDIA GROUP INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In U.S. dollars in thousands, except share related data)

	December 31, 2006	June 30, 2007	June 30, 2007 Pro forma (Note 1)
ASSETS			
Current assets:			
Cash	\$ 2,086	\$41,700	\$41,700
Accounts receivable, net of allowance for doubtful accounts of \$273, and \$187 at June 30, 2006, and 2007	5,261	8,526	8,526
Prepaid concession fees	1,204	1,342	1,342
Other current assets	1,377	2,631	2,631
Amount due from related party	—	36	36
Total current assets	9,928	54,235	54,235
Acquired intangible assets, net	4,885	4,844	4,844
Property and equipment, net	4,519	5,497	5,497
Long term deposits	750	1,354	1,354
Long term investment	—	453	453
Deferred tax assets—non-current	465	482	482
TOTAL ASSETS	\$ 20,547	\$66,865	\$66,865
LIABILITIES			
Current liabilities:			
Accounts payable	2,863	5,082	5,082
Accrued expenses and other current liabilities	1,297	1,096	1,096
Deferred revenue	1,162	1,674	1,674
Amount due to related parties	2,366	76	76
Amount due to shareholders	211	—	—
Total current liabilities	7,899	7,928	7,928
Non-current liabilities:			
Deferred tax liability—non-current	1,612	1,571	1,571
Total liabilities	9,511	9,499	9,499
Commitments (Note 20)			
Minority interest			
	(1)	(3)	(3)
Series A convertible redeemable preferred shares (\$0.001 par value, 37,600,000 and 37,600,000 shares authorized, issued and outstanding as of June 30, 2006 and 2007, respectively)	13,736	14,450	—
Series A subscription receivable	(2,920)	—	—
Series B convertible redeemable preferred shares (\$0.001 par value, Nil and 16,000,000 shares authorized, issued and outstanding as of June 30, 2006 and 2007, respectively)	—	39,326	—
Shareholders' equity			
Ordinary shares (\$0.001 par value; 162,400,000 and 446,400,000 shares authorized and 62,400,000 and 62,400,000 issued and outstanding as of June 30, 2006 and 2007, respectively)	62	62	—
Ordinary shares subscription receivable	(62)	—	—
Additional paid-in capital	—	—	—
Statutory reserve	102	102	102
Retained earnings	(174)	2,802	2,802
Accumulated other comprehensive income	293	627	627
Total shareholders' equity	221	3,593	57,369
TOTAL LIABILITIES, MINORITY INTEREST, SERIES A CONVERTIBLE REDEEMABLE PREFERRED SHARES, SERIES B CONVERTIBLE REDEEMABLE PREFERRED SHARES AND SHAREHOLDERS' EQUITY	\$ 20,547	\$66,865	\$66,865

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIRMEDIA GROUP INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In U.S. dollars in thousands, except share related data)

	Six months ended June 30,	
	2006	2007
Revenues	\$ 7,063	\$ 16,699
Business tax and other sales tax	(314)	(814)
Net revenues	6,749	15,885
Cost of revenues	4,229	9,042
Gross profit	2,520	6,843
Operating expenses:		
Selling and marketing	1,144	1,844
General and administrative	580	936
Total operating expenses	1,724	2,780
Income from operations	796	4,063
Interest income	8	74
Income before income tax and minority interest	804	4,137
Income tax benefits	113	66
Net income before minority interest	917	4,203
Minority interest	—	3
Loss from equity accounted investment	—	(190)
Net income	917	4,016
Deemed dividend on series A convertible redeemable preferred shares—Accretion of redemption premium	714	714
Deemed dividend on series B convertible redeemable preferred shares—Accretion of redemption premium	—	326
Net income attributable to holders of ordinary shares	\$ 203	\$ 2,976
Net income per ordinary share—basic and diluted	\$ 0.01	\$ 0.03
Net income per Series A preferred share—basic	\$ 0.02	\$ 0.05
Net income per Series B preferred share—basic	\$ —	\$ 0.19
Shares used in calculating net income per ordinary share—basic and diluted	62,400,000	62,400,000
Shares used in calculating net income per Series A preferred share—basic	37,600,000	37,600,000
Shares used in calculating net income per Series B preferred share—basic	—	2,033,149
Pro forma net income per share on an as converted basis, basic (unaudited) (Note 1)	—	—
Pro forma net income per share on an as converted basis, diluted (unaudited) (Note 1)	—	—
Shares used in calculating pro forma per share amounts on an as converted basis—basic (unaudited) (Note 1)	—	—
Shares used in calculating pro forma per share amounts on an as converted basis—diluted (unaudited) (Note 1)	—	—

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIRMEDIA GROUP INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2007 AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2007
(In U.S. dollars in thousands, except share data)

	Ordinary shares		Subscription receivable	Statutory reserve	Retained earnings (accumulated deficit)	Accumulated other comprehensive income	Total shareholders' equity	Comprehensive income for the period
	Shares	Amount						
Balance as of December 31, 2006	62,400,000	62	(62)	102	(174)	293	221	
Subscription received	—	—	62	—	—	—	62	
Deemed dividend on series A convertible redeemable preferred shares—Accretion of redemption premium	—	—	—	—	(714)	—	(714)	
Deemed dividend on series B convertible redeemable preferred shares—Accretion of redemption premium	—	—	—	—	(326)	—	(326)	
Foreign currency translation adjustment	—	—	—	—	—	334	334	334
Net income	—	—	—	—	4,016	—	4,016	4,016
Balance as of June 30, 2007	<u>62,400,000</u>	<u>\$ 62</u>	<u>\$ —</u>	<u>\$ 102</u>	<u>\$ 2,802</u>	<u>\$ 627</u>	<u>\$ 3,593</u>	<u>\$ 4,350</u>
Foreign currency translation adjustment for the six months ended June 30, 2006								29
Net income for the six months ended June 30, 2006								917
Balance as of June 30, 2006								<u>\$ 946</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIRMEDIA GROUP INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars in thousands)

	Six months ended June 30,	
	2006	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 917	\$ 4,016
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	—	(3)
Allowance for doubtful account	164	(92)
Loss from equity accounted investment	—	190
Depreciation and amortization	127	611
Changes in assets and liabilities		
Accounts receivable	(2,252)	(3,003)
Prepaid concession fees	(491)	(106)
Other current assets	(676)	(1,217)
Long term deposit	151	(571)
Accounts payable	971	1,947
Amounts due from related party	—	(35)
Amounts due to related party	(6)	(185)
Amounts due to shareholders	—	(210)
Accrued expenses and other current liabilities	388	(230)
Deferred revenue	1,627	477
Deferred tax assets and liability	(114)	(66)
Net cash provided by operating activities	<u>806</u>	<u>1,523</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(1,508)	(2,092)
Purchase of intangible assets	(1,970)	(1,221)
Long term investment	—	(640)
Net cash used in investing activities	<u>(3,478)</u>	<u>(3,953)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (repayment of) note payables	(579)	—
Proceeds from ordinary shareholders	—	62
Proceeds from issuance of Series A convertible redeemable preferred shares	1,964	2,920
Proceeds from issuance of Series B convertible redeemable preferred shares (net of issuance cost of \$1,000)	—	39,000
Net cash provided by financing activities	<u>1,385</u>	<u>41,982</u>
Effect of exchange rate changes	94	62
NET INCREASE (DECREASE) IN CASH	(1,193)	39,614
CASH, BEGINNING OF PERIOD	<u>2,952</u>	<u>2,086</u>
CASH, END OF PERIOD	<u>\$ 1,759</u>	<u>\$ 41,700</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION NON-CASH INVESTING ACTIVITIES:		
Fair value of property and equipment acquired in exchange of advertising services rendered	<u>\$ 96</u>	<u>\$ —</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

AIRMEDIA GROUP INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2006 AND 2007
(In U.S. dollars in thousands, except share data)

1. BASIS OF PREPARATION

(a) The accompanying unaudited condensed consolidated financial statements include the financial information of the Airmedia Group Inc. ("Air Media" or the "Company"), its subsidiaries, its variable interests entities ("VIE") and its VIE's subsidiary (collectively, the "Group"). The unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the Security and Exchange Commission and U.S. generally accepted accounting standards for interim financial reporting. The results of operations for the six months ended June 30, 2006 and 2007 are not necessarily indicative of the results for the full years. The Group believes that the disclosures are adequate to make the information presented not misleading.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the financial statements, accounting policies and financial notes thereto included in the Group's audited consolidated financial statements for the period from August 7, 2005 to December 31, 2005 and for the year ended December 31, 2006. In opinion of the management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments), which are necessary for a fair representation of financial results for the interim periods presented.

The financial information as of December 31, 2006 presented in the unaudited condensed financial statements is derived from our audited consolidated financial statements for the period and year ended December 31, 2006.

The accompanying unaudited condensed consolidated financial statements have been prepared using the same accounting policies as used in the preparation of our consolidated financial statements for the period from August 7, 2005 to December 31, 2005 and year ended December 31, 2006 except for the following additional accounting policy:

(b) Long term investment

Investment in an entity where the Group can exercise significant influence, but not control, is accounted for using the equity method. Under the equity method, an investment is initially recorded at cost and adjusted for the Group's share of undistributed earnings or losses of the investee. Investment losses are recognized until the investment is fully written down as the Group does not guarantee the investee's obligations nor is it committed to provide additional funding.

(c) Recently issued accounting standards

In September 2006, the FASB issued SFAS No. 157 *Fair Value Measurements*. This statement defines fair value, establishes a framework of measuring fair value, and expands disclosures about fair value measurements. SFAS No. 157 is effective for financial statements to be issued for fiscal years beginning after November 15, 2007. The Group does not expect the adoption of SFAS No. 157 to have a material impact on its financial statements.

In February 2007, the FASB issued SFAS No. 159 *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 provides entities with an option to report selected financial assets and

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liabilities at fair value, with the objective to reduce both the complexity in accounting for financial instruments and the volatility in earnings caused by measuring related assets and liabilities differently. SFAS No. 159 is effective for financial statements to be issued for fiscal years beginning after November 15, 2007. The Group does not expect the adoption of SFAS No. 159 to have a material impact on its financial statements.

(d) Unaudited pro forma information

The pro forma balance sheet information as of June 30, 2007 assumes the conversion upon completion of the initial public offering of the Series A and Series B convertible preferred shares outstanding as of June 30, 2007 into ordinary shares.

(e) Unaudited pro forma net income per share

Pro forma basic and diluted income per share is computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding for the year plus the number of ordinary shares resulting from the assumed conversion upon the closing of the planned initial public offering of the outstanding Series A and Series B convertible preferred shares.

2. SEGMENT INFORMATION AND REVENUE ANALYSIS

The Group is mainly engaged in selling air-traveling television advertising time slots on their network of television screens located in high traffic airports and on airplanes of airline companies throughout PRC.

In accordance with SFAS No. 131, *Disclosures About Segments of an Enterprise and Related Information*, the Group chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group; hence, the Group has only one operating segment. The Group has internal reporting that does not distinguish between markets or segments.

Geographic information

The Group operates in the PRC and all of the Group's long lived assets are located in the PRC. Although the Group operates through multiple airports and airlines in PRC which include Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu etc, it believes it operates in one segment as all airports and airlines provide selling air-traveling television advertising time slots to the customers and advertisers. Accordingly all financial segment information can be found in the consolidated financial statements.

	Six months ended June 30,	
	2006	2007
Revenues:		
Digital TV screens in airports	\$ 4,083	\$ 10,560
Digital TV screens on airplanes	1,636	4,403
Other displays	1,344	1,736
	<u>\$ 7,063</u>	<u>\$ 16,699</u>

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3. LONG TERM INVESTMENT

On January 1, 2007, the Group, through Beijing AirMedia Advertising Co., Ltd. ("AM Advertising"), a VIE of the Group, acquired 51% equity interest of Beijing Aiyike Information Technology Ltd. ("Beijing Aiyike"), an advertising service provider focusing on exhibit advertising at airports in the PRC, with initial cash consideration of \$640. Because the minority equity owners have substantive participating rights in making major operating decisions, including annual budgets and appointment of CEO and his/her compensation, among others, over Beijing Aiyike, the acquisition was accounted for using the equity method of accounting in accordance with Emerging Issue Task Force 96-16—*Investor's Accounting for an Investee When the Investor Has a Majority of the Voting Interest but the Minority Shareholder or Shareholders Have Certain Approval or Veto Rights*.

The investment consists of the followings:

	June 30, 2007
Investment cost	\$ 640
Share of loss from Beijing Aiyike operation	(190)
Exchange adjustment	3
	<u>\$ 453</u>

The financial statement amounts and balances of Beijing Aiyike as shown in its financial statements as of and for the six months ended June 30, 2007 were as follows:

Total current assets	449
Total assets	618
Total current liabilities	131
Total liabilities	131
Total net revenue	53
Loss from operations	\$(340)

In addition to the initial cash payment, the Group agreed to pay additional cash of \$641 if the founders of Beijing Aiyike can obtain certain new concession right agreements from certain airports by December 31, 2007.

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	December 31, 2006	June 30, 2007
Billed receivable	\$ 1,062	\$4,168
Unbilled receivable	4,199	4,358
	<u>\$ 5,261</u>	<u>\$8,526</u>

Unbilled receivable represents amounts earned under advertising contracts in progress but not billable at the respective balance sheet dates. These amounts become billable according to the contract term. The Group anticipates that substantially all of such unbilled amounts will be billed and collected within twelve months of the balance sheet dates.

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Movement of allowance for doubtful accounts is as follows:

	<u>Balance at beginning of the period</u>	<u>Charge to expenses</u>	<u>Deduction</u>	<u>Exchange adjustment</u>	<u>Balance at end of the Period</u>
Six months ended					
June 30, 2006	\$ —	162	—	1	\$ 163
June 30, 2007	<u>\$ 273</u>	<u>95</u>	<u>(187)</u>	<u>6</u>	<u>\$ 187</u>

5. OTHER CURRENT ASSETS

Other current assets consist of the follows:

	<u>December 31, 2006</u>	<u>June 30, 2007</u>
Advances to employees	\$ 554	\$1,161
Prepaid agency fees	662	421
Short-term deposits	146	387
Prepaid IPO costs	—	308
Other prepaid expenses	25	354
	<u>\$ 1,377</u>	<u>\$2,631</u>

Short-term deposits primarily consist of prepaid deposit for leasing office space.

6. LONG-TERM DEPOSITS

Long term deposits consist of the follows:

	<u>December 31, 2006</u>	<u>June 30, 2007</u>
Concession fee deposits	\$ 699	\$ 593
Office rental deposits	51	761
	<u>\$ 750</u>	<u>\$1,354</u>

Concession fee deposits normally have terms of three to five years and are refundable at the end of the concession terms. Office rental deposits normally have terms of two to three years and are refundable at the end of the lease term.

The long term deposits are not within the scope of Accounting Principles Board Opinion No. 21, *Interests on Receivables and Payables*, because they are intended to provide security for the counterparty to the concession rights or office rental agreements. Therefore, the deposits are recorded at costs.

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7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the follows:

	December 31, 2006	June 30, 2007
Digital display network equipment	\$ 4,835	\$ 6,122
Computer and office equipment	167	239
Vehicle	186	265
Leasehold improvement	110	145
Furniture and fixture	26	44
	<u>5,324</u>	<u>6,815</u>
Less: accumulated depreciation and amortization	<u>(805)</u>	<u>(1,318)</u>
	<u>\$ 4,519</u>	<u>\$ 5,497</u>

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the follows:

	December 31, 2006	June 30, 2007
Other tax payable	\$ 948	\$ 373
Accrued professional fees	127	—
Accrued agent fee	—	204
Accrued payroll and welfare	114	211
Other liabilities	108	308
	<u>\$ 1,297</u>	<u>\$ 1,096</u>

Other liabilities primarily consist of miscellaneous general and administrative expenses incurred but not yet paid.

9. INCOME TAXES

AirMedia is a tax-exempted company incorporated in the Cayman Islands.

Broad Cosmos Enterprises Ltd. ("Broad Cosmos"), a subsidiary of the Group, is a tax-exempted company incorporated in the British Virgin Islands.

AirMedia International Ltd., a subsidiary of the Group, ("AM International") is a tax-exempted company incorporated in the British Virgin Islands.

AirMedia China Co., Ltd. ("AM China"), a subsidiary of the Group, is a holding company incorporated in Hong Kong, which is subject to income tax at a rate at 17.5%.

Shenzhen AirMedia Technology Co., Ltd. ("Shenzhen AM"), a subsidiary of the Group, Beijing Shengshi Lianhe Advertising Co., Ltd. ("Shengshi Lianhe") and Beijing AirMedia UC Advertising Co., Ltd. ("Air Media

AIRMEDIA GROUP INC.
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UC”), two VIEs of the Group, and Beijing AirTV United Media & Culture Co., Ltd. (“AirTV United”), a subsidiary of a VIE of the Group, are registered in the PRC, are all subject to PRC Enterprise Income Tax (EIT) on the taxable income in accordance with the relevant PRC income tax laws. EIT rate for companies operating in the PRC is 33%.

Air Media Technology Co., Ltd. (“AM Technology”), a subsidiary of the Group, qualifies as a “new or high-technology enterprise” located in a high-tech zone in Beijing and, therefore, is entitled to a three-year exemption from EIT from year 2006 to 2008, a preferential tax rate of 7.5% from year 2009 to 2011, and a preferential tax rate of 15% thereafter as long as it continues to qualify as a “new or high-technology enterprise”.

AM Advertising is subject to zero percent income tax for year 2006 and 2007 pursuant to a tax incentive policy granted by the local tax authority in Beijing.

Income tax benefits are as follows:

	Six months ended June 30,	
	2006	2007
Income taxes benefits:		
Current	\$ —	\$ —
Deferred	113	66
Total	\$ 113	\$ 66

The principal components of the Group’s deferred income tax assets and liabilities are as follows:

	December 31, 2006	June 30, 2007
Deferred tax assets:		
Non-current		
Depreciation of property and equipment	\$ 71	\$ 92
Start-up cost	8	7
Allowance for doubtful accounts	81	34
Net operating loss carryforwards	305	349
Total deferred tax assets	465	482
Valuation allowance	—	—
Net deferred tax assets	465	482
Deferred tax liabilities:		
Non-current		
Acquired intangible assets	1,612	1,571
Total deferred tax liabilities	\$ 1,612	\$ 1,571

As management believes that the Group will generate taxable PRC statutory income in the near future and it is more likely than not that all of the deferred tax assets will be realized, no valuation allowance has been established for the deferred tax assets at June 30, 2006 and 2007.

The net operating loss carry forwards for the PRC subsidiaries expire on various dates through 2012.

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Reconciliation between the provision for income taxes computed by applying the PRC EIT rate of 33% to income before income taxes and the actual provision of income taxes is as follows:

	Six months ended June 30,	
	2006	2007
Net income before provision for income taxes	\$ 804	\$ 4,136
PRC statutory tax rate	33%	33%
Income tax at statutory tax rate	<u>265</u>	<u>1,365</u>
Expenses not deductible for tax purposes:		
Entertainment expenses exceeded the tax limit	91	32
Payroll expenses exceeded the tax limit	138	83
Employee benefits exceeded the tax limit	1	2
Effect of income tax exemptions in a VIE	(572)	23
Effect of income tax rate difference in other jurisdictions	<u>(36)</u>	<u>(1,570)</u>
Income tax benefits	<u>\$ (113)</u>	<u>\$ (66)</u>
Effective tax rates	<u>(14.12)%</u>	<u>(1.67)%</u>

If AM Advertising and AM Technology were not in a tax holiday six months ended June 30, 2006 and 2007, net income per share amounts would be as follows:

	Six months ended June 30,	
	2006	2007
Changes in income tax expenses	454	2,236
Net income per ordinary share—basic	0.01	0.01
Net income per ordinary share—diluted	0.01	0.01
Net income per Series A preferred share—basic	0.02	0.03
Net income per Series B preferred share—basic	—	0.17

As a result of the adoption of FIN 48 for the periods presented in this consolidated financial statements, the Group did not identify significant unrecognized tax benefits for the six months ended June 30, 2006 and 2007. The Group did not incur any interest and penalties related to potential underpaid income tax expenses and also believed that the adoption of FIN 48 does not have a significant impact on the unrecognized tax benefits within 12 months from June 30, 2007.

Since the commencement of operations in August 2005, the relevant tax authorities of the Group's subsidiaries in PRC have not conducted a tax examination. As such, the Group's subsidiaries, VIEs and VIE's subsidiary are subject to tax audits at the tax authority's discretion.

On March 16th, 2007, the National People's Congress adopted the Enterprise Income Tax Law (the "New Income Tax Law"), which will become effective from January 1, 2008 and will replace the existing separate income tax laws for domestic enterprises, which are VIEs and VIE's subsidiary of the Group, and foreign-invested enterprises, which are AM Technology and ShenZhen AM in the Group, by adopting a unified income tax rate of 25% for most enterprises. The Group has applied new enacted tax rates in calculating the deferred tax assets and liabilities for the six months period ended June 30, 2007.

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In accordance with the New Income Tax Law, the existing preferential tax treatments granted to AM Technology because it qualifies "high and new technology enterprise" may continue to be entitled as long as AM Technology qualifies "high and new technology enterprise supported by the state". However, as the detailed implementation rules of the New Income Tax Law has not yet been issued, it is unclear whether AM Technology can qualify as a "high and new technology enterprise supported by the state" after the New Income Tax Law becomes effective. Under applicable accounting rules, until AM technology receives official approval for this status, it must use the transition rule in its calculation of its deferred tax balances, which means a gradual increase in rates over the five-year transition period. If AM technology receives approval, then its present net deferred tax balance will not be materially changed. The difference would be reflected in the Group's consolidated statement of operation in the period in which the approval is received.

Furthermore, under the New Income Tax Law, a "resident enterprise," which includes an enterprise established outside of China with management located in China, will be subject to PRC income tax. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside PRC should be deemed a resident enterprise, the Company and its subsidiaries registered outside PRC will be subject to PRC income tax at a rate of 25%.

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10. NET INCOME PER SHARE

For the above mentioned periods, the Group had securities outstanding which could dilute basic income per share for the period indicated:

	Six months ended June 30,	
	2006	2007
Net income	\$ 917	\$ 4,016
Deemed dividend on Series A convertible redeemable preferred shares—Accretion of redemption premium	(714)	(714)
Deemed dividend on Series B convertible redeemable preferred shares—Accretion of redemption premium	—	(326)
Net income attributable to holders of ordinary shares	<u>203</u>	<u>2,976</u>
Numerator used in basic and diluted net Income per share:		
Net income allocated for computing net Income per ordinary share—basic	\$ 127(i)	\$ 1,820(i)
Net income allocated for computing net Income per preferred A share—basic	<u>791(i)</u>	<u>1,811(i)</u>
Net income allocated for computing net Income per preferred B share—basic	—(i)	<u>385(i)</u>
Net income used in calculating Income per ordinary share—diluted	<u>127</u>	<u>1,820</u>
Shares (denominator):		
Weighted average ordinary shares outstanding used in computing net income per ordinary share—basic	<u>62,400,000(ii)</u>	<u>62,400,000</u>
Weighted average ordinary and preferred shares Outstanding used in computing net income per ordinary share—diluted	<u>62,400,000(iii)</u>	<u>62,400,000(iii)</u>
Weighted average shares outstanding used in computing net income per Series A preferred share—basic	<u>37,600,000</u>	<u>37,600,000</u>
Weighted average shares outstanding used in computing net income per Series B preferred share—basic	—	2,033,149(iv)
Net income per ordinary share-basic and diluted	<u>\$ 0.01</u>	<u>\$ 0.03</u>
Net income per preferred A share-basic	<u>\$ 0.02</u>	<u>\$ 0.05</u>
Net income per preferred B share-basic	<u>\$ —</u>	<u>\$ 0.19</u>

- (i) For the six months ended June 30, 2006 and 2007, the net income attributable to holders of ordinary shares was allocated between ordinary shares and preferred shares on pro rata basis on the dividend participant rights. Since each of Series A and Series B preferred share has the same participating right as each ordinary share, the allocation was based on the number of ordinary shares and Series A preferred shares issued. The net income allocated for computing net income per preferred share-basic also contain the deemed dividend for accretion of the redemption premium.
- (ii) The proceeds for subscription of ordinary shares were paid off in June 2007 (see Note 15). However, since the unpaid ordinary shares were entitled to full rights, such as right to participate in dividends, for the six months ended June 30, 2006 and 2007, they are included in computation of net income per share.
- (iii) The Group had securities outstanding which could potentially dilute basic net income per share in the future, but which were excluded from the computation of diluted net income per share in the period from the six months ended June 30, 2006 and 2007, as their effects would have been anti-dilutive. Such outstanding securities consist of 37,600,000 shares on Series A preferred shares and 2,033,149 shares (weighted average) on Series B preferred shares for the six months ended June 30, 2006 and 2007.
- (iv) In computing diluted net income per ordinary share, the conversion ratio of Series B preferred shares has been assumed on a one for one basis. The effect of the contingent conversion price adjustment, upon an IPO, of the Series B preferred shares, as set out in Note 13(b), has not been taken into account since as at June 30, 2007, the IPO condition for adjustment has not been met.

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11. CONVERTIBLE REDEEMABLE PREFERRED SHARES

Series A convertible redeemable preferred shares

On October 18, 2005, CDH China Growth Fund II L.P. and its affiliate (collectively "CDH"), entered into the 2005 Agreement with the founding shareholders to purchase an aggregated \$12,000 of the convertible redeemable interest in AM Technology, representing 37.6% voting interests in the Group, if converted. The preferred shares were issued and outstanding on October 21, 2005.

Of the total consideration amount, US\$6,000 and US\$3,080 were contributed into the Group in 2005 and 2006, respectively, at the discretion of the management of the Group. The remaining balance of US\$2,920 was paid in February 2007.

The significant terms of Series A Preferred Shares are as follows.

Dividends

If the Group declares and pays any dividends on the ordinary shares, then, holders of Series A Preferred Shares shall be entitled to share in such dividends on a pro rata basis, as if their shares have been converted into ordinary shares.

Liquidation preference

In the event of any liquidation event, the shareholders of the series A preferred share would be entitled to receive in preference to the shareholders of the ordinary shares an amount per Series A Preferred Shares equal to the Series A issue price plus all accrued or declared but unpaid dividends. After full preference amount has been paid on all the shares of the Series A Preferred Shares, any remaining funds or assets of the Group legally available for distribution to shareholders shall be distributed pro rata among the holders of the Series A Preferred Shares (on an as-if-converted basis) together with the holders of the ordinary shares.

Voting rights

Each Series A Share carries a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares. The Series A Preferred Shares generally vote together with the Ordinary Shares and not as a separate class.

Conversion

Each holder of Series A Preferred Shares shall have the right, at such holder's sole discretion, to convert at any time and from time to time all or any portion of the Series A Preferred Shares held by it into ordinary shares. The initial conversion ratio shall be on a one for one basis, subject to certain general anti-dilution adjustments.

The Series A Preferred Shares are automatically converted into ordinary shares upon the closing of a qualified public offering, which means a firm commitment underwritten IPO and listing on an internationally recognized stock exchange by the Group of its ordinary shares representing at least 15% of the ordinary shares (on a fully diluted basis immediately prior to such IPO) at a price per share implying a pre-money valuation of the Group of at least US\$100 million.

As the effective conversion price exceeded the fair value of ordinary shares on commitment day of October 18, 2005, there was no beneficial conversion feature upon issuance of Series A Preferred Shares.

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Redemption

The Series A Preferred Shares shall be redeemed wholly or in part from time to time at the election of holders of majority Series A Preferred Shares on or after the third anniversary of the date of issuance of the Series A Preferred Shares. The redemption price will be sufficient to yield a 12% annualized effective internal rate of return with respect to the Series A Preferred Shares issue price, computed from the date of issuance of the Series A preferred shares until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon.

The Group accrues the 12% premium over the redemption period as deemed dividends with debits to the retained earnings (accumulated deficit) of \$720 and \$714 for the six months ended June 30, 2006 and 2007, respectively.

Series B convertible redeemable preferred shares

On June 8, 2007, AirMedia issued 16,000,000 shares of Series B Preferred Shares for consideration of US\$2.50 per share for an aggregate purchase price of \$40,000. The consideration was fully paid in June 2007 and the total proceeds were \$39,000 (net of issuance cost of \$1,000).

The significant terms of Series B Preferred Shares are as follows.

Dividends

If the Group declares and pays any dividends on the ordinary shares, then, holders of Series B Preferred Shares shall be entitled to share in such dividends on a pro rata basis, as if their shares have been converted into ordinary shares.

Liquidation preference

In the event of any liquidation event, the shareholders of the Series A and Series B preferred shares (collectively "Preferred Shares") shall be entitled to receive, on the same basis, prior to any distribution to the holders of the ordinary shares or any other class or series of shares, an amount per Preferred Share equal to the applicable issue price plus all accrued or declared but unpaid dividends. After full preference amount has been paid on all the shares of the Preferred Shares, any remaining funds or assets of the Group legally available for distribution to shareholders shall be distributed pro rata among the holders of the Preferred Shares (on an as-if-converted basis) together with the holders of the ordinary shares.

Voting rights

Each Preferred Share carries a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares. The Preferred Shares generally vote together with the ordinary shares and not as a separate class.

Conversion

Unless converted resulting from automatic conversion, the Series B Preferred Shares may not be optionally converted unless the Company gives its prior written consent for such optional conversion. Each Series B Preferred Share, if consented to by the Company in writing, shall be convertible into such number of ordinary

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shares as is determined by dividing the Series B issue price by the Series B conversion price in effect at the time of conversion. The initial conversion ratio shall be on a one for one basis, subject to certain anti-dilution adjustments.

The Series B Preferred Shares shall automatically be converted into ordinary shares, at the Series B conversion price determined below, upon the earlier of (i) the closing of an IPO and (ii) the three (3) year anniversary of the Series B original issue date.

Contingent conversion price adjustments:

- (i) in the event that triggering event is an IPO, the Series B conversion price shall automatically be adjusted for purpose of such conversion to (A) if such IPO is consummated prior to the one year anniversary of the Series B original issue date, a price per ordinary share that will result in the conversion of Series B Preferred Shares into such number of ordinary shares that equal to the quotient of the Series B investment amount divided by product of ninety percent multiplied by the IPO price (as defined below); (B) if such IPO is consummated on or after the one year anniversary of the Series B original issue date but prior to the eighteen month anniversary of the Series B original issue date, a price per ordinary share that will result in the conversion of Series B Preferred Shares into such number of ordinary shares that is equal to the quotient of the Series B investment amount divided by the product of eighty five percent multiplied by the IPO price, (C) if such IPO is consummated on or after the eighteen month anniversary of the series B original issue date but prior to the twenty four month anniversary of the Series B original issue date, a price per ordinary share that will result in the conversion of Series B Preferred Shares into such number of ordinary shares that is equal to the quotient of the series B investment amount divided by the product of eighty percent multiplied by the IPO price; and (D) if such IPO is consummated on or after the twenty four month anniversary of the Series B original issue date, the lower of (1) a price per ordinary shares that will result in the conversion of Series B Preferred Shares into such number of ordinary shares that is equal to the quotient of the series B investment amount divided by the product of eighty percent multiplied by the IPO price and (2) a price per ordinary share that will result in the conversion of Series B Preferred Shares into such number of ordinary shares that represent a percentage of the fully-diluted share capital of the company, such percentage being equal to the Series B investment amount divided by US\$320,000. "IPO Price" means the price per ordinary share as set forth in the final prospectus and underwriting agreement for the IPO; and
- (ii) in the event that the triggering event is the failure of the Company to consummate an IPO prior to the three year anniversary of the Series B original issue date, the Series B conversion price shall automatically be adjusted for purposes of such conversion to a price per ordinary shares that will result in the conversion of Series B Preferred Shares into such number of ordinary shares that represent a percentage of the fully diluted share capital of the Company, such percentage being equal to the Series B investment amount divided by US\$320,000.

As the effective conversion price exceeded the fair value of ordinary shares on commitment day of April 26, 2007, there was no beneficial conversion feature upon issuance of Series B Preferred Shares. Because the terms of contingent conversion price adjustment set out above do not permit the Group to compute the number of ordinary shares that the Series B Preferred Shareholders would receive if the contingent event occurs and the conversion price is adjusted, the Group will assess whether beneficial conversion feature exists when the contingent event occurs by comparing the adjusted conversion price and commitment date fair value of ordinary

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shares in accordance with guidance from EITF 00-27 *Application of Issue No. 98-5 to Certain Convertible Instruments*. The beneficial conversion feature will be recognized when the triggering contingent event occurs, if any.

Redemption

The Series B Preferred Shares shall be redeemed wholly or in part from time to time at the election of holders of Series B Preferred Shares holding at least twenty five percent of all then outstanding Series B Preferred Shares, on or after February 27, 2010. The redemption price will be sufficient to yield a 12% annualized effective internal rate of return with respect to the Series B Preferred Shares issue price, computed from the date of issuance of the Series B preferred shares until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon.

The Group accrues the 12% premium and the amortization of issuance cost over the redemption period as deemed dividends with debits to the retained earnings of \$932 for the six months ended June 30, 2007.

12. STOCK BASED COMPENSATION

Pursuant to the 2005 Agreement, in the event that the Group's 2006 audited net income after certain agreed adjustments (the "Adjusted Net Income") defined in the 2005 Agreement exceeds pre-determined 2006 threshold, CDH will transfer to Guo Man a founder, chairman and the Chief Executive Officer of the Group, 2006 Reward Shares up to 5,000,000 ordinary shares converted from Series A preferred shares, based on a graded vesting increasing schedule, for zero consideration. If the 2006 Reward Shares do not reach the maximum number of shares which is 5,000,000, and if the average Adjusted Net Income of 2006 and 2007 exceeds pre-determined 2007 threshold, then CDH will transfer to Guo Man, the applicable 2007 Reward Shares, based on a graded vesting increasing schedule, for zero consideration, until the aggregate number of 2007 Reward Shares and 2006 Reward Shares equals the maximum reward shares, which is 5,000,000.

The Group has determined, with assistance of American Appraisal China Limited, an independent third party, that the fair value of the ordinary share as of the grant date of October 18, 2005 is \$0.20 per share. The total share-based compensation would have been \$1 million had the maximum performance threshold is reached and maximum number of shares are issued at the end.

The valuation analyses utilize and consider generally accepted valuation methodologies and may require significant judgment. In arriving the fair market value of the equity interest of the entity, the independent appraiser considers the income approach (Discounted Cash Flow method- "DCF") and market approach (Enterprise Value ("EV")/EBITDA and EV/Net Sales) as outlined as follows:

Income approach is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable.

For the six months ended June 30, 2006 and 2007, management did not believe the 2006 Adjusted Net Income and the average Adjusted Net Income of 2006 and 2007 would meet the pre-determined 2006 and 2007 threshold, no share based compensation was recognized in the statement of operations for the six months ended June 30, 2006 and 2007.

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13. ORDINARY SHARES

Total ordinary shares issued and outstanding of AirMedia to the founding shareholders are as follows:

<u>Shareholders</u>	<u>Number of ordinary shares</u>	<u>Percentage of total participating shares issued and outstanding on fully converted basis</u>
Guo, Man	49,832,640	42.96%
Xu, Qing	7,450,560	6.42%
Zhang, Xiaoya	5,116,800	4.41%
Total	<u>62,400,000</u>	<u>53.79%</u>

The remaining 42.61% of shares were held by CDH in the form of Series A preferred shares and Series B Shareholders in the form of Series B preferred shares, see Note 13 for detail.

The outstanding ordinary shares were issued to founding shareholder at par value of \$0.001 each and ordinary shares subscription payment was made on June 26, 2007.

14. MAINLAND CHINA CONTRIBUTION PLAN

Full time employees of the Group in the PRC participate in a government-mandated multiemployer defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. PRC labor regulations require the Group to accrue for these benefits based on certain percentages of the employees' salaries. The total contribution for such employee benefits were \$24 and \$109 for the six months ended June 30, 2006 and 2007, respectively.

15. COMMITMENTS

(a) Rental leases

The Group has entered into operating lease agreements principally for its office spaces in the PRC. These leases expire through 2010 and are renewable upon negotiation. Rental expenses under operating leases for the six months ended June 30, 2006 and 2007 were \$177 and \$281, respectively.

Future minimum rental lease payments under non-cancelable operating leases agreements were as follows:

Six months ended December 31, 2007	\$ 468
Year ended 2008	830
Year ended 2009	468
Year 2010 and thereafter	209
	<u>\$1,975</u>

(b) Concession fees

The Group has entered into concession right agreements with airports and airlines. The contract terms of such concession rights are usually three to five years. The concession rights expire through 2012 and are renewable upon negotiation. Concession fees charged into statement of operations for the six months ended June 30, 2006 and 2007 were \$3,160 and \$5,475.

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Future minimum concession fee payments under non-cancelable concession right agreements were as follows:

Six months ended December 31, 2007	\$ 5,830
Year ended 2008	10,824
Year ended 2009	8,565
Year ended 2010	5,277
Year ended 2011 and thereafter	<u>2,867</u>
	<u>\$33,363</u>

16. RELATED PARTY TRANSACTIONS

In June 2007, Beijing Aiyike entered agreement with the Group to issue non-interest bearing and uncollateralized short term loans of \$194 to the Group. The amount due from related party of \$36 represents the amount issued and outstanding as of June 30, 2007. The remaining amount was issued in July 2007.

The amount due to related party of \$76 as of June 30, 2007 represents an amount payable to Sunshine Media Co., Ltd. ("Sunshine") for the purchasing of digital display network equipments on behalf of the Group.

Sunshine was a company incorporated in September 1997 in the PRC with its principal business was to sell flight tickets for the airports and airlines formed by Guo Man, founder, Chairman and CEO of the Group, and Xu Qing, director of the Group together with other external shareholders.

17. SUBSEQUENT EVENTS

2007 Employee Incentive Plan

On July 2, 2007, the Board of Directors adopted the 2007 share incentive plan (the "2007 Option Plan") and awarded options to the Company's four senior executives (the "Senior Executive Options") and certain other officers and employees (the "Employee Options") to purchase an aggregate of 4,600,000 and 3,125,000 ordinary shares of the Company, respectively, at an exercise price of US\$2.00 per share.

One twelfth of the Senior Executive Options will vest each quarter until July 2, 2010. The Employee Options would vest in the same schedule in the event that management determines in the future that each grantee passes the performance benchmark in each of the above vesting periods but the required benchmark was not specified in the award and whether the award vested was therefore at the discretion of management. Consequently, the Company believes no mutual understanding on the key terms of the share-based payment award was reached with the relevant employees and therefore, the Employee Options were not considered to be granted as of July 2, 2007.

On July 20, 2007, the Board of Directors decided to remove the vesting clause that the vesting of the Employee Options is subject to management's determination of whether the grantee passes the periodic evaluation of the performance for each vesting period. After this modification, the vesting of these Employee Options is only subject to services and one twelfth of the Employee Options will vest each quarter from July 20, 2010. Therefore, July 20, 2007 was treated as the grant date of the Employee Options. On July 20, 2007, the Board of Directors also granted options to certain consultants (the "Consultant Options") to purchase an

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aggregate of 340,000 ordinary shares of the Company at an exercise price of US\$2.00 per share. The Consultant Options have the same vesting schedule with the Employee Options.

The Group has determined, with assistance of American Appraisal China Limited, an independent third party, that the fair value of the Senior Executive Option as of the date of grant at July 2, 2007 was \$0.897 per option, and the fair value of the Employee Option and the Consultant Option as of the date of grant at July 20, 2007 was \$0.897 per option.

The fair values of options granted are estimated on the dates of grant using the Black-Scholes option pricing model with the following assumptions:

	Options Granted on July 2, 2007	Options Granted on July 20, 2007
Fair value of underlying ordinary shares...	\$ 1.92	\$ 1.92
Risk-free interest rate	5.48%	5.57%
Expected term	5.81	5.81
Expected dividend/yield	0%	0%
Expected volatility	40.90%	40.70%

(1) Volatility

Expected volatility is estimated based on daily stock price of comparable company for a period with length commensurate to expected term. The companies selected for reference were Focus Media Holding Limited, Lamar Advertising Company, Clear Media Limited, Dahe Media Company Limited, Tom Group Limited.

(2) Risk-free rate

Risk free rate is based on yield of US treasury bill as of valuation date with maturity date same as the qualified IPO time.

(3) Expected term

The expected term is estimated by averaging the expiration period and the vesting term. This is determined in accordance with information on the Staff Accounting Bulletin No. 107 of the Securities and Exchange Commission of the United States.

(4) Dividend yield

The dividend yield was provided by the Management based on the target paid-out ratio.

(5) Exercise price

The exercise price of the options was determined by the Company's board of directors.

(6) Fair value of underlying ordinary shares

When estimating the fair value of the ordinary shares on the grant dates, management has considered a number of factors, including the result of a third-party appraisal and equity transactions of the Company, while

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taking into account standard valuation methods and the achievement of certain events. The fair value of the ordinary shares in connection with the option grants on each grant date was determined with the assistance of American Appraisal China Limited, an independent third party.

The amount of future expenses to be recognized (assuming no forfeitures) will be:

Senior Executive Options:

In accordance with SFAS 123(R)—Share-Based Payment, a total of \$4,127, which will be recognized as expenses over the vesting period of three years.

Employee Options:

In accordance with SFAS 123(R)—Share-Based Payment, a total amount of \$2,804, which will be recognized as expenses over the vesting period of three years.

Consultant Options:

In accordance with EITF 96-18—Accounting for Equity Instruments That Are Issued to Other Than Employee for Acquiring, or in Conjunction with Selling, Goods or Services, a total amount of \$305, which will be recognized upon the grant of the options.



PART II**Information Not Required In Prospectus****Item 6. Indemnification of Directors and Officers**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our Articles of Association provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own willful neglect or default.

Pursuant to the form of indemnification agreement filed as Exhibit 10.2 to this Registration Statement, we may agree to indemnify our directors and officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The form of Underwriting Agreement to be filed as Exhibit 1.1 to this Registration Statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities

During the past three years, we have issued the following securities (including options to acquire our ordinary shares). We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

<u>Purchaser</u>	<u>Date of Sale or Issuance</u>	<u>Number of Securities</u>	<u>Consideration (US\$)</u>	<u>Underwriting Discount and Commission</u>
Herman Man Guo ⁽¹⁾	November 30, 2005	49.8% of total equity interest in the form of ordinary shares on an as converted basis	par value	N/A
Qing Xu ⁽¹⁾	November 30, 2005	7.5% of total equity interest in the form of ordinary shares on an as converted basis	par value	N/A
Xiaoya Zhang ⁽¹⁾	November 30, 2005	5.2% of total equity interest in the form of ordinary shares on an as converted basis	par value	N/A
Global Gateway Investments Ltd. ⁽¹⁾	November 30, 2005	37.6% of total equity interest in the form of ordinary shares on an as converted basis	12,000,000	N/A
OZ Master Fund, Ltd.	June 7, 2007	3,868,000 Series B redeemable convertible preferred shares	9,760,000	N/A
OZ Asia Master Fund, Ltd.	June 7, 2007	3,447,200 Series B redeemable convertible preferred shares	8,618,000	N/A
OZ Global Special Investments Master Fund, L.P.	June 7, 2007	684,800 Series B redeemable convertible preferred shares	1,712,000	N/A
AM SPV Limited	June 7, 2007	8,000,000 Series B redeemable convertible preferred shares	20,000,000	N/A
Directors and Officers	July 2, 2007	4,600,000 options to purchase ordinary shares	Exercise price of US\$2.00	N/A
Directors, Officers, Employees and Consultants	July 20, 2007	3,465,000 options to purchase ordinary shares	Exercise price of US\$2.00	N/A

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- (1) In October 2005, we and CDH entered into an agreement, according to which we agreed that an affiliate of CDH would acquire a Series A preferred share interest in us. Under this agreement, CDH or its affiliate was obligated to pay US\$12.0 million to us in return for a Series A preferred share interest of 37.6% of our total equity interest on an as converted basis, with the payment to be made at our discretion. As part of the October 2005 agreement, it was agreed that the founding shareholders would hold 100% of our ordinary shares, representing 62.4% of our total equity interest on an as converted basis. After our intermediate holding company, Broad Cosmos, was incorporated in June 2006 in connection with our corporate restructuring, Broad Cosmos issued 10,000 ordinary shares to the founding shareholders. In March 2007, the Broad Cosmos ordinary shares were split and the total ordinary shares issued and outstanding to the founding shareholders was 62,400,000. In June 2007, pursuant to a share exchange agreement between AirMedia Group Inc. and the founding shareholders and preferred shareholders of Broad Cosmos, AirMedia Group Inc. issued 62,400,000 and 37,600,000 ordinary shares to the founding shareholders and Global Gateway Investment Limited, respectively, in exchange for their 62,400,000 and 37,600,000 ordinary shares of Broad Cosmos, respectively.

Item 8. Exhibits and Financial Statement Schedules

(a) Exhibits

See Exhibit Index beginning on page II-5 of this registration statement.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

Item 9. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Beijing, People's Republic of China, on October 19, 2007.

AirMedia Group Inc.

By: /s/ HERMAN MAN GUO
Name: Herman Man Guo
Title: Chairman and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Herman Man Guo and Conor Chiahung Yang as attorney-in-fact, each with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ HERMAN MAN GUO</u> Herman Man Guo	Chairman and Chief Executive Officer (Principal Executive Officer)	October 19, 2007
<u>/s/ CONOR CHIAHUNG YANG</u> Conor Chiahung Yang	Chief Financial Officer (Principal Financial and Accounting Officer)	October 19, 2007
<u>/s/ QING XU</u> Qing Xu	Director	October 19, 2007
<u>/s/ XIAOYA ZHANG</u> Xiaoya Zhang	Director	October 19, 2007
<u>/s/ XIAOJUN SHANG</u> Xiaojun Shang	Director	October 19, 2007

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ ZHENYU WANG</u> Zhenyu Wang	Director	October 19, 2007
<u>/s/ SHICHONG SHAN</u> Shichong Shan	Independent Director	October 19, 2007
<u>/s/ DONGLIN XIA</u> Donglin Xia	Independent Director	October 19, 2007
<u>/s/ DONALD J. PUGLISI</u> Donald J. Puglisi Managing Director, Puglisi & Associates	Authorized U.S. Representative	October 19, 2007

AIRMEDIA GROUP INC.
EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1*	Form of Underwriting Agreement
3.1	Memorandum and Articles of Association of the Registrant, as currently in effect
3.2	Form of Amended and Restated Memorandum and Articles of Association of the Registrant
4.1*	Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement among the Registrant, the depository and holder of the American Depositary Receipts
4.4	Amended and Restated Shareholders' Agreement originally dated as of June 7, 2007, as amended and restated on September 27, 2007, among the Registrant and Shareholders
5.1	Opinion of Maples and Calder regarding the validity of the ordinary shares being registered
8.1	Opinion of Cayman Islands regarding certain Cayman Islands Tax matters (included in Exhibit 5.1)
8.2	Opinion of Latham & Watkins LLP regarding certain U.S. tax matters
8.3	Opinion of Commerce & Finance Law Offices concerning certain PRC tax matters
10.1	2007 Share Option Plan
10.2	Form of Indemnification Agreement with the Registrant's directors and officers
10.3	Form of Employment Agreement between the Registrant and an Executive Officer of the Registrant
10.4	Investment Framework Agreement dated October 18, 2005, as amended on September 27, 2007, among Man Guo, Qing Xu and CDH China Management Company Limited
10.5	Series A Convertible Preferred Share Purchase Agreement dated February 28, 2007, as amended on September 27, 2007, among Broad Cosmos Enterprises Ltd., certain of its shareholders, its existing group companies and Global Gateway Investments Limited
10.6	Series B Convertible Preferred Share Purchase Agreement dated April 26, 2007 among the Registrant, certain of its shareholders, its existing group companies, OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Global Special Investments Master Fund, L.P. and AM SPV Limited
10.7	Share Exchange Agreement dated June 7, 2007 among the Registrant, Man Guo, Qing Xu, Xiaoya Zhang and Global Gateway Investments Ltd.
10.8	Agreement for the Transfer and Assumption of Various Obligations and Rights under the February 28, 2007 Share Purchase Agreement, dated June 7, 2007, among the Registrant, Broad Cosmos Enterprises Ltd., Global Gateway Investment Ltd., consolidated subsidiaries and variable interest equities of the Registrant and Man Guo, Qing Xu and Xiaoya Zhang
10.9	English Translation of Business Cooperation Agreement dated June 14, 2007 between Shengshi Lianhe Advertising Co., Ltd. and AirTV United Media & Culture Co., Ltd.
10.10	English Translation of Business Cooperation Agreement dated June 14, 2007 between Beijing AirMedia Advertising Co., Ltd. and AirTV United Media & Culture Co., Ltd.
10.11	English Translation of Power of Attorneys dated June 14, 2007 from each of the shareholders of Shengshi Lianhe Advertising Co., Ltd.
10.12	English Translation of Technology Development Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. and Beijing Shengshi Lianhe Advertising Co., Ltd.
10.13	English Translation of Amended and Restated Technology Support and Service Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. and Beijing Shengshi Lianhe Advertising Co., Ltd.

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.14	English Translation of Amended and Restated Share Pledge Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd., Shengshi Lianhe Advertising Co., Ltd. and the shareholders of Shengshi Lianhe Advertising Co., Ltd.
10.15	English Translation of Amended and Restated Call Option Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd., Shengshi Lianhe Advertising Co., Ltd. and the shareholders of Shengshi Lianhe Advertising Co., Ltd.
10.16	English Translation of Power of Attorneys dated June 14, 2007 from the shareholders of Beijing AirMedia Advertising Co., Ltd.
10.17	English Translation of Amended and Restated Technology Development Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. and Beijing AirMedia Advertising Co., Ltd.
10.18	English Translation of Amended and Restated Technology Support and Service Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. and Beijing AirMedia Advertising Co., Ltd.
10.19	English Translation of Amended and Restated Share Pledge Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd., Beijing AirMedia Advertising Co., Ltd. and the shareholders of Beijing AirMedia Advertising Co., Ltd.
10.20	English Translation of Amended and Restated Call Option Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd., Beijing AirMedia Advertising Co., Ltd. and the shareholders of Beijing AirMedia Advertising Co., Ltd.
10.21	English Translation of Power of Attorneys dated June 14, 2007 from the shareholders of Beijing AirMedia UC Advertising Co., Ltd.
10.22	English Translation of Technology Development Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. and Beijing AirMedia UC Advertising Co., Ltd.
10.23	English Translation of Technology Support and Service Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd. and Beijing AirMedia UC Advertising Co., Ltd.
10.24	English Translation of Share Pledge Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd., Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd.
10.25	English Translation of Call Option Agreement dated June 14, 2007 between AirMedia Technology (Beijing) Co., Ltd., Beijing AirMedia UC Advertising Co., Ltd. and the shareholders of Beijing AirMedia UC Advertising Co., Ltd.
21.1	Subsidiaries of the Registrant
23.1	Consent of Deloitte Touche Tohmatsu CPA Ltd., Independent Registered Public Accounting Firm
23.2	Consent of Cayman Islands (included in Exhibit 5.1)
23.3	Consent of Latham & Watkins LLP (included in Exhibit 8.2)
23.4	Consent of Commerce & Finance Law Offices
23.5	Consent of Sinomonitor
23.6	Consent of American Appraisal China Limited
24.1	Powers of Attorney (included on signature page)
99.1*	Code of Business Conduct and Ethics of the Registrant
99.2	Opinion of Commerce & Finance Law Offices

* To be filed by amendment.

THE COMPANIES LAW (2007 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
SECOND AMENDED AND RESTATED
MEMORANDUM AND ARTICLES
OF
ASSOCIATION
OF

AIRMEDIA GROUP INC.

(adopted by special resolutions passed on September 27, 2007)

THE COMPANIES LAW (2007 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
SECOND AMENDED AND RESTATED
MEMORANDUM OF ASSOCIATION
OF
AIRMEDIA GROUP INC.

(adopted by special resolutions passed on September 27, 2007)

- 1 The name of the Company is **AirMedia Group Inc.**
- 2 The registered office of the Company shall be at the offices of M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, or at such other place as the Directors may from time to time decide.
- 3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2004 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
- 4 The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
- 5 The share capital of the Company is US\$500,000.00 divided into 451,400,000 Ordinary Shares of a par value of US\$0.001 each and 48,600,000 redeemable Preferred Shares of a par value of US\$0.001 each of which 32,600,000 Preferred Shares are designated as Series A Preferred Shares and of which 16,000,000 Preferred Shares are designated as Series B Preferred Shares.
- 6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

7 Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2007 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
SECOND AMENDED AND RESTATED
ARTICLES OF ASSOCIATION
OF
AIRMEDIA GROUP INC.

(adopted by special resolutions passed on September 27, 2007)

INTERPRETATION

- 1 In these Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

“Affiliate”

means of a Person (the “Subject Person”) means (i) in the case of a Person other than a natural Person, any other Person that directly or indirectly controls, is controlled by or is under common control with the Subject Person and (ii) in the case of a natural Person, any other Person that directly or indirectly is controlled by the Subject Person. For purposes of this definition, “control” of a Person means (a) ownership of 50% or more of the shares in issue or other equity interests of such Person or (b) the power to direct the management or policies of a Person, whether through the ownership of more than 50% of the voting power of such Person, through the power to appoint a majority of the members of the board of directors or similar governing body of such Person, through contractual arrangements or otherwise. In the case of any Investor, the term “Affiliate” shall also include (w) any fund that is a direct or indirect shareholder of such Investor, (x) any of such fund's direct and indirect general

	partners, limited partners, fund managers and funds managed by such fund's direct and indirect fund managers, officers (including vice presidents), general partners and Affiliates thereof, (y) the spouses, lineal descendants and heirs of individuals referred to in (x) and (z) trusts controlled by or for the benefit of such individuals
"Articles"	means these articles of association of the Company.
"Auditor"	means the person for the time being performing the duties of auditor of the Company (if any).
"Automatic Conversion"	has the meaning as set forth in Section 1.1(d) of Schedule A.
"Broad Cosmos"	means Broad Cosmos Enterprises Ltd, a British Virgin Islands company.
"Business Day"	means any day other than a Saturday, Sunday or other day on which commercial banks in BVI, the PRC or Hong Kong SAR are authorized or required by law or executive order to close.
"CDH"	means Global Gateway Investments Limited, a British Virgin Islands company and any Affiliate thereof who holds Shares from time to time.
"CDH Directors"	means the directors appointed by CDH pursuant to the Articles.
"CDH Shareholders"	means CDH and any of its Affiliates who hold Ordinary Share Equivalents from time to time, and "CDH Shareholder" means any of them;
"Company"	means the above named company.
"Conversion Price"	means the Series A Conversion Price or the Series B Conversion Price, as the case may be.
"Co-Sale Shares"	has the meaning specified in Section 2.4 of Schedule A.
"Co-Sale Period"	has the meaning specified in Section 2.4 of Schedule A.
"Directors"	means the directors for the time being of the Company.
"Dividend"	includes an interim dividend.
"Electronic Record"	has the same meaning as in the Electronic Transactions Law (2003 Revision).

“Eligible Person”	means individuals, corporations, trusts, the estates of deceased individuals, partnerships and unincorporated associations of persons.
“Existing Shareholder Entity”	has the meaning specified in Section 2.7 of Schedule A.
“Founder Directors”	has the meaning specified in Article 87.
“Founder”	means Guo Man a citizen of the PRC.
“Group Companies”	means the Company, the PRC Companies, the PRC Holdco and any other Person that the Company, any PRC Company or the PRC Holdco may directly or indirectly hold an interest or control through contractual arrangements, and “Group Company” means any of them.
“Holders of Ordinary Shares”	means Guo Man, Xu Qing and Zhang Xiaoya, each a citizen of the PRC.
“Issue Price”	means the Series A Issue Price or the Series B Issue Price, as the case may be.
“Investor Offered Shares”	has the meaning specified in Section 2.5 of Schedule A.
“Investors”	means CDH, OZ and SIG and “Investor” means any of them.
“Investor Shareholders”	means CDH, OZ and SIG, together with any transferee receiving Preferred Shares from any Investor in a transaction undertaken in compliance with Section 2.5 of Schedule A, and “Investor Shareholder” means any of them.
“Investor Transfer Notice”	has the meaning specified in Section 2.5 of Schedule A.
“IPO”	means an initial public offering and listing on a stock exchange by the Company of its Ordinary Shares.
“IPO Price”	has the meaning specified in Section 1.1(g) of Schedule A.
“Member”	has the same meaning as in the Statute.
“Memorandum”	means the memorandum of association of the Company.
“New Securities”	has the meaning specified in Section 1.1(i) of Schedule A.

“Offered Shares”	has the meaning specified in Section 2.2 of Schedule A.
“Ordinary Resolution”	means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.
“Ordinary Share Equivalents”	means any security or obligation which is by its terms, directly or indirectly, convertible into or exchangeable or exercisable for Ordinary Shares, including, without limitation the Series A Convertible Shares, the Series B Convertible Shares, and any option, warrant or other subscription or purchase right with respect to Ordinary Shares or any Ordinary Share Equivalent.
“OZ”	means each of the OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Global Special Investments Master Fund, L.P. and/or any of their respective designees or Affiliates.
“Participation Rights Holder”	has the meaning specified in Section 1.1(i) of Schedule A.
“Permitted Transferee”	has the meaning specified in Section 2.1 of Schedule A.
“PRC”	means the People’s Republic of China, excluding Hong Kong, Taiwan and Macau.
“PRC Companies”	means each of Shenzhen Air Media Technology Co Ltd, Beijing Air Media Advertising Co Ltd, Air Media Technology (Beijing) Co Ltd, Beijing Shengshi United Advertising Co Ltd., Beijing Air Media UC Advertising Co Ltd, AirTV United Media & Culture Co Ltd and any PRC company to be formed by the Group Companies or Holders of Ordinary Shares or their affiliates under the Business Scope of the Company.
“PRC Holdco”	means each of Shenzhen Air Media Technology Co Ltd and Air Media Technology (Beijing) Co Ltd.
“Preference Amount”	means the Series A Preference Amount and the Series B Preference Amount, as the case may be.
“Preferred Share”	means the Series A Preferred Shares and the Series B Preferred Shares.

“Pro Rata Share”	has the meaning specified in Section 1.1(i) of Schedule A.
“Purchase Agreement”	means the Series B Convertible Preferred Share Purchase Agreement, dated 26 April 2007 by and among the Company, OZ, SIG, the Founder and the other parties named therein.
“Purchase Notice”	has the meaning specified in Section 2.5 of Schedule A.
“Qualified Public Offering”	means a firm commitment underwritten initial public offering and listing on an internationally recognized stock exchange, including without limitation NYSE and Nasdaq, by the Company of its Ordinary Shares representing at least 15% of the Ordinary Shares (on a fully diluted basis immediately prior to such initial public offering) at a price per share implying a pre-money valuation of the Company of at least US\$100 million.
“Redemption Date”	has the meaning specified in Section 1.3 of Schedule A.
“Redemption Notice”	has the meaning specified in Section 1.3 of Schedule A.
“Redemption Price”	means the Series A Redemption Price or the Series B Redemption Price, as the case may be.
“Redemption Start Date”	has the meaning specified in Section 1.3 of Schedule A.
“Register of Members”	means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
“Registered Office”	means the registered office for the time being of the Company.
“Right of Participation”	has the meaning specified in Section 1.1(i) of Schedule A.
“Sale Transaction”	means any sale, conveyance or disposition of all or substantially all of the assets of the Company or any other Group Company or any consolidation, merger or other business combination of the Company or any other Group Company with or into any other company or companies in which the existing, shareholders or equity interest holders of the Company or such other Group Company, immediately prior to the consummation of such consolidation, merger or business combination, do not retain a majority of the voting power in the surviving company.

“Schedule A”	means Schedule A to these Articles
“Seal”	means the common seal of the Company and includes every duplicate seal.
“Securities Act”	means the United States Securities Act of 1933, as amended.
“Selling Shareholder”	has the meaning specified in Section 2.2. of Schedule A.
“Series A Conversion Price”	means US\$0.31914893617 per Series A Preferred Share, subject to adjustment from time to time as provided herein.
“Series A Issue Price”	means US\$0.31914893617 per Series A Preferred Share.
“Series A Majority Holders”	has the meaning specified in Section 1.3 of Schedule A.
“Series A Preference Amount”	has the meaning specified in Section 1.1 of Schedule A.
“Series A Preferred Shares”	means the Series A Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the capital of the Company.
“Series A Redemption Price”	has the meaning specified in Section 1.3 of Schedule A.
“Series B Conversion Price”	means US\$2.50 per Series B Preferred Share, subject to adjustment from time to time as provided herein.
“Series B Issue Price”	means US\$2.50 per Series B Preferred Share.
“Series B Investment Amount”	means US\$40 million payable in United States dollars.
“Series B Original Issue Date”	means the Closing Date set forth in the Purchase Agreement.
“Series B Preference Amount”	has the meaning specified in Section 1.1 of Schedule A.
“Series B Preferred Shares”	means the Series B Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the capital of the Company.

“Series B Redemption Holders”	has the meaning specified in Section 1.3 of Schedule A.
“Series B Redemption Price”	has the meaning specified in Section 1.3 of Schedule A.
“Series A Preferred Shares”	means the Series A Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the capital of the Company.
“Share” and “Shares”	means a share or shares in the Company including Ordinary Shares and Series A Preferred Shares and includes a fraction of a share.
“Shareholders’ Agreement”	means the Shareholders’ Agreement of the Company, dated June 7 2007, by and among the Company, the Group Companies, Holders of Ordinary Shares, CDH, OZ, SIG and the other parties named therein.
“SIG”	means Billion Effort Management Limited, Embleton Investment Holdings Limited, Megastar Capital Holdings Limited, PCM Direct Capital Fund and SIG China Investments One, Ltd. and/or any of their respective designees or Affiliates, collectively.
“Special Resolution”	has the same meaning as in the Statute, and includes a unanimous written resolution.
“Statute”	means the Companies Law (2007 Revision) of the Cayman Islands.
“Transfer”	has the meaning specified in Section 2.1 of Schedule A.
“Transfer Notice”	has the meaning specified in Section 2.2. of Schedule A.

2 In the Articles:

2.1 words importing the singular number include the plural number and vice versa;

2.2 words importing the masculine gender include the feminine gender;

2.3 words importing persons include corporations;

2.4 “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;

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- 2.5 references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
- 2.6 any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- 2.7 headings are inserted for reference only and shall be ignored in construing these Articles; and
- 2.8 in these Articles Section 8 of the Electronic Transactions Law (2003 Revision) shall not apply.

PRIORITY OF THE PROVISIONS SET OUT IN SCHEDULE A

- 3 **ALL PROVISIONS SET OUT IN THE MAIN BODY OF THESE ARTICLES SHALL BE SUBJECT TO THE TERMS SET OUT IN SCHEDULE A HERETO, WHICH PROVIDE FURTHER DETAILS ON THE RIGHTS AGREED WITH HOLDERS OF PREFERRED SHARES AS DEFINED IN SCHEDULE A. IN THE EVENT OF ANY DIFFERENCE BETWEEN THE PROVISIONS SET OUT IN THE MAIN BODY OF THESE ARTICLES AND THE PROVISIONS SET OUT IN SCHEDULE A, THE TERMS OF SCHEDULE A SHALL PREVAIL**

COMMENCEMENT OF BUSINESS

- 4 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit.
- 5 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

ISSUE OF SHARES

- 6 Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in general meeting) and Schedule A and without prejudice to any rights attached to any existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other rights or restrictions, whether in regard to Dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper.
- 7 The Company shall not issue Shares to bearer.

REGISTER OF MEMBERS

- 8 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

- 9 For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend, or in order to make a determination of Members for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed forty days. If the Register of Members shall be closed for the purpose of determining Members entitled to notice of, or to vote at, a meeting of Members the Register of Members shall be closed for at least ten days immediately preceding the meeting.
- 10 In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or in order to make a determination of Members for any other purpose.
- 11 If the Register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a Dividend, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such Dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

CERTIFICATES FOR SHARES

- 12 A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

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- 13 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.
 - 14 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

TRANSFER OF SHARES & RESTRICTIONS ON TRANSFER

- 15 Subject to Schedule A, Shares are transferable subject to the consent of the Directors who may, in their absolute discretion, decline to register any transfer of Shares without giving any reason. If the Directors refuse to register a transfer they shall notify the transferee within two months of such refusal.
- 16 Subject to Schedule A, the instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

REDEMPTION AND REPURCHASE OF SHARES

- 17 Subject to the provisions of the Statute the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. The redemption of such Shares shall be effected in such manner as the Company may, by Special Resolution, determine before the issue of the Shares.
- 18 Subject to the provisions of the Statute, the Company may purchase its own Shares (including any redeemable Shares) provided that the Members shall have approved the manner of purchase by Ordinary Resolution.
- 19 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

VARIATION OF RIGHTS OF SHARES

- 20 If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-quarters of the issued Shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class.

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- 21 The provisions of these Articles relating to general meetings shall apply to every class meeting of the holders of one class of Shares except that the necessary quorum shall be one person holding or representing by proxy at least one third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.
 - 22 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

COMMISSION ON SALE OF SHARES

- 23 The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

NON RECOGNITION OF TRUSTS

- 24 The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

- 25 The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.
- 26 The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been given to the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.
- 27 To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the

purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.

- 28 The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any residue shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

CALL ON SHARES

- 29 Subject to the terms of the allotment the Directors may from time to time make calls upon the Members in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Member shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.
- 30 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
- 31 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
- 32 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine, but the Directors may waive payment of the interest wholly or in part.
- 33 An amount payable in respect of a Share on allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
- 34 The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 35 The Directors may, if they think fit, receive an amount from any Member willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Member paying such amount in advance.

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- 36 No such amount paid in advance of calls shall entitle the Member paying such amount to any portion of a Dividend declared in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

FORFEITURE OF SHARES

- 37 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days notice requiring payment of the amount unpaid together with any interest, which may have accrued. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 38 If the notice is not complied with any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends or other monies declared payable in respect of the forfeited Share and not paid before the forfeiture.
- 39 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.
- 40 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.
- 41 A certificate in writing under the hand of one Director or officer of the Company that a Share has been forfeited on a specified date shall be conclusive evidence of the fact as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.
- 42 The provisions of these Articles as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

TRANSMISSION OF SHARES

- 43 If a Member dies the survivor or survivors where he was a joint holder, and his legal personal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest. The estate of a deceased Member is not thereby released from any liability in respect of any Share, which had been jointly held by him.
- 44 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become the holder of the Share or to have some person nominated by him as the transferee. If he elects to become the holder he shall give notice to the Company to that effect, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death or bankruptcy, as the case may be.
- 45 If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- 46 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share. However, he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share. If the notice is not complied with within ninety days the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

AMENDMENTS OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND ALTERATION OF CAPITAL

- 47 Subject to the provisions set out in Schedule A, the Company may by Ordinary Resolution:
 - 47.1 increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;
 - 47.2 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;

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- 47.3 by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value; and
- 47.4 cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- 48 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.
- 49 Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution and the provisions of Schedule A, the Company may by Special Resolution:
- 49.1 change its name;
- 49.2 alter or add to these Articles;
- 49.3 alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and
- 49.4 reduce its share capital and any capital redemption reserve fund.

REGISTERED OFFICE

- 50 Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office.

GENERAL MEETINGS

- 51 All general meetings other than annual general meetings shall be called extraordinary general meetings.
- 52 The Company shall, if required by the Statute, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the Registered Office on the second Wednesday in December of each year at ten o'clock in the morning. At these meetings the report of the Directors (if any) shall be presented.
- 53 The Company may hold an annual general meeting, but shall not (unless required by Statute) be obliged to hold an annual general meeting.

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- 54 The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- 55 A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than thirty per cent. in par value of the capital of the Company which as at that date carries the right of voting at general meetings of the Company.
- 56 The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- 57 If the Directors do not within twenty-one days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said twenty-one days.
- 58 A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

- 59 At least seven days' notice shall be given of any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- 59.1 in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and
- 59.2 in the case of an extraordinary general meeting, by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five per cent. in par value of the Shares giving that right.
- 60 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

- 61 No business shall be transacted at any general meeting unless a quorum is present. A meeting of Members is duly constituted if, at the commencement of the meeting, there are present in person or by proxy (i) not less than 50 per cent of the votes of the Shares or class or series of Shares entitled to vote at a general meeting and (ii) at least a majority of the then outstanding Series A Preferred Shares and at least seventy five percent (75%) of the then outstanding Series B Preferred Shares unless the Company has only one Member entitled to vote at such general meeting in which case the quorum shall be that one Member present in person or by proxy or (in the case of a corporation or other non-natural person) by a duly authorised representative or proxy.
- 62 If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the next Business Day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy (i) not less than one third of the votes of the Shares or each class or series of Shares entitled to vote on the matters to be considered by the meeting, and (ii) at least a majority of the votes of the Series A Preferred Shares and at least seventy five percent (75%) of the votes of the Series B Preferred Shares, those present shall constitute a quorum but otherwise the meeting shall be dissolved.
- 63 A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
- 64 Subject to Section 1.1(h) of Schedule A, an action that may be taken by the Members at a meeting may also be taken by a resolution of Members consented to in writing, without the need for any notice, but if any resolutions is adopted otherwise than by the written consent of Members holding at least 90% of all outstanding shares (calculated on an as-converted basis), a copy of such resolution shall forthwith be sent to all Members not consenting to such resolution. In the event any holders of Preferred Shares are entitled to a separate class vote, whether by the Memorandum, these Articles or by contract with the Company, if any resolution of any holders of Preferred Shares is adopted by the holders of less than all of the applicable outstanding class of Preferred Shares a copy of such resolution shall forthwith be sent to all holders of such class of Preferred Shares not consenting to such resolution. The consent may be in the form of counterparts, each counterpart being signed by one or more Members. If the consent is in one or more counterparts, and the counterparts bear different dates, then the resolution shall take effect on the earliest date upon which Eligible Persons holding a sufficient number of votes of Shares to constitute a resolution of Members have consented to the resolution by signed counterparts.
- 65 The chairman, if any, of the board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

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- 66 If no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman of the meeting.
- 67 The chairman may, with the consent of a meeting at which a quorum is present, (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice.
- 68 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, the chairman demands a poll, or any other Member or Members collectively present in person or by proxy and holding at least ten per cent. in par value of the Shares giving a right to attend and vote at the meeting demand a poll.
- 69 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 70 The demand for a poll may be withdrawn.
- 71 Except on a poll demanded on the election of a chairman or on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.
- 72 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.
- 73 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote.

VOTES OF MEMBERS

- 74 Subject to any rights or restrictions attached to any Shares, on a show of hands every Member who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative or proxy, shall have one vote and on a poll every Member shall have one vote for every Share of which he is the holder.

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- 75 In the case of joint holders of record the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.
- 76 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.
- 77 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.
- 78 No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 79 On a poll or on a show of hands votes may be cast either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a show of hands.
- 80 A Member holding more than one Share need not cast the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.

PROXIES

- 81 The instrument appointing a proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.
- 82 The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:

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- 82.1 not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- 82.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- 82.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;
- provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.
- 83 The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.
- 84 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

CORPORATE MEMBERS

- 85 Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member.

SHARES THAT MAY NOT BE VOTED

- 86 Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

DIRECTORS

- 87 The Board of Directors shall consist of no less than five (5) members, which number of members shall not be changed except pursuant to an amendment to these Articles. The holders of Ordinary Shares shall be entitled to exclusively vote on a resolution of members to appoint and remove two (2) directors (the "Founder Directors") so long as they hold in the aggregate Ordinary Share Equivalents that are at least equal to fifteen percent (15%) of the issued Ordinary Shares, and thereafter they shall have the right to appoint and remove one (1) director. For so long as the CDH Shareholders hold in the aggregate Ordinary Share Equivalents that are at least equal to fifteen percent (15%) of the issued Ordinary Shares (determined on an as converted basis), the CDH Shareholders shall have the right to appoint and remove two (2) directors (the "CDH Directors"), and thereafter the CDH Shareholders shall have the right to appoint and remove one (1) director. One director shall be a member of the management of the Group Companies, which member shall be reasonably satisfactory to the Holders of Ordinary Shares and the holders of at least a majority in interest of all Series A Preferred Shares. The remaining Directors shall be appointed by the Board or by the Members through Ordinary Resolutions. Any appointment removal and/or replacement of a director shall be effective upon a relevant resolution being passed by the Members entitled to exclusively vote for the appointment, removal or replacement of the director. Each director shall serve indefinitely until his earlier death, resignation or removal by the party appointing him pursuant to this Article 87.
- 88 For so long as the OZ Shareholders or the SIG Shareholders, respectively, hold in the aggregate Ordinary Share Equivalents that are at least equal to fifty percent (50%) of the equity interests in the Company acquired by the OZ Shareholders or the SIG Shareholders, as the case may be, on the Series B Original Issue Date (determined on an as converted basis), one (1) individual designated by the OZ Shareholders and/or the SIG Shareholders, as the case may be (each, an "**Observer**"), shall be entitled to attend, but not to vote at, all meetings of the Board and all committees thereof (whether in person, telephonic or other) in a non-voting, observer capacity and the Company shall provide to such representatives, concurrently with the members of the Board, and in the same manner, notice of all such meetings and a copy of all materials provided to the members of the Board; provided, however, that Observers shall not be considered in calculating the quorum requirements.
- 89 A director may be removed from office only by the party appointing him pursuant to Article 87 above. Any Members removing a director shall be responsible for the removal and shall indemnify the Company against any claim by such director for unfair or wrongful dismissal or other compensation arising out of such removal.
- 90 A director may resign his office by giving written notice of his resignation to the Company and the resignation has effect from the date the notice is received by the Company or from such later date as may be specified in the notice. A director shall resign forthwith as a director if he is, or becomes, disqualified from acting as a director under the Statute.

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- 91 Any vacancy created by a resigning director shall be filled by the party appointing the resigning director pursuant to Article 87 above.

POWERS OF DIRECTORS

- 92 Subject to the provisions of the Statute, the Memorandum, the Articles and to Schedule A, and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 93 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine by resolution.
- 94 The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
- 95 The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 96 The Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.
- 97 The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

VACATION OF OFFICE OF DIRECTOR

- 98 The office of a Director shall be vacated if:
- 98.1 he gives notice in writing to the Company that he resigns the office of Director; or

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- 98.2 if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office; or
- 98.3 if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 98.4 if he is found to be or becomes of unsound mind; or
- 98.5 if all the other Directors of the Company (being not less than two in number) resolve that he should be removed as a Director.

PROCEEDINGS OF DIRECTORS

- 99 A meeting of directors is duly constituted for all purposes if at the commencement of the meeting there are present in person or by alternate (i) not less than one-half of the total number of directors, (ii) a CDH Director and (iii) a Founder Director. If within one hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the next business day in the jurisdiction in which the meeting was to have been held at the same time and place or to such other time and place as the Directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy (i) not less than one half of the total number of Directors, (ii) the CDH Director and (iii) the Founder Director those present shall constitute a quorum but otherwise the meeting shall be dissolved. If the Company has only one director the provisions herein contained for meetings of directors do not apply and such sole director has full power to represent and act for the Company in all matters as are not by the Statute, the Memorandum or the Articles required to be exercised by the Members.
- 100 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 101 A person may participate in a meeting of the Directors or committee of Directors by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the chairman is at the start of the meeting.
- 102 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors (an alternate Director being entitled to sign such a resolution on behalf of his appointor) shall be as valid and effectual as if it had been

passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held.

- 103 A Director or alternate Director may, or other officer of the Company on the requisition of a Director or alternate Director shall, call a meeting of the Directors by at least two days' notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held.
- 104 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
- 105 The Directors may elect a chairman of their board and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
- 106 All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.
- 107 A Director but not an alternate Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

PRESUMPTION OF ASSENT

- 108 A Director of the Company who is present at a meeting of the board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIRECTORS' INTERESTS

- 109 A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.
- 110 A Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 111 A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 112 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.
- 113 A general notice that a Director or alternate Director is a shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

MINUTES

- 114 The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of Directors including the names of the Directors or alternate Directors present at each meeting.

DELEGATION OF DIRECTORS' POWERS

- 115 The Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 116 The Directors may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees or local boards. Any such appointment may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.
- 117 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.
- 118 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.
- 119 Subject to Schedule A, the Directors may appoint such officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment an officer may be removed by resolution of the Directors or Members.
- 120 Without prejudice to the freedom of the Directors to establish any other committee, the Board shall establish and maintain an Audit Committee and a Compensation Committee, each of

which shall consist of at least three (3) Directors, one (1) of which shall be a CDH Director. The quorum necessary for the transaction of the business of the Audit Committee and the Compensation Committee shall be three (3) members, at least one (1) of which shall be the CDH Director. All decisions of the Audit Committee and the Compensation Committee shall require the unanimous written approval of all members of the Audit Committee. The primary responsibilities of the Compensation Committee shall be to manage the compensation affairs of the Company, including implementing salary and equity guidelines for the Company, approving compensation packages, severance agreements and employment agreements for all senior managers as well as administering the Company's employee equity incentive plans. The primary responsibilities of the Audit Committee shall include the following:-

- (a) to recommend annually to the Board the appointment of the independent auditors of the Company, discuss and review in advance the scope and the fees of the annual audit and review the results thereof with the independent auditors, review and approve non-audit services of the independent auditors, review compliance with existing major accounting and financial reporting policies of the Company, review the adequacy of the financial organization of the Company, and review management's procedures and policies relating to the adequacy of the Company's internal accounting controls and compliance with applicable laws relating to accounting practices;
- (b) to review potential conflict of interests involving any affiliate of the Company that is not wholly-owned or any director, officer or controlling shareholders of the affiliate or the Company;
- (c) to oversee that management has established and maintained adequate processes to assure compliance by the Company with all applicable laws, regulations, disclosure requirements and corporate policies; and
- (d) other responsibilities delegated by the Board from time to time.

ALTERNATE DIRECTORS

- 121 Any Director (other than an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.
- 122 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence.
- 123 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.

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- 124 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.
- 125 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

NO MINIMUM SHAREHOLDING

- 126 The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

REMUNERATION OF DIRECTORS

- 127 The remuneration to be paid to the Directors, if any, shall be such remuneration as the Directors shall determine. The Directors shall also be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors, or general meetings of the Company, or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other.
- 128 The Directors may by resolution approve additional remuneration to any Director for any services other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

SEAL

- 129 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for the purpose.
- 130 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- 131 A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the

Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

- 132 Subject to the Statute, this Article and Schedule A, the Directors may declare Dividends and distributions on Shares in issue and authorise payment of the Dividends or distributions out of the funds of the Company lawfully available therefor. No Dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.
- 133 Except as otherwise provided by the rights attached to Shares, all Dividends shall be declared and paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.
- 134 The Directors may deduct from any Dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.
- 135 The Directors may declare that any Dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures, or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
- 136 Any Dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.
- 137 No Dividend or distribution shall bear interest against the Company.
- 138 Any Dividend which cannot be paid to a Member and/or which remains unclaimed after six months from the date of declaration of such Dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend shall remain as a debt due to the Member. Any Dividend which remains unclaimed after

a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.

CAPITALISATION

- 139 The Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of Dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

BOOKS OF ACCOUNT

- 140 The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.
- 141 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorised by the Directors or by the Company in general meeting.
- 142 The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

AUDIT

- 143 The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors, and may fix his or their remuneration.

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- 144 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.
- 145 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

NOTICES

- 146 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent airmail.
- 147 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.
- 148 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

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- 149 Notice of every general meeting shall be given in any manner hereinbefore authorised to every person shown as a Member in the Register of Members on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

WINDING UP

- 150 If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.
- 151 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

INDEMNITY

- 152 Every Director, agent or officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him as a result of any act or failure to act in carrying out his functions other than such liability (if any) that he may incur by his own actual fraud or wilful default. No such Director, agent or officer shall be liable to the Company for any loss or damage in carrying out his functions unless that liability arises through the actual fraud or wilful default of such Director, agent or officer. References in this Article to actual fraud or wilful default mean a finding to such effect by a competent court in relation to the conduct of the relevant party.

FINANCIAL YEAR

- 153 Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

TRANSFER BY WAY OF CONTINUATION

- 154 If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

1 DESIGNATIONS, POWERS, PREFERENCES, ETC. OF SHARES

1.1 PREFERRED SHARES

The Preferred Shares shall, with respect to (i) dividends, distributions and other payments upon (A) a dissolution, liquidation or winding up of the Company (including a Sale Transaction), (ii) a redemption payment, (iii) dividends and (iv) all other rights and preferences, except as specifically provided in the Articles or Shareholders' Agreement rank (1) senior to all classes of Ordinary Shares of the Company and to each other class of share capital of the Company or series of preferred shares of the Company hereafter created the terms of which do not provide that it ranks senior to, or on a parity with, the Preferred Shares and (2) on a parity with each other and with each series of preferred shares of the Company hereafter created the terms of which provide that such class or series will rank on a parity with the Preferred Shares as to dividends and distributions upon dissolution, liquidation, or winding-up (including a Sale Transaction).

The Preferred Shares shall have the following rights:

(a) Dividends.

- (1) If the Company declares and pays any dividends on the Ordinary Shares, then, in that event, holders of Preferred Shares shall be entitled to share in such dividends on a *pro rata* basis, as if their shares have been converted into Ordinary Shares pursuant to these Articles immediately prior to the record date for determining the Shareholders of the Company eligible to receive such dividends.
- (2) Notwithstanding anything above to the contrary, the Company may elect to declare a special dividend immediately prior to the IPO (a "**Special Dividend**"). The Special Dividend shall be declared only in the event that (i) an unqualified, consolidated audited financial report with respect to the Company for the most recently completed fiscal year shall have been provided by one of the Big Four auditing firms, (ii) the holders of Preferred Shares shall have received a legal opinion from the Company's counsel in the PRC with respect to the compliance of the Company and all Group Companies with all applicable law of the PRC, dated as of the date on which the Special Dividend is declared, in form and substance reasonably satisfactory to the holders of at least a majority of then outstanding Series A Preferred Shares and the holders of at least seventy five percent (75%) of the Series B Preferred Shares, and (iii) all necessary regulatory approvals have been duly obtained. Each of the holders of Shares shall be entitled to a portion of Special Dividend based on its relative shareholding in the Company.

(b) Liquidation Preference.

- (1) In the event of (A) any liquidation, dissolution or winding up of the Company, either voluntary or involuntary or (B) a Sale Transaction (unless a majority of the

holders in interest of all of the then outstanding Series A Preferred Shares and the holders of at least seventy five percent (75%) of the then outstanding Series B Preferred Shares determine not to treat such transaction as a Sale Transaction):

- (i) the holders of the Preferred Shares shall be entitled to receive, on a *pari passu* basis, prior to any distribution to the holders of the Ordinary Shares or any other class or series of Shares, an amount per Preferred Share equal to the applicable Issue Price plus all accrued or declared but unpaid dividends thereon (the "**Preference Amount**"); provided, that (i) if the total amount of funds and assets of the Company legally available for distribution to shareholders (or funds and assets distributable to shareholders in the event of a Sale Transaction) is no less than US\$90,000,000 and no greater than US\$122,000,000, the Preference Amount payable to the holders of the Series A Preferred Shares shall equal US\$0.64 per Series A Preferred Share (subject to adjustment for stock splits, dividends, combinations, reclassifications and other events affecting the Series A Preferred Shares), and (ii) if the total amount of funds and assets of the Company legally available for distribution to shareholders (or funds and assets distributable to shareholders in the event of a Sale Transaction) is no less than US\$360,000,000 and no greater than US\$640,000,000, the Preference Amount payable to the holders of the Series B Preferred Shares shall equal US\$5.00 per Series B Preferred Share (subject to adjustment for stock splits, dividends, combinations, reclassifications and other events affecting the Series B Preferred Shares). If upon such liquidation, dissolution or winding up of the Company, the assets available to be distributed among the holders of Preferred Shares shall be insufficient to permit the payment in full of the Preference Amount each such holder is entitled to, the entire assets of the Company to be distributed shall be distributed ratably among the holders of the Preferred Shares *pro rata* with respect to the Preference Amount each such holder is entitled to receive hereunder; and
- (ii) after the distribution of the aforementioned Preference Amount, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed *pro rata* among the holders of the Preferred Shares (on an as-converted basis) together with the holders of the Ordinary Shares; provided, that (i) if the total amount of funds and assets of the Company legally available for distribution to shareholders (or funds and assets distributable to shareholders in the event of a Sale Transaction) is no less than US\$90,000,000 and no greater than US\$122,000,000, the Series A Preferred Shares shall not receive any portion of any remaining funds or assets of the Company (or funds and assets distributable to shareholders in the event of a Sale Transaction) following distribution in full of the Preference Amounts, and (ii) if the total amount of funds and assets of the Company legally available for distribution to shareholders is no less than US\$360,000,000 and no greater than US\$640,000,000, the Series B Preferred Shares shall not receive any portion of any remaining funds or assets of the Company (or funds and assets distributable to shareholders in the event of a Sale Transaction) following distribution in full of the Preference Amount.

Notwithstanding the foregoing, however, the Preference Amount will not be paid if, upon (i) liquidation, dissolution or winding up of the Company or (ii) a Sale Transaction, (A) with respect to the holders of Series A Preferred Shares, if the total amount of funds and assets of the Company legally available for distribution to shareholders is greater than US\$122,000,000 and (B) with respect to the holders of Series B Preferred Shares, if the total amount of funds and assets of the Company legally available for distribution to shareholders is greater than US\$640,000,000. In the event any of the conditions set forth in clauses (A) and/or (B) above have been met, the holders of Series A Preferred Shares and/or the holders of Series B Preferred Shares, as the case may be, will instead share ratably with the Ordinary Shares on an as-converted basis in the assets of the Company available for distribution or otherwise distributed to holders of Ordinary Shares pursuant to a Sale Transaction.

- (2) Notwithstanding any other provision of this Section 1.1(b), the Company may at any time, out of funds legally available therefor, and subject to applicable law repurchase Ordinary Shares of the Company issued to or held by employees, officers or consultants of the Company or its subsidiaries upon termination of their employment or services, pursuant to any bona fide agreement providing for such right of repurchase, whether or not dividends on the Preferred Shares shall have been declared.
- (3) In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company or Sale Transaction, the value of the assets to be distributed to the holder of Preferred Shares and Ordinary Shares shall be the fair market value, as determined in good faith by the liquidator (or, in the case of any proposed distribution in connection with a Sale Transaction as determined in good faith by the Board, which shall include the affirmative vote of a CDH Director). Any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:
 - (i) If traded on a securities exchange or market, the value shall be deemed to be the average of the security's closing prices on such exchange or market over the thirty (30) day period ending one (1) day prior to the distribution;
 - (ii) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and
 - (iii) If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the liquidator (or, in the case of any proposed distribution in connection with a Sale Transaction as determined in good faith by the Board, which shall include the affirmative vote of a CDH Director).
- (4) The method of valuation of securities subject to restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in paragraphs (i), (ii) or (iii) to reflect the fair market value thereof as determined in good faith by the liquidator (or, in the case of any

proposed distribution in connection with a Sale Transaction as determined in good faith by the Board,, which shall include the affirmative vote of a CDH Director).

- (c) Conversion Rights. Unless converted earlier pursuant to Section 1.1(d) below, each holder of Series A Preferred Shares shall have the right, at such holder's sole discretion, to convert at any time and from time to time all or any portion of the Series A Preferred Shares held by it into Ordinary Shares. The Series B Preferred Shares may not be optionally converted unless the Company gives its prior written consent for such optional conversion. Each Series A Preferred Share, and, if consented to by the Company in writing, each Series B Preferred Share, shall be convertible into such number of Ordinary Shares as is determined by dividing the applicable Issue Price by the applicable Conversion Price in effect at the time of conversion. The initial conversion ratio shall be on a one for one basis, subject to any applicable anti-dilution adjustments set out in the Articles.
- (d) Automatic Conversion. The Series A Preferred Shares shall automatically be converted into Ordinary Shares, at the then applicable Series A Conversion Price, upon the closing of a Qualified Public Offering. The Series B Preferred Shares shall automatically be converted into Ordinary Shares, at the Series B Conversion Price determined pursuant to Section 1.1(g)(9) below, upon the earlier of (i) the closing of an IPO and (ii) the three (3) year anniversary of the Series B Original Issue Date. In the event of the automatic conversion of the Series A Preferred Shares upon a Qualified Public Offering or the automatic conversion of the Series B Preferred Shares upon an IPO, as aforesaid, the person(s) entitled to receive the Ordinary Shares issuable upon such conversion of Series A Preferred Shares or Series B Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such Qualified Public Offering or IPO, as the case may be.
- (e) Mechanics of Conversion. No fractional Ordinary Share shall be issued upon conversion of the Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then relevant effective Conversion Price. Before any holder of Preferred Shares shall be entitled to convert the same into Ordinary Shares (other than pursuant to Section 1.1(d) above) and to receive certificates therefor, he shall surrender the certificate or certificates for the Preferred Shares, duly endorsed, at the office of the Company where the register of members of the Company is maintained or of any transfer agent and shall give written notice to the Company at such office that he elects to convert the same. The Company shall, as soon as practicable thereafter but in any event no later than five (5) Business Days thereafter, issue and deliver at such office to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which he shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional Ordinary Shares. Other than pursuant to Section 1.1(d) above, such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates of Preferred Shares to be converted (the "**Conversion Date**"), and the Person or Persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares on the Conversion Date. The directors may effect conversion in any manner permitted by law including, without prejudice to the generality of the foregoing, repurchasing or redeeming the relevant Preferred Shares and applying the proceeds towards the issue of the relevant

number of new Ordinary Shares. The holder or its nominees in whose names any certificate(s) for Ordinary Shares shall be issuable upon such conversion shall be deemed to be the holder(s) of record of such Ordinary Shares on the Conversion Date, notwithstanding that the share register of the Company shall then be closed or that the certificates representing such Ordinary Shares shall not then be actually delivered.

- (f) Reservation of Shares Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares solely for the purpose of effecting the conversion of the Preferred Shares such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Preferred Shares, and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holder or holders of such Preferred Shares, the Company will take such corporate action as may, in the opinion of its legal counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.
- (g) Adjustments to the Conversion Price of Preferred Shares.
- (1) Special Definitions. For purposes of this Section 1.1(g), the following definitions shall apply:
- (i) **“Options”** mean options, warrants or other rights to subscribe for, purchase or otherwise acquire either Ordinary Shares or Convertible Securities.
 - (ii) **“Convertible Securities”** shall mean any evidences of indebtedness, shares (other than the Series A Preferred Shares, Series B Preferred Shares and Ordinary Shares) or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.
 - (iii) **“Additional Ordinary Shares”** shall mean all Ordinary Shares (including reissued shares) issued (or, pursuant to paragraph Section 1.1(g)(3), deemed to be issued) by the Company after the Series B Original Issue Date, other than:
 - (A) Ordinary Shares issued upon conversion of the Preferred Shares authorized herein;
 - (B) up to twelve million (12,000,000) Ordinary Shares (including any of such shares which are repurchased), options or restricted shares issued to officers, directors, employees and consultants of the Company pursuant to equity incentive plans approved by the Board and in accordance with Section 1.1(i), exercise of such options and vesting of restricted shares also not to be deemed “Additional Ordinary Shares”;
 - (C) any Ordinary Shares issued as a dividend or distribution on Preferred Shares or any event for which adjustment is made pursuant to Section 1.1(g)(6) or (g)(7) hereof; and

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- (D) pursuant to a Qualified Public Offering in connection with which all outstanding Preferred Shares shall have been converted into Ordinary Shares.
- (2) No Adjustment to Conversion Price. No adjustment in any Conversion Price shall be made in respect of the issuance of Additional Ordinary Shares unless the consideration per share for an Additional Ordinary Share issued or deemed to be issued by the Company is less than the applicable Conversion Price in effect on the date of and immediately prior to such issuance.
- (3) Deemed Issuance of Additional Ordinary Shares. In the event the Company at any time or from time to time after the Series B Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number that would result in an adjustment pursuant to clause (ii) below) of Ordinary Shares issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Ordinary Shares issued as of the time of such issuance or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Ordinary Shares shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 1.1(g)(5) hereof) of such Additional Ordinary Shares would be less than the Series A Conversion Price in effect on the date of and immediately prior to such issuance, or such record date, as the case may be, and provided further that in any such case in which Additional Ordinary Shares are deemed to be issued:
- (i) no further adjustment to any Conversion Price shall be made upon the subsequent issuance of Convertible Securities or Ordinary Shares upon the exercise of such options or conversion or exchange of such Convertible Securities;
 - (ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the Conversion Price computed upon their respective original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;
 - (iii) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price computed upon their respective original issuance thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration be recomputed as if:

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- (A) in the case of Convertible Securities or Options for Ordinary Shares, the only Additional Ordinary Shares issued were Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issuance of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issuance of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and
- (B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issuance of such Options, and the consideration received by the Company for the Additional Ordinary Shares deemed to have been then issued was the consideration actually received by the Company for the issuance of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company upon the issuance of the Convertible Securities with respect to which such Options were actually exercised;
- (iv) no readjustment pursuant to paragraphs (ii) or (iii) above shall have the effect of increasing any Conversion Price to an amount which exceeds the lower of (I) such Conversion Price on the original adjustment date or (II) the Conversion Price that would have resulted from any issuance of Additional Ordinary Shares between the original adjustment date and such readjustment date; and
- (v) in the case of any Options which expire by their terms not more than thirty (30) days after the date of issuance thereof, no adjustment of a Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in paragraph (iii) above.
- (4) Issuance of Additional Ordinary Shares below Conversion Price. In the event that the Company shall issue any Additional Ordinary Shares (including those deemed to be issued pursuant to Section 1.1(g)(3)) at a subscription price per Ordinary Share (on an as-converted basis) (the "**New Issue Price**") less than any Conversion Price (as adjusted from time to time) in effect on the date of and immediately prior to such issuance, such Conversion Price shall be reduced, concurrently with such issuance, to the New Issue Price.
- (4) Determination of Consideration. For purposes of this Section 1.1(g), the consideration received by the Company for the issuance of any Additional Ordinary Shares shall be computed as follows:

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- (i) Cash and Property. Except as provided in paragraph (ii) below, such consideration shall:
- (A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest for accrued dividends;
 - (B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issuance, as determined in good faith by the Board, including the affirmative vote of a CDH Director; provided, however, that no value shall be attributed to any services performed by any employee, officer or director of the Company; and
 - (C) in the event Additional Ordinary Shares are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received with respect to such Additional Ordinary Shares, computed as provided in paragraphs (A) and (B) above, as determined in good faith by the Board, including the affirmative vote of a CDH Director.
- (ii) Options and Convertible Securities. The consideration per share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Section 1.1(g)(3), relating to Options and Convertible Securities, shall be determined by dividing
- (A) the total amount, if any, received or receivable by the Company as consideration for the issuance of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by
 - (B) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion exchange of such Convertible Securities.
- (5) Adjustments for Share Dividends, Subdivisions, Combinations or Consolidations of Ordinary Shares. In the event the outstanding Ordinary Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Ordinary Shares, each Conversion Price then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Ordinary Shares shall be combined or consolidated, by

reclassification or otherwise, into a lesser number of Ordinary Shares, each Conversion Price then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

- (6) Adjustments for Other Distributions. In the event the Company at any time or from time to time makes, or files a record date for the determination of holders of Ordinary Shares entitled to receive any distribution payable in securities or assets of the Company other than Ordinary Shares, then and in each such event provision shall be made so that the holders of Preferred Shares shall receive upon conversion thereof, in addition to the number of Ordinary Shares receivable thereupon, the amount of securities or assets of the Company which they would have received had their Preferred Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Section 1.1(g) with respect to the rights of the holders of the Preferred Shares.
- (7) Adjustments for Reclassification, Exchange and Substitution. If the Ordinary Shares issuable upon conversion of the Preferred Shares shall be changed into the same or a different number of shares of any other class or classes of shares, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then and in each such event the holder of each Preferred Share shall have the right thereafter to convert such Preferred Share into the class and number of shares and/or other securities and property receivable upon such reorganization or reclassification or other change by holders of the number of Ordinary Shares that would have been subject to receipt by the holders upon conversion of the Preferred Shares immediately before that change, all subject to further adjustment as provided herein.
- (8) Series B Conversion Price Adjustment upon Automatic Conversion. In the event that the Series B Preferred Shares are automatically converted to Ordinary Shares upon consummation by the Company of an IPO or on the three (3) year anniversary of the Series B Original Issue Date:
- (i) in the event that the triggering event is an IPO, the Series B Conversion Price shall automatically be adjusted for purposes of such conversion to (A) if such IPO is consummated prior to the one (1) year anniversary of the Series B Original Issue Date, a price per Ordinary Share that will result in the conversion of Series B Preferred Shares into such number of Ordinary Shares that is equal to the quotient of the Series B Investment Amount divided by the product of ninety percent (90%) multiplied by the IPO Price (as defined below); (B) if such IPO is consummated on or after the one (1) year anniversary of the Series B Original Issue Date but prior to the eighteen (18) month anniversary of the Series B Original Issue Date, a price per Ordinary Share that will result in the conversion of Series B Preferred Shares into such number of Ordinary Shares that is equal to the quotient of the Series B Investment Amount divided by the product of eighty five percent (85%) multiplied by the IPO Price; (C) if such IPO is consummated on or after the eighteen (18) month

anniversary of the Series B Original Issue Date but prior to the twenty four (24) month anniversary of the Series B Original Issue Date, a price per Ordinary Share that will result in the conversion of Series B Preferred Shares into such number of Ordinary Shares that is equal to the quotient of the Series B Investment Amount divided by the product of eighty percent (80%) multiplied by the IPO Price; and (D) if such IPO is consummated on or after the twenty four (24) month anniversary of the Series B Original Issue Date, the lower of (1) a price per Ordinary Shares that will result in the conversion of Series B Preferred Shares into such number of Ordinary Shares that is equal to the quotient of the Series B Investment Amount divided by the product of eighty percent (80%) multiplied by the IPO Price and (2) a price per Ordinary Share that will result in the conversion of Series B Preferred Shares into such number of Ordinary Shares that represent a percentage of the fully-diluted share capital of the Company, such percentage being equal to the Series B Investment Amount divided by US\$320,000,000. For the purposes of this Section 1.1(g)(9), "**IPO Price**" means the price per Ordinary Share as set forth in the final prospectus and the underwriting agreement for the IPO; and

- (ii) in the event that the triggering event is the failure of the Company to consummate an IPO prior to the three (3) year anniversary of the Series B Original Issue Date, the Series B Conversion Price shall automatically be adjusted for purposes of such conversion to a price per Ordinary Shares that will result in the conversion of Series B Preferred Shares into such number of Ordinary Shares that represent a percentage of the fully-diluted share capital of the Company, such percentage being equal to the Series B Investment Amount divided by US\$320,000,000.

For the avoidance of doubt, the Series B Conversion Price shall initially be the Series B Issue Price.

- (9) Other Adjustments. If any event occurs as to which the other provisions of this Section 1.1(g) are not strictly applicable but the failure to make any adjustment would not fairly protect the anti-dilution rights set forth in this Section 1.1(g) in accordance with the essential intent and principles hereof, then, in each case, the Company will make appropriate adjustment in the Conversion Price or otherwise so as to protect the rights of the holders of Preferred Shares.
- (10) No Impairment. The Company will not, by the amendment of its Memorandum and Articles or through any reorganization, transfer of assets, consolidation, merger, dissolution, issuance or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but will at all times in good faith assist in the carrying out of all the provisions of Section 1.1(g) and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of the Preferred Shares against impairment.
- (11) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the conversion price pursuant to Section 1.1(g), the Company at its expense shall promptly compute such adjustment or readjustment in

accordance with the terms hereof and furnish to each holder of Preferred Shares a certificate setting forth such adjustment or readjustment and showing in details the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the conversion price at the time in effect, and (iii) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of the Preferred Shares.

(12) Reorganization, Reclassification. In case of any merger or consolidation of the Company (other than a transaction in which the holders of Preferred Shares treat as a Sale Transaction) or any capital reorganization, reclassification or other change of outstanding Ordinary Shares (other than a change in par value, or from par value to no par value, or from no par value to par value) (each, a "**Transaction**"), the Company shall execute and deliver to each holder of Preferred Shares at least ten (10) Business Days prior to effecting such Transaction a certificate, signed by the Chief Executive Officer of the Company, stating that the holder of each Preferred Share shall have the right to receive in such Transaction, in exchange for each Preferred Share, a security identical to (and not less favorable than) the Preferred Shares, and provision shall be made therefor in the agreement, if any, relating to such Transaction. Any certificate delivered pursuant to this Section 1.1(g)(13) shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 1.1(g). The provisions of this Section 1.1(g)(13) and any equivalent thereof in any such certificate similarly shall apply to successive transactions.

(13) Miscellaneous.

- (i) All calculations under this Section 1.1(g) shall be made to the nearest one thousandth (1/1000) of a cent or to the nearest one hundredth (1/100) of a share, as the case may be.
- (ii) The holders of at least a majority of the Series A Preferred Shares or of at least seventy five percent (75%) of the Series B Preferred Shares shall have the right to challenge any determination by the Board of fair value pursuant to this Section 1.1(g), in which case such determination of fair value shall be made by an independent appraiser selected jointly by the Board and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging party.
- (iii) No adjustment in any Conversion Price need be made if such adjustment would result in a change in the Conversion Price of less than US\$0.01. Any adjustment of less than US\$0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of US\$0.01 or more in the Conversion Price.

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- (f) Voting Rights. Each Preferred Share shall carry a number of votes equal to the number of Ordinary Shares then issuable upon its conversion into Ordinary Shares at the record date for determination of the shareholders entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of shareholders is solicited. The Preferred Shares shall generally vote together with the Ordinary Shares and not as a separate class, except as provided in paragraph (i) below or as expressly provided in the Memorandum and in the Articles.
- (g) Protective Provisions.
- (1) In addition to such other limitations as may be provided herein, in the Act and/or in the Articles of the Company, the following acts of the Company shall require the affirmative vote of the CDH Directors and the Founder Directors (the term “**Company**” means, in each case, the Company itself and shall apply mutatis mutandis to each of the Group Companies); provided that, nothing herein shall be deemed to limit, or require the consent of any Founder Director in connection with, the redemption, conversion, liquidation, Performance Based Valuation Adjustment clause set forth in Section 5.7 of the Series A Preferred Shares Purchase Agreement or other rights and preferences of any Preferred Shares:
- (a) any action to authorize, issue or create (or reclassify any outstanding shares into) any Ordinary Share Equivalents;
 - (b) the sale of all or substantially all of the tangible and intangible assets of the Company or the consolidation, merger or other business combination of the Company with or into any other business entity pursuant to which shareholders of the Company prior to such consolidation, merger or other business combination hold less than a majority of the voting power of the surviving or resulting entity;
 - (c) the sale, lease, transfer or other disposition of material assets or business of the Company, except ordinary course of business or inter-group transfers of assets between wholly-owned subsidiaries of the Company;
 - (d) any repurchase, redemption, or other acquisition of any equity securities of the Company, other than repurchases from employees upon termination of employment;
 - (e) any material change to or expansion of the Business Scope of the Company. “Business Scope” herein shall mean (A) with respect to the PRC Companies, the development and operation of TV-based air transit media network, development and operation of other media and advertising space at air transits and provision of technology support and consultancy services; and (B) with respect to the Company, the holding, management and disposition of the equity interest in its operating subsidiaries;
 - (f) any non-ordinary course transactions or transactions outside the business scope of the Company;
 - (g) any change to the Company’s dividend policy or any declaration or payment of dividends or other distributions to shareholders;

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- (h) any purchase, acquisition or other investment by the Company in the equity securities of, or any securities convertible into equity securities of, any other Person, or the establishment of any joint venture or partnership or injection of capital therein;
 - (i) the adoption or amendment of any equity incentive plan;
 - (j) any transaction involving the Company, on the one hand, and a shareholder of the Company or any of the Company's key employees, officers, directors or shareholders or any Affiliate or relative of a shareholder or any of its officers, directors or shareholders, on the other hand;
 - (k) the appointment or change of auditors and any change to the accounting policies and procedures of the Company;
 - (l) the appointment or dismissal of the executive officers of the Company, including but not limited to the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer;
 - (m) any change to the compensation, benefits and incentive schemes of the management, or any purchase of automobiles or accommodations for any management;
 - (n) approval of the Company's business plan and annual budget;
 - (o) the incurrence of any loan or indebtedness (including off-balance-sheet items) in excess of RMB5,000,000 in any fiscal year or creation of any pledge, collateral, encumbrances or security interests on the assets of the Company;
 - (p) the provision of any guarantee or indemnity to any third party in connection with any borrowing;
 - (q) entering into or amending any material contract other than in the ordinary course of business;
 - (r) incurrence of any capital expenditures in excess of RMB2,500,000 individually or in the aggregate in any fiscal year;
 - (s) incurrence of any non-budgeted and non-operating expense in excess of RMB500,000 individually or in the aggregate in any fiscal year;
 - (t) approval for or amendment to the employment agreement or the benefit plans with respect to the executive officers of the Company, including, without limitation, the Chief Executive Officer, the Chief Financial Officer, the Chief Sales Officer and the Chief Operating Officer and any other employee whose annual salary exceeds RMB500,000;
 - (u) any change to the authorized signatories of any bank account of the Company;
 - (v) the commencement or settlement of any litigation where the amount in controversy exceeds US\$1,000,000;
 - (w) any decision on matters relating to any public offering of the Company's shares including without limitation the valuation, timing and choice of stock exchange for such public offering; and

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- (x) any transfer or allocation of the Company's shares among the shareholders of the Company pursuant to any contractual arrangement among them.

For the purpose of this Section 1.1(h)(1), any reference to a sum of monies shall include monies incurred/involved in a single transaction as well as the aggregate of all sums of monies incurred/involved in a series of transactions of the same or substantially the same nature.

- (2) Without limitation of the foregoing and subject to applicable laws and regulations of the People's Republic of China, any acts of the Company approving the following acts by each of the PRC Companies shall in each case require the affirmative vote of the CDH Directors:
 - (a) any amendment to such PRC Company's Articles of Association, its joint venture contract, or other charter document;
 - (b) the liquidation, termination or dissolution of such PRC Company;
 - (c) any change to the registered capital of such PRC Company or transfer of any equity interest or joint venture interest in such PRC Company;
 - (d) the sale, lease, transfer or other disposition of all or substantially all of the assets of such PRC Company or any merger or consolidation of such PRC Company with or into any other business entity; and
 - (e) the issuance of any equity securities or equity-like securities of such PRC Company.
- (3) In addition to such other limitations as may be provided herein, in the Statute and/or in the Articles of the Company, the following acts of the Company shall require the affirmative vote of the holders of at least seventy five percent (75%) of the then outstanding Series B Preferred Shares:
 - (a) any Sale Transaction, or the sale, lease or other disposition of substantially all of the assets of the Company or of any Group Company;
 - (b) any declaration or payment of dividends or other distributions to shareholders that are not paid on a pro rata basis based on each shareholder's respective shareholdings in the Company (calculated on an as-converted basis); and
 - (c) the issuance of any New Securities at a price below the Series B Issue Price.

(h) Right of Participation.

- (1) General. Each Investor Shareholder and each assignee to which rights under this Section 1.1(j) have been duly assigned in accordance with Section 5 of the Shareholders' Agreement (such Investor Shareholder and each such assignee being hereinafter referred to as a "**Participation Rights Holder**") shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share (as defined below), of all New Securities (as defined in Section 3.3) that the Company may from time to time issue after the date of this Agreement (the

"Right of Participation").

- (2) Pro Rata Share. A Participation Rights Holder's "Pro Rata Share" for purposes of the Right of Participation is the ratio of (a) the number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such Participation Rights Holder to (b) the total number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) then outstanding (immediately prior to the issuance of New Securities giving rise to the Right of Participation).
- (3) New Securities. "New Securities" shall mean any Ordinary Share Equivalents, whether now authorized or not, provided, however, that the term "New Securities" shall not include:
- (a) any securities issued in connection with any share split, share dividend or other similar event in which all Participation Rights Holders are entitled to participate on a pro rata basis;
 - (b) any Ordinary Shares issuable upon conversion of the Preferred Shares;
 - (c) any securities issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constituted a New Security;
 - (d) any securities issued pursuant to a Qualified Public Offering; or
 - (e) any Ordinary Shares (and/or options or warrants or restricted shares therefore) issued to employees, officers, directors, contractors, advisors or consultants of the Company pursuant to employee equity incentive plans approved by the Board (subject to the requirements of Section 1.1(i)).
- (4) Procedures.
- (a) First Participation Notice. In the event that the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), it shall give to each Participation Rights Holder written notice of its intention to issue New Securities (the "First Participation Notice"), describing the amount and the type of New Securities and the price and the general terms upon which the Company proposes to issue such New Securities. Each Participation Rights Holder shall have twenty (20) business days from the date of receipt of any such First Participation Notice to agree in writing to purchase such Participation Rights Holder's Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder's Pro Rata Share). If any Participation Rights Holder fails to so agree in writing within such twenty (20) business day period to purchase such Participation Rights Holder's full Pro Rata Share of an offering of New Securities, then such Participation Rights Holder shall forfeit the right hereunder to purchase that part of its

Pro Rata Share of such New Securities that it did not agree to purchase, provided however that if any Participation Rights Holder fails to give the above required notice solely because of the Company's failure to comply with the notice provision of this Section 1.1(j)(4), then the Company shall not effect the proposed issuance.

- (b) Second Participation Notice: Oversubscription. If any Participation Rights Holder fails to exercise its Right of Participation in accordance with subsection (a) above, the Company shall promptly give notice (the "Second Participation Notice") to other Participation Rights Holders who exercised their Right of Participation (the "Right Participants") in accordance with subsection (a) above. Each Right Participant shall have ten (10) business days from the date of the Second Participation Notice (the "Second Participation Period") to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy (the "Additional Number"). Such notice may be made by telephone followed by written confirmation within two (2) business days. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Right Participant will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction the numerator of which is the number of Ordinary Shares (calculated on an as-converted basis) held by such oversubscribing Right Participant and the denominator of which is the total number of Ordinary Shares (calculated on an as-converted basis) held by all the oversubscribing Right Participants. Each Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Section 1.1(j)(4) and the Company shall so notify the Right Participants within twenty (20) business days following the date of the Second Participation Notice.
- (5) Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event no Participation Rights Holder exercises the Right of Participation within twenty (20) business days of the First Participation Notice, the Company shall have ninety (90) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Right of Participation hereunder were not exercised) at the same or higher price and upon non-price terms not materially more favorable to the purchasers thereof than specified in the First Participation Notice. In the event that the Company has not issued and sold such New Securities within such ninety (90) day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Participation Rights Holders pursuant to this Section 1.1(j).
- (6) Termination. The Right of Participation for each Participation Rights Holder shall not terminate so long as such Participation Rights Holder or its Affiliates hold any Ordinary Share Equivalents; provided, however, that the Right of Participation shall terminate upon the earlier of a Qualified Public Offering and a

Qualified Trade Sale.

1.2 ORDINARY SHARES

All Ordinary Shares shall:

- (a) have one vote each; and
- (b) constitute Junior Stock.

1.3 REDEMPTION

- (a) The Series A Preferred Shares shall be redeemed wholly or in part from time to time at the election of holders of Series A Preferred Shares holding a majority of all then outstanding Series A Preferred Shares (the "**Series A Majority Holders**") on or after February 27, 2010 (the "**Redemption Start Date**"). Any such redemption of the Series A Preferred Shares shall be undertaken at a redemption price per Series A Preferred Share equal to an amount paid in United States dollars, after any applicable taxes and expenses arising from the exercise of the redemption right and payment therefore, sufficient to yield a 12% annualized effective cash on cash internal rate of return (in United States dollar terms) as calculated by CDH, with respect to the Series A Issue Price, computed from September 22, 2005 until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon (the "**Series A Redemption Price**").
- (b) The Series B Preferred Shares shall be redeemed wholly or in part from time to time at the election of holders of Series B Preferred Shares holding at least twenty five percent (25%) of all then outstanding Series B Preferred Shares (the "**Series B Redemption Holders**") on or after the Redemption Start Date. Any such redemption of the Series B Preferred Shares shall be undertaken at a redemption price per Series B Preferred Share equal to an amount paid in United States dollars, after any applicable taxes and expenses arising from the exercise of the redemption right and payment therefore, sufficient to yield a 12% annualized effective cash on cash internal rate of return (in United States dollar terms) as calculated by the Series B Redemption Holders, with respect to the Series B Issue Price, computed from the Series B Original Issue Date until the date that the redemption payment has been paid in full, plus any declared but unpaid dividends thereon (the "**Series B Redemption Price**").
- (c) A notice of redemption (the "**Redemption Notice**") by the Series A Majority Holders or Series B Redemption Holders shall be given by hand or by mail to the office of the Company where the register of members of the Company is maintained at any time on or after the date falling thirty (30) days before the Redemption Start Date, stating a date on or after the Redemption Start Date on which any or all applicable Preferred Shares are to be redeemed (a "**Redemption Date**") and the applicable Redemption Price, provided, however, that the Redemption Date shall be no earlier than the Redemption Start Date or the date falling thirty (30) days after such notice of redemption is given, whichever is later. Upon receipt of any such request, the Company shall promptly give written notice of the redemption to each non-requesting holder of record of Series A Preferred Shares and non-requesting holder of record of Series B Preferred Shares, as the case may be,

stating the existence of such redemption, the Redemption Price, the Redemption Date and the mechanics of redemption. Each such other holder of Series A Preferred Shares and Series B Preferred Shares, as the case may be, shall have the right to participate in the redemption and require the Company to redeem up to all of the Series A Preferred Shares or Series B Preferred Shares, as the case may be, held by such holder at the Redemption Price and on the same Redemption Date, together with the Preferred Shares of the initiating holder to be redeemed, by written notice to the Company within fifteen (15) days following the date of the Redemption Notice indicating its election to participate in the redemption, the number of its Preferred Shares to be redeemed and the applicable Redemption Price with respect to such holder's Preferred Shares. In the event that any holder of Preferred Shares shall not have participated in the redemption in accordance with the preceding sentence, such holder of Preferred Shares shall nevertheless have the right to require the Company to redeem up to all of the Preferred Shares held by it by initiating or participating in a subsequent redemption pursuant to this Section 1.3. The provisions of this Section 1.3 shall be interpreted and applied in a manner to allow any holder of Preferred Shares to redeem its Preferred Shares simultaneously with any initiating holder under this Section 1.3

- (d) If on the Redemption Date, the number of Preferred Shares that may then be legally redeemed by the Company is less than the number of all Preferred Shares to be redeemed, then (i) the number of Preferred Shares then redeemed shall be based ratably on all Preferred Shares held by all redeeming holders, and (ii) the remaining Preferred Shares to be redeemed shall be carried forward and redeemed in preference to any other class of shares as soon as the Company has legally available funds to do so. The Company and the Holders of Ordinary Shares shall use all efforts and take all steps necessary and advisable to make funds available for redemption, which steps shall include, without limitation, (i) (A) applying all distributable profits to the payment of the Redemption Price, and (B) procuring each of the Group Companies to distribute dividends in an aggregate amount equal to the lesser of (A) its accumulated audited net income determined in accordance with US GAAP excluding non-cash share-based compensation and amortization of acquired intangible assets resulting from acquisitions for "offshore companies" and its accumulated audited net income determined in accordance with PRC GAAP for PRC Companies and (B) the maximum dividends legally permitted under the laws of the PRC or other applicable laws and regulations and (ii) continuing to cause PRC Holdco to declare and pay dividends equal to the lower of (1) 60% of all future net profits and (2) the maximum dividends allowed under applicable laws and regulations. At any time thereafter when additional funds of the Company or any other Group Company become legally available for the payment of the remaining balance of the Redemption Price, such funds shall be applied as soon as practicable to the payment of such remaining balance of the Redemption Price or such portion thereof for which the funds are available. If the Company fails to redeem any Preferred Shares for which redemption is required, then during the period from the Redemption Date through the date on which such Preferred Shares are actually redeemed in full, such Preferred Shares shall continue to be entitled to all rights and preferences of such Preferred Shares.
- (e) Before any holder of Preferred Shares shall be entitled to receive the relevant Redemption Price under the provisions of this Section 1.3, such holder shall surrender its certificate or certificates representing such Preferred Shares to be redeemed to the Company in the manner and at the place designated by the Company for that purpose, and thereupon the applicable Redemption Price shall be payable to the order of the person whose name appears on such certificate or certificates as the owner of such shares and

each such certificate shall be cancelled. In the event less than all the shares represented by any such certificate are redeemed as provided in Section 1.3(c) above, a new certificate shall be promptly issued representing the unredeemed Preferred Shares.

- (f) If the Company fails (for whatever reason) to redeem any Preferred Share on its due date for redemption then, as from such date until the date on which the same are redeemed the Company shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.

2 TRANSFER RESTRICTIONS

2.1 Prohibited Transfers.

- (a) Except in accordance with this Section 2, no Holder of Ordinary Shares shall, without the prior written consent of the holders of at least a majority in interest of all of the equity securities of the Company held by all CDH Shareholders and at least seventy five percent (75%) of all of the equity securities of the Company held by all Series B Shareholders, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose (each, a "**Transfer**") through one or a series of transactions any Ordinary Share Equivalents now held by such Holder of Ordinary Shares to any Person at any time prior to a Qualified Public Offering; provided that any such Transfer by any Holder of Ordinary Shares approved by the Investor Shareholders in accordance herewith shall nevertheless be subject to the right of first refusal and co-sale rights of the Investor Shareholders under Sections 2.3 and 2.4 below.
- (b) Any attempt by any Holder of Ordinary Shares to Transfer, directly, or indirectly, Ordinary Share Equivalents in violation of this Section 2 shall be null and void ab initio and the Company agrees it will not effect or recognize any such Transfer nor will it treat any alleged transferee as the holder of such Ordinary Share Equivalents.
- (c) Notwithstanding anything to the contrary, the right of first refusal and co-sale rights of the Investor Shareholders under Sections 2.3 and 2.4 below shall not apply to any transfer to the parents, children or spouse, or to trusts for the benefit of such persons, of any Holder of Ordinary Shares who is an individual for bona fide estate planning purposes (each a "**Permitted Transferee**"); provided that adequate documentation therefor is provided to the Investor Shareholders and that any such Permitted Transferee signs a Deed of Adherence in accordance with Section 4.9 of the Shareholders' Agreement agreeing to be subject to and bound by the obligations of a Holder of Ordinary Shares under the Shareholders' Agreement; and provided further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder.
- (d) Notwithstanding anything to the contrary, the right of first offer of the Holders of Ordinary Shares under Section 2.5 below shall not apply to any Transfer by an Investor Shareholder to any of its Affiliates (including, in the case of a CDH Shareholder, any Transfer to Cephei Absolute Return Fund Ltd) (each an "**Investor Permitted Transferee**"); provided that such Investor Permitted Transferee signs a Deed of Adherence agreeing to be subject to and bound by the obligations of the Investor Shareholder under this Agreement; and provided further that, the exemption to the right of first offer of the Holders of Ordinary Shares under this Section 2.1(d) shall not apply to a Transfer by an Investor Shareholder to its Affiliate if such Affiliate engages in a

business that, as reasonably determined by the Board, is similar to the Business Scope of the Company and whose primary business is in the PRC (an "**Affiliated Competitor**").

2.2 Sale by Holder of Ordinary Shares; Notice of Sale. Subject to Section 2.6, if a Holder of Ordinary Shares (the "**Selling Shareholder**") proposes to, directly or indirectly, Transfer any Ordinary Share Equivalents, then the Selling Shareholder shall promptly give written notice (the "**Transfer Notice**") to each Investor Shareholder prior to such Transfer. The Notice shall describe in reasonable detail the proposed Transfer including, without limitation, the number of Ordinary Share Equivalents to be, directly or indirectly, Transferred (the "**Offered Shares**"), the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

2.3 Right of First Refusal.

- (a) Investor Shareholders' Option. Each Investor Shareholder shall have the right, exercisable upon written notice to the Selling Shareholder and the Company, within thirty (30) days after receipt of the Transfer Notice (the "**First Refusal Period**"), to elect to purchase all or any part of its pro rata share of the Offered Shares equivalent to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of Ordinary Shares (calculated on an as-converted basis) held by such Investor Shareholder at the time of the transaction and the denominator of which is the total number of Ordinary Shares (calculated on an as-converted basis) owned by all participating Investor Shareholders at the time of the transaction, at the same price and subject to the same material terms and conditions as described in the Transfer Notice, provided, however, that if the Selling Shareholder is proposing to transfer Ordinary Shares to any other Holder of Ordinary Shares, then any non-selling Holder of Ordinary Shares shall have a pro rata right of first refusal together with such Investor Shareholder. To the extent that any Investor Shareholder does not exercise its right of first refusal to the full extent of its pro rata share of the Offered Shares, the Selling Shareholder and the participating Investor Shareholders shall, within ten (10) days after the end of the First Refusal Period, make such adjustments to each exercising Investor Shareholder's pro rata share of the Offered Shares so that any remaining Offered Shares may be allocated to those Investor Shareholders exercising their rights of first refusal on a pro rata basis.
- (b) Action Required. Any Investor Shareholder shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the First Refusal Period to purchase up to all of its pro rata share of the Offered Shares.
- (c) Expiration Notice. Within ten (10) days after expiration of the First Refusal Period the Company shall give written notice to the Selling Shareholder specifying either (i) that all of the Offered Shares was subscribed by the Investor Shareholders exercising their rights of first refusal or (ii) that the Investor Shareholders have not subscribed all of the Offered Shares in which case the First Refusal Expiration Notice will specify the pro-rata portion of the remaining Offered Shares for the purpose of their co-sale rights described in Section 2.4 below.

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- (d) Purchase Price. The purchase price for the Offered Shares to be purchased by the Investor Shareholders exercising their right of first refusal will be the price set forth in the Transfer Notice, but will be payable as set forth in this Section 2.3(d). If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be determined by the Board in good faith, which determination will be binding upon the Company, the Investor Shareholders, and the Selling Shareholder, absent fraud or error.
- (e) Payment. Payment of the purchase price for the Offered Shares purchased by the Investor Shareholders shall be made within fourteen (14) days following the date of the First Refusal Expiration Notice. Payment of the purchase price will be made by wire transfer or check as directed by the Selling Shareholder.
- (f) Rights of a Selling Shareholder. If any Investor Shareholder exercises its right of first refusal to purchase the Offered Shares, then, upon the date the notice of such exercise is given by such Investor Shareholder, the Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such Offered Shares from such Investor Shareholder in accordance with the terms of this Agreement, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be surrendered to the Company for transfer to such Investor Shareholder.
- (g) Application of Co-Sale Rights. If the Investor Shareholders have not elected to purchase all of the Offered Shares, then the sale of the remaining Offered Shares will become subject to the co-sale rights set forth in Section 2.4 below.
- 2.4 Co-Sale Rights. To the extent that the Investor Shareholders have not exercised their right of first refusal with respect to all the Offered Shares, each Investor Shareholder who has not exercised its right of first refusal as provided in Section 2.3 shall have the right, exercisable upon written notice to the Selling Shareholder and the Company to participate in such sale of the Ordinary Share Equivalents on the same terms and conditions.
- (a) Co-Sale Option. Each Investor Shareholder entitled to co-sale rights hereunder will have the right, exercisable upon written notice to the Selling Shareholder and the Company, within thirty (30) days after receipt of the First Refusal Expiration Notice (the “**Co-Sale Period**”), to elect to participate in such sale of the Offered Shares on the same terms and conditions as specified in the Transfer Notice. To the extent that a Investor Shareholder exercises such right of participation in accordance with the terms and conditions set forth hereinafter, the number of Ordinary Share Equivalents that the Selling Shareholder may sell in the Transfer shall be correspondingly reduced. Each Investor Shareholder may sell all or any part of its pro rata share of Offered Shares (the “**Co-Sale Shares**”) equivalent to the product obtained by multiplying the aggregate number of the Offered Shares (on an as converted basis) covered by the First Refusal Expiration Notice by a fraction, the numerator of which is the number of Ordinary Shares (calculated on a as-converted basis) held by such participating Investor Shareholder at the time of the transaction and the denominator of which is the aggregate number of Ordinary Shares (calculated on a as-converted basis) owned by the Selling Shareholder and all Investor Shareholders entitled to co-sale rights hereunder at the time of the transaction. To the extent that any Investor Shareholder does not

participate in the sale to the full extent of its pro rata portion of the Offered Shares, the Selling Shareholder and the participating Investor Shareholders shall, within ten (10) days after the end of the Co-Sale Period, make such adjustments to the pro rata portion of each participating Investor Shareholder so that any remaining Offered Shares may be allocated to other participating Investor Shareholders on a pro rata basis.

- (b) Transferred Shares. Each participating Investor Shareholder shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent:
- (i) the number of Ordinary Shares which such Investor Shareholder elects to sell;
 - (ii) that number of any class of Preferred Shares which is at such time convertible into the number of Ordinary Shares that such Investor Shareholder elects to sell; and the Company agrees to make any such conversion concurrent with the actual transfer of such shares to the purchaser; or
 - (iii) a combination of the above.
- (c) Payment to Investor Shareholders. The share certificate or certificates that any participating Investor Shareholder delivers to the Selling Shareholder pursuant to Section 2.4(b) shall be transferred to the prospective purchaser in consummation of the sale of the Offered Shares and Co-Sale Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently therewith remit to such Investor Shareholder that portion of the sale proceeds to which such Investor Shareholder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any Co-Sale Shares from any Investor Shareholder exercising its co-sale right hereunder, the Selling Shareholder shall not sell to such prospective purchaser or purchasers any Offered Shares unless and until, simultaneously with such sale, the Selling Shareholder shall purchase such Co-Sale Shares from such Investor Shareholder.
- (d) Right to Transfer. To the extent the Investor Shareholders do not elect to purchase, or to participate in the sale of, the Offered Shares subject to the Transfer Notice, the Selling Shareholder may, not later than ninety (90) days following delivery to the Company and each of the Investor Shareholders of the Transfer Notice, conclude a Transfer of the Offered Shares covered by the Transfer Notice and not elected to be purchased by the Investor Shareholders on terms and conditions not materially different from those described in the Transfer Notice. Any proposed Transfer on terms and conditions materially different from those described in the Transfer Notice, as well as any subsequent proposed Transfer of any Ordinary Share Equivalents Shares by the Selling Shareholder, shall again be subject to the right of first refusal and the co-sale rights of the Investor Shareholders and shall require compliance by the Selling Shareholder with the procedures described in Section 4.3 and Section 2.4 of this Agreement.

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- 2.5 Holder of Ordinary Shares' Right of First Offer. If a Investor Shareholder proposes to, directly or indirectly, Transfer any Ordinary Share Equivalents to (i) an Affiliated Competitor or (ii) any Person other than an Investor Permitted Transferee, the Investor Shareholder shall promptly give written notice (the "**Investor Transfer Notice**") to each Holder of Ordinary Shares prior to such Transfer. The Investor Transfer Notice shall describe in reasonable detail the proposed Transfer including, without limitation, the number of Ordinary Share Equivalents to be, directly or indirectly, Transferred (the "**Investor Offered Shares**"), the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee. Each Holder of Ordinary Shares shall, subject to Section 2(c) of Appendix 1 attached to the Shareholders' Agreement, have the right, exercisable upon written notice (the "**Purchase Notice**") to the selling Investor Shareholder and the Company, within thirty (30) days after receipt of the Investor Transfer Notice, to elect to purchase or otherwise acquire all, or any part of his pro rata share, of the Investor Offered Shares, at the price and on the terms specified in the Investor Transfer Notice. To the extent any Holder of Ordinary Shares does not exercise his right of first offer to the full extent of his pro rata share of the Investor Offered Shares, the exercising Holders of Ordinary Shares may make such adjustments to their pro rata share of the Investor Offered Shares so that any remaining Investor Offered Shares may be allocated to those Holders of Ordinary Shares exercising their right of first offer on a pro rata basis. The Payment of the purchase price for the Investor Offered Shares shall be made by the exercising Holder of Ordinary Shares, by wire transfer or check as directed by the selling Investor Shareholder, within sixty (60) days of the Purchase Notice. If, however, no Purchaser Notice is issued within thirty (30) days of the Investor Transfer Notice, or not all Investor Offered Shares are elected to be purchased or acquired, or the payment for any portion of the Investor Offered Shares so elected is not made in full within sixty (60) days of the Purchaser Notice, the selling Investor Shareholder shall have the right to offer and sell the Investor Offered Shares, or any remaining portion thereof, or any portion that has been elected to be purchased but the payment thereof is not made during such sixty (60) day period, as the case may be, to those Persons specified in the Investor Transfer Notice at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Investor Transfer Notice, provided that such Persons shall enter a Deed of Adherence to be bound by this Agreement.
- 2.6 Limitation on Transfers by Holders of Ordinary Shares. Notwithstanding any other provision of this Section 2, no Holder of Ordinary Shares may Transfer any Ordinary Share Equivalents if following such Transfer, the Holders of Ordinary Shares will collectively hold less Ordinary Shares (on an as converted basis) than the Investor Shareholders. The restriction on transfer set forth in this Section 2.6 shall terminate at such time that no Investor Shareholder holds any Ordinary Share Equivalents.
- 2.7 Restriction on Indirect Transfers. As an amplification and not limitation of the restrictions on transfer under this Section 2, without the prior written consent of the holders of at least a majority in interest of all of the equity securities of the Company held by all CDH Shareholders and at least seventy five percent (75%) of all of the equity securities of the Company held by all Series B Shareholders:
- i. Each of the Holders of Ordinary Shares shall not directly or indirectly, Transfer any equity interest held, directly or indirectly, by him/her in any entity which is a direct shareholder in the Company (an "**Existing Shareholder Entity**") to any Person. Any Transfer in violation of this Section

2.7(a) shall be null and void *ab initio* and each Existing Shareholder Entity hereby agrees it will not effect or recognize such a Transfer nor will it treat any alleged transferee as the holder of such equity interest without the prior written consent of the Investor Shareholders.

- ii. Each Existing Shareholder Entity shall not, and each of the Holders of Ordinary Shares shall not cause or permit any Existing Shareholder Entity to, issue to any Person any shares of such Existing Shareholder Entity or any options for, or any other securities exchangeable for or convertible into, such shares of such Existing Shareholder Entity.
- iii. None of the Holders of Ordinary Shares shall, nor shall any of them cause or permit any other Person to, directly or indirectly, Transfer any equity interest held or controlled by it in any of the Group Companies to any Person. Any Transfer in violation of this Section 2.7(c) shall be null and void *ab initio* and each of the Group Companies hereby agrees it will not effect such a Transfer nor will it treat any alleged transferee as the holder of such equity interest without the prior written consent of the Investor Shareholders.
- iv. None of the Group Companies shall issue to any Person any New Securities without the prior written consent of the Investor Shareholders.

2.8 Legend.

- (a) Each certificate representing Ordinary Share Equivalents now or hereafter owned by a Holder of Ordinary Shares or issued to any Person in connection with a Transfer in compliance with this Section 2 shall be endorsed with the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS’ AGREEMENT OF AIRMEDIA GROUP INC. (THE “COMPANY”), DATED JUNE 7, 2007 BY AND AMONG THE COMPANY, ITS SHAREHOLDERS AND THE OTHER PARTIES NAMED THEREIN.”
- (b) Each Holder of Ordinary Shares agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 2.8(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of the provisions of this Section 2.

THE COMPANIES LAW (2007 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

AIRMEDIA GROUP INC.

Adopted by Special Resolution
passed on October 19, 2007 and
effective immediately prior to the completion of the Company's initial public offering of
Ordinary Shares represented by American Depositary Shares

1. The name of the Company is **AirMedia Group Inc.**
2. The Registered Office of the Company shall be at the offices of M&C Corporate Services Limited, P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2007 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.
5. The authorized share capital of the Company is US\$1,000,000 divided into 900,000,000 Ordinary Shares of a nominal or par value of US\$0.001 each and 100,000,000 Preferred Shares of a nominal or par value of US\$0.001 each. The Company has the power to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2007 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
6. The Company has the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalized terms that are not defined in this Amended and Restated Memorandum of Association bear the same meaning as those given in the Amended and Restated Articles of Association of the Company adopted by Special Resolution passed on October 19, 2007 and effective immediately prior to the Company's initial public offering of Ordinary Shares represented by American Depositary Shares.

THE COMPANIES LAW (2007 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

AIRMEDIA GROUP INC.

Adopted by Special Resolution
passed on October 19, 2007 and
effective immediately prior to the completion of the Company's initial public offering of
Ordinary Shares represented by American Depositary Shares

INTERPRETATION

1. In these Articles, unless otherwise defined, the defined terms shall have the meanings assigned to them as follows:

"Articles"

the Amended and Restated Articles of Association adopted by Special Resolution on October 19, 2007 and effective immediately prior to completion of the Company's initial public offering of Ordinary Shares represented by American Depositary Shares on the Nasdaq Global Market, as from time to time altered or added to in accordance with the Statutes and these Articles;

"Board"

the board of Directors of the Company;

"Business Day"

a day (excluding Saturdays or Sundays), on which banks in Hong Kong, Beijing and New York are open for general banking business throughout their normal business hours;

"Commission"

Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;

"Companies Law"

the Companies Law (2007 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof. Where any provision of the Companies Law is referred to, the reference is to that provision as amended by any law for the time being in force;

“Company”

AirMedia Group Inc., a Cayman Islands company limited by shares;

“Company’s Website”

the website of the Company, the address or domain name of which has been notified to Members;

“Directors” and “Board of Directors” and “Board”

the directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof;

“electronic”

the meaning given to it in the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefore;

“electronic communication”

electronic posting to the Company’s Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;

“in writing”

includes writing, printing, lithograph, photograph, type-writing and every other mode of representing words or figures in a legible and non-transitory form and, only where used in connection with a notice served by the Company on Members or other persons entitled to receive notices hereunder, shall also include a record maintained in an electronic medium which is accessible in visible form so as to be useable for subsequent reference;

“Member”

a person whose name is entered in the Register of Members as the holder of a share or shares;

“Memorandum of Association”

the Memorandum of Association of the Company, as amended and re-stated from time to time;

“month”

calendar month;

“Ordinary Resolution”

a resolution:

- (a) passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, in the case of any Member being an organization, by its duly authorized representative or, where proxies are allowed, by proxy at a general meeting of the Company; or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

“Ordinary Shares”

ordinary shares of par value of US\$0.001 each in the capital of the Company with the rights set out in these Articles;

“Preferred Shares”

preferred shares of par value of US\$0.001 each in the capital of the Company with the rights set out in these Articles;

“paid up”

paid up as to the par value and any premium payable in respect of the issue of any shares and includes credited as paid up;

“Register of Members”

the register to be kept by the Company in accordance with Section 40 of the Companies Law;

“Seal”

the Common Seal of the Company including any facsimile thereof;

“Securities Act”

the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;

“share”

any share in the capital of the Company, including the Ordinary Shares, Preferred Shares and shares of other classes;

“signed”

includes a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a person with the intent to sign the electronic communication;

“Special Resolution”

a resolution passed in accordance with Section 60 of the Companies Law and includes an unanimous written resolution expressly passed as a special resolution;

“Statutes”

the Companies Law and every other laws and regulations of the Cayman Islands for the time being in force concerning companies and affecting the Company;

“year”

calendar year.

2. In these Articles, save where the context requires otherwise:
 - (a) words importing the singular number shall include the plural number and vice versa;
 - (b) words importing the masculine gender only shall include the feminine gender;
 - (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
 - (d) **“may”** shall be construed as permissive and **“shall”** shall be construed as imperative;
 - (e) a reference to a dollar or dollars (or \$) is a reference to dollars of the United States;
 - (f) references to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (g) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms; and
 - (h) Section 8 of the Electronic Transactions Law (2003 Revision) shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced as soon after incorporation as the Directors see fit, notwithstanding that only part of the shares may have been allotted or issued.
5. The registered office of the Company shall be at such address in the Cayman Islands as the Directors shall from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.

SHARE CAPITAL

6. The authorized share capital of the Company at the date of adoption of these Articles is US\$1,000,000 divided into 900,000,000 Ordinary Shares of a nominal or par value of US\$0.001 each and 100,000,000 Preferred Shares of a nominal or par value of US\$0.001 each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law and these Articles and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.

The Directors from time to time may, in their absolute discretion and without approval of Members, cause the Company to issue such amounts of Preferred Shares or other similar securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the Ordinary Shares.

Subject to applicable regulatory requirements, the Directors from time to time may, in their absolute discretion and without approval of Members, cause the Company to issue additional Ordinary Shares without action by the Members to the extent of available authorized but unissued shares.

ISSUE OF SHARES

7. Subject to the provisions, if any, in the Articles and to any direction that may be given by the Company in a general meeting, the Directors may, in their absolute discretion and without approval of the holders of Ordinary Shares, cause the Company to issue such amounts of Ordinary Shares and/or Preferred Shares, grant rights over existing shares or issue other securities in one or more series as they deem necessary and appropriate and determine designations, powers, preferences, privileges and other rights, including dividend rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers and rights associated with the Ordinary Shares, at such times and on such other terms as they think proper. The Company shall not issue shares in bearer form.

REGISTER OF MEMBERS AND SHARE CERTIFICATES

8. The Company shall maintain a Register of its Members and every person whose name is entered as a Member in the Register of Members shall, without payment, be entitled to a certificate in the form determined by the Directors upon the Member's written request. All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at the Member's registered address as appearing in the register.
9. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
10. Any two or more certificates representing shares of any one class held by any Member may at the Member's request be cancelled and a single new certificate for such shares issued in lieu on payment (if the Directors shall so require) of US\$1.00 or such smaller sum as the Directors shall determine.
11. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the relevant member upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
12. In the event that shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

TRANSFER OF SHARES

13. The instrument of transfer of any share shall be in writing and executed by or on behalf of the transferor and shall be accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register of Members in respect thereof.
14. All instruments of transfer that shall be registered shall be retained by the Company.

REDEMPTION AND PURCHASE OF OWN SHARES

15. Subject to the provisions of the Statutes and these Articles, the Company may:
 - (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Directors may, before the issue of such shares, determine;
 - (b) purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine; and

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- (c) make a payment in respect of the redemption or purchase of its own shares otherwise than out of profits or the proceeds of a fresh issue of shares.
16. Any share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.
17. The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share.
18. The Directors may when making payments in respect of redemption or purchase of shares, if authorized by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment in any form of consideration permitted by the Statutes.

VARIATION OF RIGHTS ATTACHING TO SHARES

19. If at any time the share capital is divided into different classes of shares, the rights attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to these Articles, be varied or abrogated with the consent in writing of the holders of a majority of the issued shares of that class or with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class.
20. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
21. Notwithstanding Articles 19 and 20 above, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in priority to or *pari passu* therewith. Further, notwithstanding Articles 19 and 20 above, the rights of the holders of Ordinary Shares shall not be deemed varied by the creation or issue of shares with preferred or other rights, which may be effected by the Directors as provided in these Articles without any vote or consent of the holders of Ordinary Shares.

COMMISSION ON SALE OF SHARES

22. The Company may in so far as the Statutes from time to time permit pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

NON-RECOGNITION OF TRUSTS

23. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statutes) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

24. The Company shall have a first and paramount lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's lien (if any) thereon. The Company's lien (if any) on a share shall extend to all dividends or other monies payable in respect thereof.
25. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of 14 calendar days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto by reason of his death or bankruptcy.
26. For giving effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
27. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

28. The Directors may from time to time make calls upon the Members in respect of any money unpaid on their shares, and each member shall (subject to receiving at least 14 calendar days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
29. The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.

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30. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
 31. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
 32. The Directors may make arrangements on the issue of shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.
 33. The Directors may, if they think fit, receive from any member willing to advance the same all or any part of the moneys uncalled and unpaid upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent. per annum) as may be agreed upon between the Member paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

34. If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of such much of the call or instalment as is unpaid, together with any interest which may have accrued.
35. The notice shall name a further day (not earlier than the expiration of 14 calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.
36. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
37. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
38. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company receives payment in full of the fully paid up amount of the shares.

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39. A statutory declaration in writing that the declarant is a Director of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share or any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
 40. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTRATION OF EMPOWERING INSTRUMENTS

41. The Company shall be entitled to charge a fee not exceeding one dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

TRANSMISSION OF SHARES

42. The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.
43. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be properly required by the Directors, have the right either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made. If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
44. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within 90 calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

ALTERATION OF CAPITAL

45. Subject to these Articles, the Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe.
46. Subject to these Articles, the Company may by Ordinary Resolution:
 - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived;
 - (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
47. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorized by law.
48. All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

49. For the purpose of determining those Members that are entitled to receive notice of, attend or vote at any meeting of Members or any adjournment thereof, or those Members that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Member for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period but not to exceed in any case 30 calendar days. If the Register of Members shall be so closed for the purpose of determining those Members that are entitled to receive notice of, attend or vote at a meeting of Members such register shall be so closed for at least 10 calendar days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.
50. In lieu of or apart from closing the Register of Members, the Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend, the Directors may, at or within 30 calendar days prior to the date of declaration of such dividend fix a subsequent date as the record date of such determination.

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51. If the Register of Members is not so closed and no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

GENERAL MEETINGS

52. All general meetings of the Company other than annual general meetings shall be called extraordinary general meetings.
53. (a) The Company may hold an annual general meeting but shall not (unless required by the Companies Law) be obliged to hold an annual general meeting.
- (b) At these meetings the report of the Directors (if any) shall be presented.
54. (a) The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.
- (b) A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than one-third of the share capital of the Company as at that date carries the right of voting at general meetings of the Company.
- (c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- (d) If the Directors do not within 21 calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further 21 calendar days, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the second said 21 calendar days.
- (e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

55. At least 14 calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as

may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and
- (b) in the case of an extraordinary general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than seventy five (75%) per cent in par value of the shares giving that right.

56. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Member shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

57. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Members holding not less than an aggregate of one-third of all voting share capital of the Company in issue present in person or by proxy and entitled to vote shall be a quorum for all purposes. A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.
58. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved.
59. The Chairman of the Board of Directors shall preside as chairman at every general meeting of the Company.
60. If at any meeting the Chairman of the Board of Directors is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Members present shall choose a chairman of the meeting.
61. The Chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 10 calendar days or more, not less than seven Business Days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

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62. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by one or more Members present in person or by proxy entitled to vote and who together hold not less than 10 per cent of the paid up voting share capital of the Company, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
 63. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
 64. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
 65. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS

66. Subject to any rights and restrictions for the time being attached to any class or classes of shares, every Member present in person and every person representing a Member by proxy at a general meeting of the Company shall have one vote for each share registered in his name in the Register of Members.
67. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.
68. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, or other person in the nature of a committee appointed by that court, and any such committee or other person, may on a poll, vote by proxy.
69. No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
70. On a poll, votes may be given either personally or by proxy.
71. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. A proxy need not be a Member of the Company.

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72. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
 73. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
 74. A resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETING

75. Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or of the Board of Directors or of a committee of Directors, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member or Director.

CLEARING HOUSES

76. If a clearing house (or its nominee) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorisation shall specify the number and class of shares in respect of which each such person is so authorized. A person so authorized pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual member of the Company holding the number and class of shares specified in such authorisation.

DIRECTORS

77. (A) The Board shall consist of not less than three (3) Directors, provided that the Company may from time to time by Ordinary Resolution increase or decrease the number of Directors on the Board. Notwithstanding the foregoing, so long as the Company's American Depositary Shares representing Ordinary Shares are listed on the NASDAQ Global Market, the Board composition shall comply with applicable NASDAQ marketplace rules, including those relating to Independent Directors (as such term is defined under applicable NASDAQ marketplace rules).
- (B) Each Director shall hold office until the expiration of his term and until his successor shall have been elected and qualified.
- (C) The Board of Directors shall have a Chairman of the Board of Directors (the "Chairman") elected and appointed by a majority of the Directors then in office. The Directors may also elect a Co-Chairman or a Vice-Chairman of the

Board of Directors (the "Co-Chairman"). The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors, the Co-Chairman, or in his absence, the attending Directors may choose one Director to be the chairman of the meeting. The Chairman's voting right as to the matters to be decided by the Board of Directors shall be the same as other Directors.

- (D) Subject to these Articles and the Companies Law, the Company may by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Board.
 - (E) The Directors by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, or the sole remaining Director, shall have the power from time to time and at any time to appoint any person as a Director to fill a casual vacancy on the Board or as an addition to the existing Board, subject to the Company's compliance with director nomination procedures required under applicable Nasdaq corporate governance rules, as long as the Company's American Depositary Shares are trading on the Nasdaq Stock Market.
- 78. Subject to Article 77, a Director may be removed from office by Special Resolution at any time before the expiration of his term notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement).
 - 79. A vacancy on the Board created by the removal of a Director under the provisions of Article 78 above may be filled by the election or appointment by Ordinary Resolution at the meeting at which such Director is removed or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.
 - 80. The Board may, from time to time, and except as required by applicable law or the listing rules of the recognized stock exchange or automated quotation system where the Company's securities are traded, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.
 - 81. A Director shall not be required to hold any shares in the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to receive notice of and to attend and speak at general meetings of the Company and all classes of shares of the Company.

DIRECTORS' FEES AND EXPENSES

- 82. The Directors may receive such remuneration as the Board may from time to time determine. The Directors may be entitled to be repaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.

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83. Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

ALTERNATE DIRECTOR

84. Any Director may in writing appoint another person to be his alternate to act in his place at any meeting of the Directors at which he is unable to be present. Every such alternate shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director when the person appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an officer of the Company and shall be deemed to be the agent of the Director appointing him.
85. Any Director may appoint any person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting.

POWERS AND DUTIES OF DIRECTORS

86. Subject to the provisions of the Companies Law, these Articles and to any resolutions made in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution made by the Company in a general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.
87. Subject to these Articles, the Directors may from time to time appoint any person, whether or not a director of the Company to hold such office in the Company as the Directors may think necessary for the administration of the Company, including without prejudice to the foregoing generality, the office of the Chief Executive Officer, one or more Vice Presidents, Chief Financial Officer, Manager or Controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. The Directors may also appoint one or more of their number to the office of Managing Director upon like terms, but any

such appointment shall ipso facto determine if any Managing Director ceases from any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.

88. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
89. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
90. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
91. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any of the aforesaid.
92. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
93. Any such delegates as aforesaid may be authorized by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested to them.
94. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

DISQUALIFICATION OF DIRECTORS

95. Subject to Article 77, the office of Director shall be vacated, if the Director:

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- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
 - (b) is found to be or becomes of unsound mind;
 - (c) resigns his office by notice in writing to the Company;
 - (d) without special leave of absence from the Board, is absent from meetings of the Board for six consecutive months and the Board resolves that his office be vacated; or
 - (e) if he or she shall be removed from office pursuant to these Articles or the Statutes.

PROCEEDINGS OF DIRECTORS

- 96. Subject to Article 77, the Directors may meet together (whether within or outside the Cayman Islands) for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting of the Directors shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote. A Director may at any time summon a meeting of the Directors by at least three Business Days' notice to every other Director and alternate Director.
- 97. A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
- 98. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed shall be a majority of the Directors then in office, provided that a Director and his appointed alternate Director shall be considered only one person for this purpose. A meeting of the Directors at which a quorum is present when the meeting proceeds to business shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. A meeting of the Directors may be held by means of telephone or teleconferencing or any other telecommunications facility provided that all participants are thereby able to communicate immediately by voice with all other participants.
- 99. Subject to Article 77, a Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration.

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100. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
 101. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
 102. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
 - (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
 103. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
 104. A resolution signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.
 105. The continuing Directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.
 106. The Directors shall elect a chairman of their meetings and determine the period for which he is to hold office but if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

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107. A committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.
 108. A committee appointed by the Directors may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
 109. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

110. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Chairman or Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

111. Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.
112. Subject to any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
113. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

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114. Any dividend may be paid by cheque or wire transfer to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct.
 115. The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.
 116. No dividend shall be paid otherwise than out of profits or, subject to the restrictions of the Companies Law, the share premium account.
 117. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as fully paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the amounts of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the share.
 118. If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
 119. No dividend shall bear interest against the Company.

BOOK OF ACCOUNTS

120. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
121. The books of account shall be kept at such place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
122. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Directors or by the Company by Ordinary Resolution.
123. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Company by Ordinary Resolution or failing any such determination by the Directors or failing any determination as aforesaid shall not be audited.

ANNUAL RETURNS AND FILINGS

124. The Board shall make the requisite annual returns and any other requisite filings in accordance with the Companies Law.

AUDIT

125. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
126. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
127. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next special meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

THE SEAL

128. The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.
129. The Company may maintain a facsimile of its Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Board of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal of the Company is so affixed in their presence of and the instrument signed by a Director or the Secretary (or an Assistant Secretary) of the Company or in the presence of any one or more persons as the Directors may appoint for the purpose.
130. Notwithstanding the foregoing, a Director shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.

OFFICERS

131. Subject to Article 87, the Company may have a Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, Chief Strategy Officer, President, one or more Vice Presidents, Manager or Controller, appointed by the Directors. The

Directors may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time subscribe.

CAPITALISATION OF PROFITS

132. Subject to the Statutes and these Articles, the Board may, with the authority of an Ordinary Resolution:

- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
- (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively; or
 - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum, and allot the shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserved and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;
- (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit;
- (d) authorise a person to enter (on behalf of all the Members concerned) an agreement with the Company providing for either:
 - (i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or
 - (ii) the payment by the Company on behalf of the Members (by the application of their respective operations of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,an agreement made under the authority being effective and binding on all those Members; and
- (e) generally do all acts and things required to give effect to the resolution.

NOTICES

133. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to the Member at his address as appearing in the Register of Members or, to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
134. Notices posted to addresses outside the Cayman Islands shall be forwarded by prepaid airmail.
135. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
136. Any notice or other document, if served by (a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted and if served by courier, shall be deemed to have been served five calendar days after the time when the letter containing the same is delivered to the courier (in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and duly posted or delivered to the courier), or (b) facsimile, shall be deemed to have been served upon confirmation of receipt, or (c) recognised delivery service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service and in proving such service it shall be sufficient to provide that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier, or (d) electronic means as provided herein shall be deemed to have been served and delivered on the day following that on which it is successfully transmitted or at such later time as may be prescribed by any applicable laws or regulations.
137. Any notice or document delivered or sent to any Member in accordance with the terms of these Articles shall notwithstanding that such Member be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
138. Notice of every general meeting shall be given to:
 - (a) all Members who have supplied to the Company an address for the giving of notices to them;

(b) every person entitled to a share in consequence of the death or bankruptcy of a Member, who but for his death or bankruptcy would be entitled to receive notice of the meeting; and

(c) each Director and Alternate Director.

No other person shall be entitled to receive notices of general meetings.

INFORMATION

139. No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.

140. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its members including, without limitation, information contained in the Register of Members and transfer books of the Company.

INDEMNITY

141. Every Director (including for the purposes of this Article any Alternate Director appointed pursuant to the provisions of these Articles) and officer of the Company for the time being and from time to time shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a Director or officer of the Company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

142. No such Director or officer of the Company shall be liable to the Company for any loss or damage unless such liability arises through the willful neglect or default of such Director or officer.

FINANCIAL YEAR

143. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

WINDING UP

144. Subject to these Articles, if the Company shall be wound up the liquidator may, with the sanction of an Ordinary Resolution of the Company divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they

shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND NAME OF COMPANY

145. Subject to the Companies Law and these Articles, the Company may at any time and from time to time by Special Resolution alter or amend these Articles or the Memorandum of Association of the Company, in whole or in part, or change the name of the Company.

REGISTRATION BY WAY OF CONTINUATION

146. Subject to these Articles, the Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

DRAFT

AIRMEDIA GROUP INC.
(Incorporated under the laws of the Cayman Islands)

Name of Company:
AirMedia Group Inc.

Number

Ordinary Shares

Number:

US\$1,000,000 Share Capital divided into
900,000,000 Ordinary Shares of a nominal or par value of US\$0.001 each and
100,000,000 Preferred Shares of a nominal or par value of US\$0.001 each

Ordinary Shares:

Issued to:

THIS IS TO CERTIFY THAT _____ **xxx** _____ is the registered holder of
_____ **xxx** _____ Ordinary Shares in the above-named
Company subject to the memorandum and articles of association thereof.

Dated

EXECUTED for and on behalf of the Company on _____ 2007.

Transferred from:

DIRECTOR _____

TRANSFER

I
DO HEREBY transfer to

undertaking called **AIRMEDIA GROUP INC.**
To hold the same unto the Transferee

(the Transferor) for the value received
(the Transferee) the
shares standing in my name in the

Dated
Signed by the Transferor
in the presence of:

Witness

Transferor

AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT

THIS SHAREHOLDERS' AGREEMENT (this "**Agreement**") is made and entered into as of June 7, 2007, and has been amended and restated as of September 27, 2007, by and among:

- (1) AirMedia Group Inc., an exempted company limited by shares incorporated under the laws of the Cayman Islands (the "**Company**");
- (2) the entities listed on Schedule D hereto (collectively, the "**Investors**" and each, an "**Investor**");
- (3) the Persons listed on Schedule A hereto (collectively, the "**Holders of Ordinary Shares**" and each, a "**Holder of Ordinary Shares**"); and
- (4) the entities listed on Schedule C hereto, (collectively, the "**Existing Group Companies**" and each, an "**Existing Group Company**").

RECITALS

A. CDH purchased from Broad Cosmos Enterprises Ltd., an international business company organized under the laws of the British Virgin Islands, a 100% subsidiary of the Company (the "**BVI Co**"), certain Series A Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the BVI Co, on the terms and conditions set out in that certain Share Purchase Agreement by and among the BVI Co, CDH, the Holders of Ordinary Shares and certain Existing Group Companies dated as of February 28, 2007 (the "**Series A Purchase Agreement**").

B. Pursuant to that certain Share Exchange Agreement, dated June 7, 2007 by and among the Company, the BVI Co, CDH and each of the Holders of Ordinary Shares (the "**Exchange Agreement**"), the Company acquired all of the equity securities of the BVI Co from CDH and each of the Holders of Ordinary Shares in exchange for the issuance of substantially identical equity securities of the Company to CDH and each of the Holders of Ordinary Shares, such that the Company currently owns beneficially and of record one hundred percent (100%) of the outstanding equity securities of the BVI Co and CDH and the Holders of Ordinary Shares together own beneficially and of record one hundred percent (100%) of the outstanding equity securities of the Company.

C. OZ and SIG have agreed to purchase from the Company, and the Company has agreed to sell to OZ and SIG, certain Series B Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the Company (the "**Series B Preferred Shares**"), on the terms and conditions set out in that certain Share Purchase Agreement by and among the Company, OZ, SIG, the Founder and certain Existing Group Companies dated as of April 26, 2007 (the "**Series B Purchase Agreement**").

D. The BVI Co, the Holders of Ordinary Shares and CDH are parties to that certain Shareholders Agreement, dated as of February 28, 2007 (the "**Prior Agreement**"). The parties to this Agreement, being sufficient to terminate the Prior Agreement under Section 8.17 thereof, have terminated the Prior Agreement simultaneously herewith.

E. In connection with the consummation of the transactions contemplated under the Series B Purchase Agreement, the parties hereto desire to enter into this Agreement to, among other things, establish certain matters pertaining to the operation and management of the Company and each other Group Company and to regulate certain rights and obligations among the parties hereto, including with respect to the transfer and voting of shares in the Company.

F. The Series B Purchase Agreement provides that the execution and delivery of this Agreement by the parties hereto shall be a condition precedent to the consummation of the transactions contemplated thereunder.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto further agree as follows:

1. INFORMATION RIGHTS; BOARD REPRESENTATION.

1.1 Information and Inspection Rights. The Company and each Existing Group Company covenants and agrees that:

(a) Information Rights. Commencing on the date of this Agreement, for so long as an Investor Shareholder holds any Ordinary Share Equivalents, the Company shall deliver to each Investor Shareholder:

(i) audited annual consolidated financial statements of the Company within 120 days after the end of each fiscal year, prepared in accordance with U.S. GAAP by a "Big Four" accounting firm jointly selected by the Company and the holders of at least a majority in interest of all of the equity securities of the Company then held by the Investor Shareholders;

(ii) unaudited quarterly consolidated financial statements of the Company and quarterly operational data and financial statements of the Company and each other Group Company, within twenty-five (25) days after the end of each quarter, prepared in accordance with PRC or U.S. GAAP, as the case may be;

(iii) monthly management accounts of each Group Company including key operational data, in form and substance requested from time to time by any CDH Shareholder, within twenty-five (25) days after the end of each month for a period of six (6) months following the date hereof;

(iv) an annual consolidated budget of the Group Companies for each fiscal year within thirty (30) days prior to the start of such fiscal year;

(v) copies of all documents or other information sent to any shareholder of any Group Company in its capacity as a shareholder; and

(vi) upon the written request by an Investor Shareholder, such other information as such Investor Shareholder shall reasonably request (the foregoing collectively, the "**Information Rights**"). All financial statements to be provided to the Investor Shareholders pursuant to this Section 1.1(a) shall include a balance sheet, an income statement and a statement of cash flows and shall be prepared in accordance with U.S. GAAP or PRC GAAP, as the case may be.

(b) Inspection Rights. Commencing on the date of this Agreement, for so long as an Investor Shareholder holds any Ordinary Share Equivalents, such Investor Shareholder shall have standard inspection rights of the facilities, records and books of each Group Company, including, without limitation, discussing the business, operations and conditions of such Group Company with its directors, officers, employees, accountants and at such reasonable times during normal business hours upon reasonable advance notice to the Company (the "**Inspection Rights**").

(c) Termination of Information and Inspection Rights. The foregoing Information Rights and Inspection Rights shall terminate upon the consummation of a Qualified Public Offering.

1.2 Board Representation.

(a) Board Composition. The Company's amended and restated Memorandum of Association and Articles of Association (the "**Restated Articles**") shall provide that the Company's board of directors (the "**Board**") shall consist of no less than five (5) members, which number of members shall not be changed except pursuant to an amendment to the Restated Articles. For so long as the Holders of Ordinary Shares hold in the aggregate Ordinary Share Equivalent that are at least equal to 15% of the issued Ordinary Shares (assuming the conversion of all Ordinary Shares Equivalents) the Holders of Ordinary Shares shall have the right to appoint and remove two (2) directors (the "**Founder Directors**"), and thereafter the Holders of Ordinary Shares shall have the right to appoint and remove one (1) director. For so long as the CDH Shareholders hold in the aggregate Ordinary Share Equivalents that are at least equal to 15% of the issued Ordinary Shares (assuming the conversion of all Ordinary Shares Equivalents), the CDH Shareholders shall have the right to appoint and remove two (2) directors (the "**CDH Directors**"), and thereafter the CDH Shareholders shall have the right to designate and remove one (1) director. In addition to any Founder Directors and CDH Directors, one (1) director shall be a member of the management of the Group Companies, which member shall be reasonably satisfactory to the Holders of Ordinary Shares and the holders of at least a majority in interest of all Series A Preferred Shares.

(b) Board Observers. For so long as the OZ Shareholders hold in the aggregate Ordinary Share Equivalents that are at least equal to fifty percent (50%) of the equity interests in the Company acquired by the OZ Shareholders pursuant to the Series B Purchase Agreement (determined on an as converted basis), one (1) individual designated by the OZ Shareholders shall be entitled to attend, but not to vote at, all meetings of the Board and all committees thereof (whether in person, telephonic or other) in a non-voting, observer capacity and the Company shall provide to such representative, concurrently with the members of the Board, and in the same manner, notice of all such meetings and a copy of all materials provided to the members of the Board. For so long as the SIG Shareholders hold in the aggregate Ordinary Share Equivalents that are at least equal to fifty percent (50%) of the equity interests in the Company acquired by the SIG Shareholders pursuant to the Series B Purchase Agreement (determined on an as converted basis), one (1) individual designated by the SIG Shareholders shall be entitled to attend, but not to vote at, all meetings of the Board

and all committees thereof (whether in person, telephonic or other) in a non-voting, observer capacity and the Company shall provide to such representative, concurrently with the members of the Board, and in the same manner, notice of all such meetings and a copy of all materials provided to the members of the Board.

(c) Board Actions. Subject to Section 7 below, all actions of the Board shall require the affirmative vote of at least a majority of the directors.

(d) Frequency; Expenses; Notices. The Board shall meet at least once during each quarter. All meetings of the Board shall be held either telephonically or in person. The Company shall reimburse the directors and any observers designated by the OZ Shareholders or SIG Shareholders pursuant to Section 1.2(b) above for all reasonable out-of-pocket expenses incurred in connection with attending any meetings of the Board and any committee thereof. The Company shall procure that a notice of each meeting, agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting are sent to all directors entitled to receive notice of the meeting at least seven (7) days before the meeting and a copy of the minutes of the meeting is sent to such persons within twenty (20) days following the meeting.

1.3 The Subsidiaries. The board of directors of each other Group Company shall have the same number of directors and consist of the same directors as that of the Company unless otherwise mutually agreed upon by the parties hereto. Subject to Section 7 below, all actions of the board of directors of each other Group Company shall require the affirmative vote of at least a majority of the directors.

2. REGISTRATION RIGHTS.

2.1 Applicability of Rights. The Investor Shareholders shall be entitled to the following rights with respect to any potential public offering of any Company securities in the United States and shall be entitled to reasonably analogous or equivalent rights with respect to any other offering of Company securities in any other jurisdiction pursuant to which the Company undertakes to publicly offer or list such securities for trading on a recognized securities exchange.

2.2 Definitions. For purposes of this Section 2:

(a) Registration. The terms “**register**,” “**registered**,” and “**registration**” refer to a registration effected by preparing and filing a registration statement which is in a form which complies with, and is declared effective by the SEC (as defined below) in accordance with, the United States Securities Act of 1933, as amended, and any successor statute (the “**Securities Act**”).

(b) Registrable Securities. The term “**Registrable Securities**” means: (1) any Ordinary Shares issued or to be issued pursuant to conversion of any Preferred Shares, (2) any Ordinary Shares issued (or issuable upon the conversion or exercise of any Ordinary Share Equivalent which is issued) as a dividend or other distribution with respect to, or in exchange for or in replacement of, any Preferred Shares, and (3) any other Ordinary Shares owned or hereafter acquired by an Investor Shareholder. Notwithstanding the foregoing, “**Registrable Securities**” shall exclude any Registrable Securities sold by a Person in a transaction in which rights under this Section 2 are not assigned in accordance

with this Agreement and any Registrable Securities which are sold in a registered public offering under the Securities Act or analogous statute of another jurisdiction, or sold pursuant to Rule 144 promulgated under the Securities Act or analogous rule of another jurisdiction.

(c) Registrable Securities Then Outstanding. The number of shares of "**Registrable Securities then outstanding**" shall mean the number of Ordinary Shares that are Registrable Securities and are then issued and outstanding, issuable upon conversion of Preferred Shares then issued and outstanding or issuable upon conversion or exercise of any Ordinary Share Equivalent which is issued as a dividend or other distribution with respect to any Preferred Shares.

(d) Holder. For purposes of this Section 2, the term "**Holder**" shall mean any Person owning or having the rights to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under this Section 2 have been duly assigned in accordance with this Agreement.

(e) Form F-3. The term "**Form F-3**" shall mean such form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(f) SEC. The term "**SEC**" or "**Commission**" shall mean the U.S. Securities and Exchange Commission.

(g) Registration Expenses. The term "**Registration Expenses**" shall mean all expenses incurred by the Company in complying with Sections 2.3, 2.4 and 2.5 hereof, including, without limitation, all registration and filing fees, printing expenses, fees, and disbursements of counsel for the Company, reasonable fees and disbursements of one counsel for the Holders, "blue sky" fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).

(h) Selling Expenses. The term "**Selling Expenses**" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to Sections 2.3, 2.4 and 2.5 hereof.

(i) Exchange Act. The term "**Exchange Act**" shall mean the United States Securities Exchange Act of 1934, as amended, and any successor statute.

(j) For purposes of this Agreement, reference to registration of securities under the Securities Act and the Exchange Act shall be deemed to mean the equivalent registration in a jurisdiction other than the United States as designated by such Holders, it being understood and agreed that in each such case all references in this Agreement to the Securities Act, the Exchange Act and rules, forms of registration statements and registration of securities thereunder, U.S. law and the SEC, shall be deemed to refer, to the equivalent statutes, rules, forms of registration statements, registration of securities and laws of and equivalent government authority in the applicable non-U.S. jurisdiction.

2.3. Demand Registration.

(a) Request by Holders. If the Company shall, at any time after the earlier of (i) February 27, 2010 and (ii) six (6) months following the taking effect of a registration statement for a Qualified Public Offering, receive a written request, from either (A) the Holders of at least twenty-five percent (25%) of the Registrable Securities then held by Investor Shareholders holding Series A Preferred Shares on the date hereof and then held by Affiliates of such Investor Shareholders or (B) the Holders of at least twenty-five percent (25%) of the Registrable Securities then held by Investor Shareholders holding Series B Preferred Shares on the date hereof and then held by Affiliates of such Investor Shareholders, that the Company file a registration statement under the Securities Act covering the registration of Registrable Securities pursuant to this Section 2.3, then the Company shall, within ten (10) business days of the receipt of such written request, give written notice of such request ("**Request Notice**") to all Holders, and use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 2.3; provided that the Company shall not be obligated to effect any such registration if (i) the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2.3 or Section 2.5 or in which the Holders had an opportunity to participate pursuant to the provisions of Section 2.4, other than a registration from which the Registrable Securities of the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a), or (ii) if the Holders do not propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of at least US\$3,000,000.

(b) Underwriting. If the Holders initiating the registration request under this Section 2.3 (the "**Initiating Holders**") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 2.3 and the Company shall include such information in the Request Notice. In such event, the right of any Holder to include its Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Company reasonably acceptable to the Holders of a majority of the Registrable Securities being registered. Notwithstanding any other provision of this Section 2.3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities then outstanding held by each Holder requesting registration (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without

limitation, all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company or any other Group Company; provided further, that at least twenty-five percent (25%) of shares of Registrable Securities requested by the Holders to be included in such underwriting and registration shall be so included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Maximum Number of Demand Registrations. The Company shall not be obligated to effect more than (i) two (2) such registrations initiated by the holders of Series A Preferred Shares, and (ii) two (2) such registrations initiated by the holders of Series B Preferred Shares pursuant to this Section 2.3.

(d) Deferral. Notwithstanding the foregoing, if the Company shall furnish to Holders requesting registration pursuant to this Section 2.3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its shareholders for such registration statement to be filed at such time, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period. A demand right shall not be deemed to have been exercised until such deferred registration shall have been effected.

2.4 Piggyback Registrations.

(a) The Company shall notify all Holders of Registrable Securities in writing at least thirty (30) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any registration under Section 2.3 or Section 2.5 of this Agreement or to any employee benefit plan or a corporate reorganization, including but not limited to a registration statement on Form S-8) and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(b) Underwriting. If a registration statement under which the Company gives notice under this Section 2.4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section

2.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of shares to be underwritten, then the managing underwriter(s) may exclude shares from the registration and the underwriting, and the number of shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below twenty-five percent (25%) of the aggregate number of shares of Registrable Securities for which inclusion has been requested; and (ii) all shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company (or any other Group Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Not Demand Registration. Registration pursuant to this Section 2.4 shall not be deemed to be a demand registration as described in Section 2.3 above. There shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.4.

2.5 Form F-3 Registration. In case the Company shall receive from any Holder or Holders of a majority of all Registrable Securities then outstanding a written request or requests that the Company effect a registration on Form F-3 (or an equivalent registration in a jurisdiction outside of the United States) and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:

(a) Notice. Promptly give written notice of the proposed registration and the Holder's or Holders' request therefor, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 2.5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.5:

(1) if Form F-3 is not available for such offering by the Holders;

(2) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US\$3,000,000;

(3) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be materially detrimental to the Company and its shareholders for such Form F-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement no more than once during any twelve (12) month period for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 2.5; provided that the Company shall not register any of its other shares during such ninety (90) day period.

(4) if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Sections 2.3(b) and 2.4(b); or

(5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Not Demand Registration. Form F-3 registrations shall not be deemed to be demand registrations as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.5.

(d) Underwriting. If the Holders of Registrable Securities requesting registration under this Section 2.5 intend to distribute the Registrable Securities covered by their request by means of an underwriting, the provisions of Section 2.3(b) shall apply to such registration.

2.6 Expenses. All Registration Expenses incurred in connection with any registration pursuant to Sections 2.3, 2.4 or 2.5 (but excluding Selling Expenses) shall be borne by the Company. Each Holder participating in a registration pursuant to Sections 2.3, 2.4 or 2.5 shall bear such Holder's proportionate share (based on the total number of shares sold in such registration other than for the account of the Company) of all Selling Expenses or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.3 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the

Registrable Securities to be registered, unless the Holders of a majority of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.3 (in which case such registration shall also constitute the use by all Holders of Registrable Securities of one (1) such demand registration); provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, then the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to Section 2.3.

2.7 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or, in the case of Registrable Securities registered under Form F-3 in accordance with Rule 415 under the Securities Act or a successor rule, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such ninety (90) day period shall be extended for a period of time equal to the period any Holder refrains from selling any securities included in such registration at the request of the underwriter(s), and (ii) in the case of any registration of Registrable Securities on Form F-3 which are intended to be offered on a continuous or delayed basis, such ninety (90) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering.

(f) Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of (i) the issuance of any stop order by the SEC in respect of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and (ii) letters dated as of (x) the effective date of the registration statement covering such Registrable Securities and (y) the closing date of the offering from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any.

2.8 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.3, 2.4 or 2.5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities.

2.9 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.3, 2.4 or 2.5:

(a) By the Company. To the extent permitted by law, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, and each person, if any, who controls such Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other United States federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "**Violation**"):

(i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

(ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

(iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any United States federal or state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any United States federal or state securities law in connection with the offering covered by such registration statement;

and the Company will reimburse each such Holder, its partner, officer, director, legal counsel, underwriter or controlling person for any legal or other expenses reasonably incurred by them, as incurred, in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this subsection 2.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder or any partner, officer, director, counsel, underwriter or controlling person of such Holder.

(b) By Holders. To the extent permitted by law, each Holder shall, if Registrable Securities held by that Holder are included in the securities as to which Registration, qualification or compliance is being effected pursuant to this Agreement, indemnify the Company, each of its directors and officers, and independent accountant of the Company, each Person who Controls the Company within the meaning of the Securities Act, and each other Holder, each of its officers, directors, and constituent partners, and each Person Controlling the other Holder, against all Damages arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement, prospectus, offering circular, or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of circumstances under which they were made, not misleading, or any violation by the Holder of any rule or regulation promulgated under the Securities Act, the Exchange Act, applicable Blue Sky laws, or other applicable laws in the jurisdiction other than the United States in which the Registration occurred, applicable to the Holder and relating to action or inaction required of the Holder in connection with any Registration, qualification, or compliance, and shall reimburse the Company, those Holders, directors, officers, partners, Persons, law and accounting firms, underwriters or Control Persons for any legal and any other expenses reasonably incurred in connection with investigating or defending any claim, loss, damage, liability, or action, in each case to the extent, but only to the extent, that the untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in that Registration Statement, prospectus, offering circular, or other document in reliance upon and in conformity with written information furnished to the Company by that Holder and stated to be specifically for use in connection with the offering of securities of the Company, provided, however, that the indemnity contained in this Section 2.9 shall not apply to amounts paid in settlement of any Damages if settlement is effected without the consent of that Holder (which consent shall not be unreasonably withheld) and provided, further, that each Holder's liability under this Section 2.9 shall not exceed the Holder's proceeds (less underwriting discounts and selling commissions) from the offering of securities made in connection with that Registration.

Any indemnification pursuant to this Section 2.9 shall be several, and not joint and several, among the Holders whose Registrable Securities are included in the Registration.

(c) Notice. Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential conflict of interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 2.9 to the extent the indemnifying party is prejudiced as a result thereof, but the omission to so deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.9.

(d) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified party makes a claim for indemnification pursuant to this Section 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified party in circumstances for which indemnification is provided under this Section 2.9; then, and in each such case, the indemnified party and the indemnifying party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion so that a Holder (together with its related persons) is responsible for the portion represented by the percentage that the public offering price of its Registrable Securities offered by and sold under the registration statement bears to the public offering price of all securities offered by and sold under such registration statement, and the Company and other selling Holders are responsible for the remaining portion. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(e) Survival. The obligations of the Company and Holders under this Section 2.9 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

2.10 Termination of the Company's Obligations. The Company's obligations under Sections 2.3, 2.4 and 2.5 with respect to any Registrable Securities proposed to be sold by a Holder in a registration pursuant to Section 2.3, 2.4 or 2.5 shall terminate on the fifth (5th) anniversary of the initial public offering of the Company, or, if, in the opinion of counsel to the Company, all such Registrable Securities proposed to be sold by a Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 (including but not limited to Rule 144(k)) promulgated under the Securities Act.

2.11 No Registration Rights to Third Parties. Without the prior written consent of the Holders of a majority in interest of the Registrable Securities then outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form F-3 registration rights described in this Section 2, or otherwise) relating to any securities of the Company which are senior to, or on a parity with, those granted to the Holders of Registrable Securities.

2.12 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form F-3, after such time as a public market exists for the Ordinary Shares, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times after the effective date of the first registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) File with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form F-3.

2.13. Lock-Up. Each Holder and the Founder hereby agrees that, if requested by the Company and the underwriter in connection with the Company's initial public offering, the Holder shall not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise transfer or dispose of any Registrable Securities or other securities of the Company without the prior written consent of the Company and the underwriter for such period of time (not to exceed 180 days) following the effective date of a Registration Statement of the Company filed under the Securities Act (or other applicable law in a jurisdiction other than the United States in which a Registration occurred) as may be requested by the underwriter and pursuant to any regulations or rules of the stock exchange or inter dealer quotations system at which shares of the Company are listed. The obligations of Holders under this Section 2.13 shall be conditioned upon similar agreements being in effect with the directors, officers and all shareholders of the Company unless otherwise agreed by the Company and the holders of at least a majority in interest of all of the equity securities of the Company then held by the CDH Shareholders and at least seventy five percent (75%) in interest of all of the equity securities of the Company then held by the Series B Shareholders. The Company or the underwriter shall not release any of the directors, officers, or shareholders of the Company from the lock-up without first releasing the Investor Shareholders. The lock-up does not prohibit private sale, making any short sale of, loan, granting any option for the purchase of, or otherwise transfer or dispose of any Registrable Securities or other securities of the Company to Affiliates provided the Affiliates in each case enter into the same lock-up agreement. Notwithstanding any other provisions of this Section, this Section 2.13 shall not apply to the Performance-based Transfers set forth in Section 5.6 of the Purchase Agreement.

3. RIGHT OF PARTICIPATION.

3.1 General. Each Investor Shareholder and each assignee to which rights under this Section 3 have been duly assigned in accordance with Section 5 (such Investor Shareholder and each such assignee being hereinafter referred to as a "**Participation Rights Holder**") shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share (as defined below), of all New Securities (as defined in Section 3.3) that the Company may from time to time issue after the date of this Agreement (the "**Right of Participation**").

3.2 Pro Rata Share. A Participation Rights Holder's "**Pro Rata Share**" for purposes of the Right of Participation is the ratio of (a) the number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such Participation Rights Holder to (b) the total number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) then outstanding (immediately prior to the issuance of New Securities giving rise to the Right of Participation).

3.3 New Securities. "**New Securities**" shall mean any Ordinary Share Equivalents, whether now authorized or not, provided, however, that the term "New Securities" shall not include:

(a) any securities issued in connection with any share split, share dividend or other similar event in which all Participation Rights Holders are entitled to participate on a pro rata basis;

(b) any Ordinary Shares issuable upon conversion of the Preferred Shares;

(c) any securities issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constituted a New Security;

(d) any securities issued pursuant to a Qualified Public Offering; or

(e) any Ordinary Shares (and/or options or warrants or restricted shares therefore) issued to employees, officers, directors, contractors, advisors or consultants of the Company pursuant to employee equity incentive plans approved by the Board (subject to the requirements of Section 7 below).

3.4 Procedures.

(a) First Participation Notice. In the event that the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), it shall give to each Participation Rights Holder written notice of its intention to issue New Securities (the "**First Participation Notice**"), describing the amount and the type of New Securities and the price and the general terms upon which the Company proposes to issue such New Securities. Each Participation Rights Holder shall have twenty (20) business days from the date of receipt of any such First Participation Notice to agree in writing to purchase such Participation Rights Holder's Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder's Pro Rata Share). If any Participation Rights Holder fails to so agree in writing within such twenty (20) business day period to purchase such Participation Rights Holder's full Pro Rata Share of an offering of New Securities, then such Participation Rights Holder shall forfeit the right hereunder to purchase that part of its Pro Rata Share of such New Securities that it did not agree to purchase, provided however that if any Participation Rights Holder fails to give the above required notice solely because of the Company's failure to comply with the notice provision of this Section 3.4, then the Company shall not effect the proposed issuance.

(b) Second Participation Notice: Oversubscription. If any Participating Rights Holder fails to exercise its Right of Participation in accordance with subsection (a) above, the Company shall promptly give notice (the "**Second Participation Notice**") to other Participating Rights Holders who exercised their Right of Participation (the "**Right Participants**") in accordance with subsection (a) above. Each Right Participant shall have ten (10) business days from the date of the Second Participation Notice (the "**Second Participation Period**") to notify the Company of its desire to purchase more than its Pro Rata Share of the New Securities, stating the number of the additional New Securities it proposes to buy (the "**Additional Number**"). Such notice may be made by telephone followed by written confirmation within two (2) business days. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each oversubscribing Right Participant will be cut back by the Company with respect to its oversubscription to that number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction the numerator of

which is the number of Ordinary Shares (calculated on an as-converted basis) held by such oversubscribing Right Participant and the denominator of which is the total number of Ordinary Shares (calculated on an as-converted basis) held by all the oversubscribing Right Participants. Each Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Section 3.4 and the Company shall so notify the Right Participants within twenty (20) business days following the date of the Second Participation Notice.

3.5 Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event no Participation Rights Holder exercises the Right of Participation within twenty (20) business days of the First Participation Notice, the Company shall have ninety (90) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Right of Participation hereunder were not exercised) at the same or higher price and upon non-price terms not materially more favorable to the purchasers thereof than specified in the First Participation Notice. In the event that the Company has not issued and sold such New Securities within such ninety (90) day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Participation Rights Holders pursuant to this Section 3.

3.6 Termination. The Right of Participation for each Participation Rights Holder shall not terminate so long as such Participation Rights Holder or its Affiliates hold any Ordinary Share Equivalents; provided, however, that the Right of Participation shall terminate upon the earlier of a Qualified Public Offering and a Qualified Trade Sale.

4. TRANSFER RESTRICTIONS.

4.1 Prohibited Transfers.

(a) Except in accordance with this Section 4, no Holder of Ordinary Shares shall, without the prior written consent of the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose (each, a "**Transfer**") through one or a series of transactions any Ordinary Share Equivalents now held by such Holder of Ordinary Shares to any Person at any time prior to a Qualified Public Offering; provided that any such Transfer by any Holder of Ordinary Shares approved by the CDH Shareholders and Series B Shareholders in accordance herewith shall nevertheless be subject to the right of first refusal and co-sale rights of the Investor Shareholders under Sections 4.3 and 4.4 below.

(b) Any attempt by any Holder of Ordinary Shares to Transfer, directly, or indirectly, Ordinary Share Equivalents in violation of this Section 4 shall be null and void *ab initio* and the Company agrees it will not effect or recognize any such Transfer nor will it treat any alleged transferee as the holder of such Ordinary Share Equivalents.

(c) Notwithstanding anything to the contrary, the right of first refusal and co-sale rights of the Investor Shareholders under Sections 4.3 and 4.4 below shall not apply to

any transfer to the parents, children or spouse, or to trusts for the benefit of such persons, of any Holder of Ordinary Shares who is an individual for bona fide estate planning purposes (each a "**Permitted Transferee**"); provided that adequate documentation therefor is provided to the Investor Shareholders and that any such Permitted Transferee signs a Deed of Adherence in accordance with Section 4.9 agreeing to be subject to and bound by the obligations of a Holder of Ordinary Shares under this Agreement; and provided further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder.

(d) Notwithstanding anything to the contrary, the right of first offer of the Holders of Ordinary Shares under Sections 4.5 below shall not apply to any Transfer by an Investor Shareholder to any of its Affiliates (including, in the case of a CDH Shareholder, any Transfer to Cephei Absolute Return Fund Ltd., CDH China Growth Capital Fund II, L.P., CDH China Growth Capital Fund III, L.P. and CDH Venture Partners, L.P.) (each an "**Investor Permitted Transferee**"); provided that such Investor Permitted Transferee signs a Deed of Adherence agreeing to be subject to and bound by the obligations of the Investor Shareholder under this Agreement; and provided further that, the exemption to the right of first offer of the Holders of Ordinary Shares under this Section 4.1(d) shall not apply to a Transfer by an Investor Shareholder to its Affiliate if such Affiliate engages in a business that, as reasonably determined by the Board, is similar to the Business Scope of the Company and whose primary business is in the PRC (an "**Affiliated Competitor**").

4.2 Sale by Holder of Ordinary Shares; Notice of Sale. Subject to Section 4.6 of this Agreement, if a Holder of Ordinary Shares (the "**Selling Shareholder**") proposes to, directly or indirectly, Transfer any Ordinary Share Equivalents, then the Selling Shareholder shall promptly give written notice (the "**Transfer Notice**") to each Investor Shareholder prior to such Transfer. The Notice shall describe in reasonable detail the proposed Transfer including, without limitation, the number of Ordinary Share Equivalents to be, directly or indirectly, Transferred (the "**Offered Shares**"), the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

4.3 Right of First Refusal.

(a) Investor Shareholders' Option. Each Investor Shareholder shall have the right, exercisable upon written notice to the Selling Shareholder and the Company, within thirty (30) days after receipt of the Transfer Notice (the "**First Refusal Period**"), to elect to purchase all or any part of its pro rata share of the Offered Shares equivalent to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of Ordinary Shares (calculated on an as-converted basis) held by such Investor Shareholder at the time of the transaction and the denominator of which is the total number of Ordinary Shares (calculated on an as-converted basis) owned by all participating Investor Shareholders at the time of the transaction, at the same price and subject to the same material terms and conditions as described in the Transfer Notice, provided, however, that if the Selling Shareholder is proposing to transfer Ordinary Shares to any other Holder of Ordinary Shares, then any non-selling Holder of Ordinary Shares shall have a pro rata right of first refusal together with such Investor Shareholder. To

the extent that any Investor Shareholder does not exercise its right of first refusal to the full extent of its pro rata share of the Offered Shares, the Selling Shareholder and the participating Investor Shareholders shall, within ten (10) days after the end of the First Refusal Period, make such adjustments to each exercising Investor Shareholder's pro rata share of the Offered Shares so that any remaining Offered Shares may be allocated to those Investor Shareholders exercising their rights of first refusal on a pro rata basis.

(b) Action Required. Any Investor Shareholder shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the First Refusal Period to purchase up to all of its pro rata share of the Offered Shares.

(c) Expiration Notice. Within ten (10) days after expiration of the First Refusal Period the Company shall give written notice to the Selling Shareholder specifying either (i) that all of the Offered Shares was subscribed by the Investor Shareholders exercising their rights of first refusal or (ii) that the Investor Shareholders have not subscribed all of the Offered Shares in which case the First Refusal Expiration Notice will specify the pro-rata portion of the remaining Offered Shares for the purpose of their co-sale rights described in Section 4.4 below.

(d) Purchase Price. The purchase price for the Offered Shares to be purchased by the Investor Shareholders exercising their right of first refusal will be the price set forth in the Transfer Notice, but will be payable as set forth in this Section 4.3(d). If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be determined by the Board in good faith, which determination will be binding upon the Company, the Investor Shareholders, and the Selling Shareholder, absent fraud or error.

(e) Payment. Payment of the purchase price for the Offered Shares purchased by the Investor Shareholders shall be made within fourteen (14) days following the date of the First Refusal Expiration Notice. Payment of the purchase price will be made by wire transfer or check as directed by the Selling Shareholder.

(f) Rights of a Selling Shareholder. If any Investor Shareholder exercises its right of first refusal to purchase the Offered Shares, then, upon the date the notice of such exercise is given by such Investor Shareholder, the Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such Offered Shares from such Investor Shareholder in accordance with the terms of this Agreement, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be surrendered to the Company for transfer to such Investor Shareholder.

(g) Application of Co-Sale Rights. If the Investor Shareholders have not elected to purchase all of the Offered Shares, then the sale of the remaining Offered Shares will become subject to the co-sale rights set forth in Section 4.4 below.

4.4 Co-Sale Rights. To the extent that the Investor Shareholders have not exercised their right of first refusal with respect to all the Offered Shares, each Investor Shareholder who has not exercised its right of first refusal as provided in Section 4.3 shall have the right, exercisable upon written notice to the Selling Shareholder and the Company to participate in such sale of the Ordinary Share Equivalents on the same terms and conditions.

(a) Co-Sale Option. Each Investor Shareholder entitled to co-sale rights hereunder will have the right, exercisable upon written notice to the Selling Shareholder and the Company, within thirty (30) days after receipt of the First Refusal Expiration Notice (the "**Co-Sale Period**"), to elect to participate in such sale of the Offered Shares on the same terms and conditions as specified in the Transfer Notice. To the extent that an Investor Shareholder exercises such right of participation in accordance with the terms and conditions set forth hereinafter, the number of Ordinary Share Equivalents that the Selling Shareholder may sell in the Transfer shall be correspondingly reduced. Each Investor Shareholder may sell all or any part of its pro rata share of Offered Shares (the "**Co-Sale Shares**") equivalent to the product obtained by multiplying the aggregate number of the Offered Shares (on an as converted basis) covered by the First Refusal Expiration Notice by a fraction, the numerator of which is the number of Ordinary Shares (calculated on a as-converted basis) held by such participating Investor Shareholder at the time of the transaction and the denominator of which is the aggregate number of Ordinary Shares (calculated on a as-converted basis) owned by the Selling Shareholder and all Investor Shareholders entitled to co-sale rights hereunder at the time of the transaction. To the extent that any Investor Shareholder does not participate in the sale to the full extent of its pro rata portion of the Offered Shares, the Selling Shareholder and the participating Investor Shareholders shall, within ten (10) days after the end of the Co-Sale Period, make such adjustments to the pro rata portion of each participating Investor Shareholder so that any remaining Offered Shares may be allocated to other participating Investor Shareholders on a pro rata basis.

(b) Transferred Shares. Each participating Investor Shareholder shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent:

(i) the number of Ordinary Shares which such Investor Shareholder elects to sell;

(ii) that number of Preferred Shares which is at such time convertible into the number of Ordinary Shares that such Investor Shareholder elects to sell; and the Company agrees to make any such conversion concurrent with the actual transfer of such shares to the purchaser; or

(iii) a combination of the above.

(c) Payment to Investor Shareholders. The share certificate or certificates that any participating Investor Shareholder delivers to the Selling Shareholder pursuant to Section 4.4(b) shall be transferred to the prospective purchaser in consummation of the sale of the Offered Shares and Co-Sale Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently therewith remit to such Investor Shareholder that portion of the sale proceeds to which such Investor Shareholder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any Co-Sale Shares from any Investor Shareholder exercising its co-sale right hereunder, the Selling Shareholder shall not sell to such prospective purchaser or purchasers any Offered Shares unless and until, simultaneously with such sale, the Selling Shareholder shall purchase such Co-Sale Shares from such Investor Shareholder.

(d) Right to Transfer. To the extent the Investor Shareholders do not elect to purchase, or to participate in the sale of, the Offered Shares subject to the Transfer Notice, the Selling Shareholder may, not later than ninety (90) days following delivery to the Company and each of the Investor Shareholders of the Transfer Notice, conclude a Transfer of the Offered Shares covered by the Transfer Notice and not elected to be purchased by the Investor Shareholders on terms and conditions not materially different from those described in the Transfer Notice. Any proposed Transfer on terms and conditions materially different from those described in the Transfer Notice, as well as any subsequent proposed Transfer of any Ordinary Share Equivalents Shares by the Selling Shareholder, shall again be subject to the right of first refusal and the co-sale rights of the Investor Shareholders and shall require compliance by the Selling Shareholder with the procedures described in Section 4.3 and Section 4.4 of this Agreement.

4.5 Right of First Offer of Holders of Ordinary Shares. If an Investor Shareholder proposes to, directly or indirectly, Transfer any Ordinary Share Equivalents to (i) an Affiliated Competitor or (ii) any Person other than an Investor Permitted Transferee, the Investor Shareholder shall promptly give written notice (the "**Investor Transfer Notice**") to each Holder of Ordinary Shares prior to such Transfer. The Investor Transfer Notice shall describe in reasonable detail the proposed Transfer including, without limitation, the number of Ordinary Share Equivalents to be, directly or indirectly, Transferred (the "**Investor Offered Shares**"), the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee. Each Holder of Ordinary Shares shall, subject to Section 2(c) of Appendix 1 attached hereto, have the right, exercisable upon written notice (the "**Purchase Notice**") to the selling Investor Shareholder and the Company, within thirty (30) days after receipt of the Investor Transfer Notice, to elect to purchase or otherwise acquire all or any part of his pro rata share of the Investor Offered Shares, at the price and on the terms specified in the Investor Transfer Notice. To the extent any Holder of Ordinary Shares does not exercise his right of first offer to the full extent of his pro rata share of the Investor Offered Shares, the exercising Holders of Ordinary Shares may make such adjustments to their pro rata share of the Investor Offered Shares so that any remaining Investor Offered Shares may be allocated to those Holders of Ordinary Shares exercising their right of first offer on a pro rata basis. The Payment of the purchase price for the Investor Offered Shares shall be made by the exercising Holder of Ordinary Shares, by wire transfer or check as directed by the selling Investor Shareholder, within sixty (60) days of the Purchase Notice. If, however, no Purchase Notice is issued within thirty (30) days of the Investor Transfer Notice, or not all Investor Offered Shares are elected to be purchased or acquired, or the payment for any portion of the Investor Offered Shares so elected is not made in full within sixty (60) days of the Purchase Notice, the selling Investor Shareholder shall have the right to offer and sell the Investor Offered Shares, or any remaining portion thereof, or any portion that has been elected to be purchased but the payment thereof is not made during such sixty (60) day period, as the case may be, to those Persons specified in the Investor Transfer Notice at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Investor Transfer Notice, provided that such Persons shall enter a Deed of Adherence to be bound by this Agreement.

4.6. Limitation on Transfers by Holders of Ordinary Shares. Notwithstanding any other provision of this Section 4, no Holder of Ordinary Shares may Transfer any Ordinary Share Equivalents if following such Transfer, the Holders of Ordinary Shares will collectively hold less Ordinary Shares (on an as converted basis) than the Investor Shareholders. The restriction on transfer set forth in this Section 4.6 shall terminate at such time that no Investor Shareholder holds any Ordinary Share Equivalents.

4.7 Restriction on Indirect Transfers. As an amplification and not limitation of the restrictions on transfer under this Section 4, without the prior written consent of the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares:

(a) Each of the Holders of Ordinary Shares shall not directly or indirectly, Transfer any equity interest held, directly or indirectly, by him/her in any entity which is a direct shareholder in the Company (an "**Existing Shareholder Entity**") to any Person. Any Transfer in violation of this Section 4.7(a) shall be null and void *ab initio* and each Existing Shareholder Entity hereby agrees it will not effect or recognize such a Transfer nor will it treat any alleged transferee as the holder of such equity interest without the prior written consent of the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares.

(b) Each Existing Shareholder Entity shall not, and each of the Holders of Ordinary Shares shall not cause or permit any Existing Shareholder Entity to, issue to any Person any shares of such Existing Shareholder Entity or any options for, or any other securities exchangeable for or convertible into, such shares of such Existing Shareholder Entity.

(c) None of the Holders of Ordinary Shares shall, nor shall any of them cause or permit any other Person to, directly or indirectly, Transfer any equity interest held or controlled by it in any of the Group Companies to any Person. Any Transfer in violation of this Section 4.7(c) shall be null and void *ab initio* and each of the Group Companies hereby agrees it will not effect such a Transfer nor will it treat any alleged transferee as the holder of such equity interest without the prior written consent of the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares.

(d) None of the Group Companies shall issue to any Person any New Securities without the prior written consent of the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares.

4.8 Legend.

(a) Each certificate representing Ordinary Share Equivalents now or hereafter owned by a Holder of Ordinary Shares or issued to any Person in connection with a Transfer in compliance with this Section 4 shall be endorsed with the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS' AGREEMENT OF AIRMEDIA GROUP INC. (THE "COMPANY"), DATED JUNE 7, 2007 BY AND AMONG THE COMPANY, ITS SHAREHOLDERS AND THE OTHER PARTIES NAMED THEREIN."

(b) Each Holder of Ordinary Shares agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares represented by certificates bearing the legend referred to in Section 4.8(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of the provisions of this Section 4.

4.9 Deed of Adherence. No Transfer of any Ordinary Share Equivalents by any Holder of Ordinary Shares or any Investor Shareholder to any Person shall be entered into the Company's share register unless such Person has first entered into a deed of adherence pursuant to which such Person shall agree, inter alia, to be bound by all the obligations and restrictions of a Holder of Ordinary Shares or Investor Shareholder, as the case may be, hereunder as if it were an original party hereto. Such deed of adherence shall be in such form as the Investor Shareholders shall reasonably require.

4.10 Term. The provisions of this Section 4 shall terminate upon the earlier of the closing of a Qualified Public Offering and a Qualified Trade Sale.

5. ASSIGNMENT AND AMENDMENT; PUT AND REDEMPTION RIGHTS.

5.1 Assignment. Notwithstanding anything herein to the contrary:

(a) Information and Inspection Rights. The rights of the Investor Shareholders in Section 1.1 are transferable to any holder of Preferred Shares; provided, however, that no party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement, including without limitation the provisions of this Section 5.

(b) Registration Rights. The registration rights of the Holders in Section 2 may be assigned to any Holder or its permitted assigns; provided, however, that no party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement, including without limitation the provisions of this Section 5.

(c) Rights of Participation; Right of First Refusal; Co-Sale Rights. The rights of each Investor Shareholder in Sections 3 and 4 are fully assignable to an Affiliate

of such Investor Shareholder (which, for the avoidance of doubt, includes without limitation, with respect to any CDH Shareholder, each of CDH China Growth Capital Fund II, L.P., CDH China Growth Capital Fund III, L.P., CDH Venture Partners and Cephei Absolute Return Fund Ltd.); provided, however, that no party may be assigned any of the foregoing rights unless the Company is given written notice by such Investor Shareholder at the time of such assignment stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; and provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement.

5.2 Amendment of Rights. Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by the written consent of the Company, the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares; provided, however, that any Investor Shareholder may waive any of its rights hereunder without obtaining the consent of the Company. Any amendment or waiver effected in accordance with this Section 5.2 shall be binding upon each of the parties hereto and their respective assigns.

5.3 Put and Redemption Rights. Each of the Company, each Holder of Ordinary Shares and each Group Company covenants and agrees to take all actions necessary to give effect to the provisions contained in Appendix 1 hereto.

6. CONFIDENTIALITY AND NON-DISCLOSURE

6.1 Disclosure of Terms. The terms and conditions of this Agreement, the Series A Purchase Agreement, the other Transaction Documents (as defined in each of the Purchase Agreement and the Series A Purchase Agreement, respectively), and all exhibits and schedules attached to such agreements (collectively, the "**Financing Terms**"), including their existence, shall be considered confidential information and shall not be disclosed by any party hereto (including without limitation disclosure by any individual designated by a party to this agreement to be a member of the board of directors of the Company or to be entitled to attend meetings of the board of directors of the Company in a non-voting, observer capacity) to any third party except in accordance with the provisions set forth below.

6.2 Press Releases. No announcement regarding any of the Financing Terms in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise shall be made without the Company's and all Investor Shareholders' prior written consent.

6.3 Permitted Disclosures. Notwithstanding the foregoing, the Company, the Investor Shareholders and the Holders of Ordinary Shares may disclose any of the Financing Terms to their respective current or bona fide prospective investors, employees, investment bankers, lenders, partners, accountants and attorneys, in each case only where such persons or entities are under appropriate nondisclosure obligations; provided, that, except to the minimum extent necessary or advisable in connection with the IPO of the Company, the identity of any holder of Series B Preferred Shares or any CDH Shareholder shall not be disclosed except by such holder or with the consent of such holder.

6.4 Legally Compelled Disclosure. In the event that any party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement and the Purchase Agreement, and exhibits and schedules attached to such agreements, or any of the Financing Terms hereof in contravention of the provisions of this Section 6, such party (the "**Disclosing Party**") shall provide the other parties (the "**Non-Disclosing Parties**") with prompt written notice of that fact and use all reasonable efforts to seek (with the cooperation and reasonable efforts of the other parties) a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing Party. The Company may publicly file this Agreement, the Purchase Agreement and the Restated Articles as an exhibit to a registration statement if required to in connection with a public offering.

6.5 Other Information. The provisions of this Section 6 shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the parties hereto with respect to the transactions contemplated hereby.

6.6 Notices. All notices required under this section shall be made pursuant to Section 8.2 of this Agreement.

7. PROTECTIVE PROVISIONS.

7.1 Acts of the Company. In addition to such other limitations as may be provided in the Restated Articles, the following acts of the Company shall require the affirmative vote of the CDH Directors and the Founder Directors (the term "**Company**" means, in each case, the Company itself and shall apply mutatis mutandis to each of the other Group Companies); provided that, nothing herein shall be deemed to limit, or require the consent of a Founder Director in connection with, the redemption, conversion, liquidation, Performance Based Valuation Adjustment clause set forth in section 5.6 of the Series A Purchase Agreement and section 7.1(f)(4) of the Restated Articles or other rights and preferences of any Preferred Shares:

(a) any action to authorize, issue or create (or reclassify any outstanding shares into) any Ordinary Share Equivalents;

(b) the sale of all or substantially all of the tangible and intangible assets of the Company or the consolidation, merger or other business combination of the Company with or into any other business entity pursuant to which shareholders of the Company prior to such consolidation, merger or other business combination hold less than a majority of the voting power of the surviving or resulting entity;

(c) the sale, lease, transfer or other disposition of material assets or business of the Company, except ordinary course of business or inter-group transfers of assets between wholly-owned subsidiaries of the Company;

(d) any repurchase, redemption, or other acquisition of any equity securities of the Company, other than repurchases from employees upon termination of employment;

(e) any material change to or expansion of the Business Scope of the Company. For the purpose of this Agreement, the “ **Business Scope**” shall mean (A) with respect to the Group Companies, the development and operation of TV-based air transit media network, development and operation of other media and advertising space at air transits and provision of technology support and consultancy services; and (B) with respect to the Company, the holding, management and disposition of the equity interest in its operating subsidiaries;

(f) any non-ordinary course transactions or transactions outside the business scope of the Company;

(g) any change to the Company's dividend policy or any declaration or payment of dividends or other distributions to shareholders;

(h) any purchase, acquisition or other investment by the Company in the equity securities of, or any securities convertible into equity securities of, any other Person, or the establishment of any joint venture or partnership or injection of capital therein;

(i) the adoption or amendment of any equity incentive plan;

(j) any transaction involving the Company, on the one hand, and a shareholder of the Company or any of the Company's key employees, officers, directors or shareholders or any Affiliate or relative of a shareholder or any of its officers, directors or shareholders, on the other hand;

(k) the appointment or change of auditors and any change to the accounting policies and procedures of the Company;

(l) the appointment or dismissal of the executive officers of the Company, including but not limited to the Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer;

(m) any change to the compensation, benefits and incentive schemes of the management, or any purchase of automobiles or accommodations for any management;

(n) approval of the Company's business plan and annual budget;

(o) the incurrence of any loan or indebtedness (including off-balance-sheet items) in excess of RMB5,000,000 in any fiscal year or creation of any pledge, collateral, encumbrances or security interests on the assets of the Company;

(p) the provision of any guarantee or indemnity to any third party in connection with any borrowing;

(q) entering into or amending any material contract other than in the ordinary course of business;

(r) incurrence of any capital expenditures in excess of RMB2,500,000 individually or in the aggregate in any fiscal year;

fiscal year;

(t) approval for or amendment to the employment agreement or the benefit plans with respect to the executive officers of the Company including without limitation, the Chief Executive Officer, the Chief Financial Officer, the Chief Sales Officer and the Chief Operating Officer and any other employee whose annual salary exceeds RMB500,000;

(u) any change to the authorized signatories of any bank account of the Company;

(v) the commencement or settlement of any litigation where the amount in controversy exceeds RMB1,000,000;

(w) any decision on matters relating to any public offering of the Company's shares including without limitation the valuation, timing and choice of stock exchange for such public offering; and

(x) any transfer or allocation of the Company's shares among the shareholders of the Company pursuant to any contractual arrangement among them.

For the purpose of this Section 7.1, any reference to a sum of monies shall include monies incurred/involved in a single transaction as well as the aggregate of all sums of monies incurred/involved in a series of transactions of the same or substantially the same nature.

7.2 Acts of the Group Companies. Without limitation of the foregoing and subject to applicable PRC laws and regulations, the following acts by each of the Group Companies shall in each case require the prior written approval of the CDH Directors:

(a) any amendment to such Group Company's Articles of Association, its joint venture contract, or other charter document;

(b) the liquidation, termination or dissolution of such Group Company;

(c) any change to the registered capital of such Group Company or transfer of any equity interest or joint venture interest in such Group Company;

(d) the sale, lease, transfer or other disposition of all or substantially all of the assets of such Group Company or any merger or consolidation of such Group Company with or into any other business entity; and

(f) the issuance of any equity securities or equity-like securities of such Group Company.

7.3 Acts Affecting Series B Preferred Shares. In addition to such other limitations as may be provided herein, and/or in the Restated Articles of the Company, the following acts of the Company shall require the affirmative vote of the holders of seventy five percent (75%) of the then outstanding Series B Preferred Shares:

(a) any Sale Transaction, or the sale, lease or other disposition of substantially all of the assets of the Company or of any Group Company;

(b) any declaration or payment of dividends or other distributions to shareholders that are not paid on a pro rata basis based on each shareholder's respective shareholdings in the Company (calculated on an as-converted basis); and

(c) the issuance of any New Securities of the Company at a price below the Series B Issue Price.

7.4 Other Acts. In addition to such other limitations as may be provided herein, and/or in the Restated Articles of the Company, each of the Holders of Ordinary Shares and the Investor Shareholders hereby agrees that they shall vote all equity securities of the Company held by such Persons against any of the following acts of the Company, and shall not otherwise approve or authorize any such acts, unless such acts have been approved by (i) with respect to Sections 7.4(a), (b) and (d), the CDH Directors and the Founder Directors and, (ii) with respect to Section 7.4(c) and (d), the holders of seventy five percent (75%) of the then outstanding Series B Preferred Shares:

(a) any liquidation, dissolution or winding up of the Company;

(b) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series A Preferred Shares;

(c) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series B Preferred Shares and any relative change in the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the Series B Preferred Shares as compared to any other class or series of equity securities of the Company; and

(d) any amendment of the Restated Articles or other charter documents of the Company.

8. GENERAL PROVISIONS.

8.1 Definitions.

(a) Terms Generally. The words "hereby", "herein", "hereof", "hereunder" and words of similar import refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which such word appears. All references herein to Sections, Schedules and Exhibits shall be deemed references to Sections, Schedules and Exhibits of this Agreement unless the context shall otherwise require. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The definitions given for terms in this Section 8.1 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Except as otherwise expressly provided herein, all references to "dollars" or "\$" shall be deemed references to the lawful money of the United States.

(b) Certain Terms. As used in this Agreement, and unless the context requires a different meaning, the following terms shall have the following respective meanings:

Additional Number shall have the meaning set forth in Section 3.4(b).

Affiliate of a Person (the Subject Person) means (i) in the case of a Person other than a natural Person, any other Person that directly or indirectly controls, is controlled by or is under common control with the Subject Person and (ii) in the case of a natural Person, any other Person that directly or indirectly is controlled by the Subject Person. For purposes of this definition, control of a Person means (a) ownership of 50% or more of the shares in issue or other equity interests of such Person or (b) the power to direct the management or policies of a Person, whether through the ownership of more than 50% of the voting power of such Person, through the power to appoint a majority of the members of the board of directors or similar governing body of such Person, through contractual arrangements or otherwise. In the case of any Investor Shareholder, the term Affiliate shall also include (w) any fund that is a direct or indirect shareholder of any Investor Shareholder, (x) any of such fund's direct and indirect general partners, limited partners, fund managers and funds managed by such fund's direct and indirect fund managers, officers (including vice presidents), general partners and Affiliates thereof, (y) the spouses, lineal descendants and heirs of individuals referred to in (x) and (z) trusts controlled by or for the benefit of such individuals.

Affiliated Competitor shall have the meaning set forth in Section 4.1(d).

Agreement shall have the meaning set forth in the Preamble.

Board shall have the meaning set forth in Section 1.2(a).

Business Day shall mean any day other than a Saturday, Sunday or other day on which commercial banks in the Cayman Islands, Hong Kong or the PRC are authorized or required by law or executive order to close.

Business Scope shall have the meaning set forth in Section 7.1(h).

BVI means the British Virgin Islands.

CDH means Global Gateway Investments Limited, an international business company organized under the laws of the British Virgin Islands.

CDH Directors shall have the meaning set forth in Section 1.2(a).

CDH Shareholders means CDH and any of its Affiliates who hold Ordinary Share Equivalents from time to time, and CDH Shareholder means any of them.

Co-Sale Shares shall have the meaning set forth in Section 4.4(a).

Co-Sale Period shall have the meaning set forth in Section 4.4(a).

"Company" shall have the meaning set forth in the preamble.

"Disclosing Party" shall have the meaning set forth in Section 6.4.

"Existing Group Companies" shall have the meaning set forth in the preamble.

"Existing Shareholder Entity" shall have the meaning set forth in Section 4.7(a).

"FCPA" shall mean the United States Foreign Corrupt Practices Act of 1977, as amended.

"Financing Terms" shall have the meaning set forth in Section 6.1.

"First Participation Notice" shall have the meaning set forth in Section 3.4(a).

"First Refusal Expiration" shall have the meaning set forth in Section 4.3(c).

"First Refusal Period" shall have the meaning set forth in Section 4.3(a).

"Founder" means Guo Man.

"Founder Directors" shall have the meaning set forth in Section 1.2(a).

"Fund II" shall have the meaning set forth in Section 8.15.

"Government Official" shall mean (i) any employee or official of any government, including any employee or official of any entity owned or controlled by a government, (ii) any employee or official of a political party, (iii) any candidate for political office or his employee, or (iv) any employee or official of an international organization.

"Group Companies" means the Company, the Existing Group Companies, and any other Person who the Company or any Existing Group Company may from time to time, directly or indirectly, hold an interest or control through contractual arrangements, and "Group Company" means any of them.

"Holders of Ordinary Shares" shall have the meaning set forth in the preamble.

"Information Rights" shall have the meaning set forth in Section 1.1(a)(vi).

"Initiating Holders" shall have the meaning set forth in Section 2.3(b).

"Inspection Rights" shall have the meaning set forth in Section 1.1(b).

"Investors" shall have the meaning set forth in the Preamble

"Investor Permitted Transferee" shall have the meaning set forth in Section 4.1(d).

"Investor Shareholders" means all of the CDH Shareholders, the OZ Shareholders and the SIG Shareholders, together with any transferee receiving Preferred Shares from any Investor Shareholder in a transaction undertaken in compliance with Section 4.5 of this Agreement, and "Investor Shareholder" means any of them.

"IPO" means an initial public offering and listing on a stock exchange by the Company of its Ordinary Shares.

"Management Rights" shall have the meaning set forth in Section 8.15.

"Non-Disclosing Parties" shall have the meaning set forth in Section 6.4.

"Offered Shares" shall have the meaning set forth in Section 4.2.

"Ordinary Shares" means the ordinary shares, par value US\$0.001 each, in the Company.

"Ordinary Share Equivalents" shall mean any security or obligation which is by its terms, directly or indirectly, convertible into or exchangeable or exercisable for Ordinary Shares, including, without limitation the Series A Convertible Shares, and any option, warrant or other subscription or purchase right with respect to Ordinary Shares or any Ordinary Share Equivalent.

"OZ" means each of OZ Master Fund, Ltd., OZ Asia Master Fund, Ltd., OZ Global Special Investments Master Fund, L.P. and/or any of their respective designees or Affiliates.

"OZ Shareholders" means OZ and any of its Affiliates who hold Ordinary Share Equivalents from time to time, and "OZ Shareholder" means any of them.

"Participation Rights Holder" shall have the meaning set forth in Section 3.1.

"Permitted Transferee" shall have the meaning set forth in Section 4.1(c).

"Person" means any natural person, firm, partnership, association, corporation, company, trust, business trust, governmental authority or other entity.

"PRC" means the People's Republic of China, excluding Hong Kong, Taiwan and Macau for the purpose of this Agreement.

"PRC Companies" shall mean the entities listed in Schedule B under the caption "PRC Companies."

"PRC Holdco" means each of Shenzhen AirMedia Technology Co Ltd and AirMedia Technology (Beijing) Co Ltd.

"Preferred Shares" means both Series A Preferred Shares and Series B Preferred Shares.

"Purchase Agreement" shall have the meaning set forth in the recitals.

"Qualified Public Offering" means a firm commitment underwritten initial public offering and listing on an internationally recognized stock exchange, including without limitation NYSE and Nasdaq, by the Company of its Ordinary Shares representing at least 15% of the Ordinary Shares (on a fully diluted basis immediately prior to such initial public offering) at a price per share implying a pre-money valuation of the Company of at least US\$100 million;

"Qualified Trade Sale" means the sale of all or substantially all of the assets of the Company or the consolidation, merger or other business combination of the Company with or into any other business entity pursuant to which shareholders of the Company prior to such consolidation, merger or other business combination hold less than a majority of the voting power of the surviving or resulting entity; provided that (i) the implied valuation of Company shall be at least US\$100 million, (ii) the form of consideration shall have been agreed upon in writing by the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares, and (iii) in the event of a sale of a majority of the voting securities of the Company, all shareholders of the Company shall have the right to participate in such sale pro rata based on their respective shareholdings in the Company (calculated on an as-converted basis).

"Partnership Election" shall have the meaning set forth in Section 8.17.

"Regulations" shall have the meaning set forth in Section 8.15.

"Restated Articles" shall have the meaning set forth in Section 1.2(a).

"Request Notice" shall have the meaning set forth in Section 2.3(a).

"Right Participants" shall have the meaning set forth in Section 3.4(b).

"Right of Participation" shall have the meaning set forth in Section 3.1.

"Second Participation Notice" shall have the meaning set forth in Section 3.4(b).

"Second Participation Period" shall have the meaning set forth in Section 3.4(b).

"Securities Act" shall have the meaning set forth in Section 2.2(a).

"Selling Shareholder" shall have the meaning set forth in Section 4.2.

"Series A Preferred Shares" shall have the meaning set forth in the recitals.

"Series A Purchase Agreement" shall have the meaning set forth in Section 4.1(c).

"Series B Preferred Shares" shall have the meaning set forth in the recitals.

"Series B Shareholders" means all of the OZ Shareholders and the SIG Shareholders, and "Series B Shareholder" means any of them.

"SIG" means AM SPV Limited and its designees or Affiliates.

"SIG Shareholders" means Billion Effort Management Limited, Embleton Investment Holdings Limited, Megastar Capital Holdings Limited, PCM Direct Capital Fund and SIG China Investments One Ltd. and/or any of their respective designees or Affiliates, collectively.

"Subpart F income" shall have the meaning set forth in Section 8.17.

"Transfer" shall have the meaning set forth in Section 4.1(a).

"Transfer Notice" shall have the meaning set forth in Section 4.2.

"UNCITRAL Rules" shall have the meaning set forth in Section 8.13.

"U.S. GAAP" means generally accepted accounting principles of the United States.

"Violation" shall have the meaning set forth in Section 2.9.

8.2 Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) when sent by facsimile at the number set forth in Schedule C hereto; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Schedule C; or (d) three (3) Business Days after deposit with an international overnight delivery service, postage prepaid, addressed to the parties as set forth in Schedule C with next business day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 8.2 by giving the other party written notice of the new address in the manner set forth above.

8.3 Entire Agreement. This Agreement, the Purchase Agreement, other Transaction Documents (as defined in the Purchase Agreement), together with all the exhibits, schedules and appendices hereto and thereto, constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties respecting the subject matter hereof.

8.4 Governing Law. This Agreement shall be governed by and construed exclusively in accordance the internal laws of the State of New York (as permitted by Section 5-1401 of the New York General Obligations Law (or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties hereunder.

8.5 Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

8.6 Third Parties. Except as provided in Section 8.16 hereof, nothing in this Agreement, express or implied, is intended to confer upon any Person, other than the parties hereto and their permitted successors and assigns any rights or remedies under or by reason of this Agreement.

8.7 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by the Company, any Group Company or any Holder of Ordinary Shares without the written consent of the CDH Shareholders and Series B Shareholders holding at least seventy five percent (75%) of the then outstanding Series B Preferred Shares, except in connection with a transfer of shares in accordance with this Agreement. This Agreement and the rights and obligations therein may be assigned by any Investor Shareholder to any Investor Permitted Transferee (which, for the avoidance of doubt, includes without limitation, with respect to transfer from any CDH Shareholder, CDH China Growth Capital Fund II, L.P., CDH China Growth Capital Fund III, L.P., CDH Venture Partners and Cephei Absolute Return Fund Ltd.) that is not an Affiliated Competitor.

8.8 Interpretation; Captions. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The captions to sections of this Agreement have been inserted for identification and reference purposes only and shall not be used to construe or interpret this Agreement.

8.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.10 Adjustments for Share Splits, etc. Wherever in this Agreement there is a reference to a specific number of Ordinary Shares or Series A Preferred Shares, then, upon the occurrence of any subdivision, combination, share dividend or similar event affecting share capital, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding shares of such class or series of shares by such subdivision, combination, share dividend or similar events affecting share capital (calculated on an as-converted basis).

8.11 Aggregation of Shares. Ordinary Shares and Preferred Shares held or acquired by the Investor Shareholders shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

8.12 Shareholders Agreement to Control. In the event that the provisions of this Agreement conflict with any provision of the Company's Restated Articles, the provisions of this Agreement shall prevail as between the shareholders only, who hereby undertake to take such steps as may be necessary or desirable, as promptly as practicable after the discovery of such inconsistency, to amend the Restated Articles to remove such conflict to the fullest extent permitted by law; provided that, in the event of such a conflict, the Company shall not take any action in contravention of this Agreement (unless expressly required by BVI law) and the Company's Restated Articles shall immediately thereafter be amended to remove such conflict.

8.13 Dispute Resolution. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. In the event the parties are unable to resolve such dispute within thirty (30) days, such dispute shall be referred to and finally settled by arbitration at the Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the "**UNCITRAL Rules**") in effect, which rules are deemed to be incorporated by reference into this subsection (b). The arbitration tribunal shall consist of three arbitrators to be appointed according to the UNCITRAL Rules. The language of the arbitration shall be English.

8.14 Co-Investment Right. With respect to any investment or business transaction in the media and advertising industries in the PRC initiated by any Holder of Ordinary Shares or any Key Employee (as defined in the Purchase Agreement) or any of their Affiliates, such initiator shall provide (or cause such Key Employee or affiliate to provide) each Investor Shareholder the opportunity to participate in such investment or business transaction on the same terms and conditions as applicable to such Investor Shareholder, Key Employee or Affiliate; provided that (i) reasonable prior written notice shall be provided to such Investor Shareholder setting forth in sufficient detail the terms and conditions of such transaction, (ii) any participation by such Investor Shareholder in such transaction shall be consistent with market practice in the aforementioned industries, and (iii) this Section 8.14 shall not in any way be construed as an obligation of such Investor Shareholder to participate in such investment or business transaction.

8.15 Special Dividends. Each of the parties hereto agrees and represents that it will not oppose any decision by the Board to declare a special dividend payable

immediately prior to the IPO (a "**Special Dividend**"); provided, that the Special Dividend shall be declared only in the event that the following conditions with respect to the IPO have been satisfied: (i) an unqualified, consolidated audited financial report with respect to the Company for the most recently completed fiscal year shall have been provided by one of the Big Four auditing firms, (ii) the Investor Shareholders shall have received a legal opinion from the Company's counsel in the PRC with respect to the compliance of the Company and all Group Companies with all applicable law of the PRC, dated as of the date on which the Special Dividend is declared, in form and substance reasonably satisfactory to the holders of at least a majority of the outstanding Series A Preferred Shares and the holders of at least seventy five percent (75%) of the Series B Preferred Shares, and (iii) all necessary regulatory approvals have been duly obtained. Each of the holders of equity securities of the Company shall be entitled to a portion of Special Dividend based on its relative shareholding of the Company.

8.16 U.S. Regulation. The parties hereto acknowledge that the management rights (the "**Management Rights**") as defined in the U.S. Department of Labor's Plan Asset Regulations, 29 C.F.R. Section 2510.3-101 (the "**Regulations**") conveyed under this Agreement to CDH are intended to convey to CDH China Growth Capital Fund II, L.P. ("**Fund II**") the Management Rights with respect to the Company and that the management Rights will be exercised by Fund II. The parties hereby further acknowledges that Fund II intends to treat its investment (through CDH) in the Company as a venture capital investment, so that Fund II can be qualified as a venture capital operating company, as each such term is defined under the Regulations.

8.17 Tax Matters.

(a) The Company shall use, and shall cause each Group Company to use, commercially reasonable efforts to avoid classification as a "passive foreign investment company" ("**PFIC**"), as such term is defined in the Internal Revenue Code of 1986, as amended (the "**Code**"), for the current and any future taxable year; provided, however, that satisfaction of this covenant shall not require the Company or any of the Group Companies to spend the cash currently on hand (whether earned in the ordinary course of business or received pursuant to the Share Purchase Agreement, an initial public offering or otherwise) other than in the ordinary course of the Company and the Group Company' business. The Company shall use commercially reasonable efforts to comply with a written request of an Investor Shareholder to provide such information as may reasonably be necessary (i) to determine whether the Company or any Group Company is or may be a "controlled foreign corporation", as such term is defined in the Code, or a PFIC and (ii) for such Investor Shareholder to comply with any tax reporting or filing requirements under U.S. federal tax law. In the event the Company or any Group Company is a PFIC in a taxable year, the Company shall (i) provide to the Investor Shareholder a complete and accurate "PFIC Annual Information Statement", substantially in the form of Exhibit A attached to this Agreement, for the Company and for any Group Company where applicable within sixty (60) days of the end of the taxable year for which it is requested by the Investor Shareholder in writing and (ii) cooperate with the Investor Shareholder by complying with all record-keeping, reporting, and other requirements the Investor Shareholder informs the Company are necessary to enable the Investor Shareholders to make and maintain a "qualified electing fund" election (within the meaning of Section 1295 of the Code).

(b) For the avoidance of doubt this Section 8.17 shall not be interpreted to mean that the Company will pay any Investor Shareholder's taxes.

8.18 Business Practices.

(a) None of the Group Companies nor any of their respective officers, employees, directors, representatives or agents shall not offer, promise, authorize or make, directly or indirectly, (i) any unlawful payments or (ii) payments or other inducements (whether lawful or unlawful) to any Government Official, with the intent or purpose of:

(A) inducing such Government Official to do or omit to do any act in violation of the lawful duty of such Government Official; or

(B) securing any improper advantage,

in order to assist the Company or any Group Company in obtaining or retaining business for or with, or directing business to, any company, person or entity. Further, no such payments or other inducements shall be offered or provided to Government Officials described above in violation of any Cayman Islands or PRC law against improper payments.

(b) Notwithstanding anything else in Section 8.18(a), any facilitating or expediting payment made to a Government Official for the purpose of expediting or securing the performance of a routine governmental action by a Government Official shall not constitute a breach of Section 8.18(a).

(c) None of the Group Companies nor any of their respective officers, employees, directors, representatives or agents shall establish or maintain any fund or assets in which any Group Company has proprietary rights that have not been recorded in the books and records of such Group Company.

8.19 Amendments and Waivers. Any term of this Agreement and the Purchase Agreement may be amended only with the written consent of the Company, Holders of Ordinary Shares holding at least a majority of the voting power of all then outstanding securities of the Company held by all Holders of Ordinary Shares, holders of at least a majority of all then outstanding Series A Preferred Shares and holders of at least a majority of all then outstanding Series B Preferred Shares.

8.20. Termination. Except for Sections 2, 8.4 and 8.13 hereof, this Agreement shall terminate (i) upon a Qualified Public Offering and (ii) with respect to a shareholder at such time that such shareholder no longer holds any shares in the Company.

- REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK -

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

AIRMEDIA GROUP INC.

By: /s/ Guo Man

Name: Guo Man

Title: Director

GLOBAL GATEWAY INVESTMENTS LIMITED

By: /s/ Wang Zhenyu

Name: Wang Zhenyu

Title: Director

SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

AM SPV Limited

By: /s/ Michael L. Spolan

Print Name: Michael L. Spolan

Title: Vice President

SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

OZ Master Fund, Ltd.

By: OZ Management, L.L.C.,
its Investment Manager

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ Asia Master Fund, Ltd.

By: OZ Management, L.L.C.,
its Investment Manager

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ Global Special Investments Master Fund, L.P.

By: OZ Advisors, L.L.C.,
its General Partner

By: Och-Ziff Associates, L.L.C.,
its Managing Member

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

BROAD COSMOS ENTERPRISES LTD.

By: /s/ Guo Man
Name: Guo Man
Title: Director

AIR MEDIA INTERNATIONAL LTD.

By: /s/ Guo Man
Name: Guo Man
Title: Director

AIR MEDIA (CHINA) LTD.

By: /s/ Guo Man
Name: Guo Man
Title: Director

SHENZHEN AIR MEDIA TECHNOLOGY CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

BEIJING AIR MEDIA UC ADVERTISING CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

BEIJING AIR MEDIA ADVERTISING CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

AIR MEDIA TECHNOLOGY (BEIJING) CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

BEIJING SHENGSHI UNITED ADVERTISING CO LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

AIRTV UNITED MEDIA & CULTURE CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

/s/ Guo Man
Guo Man

/s/ Xu Qing
Xu Qing

/s/ Zhang Xiaoya
Zhang Xiaoya

SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**BEIJING AIYIKE EXPERIENCING INFORMATION &
TECHNOLOGY CO. LTD.**

By: /s/ Guo Man

Name: Guo Man

Title: Director

SIGNATURE PAGE TO SHAREHOLDERS AGREEMENT

LIST OF SCHEDULES AND APPENDIX

Schedule A Holders of Ordinary Shares

Schedule B Existing Group Companies

Schedule C Notices

Schedule D Investors

Appendix 1 Put and Redemption Rights

Exhibit A PFIC Annual Information Statement

SCHEDULE A

Holders of Ordinary Shares

Holders of Ordinary Shares	PRC ID Number (as applicable)
Guo Man	110102196305041171
Xu Qing	11010119610220531x
Zhang Xiaoya	130104196210091519

SCHEDULE B

Existing Group Companies

Offshore:

AirMedia Group Inc.
AirMedia International Limited
AirMedia (China) Ltd
Broad Cosmos Enterprises Ltd.

PRC Companies

1. Shenzhen AirMedia Technology Co Ltd (深圳市航美信息技术有限公司)
2. AirMedia Technology (Beijing) Co Ltd (航美联合传媒技术(北京)有限公司)
3. Beijing AirMedia Advertising Co Ltd (北京航美传媒广告有限公司)
4. Beijing Shengshi United Advertising Co Ltd (北京盛世联合广告有限公司)
5. Beijing Ai Yi Ke Experiencing Information & Technology Co. Ltd. (北京爱亿客体验信息技术有限责任公司)
6. Beijing AirMedia UC Advertising Co Ltd (北京航美优视广告有限公司)
7. AirTV United Media & Culture Co Ltd (北京空港联合文化传媒有限公司)

SCHEDULE C

Notices

The Company and the Group Companies:

Address: No. 8, Yong An Dong Li
Jian Guo Men Wai
Chao Yang District
Beijing, P.R.China
Telephone: 86-10-8528-8916
Fax: 86-10-8528-8916
Attention: Guo Man

Holders of Ordinary Shares:

Address: No. 8, Yong An Dong Li
Jian Guo Men Wai
Chao Yang District
Beijing, P.R.China
Telephone: 86-10-8528-8916
Fax: 86-10-8528-8916
Attention: Xu Qing

CDH:

Global Gateway Investments Limited:
c/o CDH Investment Advisory Private
Limited
Level 30
Six Battery Road
Singapore 049909
Tel: (65) 6550 9708
Fax: (65) 6550 9898
Attention: KH Lew

With a copy to:
c/o Debevoise & Plimpton LLP
13/F Entertainment Building
30 Queen's Road Central, Hong Kong
Attention: Andrew M. Ostrognai / Stuart
Schonberger
T: +852 2160 9800
F: +852 2810 9828

OZ:

9 West 57th Street, 39th Floor
New York, NY 10019
United States of America
Attention: Joel M. Frank
Fax: +1 (212) 719-7482

With a copy to each of:
Och-Ziff Capital Management,
Suite 2003, Cheung Kong Center
2 Queen's Road Central, Hong Kong
Attention: Manoj Jain
Fax: +852 2297-0818

O'Melveny & Myers LLP
Times Square Tower, 7 Times Square
New York, NY 10036
United States of America
Attention: Ilan Nissan
Fax: +1 (212) 326-2061

SIG:

Suite 5711, Plaza 66
1266 Nanjing Road West
Shanghai, China 200040
Fax: +86 21 6113 0128
Attn: Peter Tan
All email correspondence to:
Peter.Tan@sig.com

With a copy to:
Michael L. Spolan
Susquehanna Asia Investment, LLP
101 California Street, Suite 3250
San Francisco, CA 94

SCHEDULE D

Investors

- Global Gateway Investments Limited
- OZ Master Fund, Ltd.
- OZ Asia Master Fund, Ltd.
- OZ Global Special Investments Master Fund, L.P.
- AM SPV Limited

APPENDIX 1

Put and Redemption Rights

1. Put Option to Holders of Ordinary Shares.
 - (a) Without prejudice to any other rights of the CDH Shareholders or any other holder of Series A Preferred Shares in this Agreement or any other Transaction Documents, the CDH Shareholders shall have the right at any time and from time to time on or after February 27, 2010 (the "**Put Start Date**") to cause the Holders of Ordinary Shares to purchase any or all of the Series A Preferred Shares (or Ordinary Shares in which such Series A Preferred Shares have been converted) at a purchase price per Preferred Share equal to an amount paid in United States dollars, after any applicable taxes and expenses arising from the exercise of this put right and payment therefore, sufficient to yield a 12% annualized effective internal rate of return (in United States dollar terms) as calculated in good faith by CDH Shareholders, with respect to the Series A Issue Price (as such term is defined in the Restated Articles), as applicable (or the implied purchase price per share in the event that the Series A Preferred Shares have been converted into Ordinary Shares), computed from September 22, 2005 until the date that the put payment has been paid in full (the "**Put Price**").
 - (b) A put notice (the "**Put Notice**") by the CDH Shareholders shall be given by hand or by mail to the office of the Company at any time on or after the date falling 30 days before the Put Start Date stating a date on or after the Put Start Date on which any or all Series A Preferred Shares (or Ordinary Shares in which such Series A Preferred Shares have been converted) are to be purchased (a "**Put Purchase Date**") and the Put Price, provided, however, that the Put Purchase Date shall be no earlier than the Put Start Date or the date falling 30 days after such notice of redemption is given, whichever is later. Upon receipt of any such request, the Company shall promptly give written notice of the put to all Holders of Ordinary Shares and to each non-requesting holder of record of the Series A Preferred Shares (and each holder of record of Ordinary Shares which were issued upon conversion of any Series A Preferred Shares), stating the existence of such put, the Put Price, the Put Purchase Date and the mechanics of the put. Each such other holder of the Series A Preferred Shares (and holder of record of Ordinary Shares which were issued upon conversion of any Series A Preferred Shares) shall have the right to participate in the put and require the Holders of Ordinary Shares to purchase up to all of the Series A Preferred Shares (and Ordinary Shares issued upon conversion of any Series A Preferred Shares), held by such holder at the Put Price and on the same Put Purchase Date, together with the Series A Preferred Shares (or Ordinary Shares in which such Series A Preferred Shares have been converted) of the initiating holder to be purchased, by written notice to the Company within fifteen (15) days following the date of the Put Notice indicating its election to participate in the put and the number of its Series A Preferred Shares (and Ordinary Shares issued upon conversion of its Series A Preferred Shares) to be redeemed. In the event that any holder of the Series A Preferred Shares (or holder of Ordinary Shares issued upon conversion of Series A

Preferred Shares) shall not have participated in the put in accordance with the preceding sentence, such holder of the Series A Preferred Shares (or holder of Ordinary Shares issued upon conversion of Series A Preferred Shares) shall nevertheless have the right to require the Holders of Ordinary Shares to purchase up to all of the Series A Preferred Shares (and Ordinary Shares issued upon conversion of Series A Preferred Shares) held by it by participating in a subsequent redemption pursuant to this Appendix 1.

2. Obligations with respect to Redemption and the Put.

- (a) The Company, the Group Companies and the Holders of Ordinary Shares shall use all efforts and take all steps necessary and advisable to make funds available for payment of both the redemption of the Preferred Shares under the Restated Articles and payment of the put under Section 1 of this Appendix 1, which steps shall include, without limitation, (i) (A) applying all distributable profits to the payment of the Redemption Price (as defined in the Restated Articles) and the Put Price, as the case may be, and (B) procuring each of the Group Companies to distribute dividends in an aggregate amount equal to the lesser of (x) its accumulated audited net income determined in accordance with US GAAP excluding non-cash share-based compensation and amortization of acquired intangible assets resulting from acquisitions for Group Companies that are "offshore companies" and its accumulated audited net income determined in accordance with PRC GAAP for Group Companies that are PRC companies and (y) the maximum dividends legally permitted under the laws of the PRC or other applicable laws and regulations and (ii) continuing to cause PRC Holdco to declare and pay dividends equal to the lower of (1) sixty percent (60%) of all future net profits and (2) the maximum dividends allowed under applicable laws and regulations. At any time thereafter when additional funds of the Company or any other Group Company become legally available for the payment of the remaining balance of the Redemption Price, such funds shall be applied as soon as practicable to the payment of such remaining balance of the Redemption Price or such portion thereof for which the funds are available.
- (b) The Holders of Ordinary Shares covenant and agree that their pro rata share of any dividends from the Company or any other Group Company contemplated under Section 2(a) of this Appendix 1 shall first be paid on a pari passu basis to the CDH Shareholders (or such other holders of the Series A Preferred Shares or Ordinary Shares issued upon conversion of Series A Preferred Shares) and the Series B Shareholders or Ordinary Shares issued upon conversion of Series B Preferred Shares to satisfy any amounts owed with respect to the Redemption Price and the Put Price, as the case may be.
- (c) If the Company fails to redeem any or all the Ordinary Share Equivalents held by the Investor Shareholders within twenty-four (24) months following the Redemption Start Date (as such term is defined in the Restated Articles), any remaining Ordinary Share Equivalent held by Investor Shareholders shall not be subject to the Holders' of Ordinary Shares Right of First Offer set forth in Section 4.5.

EXHIBIT A

[Must be signed by an authorized representative of the Company]

PFIC ANNUAL INFORMATION STATEMENT

PFIC Annual Information Statement pursuant to U.S. Treasury Regulation § 1.1295-1(g).

_____ (the "Company") hereby represents that:

1. This PFIC Annual Information Statement applies to the Company's taxable year beginning on _____ and ending on _____.
2. The pro rata shares of the Company's ordinary earnings and net capital gain attributable to the U.S. Shareholder (directly or indirectly through any other entity that holds the investment in the Company) for the taxable year specified in paragraph (1) are:

Ordinary Earnings: \$ _____

Net Capital Gain: \$ _____

3. The amount of cash and the fair market value of other property distributed or deemed distributed by the Company to the U.S. Shareholder during the taxable year specified in paragraph (1) are as follows:

Cash: \$ _____

Fair Market Value of Property: \$ _____

4. The Company will permit the U.S. Shareholder to inspect the Company's permanent books of account, records, and such other documents as may be maintained by the Company that are necessary to establish that the Company's ordinary earnings and net capital gain are computed in accordance with U.S. Federal income tax principles, and to verify these amounts and the U.S. Shareholders direct or indirect pro rata shares thereof.

By: _____

Title:

Date:

**AMENDMENT AND RESTATEMENT OF
SHAREHOLDERS' AGREEMENT**

THIS AMENDMENT AND RESTATEMENT (this "Amendment") to Shareholders' Agreement is executed as of this 27th day of September, 2007 by and among AirMedia Group Inc., an exempted company limited by shares incorporated under the laws of Cayman Islands (the "Company"), the entities listed in Schedule A hereto (collectively, the "Investors" and each, an "Investor"), the Persons listed in Schedule B hereto (collectively, the "Holder of Ordinary Shares" and each, a "Holder of Ordinary Shares"), and the entities listed in Schedule C hereto (collectively, the "Existing Group Companies" and each, an "Existing Group Company"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Shareholders' Agreement referred to below.

WITNESSETH:

WHEREAS, the Company, the Investors, the Holders of Ordinary Shares and the Existing Group Companies are party to that certain Shareholders' Agreement dated as of June 7, 2007 (as amended, the "Shareholders' Agreement");

WHEREAS, the Company, the Investors, the Holders of Ordinary Shares and the Existing Group Companies wish to amend and restate the Shareholders' Agreement as set forth in this Amendment;

NOW, THEREFOR, for mutual consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment to Shareholders' Agreement.

1.1 Section 1.2(a) of the Shareholders' Agreement is hereby amended and restated in its entirety to read as follows:

"(a) Board Composition. The Company's amended and restated Memorandum of Association and Articles of Association (the "Restated Articles") shall provide that the Company's board of directors (the "**Board**") shall consist of no less than five (5) members, which number of members shall not be changed except pursuant to an amendment to the Restated Articles. For so long as the Holders of Ordinary Shares hold in the aggregate Ordinary Share Equivalents that are at least equal to 15% of the issued Ordinary Shares (assuming the conversion of all Ordinary Shares Equivalents), the Holders of Ordinary Shares shall have the right to appoint and remove two (2) directors (the "**Founder Directors**"), and thereafter the Holders of Ordinary Shares shall have the right to appoint and remove one (1) director. For so long as the CDH Shareholders hold in the aggregate Ordinary Share Equivalents that are at least equal to 15% of the issued Ordinary Shares (assuming the conversion of all Ordinary

Shares Equivalents), the CDH Shareholders shall have the right to appoint and remove two (2) directors (the “**CDH Directors**”), and thereafter the CDH Shareholders shall have the right to appoint and remove one (1) director. In addition to any Founder Directors and CDH Directors, one (1) director shall be a member of the management of the Group Companies, which member shall be reasonably satisfactory to the Holders of Ordinary Shares and the holders of at least a majority in interest of all Series A Preferred Shares.”

1.2 Section 4.1(c) of the Shareholders' Agreement is hereby amended and restated in its entirety to read as follows:

“(c) Notwithstanding anything to the contrary, the right of first refusal and co-sale rights of the Investor Shareholders under Sections 4.3 and 4.4 below shall not apply to any transfer to the parents, children or spouse, or to trusts for the benefit of such persons, of any Holder of Ordinary Shares who is an individual for bona fide estate planning purposes (each a “**Permitted Transferee**”); provided that adequate documentation therefor is provided to the Investor Shareholders and that any such Permitted Transferee signs a Deed of Adherence in accordance with Section 4.9 agreeing to be subject to and bound by the obligations of a Holder of Ordinary Shares under this Agreement; and provided further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder.”

1.3 The term “SIG Shareholders” in the Shareholders' Agreement is hereby amended and restated in its entirety to read as follow :

“SIG Shareholders” means Billion Effort Management Limited, Embleton Investment Holdings Limited, Megastar Capital Holdings Limited, PCM Direct Capital Fund and SIG China Investments One, Ltd. and/or any of their respective designees or Affiliates, collectively.

1.4 A copy of the amended and restated Shareholders Agreement dated June 7, 2007 and amended and restated as of September __, 2007 is attached hereto as Schedule D and is approved by each of the parties hereto.

2. Governing Law; Counterparts.

- a. This Amendment and all matters arising out of or relating in any way whatsoever (whether in contract, tort or otherwise) to this Amendment, shall be governed by and construed exclusively in accordance with the internal laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of laws principles.

-
- b. This Amendment may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute a single agreement.

3. Agreement Otherwise Unchanged. Except as herein provided, the Shareholders' Agreement shall remain unchanged and in full force and effect, and each reference to "the Agreement" and words of similar import in the Shareholders' Agreement, as amended hereby, shall be a reference to the Shareholders' Agreement as amended and restated hereby and as the same may be further amended, supplemented and otherwise modified and in effect from time to time.

(signature pages to follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

AIRMEDIA GROUP INC.

By: /s/ Guo Man

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

GLOBAL GATEWAY INVESTMENTS LIMITED

By: /s/ Wang Zhenyu

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

OZ MASTER FUND, LTD.

By: OZ Management, L.L.C., its Investment Manager

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

OZ ASIA MASTER FUND, LTD.

By: OZ Management, L.L.C., its Investment Manager

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

**OZ GLOBAL SPECIAL INVESTMENTS MASTER FUND,
L.P.**

By: OZ Advisors, L.L.C., its General Partner

By: Och-Ziff Associates, L.L.C., its Managing Member

By: /s/ Joel M. Frank

Name: Joel M. Frank

Title: Chief Financial Officer

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

BILLION EFFORT MANAGEMENT LIMITED

By: /s/
Name:
Title:

EMBLETON INVESTMENT HOLDINGS LIMITED

By: /s/
Name:
Title:

MEGASTAR CAPITAL HOLDINGS LIMITED

By: /s/ Cui Wenli
Name: Cui Wenli
Title: Director

PCM DIRECT CAPITAL FUND

By: /s/ Huimin Wu
Name: Huimin Wu
Title: Director

SIG CHINA INVESTMENTS ONE, LTD.

By: /s/ Michael L. Spolan
Name: Michael L. Spolan
Title: Vice President

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

WEALTHY ENVIRONMENT LIMITED

By: /s/ Guo Man

Name: Guo Man

Title: Director

MAMBO FIESTA LIMITED

By: /s/ Xu Qing

Name: Xu Qing

Title: Director

GREAT BRIDGES INTERNATIONAL CORPORATION

By: /s/ Zhang Xiaoya

Name: Zhang Xiaoya

Title: Director

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

BROAD COSMOS ENTERPRISES LTD.

By: /s/ Guo Man
Name: _____
Title: _____

AIR MEDIA INTERNATIONAL LIMITED

By: /s/ Guo Man
Name: _____
Title: _____

AIR MEDIA (CHINA) LTD.

By: /s/ Guo Man
Name: _____
Title: _____

SHENZHEN AIR MEDIA TECHNOLOGY CO., LTD

By: /s/ Guo Man
Name: _____
Title: _____

BEIJING AIR MEDIA UC ADVERTISING CO., LTD

By: /s/ Guo Man
Name: _____
Title: _____

AIR MEDIA TECHNOLOGY (BEIJING) CO., LTD

By: /s/ Guo Man

Name:

Title:

BEIJING SHENGSHI LIANHE ADVERTISING CO., LTD

By: /s/ Guo Man

Name:

Title:

AIRTV UNITED MEDIA & CULTURE CO., LTD

By: /s/ Guo Man

Name:

Title:

BEIJING AIR MEDIA UC ADVERTISING CO., LTD

By: /s/ Guo Man

Name:

Title:

**BEIJING AI YI KE EXPERIENCING INFORMATION &
TECHNOLOGY CO. LTD.**

By: /s/ Guo Man

Name:

Title:

SCHEDULE A

Investors

- Global Gateway Investments Limited
- OZ Master Fund, Ltd.
- OZ Asia Master Fund, Ltd.
- OZ Global Special Investments Master Fund, L.P.
- Billion Effort Management Limited *
- Embleton Investment Holdings Limited *
- Megastar Capital Holdings Limited *
- PCM Direct Capital Fund *
- SIG China Investments One, Ltd. *

* Each of Billion Effort Management Limited, Embleton Investment Holdings Limited, Megastar Capital Holdings Limited, PCM Direct Capital Fund and SIG China Investments One, Ltd. entered into separate deeds of ratification and accession, in August 2007 to be a party to the Shareholders Agreement in all respects as if named as a party therein and as an "Investor" and as an "SIG Shareholder" (as each such term is defined in the Shareholders Agreement)

SCHEDULE B

Holders of Ordinary Shares

- Wealthy Environment Limited
- Mambo Fiesta Limited
- Great Bridges International Corporation

SCHEDULE C

Existing Group Companies

Offshore:

AirMedia Group Inc.
Air Media International Limited
Air Media (China) Ltd.
Broad Cosmos Enterprises Ltd.

PRC Companies

1. Shenzhen Air Media Technology Co., Ltd.
2. Air Media Technology (Beijing) Co., Ltd.
3. Beijing Air Media Advertising Co., Ltd.
4. Beijing Shengshi United Advertising Co., Ltd.
5. Beijing Air Media UC Advertising Co., Ltd.
6. AirTV United Media & Culture Co., Ltd.
7. Beijing Ai Yi Ke Experiencing Information & Technology Co. Ltd.

SCHEDULE D

Amended and Restated Shareholders Agreement

Our ref AEO/629535/2169873v6
Your ref

AirMedia Group Inc.
Room 707, No. 8 Yong An Dong Li
Jianguomen Wai
Chaoyang District,
Beijing 100022 People's Republic of China

Direct: +852 2971 3004
Mobile: +852 9096 1004
E-mail: barry.mitchell@maplesandcalder.com

19 October 2007

Dear Sirs

AirMedia Group Inc.

We have acted as Cayman Islands legal advisers to AirMedia Group Inc. (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), that was confidentially filed with the Securities and Exchange Commission under the U.S. Securities Act of 1933 on 17 July 2007, as amended to date relating to the offering by the Company of certain American Depositary Shares representing the Company's ordinary shares of par value US\$0.001 each (the "**Ordinary Shares**"). We are furnishing this opinion as Exhibit 5.1 to the Registration Statement.

1 DOCUMENTS REVIEWED

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

- 1.1 the Certificate of Incorporation dated 12 April 2007; the Amended and Restated Memorandum and Articles of Association of the Company as adopted by a special resolution passed on 27 September 2007 and the Amended and Restated Memorandum and Articles of Association of the Company as conditionally adopted by a special resolution passed on 19 October 2007 (the "**Memorandum and Articles of Association**");
- 1.2 the written shareholders' resolutions dated 19 October 2007;
- 1.3 the written resolutions of the board of directors dated 19 October 2007;
- 1.4 a certificate from a Director of the Company addressed to this firm dated 19 October 2007, a copy of which is attached hereto (the "**Director's Certificate**"); and

1.5 the Registration Statement.

2 ASSUMPTIONS

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion. The following opinions are given only as to and based on circumstances and matters of fact existing at the date hereof and of which we are aware consequent upon the instructions we have received in relation to the matter the subject of this opinion and as to the laws of the Cayman Islands as the same are in force at the date hereof. In giving this opinion, we have relied upon the completeness and accuracy (and assumed the continuing completeness and accuracy as at the date hereof) of the Director's Certificate as to matters of fact without further verification and have relied upon the following assumptions, which we have not independently verified:

- (i) Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.
- (ii) The genuineness of all signatures and seals.
- (iii) There is no contractual or other prohibition (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from entering into and performing its obligations.

3 OPINION

The following opinions are given only as to matters of Cayman Islands law and we have assumed that there is nothing under any other law that would affect or vary the following opinions.

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

- 3.1 The Company has been duly incorporated as an exempted company with limited liability for an unlimited duration and is validly existing under the laws of the Cayman Islands.
- 3.2 The authorised share capital of the Company is US\$500,000 divided into (i) 451,400,000 Ordinary Shares of par value US\$0.001 each, (ii) 32,600,000 redeemable convertible Series A preferred shares of par value US\$0.001 each and (iii) 16,000,000 redeemable convertible Series B preferred shares of par value US\$0.001 each.
- 3.3 The issue and allotment of the Ordinary Shares has been duly authorised. When allotted, issued and paid for as contemplated in the Registration Statement and registered in the register of members (shareholders), the Ordinary Shares will be legally issued and allotted, fully paid and non-assessable.

3.4 The statements under the caption "Taxation" in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

4 QUALIFICATIONS

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in the Registration Statement or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

We hereby consent to the use of this opinion in, and the filing hereof as an Exhibit to, the Registration Statement and to the reference to our name under the headings "Enforceability of Civil Liabilities", "Taxation" and "Legal Matters" and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ MAPLES and CALDER

MAPLES and CALDER

AirMedia Group Inc.
PO Box 309GT, Uglan House,
South Church Street, George Town,
Grand Cayman, Cayman Islands

October 19, 2007

To: Maples and Calder
1504 One International Finance Centre
1 Harbour View Street
Hong Kong

Dear Sirs

AirMedia Group Inc. (the "Company")

I, Man Guo, being a director of the Company, am aware that you are being asked to provide a legal opinion (the "**Opinion**") in relation to certain aspects of Cayman Islands law. Capitalised terms used in this certificate have the meaning given to them in the Opinion. I hereby certify that:

- 1 The amended and restated memorandum and articles of association of the Company as adopted by a special resolution passed on 27 September 2007 remain in full force and effect and save for the further amended and restated memorandum and articles of association as adopted by a special resolution passed 19 October 2007 are otherwise unamended.
- 2 The written resolutions of the shareholders dated 19 October 2007 (the "**Shareholders' Resolutions**") were signed by all shareholders in the manner prescribed in the articles of association of the Company.
- 3 The written resolutions of the board of directors dated 19 October 2007 (this, together with the Shareholders' Resolutions are collectively referred to as the "**IPO Resolutions**") were signed by all the directors in the manner prescribed in the articles of association of the Company.
- 4 The authorised share capital of the Company is US\$500,000 divided into (i) 451,400,000 Ordinary Shares of par value US\$0.001 each; (ii) 32,600,000 redeemable convertible Series A preferred shares of par value US\$0.001 each and (iii) 16,000,000 redeemable convertible Series B preferred shares of par value US\$0.001 each.
- 5 The shareholders of the Company have not restricted or limited the powers of the directors in any way. There is no contractual or other prohibition (other than as arising under Cayman Islands law) binding on the Company prohibiting it from issuing and allotting the Ordinary Shares.

6 The IPO Resolutions were duly adopted, are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect.

I confirm that you may continue to rely on this Certificate as being true and correct on the day that you issue the Opinion unless I shall have previously notified you personally (Attn: Mr. Barry Mitchell) to the contrary.

Signature: /s/ Man Guo
Director

53rd at Third
885 Third Avenue
New York, New York 10022-4834
Tel: (212) 906-1200 Fax: (212) 751-4864
www.lw.com

LATHAM & WATKINS LLP

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Munich	Washington, D.C.

October 19, 2007

AirMedia Group Inc.
Room 707, No. 8 Yong An Dong Li
Jianguomen Wai
Chaoyang District, Beijing 100022
People's Republic of China

Re: American Depositary Shares of AirMedia Group Inc. (the "Company").

Ladies and Gentlemen:

In connection with the public offering of American Depositary Shares ("ADSs") representing ordinary shares, par value \$0.001 per share (the "Ordinary Shares"), of the Company pursuant to the registration statement on Form F-1 under the Securities Act of 1933, as amended (the "Act"), originally filed by the Company with the Securities and Exchange Commission (the "Commission") on October 19, 2007 (the "Registration Statement"), you have requested our opinion concerning the statements in the Registration Statement under the caption "Taxation—United States Federal Income Taxation."

The facts, as we understand them, and upon which with your permission we rely in rendering the opinion herein, are set forth in the Registration Statement and the Company's responses to our examinations and inquiries.

In our capacity as counsel to the Company, we have made such legal and factual examinations and inquiries, including an examination of originals or copies certified or otherwise identified to our satisfaction of such documents, corporate records and other instruments as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures thereon, the legal capacity of natural persons executing such documents and the conformity to authentic original documents of all documents submitted to us as copies. For the purpose of our opinion, we have not made an independent investigation, or audit of the facts set forth in the above-referenced documents.

We are opining herein as to the effect on the subject transaction only of the federal income tax laws of the United States and we express no opinion with respect to the applicability thereto, or the effect thereon, of other federal laws, the laws of any state or any other jurisdiction or as to any matters of municipal law or the laws of any other local agencies within any state.

LATHAM & WATKINS ^{LLP}

Based on such facts and subject to the limitations set forth in the Registration Statement, the statements of law or legal conclusions in the Registration Statement under the caption "Taxation—United States Federal Income Taxation" constitute the opinion of Latham & Watkins LLP as to the material United States federal income tax consequences of an investment in the ADSs or the Ordinary Shares.

No opinion is expressed as to any matter not discussed herein.

This opinion is rendered to you as of the date of this letter, and we undertake no obligation to update this opinion subsequent to the date hereof. This opinion is based on various statutory provisions, regulations promulgated thereunder and interpretations thereof by the Internal Revenue Service and the courts having jurisdiction over such matters, all of which are subject to change either prospectively or retroactively. Also, any variation or difference in the facts from those set forth in the Registration Statement may affect the conclusions stated herein.

This opinion is furnished to you, and is for your use in connection with the transactions set forth in the Registration Statement. This opinion may not be relied upon by you for any other purpose. However, this opinion may be relied upon by persons entitled to rely on it pursuant to applicable provisions of federal securities law.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name under the captions "Legal Matters" and "Taxation" in the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ Latham & Watkins LLP

通商律師事務所

Commerce & Finance Law Offices

6F NCI Tower, A12 Jianguomenwai Avenue,

Chaoyang District, Beijing, PRC; Postcode: 100022

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E-mail Add: beijing@tongshang.com Website: www.tongshang.com.cn

October 19, 2007

AirMedia Group Inc.

Room 707, No. 8 Yong An Dong Li
Jianguomen Wai
Chaoyang District, Beijing 100022
People's Republic of China

Dear Sirs,

We are qualified lawyers of the People's Republic of China (the "**PRC**") and are qualified to issue opinions on the laws and regulations of the PRC.

We have acted as PRC counsel for AirMedia Group Inc., a company incorporated under the laws of the Cayman Islands (the "**Company**"), in connection with (i) the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), originally filed with the Securities and Exchange Commission (the "**SEC**"), under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), on October 19, 2007, relating to the offering by the Company of American Depositary Shares ("**ADSs**"), representing ordinary shares, par value USD0.001 per share, of the Company (together with the ADSs, the "**Offered Securities**") and (ii) the Company's proposed listing of the ADSs on the Nasdaq Global Market.

We have examined the Registration Statement. In addition, we have examined, and have relied as to matters of fact upon, originals, or duplicates or certified or conformed copies, of such corporate records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such other and further investigations, as we have deemed necessary or appropriate as a basis for the opinion hereinafter set forth. In such examination, we have assumed the accuracy of the factual matters described in the Registration Statement and that the Registration Statement and other documents will be executed by the parties in the forms provided to and reviewed by us. We have also assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals,

and the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein and in the Registration Statement, we are of the opinion that the statements set forth under the caption "Taxation" insofar as they purport to constitute summaries of matters of PRC enterprise income tax law and regulations, constitute accurate summaries of the matters described therein in all material respects.

We do not express any opinion herein concerning any law other than the enterprise income tax law of the PRC.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement and to the reference to our firm under the headings "Taxation" in the Registration Statement.

Sincerely,

/s/ Commerce & Finance Law Offices

Commerce & Finance Law Offices

AIRMEDIA GROUP INC.

2007 SHARE INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of the 2007 Share Incentive Plan (the "Plan") is to promote the success and enhance the value of AirMedia Group Inc., a company formed under the laws of the Cayman Islands (the "Company") by linking the personal interests of the members of the Board, Employees, and Consultants to those of the Company shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable Share exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.2 "Award" means an Option, a Restricted Share award, a Share Appreciation Right award, a Dividend Equivalents award, a Share Payment award, a Deferred Share award, or a Restricted Share Unit award granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Change in Control" means a change in ownership or control of the Company effected through either of the following transactions:

(a) the direct or indirect acquisition by any person or related group of persons (other than an acquisition from or by the Company or by a Company-sponsored employee benefit plan or by a person that directly or indirectly controls, is controlled by, or is under common control with, the Company) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities pursuant to a tender or exchange offer made directly to the Company's shareholders which a majority of the Incumbent Board (as defined below) who are not affiliates or associates of the offeror under Rule 12b-2 promulgated under the Exchange Act do not recommend such shareholders accept, or

(b) the individuals who, as of the Effective Date, are members of the Board (the "Incumbent Board"), cease for any reason to constitute at least fifty percent (50%) of the Board; provided that if the election, or nomination for election by the Company's shareholders, of any new member of the Board is approved by a vote of at least fifty percent (50%) of the Incumbent Board, such new member of the Board shall be considered as a member of the Incumbent Board.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means the committee of the Board described in Article 11.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction" means any of the following transactions, provided, however, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Ordinary Shares outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "Deferred Share" means a right to receive a specified number of Shares during specified time periods pursuant to Article 8.

2.11 "Disability" means that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.12 "Dividend Equivalents" means a right granted to a Participant pursuant to Article 8 to receive the equivalent value (in cash or Share) of dividends paid on Share.

2.13 "Effective Date" shall have the meaning set forth in Section 12.1.

2.14 "Employee" means any person, including an officer or member of the Board of the Company, any Parent or Subsidiary of the Company, who is in the employ of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.15 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.16 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established Share exchanges or national market systems, including without limitation, The Nasdaq National Market or The Nasdaq SmallCap Market of The Nasdaq Share Market, its Fair Market Value shall be the closing sales price for such shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (i) and (ii), above, the Fair Market Value thereof shall be determined by the Committee in good faith by reference to the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement.

2.17 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.18 "Independent Director" means a member of the Board who is not an Employee of the Company.

2.19 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.20 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.21 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.22 "Participant" means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.23 "Parent" means a parent corporation under Section 424(e) of the Code.

2.24 "Plan" means this 2007 Share Incentive Plan, as it may be amended from time to time.

2.25 "PRC" means the People's Republic of China.

2.26 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.27 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.28 "Restricted Share Unit" means an Award granted pursuant to Section 8.6.

2.29 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.30 "Service Recipient" means the Company, any Parent or Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, Consultant or as a Director.

2.31 "Share" means the ordinary share capital of the Company, par value \$0.001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 10.

2.32 "Share Appreciation Right" or "SAR" means a right granted pursuant to Article 7 to receive a payment equal to the excess of the Fair Market Value of a specified number of Shares on the date the SAR is exercised over the Fair Market Value on the date the SAR was granted as set forth in the applicable Award Agreement.

2.33 "Share Payment" means (a) a payment in the form of Shares, or (b) an option or other right to purchase Shares, as part of any bonus, deferred compensation or other arrangement, made in lieu of all or any portion of the compensation, granted pursuant to Article 8.

2.34 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

2.35 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 10 and Section 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards (including Incentive Share Options) is 12,000,000 Shares.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Law, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Parent or Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depository Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided, however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed or variable price related to the Fair Market Value of the Shares; provided, however, that no Option may be granted to an individual subject to taxation in the United States at less than the Fair Market Value on the date of grant.

(b) Time and Conditions of Exercise. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, including exercise

prior to vesting; *provided* that the term of any Option granted under the Plan shall not exceed ten years, except as provided in Section 12.2. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company upon settlement of such sale), and the methods by which Shares shall be delivered or deemed to be delivered to Participants (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (vii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options shall be granted only to Employees of the Company, a Parent or Subsidiary of the Company. Incentive Share Options may not be granted to Employees of a Related Entity. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(a) Expiration of Option. An Incentive Share Option may not be exercised to any extent by anyone after the first to occur of the following events:

(i) Ten years from the date it is granted, unless an earlier time is set in the Award Agreement;

(ii) Three months after the Participant's termination of employment as an Employee; and

(iii) One year after the date of the Participant's termination of employment or service on account of Disability or death. Upon the Participant's Disability or death, any Incentive Share Options exercisable at the Participant's Disability or death may be exercised by the Participant's legal representative or representatives, by the person or persons entitled to do so pursuant to the Participant's last will and testament, or, if the Participant fails to make testamentary disposition of such Incentive Share Option or dies intestate, by the person or persons entitled to receive the Incentive Share Option pursuant to the applicable laws of descent and distribution.

(b) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed \$100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(c) Ten Percent Owners. An Incentive Share Option shall be granted to any individual who, at the date of grant, owns Shares possessing more than ten percent of the total combined voting power of all classes of shares of the Company only if such Option is granted at a price that is not less than 110% of Fair Market Value on the date of grant and the Option is exercisable for no more than five years from the date of grant.

(d) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(e) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(f) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

5.3 Substitution of Share Appreciation Rights. The Committee may provide in the Award Agreement evidencing the grant of an Option that the Committee, in its sole discretion, shall have to right to substitute a Share Appreciation Right for such Option at any time prior to or upon exercise of such Option, provided that such Share Appreciation Right shall be exercisable for the same number of shares of Share as such substituted Option would have been exercisable for.

ARTICLE 6

RESTRICTED SHARES

6.1 Grant of Restricted Shares. The Committee is authorized to make Awards of Restricted Shares to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

6.2 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.3 Forfeiture. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall

be forfeited; *provided, however*, the Committee may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Shares.

6.4 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

ARTICLE 7

SHARE APPRECIATION RIGHTS

7.1 Grant of Share Appreciation Rights.

(a) A Share Appreciation Right may be granted to any Participant selected by the Committee. A Share Appreciation Right shall be subject to such terms and conditions not inconsistent with the Plan as the Committee shall impose and shall be evidenced by an Award Agreement.

(b) A Share Appreciation Right shall entitle the Participant (or other person entitled to exercise the Share Appreciation Right pursuant to the Plan) to exercise all or a specified portion of the Share Appreciation Right (to the extent then exercisable pursuant to its terms) and to receive from the Company an amount determined by multiplying the difference obtained by subtracting the exercise price per share of the Share Appreciation Right from the Fair Market Value of a Share on the date of exercise of the Share Appreciation Right by the number of Shares with respect to which the Share Appreciation Right shall have been exercised, subject to any limitations the Committee may impose.

7.2 Payment and Limitations on Exercise.

(a) Payment of the amounts determined under Section 7.1(b) above shall be in cash, in Shares (based on its Fair Market Value as of the date the Share Appreciation Right is exercised) or a combination of both, as determined by the Committee in the Award Agreement.

(b) To the extent any payment under Section 7.1(b) is effected in Shares it shall be made subject to satisfaction of all provisions of Article 5 above pertaining to Options.

ARTICLE 8

OTHER TYPES OF AWARDS

8.1 Dividend Equivalents. Any Participant selected by the Committee may be granted Dividend Equivalents based on the dividends declared on the Shares that are subject to any Award, to be credited as of dividend payment dates, during the period between the date the Award is granted and the date the Award is exercised, vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional Shares by such formula and at such time and subject to such limitations as may be determined by the Committee.

8.2 Share Payments. Any Participant selected by the Committee may receive Share Payments in the manner determined from time to time by the Committee; *provided*, that unless otherwise determined by the Committee such Share Payments shall be made in lieu of base salary, bonus, or other cash compensation otherwise payable to such Participant. The number of shares shall be determined by the Committee and may be based upon the Performance Criteria or other specific criteria determined appropriate by the Committee, determined on the date such Share Payment is made or on any date thereafter.

8.3 Deferred Shares. Any Participant selected by the Committee may be granted an award of Deferred Shares in the manner determined from time to time by the Committee. The number of shares of Deferred Shares shall be determined by the Committee and may be linked to such specific criteria determined to be appropriate by the Committee, in each case on a specified date or dates or over any period or periods determined by the Committee. Shares underlying a Deferred Share award will not be issued until the Deferred Share award has vested, pursuant to a vesting schedule or criteria set by the Committee. Unless otherwise provided by the Committee, a Participant awarded Deferred Shares shall have no rights as a Company shareholder with respect to such Deferred Shares until such time as the Deferred Share Award has vested and the Shares underlying the Deferred Share Award has been issued.

8.4 Restricted Share Units. The Committee is authorized to make Awards of Restricted Share Units to any Participant selected by the Committee in such amounts and subject to such terms and conditions as determined by the Committee. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable, and may specify such conditions to vesting as it deems appropriate. At the time of grant, the Committee shall specify the maturity date applicable to each grant of Restricted Share Units which shall be no earlier than the vesting date or dates of the Award and may be determined at the election of the grantee. On the maturity date, the Company shall transfer to the Participant one unrestricted, fully transferable Share for each Restricted Share Unit scheduled to be paid out on such date and not previously forfeited. The Committee shall specify the purchase price, if any, to be paid by the grantee to the Company for such Shares.

8.5 Term. Except as otherwise provided herein, the term of any Award of Dividend Equivalents, Share Payments, Deferred Share, or Restricted Share Units shall be set by the Committee in its discretion.

8.6 Exercise or Purchase Price. The Committee may establish the exercise or purchase price, if any, of any Award of Deferred Share, Share Payments or Restricted Share Units; *provided, however*, that such price shall not be less than the par value of a Share, unless otherwise permitted by Applicable Law.

8.7 Exercise Upon Termination of Employment or Service. An Award of Dividend Equivalents, Deferred Share, Share Payments, and Restricted Share Units shall only be exercisable or payable while the Participant is an Employee, Consultant or a member of the Board, as applicable; *provided, however*, that the Committee in its sole and absolute discretion may provide that an Award of Dividend Equivalents, Share Payments, Deferred Share, or Restricted Share Units may be exercised or paid subsequent to a termination of employment or service, as applicable, or following a Change of Control of the Company, or because of the Participant's retirement, death or Disability, or otherwise.

8.8 Form of Payment. Payments with respect to any Awards granted under this Article 8 shall be made in cash, in Shares or a combination of both, as determined by the Committee.

8.9 Award Agreement. All Awards under this Article 8 shall be subject to such additional terms and conditions as determined by the Committee and shall be evidenced by an Award Agreement

ARTICLE 9

PROVISIONS APPLICABLE TO AWARDS

9.1 Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards.

9.2 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

9.3 Limits on Transfer. No right or interest of a Participant in any Award may be pledged, encumbered, or hypothecated to or in favor of any party other than the Company or a Subsidiary, or shall be subject to any lien, obligation, or liability of such Participant to any other party other than the Company or a Subsidiary. Except as otherwise provided by the Committee, no Award shall be assigned, transferred, or otherwise disposed of by a Participant other than by will or the laws of descent and distribution. The Committee by express provision in the Award or an amendment thereto may permit an Award (other than an Incentive Share Option) to be transferred to, exercised by and paid to certain persons or entities related to the Participant, including but not limited to members of the Participant's family, charitable institutions, or trusts or other entities whose beneficiaries or beneficial owners are members of the Participant's family and/or charitable institutions, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any permitted transfer shall be subject to the condition that the Committee receive evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes (or to a "blind trust" in connection with

the Participant's termination of employment or service with the Company or a Subsidiary to assume a position with a governmental, charitable, educational or similar non-profit institution) and on a basis consistent with the Company's lawful issue of securities.

9.4 Beneficiaries. Notwithstanding Section 9.3, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

9.5 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Share pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with federal, state, or foreign jurisdiction, securities or other laws, rules and regulations and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Share. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

9.6 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

9.7 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award was acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the PRC, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 10

CHANGES IN CAPITAL STRUCTURE

10.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the shares of Shares or the share price of a Share, the Committee shall make such proportionate and equity adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan.

10.2 Acceleration upon a Change of Control. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change of Control occurs and a Participant's Options, Restricted Share or Share Appreciation Rights settled in Shares are not converted, assumed, or replaced by a successor, such Awards shall become fully exercisable and all forfeiture restrictions on such Awards shall lapse. Upon, or in anticipation of, a Change of Control, the Committee may in its sole discretion provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise such Awards during a period of time as the Committee shall determine, (ii) either the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award or realization of the Participant's rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant's rights, then such Award may be terminated by the Company without payment), (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion the assumption of or substitution of such Award by the successor or surviving corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) provide for payment of Awards in cash based on the value of Shares on the date of the Change of Control plus reasonable interest on the Award through the date such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

10.3 Outstanding Awards – Corporate Transactions. In the event of a Corporate Transaction, each Award will terminate upon the consummation of the Corporate Transaction, unless the Award is assumed by the successor entity or Parent thereof in connection with the Corporate Transaction. . Except as provided otherwise in an individual Award Agreement, in the event of a Corporate Transaction and:

(a) the Award either is (x) assumed by the successor entity or Parent thereof or replaced with a comparable Award (as determined by the Committee) with respect

to shares of the capital stock of the successor entity or Parent thereof or (y) replaced with a cash incentive program of the successor entity which preserves the compensation element of such Award existing at the time of the Corporate Transaction and provides for subsequent payout in accordance with the same vesting schedule applicable to such Award, then such Award (if assumed), the replacement Award (if replaced), or the cash incentive program automatically shall become fully vested, exercisable and payable and be released from any restrictions on transfer (other than transfer restrictions applicable to Options) and repurchase or forfeiture rights, immediately upon termination of the Participant's employment or service with all Service Recipient within twelve (12) months of the Corporate Transaction without cause; and

(b) For each Award that is neither assumed nor replaced, such portion of the Award shall automatically become fully vested and exercisable and be released from any repurchase or forfeiture rights (other than repurchase rights exercisable at Fair Market Value) for all of the Shares at the time represented by such portion of the Award, immediately prior to the specified effective date of such Corporate Transaction, provided that the Participant remains an Employee, Consultant or Director on the effective date of the Corporate Transaction.

10.4 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 10, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

10.5 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 11

ADMINISTRATION

11.1 Committee. The Plan shall be administered by the Compensation Committee of the Board; *provided, however* that the Compensation Committee may delegate to a committee of one or more members of the Board the authority to grant or amend Awards to Participants other than Independent Directors and executive officers of the Company (such committee being the "Committee"). The Committee shall consist of at least two individuals, each of whom qualifies as a Non-Employee Director. Reference to the Committee shall refer to the Board if the Compensation Committee does not yet exist or ceases to exist and the Board does not appoint a successor Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office shall conduct the general administration of the Plan if required by Applicable Law, and with respect to Awards granted to Independent Directors and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

11.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

11.3 Authority of Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) Designate Participants to receive Awards;

(b) Determine the type or types of Awards to be granted to each Participant;

(c) Determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) Determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) Determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) Prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) Decide all other matters that must be determined in connection with an Award;

(h) Establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) Interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) Make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

11.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 12

EFFECTIVE AND EXPIRATION DATE

12.1 Effective Date. The Plan is effective as of the date the Plan is approved by the Company's shareholders (the "Effective Date"). The Plan will be deemed to be approved by the shareholders if it receives the affirmative vote of the holders of a majority of the share capital of the Company present or represented and entitled to vote at a meeting duly held in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association.

12.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 13

AMENDMENT, MODIFICATION, AND TERMINATION

13.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided, however*, that (a) to the extent necessary and desirable to comply with any applicable law, regulation, or stock exchange rule, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 10), (ii) permits the Committee to grant Options with an exercise price that is below Fair Market Value on the date of grant, (iii) permits the Committee to extend the exercise period for an Option beyond ten years from the date of grant, or (iv) results in a material increase in benefits or a change in eligibility requirements.

13.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 13.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 14

GENERAL PROVISIONS

14.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

14.2 No Shareholders Rights. No Award gives the Participant any of the rights of a Shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

14.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's payroll tax obligations) required by law to be withheld with respect to any taxable event concerning a Participant arising as a result of this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and foreign income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such supplemental taxable income.

14.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employ or service of any Service Recipient.

14.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

14.6 Indemnification. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

14.7 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

14.8 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

14.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

14.10 Fractional Shares. No fractional shares of Share shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding up or down as appropriate.

14.11 Government and Other Regulations. The obligation of the Company to make payment of awards in Share or otherwise shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption.

14.12 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

14.13 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines is necessary or appropriate to (a) exempt the Award from Section 409A of the Code and /or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

14.14 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with applicable laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; provided, however, that no such supplements shall increase the share limitations contained in Sections 3.1 and 3.3 of the Plan.

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "**Agreement**") is entered into as of [_____], 2007 by and between AirMedia Group Inc., a Cayman Islands company (the "**Company**") and the undersigned, a director and/or an officer of the Company ("**Indemnitee**"), as applicable.

RECITALS

The Board of Directors of the Company (the "**Board of Directors**") has determined that the inability to attract and retain highly competent persons to serve the Company is detrimental to the best interests of the Company and its shareholders and that it is reasonable and necessary for the Company to provide adequate protection to such persons against risks of claims and actions against them arising out of their services to the corporation.

AGREEMENT

In consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

A. DEFINITIONS

The following terms shall have the meanings defined below:

Expenses shall include, without limitation, damages, judgments, fines, penalties, settlements and costs, attorneys' fees and disbursements and costs of attachment or similar bond, investigations, and any other expenses paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing for any of the foregoing in, any Proceeding.

Indemnifiable Event means any event or occurrence that takes place either before or after the execution of this Agreement, related to the fact that Indemnitee is or was a director or an officer of the Company, or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture or other entity, or related to anything done or not done by Indemnitee in any such capacity, including, but not limited to neglect, breach of duty, error, misstatement, misleading statement or omission.

Participant means a person who is a party to, or witness or participant (including on appeal) in, a Proceeding.

Proceeding means any threatened, pending, or completed action, suit, arbitration or proceeding, or any inquiry, hearing or investigation, whether civil, criminal, administrative, investigative or other, including appeal, in which Indemnitee may be or may have been involved as a party or otherwise by reason of an Indemnifiable Event.

B. AGREEMENT TO INDEMNIFY

1. General Agreement. In the event Indemnitee was, is, or becomes a Participant in, or is threatened to be made a Participant in, a Proceeding, the Company shall indemnify the Indemnitee from and against any and all Expenses which Indemnitee incurs or becomes obligated to incur in connection with such Proceeding, whether or not such Proceeding proceeds to judgment or is settled or is otherwise brought to a final disposition, to the fullest extent permitted by applicable law.

2. Indemnification of Expenses of Successful Party. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits in defense of any Proceeding or in defense of any claim, issue or matter in such Proceeding, the Company shall indemnify Indemnitee against all Expenses incurred in connection with such Proceeding or such claim, issue or matter, whether or not such Proceeding proceeds to judgment or is settled or is otherwise brought to a final disposition, as the case may be, offset by the amount of cash, if any, received by the Indemnitee resulting from his/her success therein.

3. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of Expenses, but not for the total amount of Expenses, the Company shall indemnify the Indemnitee for the portion of such Expenses to which Indemnitee is entitled.

4. Exclusions. Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification under this Agreement:

(a) to the extent that payment is actually made to Indemnitee under a valid, enforceable and collectible insurance policy;

(b) to the extent that Indemnitee is indemnified and actually paid other than pursuant to this Agreement;

(c) subject to Section C.2(a), in connection with a judicial action by or in the right of the Company, in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudicated by a court of competent jurisdiction, in a decision from which there is no further right of appeal, to be liable for gross negligence or knowing or willful misconduct in the performance of his/her duty to the Company unless and only to the extent that any court in which such action was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such Expenses as such court shall deem proper;

(d) in connection with any Proceeding initiated by Indemnitee against the Company, any director or officer of the Company or any other party, and not by way of defense, unless (i) the Company has joined in or the Board of Directors has consented to the initiation of such Proceeding; or (ii) the Proceeding is one to enforce indemnification rights under this Agreement or any applicable law;

(e) brought about by the dishonesty or fraud of the Indemnitee seeking payment hereunder; provided, however, that the Company shall indemnify Indemnitee under this Agreement as to any claims upon which suit may be brought against him by reason

of any alleged dishonesty on his/her part, unless a judgment or other final adjudication thereof adverse to the Indemnitee establishes that he/she committed (i) acts of active and deliberate dishonesty, (ii) with actual dishonest purpose and intent, and (iii) which acts were material to the cause of action so adjudicated;

(f) for any judgment, fine or penalty which the Company is prohibited by applicable law from paying as indemnity;

(g) arising out of Indemnitee's breach of an employment agreement with the Company (if any) or any other agreement with the Company or any of its subsidiaries, or

(h) arising out of Indemnitee's personal income tax payable on any salaries, bonuses, director's fees, including fees for attending meetings, or gain on disposition of shares, options or restricted shares of the Company.

5. No Employment Rights. Nothing in this Agreement is intended to create in Indemnitee any right to continued employment with the Company.

6. Contribution. If the indemnification provided in this Agreement is unavailable and may not be paid to Indemnitee for any reason other than those set forth in Section B.4, then the Company shall contribute to the amount of Expenses paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Company on the one hand and by the Indemnitee on the other hand from the transaction or events from which such Proceeding arose, and (ii) the relative fault of the Company on the one hand and of the Indemnitee on the other hand in connection with the events which resulted in such Expenses, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such Expenses, judgments, fines or settlement amounts. The Company agrees that it would not be just and equitable if contribution pursuant to this Section B.6 were determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

C. INDEMNIFICATION PROCESS

1. Notice and Cooperation By Indemnitee. Indemnitee shall, as a condition precedent to his/her right to be indemnified under this Agreement, give the Company notice in writing as soon as practicable of any claim made against Indemnitee for which indemnification will or could be sought under this Agreement, provided that the delay of Indemnitee to give notice hereunder shall not prejudice any of Indemnitee's rights hereunder, unless such delay results in the Company's forfeiture of substantive rights or defenses. Notice to the Company shall be given in accordance with Section F.7 below. If, at the time of receipt of such notice, the Company has directors' and officers' liability insurance policies in effect, the Company shall give prompt notice to its insurers of the Proceeding relating to the notice. The Company shall thereafter take all necessary and desirable action to cause such insurers to pay, on behalf of Indemnitee, all Expenses payable as a result of such Proceeding. In addition, Indemnitee shall give the Company such cooperation as the Company may reasonably request and the Company shall give the Indemnitee such cooperation as the Indemnitee

may reasonably request, including providing any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee or the Company, as the case may be.

2. Indemnification Payment.

(a) *Advancement of Expenses.* Indemnitee may submit a written request with reasonable particulars to the Company requesting that the Company advance to Indemnitee all Expenses that may be reasonably incurred in advance by Indemnitee in connection with a Proceeding. The Company shall, within ten (10) business days of receiving such a written request by Indemnitee, advance all requested Expenses to Indemnitee. Any excess of the advanced Expenses over the actual Expenses will be repaid to the Company.

(b) *Reimbursement of Expenses.* To the extent Indemnitee has not requested any advanced payment of Expenses from the Company, Indemnitee shall be entitled to receive reimbursement for the Expenses incurred in connection with a Proceeding from the Company as soon as practicable and, in any event, within 30 days after Indemnitee makes a written request to the Company for reimbursement unless the Company refers the indemnification request to the Reviewing Party in compliance with Section C.2(c) below.

(c) *Determination by the Reviewing Party.* If the Company reasonably believes that it is not obligated under this Agreement to indemnify the Indemnitee, the Company shall, within 10 days after the Indemnitee's written request for an advancement or reimbursement of Expenses, notify the Indemnitee that the request for advancement of Expenses or reimbursement of Expenses will be submitted to the Reviewing Party (as hereinafter defined). The Reviewing Party shall make a determination on the request within 30 days after the Indemnitee's written request for an advancement or reimbursement of Expenses. Notwithstanding anything foregoing to the contrary, in the event the Reviewing Party informs the Company that Indemnitee is not entitled to indemnification in connection with a Proceeding under this Agreement or applicable law, the Company shall be entitled to be reimbursed by Indemnitee for all the Expenses previously advanced or otherwise paid to Indemnitee in connection with such Proceeding; provided, however, that Indemnitee may bring a suit to enforce his/her indemnification right in accordance with Section C.3 below.

3. Suit to Enforce Rights. Regardless of any action by the Reviewing Party, if Indemnitee has not received full indemnification within 30 days after making a written demand in accordance with Section C.2 above or 50 days if the Company submits a request for advancement or reimbursement to the Reviewing Party under Section C.2(c), Indemnitee shall have the right to enforce its indemnification rights under this Agreement by commencing litigation in any court of competent jurisdiction seeking a determination by the court or challenging any determination by the Reviewing Party or with respect to any breach in any aspect of this Agreement. Any determination by the Reviewing Party not challenged by Indemnitee and any judgment entered by the court shall be binding on the Company and Indemnitee.

4. Assumption of Defense. In the event the Company is obligated under this Agreement to advance or bear any Expenses for any Proceeding against Indemnitee, the Company shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnitee, upon delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this

Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same Proceeding, unless (i) the employment of counsel by Indemnitee has been previously authorized by the Company, (ii) Indemnitee shall have reasonably concluded, based on written advice of counsel, that there may be a conflict of interest of such counsel retained by the Company between the Company and Indemnitee in the conduct of any such defense, or (iii) the Company ceases or terminates the employment of such counsel with respect to the defense of such Proceeding, in any of which events the fees and expenses of Indemnitee's counsel shall be at the expense of the Company. At all times, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's expense.

5. Burden of Proof and Presumptions. Upon making a request for indemnification, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proof to overcome that presumption in reaching any contrary determination.

6. No Settlement Without Consent. Neither party to this Agreement shall settle any Proceeding in any manner that would impose any damage, loss, penalty or limitation on Indemnitee without the other party's written consent. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement.

7. Company Participation. Subject to Section B.6, the Company shall not be liable to indemnify the Indemnitee under this Agreement with regard to any judicial action if the Company was not given a reasonable and timely opportunity, at its expense, to participate in the defense, conduct and/or settlement of such action.

8. Reviewing Party.

(a) For purposes of this Agreement, the Reviewing Party with respect to each indemnification request of Indemnitee that is referred by the Company pursuant to Section C.2(c) above shall be (A) the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors (as hereinafter defined), or (B) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, said Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee. If the Reviewing Party determines that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel or member of the Board of Directors shall act reasonably and in good faith in making a determination under this Agreement of the Indemnitee's entitlement to indemnification. Any reasonable costs or expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel, the Independent Counsel shall be selected as provided in this Section C.8(b). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board of Directors, in which event the proceeding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; *provided, however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section C.8(d) of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the a court of competent jurisdiction for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting under this Agreement, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section C.8(b), regardless of the manner in which such Independent Counsel was selected or appointed.

(c) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (with or without court approval), conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his/her conduct was unlawful. For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Company and any other corporation, partnership, joint venture or other entity of which Indemnitee is or was serving at the written request of the Company as a director, officer, employee, agent or fiduciary, including financial statements, or on information supplied to Indemnitee by the officers and directors of the Company or such other corporation, partnership, joint venture or other entity in the

course of their duties, or on the advice of legal counsel for the Company or such other corporation, partnership, joint venture or other entity or on information or records given or reports made to the Company or such other corporation, partnership, joint venture or other entity by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or such other corporation, partnership, joint venture or other entity. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Company or such other corporation, partnership, joint venture or other entity shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. The provisions of this Section C.8(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five (5) years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

D. DIRECTOR AND OFFICER LIABILITY INSURANCE

1. Good Faith Determination. The Company shall from time to time make the good faith determination whether or not it is practicable for the Company to obtain and maintain a policy or policies of insurance with reputable insurance companies providing the officers and directors of the Company with coverage for losses incurred in connection with their services to the Company or to ensure the Company's performance of its indemnification obligations under this Agreement.

2. Coverage of Indemnitee. To the extent the Company maintains an insurance policy or policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policy or policies, in accordance with its or their terms, to the maximum extent of the coverage available for any of the Company's directors or officers.

3. No Obligation. Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain any director and officer insurance policy if the Company determines in good faith that such insurance is not reasonably available in the case that (i) premium costs for such insurance are disproportionate to the amount of coverage provided, or (ii) the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

E. NON-EXCLUSIVITY; FEDERAL PREEMPTION; TERM

1. Non-Exclusivity. The indemnification provided by this Agreement shall not be deemed exclusive of any rights to which Indemnitee may be entitled under the Company's memorandum and articles of association, as may be amended from time to time, applicable law or any written agreement between Indemnitee and the Company (including its subsidiaries and affiliates). The indemnification provided under this Agreement shall continue to be available to Indemnitee for any action taken or not taken while serving in an indemnified capacity even though he/she may have ceased to serve in any such capacity at the time of any Proceeding. To the extent that a change in the laws of the Cayman Islands permits greater indemnification by agreement than would be afforded under the Articles of Association or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

2. Federal Preemption. Notwithstanding the foregoing, both the Company and Indemnitee acknowledge that in certain instances, U.S. federal law or public policy may override applicable law and prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Such instances include, but are not limited to, the U.S. Securities and Exchange Commission's prohibition on indemnification for liabilities arising under certain U.S. federal securities laws. Indemnitee understands and acknowledges that the Company has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee.

3. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer and/or a director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding by reason of his/her former or current capacity at the Company or any other enterprise at the Company's request, whether or not he/she is acting or serving in any such capacity at the time any Expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer and/or a director of the Company or any other enterprise at the Company's request.

F. MISCELLANEOUS

1. Amendment of this Agreement. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall operate as a waiver of any other provisions (whether or not similar), nor shall such waiver constitute a continuing waiver. Except as specifically provided in this Agreement, no failure to exercise or any delay in exercising any right or remedy shall constitute a waiver.

2. Subrogation. In the event of payment to Indemnitee by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company to bring suit to enforce such rights.

3. Assignment; Binding Effect. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party hereto without the prior written consent of the other party; except that the Company may, without such consent, assign all such rights and obligations to a successor in interest to the Company which assumes all obligations of the Company under this Agreement. Notwithstanding the foregoing, this Agreement shall be binding upon and inure to the benefit of and be enforceable by and against the parties hereto and the Company's successors (including any direct or indirect successor by purchase, merger, consolidation, or otherwise to all or substantially all of the business and/or assets of the Company) and assigns, as well as Indemnitee's spouses, heirs, and personal and legal representatives.

4. Severability and Construction. Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to a court order, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. In addition, if any portion of this Agreement shall be held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions shall remain enforceable to the fullest extent permitted by applicable law. The parties hereto acknowledge that they each have opportunities to have their respective counsels review this Agreement. Accordingly, this Agreement shall be deemed to be the product of both of the parties hereto, and no ambiguity shall be construed in favor of or against either of the parties hereto.

5. Counterparts. This Agreement may be executed in two counterparts, both of which taken together shall constitute one instrument.

6. Governing Law. This agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York, U.S.A., without giving effect to conflicts of law provisions thereof.

7. Notices. All notices, demands, and other communications required or permitted under this Agreement shall be made in writing and shall be deemed to have been duly given if delivered by hand, against receipt, or mailed via postage prepaid, certified or registered mail, return receipt requested, and addressed to the Company at:

AirMedia Group Inc.
Room 707, No. 8 Yong An Dong Li
Jianguomen Wai
Chaoyang District, Beijing 100022
People's Republic of China
Attention: Chief Financial Officer

and to Indemnitee at his/her address last known to the Company.

8. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(Signature page follows)

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date first written above.

COMPANY

AIRMEDIA GROUP INC.

Name:

Title:

INDEMNITEE

Name:

Signature Page of Indemnification Agreement

FORM OF EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement"), is entered into as of _____, by and between AirMedia Group Inc., a company incorporated and existing under the laws of the Cayman Islands (the "Company"), and _____, an individual (the "Executive"). Except with respect to the direct employment of the Executive by the Company, the term "Company" as used herein with respect to all obligations of the Executive hereunder shall be deemed to include the Company and all of its direct or indirect parent companies, subsidiaries, affiliates, or subsidiaries or affiliates (collectively, the "Group").

RECITALS

- A. The Company desires to employ the Executive as its _____ and to assure itself of the services of the Executive during the term of Employment (as defined below).
- B. The Executive desires to be employed by the Company as its _____ during the term of Employment and upon the terms and conditions of this Agreement.

AGREEMENT

The parties hereto agree as follows:

1. POSITION

The Executive hereby accepts a position of _____ of the Company (the "Employment").

2. TERM

Subject to the terms and conditions of this Agreement, the initial term of the Employment shall be three years, commencing on _____ (the "Effective Date"), until _____, unless terminated earlier pursuant to the terms of this Agreement. Upon expiration of the initial three-year term, the Employment shall be automatically extended for successive one-year terms unless either party gives the other party hereto a one-month prior written notice to terminate the Employment prior to the expiration of such one-year term or unless terminated earlier pursuant to the terms of this Agreement.

3. LOCATION

The Executive acknowledges that the Company's principal executive offices are currently located in Room 707, No. 8 Yong An Dong Li, Jianguomen Wai, Chaoyang District, Beijing, China 100022. The Executive's principal place of employment shall be the Company's principal executive offices. The Executive agrees that he will be regularly present at the Company's principal executive offices. The Executive acknowledges that he may be required to travel from time to time in the course of performing his duties for the Company.

4. PROBATION

No probationary period.

5. DUTIES AND RESPONSIBILITIES

The Executive's duties at the Company will include all jobs assigned by the Company's Board of Directors (the "Board") and/or the Chief Executive Officer of the Company.

The Executive shall devote all of his working time, attention and skills to the performance of his duties at the Company and shall faithfully and diligently serve the Company in accordance with this Agreement, the Memorandum and Articles of Association of the Company (the "Articles of Association"), and the guidelines, policies and procedures of the Company approved from time to time by the Board.

The Executive shall use his best efforts to perform his duties hereunder. The Executive shall not hold any other employment, and shall not be concerned or interested in any business or entity that directly or indirectly competes with the Group (any such business or entity, a "Competitor"), provided that nothing in this clause shall preclude the Executive from holding up to 1% of shares or other securities of any Competitor that is listed on any securities exchange or recognized securities market anywhere, provided however, that the Executive shall notify the Company in writing prior to his obtaining a proposed interest in such shares or securities in a timely manner and with such details and particulars as the Company may reasonably require. The Company shall have the right to require the Executive to resign from any board or similar body which he may then serve if the Board reasonably determines in writing that the Executive's service on such board or body interferes with the effective discharge of the Executive's duties and responsibilities to the Company or that any business related to such service is then in competition with any business of the Company or any of its subsidiaries or affiliates.

6. NO BREACH OF CONTRACT

The Executive hereby represents to the Company that: (i) the execution and delivery of this Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or otherwise bound, except for agreements that are required to be entered into by and between the Executive and any member of the Group pursuant to applicable law of the jurisdiction where the Executive is based, if any; (ii) that the Executive has no information (including, without limitation, confidential information and trade secrets) relating to any other person or entity which would prevent, or be violated by, the Executive entering into this Agreement or carrying out his duties hereunder; (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement (other than this) with any other person or entity except for other member(s) of the Group, as the case may be.

7. COMPENSATION AND BENEFITS

- (a) Cash Compensation. The Executive's salary shall be provided by the Company pursuant to Schedule A hereto, subject to annual review and adjustment by the Company.
- (b) Equity Incentives. Once the Board and the shareholders of the Company adopt a share incentive plan of the Company, the Executive will be entitled to receive an option to purchase _____ ordinary shares of the Company, and upon such other terms as determined by the Board.
- (c) Benefits. The Executive is eligible for participation in any standard employee benefit plan of the Company that currently exists or may be adopted by the Company in the future, including, but not limited to, any retirement plan, life insurance plan, health insurance plan and travel/holiday plan.

8. TERMINATION OF THE AGREEMENT

- (a) By the Company. The Company may terminate the Employment for cause, at any time, without notice or remuneration, if (1) the Executive is convicted or pleads guilty to a crime which the Board reasonably believes has had or will have a detrimental effect on the Company's reputation or business, (2) the Executive has been negligent or acted dishonestly to the detriment of the Company, (3) the Executive has engaged in actions amounting to misconduct or failed to perform his duties hereunder and such failure continues after the Executive is afforded a reasonable opportunity to cure such failure, (4) the Executive has died, or (5) the Executive has a disability which shall mean a physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his employment with the Company, even with reasonable accommodation that does not impose an undue hardship on the Company, for more than 180 days in any 12-month period, unless a longer period is required by applicable law, in which case that longer period would apply. In addition, the Company may terminate the Employment without cause, at any time, upon one month written notice, and upon termination without cause, the Company shall provide compensation to the Executive only to the minimum extent expressly required by applicable law of the jurisdiction where the Executive is based.
- (b) By the Executive. The Executive may terminate the Employment at any time with a one-month prior written notice to the Company, if (1) there is a material reduction in the Executive's authority, duties and responsibilities, or (2) there is a material reduction in the Executive's annual salary before the next annual salary review. In addition, the Executive may resign prior to the expiration of the Agreement if such resignation or an alternative arrangement with respect to the Employment is approved by the Board.
- (c) Notice of Termination. Any termination of the Executive's employment under this Agreement shall be communicated by written notice of termination from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of this Agreement relied upon in effecting the termination.

9. CONFIDENTIALITY AND NONDISCLOSURE

- (a) Confidentiality and Non-disclosure. The Executive hereby agrees at all times during the term of his employment and after termination, to hold in the strictest confidence, and not to use, except for the benefit of the Group, or to disclose to any person, corporation or other entity without written consent of the Company, any Confidential Information. The Executive understands that "Confidential Information" means any proprietary or confidential information of the Group, its affiliates, their clients, customers or partners, and the Group's licensors, including, without limitation, technical data, trade secrets, research and development information, product plans, services, customer lists and customers (including, but not limited to, customers of the Group on whom the Executive called or with whom the Executive became acquainted during the term of his employment), supplier lists and suppliers, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, personnel information, marketing, finances, information about the suppliers, joint ventures, licensors, licensees, distributors and other persons with whom the Group does business, information regarding the skills and compensation of other employees of the Group or other business information disclosed to the Executive by or obtained by the Executive from the Group, its affiliates, or their clients, customers or partners either directly or indirectly in writing, orally or by drawings or observation of parts or equipment, if specifically indicated to be confidential or reasonably expected to be confidential. Notwithstanding the foregoing, Confidential Information shall not include information that is generally available and known to the public through no fault of the Executive.
- (b) Company Property. The Executive understands that all documents (including computer records, facsimile and e-mail) and materials created, received or transmitted in connection with his work or using the facilities of the Group are property of the Group and subject to inspection by the Group, at any time. Upon termination of the Executive's employment with the Company (or at any other time when requested by the Company), the Executive will promptly deliver to the Company all documents and materials of any nature pertaining to his work with the Company and will provide written certification of his compliance with this Agreement. Under no circumstances will the Executive have, following his termination, in his possession any property of the Group, or any documents or materials or copies thereof containing any Confidential Information.
- (c) Former Employer Information. The Executive agrees that he has not and will not, during the term of his employment, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of the Group any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Group and hold it harmless from and against all

claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of suit, arising out of or in connection with any violation of the foregoing.

- (d) Third Party Information. The Executive recognizes that the Group may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Group and such third parties, during the Executive's employment by the Company and thereafter, a duty to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or firm and to use it in a manner consistent with, and for the limited purposes permitted by, the Group's agreement with such third party.

This Section 9 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 9, the Company shall have right to seek remedies permissible under applicable law.

10. INVENTIONS

- (a) Inventions Retained and Licensed. The Executive has attached hereto, as Schedule B, a list describing all inventions, ideas, improvements, designs and discoveries, whether or not patentable and whether or not reduced to practice, original works of authorship and trade secrets made or conceived by or belonging to the Executive (whether made solely by the Executive or jointly with others) that (i) were developed by Executive prior to the Executive's employment by the Company (collectively, "Prior Inventions"), (ii) relate to the Group's actual or proposed business, products or research and development, and (iii) are not assigned to the Group hereunder; or, if no such list is attached, the Executive represents that there are no such Prior Inventions. Except to the extent set forth in Schedule B, the Executive hereby acknowledges and represents that, if in the course of his service for the Group, the Executive incorporates into a Group product, process or machine a Prior Invention owned by the Executive or in which he has an interest, (a) the Group is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide right and license (which may be freely transferred by the Group to any other person or entity) to make, have made, modify, use, sell, sublicense and otherwise distribute such Prior Invention as part of or in connection with such product, process or machine, and (b) he has all necessary rights, powers and authorization to use such Prior Invention in the manner it is used and such use will not infringe any right of any company, entity or person. The Executive hereby agrees to indemnify the Group and hold it harmless from all claims, liabilities, damages and expenses, including reasonable legal fees and costs for resolving disputes arising out of or in connection with any violation or claimed violation of a third party's rights resulting from any use, sub-licensing, modification, transfer or sale by the Group of such Prior Invention.
- (b) Disclosure and Assignment of Inventions. The Executive understands that the Company engages in research and development and other activities in

connection with its business and that, as an essential part of the Employment, the Executive is expected to make new contributions to and create inventions of value for the Company.

From and after the Effective Date, the Executive shall make full written disclosure in confidence to the Company all inventions, improvements, designs, original works of authorship, formulas, processes, compositions of matter, computer software programs, databases, mask works, concepts and trade secrets, whether or not patentable or registrable under patent, copyright, circuit layout design or similar laws in China or anywhere else in the world, which the Executive may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of the Executive's Employment at the Company (whether or not during business hours) that are either related to the scope of his Employment at the Company or make use, in any manner, of the resources of the Group (collectively, the "Inventions")The Executive hereby acknowledges that the Company or the Group shall be the sole owner of all rights, title and interest in the Inventions created hereunder. In the event the foregoing assignment of Inventions to the Company or the Group is ineffective for any reason, each member of the Group is hereby granted and shall have a royalty-free, sub-licensable, transferable, irrevocable, perpetual, worldwide license to make, have made, modify, use, and sell such Inventions as part of or in connection with any product, process or machine. Such exclusive license shall continue in effect for the maximum term as may now or hereafter be permissible under applicable law. Upon expiration, such license, without further consent or action on the Executive's part, shall automatically be renewed for the maximum term as is then permissible under applicable law, unless, within the six-month period prior to such expiration, the Company and the Executive have agreed that such license will not be renewed. The Executive also hereby forever waives and agrees never to assert any and all rights he may have in or with respect to any Inventions even after termination of his employment with the Company. The Executive hereby further acknowledges that all Inventions created by him (solely or jointly with others) are, to the extent permitted by applicable law, "works made for hire" or "inventions made for hire," as those terms are defined in the People's Republic of China ("PRC") Copyright Law, the PRC Patent Law and the Regulations on Computer Software Protection, respectively, and all titles, rights and interests in or to such Inventions are or shall be vested in the Company.

- (c) Patent and Copyright Registration. The Executive agrees to assist the Company or its designees in every proper way to obtain for the Company and enforce patents, copyrights, mask work rights, trade secret rights, and other legal protection for the Inventions in any and all countries. The Executive will execute any documents that the Company may reasonably request for use in obtaining or enforcing such patents, copyrights, mask work rights, trade secrets and other legal protections. The Executive's obligations under this paragraph will continue beyond the termination of the Employment with the Company, provided that the Company will reasonably compensate the Executive after such termination for time or expenses actually spent by the Executive at the Company's request on such assistance. The Executive

appoints the Company and its duly authorized officers and agents as the Executive's attorney-in-fact to execute documents on the Executive's behalf for this purpose.

- (d) Remuneration. The Executive hereby agrees that the remuneration received by the Executive pursuant to this Agreement with the Company includes any remuneration which the Executive may be entitled to under applicable PRC law for any "works made for hire," "inventions made for hire" or other Inventions assigned to the Company pursuant to this Agreement.
- (e) Return of Confidential Material. In the event of the Executive's termination of employment with the Company for any reason whatsoever, Executive agrees promptly to surrender and deliver to the Company all records, materials, equipment, drawings, documents and data of any nature pertaining to any confidential information or to his employment, and Executive will not retain or take with him any tangible materials or electronically stored data, containing or pertaining to any confidential information that Executive may produce, acquire or obtain access to during the course of his employment.

This Section 10 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 10, the Company shall have right to seek remedies permissible under applicable law.

11. CONFLICTING EMPLOYMENT.

The Executive hereby agrees that, during the term of his employment with the Company, he will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Group is now involved or becomes involved during the term of the Executive's employment, nor will the Executive engage in any other activities that conflict with his obligations to the Company without the prior written consent of the Company.

12. NON-COMPETITION AND NON-SOLICITATION

In consideration of the salary paid to the Executive by the Company, the Executive undertakes that for a period of two (2) years after he ceases to be employed by the Company, he will not, without the prior written consent of the Company:

- (a) in the territory of the PRC (for the purpose of this Section 12, the PRC shall include Hong Kong, Macau and Taiwan) (the "Territory"), either on his own account or through any of his affiliates, or in conjunction with or on behalf of any other person, carry on or be engaged, concerned or interested directly or indirectly whether as shareholder, director, employee, partner, agent or otherwise carry on any business in direct competition with the business of the Group;
- (b) either on his own account or through any of his affiliates or in conjunction with or on behalf of any other person, solicit or entice away or attempt to solicit or entice away from the Group, any person, firm, company or organization who is or shall at any time within two (2) years prior to such cessation have been a customer, client, representative or agent of the Group or in the habit of dealing with the Group;

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- (c) either on his own account or through any of his affiliates or in conjunction with or on behalf of any other person, employ, solicit or entice away or attempt to employ, solicit or entice away from the Group any person who is or shall have been at the date of or within twelve (12) months prior to such cessation of employment an officer, manager, consultant or employee of any such the Group whether or not such person would commit a breach of contract by reason of leaving such employment; or
 - (d) either on his own account or through any of his affiliates or in conjunction with or on behalf of any other person, in relation to any trade, business or company use a name including the words "Air Media" or any other words hereafter used by the Group in its name or in the name of any of its products, services or their derivative terms, or the Chinese or English equivalent or any similar word in such a way as to be capable of or likely to be confused with the name of the Group or the product or services or any other products or services of the Group, and shall use all reasonable endeavors to procure that no such name shall be used by any of his affiliates or otherwise by any person with which he is connected.

Each and every obligation under Section 12 shall be treated as a separate obligation and shall be severally enforceable as such and in the event of any obligation or obligations being or becoming unenforceable in whole or in part, such part or parts which are unenforceable shall be deleted from such section and any such deletion shall not affect the enforceability of the remainder parts of such section.

The Executive agrees that in light of the circumstances, the restrictive covenants contained in Section 12 are reasonable and necessary for the protection of the Group, and further agrees that having regard to those circumstances the said covenants are not excessive or unduly onerous upon the Executive. However, it is recognized that restrictions of the nature in question may fail for technical reasons currently unforeseen and accordingly it is hereby agreed and declared that if any of such restrictions shall be adjudged to be void as going beyond what is reasonable, in light of the circumstances, for the protection of the Group, but would be valid if part of the wording thereof were deleted or the periods thereof reduced or the range of activities or area dealt with thereby reduced in scope, the said restriction shall apply with such modification as may be necessary to make it valid and effective.

This Section 12 shall survive the termination of this Agreement for any reason. In the event the Executive breaches this Section 12, the Executive acknowledges that there will be no adequate remedy at law, and the Company shall be entitled to injunctive relief and/or a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate). In any event, the Company shall have right to seek all remedies permissible under applicable law.

13. WITHHOLDING TAXES

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to this Agreement such national, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

14. NOTIFICATION OF NEW EMPLOYER

In the event that the Executive leaves the employ of the Company, the Executive hereby grants consent to notification by the Company to his or her new employer about his or her rights and obligations under this Agreement.

15. ASSIGNMENT

This Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder; provided, however, that (i) the Company may assign or transfer this Agreement or any rights or obligations hereunder to any member of the Group without such consent, and (ii) in the event of a merger, consolidation, or transfer or sale of all or substantially all of the assets of the company with or to any other individual(s) or entity, this Agreement shall, subject to the provisions hereof, be binding upon and inure to the benefit of such successor and such successor shall discharge and perform all the promises, covenants, duties, and obligations of the Company hereunder.

16. SEVERABILITY

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

17. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The Executive acknowledges that he has not entered into this Agreement in reliance upon any representation, warranty or undertaking which is not set forth in this Agreement. Any amendment to this Agreement must be in writing and signed by the Executive and the Company.

18. REPRESENTATIONS

The Executive hereby agrees to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. The Executive hereby represents that the Executive's performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by the Executive in confidence or in trust prior to his or her employment by the Company. The Executive has not entered into, and hereby agrees that he or she will not enter into, any oral or written agreement in conflict with this Section 18.

19. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the law of the State of New York, USA.

20. AMENDMENT

This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

21. WAIVER

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

22. NOTICES

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, or (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party.

23. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

24. NO INTERPRETATION AGAINST DRAFTER

Each party recognizes that this Agreement is a legally binding contract and acknowledges that it, he has had the opportunity to consult with legal counsel of choice. In any construction of the terms of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms. The Executive agrees and acknowledges that he has read and understands this Agreement, is entering into it freely and voluntarily, and has been advised to seek counsel prior to entering into this Agreement and has ample opportunity to do so.

[Remainder of this page intentionally has been intentionally left blank.]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

AirMedia Group Inc.

By _____
Name:
Title:

Executive

Signature: _____
Name:

Schedule A

Cash Compensation

Salary

Amount

Pay Period

Schedule B

List of Prior Inventions

Title	Date	Identifying Number or Brief Description
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_____ No inventions or improvements

_____ Additional Sheets Attached

Signature of Executive: _____

Print Name of Executive: _____

Date: _____, 2007

Schedule

No.	Date of Agreement	Senior Executive Officer	Position	Term
1	June 7, 2007	Man Guo	Chief Executive Officer	2007.06.07 – 2010.06.07
2	June 7, 2007	Xiaoya Zhang	President	2007.06.07 – 2010.06.07
3	June 7, 2007	Zhonghua Feng	Chief Operating Officer	2007.06.07 – 2010.06.07
4	June 7, 2007	Conor Chia Hung Yang	Chief Financial Officer	2007.06.07 – 2010.06.07

CDH China Management Company Limited

Investment Framework Term Sheet

18 October, 2005

Company and Final Structure: This Term Sheets are to be signed by and among CDH China Management Company Limited,; and Guo Man and Xu Qing (referred herein collectively as "Founders") as well as Beijing United Shengshi Advertising Co., Ltd ("Shengshi"), representing United Media (defined below).

Final Investment Structure

CDH (as defined below) has established Air Media (China) Limited ("Holdco"), which is a limited liability company registered in Hong Kong. The Holdco will directly or indirectly hold, control or obtain the executable rights to acquire controlling shareholding in all companies in the PRC related to the business of Shengshi including, but not limited to, Shengshi and additional related domestically-held companies that may be integrated during or after the process of restructuring (above companies collectively named as "United Media").

Series A Preferred Investors: CDH China Growth Fund II, L.P. and affiliates ("CDH");

1 & 2 above are collectively referred to as "Investors".

Existing Shareholders: The existing Shengshi shareholders include:

1. Guo Man beneficially owns 88.06% shareholding of Shengshi through the Shareholding Trustee Agreement with Guo Tao and Yu Xiao, among which approximately 8.2% shareholding of Shengshi will be transferred to Zhang Xiaoya or his designated person .
2. Xu Qing beneficially owns 11.94% shareholding of Shengshi through the Shareholding Trustee Agreement with Yu Xiao.

1 and 2 (Founders) are collectively referred to as "Existing Shareholders".

Amount of Financing:	USD 12m in total. CDH will invest USD 12m.
Use of Proceeds:	<ol style="list-style-type: none">1. Expand and sustain current network, establish branches in other cities;2. Working capital;3. Establish joint ventures with major airports or air lines to support the security of major resources; and4. Support Founders to purchase the shares of other shareholders of their associated companies.
Proportion:	<p>The Investors will acquire 37.6% shareholding of United Media post investment. The shareholding ratio will be adjusted according to consolidated financial performance of Holdco over the next 2 years. (See related terms below)</p> <p>See Appendix 1 for the final ratio of shares in the offshore investment organization.</p>
Execution of Transaction:	<p>The Holdco established a wholly-owned PRC subsidiary, Air Media Technology (Beijing) Co., Ltd (“WFOE”) with the registered capital of USD 6m. After the 1st Closing (as defined below), CDH will invest an aggregate amount of USD 12m in a special project company offshore and the WFOE. Holdco will through WFOE designate an individual to hold 37.6% of Shengshi shares and inject a equity capital of about RMB 8.4m into Shengshi or other newly established advertising company designated by the shareholders of United Media. After the 2nd Closing (as defined below), the shares held by CDH in the offshore special project company will be converted into the Series A Preferred Shares of the ultimate offshore investment entity, which represents 37.6% of the total shares of such entity.</p>
Restructuring:	<p>The Holdco and United Media should be restructured prior to the 1st Closing (as defined below) in order to control United Media. All related party transaction contracts and terms shall be gradually resolved before the 1st Closing (as defined below).</p>
Initial Structuring:	<ul style="list-style-type: none">• Within 30 days of the signing of the Term Sheet, the Existing Shareholders, the Holdco and United Media will cause the United Media business to be operated and beneficially owned by the WFOE, through contractual arrangements, to the extent permitted by law, in order to perform the 1st Closing once achieving the Initial Structuring “1st Closing.

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- The Investors will designate their trustees to hold 37.6% of the shares in each of United Media entity.
 - Key persons (as defined below) will be employed by the WFOE and will assume management roles therein.
 - The Board shall consist of 5 directors, of which CDH is entitled to appoint 2 directors ("CDH Director"), Founders are entitled to appoint 3 directors ("Founder Directors") .
 - The WFOE will enter into agreements with the Existing Shareholders or their designated entity under which the Existing Shareholders will be entitled to a total 62.4% of the distributable profit and the absolute right to sharing 62.4% of the net assets upon dissolution of the WFOE in accordance with their respective shareholding in Shengshi after the 1st Closing.
 - Upon 1st Closing and to the extent permitted by PRC law, each entity of United Media's corporate governance structure and rights of Investors therein should be identical with the related provisions after the 2nd Closing (shown in italic scripts below).

1st Closing Documentation:

The following documents should be prepared and signed before the 1st Closing:

- amended and properly filed WFOE constituent documents, reflecting the above-mentioned initial structuring objectives; and
- amended and properly filed constituent documents of each entity of United Media, reflecting Investors' designated individual(s)'s equity interest, including the Amendment of Articles of Association and shareholders' resolutions reflecting the arrangement regarding corporate governance and interests of Investors (see terms shown in italic scripts below) after 2nd Closing (as defined below) to the extent allowable according to PRC laws. If the company constituent documents cannot fully reflect the aforementioned arrangement, the parties shall enter into separate agreements to reflect, to the maximum extent allowable under the PRC laws, the relevant investors' Liquidation Preference Option, Redemption Option, Anti-dilution Provisions, Right of First Refusal, Co-Sale Agreement Sales Restriction for the Existing Shareholders in accordance with the provisions below.

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- To exert the WFOE's control on the Business, at least the following agreements will be executed:
 - Ø Share Pledge Agreement;
 - Ø Technology Support and Service Agreement;
 - Ø Technology Development Agreement
 - Ø Voting Proxy;
 - Ø The HoldCo or WFOE's entering into of an option agreement with Existing Shareholders under which HoldCo or WFOE will have a option to purchase United Media shares held by the Existing Shareholders at a nominal price ;
 - Ø Key persons (as defined below) employment agreements; and
 - The Founders and Investors shall also execute the Shareholder Agreement (with Memorandum and Articles of Association attached thereto) which serves as the basis of terms and conditions for the 2nd Closing (as defined below).

Key Persons: Key persons include certain members of the Board and senior management team of United Media (see Appendix – 2). Key persons shall enter into a new Employment Contract with the Holdco and/or United Media. The terms of this agreement shall include key persons' obligations not to engage in business similar to or in connection with the business of United Media, not to leave the employment within 3 years, and not to engage in business in direct competition with that of United Media (detailed terms to be discussed).

Conflict of Interest and Disclosure: Full and immediate disclosure to the Investors by Founders and Key Persons of any related party transaction and any existing or potential conflict of interest of United Media is required. Such full disclosure shall include all measures to prevent and address such existing and potential conflict of interest.

Eventual Structuring: Immediately upon the clarification of the current legislation restricting an individual's overseas investments and once a corresponding solution is available, the Investors, the Existing Shareholders and related entitles shall achieve the 2nd Closing (as defined below). The Existing Shareholders' shareholding interests will be reflected at the offshore level.

2 nd Closing Documentation:	<p>The following documents should be prepared and signed before the 2nd Closing (2nd Closing):</p> <ul style="list-style-type: none"> • Stock Purchase Agreement; • Amended Memorandum and Articles of Association (on the basis of the Memorandum and Articles of Association attached to the Shareholder Agreement signed prior to the 1st Closing).; and • Shareholder Agreement (on the basis of the Shareholder Agreement signed prior to the 1st Closing).
Target Closing Dates:	<p>Target to have the 1st Closing tentatively on 30 October 2005.</p> <p>Target to have the 2nd Closing the earliest when it is possible and feasible under the legal and regulatory framework.</p> <p>The terms regarding the arrangement post 1st Closing are shown in italic script below.</p>
Type of Securities:	<p>After the 1st Closing, the Existing Shareholders will acquire the shares of Shengshi and the corresponding percentage of the WFOE's distributable profit. After the 2nd Closing, the Existing shareholders will keep holding the shares of Shengshi and acquire the corresponding percentage of the ordinary shares of the offshore special project company.</p> <p>After the 1st Closing, CDH will acquire the shares of Shengshi and all of the WFOE and offshore special project company's shares and corresponding percentage of the distributable profit through the designated person. After the 2nd Closing, CDH will keep holding the shares of Shengshi and acquire the corresponding percentage of the Series A Preferred shares of the offshore special project company through the designated person.</p> <p>See Appendix 1 for the shares proportion</p>
Dividend Rights:	<p>No dividend, including but not limited in cash, in property, in assets or in shares of the Issuer, shall be allowed to be paid on any other class or series of shares of the Issuer to shareholders other than the Investors unless and until dividend in like amount is first paid in full to the Investors.</p>
Co-Investment Rights:	<p>Investors shall be entitled to participate in any investment or new business entities in business fields similar or related to that of United Media initiated by Key Persons or subsidiaries and branches of United Media under the same terms and</p>

conditions as the Key Persons.

Qualified IPO:

A "Qualified IPO" shall at least satisfy following criteria:

- 1) The Holdco meets the basic requirements of initial public offering on an internally recognized stock exchange;
- 2) Valuation shall be at least 2.0 times the valuation of Series A round investment with an offering representing at least 25% of the pro forma shares outstanding of the issuer on a fully diluted basis before the IPO.

Liquidation Preference Option:

In the event of any liquidation, dissolution or winding up of Holdco ("Liquidation"), the holders of the Investors will be entitled to receive, in preference to the holders of common stock and all other classes of shares and preferred shares, the original Principal Amount outstanding plus all declared and unpaid cumulative dividends (the "Preference Amount"). Thereafter, the Investors shall be pari passu with holders of common shares.

A merger or consolidation of Holdco in which i) its shareholders did not retain a majority of the voting power in the surviving corporation, or ii) a sale of all or substantially all of Holdco's assets, would each be deemed to be a Liquidation for Investors. Investors may execute their Limited Liquidation rights.

Liquidation Preference will be waived if it is resulted in a cash sale of the Holders shares and the sales proceeds net of transaction costs allocated to the Investors is not less than 200% of the Investors' investment cost.

Redemption Option:

Subject to any legal restrictions on Holdco's redemption of shares, beginning on and after the 3rd anniversary of the consummation of this Investment, the Investors may require the Holdco or United Media to purchase all or part of the outstanding shares at a purchase price (the "Repurchase Price"), payable in US dollars or some other freely convertible currency, that could promise the Investors with 12.0% of IRR (in US dollar terms) if Holdco and United Media has not achieved IPO or Trade Sale.

When these Redemption Rights are exercised, the Existing Shareholders will take all actions within their power to cause Holdco or United Media, as applicable, to declare a dividend at least equivalent to the lower of (i) accumulated IAS audited net income of Holdco or United Media, as applicable and (ii) the maximum allowable dividends according to then

prevailing law or regulations. The Existing Shareholders' pro rata share of such dividends will first be paid to Investors, as applicable, against the Repurchase Price.

If such payments cannot fully satisfy the Repurchase Price in the year of exercise, the Existing Shareholders will continue to take all actions within their power to cause the Holdco and United Media to pay the lower of (i) 60% of all future net income as dividends and (ii) the maximum allowable dividends according to prevailing law or regulations, and shall pay their pro rata share of such dividends to the Investors, as applicable, until the Repurchase Price has been paid in full to the Investors, as applicable.

[Intentionally Omitted]

Anti-dilution Provisions:

In the event that Holdco issues new equity securities (or rights to acquire such equity securities or securities convertible into, or exchangeable for, such securities) ("Subsequent Fund Raising") at a valuation effectively lower than the valuation for this round of financing, the Investors' shareholding ration will be subject to all effective Valuation Adjustments to the effect that the valuation of the Investors' Interests shall remain at its existing valuation in the Subsequent Fund Raising. In the Subsequent Fund Raising, the pre-money valuation of the Company shall not go below current round of post-money valuation at US\$30,000,000.

Corporate Governance:

Except for certain "Major Actions" listed below, approval of any Board decision requires affirmative votes from at least 3 Directors. Approval of certain Major Actions requires affirmative votes from at least 3 Directors and the affirmative vote by the CDH Directors and Founders Director in writing.

The "Major Actions" that will require the affirmative vote by both the CDH Directors and Founders Directors shall include but not limited to the following:

- (a) change of articles of association;
- (b) acquisitions, mergers, integration, changing control rights; sale or transfer of assets, transfer and sale of shares of United Media (including its subsidiaries or associated companies); establishment of or capital injection into any joint venture; purchase or acquire companies with similar business of United Media;
- (c) change in registered capital; change in share capital, issuance and sale of shares or other equity-like securities, issuance of corporate debt;

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- (d) change or expansion of business scope; non-ordinary course of transactions and any investment out of existing business scope;
 - (e) dividend policy and dividend distribution;
 - (f) any related party transaction;
 - (g) Appointment of key management staff, including but not limited to CEO, CFO, COO;
 - (h) appointment and change of auditors and changes in accounting policies and procedures;
 - (i) compensation schemes, welfare and incentive schemes for management, any purchase of automobiles and accommodation for the management;
 - (j) determination of the stock exchange, timing, valuation of the IPO;
 - (k) changes to shareholding structure based on Performance-Based Valuation Adjustment clause;
 - (l) approval of business plan and annual budget of United Media; and
 - (m) any loan, or liability in the normal course of business accumulated over a year that exceeds RMB5 million.

Right of First Refusal, Co-Sale Agreement and Sales Restriction for the Existing Shareholders:

Before Qualified IPO or Trade Sale, if United Media issues or sells equity-like securities (including common shares, preferred shares and convertible bonds with equity features), Investor will have the same right as other common shareholders to participate on a pro rata basis under the same terms and conditions. But the terms are not applicable to situations below:

- (a) ESOP for employees; or
- (b) A Qualified IPO.

If any Existing Shareholder of United Media decides to sell part or all of its shares, Investors have the option to either (i) purchase a proportionate part of such shares under the same terms as the proposed transferee, or (ii) sell a proportionate part of their shares on the same terms offered by the proposed transferee. Such Co-Sale Right shall expire upon Qualified IPO or Trade Sale.

Post Investment, Existing Shareholders are not permitted to

sell more than the shares held by Investors, and are not permitted to sell more than 30% of the shares they own in United Media. This Restriction on transfer of shares will expire automatically when Investor sells all shares it owns in United Media.

Reps and Warranties:

According to international standards, Founders and United Media makes the following representations and warranties (to be supplemented in the final legal documents):

1. United Media and Founders warrant that they will not violate the agreements executed, all information and materials provided regarding major items is complete, truthful, reliable and not misleading. Founders will pledge their shares in Holdco offshore to secure their representations and warranties.
2. Founders and United Media warrant that United Media post Investment, will possess the ownership and right to use of licenses, trademarks, related IPs, patents, qualifications, domain names etc that are currently under United Media. For licenses and trademarks etc that can not be transferred to United Media, they shall make the necessary effort to allow United Media to have exclusive right to the above licenses and trademarks etc. Under any circumstance, the original owners of the licenses or trademarks etc are not permitted to participate in businesses that are similar, related or competing against to United Media;
3. Founders warrant their best effort to transfer client contracts previously under related companies to United Media at no or nominal costs in the most expedite manner; for client contracts that can not be transferred temporarily, they shall make the necessary arrangement such that United Media will become the only company that will be able to bear the rights and responsibilities to such contracts at no or nominal cost.
4. United Media and Founders will undertake to indemnify Investors from any undisclosed liability and civil action litigation liability.
5. United Media and Founders warrant to clean account receivables from related party transaction in the most expedite manner and undertake any possible liabilities during the process;
6. United Media and Founders undertake to disclose all major events or events that may lead to potential liabilities

on United Media to shareholders of United Media. Such events include legal proceedings taken against United Media and any other events that may lead to potential liability.

7. Indemnify Investors from any liability that include tax and other liabilities, not reflected in the financial statements provided prior to the Investment.
8. Unless unanimously approved by the Board of directors, no Existing Shareholders shall pledge its shares in United Media to third party;
9. Other customary "Reps and Warranties" terms. Representations and warranties provisions that will survive for a period of three years secured by the pledged shares of Founders in Holdco and Founders Onshore in United Media.

Financial Reporting:

Holdco and United Media will deliver to CDH (i) monthly key operating indicators and management accounts of United Media within 15 days from the end of each month for a period of 6 months after the completion of the Investment; and ii) quarterly financial statements (consolidated and for each subsidiary and branch) within 15 days from the end of each season. Management accounts and financial accounts include an income statement, balance sheet and cash flow statement.

Annual financial statements audited by an international "Big Four" accounting firm to be jointly selected by Holdco and CDH within 4 month from the end of each fiscal year. An annual budget within 30 days prior to the start of each fiscal year.

Transaction Expenses:

If the Investment is not completed, Shengshi and CDH shall equally share the audit fees and the legal expenses. If the Investment is completed, such expenses shall be born by United Media post investment.

For expenses other than professional fees mentioned above, CDH, Holdco and its branch companies and subsidiaries shall each bear other expenses incurred on their own.

Exclusivity:

This term sheet shall give the Investor exclusivity to invest in United Media. During the course of cooperation, United Media and Founders shall not unilaterally decide to negotiate or enter into investment agreement or agreements of the like with investors other than Investors.

Confidentiality:

The terms of this investment, and the identity of the Investors and its constituent entities, will be kept strictly confidential by

all parties unless the Investor consents to the release of any such information in writing or unless Holdco or United Media and the Existing Shareholders are obligated by law or existing contracts to disclose such information.

Conditions Precedent:

Conditions precedent for Signing include but not limited to the following:

- a) Approval by Investment Committee of the CDH;
- b) Financial review of FY2003 and 2004, and financial audit of 1H2005 results of United Media performed by a "Big Four" accounting firms. Investors find the results satisfactory;
- c) Establish effective accounting policy and cash flow management system satisfactory to Investors;
- d) Business Plan and detailed budget of United Media for the 4th quarter of FY2005 satisfactory to Investors;
- e) All employees of United Media and Key Persons execute new employment agreements with United Media that will include Confidentiality and Non-compete terms; and
- f) Other customary terms.

Conditions precedent for the 1st Closing include but are not limited to the following:

- (a) Completion of Restructuring and the above-mentioned corresponding closing documents;
- (b) Establish internal management system satisfactory to Investors;
- (c) Employees entitled by related parties are taken place by professionals recruited by United Media;
- (d) Investors are satisfied with the result of the legal and finance due diligences;
- (e) Establishing audit committee and salary committee a member of which could be appointed by Investors;
- (f) No material adverse change to the business and financial condition of United Media prior to Closing;
- (g) Contracts of Airports and Air Companies are

transferred to United Media; for client contracts that can not be transferred temporarily, related parties shall make the necessary arrangement such that United Media will become the only company that will be able to bear the rights and responsibilities to such contracts at no or nominal cost.

- a) The Existing shareholders shall provide satisfactory TV advertisement resources regarding airports and planes and assets list; and
- b) Other customary terms

Legal Jurisdiction:

Law of Hong Kong SAR for off shore companies and PRC Law for onshore companies.

Binding Effect:

This document is intended to be a legally-binding agreement between the Investor and United Media with respect to the subject matter hereof.

Language:

This document and any related definitive agreements will be prepared in English and any Chinese translation will be for reference proposes only.

CDH China Management Company Limited

Signature: /s/ Wu Shangzhi

Authorized representative: Wu Shangzhi, Director

Beijing United Shengshi Advertising Co., Ltd

Signature: /s/ Guo Man

Authorized representative: Guo Man

Guo Man

Signature: /s/ Guo Man

Xu Qing

Signature: /s/ Xu Qing

**AMENDMENT TO
INVESTMENT FRAMEWORK AGREEMENT**

THIS AMENDMENT (this "Amendment") to the Investment Framework Agreement (as defined hereinafter) is executed as of this 27th day of September 2007 by and among CDH China Management Company Limited ("CDH"), Beijing Shengshi Lianhe Advertising Co., Ltd. ("Shengshi Lianhe"), AirMedia Group Inc. (the "Company") and GUO Man and XU Qing (collectively, the "Founders"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Investment Framework Agreement referred to below.

WITNESSETH:

WHEREAS, CDH, Shengshi Lianhe and the Founders are party to that certain Investment Framework Agreement dated as of October 18, 2005 (as amended, the "Investment Framework Agreement");

WHEREAS, pursuant to a series of contractual arrangement agreements executed subsequent to the Investment Framework Agreement, Shengshi Lianhe became a consolidated variable interest entity of the Company.

WHEREAS, CDH, Shengshi Lianhe, the Company and the Founders wish to amend the Investment Framework Agreement as set forth in this Amendment;

NOW, THEREFOR, for mutual consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment to Investment Framework Agreement. The section titled "Performance-Based Valuation Adjustment" of the Investment Framework Agreement is hereby amended by deleting its text in its entirety and inserting in lieu thereof the phrase "[intentionally omitted]".

2. Governing Law: Counterparts.

- a. This Amendment and all matters arising out of or relating in any way whatsoever (whether in contract, tort or otherwise) to this Amendment, shall be governed by and construed exclusively in accordance with the laws of People's Republic of China applicable to agreements made and to be performed entirely within such jurisdiction, without regard to the conflicts of laws principles.
- b. This Amendment may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute a single agreement.

3. Agreement Otherwise Unchanged. Except as herein provided, the Investment Framework Agreement shall remain unchanged and in full force and effect, and each reference to

“the Agreement” and words of similar import in the Investment Framework Agreement, as amended hereby, shall be a reference to the Investment Framework Agreement as amended hereby and as the same may be further amended, supplemented and otherwise modified and in effect from time to time.

(signature pages to follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**BEIJING SHENGSHI LIANHE
ADVERTISING CO., LTD.**

By: /s/ Man Guo
Name: _____
Title:

AIRMEDIA GROUP INC.

By: /s/ Man Guo
Name: _____
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

CDH CHINA MANAGEMENT COMPANY LIMITED

By: /s/ Wang Zhenyu

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

MAN GUO

/s/ Man Guo

QING XU

/s/ Qing Xu

SERIES A CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES A CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT (the "**Agreement**") is made and entered into as of February 28, 2007 by and among:

- (1) Broad Cosmos Enterprises Ltd., an international business company organized under the laws of the British Virgin Islands (the "**Company**");
- (2) Global Gateway Investments Limited, an international business company organized under the laws of the British Virgin Islands (the "**Purchaser**");
- (3) the Person listed on Schedule A hereto (the "**Founder**"); and
- (4) the entities listed on Schedule B hereto, (collectively, the "**Existing Group Companies**" and each, an "**Existing Group Company**").

RECITALS:

A. The Company desires to issue and sell to the Purchaser and the Purchaser desires to purchase from the Company 37,600,000 Series A Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the Company (the "**Series A Preferred Shares**"), on the terms and conditions set forth in this Agreement, representing a 37.60% fully diluted ownership interest in the Company;

B. The Existing Shareholders hold, collectively, 62,400,000 Ordinary Shares, par value US\$0.001 each, in the Company (the "**Ordinary Shares**"), representing on the date hereof and immediately prior to the Closing (as hereinafter defined) a 100% fully diluted ownership interest in the Company. Following the issuance of the Series A Preferred Shares to the Purchaser on the Closing, the Existing Shareholders will hold, collectively, a 62.40% fully diluted ownership interest in the Company.

C. The Company was incorporated under the laws of the British Virgin Islands on June 26, 2006 with its registered office at Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands.

D. The particulars of each Existing Group Company are set forth on Schedule B hereto, which include, among other matters, jurisdiction of formation, business scope and shareholding of each Group Company. The Company and the Existing Group Companies shall be hereinafter referred to, collectively, as the "**Group Companies**" and each, a "**Group Company**".

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. AGREEMENT TO PURCHASE AND SELL SHARES

1.1. Authorization. As of the Closing (as defined below), the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, 37,600,000 Series A Preferred Shares having the rights, preferences, privileges and restrictions as set forth in the amended and restated Memorandum of Association and Articles of Association of the Company, a form of which is attached hereto as Exhibit A (the "**Restated Articles**").

1.2. Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Purchaser, and the Purchaser hereby agrees to purchase from the Company, 37,600,000 Series A Preferred Shares (the "**Purchased Shares**") in consideration of (i) the payment by the Purchaser of US\$2.92 million (the "**Cash Consideration**"), (ii) the transfer by the Purchaser of 101 ordinary shares, par value US\$1.00 each (the "**Air Media Shares**"), in Air Media International Limited, a British Virgin Islands company (or "**Air Media (BVI)**"), representing a 100% ownership interest in Air Media (BVI) (the "**Air Media Share Contribution**") valued at cost at US\$9 million, and (iii) the payment of US\$80,000 by CDH China Growth Capital Fund I on behalf of Air Media International Limited to the Company on August 4, 2006. The total consideration for the Purchased Shares set forth above in (i), (ii) and (iii) shall be hereinafter referred to as the "**Aggregate Purchase Price**", which equals US\$12.0 million. The Aggregate Purchase Price shall represent a purchase price per Purchased Share equal to US\$0.31914893617 (the "**Series A Issue Price**"). The Series A Issue Price shall be reflected in the Restated Articles for purposes, among others, of the liquidation, redemption and conversion rights applicable to the Series A Preferred Shares. The Cash Consideration shall be paid in accordance with Section 2.2 by wire transfer of immediately available funds to a designated account of the Company; provided that wire transfer instructions shall have been delivered to the Purchaser at least fourteen (14) Business Days prior to the Closing Date (as defined below).

2. CLOSING

2.1 Closing. Subject to the fulfillment of the conditions as set forth in Section 6, the purchase and sale of the Purchased Shares shall be held at the Beijing office of Debevoise & Plimpton LLP at 10:00 A.M. (local time), on a date no later than seven Business Days after the satisfaction or waiver of all of the conditions precedent set forth in Sections 6 and 7 of this Agreement (other than those conditions which by their terms shall be satisfied simultaneously with the Closing), or at such other time and place as the Company and the Purchaser may mutually agree upon (the "**Closing**" and the time and date of the Closing, the "**Closing Date**").

2.2 Delivery.

(a) At the Closing, the Company will deliver to each Purchaser, in addition to any items the delivery of which is made an express closing condition under Section 6, (i) a certificate representing the Purchased Shares, free and clear of any Liens and

(ii) at or immediately following Closing, a copy of the register of members of the Company dated the Closing Date and duly certified by a duly authorized officer of the Company evidencing the Purchaser's ownership of the Purchased Shares.

(b) At the Closing, the Purchaser will (i) deliver to the Company, free and clear of any Lien, one or more certificates representing the Air Media Shares, duly endorsed in blank or accompanied by stock powers or other instruments of transfer duly executed in blank, (ii) deliver to the Company a copy of the register of members of Air Media BVI dated the Closing Date and duly certified by a duly authorized officer of Air Media BVI, and (iii) pay the Cash Consideration to the Company.

3. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES AND THE FOUNDER

The Group Companies and the Founder, jointly and severally, hereby represent and warrant to the Purchaser, except as set forth in the disclosure schedule (the "**Disclosure Schedule**") attached to this Agreement as Exhibit B (which Disclosure Schedule shall be deemed to be representations and warranties to the Purchaser), as of the date hereof and the Closing Date hereunder (or, if such representations and warranties are made with respect to a certain date, as of such date), as follows in this Section 3. In this Agreement, any reference to a party's "knowledge" means such party's actual knowledge after due and diligent inquiries of the Founder, officers, directors and key employees of such party reasonably believed to have knowledge of the matter in question; any reference to "**Material Adverse Effect**" means any event, occurrence, fact, condition, change, development or effect that, individually or in the aggregate, constitutes or may reasonably be expected to constitute a materially adverse change or effect in the business, operations, results of operations, projections, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of any of the Group Companies. For the purpose of this section, the term "Group Companies" shall be deemed to exclude Air Media International Limited and Air Media (China) Ltd.

3.1. Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted pursuant to its business plan, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect.

3.2. Capitalization. Immediately prior to the Closing, the authorized share capital of the Company consists of the following:

(a) Preferred Shares. 37,600,000 Series A Preferred Shares, none of which are issued and outstanding, but all of which will be issued to the Purchaser pursuant to this Agreement.

(b) Ordinary Shares. 162,400,000 Ordinary Shares, of which 62,400,000 are issued and outstanding.

(c) Conversion Price. On the Closing Date, after giving effect to the transactions contemplated by this Agreement, one Series A Preferred Share shall be convertible into one Ordinary Share, subject to the terms and conditions in the Restated Articles.

(d) Options, Warrants, Reserved Shares. The Company has reserved sufficient Ordinary Shares for issuance upon the conversion of the Series A Preferred Shares (collectively, the "**Conversion Shares**"). Except for (i) the conversion privileges of the Series A Preferred Shares and (ii) the preemptive rights provided in the Shareholders Agreement to be entered into at the Closing, a form of which is attached hereto as Exhibit C (the "**Shareholders Agreement**"), there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company. Apart from the exceptions noted in this Section 3.2 and the Shareholders Agreement, no shares (including the Ordinary Shares, the Purchased Shares and the Conversion Shares) of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other person).

(e) Outstanding Security Holders. A complete and current list of all outstanding shareholders, option holders and other security holders of the Company as of the Closing Date is set forth in Section 3.2(e) of the Disclosure Schedule, indicating the type and number of shares, options or other securities held by each such shareholder, option holder or other security holder.

3.3. Subsidiaries; Group Structure.

(a) Except for the Existing Group Companies, neither the Company nor any Existing Group Company owns or controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

(b) Section 3.3(b) of the Disclosure Schedule sets forth (i) a complete list of all equity interest holders of each of the Existing Group Companies, indicating the percentage of equity interests held by each of the holders, and (ii) a complete list of addresses of all offices and branches maintained by each of the Existing Group Companies.

(c) Section 3.3(c) of the Disclosure Schedule sets forth an organization chart of the Group Companies, illustrating the relationship among the Group Companies with respect to ownership and control.

3.4. Due Authorization. All corporate action on the part of each Group Company and, as applicable, their respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company or the Founder under, this Agreement, the Shareholders Agreement, the Restructuring Documents (as defined below), and any other agreements to which it is a party and the execution of which is contemplated hereunder (collectively, the "**Transaction Documents**"), and the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares being sold under this Agreement and the Conversion Shares issuable upon conversion of such Purchased Shares has been taken or will be taken prior to the

Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company and the Founder, to the extent they are parties to such agreements, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

3.5. Valid Issuance of Shares.

(a) The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable. The Conversion Shares have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Restated Articles, will be duly and validly issued, fully paid and nonassessable.

(b) All of the outstanding shares of the Company have been duly and validly issued, fully paid and nonassessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations or in compliance with applicable exemptions therefrom.

3.6. Liabilities. As of the Balance Sheet Date (as defined below), except as disclosed in the Financial Statements (as defined below), no Group Company has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable.

3.7. Title to Properties and Assets. Each Group Company has good and marketable title to its properties and assets as reflected in its balance sheet subject to no mortgage, pledge, lien, encumbrance, security interest or charge of any kind. With respect to the property and assets it leases, each Group Company is in compliance with such leases and, to its and the Founder's knowledge, such Group Company holds valid leasehold interests in such assets free of any Liens, other than the lessors of such property and assets.

3.8. Status of Proprietary Assets. For the purpose of this Agreement, "**Proprietary Assets**" means all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes owned by, licensed to or used in the business of, any Group Company. Each Group Company owns or has a valid right to use all the Proprietary Assets necessary for its business as now conducted and as proposed to be conducted pursuant to its business plan and, to the knowledge of each Group Company and the Founder, without any conflict with or infringement of the rights of others. Section 3.8 of the Disclosure Schedule contains a complete list of Proprietary Assets of each Group Company. There are no outstanding options, licenses or agreements of any kind granted by any Group Company relating to any of its Proprietary Assets, nor is any Group Company bound by or a party to any options, licenses or agreements of any kind with respect to the Proprietary Assets of any other Person, except, in either case, for standard end-user agreements with respect to commercially readily available intellectual property such as "off the shelf" computer software. To the knowledge of each Group Company, it has not violated or, by conducting its business as proposed, would not violate any Proprietary Assets of any other person or entity, nor, to the knowledge of such Group Company, is there any reasonable

basis therefor. No Group Company is aware that any of its officers, employees or consultants is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his, her or its best efforts to promote the interests of such Group Company or that would conflict with the business of such Group Company as proposed to be conducted pursuant to its business plan or that would prevent such officers, employees or consultants from assigning to such Group Company inventions conceived or reduced to practice in connection with services rendered to such Group Company. Neither the execution nor delivery of this Agreement, the Shareholders Agreement or any other Transaction Documents, nor the carrying on of the business of any Group Company by its employees, nor the conduct of the business of any Group Company as proposed, will, to the knowledge of each Group Company and the Founder, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. No Group Company believes it is or will be necessary to utilize any inventions of any of its employees (or people it currently intends to hire) made prior to or outside the scope of their employment by such Group Company.

3.9. Material Contracts and Obligations. All agreements, contracts, leases, licenses, instruments, commitments (oral or written), indebtedness, liabilities and other obligations to which each Group Company is a party or by which it is bound that (i) are material to the conduct and operations of its business and properties, (ii) involve any of the officers, consultants, directors, employees or shareholders of the Group Company, or any family member thereof, on the one hand, and any Group Company, on the other hand; or (iii) obligate such Group Company to share, license or develop any product or technology are listed in Section 3.9 of the Disclosure Schedule and have been made available for inspection by the Purchaser and its counsel. For purposes of this Section 3.9, "**material**" shall mean (i) having an aggregate value, cost or amount, or imposing liability or contingent liability on any Group Company, in excess of US\$1 million, (ii) containing exclusivity, non-competition, or similar clauses that impair, restrict or impose conditions on any Group Company's right to offer or sell products or services in specified areas, during specified periods, or otherwise, (iii) not in the ordinary course of business, or (iv) transferring or licensing any Proprietary Assets to or from any Group Company (other than licenses granted in the ordinary course of business or licenses from commercially readily available "off the shelf" computer software).

3.10. Litigation. There is no action, suit, proceeding, claim, arbitration or investigation ("**Action**") pending (or, to the knowledge of each Group Company and the Founder, currently threatened) against any of the Group Companies, any Group Company's activities, properties or assets or, to the knowledge of each Group Company and the Founder, against any officer, director or employee of each Group Company in connection with such officer's, director's or employee's relationship with, or actions taken on behalf of the Company. To the knowledge of each Group Company and the Founder, there is no factual or legal basis for any such Action that is likely to result, individually or in the aggregate, in any Material Adverse Effect. By way of example, but not by way of limitation, there are no Actions pending against any of the Group Companies or, to the knowledge of each Group Company and the Founder, threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. No Group Company is a party to or subject to the provisions of any order, writ, injunction, judgment or

decree of any court or government agency or instrumentality and there is no Action by any Group Company currently pending or which it intends to initiate.

3.11. Compliance with Laws; Governmental Consents. None of the Group Companies is in violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties in any material respect. All consents, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings with any governmental authority on the part of each Group Company and the Founder required in connection with the consummation of the transactions contemplated hereunder shall have been obtained prior to and be effective as of the Closing. Based in part on the representations of the Purchaser set forth in Section 4 below, the offer, sale and issuance of the Purchased Shares in conformity with the terms of this Agreement are exempt from the registration and prospectus delivery requirements of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Except as set forth in Section 3.11 of the Disclosure Schedule, each Group Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could result in a Material Adverse Effect, and such Group Company believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as proposed to be conducted pursuant to its business plan. None of the Group Companies is in default in any material respect under any of such franchises, permits, licenses or other similar authority.

3.12. Compliance with Other Instruments and Agreements. No Group Company is in, nor shall the conduct of its business as currently or proposed to be conducted pursuant to its business plan result in, any violation, breach or default of any term of its constitutional documents of the respective Group Company which may include, as applicable, memoranda and articles of association, by-laws, joint venture contracts for the PRC Companies and the like (the "**Constitutional Documents**"), or in any material respect of any term or provision of any mortgage, indenture, contract, agreement or instrument to which the Group Company is a party or by which it may be bound, (the "**Group Company Contracts**") or of any provision of any judgment, decree, order, statute, rule or regulation applicable to or binding upon the Group Company. The execution, delivery and performance of and compliance with any of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under any Group Company's Constitutional Documents or any Group Company Contract, or, to the knowledge of each Group Company and the Founder, a violation of any statutes, laws, regulations or orders, or an event which results in the creation of any lien, charge or encumbrance upon any asset of any Group Company.

3.13. Disclosure. No representation or warranty by any Group Company or the Founder in this Agreement or any other Transaction Document, or in any exhibit, schedule or certificate furnished to the Purchaser pursuant to this Agreement or any other Transaction Document contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

3.14. Registration Rights. Except as provided in the Shareholders Agreement, the Company has not granted or agreed to grant any Person any registration rights (including piggyback registration rights), nor is the Company obliged to list any of its shares on any securities exchange. To the knowledge of each Group Company and the Founder, except as contemplated in this Agreement, the Shareholders Agreement and the Restated Articles, no voting or similar agreements exist related to the Company's securities which are presently outstanding or that may hereafter be issued.

3.15. Insurance. The Group Companies have in full force and effect fire and property insurance policies, as is customarily insured against in the industry in the PRC.

3.16. Financial Statements. The Company has delivered to the Purchaser (i) unaudited and non-consolidated financial statements of (balance sheet and income and cash flow statements, including notes thereto) of the following Group Companies at December 31, 2006 and for the fiscal year then ended:

(a) the Company (based on US GAAP), and

(b) Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司), Air Media Technology (Beijing) Co Ltd (航美联合传媒技术(北京)有限公司), Beijing Air Media Advertising Co Ltd (北京航美传媒广告有限公司), Beijing Shengshi United Advertising Co Ltd (北京盛世联合广告有限公司) and Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) (all based on PRC GAAP); and

(ii) unaudited pro forma financial statements (balance sheet and income and cash flow statements, including notes thereto) of Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司), Air Media Technology (Beijing) Co Ltd (航美联合传媒技术(北京)有限公司), Beijing Air Media Advertising Co Ltd (北京航美传媒广告有限公司), Beijing Shengshi United Advertising Co Ltd (北京盛世联合广告有限公司) and Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) as at and for the twelve-month period ended December 31, 2006 (the foregoing financial statement(s) and report and any notes thereto are hereinafter referred to as the "**Financial Statements**" and December 31, 2006, the "**Balance Sheet Date**"). Such Financial Statements (a) are in accordance with the books and records of the Group Companies and (b) are true, correct and complete and present fairly the financial condition of the Group Companies at the date therein indicated and the results of operations for the period therein specified. Specifically, but not by way of limitation, each balance sheet of the Financial Statements discloses all of the Group Companies' material debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed in accordance with the applicable GAAP. The Group Companies have good and marketable title to all assets set forth on the balance sheet of the Financial Statements, except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date. Except as disclosed in the

Financial Statements, none of the Group Companies is a guarantor or indemnitor of any indebtedness of any other person or entity.

3.17. Activities Since Balance Sheet Date. Since the Balance Sheet Date, with respect to any Group Company, there has not been:

- (a) any change in the assets, liabilities, financial condition or operating results of such Group Company from that reflected in the Financial Statements, except changes in the ordinary course of business that do not have, in the aggregate, Material Adverse Effects;
- (b) any material change in the contingent obligations of such Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise;
- (c) any damage, destruction or loss, whether or not covered by insurance, having Material Adverse Effects (as presently conducted and as presently proposed to be conducted pursuant to its business plan);
- (d) any waiver by such Group Company of a valuable right or of a material debt;
- (e) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by such Group Company, except such satisfaction, discharge or payment made in the ordinary course of business that is not material to the assets, properties, financial condition, operating results or business of such Group Company;
- (f) any change or amendment to a material contract or arrangement by which such Group Company or any of its assets or properties is bound or subject, except for changes or amendments which are expressly provided for or disclosed in this Agreement;
- (g) any material change in any compensation arrangement or agreement with any present or prospective officer, key employee, contractor or director not approved by such Group Company's Board of Directors or comparable governing body;
- (h) any sale, assignment or transfer of any Proprietary Assets or other material intangible assets of such Group Company;
- (i) any resignation or termination of any key officers of such Group Company;
- (j) any Lien created by such Group Company, with respect to any of its properties or assets, except liens for taxes not yet due or payable or Permissible Liens;
- (k) any debt, obligation, or liability incurred, assumed or guaranteed by such Group Company individually in excess of RMB500,000 or in excess of RMB1,000,000 in the aggregate;
- (l) any declaration, setting aside or payment or other distribution in respect of any of such Group Company's share capital, or any direct or indirect redemption, purchase or other acquisition of any of such share capital by such Group Company other than

the repurchase of share capital from employees, officers, directors or consultants pursuant to agreements approved by the board of directors of such Group Company under which such Group Company has the option to repurchase such shares at cost upon the occurrence of certain events, such as termination of an employment or consulting relationship;

(m) any failure to conduct business in the ordinary course;

(n) any transactions with the Founder or any director, officer or employee of such Group Company, or any members of their immediate families, or any entity controlled by any of such individuals;

(o) any other event or condition of any character which had or would have a Material Adverse Effect; or

(p) any agreement or commitment by such Group Company to do any of the things described above.

3.18. Tax Matters. The provisions for taxes in the respective Financial Statements are sufficient for the payment of all accrued and unpaid applicable taxes of the covered Group Company, whether or not assessed or disputed as of the date of each such balance sheet. There have been no examinations or audits of any tax returns or reports by any applicable governmental agency. Each Group Company has duly filed all tax returns required to have been filed by it and paid all taxes shown to be due on such returns. Each Group Company is not subject to any waivers of applicable statutes of limitations with respect to taxes for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any taxes, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to its business, properties and operations for such period.

3.19. Interested Party Transactions. Except for transactions (i) in the ordinary course of the business of a Group Company in an amount not exceeding RMB250,000 in a single transaction or a series of related transactions, (ii) described in the Restructuring Plan or (iii) otherwise disclosed in the Disclosure Schedule, neither the Founder or any Affiliate or "**Associate**" (as such term is defined in Rule 405 promulgated under the Act) of the Founder nor any other shareholder has any agreement, understanding, proposed transaction with, or is indebted to, any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them (other than for accrued salaries, reimbursable expenses or other standard employee benefits). Neither the Founder nor any other shareholder has any direct or indirect ownership interest in any firm or corporation with which a Group Company is affiliated or with which a Group Company has a business relationship, or any firm or corporation that competes with a Group Company, except that the Founder owns shares in the Company or may own shares in publicly traded companies that may compete with a Group Company. No Affiliates or Associates of the Founder or any other shareholder is directly or indirectly interested in any material contract with a Group Company. Neither the Founder or any other shareholder or any Affiliate or Associate of any of them has, either directly or indirectly, a material interest in: (a) any person or entity which purchases from or sells, licenses or furnishes to a Group Company any goods, property, intellectual or other property rights or services; or (b) any

contract or agreement to which a Group Company is a party or by which it may be bound or affected.

3.20. Exempt Offering. The offer and sale of the Purchased Shares pursuant to this Agreement are exempt from the registration or qualification requirements of any applicable securities laws and regulations, and the issuance of the Conversion Shares in accordance with the Restated Articles will be exempt from such registration or qualification requirements.

3.21. No Other Business. The Company was formed solely to acquire and hold an equity interest in its operating subsidiaries and since its formation has not engaged in any business and has not incurred any liability.

3.22. Minute Books. The minute books of each Group Company made available to the Purchaser contain a complete summary of all meetings and actions taken by directors and shareholders or equity interest holders of such Group Company since its time of formation, and reflect all transactions referred to in such minutes accurately in all material respects.

3.23. Other Representations and Warranties Relating to the PRC Companies.

(a) The constitutional documents and incorporation certificates of each Group Company established under the laws of the PRC (the “**PRC Companies**”, and each, a “**PRC Company**”) are valid and have been duly approved or issued (as applicable) by competent PRC authorities.

(b) All consents, approvals, authorizations or licenses requisite under PRC law for the due and proper establishment and operation of each PRC Company have been duly obtained from the relevant PRC authorities and are in full force and effect.

(c) The capital and organizational structure of each PRC Company upon the completion of the Restructuring Plan set forth in Exhibit D and the conduct by each PRC Company of its applicable business under such structure is valid and in full compliance with PRC laws.

(d) All filings and registrations with the PRC authorities required in respect of each PRC Company and its operations have been duly completed in accordance with the relevant rules and regulations.

(e) Except as disclosed in the Disclosure Schedule, the registered capital of each PRC Company has been fully paid up. All the equity interests in Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司) and Air Media Technology (Beijing) Co Ltd (航美联合传媒技术(北京)有限公司) (the “**WFOEs**”) are duly vested in the Company as the owner in accordance with applicable PRC rules and regulations. The Company legally and beneficially owns 100% of the equity interest in the WFOEs. There are no outstanding rights, or commitments made by the Company to sell any equity interest in the WFOEs.

(f) No PRC Company is in receipt of any letter or notice from any relevant authority notifying revocation of any permits or licenses issued to it for noncompliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by such PRC Company.

(g) Each of the PRC Companies has been conducting and will conduct its business activities within the permitted scope of business or is otherwise operating its business in full compliance with all relevant legal requirements and with all necessary licenses, permits and approvals granted by competent PRC authorities.

(h) In respect of approvals, licenses or permits requisite for the conduct of any part of the business of any PRC Company which is subject to periodic renewal, neither such PRC Company, nor the Founder has any reason to believe that such requisite renewals will not be granted by the relevant PRC authorities.

(i) Except as disclosed in the Disclosure Schedule, with regard to employment and staff or labor management, each PRC Company has complied with all applicable PRC laws and regulations in all material respects, including without limitation, laws and regulations pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits, pensions or the like.

4. REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Company as of the date hereof and as of the Closing Date as follows:

4.1. Organization, Standing and Qualification. The Purchaser is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets.

4.2. Authorization. The Purchaser has all requisite power, authority and capacity to enter into this Agreement and the Shareholders Agreement, and to perform its obligations under this Agreement and the Shareholders Agreement. This Agreement has been duly authorized, executed and delivered by the Purchaser. This Agreement and the Shareholders Agreement, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.3. No Conflicts; Consents and Approvals, etc. The execution and delivery of this Agreement and the Shareholders Agreement by the Purchaser and the performance of its obligations hereunder and thereunder will not result in (i) any conflict with the memorandum and articles of association of the Purchaser, Air Media BVI or Air Media (China) Ltd (ii) any breach or violation of, conflict with or default under any law, statute, regulation, judgment, order, decree, license, permit or other governmental authorization or any mortgage, lease, agreement, deed of trust, indenture or any other instrument to which the Purchaser is a party or by which it or its properties or assets are bound.

4.4. Purchase for Own Account. The Purchased Shares and the Conversion Shares will be acquired for the Purchaser's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. If the Purchaser should in the future decide to dispose of any of the Purchased Shares, the Purchaser understands and agrees that it may do so only in compliance with the Securities Act and applicable state and foreign securities laws, as there in effect. Such Purchaser agrees to the imprinting, so long as required by law, of a legend on certificates representing all of its Purchased Shares, and shares of Ordinary Shares issuable upon conversion of its Purchased Shares to the following effect.

"THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS' AGREEMENT OF BROAD COSMOS ENTERPRISES LTD. (THE "COMPANY"), DATED FEBRUARY 28, 2007 BY AND AMONG THE COMPANY, ITS SHAREHOLDERS AND THE OTHER PARTIES NAMED THEREIN.

4.5 Accredited Investor. The Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

4.6 Financing. The Purchaser has all legitimate funds necessary to consummate the transactions contemplated by this Agreement.

4.7. Air Media Shares. The Air Media Shares have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Purchaser, free and clear of all Liens.

4.8 Section 4(2) and Regulation S Exemption. Such Purchaser understands that the Purchased Shares will not be registered at the time of their issuance under the Securities Act for the reason that the sale provided for in this Agreement is exempt pursuant to Section 4(2) and Regulation S of the Securities Act and that the reliance of the Company on the exemption is predicated on the Purchaser's representations set forth herein.

4.9 Capitalization of Subsidiaries. Immediately prior to the Closing, the authorized share capital of Air Media International Limited is 50,000 ordinary shares, of which 101 are issued and outstanding, but all of which will be transferred to the Company pursuant to this Agreement. Air Media International Limited owns all of the issued and outstanding shares in Air Media (China) Ltd.

4.10 Valid Issuance of Shares of Air Media International Limited. All of the outstanding shares of Air Media International Limited have been duly and validly issued,

fully paid and nonassessable, and all outstanding shares, options and other securities of Air Media International Limited have been issued in full compliance with the requirements of all applicable securities laws and regulations or in compliance with applicable exemptions therefrom.

4.11 Organization and Standing of Subsidiaries. Air Media International Limited and Air Media (China) Ltd are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of incorporation.

5. COVENANTS OF THE GROUP COMPANIES AND THE FOUNDER

The Group Companies and the Founder covenant to the Purchaser as follows:

5.1. Use of Proceeds from the Sale of Purchased Shares. The entire proceeds (less reasonable expenses) from the sale of the Purchased Shares shall be used for (i) expanding and sustaining the current network and establishing branches in other cities (ii) working capital, (iii) mergers and acquisitions of related businesses, or (iv) other uses approved by the Board.

5.2. Founder' Shares Lock-up. Any Ordinary Shares directly or indirectly held by the Existing Shareholders shall not be transferable except as provided in the Shareholders Agreement.

5.3. Business of certain Group Companies. The business of each Group Company (other than the PRC Companies) shall be restricted to the holding, management and disposition of equity interest in its operating subsidiaries.

5.4. Business of the PRC Companies. The business of each Group Company shall be restricted to its respective scope of business.

5.5. Directors of Subsidiaries. All directors of any Group Company shall be appointed and removed only by the approval or consent the board of directors of the Company.

5.6. INTENTIONALLY OMITTED

5.7. Restructuring. Within 180 days of the Closing Date, each of the Group Companies and the Founder shall use its best efforts to cause the restructuring of the PRC Companies to be completed according to the Restructuring Plan attached hereto as Exhibit B.

5.8. Indemnification. The Group Companies and the Founder, on a joint and several basis, shall indemnify, defend and hold harmless, the Purchaser, its Affiliates, officers, directors, employees, agents, successors and assigns (collectively, the "**Company Indemnified Parties**") promptly upon demand at any time and from time to time against any and all liabilities, losses, damages of any kind, diminution in value, claims, costs, expenses, fines, fees, deficiencies, interest, awards, judgments, amounts paid in settlement and penalties (including, without limitation, reasonable attorneys', consultants' and experts' fees and expenses and other costs of defending, investigating or settling claims) suffered, incurred, accrued (in accordance with PRC GAAP) or paid by them (including, without limitation, in connection with any action brought or otherwise initiated by any of them) (hereinafter, a

"Loss"), arising out of or in connection with (i) any misrepresentation or any breach of representations and warranties contained herein, (ii) any breach of any of the covenants or agreements of any Group Company or the Founder hereunder, and (iii) any and all material liabilities (including contingent liabilities) of any Group Company not reflected in the Financial Statements. As used herein, "Losses" are not limited to matters asserted by third parties, but include Losses incurred or sustained by the Company Indemnified Parties in the absence of claims by third parties.

5.9. Air Media (BVI) Election. The Group Companies and the Founder covenant and agree to cause Air Media (BVI) immediately following the Closing to file a Form 8832 ("**Check-the-box election**") with the United States Internal Revenue service with respect to Air Media (BVI) for the purpose of treating the contribution of the Air Media Shares hereunder as a reorganization for United States tax purposes, in form and substance satisfactory to the Purchaser.

5.10. Accounting System. Each Group Company will establish and maintain a standard system of accounting established and administered in accordance with US GAAP by April 1, 2007.

5.11. Additional Covenants. Except as required by this Agreement, the Shareholders Agreement and such other agreement as contemplated hereunder, no resolution of the directors, owners, members, partners or shareholders of each Group Company shall be passed, nor shall any contract or commitment be entered into (including without limitation any resolution, contract or commitment with respect to the acquisition by any Group Company of any other entity), in each case, prior to Closing without the written consent of the Purchaser (which consent shall not be unreasonably withheld), except that the Group Companies may carry on their respective business in the same manner as heretofore and may pass resolutions and enter into contracts for so long as they are effected in their ordinary course of business.

If at any time before Closing, any of the Group Companies comes to know of any material fact or event which:

- (a) is in any way materially inconsistent with any of the representations and warranties given by any of the Group Companies, and/or
- (b) suggests that any material fact warranted may not be as warranted or may be materially misleading,

the Group Companies and the Founder shall give immediate written notice thereof to each Purchaser in which event the Purchaser may within fourteen (14) Business Days of receiving such notice terminate this Agreement by written notice without any penalty or future obligations whatsoever; provided, however, nothing herein shall relieve any party from liability for any breach of this Agreement.

6. CONDITIONS TO PURCHASER'S OBLIGATIONS AT THE CLOSING

The obligation of the Purchaser to purchase the Purchased Shares at the Closing is subject to the fulfillment, to the reasonable satisfaction of the Purchaser on or prior to the Closing, of the following conditions (any or all of which may be waived by the

Purchaser). For the purpose of this section, the term "Group Companies" shall be deemed to exclude Air Media International Limited and Air Media (China) Ltd.

6.1. Representations and Warranties. The representations and warranties made by the Group Companies and the Founder in Section 3 hereof shall be true and correct and complete when made, and shall be true and correct and complete as of the Closing Date with the same force and effect as if they had been made on and as of such date, or as of another date if any representations and warranties are made with respect to such other date.

6.2. Performance of Obligations. Each of the Group Companies and the Founder shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall be satisfactory in substance and form to the Purchaser, and the Purchaser shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

6.4. Consents and Waivers. Each Group Company and the Founder shall have obtained any and all consents and waivers necessary for consummation of the transactions contemplated by this Agreement, including, but not limited to, (i) all permits, authorizations, approvals, consents or permits of any governmental authority or regulatory body, and (ii) the waiver by the existing shareholders of the Company of any anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares.

6.5. Compliance Certificate. At the Closing, each of the Group Companies, and the Founder shall deliver to the Purchaser certificates, dated the Closing Date, certifying that the conditions specified in Sections 6.1 and 6.2 have been fulfilled and stating, where applicable, that there shall have been no Material Adverse Effect since the Balance Sheet Date.

6.6. Amendment to Constitutional Documents. The Restated Articles shall have been duly adopted by the Company by all necessary resolutions of its Board of Directors and its shareholders and immediately after the Closing shall be duly filed with the British Virgin Islands Registry of Corporate Affairs.

6.7. Execution of Shareholders' Agreement. The Company shall have delivered to the Purchaser an original copy of the Shareholders' Agreement, duly executed by the Company and all other parties thereto (except for the Purchaser).

6.8. Restructuring Plan. The Purchaser shall be satisfied that each item listed in Section 2 of the Restructuring Plan, attached hereto as Exhibit D, titled "Pre-Closing Stage" shall have been completed. The Purchaser shall be satisfied that all agreements listed in Appendix I of the Restructuring Plan (the "**Restructuring Documents**") shall have been executed and delivered and shall constitute valid and legally binding obligations of each party thereto, enforceable in accordance with their respective terms.

6.9. Director's Certificate. A director of the Company shall deliver to the Purchaser at the Closing a certificate, dated the Closing Date, certifying that the copies of (a) the Restated Articles attached thereto have been duly adopted and are in full force and effect and (b) the Board of Director and shareholder resolutions relating to the sale of the Series A Preferred Shares attached thereto, are true and complete copies of such documents and resolutions.

6.10. Good Standing. The Purchaser shall have received a certificate of good standing issued by the Registry of Corporate Affairs of the British Virgin Islands certifying that, among other things the Company was duly constituted, paid all required fees and is in good legal standing.

6.11. Board of Directors. At the Closing, the Board of Directors of the Company and, at the request of the Purchaser either before or after Closing, each other Group Company shall consist of persons elected or appointed in accordance with the Restated Articles and Shareholders Agreement and the shareholder(s) of the PRC Companies shall have issued a letter of appointment and/or have passed written resolutions to the effect that (i) the board of directors of the PRC Companies will be changed to consist of the same directors as those of the board of directors of the Company, and (ii) the articles of association of the PRC Companies shall be amended to be consistent with the Restated Articles to the extent permitted by PRC law.

6.12. Register of Members. The Purchaser shall have received a copy of the Company's register of members, certified by a director of the Company as true and complete as of the Closing Date, updated to show the Purchaser as the holder of the Purchased Shares to be purchased at the Closing.

6.13. No Material Adverse Effect. There shall have not been any Material Adverse Effect on any Group Company since the Balance Sheet Date.

6.14. Opinion of Company's Counsel. The Purchaser shall have received from the Company's counsels in the British Virgin Islands and the PRC, legal opinions addressed to the Purchaser, dated as of the Closing Date, in form and substance satisfactory to the Purchaser.

6.15. Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement. The employees listed on Schedule D (the "**Key Employees**") shall have entered into Employment Agreements and Confidentiality, Non-compete and Invention Assignment Agreements in the forms attached as Exhibit E.

6.16. Business Plan and Budget. The Company shall have completed and delivered to the Purchaser a business plan for the period from 2007 to 2009 and a detailed budget for the period from January 1, 2007 to December 31, 2007 in form and substance satisfactory to the Purchaser.

6.17. Audit Committee and Compensation Committee. The audit committee and compensation committee of the board of directors of the Company shall have been duly established in accordance with the Restated Articles, each of which shall contain at least three (3) members among whom one (1) member shall be a CDH Director. All decisions made by

the audit committee and the compensation committee shall require unanimous consent of all members.

6.18. No Litigation. No action, suit or proceeding before any court or any governmental authority shall have been commenced or threatened, no investigation by any governmental authority shall have been commenced and no action, suit or proceeding by any governmental authority shall have been threatened against the Purchaser, any Group Company, the Founder (a) seeking to restrain, prevent or change the consummation of the transactions contemplated hereby or under any other Transaction Document or questioning the validity or legality of any of such transactions, or (b) which would, if resolved adversely to the Purchaser, such Group Company or the Founder, severally or in the aggregate, have a Material Adverse Effect or affect any material right of the Purchaser under this Agreement or under any other Transaction Document.

6.19. WFOEs Business License. The business license of the WFOEs shall have been duly updated and amended to show that (i) the WFOEs have all requisite power and authority to carry on its business as proposed to be conducted pursuant to its business plan and is fully qualified to do business, and (ii) the WFOE's registered capital and total investment have been increased to a proper amount such that the WFOEs are able to receive from the Company the proceeds from the sale of the Purchased Shares.

6.20. Branch Office Registration. Each of the PRC Companies shall have been operating at its registered address as shown on its business license or at its branch office properly registered with the relevant registration authority.

6.21. Foreign Exchange Registration. All filings and registrations with the relevant PRC foreign exchange authorities required in respect of the transaction contemplated hereunder shall have been duly completed in accordance with the relevant rules and regulations.

6.22. Social Insurance. Each of the PRC Companies shall have obtained its social insurance registration certificate as required by the relevant PRC law and shall have complied with the relevant PRC laws and regulations with respect to social welfare in all respects.

7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSINGS

The obligations of the Company under this Agreement are subject to the fulfillment at or before the Closing of the following conditions:

7.1. Representations and Warranties. The representations and warranties of the Purchaser contained in Section 4 shall be true and correct as of the Closing Date.

7.2. Qualifications. All authorizations, approvals, or permits, if any, of any applicable governmental authority or regulatory body that are required in connection with the lawful issuance and sale of the Series A Preferred Shares pursuant to this Agreement shall be duly obtained and effective as of the Closing.

7.4. Execution of Shareholders' Agreement. The Purchaser shall have executed and delivered to the Company the Shareholders' Agreement.

7.5. Air Media Shares. The Purchaser shall have obtained all authorizations and consents for the transfer of the Air Media Shares to the Company and simultaneously with the Closing shall transfer the Air Media Shares to the Company.

7.6. Compliance Certificate. At the Closing, the Purchaser shall deliver to the Group Companies and the Founder a certificate, dated the Closing Date, certifying that the conditions specified in Section 7.1 have been fulfilled.

8. MISCELLANEOUS

8.1 Definitions.

(a) Terms Generally. The words "hereby", "herein", "hereof", "hereunder" and words of similar import refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which such word appears. All references herein to Sections, Schedules and Exhibits shall be deemed references to Sections, Schedules and Exhibits of this Agreement unless the context shall otherwise require. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The definitions given for terms in this Section 8.1 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Except as otherwise expressly provided herein, all references to "dollars" or "\$" shall be deemed references to the lawful money of the United States.

(b) Certain Terms. As used in this Agreement, and unless the context requires a different meaning, the following terms shall have the following respective meanings:

"Affiliate" of a Person (the "Subject Person") means (i) in the case of a Person other than a natural Person, any other Person that directly or indirectly controls, is controlled by or is under common control with the Subject Person and (ii) in the case of a natural Person, any other Person that directly or indirectly is controlled by the Subject Person. For purposes of this definition, "control" of a Person means (a) ownership of 50% or more of the shares in issue or other equity interests of such Person or (b) the power to direct the management or policies of a Person, whether through the ownership of more than 50% of the voting power of such Person, through the power to appoint a majority of the members of the board of directors or similar governing body of such Person, through contractual arrangements or otherwise. In the case of the Purchaser, the term "Affiliate" shall also include (w) any fund that is a direct or indirect shareholder of the Purchaser, (x) any of such fund's direct and indirect general partners, limited partners, fund managers and funds managed by such fund's direct and indirect fund managers, officers (including vice presidents), general partners and Affiliates thereof, (y) the spouses, lineal descendants and heirs of individuals referred to in (x) and (z) trusts controlled by or for the benefit of such individuals.

"Agreement" shall have the meaning set forth in the Preamble.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in BVI, Hong Kong or the PRC are authorized or required by law or executive order to close.

"BVI" means the British Virgin Islands.

"Existing Group Companies" shall have the meaning set forth in the preamble.

"Existing Shareholders" shall mean Guo Man, Xu Qing and Zhang Xiaoya.

"Founder" shall have the meaning set forth in the preamble.

"Group" shall have the meaning set forth in Section 5.6.

"Liens" means any mortgage, pledge, deed of trust, hypothecation, right of others, claim, security interest, encumbrance, burden, title defect, title retention agreement, lease, sublease, license, occupancy agreement, easement, covenant, condition, encroachment, voting trust agreement, interest, option, right of first offer, negotiation or refusal, proxy, lien, charge or other restrictions or limitations of any nature whatsoever, including, but not limited to, such Liens as may arise under any contract.

"Permitted Liens" means (i) Liens for taxes and other governmental charges and assessments not yet due and payable or that are being contested in good faith and for which adequate accruals or reserves have been established on the relevant balance sheet, (ii) Liens of carriers, warehousemen, mechanics, materialmen and other like Liens arising in the ordinary course of business, (iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property, and (iv) statutory Liens in favor of lessors arising in connection with any property leased to the Company or any of its Subsidiaries, which Liens and other encumbrances described in clauses (i) – (iv) do not materially interfere with the current use by the Company or any of its Subsidiaries of the assets, properties or rights affected thereby and would not reasonably be expected to have or result in a Material Adverse Effect.

"Person" means any natural person, firm, partnership, association, corporation, company, trust, business trust, governmental authority or other entity.

"PRC" means the People's Republic of China, excluding Hong Kong, Taiwan and Macau for the purpose of this Agreement.

"PRC Companies" shall mean entities listed in Schedule B under the caption "PRC Companies,"

8.2. Governing Law. This Agreement shall be governed by and construed exclusively in accordance the internal laws of the State of New York (as permitted by Section 5-1401 of the New York General Obligations Law (or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties hereunder.

8.3. Survival. The representations, warranties, covenants and agreements made herein shall survive for a period of 3 years following the Closing Date.

8.4. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by any Purchaser without the written consent of the Company except to an Affiliate (which, in case of, includes without limitation CDH China Growth Capital Fund II, L.P. and CDH Venture Partners, L.P.). This Agreement and the rights and obligations therein may not be assigned by any Group Company or the Founder without the written consent of the Purchaser.

8.5. Entire Agreement. This Agreement, the other Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or related agreements shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the parties hereto prior to the date of this Agreement, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

8.6. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) when sent by facsimile at the number set forth in Schedule E hereto; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Schedule E; or (d) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Schedule E with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 8.6 by giving, the other party written notice of the new address in the manner set forth above.

8.7. Amendments and Waivers. Any term of this Agreement may be amended only with the written consent of the Purchaser and the Company.

8.8. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Group Company, or the Purchaser, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such Group Company, the Founder, or the Purchaser nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach of default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Group Company, the Founder, or the Purchaser of any breach of default under this Agreement or any waiver on the part of any Group Company or the Purchaser of any provisions or conditions of this Agreement, must be in writing and shall be effective only to

the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to the Group Companies, the Founder, or the Purchaser shall be cumulative and not alternative.

8.9. Finder's Fees. Each party hereto (a) represents and warrants to each other party hereto that it has retained no finder or broker in connection with the transactions contemplated by this Agreement, and (b) hereby agrees to indemnify and to hold harmless such other party hereto from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying party or any of its employees or representatives are responsible.

8.10. Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

8.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

8.12. Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

8.13. Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement.

8.14. Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

8.15. Dispute Resolution. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. In the event the parties are unable to resolve such dispute within thirty (30) days, such dispute shall be referred to and finally settled by arbitration at the Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the "**UNCITRAL Rules**") in effect, which rules are deemed to be incorporated by reference into this subsection (b). The arbitration tribunal shall consist of three arbitrators to be appointed according to the UNCITRAL Rules. The language of the arbitration shall be English.

8.16 Expenses. Upon the Closing, the Company shall reimburse the Purchaser all legal, financial, administrative and other expenses reasonably incurred by the Purchaser in connection with the transactions contemplated hereunder. The Purchaser may effect such reimbursement at the Closing by withholding from the payment of the Purchase Price the amount to which they are entitled to reimbursement pursuant to the preceding sentence and paying directly to their counsel and other advisors. Notwithstanding the withholding of such amount, the Purchaser shall be deemed to have paid to the Company the full amount so withheld. In the event that the Closing shall not have occurred, any legal and accounting expenses incurred in connection with the transactions contemplated hereunder shall be borne equally by the Company and the Purchaser; provided that any expense incurred for services other than legal, audit and financial advisory services shall be borne by the party incurring such expense.

8.17. Termination. This Agreement may be terminated by any party that has not materially breached its representations, warranties or covenants hereunder on or after the April 30, 2007 or any other date agreed by all parties, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Upon termination of this Agreement under this Section 8.17, this Agreement shall forthwith become wholly void and of no effect and the parties shall be released from all future obligations hereunder; provided that nothing herein shall relieve any party from liability for any breach of this Agreement occurring prior to such termination.

— REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

BROAD COSMOS ENTERPRISES LTD

By: /s/ Guo Man
Name:
Title:

GLOBAL GATEWAY INVESTMENTS LIMITED

By: /s/ Wang Zhenyu
Name:
Title: Director

AIR MEDIA INTERNATIONAL LIMITED

By: /s/ Wang Zhenyu
Name:
Title:

AIR MEDIA (CHINA) LTD

By: /s/ Wang Zhenyu
Name:
Title:

SHENZHEN AIR MEDIA TECHNOLOGY CO., LTD

By: /s/ Guo Man
Name:
Title:

BEIJING AIR MEDIA UC ADVERTISING CO., LTD

By: /s/ Guo Man
Name: :
Title:

SIGNATURE PAGE TO SERIES A CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

SCHEDULES AND EXHIBITS

Schedule A	Founder
Schedule B	Existing Group Companies
Schedule C	Reward Benchmark and Reward Percentage
Schedule D	Key Employees
Schedule E	Notices
Exhibit A	Form of Restated Articles
Exhibit B	Disclosure Schedule
Exhibit C	Form of Shareholders Agreement
Exhibit D	Restructuring Plan
Exhibit E	Employment Agreement; Form of Confidentiality, Non- Compete and Invention Assignment Agreement

SCHEDULE A

Founder

Founder
GUO MAN

PRC ID Number

SCHEDULE B

Existing Group Companies

Offshore:

Air Media International Limited

Air Media (China) Ltd

PRC Companies

1. Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司)
2. Air Media Technology (Beijing) Co Ltd (航美联合传媒技术(北京)有限公司)
3. Beijing Air Media Advertising Co Ltd (北京航美传媒广告有限公司)
4. Beijing Shengshi United Advertising Co Ltd (北京盛世联合广告有限公司)
5. Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司)
6. AirTV United Media & Culture Co Ltd (北京空港联合文化传媒有限公司)

SCHEDULE C (I)

INTENTIONALLY OMITTED

SCHEDULE C (2)

INTENTIONALLY OMITTED

SCHEDULE D

Key Employees

1. 郭曼
2. 张晓亚
3. 冯中华

SCHEDULE E

Notices

The Company and the Group Companies:

Address: No. 8, Yong An Dong Li
Jian Guo Men Wai
Chao Yang District
Beijing, P.R.China
Telephone: 86-10-8528-8916
Fax: 86-10-8528-8916
Attention: Guo Man

Existing Shareholders and Founder:

Address: No. 8, Yong An Dong Li
Jian Guo Men Wai
Chao Yang District
Beijing, P.R.China
Telephone: 86-10-8528-8916
Fax: 86-10-8528-8916
Attention: Guo Man

Global Gateway Investments Limited:

c/o CDH Investment Advisory Private Limited
Level 30
Six Battery Road
Singapore 049909
Tel: (65) 6550 9708
Fax: (65) 6550 9898
Attention: KH Lew

With a copy to:

c/o Debevoise & Plimpton LLP
13/F Entertainment Building
30 Queen's Road Central, Hong Kong
Attention: Andrew M. Ostrognai / Stuart Schonberger
T: +852 2160 9800
F: +852 2810 9828

EXHIBIT A

Form of Restated Articles

EXHIBIT B

Disclosure Schedule

EXHIBIT C

Form of Shareholders Agreement

EXHIBIT D

Restructuring Plan

EXHIBIT E

Employment Agreement; Form of Confidentiality, Non-Compete and Invention Assignment Agreement

**AMENDMENT TO
SERIES A CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT**

THIS AMENDMENT (this "Amendment") to Series A Convertible Preferred Share Purchase Agreement (the "Series A Share Purchase Agreement") is executed as of this 27th day of September, 2007 by and among AirMedia Group Inc., an exempted company limited by shares incorporated under the laws of Cayman Islands (the "Company"), Broad Cosmos Enterprises Ltd., an international business company organized under the laws of the British Virgin Islands ("Broad Cosmos"), Global Gateway Investments Limited, an international business company organized under the laws of the British Virgin Islands (the "Purchaser"), GUO Man (the "Founder"), and the entities listed in Schedule A hereto (collectively, the "Existing Group Companies" and each, an "Existing Group Company"). Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Series A Share Purchase Agreement referred to below.

WITNESSETH:

WHEREAS, Broad Cosmos, the Purchaser, the Founder and the Existing Group Companies are party to that certain Series A Convertible Preferred Share Purchase Agreement dated as of February 28, 2007 (as amended, the "Series A Share Purchase Agreement");

WHEREAS, pursuant to a Share Exchange Agreement dated June 7, 2007 among the Company, Broad Cosmos, the Purchaser, and Man Guo, Qing Xu and Xiaoya Zhang (collectively, the "Existing Shareholders"), the Company acquired all of shares of Broad Cosmos from the Purchaser and each Existing Shareholders in exchange for the issuance of equity securities of the Company to the Purchaser and each Existing Shareholder which are substantially identical to those shares of Broad Cosmos held by each of them immediately prior to the share exchange. As a result, the Company owns 100% of the outstanding equity securities of Broad Cosmos and the Purchaser and the Existing Shareholders together owned (prior to the closing of the Series B Convertible Preferred Share Purchase Agreement dated April 26, 2007) 100% of the outstanding equity securities of the Company.

WHEREAS, Broad Cosmos, the Company, the Investors, the Holders of Ordinary Shares and the Existing Group Companies wish to amend the Series A Share Purchase Agreement as set forth in this Amendment;

NOW, THEREFOR, for mutual consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment to Series A Share Purchase Agreement.

1.1 Section 5.6 of the Series A Share Purchase Agreement is hereby amended by deleting its text in its entirety and inserting in lieu thereof the phrase "[intentionally omitted]".

1.2 Schedules C (1) and C(2) to the Series A Share Purchase Agreement are hereby amended by deleting their text in their entirety and inserting in lieu thereof the phrase "[intentionally omitted]".

2. Governing Law; Counterparts.

- a. This Amendment and all matters arising out of or relating in any way whatsoever (whether in contract, tort or otherwise) to this Amendment, shall be governed by and construed exclusively in accordance with the internal laws of the State of New York applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of laws principles.
- b. This Amendment may be executed in counterparts, each of which shall constitute an original but all of which when taken together shall constitute a single agreement.

3. Agreement Otherwise Unchanged. Except as herein provided, the Series A Share Purchase Agreement shall remain unchanged and in full force and effect, and each reference to "the Agreement" and words of similar import in the Series A Share Purchase Agreement, as amended hereby, shall be a reference to the Series A Share Purchase Agreement as amended hereby and as the same may be further amended, supplemented and otherwise modified and in effect from time to time.

(signature pages to follow)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

BROAD COSMOS ENTERPRISES LTD.

By: /s/ Man Guo
Name: _____
Title:

AIRMEDIA GROUP INC.

By: /s/ Man Guo
Name: _____
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

GLOBAL GATEWAY INVESTMENTS LIMITED

By: /s/ Zhenyu Wang

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

MAN GUO

/s/ Man Guo

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

AIR MEDIA INTERNATIONAL LIMITED

By: /s/ Man Guo
Name: _____
Title: _____

AIR MEDIA (CHINA) LTD.

By: /s/ Man Guo
Name: _____
Title: _____

SHENZHEN AIR MEDIA TECHNOLOGY CO., LTD

By: /s/ Man Guo
Name: _____
Title: _____

BEIJING AIR MEDIA ADVERTISING CO., LTD

By: /s/ Man Guo
Name: _____
Title: _____

AIR MEDIA TECHNOLOGY (BEIJING) CO., LTD

By: /s/ Man Guo

Name:

Title:

BEIJING SHENGSHI LIANHE ADVERTISING CO., LTD

By: /s/ Man Guo

Name:

Title:

AIRTV UNITED MEDIA & CULTURE CO., LTD

By: /s/ Man Guo

Name:

Title:

BEIJING AIR MEDIA UC ADVERTISING CO., LTD

By: /s/ Man Guo

Name:

Title:

BEIJING AI YI KE EXPERIENCING INFORMATION & TECHNOLOGY CO., LTD.

By: /s/ Man Guo

Name:

Title:

SCHEDULE A

Existing Group Companies

Offshore:

Air Media International Limited
Air Media (China) Ltd.

PRC Companies

1. Shenzhen Air Media Technology Co., Ltd.
2. Air Media Technology (Beijing) Co., Ltd.
3. Beijing Air Media Advertising Co., Ltd.
4. Beijing Shengshi Lianhe Advertising Co., Ltd.
5. Beijing Air Media UC Advertising Co., Ltd.
6. AirTV United Media & Culture Co., Ltd.

SERIES B CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

THIS SERIES B CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT (the "**Agreement**") is made and entered into as of April 26, 2007 by and among:

- (1) AirMedia Group Inc., an exempted company limited by shares incorporated under the laws of the Cayman Islands (the "**Company**");
- (2) the Persons listed on Schedule C hereto (the "**Purchasers**");
- (3) the Person listed on Schedule A hereto (the "**Founder**"); and
- (4) the entities listed on Schedule B hereto, (collectively, the "**Existing Group Companies**" and each, an "**Existing Group Company**").

RECITALS:

A. The Company desires to issue and sell to the Purchasers and the Purchasers desire to purchase from the Company a minimum of 14,000,000 and up to 16,000,000 Series B Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the Company (the "**Series B Preferred Shares**"), on the terms and conditions set forth in this Agreement, which Series B Preferred Shares (assuming purchase of 16,000,000 Series B Preferred Shares at the Closing) will represent a 12.5% fully diluted ownership interest in the Company immediately after the Closing;

B. Immediately prior to the Closing (as defined herein), and assuming the purchase of 16,000,000 Series B Preferred Shares at the Closing) the Holders of Ordinary Shares will hold, collectively, 62,400,000 Ordinary Shares, par value US\$0.001 each, in the Company (the "**Ordinary Shares**"), representing on the date hereof and immediately prior to the Closing (as hereinafter defined) a 55.71% fully diluted ownership interest in the Company. The Holder of Series A Preferred Shares will hold 37,600,000 Series A Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the Company (the "**Series A Preferred Shares**"), representing on the date hereof and immediately prior to the Closing (as hereinafter defined) a 33.57% fully diluted ownership interest in the Company. An additional 12,000,000 Ordinary Shares will be reserved for issuance pursuant to equity incentive plans approved by the board of directors of the Company in accordance with Clause 7.1(i) of the Restated Articles. Following the issuance of the Series B Preferred Shares to the Purchasers on the Closing, the Holders of Ordinary Shares and the Holder of Series A Preferred Shares will hold, collectively, a 78.125% fully diluted ownership interest in the Company.

C. The Company was incorporated under the laws of the Cayman Islands with its registered office at P.O. Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

D. The particulars of each Existing Group Company are set forth on Schedule B hereto, which include, among other matters, jurisdiction of formation, business scope and shareholding of each Group Company. The Company and the Existing Group Companies shall be hereinafter referred to, collectively, as the "**Group Companies**" and each, a "**Group Company**".

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. AGREEMENT TO PURCHASE AND SELL SHARES

1.1. Authorization. As of the Closing (as defined below), the Company will have authorized the issuance, pursuant to the terms and conditions of this Agreement, 16,000,000 Series B Preferred Shares having the rights, preferences, privileges and restrictions as set forth in the Restated Articles.

1.2. Agreement to Purchase and Sell. Subject to the terms and conditions hereof, the Company hereby agrees to issue and sell to the Purchasers, and the Purchasers hereby agree to purchase from the Company, a minimum of 14,000,000 and up to 16,000,000 Series B Preferred Shares (the "**Purchased Shares**") at a per share purchase price of US\$2.50 (the "**Series B Issue Price**") in consideration of the payment by the Purchasers of an aggregate of a minimum of US\$35,000,000 and up to US\$40 million (the "**Purchase Price**"). Each Purchaser shall receive such number of the Purchased Shares, and shall pay such portion of the Purchase Price, as is set forth next to such Purchaser's name as listed on Schedule C hereto. The Series B Issue Price shall be reflected in the Restated Articles for purposes, among others, of the liquidation, redemption and conversion rights applicable to the Series B Preferred Shares. The Purchase Price shall be paid in accordance with Section 2.2 by wire transfer of immediately available funds to a designated account of the Company; provided that wire transfer instructions shall have been delivered to the Purchasers at least five (5) Business Days prior to the Closing Date (as defined below).

2. CLOSING

2.1 Closing. Subject to the fulfillment of the conditions as set forth in Section 6, the purchase and sale of the Purchased Shares shall be held at the Beijing office of O'Melveny & Myers LLP at 10:00 A.M. (local time), on a date no later than seven (7) Business Days after the satisfaction or waiver of all of the conditions precedent set forth in Sections 6 and 7 of this Agreement (other than those conditions which by their terms shall be satisfied simultaneously with the Closing), or at such other time and place as the Company and the Purchasers may mutually agree upon (the "**Closing**" and the time and date of the Closing, the "**Closing Date**").

2.2 Delivery.

(a) At the Closing, the Company shall deliver to each of the Purchasers, or to any custodian designated by any Purchaser, in addition to any items the delivery of which is made an express closing condition under Section 6, (i) a certificate representing the Purchased Shares, free and clear of any Liens and (ii) at or immediately following Closing, a copy of the register of members of the Company dated the Closing Date and duly certified by a duly authorized officer of the Company evidencing each Purchaser's ownership of the Purchased Shares acquired by such Purchaser hereunder.

(b) At the Closing, each Purchaser shall pay its respective portion of the Purchase Price to the Company.

3. REPRESENTATIONS AND WARRANTIES OF THE GROUP COMPANIES AND THE FOUNDER

The Group Companies and the Founder, jointly and severally, hereby represent and warrant to each of the Purchasers, except as set forth in the disclosure schedule (the "**Disclosure Schedule**") attached to this Agreement as Exhibit B (which Disclosure Schedule shall be deemed to be representations and warranties to the Purchasers), as of the date hereof and the Closing Date hereunder (or, if such representations and warranties are made with respect to a certain date, as of such date), as follows in this Section 3. In this Agreement, any reference to a party's "knowledge" means such party's actual knowledge after due and diligent inquiries of the Founder, officers, directors and key employees of such party reasonably believed to have knowledge of the matter in question; any reference to "**Material Adverse Effect**" means any event, occurrence, fact, condition, change, development or effect that, individually or in the aggregate, constitutes or may reasonably be expected to constitute a materially adverse change or effect in the business, operations, results of operations, projections, condition (financial or otherwise), properties (including intangible properties), assets (including intangible assets) or liabilities of any of the Group Companies.

3.1. Organization, Standing and Qualification. Each Group Company is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted and as proposed to be conducted pursuant to its business plan, and to perform each of its obligations hereunder and under any agreement contemplated hereunder to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction where failure to be so qualified would have a Material Adverse Effect. The business license of each of the WFOEs as currently in force shows that each WFOE has all requisite power and authority to carry on its business as proposed to be conducted pursuant to its business plan and is fully qualified to do business, except that the Company is in the process of renewing the business license of Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司).

3.2. Capitalization. Immediately prior to the Closing, the authorized share capital of the Company will consist of the following:

(a) Preferred Shares. (i) 37,600,000 Series A Preferred Shares, all of which are issued and outstanding, and (ii) 16,000,000 Series B Preferred Shares, none of which are issued and outstanding, but at least 14,000,000 and up to all of which will be issued to the Purchasers pursuant to this Agreement. The rights, privileges and preferences of the Series A Preferred Shares and Series B Preferred Shares will be as stated in the Restated Articles.

(b) Ordinary Shares. 128,000,000 Ordinary Shares, of which 62,400,000 are issued and outstanding, 53,600,000 are reserved for issuance upon conversion of the Series A Preferred Shares or Series B Preferred Shares, and 12,000,000 are reserved for issuance pursuant to equity incentive plans approved by the board of directors of the Company in accordance with Clause 7.1(i) of the Restated Articles.

(c) Conversion Price. On the Closing Date, after giving effect to the transactions contemplated by this Agreement, one Series B Preferred Share shall be convertible into one Ordinary Share, subject to the terms and conditions in the Restated Articles.

(d) Options, Warrants, Reserved Shares. The Company has reserved sufficient Ordinary Shares for issuance upon the conversion of the Series A Preferred Shares and Series B Preferred Shares (collectively, the "**Conversion Shares**"). Except for (i) the conversion privileges of the Series A Preferred Shares and Series B Preferred Shares and (ii) the preemptive rights provided in the Amended and Restated Shareholders Agreement to be entered into at the Closing, a form of which is attached hereto as Exhibit C (the "**Shareholders Agreement**"), there are no options, warrants, conversion privileges or other rights, or agreements with respect to the issuance thereof, presently outstanding to purchase any of the shares of the Company. Apart from the exceptions noted in this Section 3.2 and the Shareholders Agreement, no shares (including the Ordinary Shares, the Series A Preferred Shares, the Purchased Shares and the Conversion Shares) of the Company's outstanding share capital, or shares issuable upon exercise or exchange of any outstanding options or other shares issuable by the Company, are subject to any preemptive rights, rights of first refusal or other rights to purchase such shares (whether in favor of the Company or any other person).

(e) Outstanding Security Holders. A complete and current list of all outstanding shareholders, option holders and other security holders of the Company as of the Closing Date is set forth in Section 3.2(e) of the Disclosure Schedule, indicating the type and number of shares, options or other securities held by each such shareholder, option holder or other security holder.

3.3. Subsidiaries: Group Structure.

(a) Except for the Existing Group Companies, neither the Company nor any Existing Group Company owns or controls, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

(b) Section 3.3(b) of the Disclosure Schedule sets forth (i) a complete list of all equity interest holders of each of the Existing Group Companies, indicating the percentage of equity interests held by each of the holders, and (ii) a complete list of addresses of all offices and branches maintained by each of the Existing Group Companies.

(c) Section 3.3(c) of the Disclosure Schedule sets forth an organization chart of the Group Companies, illustrating the relationship among the Group Companies with respect to ownership and control that will exist as of the Closing.

3.4. Due Authorization. All corporate action on the part of each Group Company and, as applicable, their respective officers, directors and shareholders necessary for the authorization, execution and delivery of, and the performance of all obligations of such Group Company or the Founder under, this Agreement, the Shareholders Agreement, the documents referred to in the section titled "Pre-Closing Stage" of the Restructuring Plan attached hereto as Exhibit D, and any other agreements to which it is a party and the execution of which is contemplated hereunder (collectively, the "**Transaction Documents**"), and the authorization, issuance, reservation for issuance and delivery of all of the Purchased Shares being sold under this Agreement and the Conversion Shares issuable upon conversion of such Purchased Shares has been taken or will be taken prior to the Closing. Each of the Transaction Documents, when executed and delivered, will constitute valid and binding obligations of each Group Company and the Founder, to the extent they are parties to such agreements, enforceable in accordance with its terms, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

3.5. Valid Issuance of Shares.

(a) The Purchased Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable. The Conversion Shares have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Restated Articles, will be duly and validly issued, fully paid and nonassessable.

(b) All of the outstanding shares of the Company have been duly and validly issued, fully paid and nonassessable, and all outstanding shares, options and other securities of the Company have been issued in full compliance with the requirements of all applicable securities laws and regulations or in compliance with applicable exemptions therefrom.

3.6. Liabilities. As of the Balance Sheet Date (as defined below), except as disclosed in the Financial Statements (as defined below), no Group Company has any indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable.

3.7. Title to Properties and Assets. Each Group Company has good and marketable title to its properties and assets as reflected in its balance sheet subject to no mortgage, pledge, lien, encumbrance, security interest or charge of any kind. With respect to the property and assets it leases, each Group Company is in compliance with such leases and, to its and the Founder's knowledge, such Group Company holds valid leasehold interests in such assets free of any Liens, other than the lessors of such property and assets.

3.8. Status of Proprietary Assets. For the purpose of this Agreement, "**Proprietary Assets**" means all patents, patent applications, trademarks, service marks, trade names, domain names, copyrights, formulas, designs, trade secrets, confidential and proprietary information, proprietary rights, know-how and processes owned by, licensed to or used in the business of, any Group Company. Each Group Company owns or has a valid right to use all the Proprietary Assets necessary for its business as now conducted and as proposed to be conducted pursuant to its business plan and, to the knowledge of each Group Company

and the Founder, without any conflict with or infringement of the rights of others. Section 3.8 of the Disclosure Schedule contains a complete list of Proprietary Assets of each Group Company. There are no outstanding options, licenses or agreements of any kind granted by any Group Company relating to any of its Proprietary Assets, nor is any Group Company bound by or a party to any options, licenses or agreements of any kind with respect to the Proprietary Assets of any other Person, except, in either case, for standard end-user agreements with respect to commercially readily available intellectual property such as "off the shelf" computer software. To the knowledge of each Group Company, it has not violated or, by conducting its business as proposed, would not violate any Proprietary Assets of any other person or entity, nor, to the knowledge of such Group Company, is there any reasonable basis therefor. No Group Company is aware that any of its officers, employees or consultants is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of his, her or its best efforts to promote the interests of such Group Company or that would conflict with the business of such Group Company as proposed to be conducted pursuant to its business plan or that would prevent such officers, employees or consultants from assigning to such Group Company inventions conceived or reduced to practice in connection with services rendered to such Group Company. Neither the execution nor delivery of this Agreement, the Shareholders Agreement or any other Transaction Documents, nor the carrying on of the business of any Group Company by its employees, nor the conduct of the business of any Group Company as proposed, will, to the knowledge of each Group Company and the Founder, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. No Group Company believes it is or will be necessary to utilize any inventions of any of its employees (or people it currently intends to hire) made prior to or outside the scope of their employment by such Group Company.

3.9. Material Contracts and Obligations. All agreements, contracts, leases, licenses, instruments, commitments (oral or written), indebtedness, liabilities and other obligations to which each Group Company is a party or by which it is bound that (i) are material to the conduct and operations of its business and properties, (ii) involve any of the officers, consultants, directors, employees or shareholders of the Group Company, or any family member thereof, on the one hand, and any Group Company, on the other hand (excluding employment and consulting agreements); or (iii) obligate such Group Company to share, license or develop any product or technology are listed in Section 3.9 of the Disclosure Schedule, are in full force and effect and have been made available for inspection by the Purchasers and its counsel.

For purposes of this Section 3.9, "**material**" shall mean (i) having an aggregate value, cost or amount, or imposing liability or contingent liability on any Group Company, in excess of US\$1 million, (ii) containing exclusivity, non-competition, or similar clauses that impair, restrict or impose conditions on any Group Company's right to offer or sell products or services in specified areas, during specified periods, or otherwise, (iii) not in the ordinary course of business, or (iv) transferring or licensing any Proprietary Assets to or from any Group Company (other than licenses granted in the ordinary course of business or licenses from commercially readily available "off the shelf" computer software).

3.10. Litigation. There is no action, suit, proceeding, claim, arbitration or investigation ("**Action**") pending (or, to the knowledge of each Group Company and the

Founder, currently threatened) against any of the Group Companies, any Group Company's activities, properties or assets or, to the knowledge of each Group Company and the Founder, against any officer, director or employee of each Group Company in connection with such officer's, director's or employee's relationship with, or actions taken on behalf of the Company. To the knowledge of each Group Company and the Founder, there is no factual or legal basis for any such Action that is likely to result, individually or in the aggregate, in any Material Adverse Effect. By way of example, but not by way of limitation, there are no Actions pending against any of the Group Companies or, to the knowledge of each Group Company and the Founder, threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. No Group Company is a party to or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality and there is no Action by any Group Company currently pending or which it intends to initiate.

3.11. Compliance with Laws: Governmental Consents.

(a) None of the Group Companies is in violation of any applicable statute, rule, regulation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties in any material respect. All consents, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings with any governmental authority on the part of each Group Company and the Founder required in connection with the consummation of the transactions contemplated hereunder shall have been obtained prior to and be effective as of the Closing. Based in part on the representations of the Purchasers set forth in Section 4 below, the offer, sale and issuance of the Purchased Shares in conformity with the terms of this Agreement are exempt from the registration and prospectus delivery requirements of the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Except as set forth in Section 3.11 of the Disclosure Schedule, each Group Company has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it, the lack of which could result in a Material Adverse Effect, and such Group Company believes it can obtain, without undue burden or expense, any similar authority for the conduct of its business as proposed to be conducted pursuant to its business plan. None of the Group Companies is in default in any material respect under any of such franchises, permits, licenses or other similar authority.

(b) No filings or registrations with any PRC foreign exchange authority(ies) are required in respect of the transactions contemplated hereunder, except for alteration of existing offshore investment foreign exchange registration(s) required to be completed after the Closing.

(c) Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) does not employ any employees and as such does not make any social insurance payments on behalf of any employees. Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) has not obtained a social insurance registration certificate. Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) has complied with all relevant PRC laws and regulations with respect to social welfare in all respects, including without limitation, proper reporting and full payment of social insurance to the relevant authority(ies).

(d) None of the Group Companies nor any of their respective officers, employees, directors, representatives or agents has offered, promised, authorized or made, directly or indirectly, (1) any unlawful payments or (2) payments or other inducements (whether lawful or unlawful) to any Government Official, with the intent or purpose of:

(A) inducing such Government Official to do or omit to do any act in violation of the lawful duty of such Government Official; or

(B) securing any improper advantage,

in order to assist the Company or any other Group Company in obtaining or retaining business for or with, or directing business to, any company, person or entity.

(e) None of the Group Companies nor any of their respective officers, employees, directors, representatives or agents has offered, promised, authorized or made, directly or indirectly, any payments or other inducements specified in Section 3.11(d) to Government Officials in violation of either Cayman Islands or PRC law against improper payments.

(f) Notwithstanding anything else in Section 3.11(d) or (e), any facilitating or expediting payment made to a Government Official for the purpose of expediting or securing the performance of a routine governmental action by a Government Official shall not constitute a breach of the representation made in Section 3.11(d) or (e).

(g) None of the Group Companies nor any of their respective officers, employees, directors, representatives or agents has established or maintained any fund or assets in which any Group Company has proprietary rights that have not been recorded in the books and records of such Group Company.

3.12. Compliance with Other Instruments and Agreements. No Group Company is in, nor shall the conduct of its business as currently or proposed to be conducted pursuant to its business plan result in, any violation, breach or default of any term of its constitutional documents of the respective Group Company which may include, as applicable, memoranda and articles of association, by-laws, joint venture contracts for the PRC Companies and the like (the "**Constitutional Documents**"), or in any material respect of any term or provision of any mortgage, indenture, contract, agreement or instrument to which the Group Company is a party or by which it may be bound, (the "**Group Company Contracts**") or of any provision of any judgment, decree, order, statute, rule or regulation applicable to or binding upon the Group Company. The execution, delivery and performance of and compliance with any of the Transaction Documents and the consummation of the transactions contemplated hereby and thereby will not result in any such violation, breach or default, or be in conflict with or constitute, with or without the passage of time or the giving of notice or both, either a default under any Group Company's Constitutional Documents or any Group Company Contract, or, to the knowledge of each Group Company and the Founder, a violation of any statutes, laws, regulations or orders, or an event which results in the creation of any lien, charge or encumbrance upon any asset of any Group Company.

3.13. Disclosure. No representation or warranty by any Group Company or the Founder in this Agreement or any other Transaction Document, or in any exhibit, schedule or certificate furnished to the Purchasers pursuant to this Agreement or any other

Transaction Document contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading.

3.14. Registration Rights. Except as provided in the Shareholders Agreement, the Company has not granted or agreed to grant any Person any registration rights (including piggyback registration rights), nor is the Company obliged to list any of its shares on any securities exchange. To the knowledge of each Group Company and the Founder, except as contemplated in this Agreement, the Shareholders Agreement and the Restated Articles, no voting or similar agreements exist related to the Company's securities which are presently outstanding or that may hereafter be issued.

3.15. Insurance. The Group Companies have in full force and effect fire and property insurance policies, as is customarily insured against in the industry in the PRC.

3.16. Financial Statements; Accounting. From and since no later than April 1, 2007, each Group Company has established and maintained a standard system of accounting established and administered in accordance with US GAAP. The Company has delivered to the Purchasers (i) unaudited and non-consolidated financial statements of (balance sheet and income and cash flow statements, including notes thereto) of the following Group Companies at December 31, 2006 and for the fiscal year then ended:

(a) the BVI Co, Air Media International Limited and Air Media (China) Ltd., (all based on US GAAP), and

(b) Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司), Air Media Technology (Beijing) Co Ltd (航美联合传媒技术(北京)有限公司), Beijing Air Media Advertising Co Ltd (北京航美传媒广告有限公司), Beijing Ai Yi Ke Experiencing Information & Technology Co. Ltd. (北京爱亿客体验信息技术有限责任公司), Beijing Shengshi United Advertising Co Ltd (北京盛世联合广告有限公司) and Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) (all based on PRC GAAP).

The foregoing financial statement(s) and report and any notes thereto are hereinafter referred to as the " **Financial Statements**" and December 31, 2006, is hereinafter referred to as the "**Balance Sheet Date**". Such Financial Statements (a) are in accordance with the books and records of the Group Companies and (b) are true, correct and complete and present fairly the financial condition of the Group Companies at the date therein indicated and the results of operations for the period therein specified. Specifically, but not by way of limitation, each balance sheet of the Financial Statements discloses all of the Group Companies' material debts, liabilities and obligations of any nature, whether due or to become due, as of their respective dates (including, without limitation, absolute liabilities, accrued liabilities, and contingent liabilities) to the extent such debts, liabilities and obligations are required to be disclosed in accordance with the applicable GAAP. The Group Companies have good and marketable title to all assets set forth on the balance sheet of the Financial Statements, except for such assets as have been spent, sold or transferred in the ordinary course of business since the Balance Sheet Date. Except as disclosed in the Financial Statements, none of the Group Companies is a guarantor or indemnitor of any indebtedness of any other person or entity.

3.17. Activities Since Balance Sheet Date. Since the Balance Sheet Date, with respect to any Group Company, there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of such Group Company from that reflected in the Financial Statements, except changes in the ordinary course of business that do not have, in the aggregate, Material Adverse Effects;

(b) any material change in the contingent obligations of such Group Company by way of guarantee, endorsement, indemnity, warranty or otherwise;

(c) any damage, destruction or loss, whether or not covered by insurance, having Material Adverse Effects (as presently conducted and as presently proposed to be conducted pursuant to its business plan);

(d) any waiver by such Group Company of a valuable right or of a material debt;

(e) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by such Group Company, except such satisfaction, discharge or payment made in the ordinary course of business that is not material to the assets, properties, financial condition, operating results or business of such Group Company;

(f) any change or amendment to a material contract or arrangement by which such Group Company or any of its assets or properties is bound or subject, except for changes or amendments which are expressly provided for or disclosed in this Agreement;

(g) any material change in any compensation arrangement or agreement with any present or prospective officer, key employee, contractor or director not approved by such Group Company's Board of Directors or comparable governing body;

(h) any sale, assignment or transfer of any Proprietary Assets or other material intangible assets of such Group Company;

(i) any resignation or termination of any key officers of such Group Company;

(j) any Lien created by such Group Company, with respect to any of its properties or assets, except liens for taxes not yet due or payable or Permissible Liens;

(k) any debt, obligation, or liability incurred, assumed or guaranteed by such Group Company individually in excess of RMB500,000 or in excess of RMB1,000,000 in the aggregate;

(l) any declaration, setting aside or payment or other distribution in respect of any of such Group Company's share capital, or any direct or indirect redemption, purchase or other acquisition of any of such share capital by such Group Company other than the repurchase of share capital from employees, officers, directors or consultants pursuant to agreements approved by the board of directors of such Group Company under which such Group Company has the option to repurchase such shares at cost upon the occurrence of certain events, such as termination of an employment or consulting relationship;

(m) any failure to conduct business in the ordinary course;

(n) any transactions with the Founder or any director, officer or employee of such Group Company, or any members of their immediate families, or any entity controlled by any of such individuals;

(o) any other event or condition of any character which had or would have a Material Adverse Effect; or

(p) any agreement or commitment by such Group Company to do any of the things described above.

3.18. Tax Matters.

(a) The provisions for taxes in the respective Financial Statements are sufficient for the payment of all accrued and unpaid applicable taxes of the covered Group Company, whether or not assessed or disputed as of the date of each such balance sheet. There have been no examinations or audits of any tax returns or reports by any applicable governmental agency. Each Group Company has duly filed all tax returns required to have been filed by it and paid all taxes due and no tax liens are currently in effect against any of the assets of any Group Company. These returns do not omit any material fact required to be disclosed under applicable law, and each of these returns discloses all of the applicable Group Companies' tax obligations of any nature, as of their respective dates, to the extent such tax obligations are required to be disclosed under applicable law. Each Group Company is not subject to any waivers of applicable statutes of limitations with respect to taxes for any year. Since the Balance Sheet Date, none of the Group Companies has incurred any taxes, assessments or governmental charges other than in the ordinary course of business and each Group Company has made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to its business, properties and operations for such period. No tax return of any Group Company is or has been under audit or other examination by any governmental authority, nor has the Company or any Group Company been notified of any request for an audit or other examination.

(b)(c) Each Group Company is treated as a corporation for U.S. federal income tax purposes.

3.19. Interested Party Transactions. Except for transactions (i) in the ordinary course of the business of a Group Company in an amount not exceeding RMB250,000 in a single transaction or a series of related transactions, or (ii) otherwise disclosed in the Disclosure Schedule, neither the Founder or any Affiliate or "**Associate**" (as such term is defined in Rule 405 promulgated under the Act) of the Founder nor any other shareholder has any agreement, understanding, proposed transaction with, or is indebted to, any Group Company, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any of them (other than for accrued salaries, reimbursable expenses or other standard employee benefits). Neither the Founder nor any other shareholder has any direct or indirect ownership interest in any firm or corporation with which a Group Company is affiliated or with which a Group Company has a business relationship, or any

firm or corporation that competes with a Group Company, except that the Founder owns shares in the Company or may own shares in publicly traded companies that may compete with a Group Company. No Affiliates or Associates of the Founder or any other shareholder is directly or indirectly interested in any material contract with a Group Company. Neither the Founder or any other shareholder or any Affiliate or Associate of any of them has, either directly or indirectly, a material interest in: (a) any person or entity which purchases from or sells, licenses or furnishes to a Group Company any goods, property, intellectual or other property rights or services; or (b) any contract or agreement to which a Group Company is a party or by which it may be bound or affected.

3.20. Exempt Offering. The offer and sale of the Purchased Shares pursuant to this Agreement are exempt from the registration or qualification requirements of any applicable securities laws and regulations, and the issuance of the Conversion Shares in accordance with the Restated Articles will be exempt from such registration or qualification requirements.

3.21. No Other Business. The Company was formed solely to acquire and hold an equity interest in its operating subsidiaries and since its formation has not engaged in any business and has not incurred any liability.

3.22. Minute Books. The minute books of each Group Company made available to the Purchasers contain a complete summary of all meetings and actions taken by directors and shareholders or equity interest holders of such Group Company since its time of formation, and reflect all transactions referred to in such minutes accurately in all material respects.

3.23. Other Representations and Warranties Relating to the PRC Companies.

(a) The constitutional documents and incorporation certificates of each Group Company established under the laws of the PRC (the “**PRC Companies**”, and each, a “**PRC Company**”) are valid and have been duly approved or issued (as applicable) by competent PRC authorities.

(b) All consents, approvals, authorizations or licenses requisite under PRC law for the due and proper establishment and operation of each PRC Company have been duly obtained from the relevant PRC authorities and are in full force and effect.

(c) The capital and organizational structure of each PRC Company and the conduct by each PRC Company of its applicable business under such structure is valid and in full compliance with PRC laws.

(d) All filings and registrations with the PRC authorities required in respect of each PRC Company and its operations have been duly completed in accordance with the relevant rules and regulations.

(e) Except as disclosed in the Disclosure Schedule, the registered capital of each PRC Company has been fully paid up. All the equity interests in Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司) and Air Media Technology (Beijing) Co Ltd (航美联合传媒技术(北京)有限公司) (the “**WFOEs**”) are duly vested

in the Company as the owner in accordance with applicable PRC rules and regulations. The Company legally and beneficially owns 100% of the equity interest in the WFOEs. There are no outstanding rights, or commitments made by the Company to sell any equity interest in the WFOEs.

(f) No PRC Company is in receipt of any letter or notice from any relevant authority notifying revocation of any permits or licenses issued to it for non-compliance or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by such PRC Company.

(g) Each of the PRC Companies has been conducting and will conduct its business activities within the permitted scope of business or is otherwise operating its business in full compliance with all relevant legal requirements and with all necessary licenses, permits and approvals granted by competent PRC authorities.

(h) In respect of approvals, licenses or permits requisite for the conduct of any part of the business of any PRC Company which is subject to periodic renewal, neither such PRC Company, nor the Founder has any reason to believe that such requisite renewals will not be granted by the relevant PRC authorities.

(i) Except as disclosed in the Disclosure Schedule, with regard to employment and staff or labor management, each PRC Company has complied with all applicable PRC laws and regulations in all material respects, including without limitation, laws and regulations pertaining to welfare funds, social benefits, medical benefits, insurance, retirement benefits, pensions or the like.

4. REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser, severally but not jointly and severally, represents and warrants to the Company as of the date hereof and as of the Closing Date as follows:

4.1. Organization, Standing and Qualification. Such Purchaser is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets.

4.2. Authorization. Such Purchaser has all requisite power, authority and capacity to enter into this Agreement and the Shareholders Agreement, and to perform its obligations under this Agreement and the Shareholders Agreement. This Agreement has been duly authorized, executed and delivered by such Purchaser. This Agreement and the Shareholders Agreement, when executed and delivered by such Purchaser, will constitute valid and legally binding obligations of such Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.

4.3. No Conflicts; Consents and Approvals, etc. The execution and delivery of this Agreement and the Shareholders Agreement by such Purchaser and the performance of its obligations hereunder and thereunder will not result in (i) any conflict with the memorandum and articles of association of such Purchaser; or (ii) any breach or violation of, conflict with or default under any law, statute, regulation, judgment, order, decree, license,

permit or other governmental authorization or any mortgage, lease, agreement, deed of trust, indenture or any other instrument to which such Purchaser is a party or by which it or its properties or assets are bound.

4.4. Purchase for Own Accounts. The Purchased Shares and the Conversion Shares will be acquired for such Purchaser's own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof. If the Purchaser should in the future decide to dispose of any of the Purchased Shares, the Purchaser understands and agrees that it may do so only in compliance with the Securities Act and applicable state and foreign securities laws, as there in effect. Such Purchaser agrees to the imprinting, so long as required by law, of a legend on certificates representing all of its Purchased Shares, and shares of Ordinary Shares issuable upon conversion of its Purchased Shares to the following effect.

"THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE TERMS AND CONDITIONS OF A SHAREHOLDERS' AGREEMENT OF AIRMEDIA GROUP INC. (THE "COMPANY"), DATED APRIL __, 2007 BY AND AMONG THE COMPANY, ITS SHAREHOLDERS AND THE OTHER PARTIES NAMED THEREIN.

4.5 Accredited Investor. Such Purchaser is an accredited investor as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

4.6 Financing. Such Purchaser has all legitimate funds necessary to consummate the transactions contemplated by this Agreement.

4.7. Exemption. Such Purchaser understands that the Purchased Shares will not be registered at the time of their issuance under the Securities Act for the reason that the sale provided for in this Agreement is exempt from the qualification, registration and prospectus delivery requirements of the Securities Act and any applicable securities laws and that the reliance of the Company on the exemption is predicated on the Purchasers' representations set forth herein.

5. COVENANTS OF THE GROUP COMPANIES AND THE FOUNDER

The Group Companies and the Founder covenant to each Purchaser as follows:

5.1. Use of Proceeds from the Sale of Purchased Shares. The entire proceeds (less reasonable expenses) from the sale of the Purchased Shares shall be used for (i) expanding and sustaining the current network and establishing branches in other cities (ii) working capital, (iii) mergers and acquisitions of related businesses, or (iv) other uses approved by the Board.

5.2. Founder's Shares Lock-up. Any Ordinary Shares directly or indirectly held by the Founder shall not be transferable except as provided in the Shareholders Agreement.

5.3. Business of certain Group Companies. The business of each Group Company (other than the PRC Companies) shall be restricted to the holding, management and disposition of equity interest in its operating subsidiaries.

5.4. Business of the PRC Companies. The business of each Group Company shall be restricted to its respective scope of business.

5.5. Directors of Subsidiaries. All directors of any Group Company shall be appointed and removed only by the approval or consent the board of directors of the Company.

5.6. Indemnification. The Group Companies and the Founder, on a joint and several basis, shall indemnify, defend and hold harmless, the Purchasers, their respective Affiliates, officers, directors, employees, agents, successors and assigns (collectively, the "**Company Indemnified Parties**") promptly upon demand at any time and from time to time against any and all liabilities, losses, damages of any kind, diminution in value, claims, costs, expenses, fines, fees, deficiencies, interest, awards, judgments, amounts paid in settlement and penalties (including, without limitation, reasonable attorneys', consultants' and experts' fees and expenses and other costs of defending, investigating or settling claims) suffered, incurred, accrued (in accordance with PRC GAAP) or paid by them (including, without limitation, in connection with any action brought or otherwise initiated by any of them) (hereinafter, a "**Loss**"), arising out of or in connection with (i) any misrepresentation or any breach of representations and warranties contained herein, (ii) any breach of any of the covenants or agreements of any Group Company or the Founder hereunder, and (iii) any and all material liabilities (including contingent liabilities) of any Group Company not reflected in the Financial Statements, and (iv) the disclosures set forth in the column titled "Remark" of Section 3.3(b)(i) or (ii) of the Disclosure Schedule. As used herein, "**Losses**" are not limited to matters asserted by third parties, but include Losses incurred or sustained by the Company Indemnified Parties in the absence of claims by third parties.

5.7. Foreign Exchange Registration. Notwithstanding any disclosure in the Disclosure Schedule, after the Closing, the Company and each of the Founders shall, in accordance with applicable law, complete all filings with any PRC foreign exchange authority(ies) that are required in respect of the transactions contemplated hereunder, including but not limited to the alteration of existing offshore investment foreign exchange registration(s) required to be completed after the Closing.

5.8. Social Insurance Certificate. Prior to or promptly after the Closing, Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) will obtain a social insurance registration certificate indicating that Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司) has complied with all relevant PRC laws and regulations with respect to social welfare in all respects, including without limitation, proper reporting and full payment of social insurance to the relevant authority(ies).

5.9. Business License. Prior to or promptly after the Closing, Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司) will receive a renewed business license indicating that Shenzhen Air Media Technology Co Ltd (深圳市航美信息技术有限公司) has all requisite power and authority to carry on its business as proposed to be conducted pursuant to its business plan and is fully qualified to do business.

5.10. Confirmation of Premises. Prior to the Closing, the Purchasers shall have received reasonably satisfactory evidence that each of the PRC Companies (including but not limited to any branch offices of the PRC Companies) has the right in accordance with applicable law to operate its business at its registered address as shown on its business license and any other premises utilized by the PRC Companies.

5.11. Additional Covenants. Except as required by this Agreement, the Shareholders Agreement and such other agreement as contemplated hereunder, no resolution of the directors, owners, members, partners or shareholders of each Group Company shall be passed, nor shall any contract or commitment be entered into (including without limitation any resolution, contract or commitment with respect to the acquisition by any Group Company of any other entity), in each case, prior to Closing without the written consent of the Purchasers (which consent shall not be unreasonably withheld), except that the Group Companies may carry on their respective business in the same manner as heretofore and may pass resolutions and enter into contracts for so long as they are effected in their ordinary course of business.

If at any time before Closing, any of the Group Companies comes to know of any material fact or event which:

- (a) is in any way materially inconsistent with any of the representations and warranties given by any of the Group Companies, and/or
- (b) suggests that any material fact warranted may not be as warranted or may be materially misleading,

the Group Companies and the Founder shall give immediate written notice thereof to each Purchasers in which event the Purchasers may within fourteen (14) Business Days of receiving such notice terminate this Agreement by written notice without any penalty or future obligations whatsoever; provided, however, nothing herein shall relieve any party from liability for any breach of this Agreement.

6. CONDITIONS TO PURCHASERS' OBLIGATIONS AT THE CLOSING

The obligation of the Purchasers to purchase the Purchased Shares at the Closing is subject to the fulfillment, to the reasonable satisfaction of the Purchasers on or prior to the Closing, of the following conditions (any or all of which may be waived by the Purchasers); provided, that no waiver or determination as to the fulfillment of any condition set forth in this Section 6 by any Purchaser shall be deemed to be a waiver or determination as to the fulfillment of such condition by any other Purchaser.

6.1. Representations and Warranties. The representations and warranties made by the Group Companies and the Founder in Section 3 hereof shall be true and correct and complete when made, and shall be true and correct and complete as of the Closing Date with the same force and effect as if they had been made on and as of such date, or as of another date if any representations and warranties are made with respect to such other date.

6.2. Performance of Obligations. Each of the Group Companies and the Founder shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the transactions contemplated hereby.

6.3. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall be satisfactory in substance and form to the Purchasers, and the Purchasers shall have received all such counterpart originals or certified or other copies of such documents as it may reasonably request.

6.4. Consents and Waivers. Each Group Company and the Founder shall have obtained any and all consents and waivers necessary for consummation of the transactions contemplated by this Agreement, including, but not limited to, (i) all permits, authorizations, approvals, consents or permits of any governmental authority or regulatory body, and (ii) the waiver by the Holders of Ordinary Shares and the Holders of Series A Preferred Shares of the Company of any anti-dilution rights, rights of first refusal, preemptive rights and all similar rights in connection with the issuance of the Purchased Shares.

6.5. Compliance Certificate. At the Closing, each of the Group Companies, and the Founder shall deliver to the Purchasers certificates, dated the Closing Date, certifying that the conditions specified in Sections 6.1 and 6.2 have been fulfilled and stating, where applicable, that there shall have been no Material Adverse Effect since the Balance Sheet Date.

6.6. Share Exchange; Amendment to Constitutional Documents. Each of the Company, the BVI Co and each of the then current holders of equity securities of the BVI Co shall have duly entered into a Share Exchange Agreement in form and substance reasonably satisfactory to the Purchasers (the "**Exchange Agreement**"), and pursuant to the Exchange Agreement the Company shall have acquired all of the equity securities of the BVI Co in exchange for the issuance of substantially identical equity securities of the Company to the then current holders of equity securities of the BVI Co, such that immediately prior to the Closing the Company will own beneficially and of record one hundred percent (100%) of the outstanding equity securities of the BVI Co and the prior holders of equity securities of the BVI Co together will own beneficially and of record one hundred percent (100%) of the outstanding equity securities of the Company. The articles of association and memorandum of association of the BVI Co shall have been amended and restated, to the reasonable satisfaction of the Purchasers, to eliminate any right, preference or privilege of any holder of equity securities of the BVI Co other than the Company, and such amended and restated articles of association and memorandum of association shall be in full force and effect. The Restated Articles shall have been duly adopted by the Company by all necessary resolutions of its Board of Directors and its shareholders and shall not have been altered or amended in any way. Such Restated Articles shall be in full force and effect.

6.7. Execution of Shareholders' Agreement. The Company shall have delivered to the Purchasers an original copy of the Shareholders' Agreement, duly executed by the Company and all other parties thereto (except for the Purchasers).

6.8. Completion of Financial Due Diligence. The Purchasers shall have received from KPMG a financial due diligence report with respect to the Company and each of the other Group Companies and shall be satisfied, in their sole discretion, with the conclusions and content of such report.

6.9. Director's Certificate. A director of the Company shall deliver to the Purchasers at the Closing a certificate, dated the Closing Date, certifying that the copies of (a) the Restated Articles attached thereto have been duly adopted and are in full force and effect and (b) the Board of Director and shareholder resolutions relating to the sale of the Series B Preferred Shares attached thereto, are true and complete copies of such documents and resolutions.

6.10. Good Standing. The Purchasers shall have received certificates of good standing issued by the relevant authorities of the Cayman Islands and the British Virgin Islands certifying that, among other things, the Company and the BVI Co, respectively, were duly constituted, have paid all required fees and are in good legal standing.

6.11. Observer Status. At the Closing, each of Gabriel Fong and Zhang Hao shall have been appointed as observers designated by OZ and SIG, respectively, with the right to attend, but not to vote at, meetings of the Company's board of directors, including but not limited to, meetings of all committees of the Company's board of directors.

6.12. Register of Members. Each Purchaser shall have received a copy of the Company's register of members, certified by a director of the Company as true and complete as of the Closing Date, updated to show the Purchasers as the holder of the Purchased Shares to be purchased at the Closing.

6.13. No Material Adverse Effect. There shall have not been any Material Adverse Effect on any Group Company since the Balance Sheet Date.

6.14. Opinion of Company's Counsel. The Purchasers shall have received from the Company's counsels in the Cayman Islands, British Virgin Islands and the PRC, legal opinions addressed to the Purchasers, dated as of the Closing Date, in form and substance satisfactory to the Purchasers.

6.15. Employment Agreement: Confidentiality, Non-compete and Invention Assignment Agreement. Each of the employees listed on Schedule D (the "**Key Employees**") shall have entered into an Employment Agreement containing confidentiality provisions and non-compete provisions in a form reasonably satisfactory to the Purchasers.

6.16. No Litigation. No action, suit or proceeding before any court or any governmental authority shall have been commenced or threatened, no investigation by any governmental authority shall have been commenced and no action, suit or proceeding by any

governmental authority shall have been threatened against any Purchaser, any Group Company, the Founder (a) seeking to restrain, prevent or change the consummation of the transactions contemplated hereby or under any other Transaction Document or questioning the validity or legality of any of such transactions, or (b) which would, if resolved adversely to the Purchasers, such Group Company or the Founder, severally or in the aggregate, have a Material Adverse Effect or affect any material right of the Purchasers under this Agreement or under any other Transaction Document.

6.17. Confirmation of Premises. Each of the PRC Companies (including but limited to any branch offices of the PRC Companies) shall have been operating its business at its registered address as shown on its business license and any other premises utilized by the PRC Companies in accordance with applicable law.

6.18. Social Insurance. Each of the PRC Companies (excluding Beijing Air Media UC Advertising Co Ltd (北京航美优视广告有限公司)) shall have obtained its social insurance registration certificate as required by the relevant PRC law and shall have complied with the relevant PRC laws and regulations with respect to social welfare in all respects, including without limitation, proper reporting and full payment of social insurance to the relevant authority(ies).

6.19. PFIC/CFC Determinations. The Group Companies and the Founder, jointly and severally, shall represent and warrant to each of the Purchasers that (i) the Company does not expect the Company or any Group Company to be a "passive foreign investment company" as defined in the Internal Revenue Code of 1986, as amended (the "**Code**"), for the current taxable year, and (ii) no Group Company is, has ever been, nor will become, as a result of the transactions contemplated herein a "controlled foreign corporation" as defined in the Code.

6.20. Waiver Letter. The Company shall have delivered to the Purchasers an original copy of a waiver letter in the form attached hereto as Exhibit E, duly executed by the party indicated thereon.

7. CONDITIONS TO COMPANY'S OBLIGATIONS AT THE CLOSINGS

The obligations of the Company under this Agreement are subject to the fulfillment at or before the Closing of the following conditions:

7.1. Representations and Warranties. The representations and warranties of the Purchasers contained in Section 4 shall be true and correct as of the Closing Date.

7.2. Qualifications. All authorizations, approvals, or permits, if any, of any applicable governmental authority or regulatory body that are required in connection with the lawful issuance and sale of the Series B Preferred Shares pursuant to this Agreement shall be duly obtained and effective as of the Closing.

7.3. Execution of Shareholders' Agreement. The Purchasers shall have executed and delivered to the Company the Shareholders' Agreement.

7.4. Compliance Certificate. At the Closing, each Purchaser shall deliver to the Group Companies and the Founder a certificate, dated the Closing Date, certifying that the conditions specified in Section 7.1 have been fulfilled.

8. MISCELLANEOUS

8.1 Definitions.

(a) Terms Generally. The words "hereby", "herein", "hereof", "hereunder" and words of similar import refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which such word appears. All references herein to Sections, Schedules and Exhibits shall be deemed references to Sections, Schedules and Exhibits of this Agreement unless the context shall otherwise require. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The definitions given for terms in this Section 8.1 and elsewhere in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Except as otherwise expressly provided herein, all references to "dollars" or "\$" shall be deemed references to the lawful money of the United States.

(b) Certain Terms. As used in this Agreement, and unless the context requires a different meaning, the following terms shall have the following respective meanings:

"Affiliate" of a Person (the "Subject Person") means (i) in the case of a Person other than a natural Person, any other Person that directly or indirectly controls, is controlled by or is under common control with the Subject Person and (ii) in the case of a natural Person, any other Person that directly or indirectly is controlled by the Subject Person. For purposes of this definition, "control" of a Person means (a) ownership of 50% or more of the shares in issue or other equity interests of such Person or (b) the power to direct the management or policies of a Person, whether through the ownership of more than 50% of the voting power of such Person, through the power to appoint a majority of the members of the board of directors or similar governing body of such Person, through contractual arrangements or otherwise. In the case of the Purchasers, the term "Affiliate" shall also include (w) any fund that is a direct or indirect shareholder of the Purchasers, (x) any of such fund's direct and indirect general partners, limited partners, fund managers and funds managed by such fund's direct and indirect fund managers, officers (including vice presidents), general partners and Affiliates thereof, (y) the spouses, lineal descendants and heirs of individuals referred to in (x) and (z) trusts controlled by or for the benefit of such individuals.

"Agreement" shall have the meaning set forth in the Preamble.

"Business Day" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in the Cayman Islands, Hong Kong or the PRC are authorized or required by law or executive order to close.

"BVI Co" shall mean Broad Cosmos Enterprises Ltd., an international business company organized under the laws of the British Virgin Islands.

"Code" shall have the meaning set forth in Section 6.19.

"Existing Group Companies" shall have the meaning set forth in the preamble.

"Founder" shall have the meaning set forth in the preamble.

"Government Official" shall mean (i) any employee or official of any government, including any employee or official of any entity owned or controlled by a government, (ii) any employee or official of a political party, (iii) any candidate for political office or his employee, or (iv) any employee or official of an international organization.

"Group" shall have the meaning set forth in Section 5.6.

"Holders of Ordinary Shares" shall mean Guo Man, Xu Qing and Zhang Xiaoya.

"Holder of Series A Preferred Shares" shall mean Global Gateway Investments Limited, an international business company organized under the laws of the British Virgin Islands.

"Liens" means any mortgage, pledge, deed of trust, hypothecation, right of others, claim, security interest, encumbrance, burden, title defect, title retention agreement, lease, sublease, license, occupancy agreement, easement, covenant, condition, encroachment, voting trust agreement, interest, option, right of first offer, negotiation or refusal, proxy, lien, charge or other restrictions or limitations of any nature whatsoever, including, but not limited to, such Liens as may arise under any contract.

"Permitted Liens" means (i) Liens for taxes and other governmental charges and assessments not yet due and payable or that are being contested in good faith and for which adequate accruals or reserves have been established on the relevant balance sheet, (ii) Liens of carriers, warehousemen, mechanics, materialmen and other like Liens arising in the ordinary course of business, (iii) easements, rights of way, zoning ordinances and other similar encumbrances affecting real property, and (iv) statutory Liens in favor of lessors arising in connection with any property leased to the Company or any of its Subsidiaries, which Liens and other encumbrances described in clauses (i) – (iv) do not materially interfere with the current use by the Company or any of its Subsidiaries of the assets, properties or rights affected thereby and would not reasonably be expected to have or result in a Material Adverse Effect.

"Person" means any natural person, firm, partnership, association, corporation, company, trust, business trust, governmental authority or other entity.

"PRC" means the People's Republic of China, excluding Hong Kong, Taiwan and Macau for the purpose of this Agreement.

"PRC Companies" shall mean entities listed in Schedule B under the caption "PRC Companies".

"Restated Articles" shall mean amended and restated Memorandum of Association and Articles of Association of the Company, identical in all respects to the form attached hereto as Exhibit A, except that, on advice of Cayman Islands counsel, such form may be altered to the minimum extent necessary in order to comply with applicable laws and regulations of the Cayman Islands.

8.2. Governing Law. This Agreement shall be governed by and construed exclusively in accordance the internal laws of the State of New York (as permitted by Section 5-1401 of the New York General Obligations Law (or any similar successor provision) without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties hereunder.

8.3. Survival. The representations, warranties, covenants and agreements made herein shall survive for a period of 3 years following the Closing Date.

8.4. Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto whose rights or obligations hereunder are affected by such amendments. This Agreement and the rights and obligations therein may not be assigned by any Purchaser without the written consent of the Company except to an Affiliate. This Agreement and the rights and obligations therein may not be assigned by any Group Company or the Founder without the written consent of the Purchasers.

8.5. Entire Agreement. This Agreement, the other Transaction Documents and the schedules and exhibits hereto and thereto, which are hereby expressly incorporated herein by this reference constitute the entire understanding and agreement between the parties with regard to the subjects hereof and thereof; provided, however, that nothing in this Agreement or related agreements shall be deemed to terminate or supersede the provisions of any confidentiality and nondisclosure agreements executed by the parties hereto prior to the date of this Agreement, which agreements shall continue in full force and effect until terminated in accordance with their respective terms.

8.6. Notices. Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other party; (b) when sent by facsimile at the number set forth in Schedule E hereto; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other party as set forth in Schedule E; or (d) three (3) Business Days after deposit with an overnight delivery service, postage prepaid, addressed to the parties as set forth in Schedule E with next business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery service provider.

Each person making a communication hereunder by facsimile shall promptly confirm by telephone to the person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 8.6 by giving, the other party written notice of the new address in the manner set forth above.

8.7. Amendments and Waivers. Any term of this Agreement may be amended only with the written consent of the Purchasers and the Company.

8.8. Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Group Company, or any Purchaser, upon any breach or default of any party hereto under this Agreement, shall impair any such right, power or remedy of such Group Company, the Founder, or such Purchaser nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring; nor shall any waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Group Company, the Founder, or any Purchaser of any breach of default under this Agreement or any waiver on the part of any Group Company or any Purchaser of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to the Group Companies, the Founder, or any Purchaser shall be cumulative and not alternative.

8.9. Finder's Fees. Except for a fee, payable to Macquarie Investment Advisory (Beijing) Co., Ltd., of five percent (5%) of the portion of the Purchase Price actually paid by OZ pursuant to this Agreement, each party hereto (a) represents and warrants to each other party hereto that it has retained no finder or broker in connection with the transactions contemplated by this Agreement, and (b) hereby agrees to indemnify and to hold harmless such other party hereto from and against any liability for any commission or compensation in the nature of a finder's fee of any broker or other person or firm (and the costs and expenses of defending against such liability or asserted liability) for which the indemnifying party or any of its employees or representatives are responsible.

8.10. Interpretation; Titles and Subtitles. This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

8.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

8.12. Severability. If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the parties. In such event, the parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most closely effects the parties' intent in entering into this Agreement.

8.13. Confidentiality and Non-Disclosure. The parties hereto agree to be bound by the confidentiality and non-disclosure provisions of Section 6 of the Shareholders Agreement.

8.14. Further Assurances. Each party shall from time to time and at all times hereafter make, do, execute, or cause or procure to be made, done and executed such further acts, deeds, conveyances, consents and assurances without further consideration, which may reasonably be required to effect the transactions contemplated by this Agreement.

8.15. Dispute Resolution. The parties agree to negotiate in good faith to resolve any dispute between them regarding this Agreement. In the event the parties are unable to resolve such dispute within thirty (30) days, such dispute shall be referred to and finally settled by arbitration at the Hong Kong International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules (the "**UNCITRAL Rules**") in effect, which rules are deemed to be incorporated by reference into this subsection (b). The arbitration tribunal shall consist of three arbitrators to be appointed according to the UNCITRAL Rules. The language of the arbitration shall be English.

8.16. Expenses. Each party shall be responsible for its own fees and expenses in connection with the preparation of this Agreement and the consummation of the transactions contemplated hereunder.

8.17. Termination. This Agreement may be terminated by any party that has not materially breached its representations, warranties or covenants hereunder on or after May 31, 2007 or any other date agreed by all parties, by written notice to the other parties, if the Closing has not occurred on or prior to such date. Upon termination of this Agreement under this Section 8.17, this Agreement shall forthwith become wholly void and of no effect and the parties shall be released from all future obligations hereunder; provided that nothing herein shall relieve any party from liability for any breach of this Agreement occurring prior to such termination.

— REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK —

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

AIRMEDIA GROUP INC.

By: /s/ Guo Man
Name: Guo Man
Title: Director

BROAD COSMOS ENTERPRISES LTD.

By: /s/ Guo Man
Name: Guo Man
Title: Director

AIR MEDIA INTERNATIONAL LTD.

By: /s/ Guo Man
Name: Guo Man
Title: Director

AIR MEDIA (CHINA) LTD.

By: /s/ Guo Man
Name: Guo Man
Title: Director

SHENZHEN AIR MEDIA TECHNOLOGY CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

BEIJING AIR MEDIA UC ADVERTISING CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

SIGNATURE PAGE TO SERIES B CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

BEIJING AIR MEDIA ADVERTISING CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

AIR MEDIA TECHNOLOGY (BEIJING) CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

BEIJING SHENGSHI UNITED ADVERTISING CO LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

AIRTV UNITED MEDIA & CULTURE CO., LTD

By: /s/ Guo Man
Name: Guo Man
Title: Director

/s/ Guo Man
Guo Man

SIGNATURE PAGE TO SERIES B CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

**BEIJING AI YI KE EXPERIENCING INFORMATION &
TECHNOLOGY CO. LTD.**

By: /s/ Guo Man

Name: Guo Man

Title: Director

SIGNATURE PAGE TO SERIES B CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date herein above first written.

OZ Master Fund, Ltd.

By: OZ Management, L.L.C.,
its Investment Manager

By: /s/ Joel M. Frank _____

Name: Joel M. Frank

Title: Chief Financial Officer

OZ Asia Master Fund, Ltd.

By: OZ Management, L.L.C.,
its Investment Manager

By: /s/ Joel M. Frank _____

Name: Joel M. Frank

Title: Chief Financial Officer

OZ Global Special Investments Master Fund, L.P.

By: OZ Advisors, L.L.C.,
its General Partner

By: Och-Ziff Associates, L.L.C.
its Managing Member

By: /s/ Joel M. Frank _____

Name: Joel M. Frank

Title: Chief Financial Officer

AM SPV LIMITED

By: /s/ Michael L. Spolan _____

Print Name: Michael L. Spolan

Title: Vice President

SIGNATURE PAGE TO SERIES B CONVERTIBLE PREFERRED SHARE PURCHASE AGREEMENT

SCHEDULES AND EXHIBITS

Schedule A	Founder
Schedule B	Existing Group Companies
Schedule C	Purchasers
Schedule D	Key Employees
Schedule E	Notices
Exhibit A	Form of Restated Articles
Exhibit B	Disclosure Schedule
Exhibit C	Form of Shareholders Agreement
Exhibit D	Restructuring Plan
Exhibit E	Side Agreement

SCHEDULE A

Founder

Founder

PRC ID Number

GUO MAN

SCHEDULE B

Existing Group Companies

Offshore:

AirMedia Group Inc.
Air Media International Limited
Air Media (China) Ltd.
Broad Cosmos Enterprises Ltd.

PRC Companies

1. Shenzhen Air Media Technology Co. Ltd. (深圳市航美信息技术有限公司)
2. Air Media Technology (Beijing) Co. Ltd. (航美联合传媒技术(北京)有限公司)
3. Beijing Air Media Advertising Co. Ltd. (北京航美传媒广告有限公司)
4. Beijing Shengshi United Advertising Co. Ltd. (北京盛世联合广告有限公司)
5. Beijing Ai Yi Ke Experiencing Information & Technology Co. Ltd. (北京爱亿客体验信息技术有限责任公司)
6. Beijing Air Media UC Advertising Co. Ltd. (北京航美优视广告有限公司)
7. AirTV United Media & Culture Co. Ltd. (北京空港联合文化传媒有限公司)

SCHEDULE C**Purchasers**

<u>Name</u>	<u>Address</u>	<u>Number of Purchased Shares</u>	<u>Purchase Price (\$)</u>
OZ Master Fund, Ltd.	9 West 57th Street, 39th Floor New York, NY 10019 United States of America	3,868,000	US\$ 9,670,000
OZ Asia Master Fund, Ltd.	9 West 57th Street, 39th Floor New York, NY 10019 United States of America	3,447,200	US\$ 8,618,000
OZ Global Special Investments Master Fund, L.P	9 West 57th Street, 39th Floor New York, NY 10019 United States of America	324,000	US\$ 810,000
AM SPV Limited	Suite 5711, Plaza 66 1266 Nanjing Road West Shanghai, China 200040	6,000,000	US\$15,000,000
AM SPV Limited*	Suite 5711, Plaza 66 1266 Nanjing Road West Shanghai, China 200040	2,000,000*	US\$ 5,000,000*
Total:		16,000,000*	US\$40,000,000*

* Note that the purchase of 2,000,000 Series B Preferred Shares by AM SPV Limited for US\$5,000,000 is subject to the discretion of AM SPV Limited, which may, by written notice to the Company at any time prior to the Closing, indicate its election to purchase all, but not any lesser portion, of these 2,000,000 Series B Preferred Shares.

SCHEDULE D

Key Employees

1. 郭曼 (Guo Man)
2. 张晓亚 (Zhang Xiaoya)
3. 冯中华 (Feng Zhonghua)

SCHEDULE E

Notices

The Company and the Group Companies:

Address: No. 8, Yong An Dong Li
Jian Guo Men Wai
Chao Yang District
Beijing, P.R.China
Telephone: 86-10-8528-8916
Fax: 86-10-8528-8916
Attention: Guo Man

Founder:

Address: No. 8, Yong An Dong Li
Jian Guo Men Wai
Chao Yang District
Beijing, P.R.China
Telephone: 86-10-8528-8916
Fax: 86-10-8528-8916
Attention: Guo Man

OZ:

9 West 57th Street, 39th Floor
New York, NY 10019
United States of America
Attention: Joel M. Frank
Fax: +1 (212) 719-7482

With a copy to each of:

Och-Ziff Capital Management,
Suite 2003, Cheung Kong Center
2 Queen's Road Central, Hong Kong

Attention: Manoj Jain
Fax: +852 2297-0818

O'Melveny & Myers LLP
Times Square Tower, 7 Times Square
New York, NY 10036
United States of America

Attention: Ilan Nissan
Fax: +1 (212) 326-2061

SIG:

Suite 5711, Plaza 66
1266 Nanjing Road West
Shanghai, China 200040
Fax: +86 21 6113 0128

Attn: Peter Tan
All email correspondence to:
Peter.Tan@sig.com

With a copy to:

Michael L. Spolan
Susquehanna Asia Investment, LLP
101 California Street, Suite 3250
San Francisco, CA 94

EXHIBIT A

Form of Restated Articles

[Intentionally Omitted]

EXHIBIT B

Disclosure Schedule

Dated the 7 of June 2007

The persons whose names are set out in Schedule 1 Part A

and

The corporations whose names are set out in Schedule 1 Part B
(Vendors)

and

AirMedia Group Inc.
(Purchaser)

Share Exchange Agreement
relating to Broad Cosmos Enterprises Ltd

This Agreement is made on the 7th day of June 2007

BETWEEN:

- (1) The persons whose names are set out in Schedule 1 Part A (the "**Ordinary share Vendors**")
- (2) The corporations whose names are set out in Schedule 1 Part B (the "**Preferred Share Vendors**")

(the Ordinary share Vendors and the Preferred Share Vendors are together the "**Vendors**"); and

- (3) AirMedia Group Inc., a company incorporated under the laws of the Cayman Islands with its registered office at PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands (the "**Purchaser**").

RECITALS

- (A) The Purchaser is contemplating offering new and existing shares to the public for subscription and sale and is contemplating making an application to issue and list its shares in the United States.
- (B) Preparatory to the listing of the shares of the Purchaser as aforesaid, a corporate reorganisation of a group of companies involving Broad Cosmos Enterprises Ltd., a company incorporated under the laws of the British Virgin Islands with its registered office at Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands (the "**Company**") will take place whereby the Company will become a wholly-owned subsidiary of the Purchaser.
- (C) Pursuant to the corporate reorganisation, the Vendors will sell to the Purchaser and the Purchaser will purchase from the Vendors the entire issued share capital of the Company subject to and upon the terms and conditions of this Agreement.
- (D) Conditional upon completion of this Share Exchange Agreement, certain investors (the "**Series B Investors**") have agreed to purchase from the Purchaser, and the Purchaser has agreed to issue and sell to those investors, certain Series B Redeemable Convertible Preferred Shares, par value US\$0.001 each, in the Purchaser, on the terms and conditions set out in that certain Share Purchase Agreement by and among the Purchaser, the Series B Investors, and other parties named therein dated as of April 26, 2007 (the "**Series B Purchase Agreement**").
- (E) The Company, the Holders of Ordinary Shares of the Company and Global Gateway Investments Ltd. are parties to that certain Shareholders Agreement, dated as of February 28, 2007 (the "**Prior Shareholders Agreement**").
- (F) In connection with the consummation of the transactions contemplated under the Series B Purchase Agreement, Global Gateway Investments Ltd, the Holders of Ordinary

Shares of the Purchaser, and the Series B Investors intend to enter into a new Shareholders Agreement with the Purchaser to, among other things, establish certain matters pertaining to the operation and management of the Purchaser and each other Group Company and to regulate certain rights and obligations among the parties thereto, including with respect to the transfer and voting of shares in the Purchaser (the "**New Shareholders Agreement**").

OPERATIVE PROVISIONS

1. Interpretation

1.1 In this Agreement and the Schedules hereto the following words and expressions shall, where the context so admits, bear the following meanings :-

"Agreement"	this Agreement;
"Business Day"	a day (not being a Saturday) on which banks generally are open for business in the PRC;
"Ordinary Consideration Shares"	62,400,000 ordinary shares of US\$0.001 each in the share capital of the Purchaser to be issued and allotted in exchange for the Ordinary Sale Shares;
"Ordinary Sale Shares"	62,400,000 ordinary shares of US\$0.001 each in the capital of the Company constituting the entire issued ordinary share capital thereof;
"Companies Law"	The Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
"Company"	Broad Cosmos Enterprises Ltd, a company incorporated under the laws of the British Virgin Islands, further particulars of which are set out in Part A of <u>Schedule 2</u> ;
"Completion"	completion of this Agreement as provided in Clause 4 below;
"Completion Date"	on or before June 7, 2007 or such later date as shall be agreed among the Parties;
"Consideration Shares"	the Ordinary Consideration Shares and the Preferred Consideration Shares;
"Group"	the Company and all its direct or indirect Subsidiaries;

"Parties"	the parties to this Agreement and "Party" means any of them;
"PRC"	The People's Republic of China;
"Preferred Consideration Shares"	37,600,000 series A preferred shares of US\$0.001 each in the share capital of the Purchaser to be issued and allotted in exchange for the relevant Preferred Sale Shares;
"Preferred Sale Shares"	37,600,000 series A preferred shares of US\$0.001 each in the capital of the Company constituting the entire issued preferred share capital thereof;
"Sale Shares"	the Ordinary Sale Shares and the Preferred Sale Shares;
"Subsidiaries"	The several subsidiaries established or controlled by the Company, details of which are set out in Part B of <u>Schedule 2</u> ; and
"US\$"	United States dollars, the lawful currency of the United States of America.

- 1.2 Words and expressions defined in the Companies Law shall (unless the context clearly does not so permit) bear the same meanings where used in this Agreement.
- 1.3 The ejusdem generis rule of construction shall not apply to this Agreement and accordingly general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class or examples of acts matters or things.
- 1.4 Words importing the singular shall include the plural and vice versa and words importing any gender shall include all other genders and references to persons shall include corporations and unincorporated associations.
- 1.5 References in this Agreement to any agreed draft document or any document in agreed form are references to the document described in the form of the draft agreed between the parties and initialled by them for identification purposes.
- 1.6 References in this Agreement to statutory provisions shall be construed as references to those provisions as respectively amended consolidated extended or re-enacted from time to time and shall include the corresponding provisions of any earlier legislation (whether repealed or not) and any orders regulations instruments or other subordinate legislation made from time to time under the statute concerned.

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- 1.7 References to this Agreement shall include the Schedules hereto which shall form part hereof and shall have the same force and effect as if expressly set out in the body of this Agreement.
- 1.8 The Clause headings in this Agreement are for convenience only and shall not affect the interpretation hereof.
- 1.9 Notwithstanding any other provision contained herein, the obligations of the Vendors shall be several and not joint.
2. Agreement to sell and purchase
- 2.1 On and subject to the terms of this Agreement, each of the Vendors shall sell and transfer the legal and beneficial interest in the Sale Shares set against their respective names in column (2) of Schedule 1 Parts A and B and the Purchaser agrees to purchase the same in each case free from all liens, charges, encumbrances and other equities of any description and together with all rights and benefits now and hereafter attaching thereto, including (without limitation) all rights to dividends and other distributions hereafter paid declared or made in respect of the Sale Shares.
- 2.2 The Vendors hereby waive all rights to receive notice of, rights to consent to, rights of first refusal, co-sale rights, pre-emption and similar or other rights over the transactions contemplated by this Agreement, the Sale Shares or any of them or any proceeds deriving therefrom to which they or any other person may be entitled under applicable law, the Articles of Association of the Company, any agreement to which any Party hereto is a party or otherwise in relation to the transactions contemplated by this Agreement.
- 2.3 Notwithstanding any other provision in this Agreement, the Purchaser shall simultaneously complete the sale and purchase of all of the Sale Shares from all Vendors under this Agreement.
3. Consideration
- The consideration payable by the Purchaser to the Vendors for the Sale Shares shall be satisfied or deemed to have been satisfied in full by the Purchaser allotting and issuing to the Vendors respectively, the number of Consideration Shares as set against their respective names in Column (3) of Schedule 1 Parts A and B, credited as fully paid.
4. Completion
- 4.1 Unless otherwise agreed and subject to Section 2.3, Completion shall take place at the offices of Latham & Watkins LLP situated on 41/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong, the Company's principal place of business on the Completion Date.

4.2 On or prior to Completion:-

- (a) Each Vendor shall deliver to the Purchaser duly executed transfers of its Sale Shares in favour of the Purchaser together with the share certificates therefor or an indemnity in a form reasonably required by the Purchaser in the case of any missing share certificates; and
- (b) Each Vendor shall procure that its nominees to the board of director's of the Company approves a written resolution with respect to the approval of the following:-
 - (i) the transfers of the Sale Shares;
 - (ii) the entry of the name of the Purchaser into the register of members of the Company; and
 - (iii) all such other business as the Purchaser shall reasonably require to vest in the Purchaser the beneficial ownership of the Sale Shares.

4.3 Subject to the completion of the matters referred to in Clause 4.2 above, the Purchaser shall on the Completion Date:

- (i) issue and allot the Consideration Shares (and share certificates evidencing such Consideration Shares), credited as fully paid to each of the Vendors as set out in Clause 3 above, and free from all liens, charges, encumbrances and other equities of any description; and
- (ii) deliver to the Vendors a copy of the register of members of the Purchaser evidencing the issue and allotment of the relevant number of the Consideration Shares to the Vendors respectively.

5. Vendor Warranties

Each of the Vendors hereby represents, warrants and undertakes to the Purchaser that:-

- (i) it has full power and authority and has obtained all necessary consents waivers and licences to enter into and perform the obligations to be performed by each of them under or pursuant to this Agreement and any agreement to be entered into by each of them as herein mentioned; and
- (ii) each of the Vendors is the absolute beneficial owner of the number of Sale Shares (or otherwise has full power to sell and transfer to the Purchaser full legal and beneficial interest in the number of Sale Shares and beneficial ownership of the number of Sale Shares) set against their respective names in column (2) of Schedule 1 Part A or B as the case may be and each of the Sale Shares is and will at Completion be free from all charges liens encumbrances and equities whatsoever;

6. Purchaser Warranties

The Purchaser hereby represents and warrants to the Vendors that:-

- 6.1 The Purchaser is duly organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets.
- 6.2 The Purchaser has all requisite power, authority and capacity to enter into this Agreement, and to perform its obligations under this Agreement. This Agreement has been duly authorized, executed and delivered by the Purchaser. This Agreement, when executed and delivered by the Purchaser, will constitute valid and legally binding obligations of the Purchaser, subject, as to enforcement of remedies, to applicable bankruptcy, insolvency, moratorium, reorganization and similar laws affecting creditors' rights generally and to general equitable principles.
- 6.3 The execution and delivery of this Agreement by the Purchaser and the performance of its obligations hereunder will not result in (i) any conflict with the memorandum and articles of association of the Purchaser or (ii) any breach or violation of, conflict with or default under any law, statute, regulation, judgment, order, decree, license, permit or other governmental authorization or any mortgage, lease, agreement, deed of trust, indenture or any other instrument to which the Purchaser is a party or by which it or its properties or assets are bound.
- 6.4 Immediately prior to the Completion of this Agreement, the authorized share capital of the Purchaser is 500,000,000 ordinary shares, of which 1 is issued and outstanding. Immediately after the Completion of this Agreement, the authorized share capital of the Purchaser will be US\$500,000.00 divided into 446,400,000 Ordinary Shares of a par value of US\$0.001 each, of which 62,400,000 are issued and outstanding, and 53,600,000 redeemable Preferred Shares of a par value of US\$0.001 each of which 37,600,000 Preferred Shares are designated as Series A Preferred Shares and of which 16,000,000 Preferred Shares are designated as Series B Preferred Shares, all of which are issued and outstanding.
- 6.5 The Consideration Shares, when issued, sold and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid and nonassessable.
- 6.6 Prior to the Completion of this Agreement, the Purchaser has not conducted any business. The Purchaser has no indebtedness for borrowed money that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which it has otherwise become directly or indirectly liable.

7. Conditions Precedent

This Agreement shall be conditional, and effective immediately, upon, (i) the completion of the matters referred to in Section 4 above; (ii) the completion of the Series B Purchase Agreement, including the adoption of a new memorandum and articles of the

Purchaser in the form agreed to by the Vendors, Purchaser and Series B Investors; (iii) the termination of the Prior Shareholders Agreement; (iv) the entering into of the New Shareholders Agreement; and (vi) the execution of an assignment and assumption agreement between the Purchaser, the Company, Global Gateway and the Holders of Ordinary Shares of the Company.

8. Further Assurance and Covenants

- 8.1 The Vendors hereby agree to do any such further acts documents and things as the Purchaser may reasonably require to vest in the Purchaser (or as it shall direct) the beneficial ownership of the Sale Shares free from all charges liens encumbrances and other adverse interests and to vest the benefit of this Agreement in the Purchaser.
- 8.2 The Purchaser covenants and agrees to cause the Company to file, on the date immediately following the Completion Date, a Form 8832 ("Check-the-box election") with the United States Internal Revenue Service with respect to the Company for the purpose of treating the contribution of the Sales Shares and Sales Shares hereunder as a reorganization for United States tax purposes, in form and substance satisfactory to Global Gateway Investment Ltd.

9. Survival of Agreement

This Agreement (and in particular the warranties, representations, covenants, agreements and undertakings of the Vendors hereunder) shall, insofar as the terms hereof remain to be performed or are capable of subsisting, remain in full force and effect after and notwithstanding Completion.

10. Successors and Assigns

This Agreement shall not be assignable by the Vendors (save as expressly permitted herein) but shall be binding upon and inure for the benefit of each Party's successors in title, except that Global Gateway Investments Ltd may assign this Agreement (and any right hereunder) to any of its Affiliates (as such term is defined in the New Shareholders Agreement), which shall include CDH China Growth Fund II, L.P., CDH China Growth Capital Fund III, L.P., CDH Venture Partners and Cephei Absolute Return Fund Ltd.

11. Announcements

Save in respect of statutory returns or matters required to be disclosed by law or other governmental or regulatory authorities or in connection with the proposed listing of the share capital of the Purchaser, none of the parties hereto shall make any press statement or other public announcement in connection with this Agreement without the prior written approval of the text of such statement or announcement by the Purchaser.

12. Notices

Any notice required to be given hereunder shall be in writing in the English language and shall be served by sending the same by prepaid recorded post, facsimile or by delivering the same by hand to the address of the Party or Parties in question as set out below (or such other address as such Party or Parties shall notify the other Parties of in accordance with this clause). Any notice sent by post as provided in this clause shall be deemed to have been served five Business Days after dispatch and any notice sent by facsimile as provided in this clause shall be deemed to have been served at the time of dispatch and in proving the service of the same it will be sufficient to prove in the case of a letter that such letter was properly stamped, addressed and placed in the post; and in the case of a facsimile that such facsimile was duly dispatched to a current facsimile number of the addressee.

To the Ordinary share Vendors

Name : GUO Man
Address : No. 8, Yong An Dong Li, Jian Guo Man Wai, Chao Yang District, Beijing, China
Fax : +86 10 8528 8912

Name : XU Qing
Address : No. 8, Yong An Dong Li, Jian Guo Man Wai, Chao Yang District, Beijing, China
Fax : +86 10 8528 8912

Name : ZHANG Xiaoya
Address : No. 8, Yong An Dong Li, Jian Guo Man Wai, Chao Yang District, Beijing, China
Fax : +86 10 8528 8912

To the Preferred Share Vendors

Name : Global Gateway Investments Ltd
Address : P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands
Fax :
Attn :

To the Purchaser

Name : AirMedia Group Inc.
Address : P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands
Fax : +86 10 8528 8912
Attn : GUO Man

13. General

- 13.1 The obligations and liabilities of any Party hereto shall not be prejudiced released or affected by any time or forbearance or indulgence release or compromise given or granted by any person to whom such obligations and liabilities are owed or by any other

person to such Party or any other Party so obliged or liable nor by any other matter or circumstance which (but for this provision) would operate to prejudice release or affect any such obligations except an express written release by all the parties to whom the relevant obligations and liabilities are owed or due.

- 13.2 This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same document.
- 13.3 This Agreement represents the entire agreement between the Parties and it may only be varied by written document signed by all the Parties.
- 13.4 Except where expressly provided to the contrary, the rights and remedies reserved to the Parties or any of them under any provision of this Agreement or in any document to be executed pursuant hereto shall be in addition and without prejudice to any other rights or remedies available to such Parties whether under this Agreement or any such document by statute common law or otherwise.
- 13.5 This Agreement shall be governed by and construed in accordance with the laws of the Cayman Islands and the parties hereby irrevocably undertake to submit themselves to the non-exclusive jurisdiction of the courts of the Cayman Islands.

IN WITNESS whereof this Agreement has been duly executed by each of the Parties the day and year first before written.

The Ordinary share Vendors

SIGNED by
GUO Man

)
)
)

/s/ GUO Man

SIGNED by
XU Qing

)
)
)

/s/ XU Qing

SIGNED by
ZHANG Xiaoya

)
)
)

/s/ ZHANG Xiaoya

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SIGNATURE PAGE TO SHARE EXCHANGE AGREEMENT RELATING TO BROAD COSMOS ENTERPRISES LTD

The Preferred Share Vendors

SIGNED by WANG ZHENYU, DIRECTOR
for and on behalf of
Global Gateway Investments Ltd

)
)
)

/s/ WANG Zhenyu

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SIGNATURE PAGE TO SHARE EXCHANGE AGREEMENT RELATING TO BROAD COSMOS ENTERPRISES LTD

The Purchaser

SIGNED by GUO MAN, DIRECTOR
for and on behalf of
AirMedia Group Inc.

)
)
)

/s/ GUO Man

S-3

SIGNATURE PAGE TO SHARE EXCHANGE AGREEMENT RELATING TO BROAD COSMOS ENTERPRISES LTD

SCHEDULE 1

Part A

ORDINARY SHARE VENDORS

	Name of Ordinary share Vendors	No. of Ordinary Sale Shares	No. of Ordinary Consideration Shares
1	GUO Man	49,832,640	49,832,640
2	XU Qing	7,450,560	7,450,560
3	ZHANG Xiaoya	5,116,800	5,116,800
	Total:	62,400,000	62,400,000

Schedule 1-1

Part B

PREFERRED SHARE VENDORS

Series A preferred shares of US\$0.001 each

Name of Preferred Share Vendors	No. of Preferred Sale Shares	No. of Preferred Consideration Shares
1 Global Gateway Investments Ltd	37,600,000	37,600,000
Total:	37,600,000	37,600,000

Schedule I-2

SCHEDULE 2

Part A **BROAD COSMOS ENTERPRISES LTD**

Incorporation date : 26 June 2006
 Place of Incorporation : British Virgin Islands
 Authorised share capital : The Company is authorised to issue a maximum of 162,400,000 ordinary shares each with a par value of US\$0.001 and 37,600,000 series A redeemable convertible preferred shares each with a par value of US\$0.001.
 Issued share capital : A total of 62,400,000 ordinary shares each with a par value of US\$0.001 and 37,600,000 series A redeemable convertible preferred shares each with a par value of US\$0.001 have been issued.
 Shareholders : As set out in Schedule 1
 Directors : GUO Man
 XU Qing
 ZHANG Xiaoya
 WANG Zhenyu
 SHANG Xiaojun

Part B **SUBSIDIARIES**

No.	Company	Place of Incorporation	Registered / Authorized Capital	Shareholder	Percentage of equity interest held	Directors
1.	Broad Cosmos Enterprise Ltd	British Virgin Islands	US\$200,000,000	GUO Man	49.83%	
				XU Qing	7.45%	
				ZHANG Xiaoya	5.12%	
				Global Gateway Investments Ltd	37.6%	
2.	Air Media International Ltd	British Virgin Islands	US\$50,000	Broad Cosmos Enterprise Ltd	100%	
3.	Air Media (China) Ltd	Hong Kong	HK\$10,000	Air Media International Ltd	100%	
4.	Shenzhen Air Media Technology Co. Ltd.	PRC	RMB500,000	Broad Cosmos Enterprises Ltd	100%	
5.	Beijing Air Media Advertising Co Ltd	PRC	RMB1,620,000	GUO Man	49.83%	
				XU Qing	7.45%	
				ZHANG Xiaoya	5.12%	
				WANG Zhenyu	37.6%	
6.	Air Media Technology (Beijing) Co Ltd	PRC	US\$6,000,000	Air Media (China) Ltd	100%	
7.	Beijing Shengshi United Advertising Co Ltd	PRC	RMB1,000,000	GUO Man	49.83%	
				XU Qing	7.45%	
				ZHANG Xiaoya	5.12%	
				WANG Zhenyu	37.6%	
8.	AirTV United Media & Culture Co Ltd	PRC	RMB1,000,000	Beijing Air Media Advertising Co., Ltd	75%	
				Beijing Dalu Culture Media Co., Ltd	25%	
9.	Beijing Air Media UC Advertising Co Ltd	PRC	RMB1,000,000	GUO Man	51.13%	
				XU Qing	10.65%	
				WANG Zhenyu	38.22%	
10.	Beijing Ai Yi Ke Experiencing Information & Technology Co Ltd	PRC	RMB2,040,816	LI Dongmei	17%	
				SONG Jianghua	12%	
				HAO Peng	20%	
				Beijing Air Media Advertising Co Ltd	51%	

(1) AIRMEDIA GROUP INC.

and

(2) BROAD COSMOS ENTERPRISES LTD.

(3) GLOBAL GATEWAY INVESTMENTS LTD.

(4) AIR MEDIA INTERNATIONAL LIMITED

(5) AIR MEDIA (CHINA) LTD.

(6) SHENZHEN AIR MEDIA TECHNOLOGY CO. LTD.

(7) AIR MEDIA TECHNOLOGY (BEIJING) CO. LTD.

(8) BEIJING AIR MEDIA ADVERTISING CO. LTD.

(9) BEIJING SHENGSHI UNITED ADVERTISING CO. LTD.

(10) BEIJING AIR MEDIA UC ADVERTISING CO. LTD.

(11) AIRTV UNITED MEDIA & CULTURE CO. LTD.

(12) GUO MAN

(13) XU QING

and

(14) ZHANG XIAOYA

Agreement for the Transfer and Assumption
of Various Obligations and Rights under the
Share Purchase Agreement, dated February 28, 2007

June 7, 2007

THIS AGREEMENT is made the 7th day of June 2007

AMONG

- (1) AIRMEDIA GROUP INC., a company incorporated under the laws of the Cayman Islands with its registered office at PO Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands
- (2) BROAD COSMOS ENTERPRISES LTD., a company incorporated in the British Virgin Islands with limited liability with its registered office at Kingston Chambers, P.O. Box 173, Road Town, Tortola, British Virgin Islands
- (3) GLOBAL GATEWAY INVESTMENTS LTD., a company incorporated in the British Virgin Islands with limited liability whose address is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands;
- (4) AIR MEDIA INTERNATIONAL LIMITED, a company incorporated in the Cayman Islands with limited liability with its registered office at Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands;
- (5) AIR MEDIA (CHINA) LTD., a company incorporated in Hong Kong with limited liability with its registered office at Room 2004, 20th Floor, Gloucester Tower, The Landmark, Central, Hong Kong;
- (6) SHENZHEN AIR MEDIA TECHNOLOGY CO. LTD., a PRC company with limited liability whose address is at Room 1801, Huishang Centre, JiahuiXincheng, Fuhua Road, Futian District, Shenzhen, China;
- (7) AIR MEDIA TECHNOLOGY (BEIJING) CO. LTD., a PRC company with limited liability whose address is at Room 3088, Block 1, No. 2 Hengfu Zhongjie, Kexuecheng, Fengtai District, Beijing, China;
- (8) BEIJING AIR MEDIA ADVERTISING CO. LTD., a PRC company with limited liability whose address is at Room 707, Huabin Guoji Building, No. 8 Yong An Li, Jianguomenwai Dajie, Chaoyang District, Beijing, China;
- (9) BEIJING SHENGSHI UNITED ADVERTISING CO. LTD., a PRC company with limited liability whose address is at Room 726, 7/F., Zhuangsheng Plaza, No. 6 Xuanwumenwai Dajie, Xuanwu District, Beijing, China;
- (10) BEIJING AIR MEDIA UC ADVERTISING CO. LTD., a PRC company with limited liability whose address is at Room 221, No. 5 Fengxiang Technology Development Zone, Huairou District, Beijing, China;
- (11) AIRTV UNITED MEDIA & CULTURE CO. LTD., a PRC company with limited liability whose address is at Room 130, No. 16 Heping Road, Yangsongzhen, Huairou District, Beijing, China;
- (12) GUO MAN of No. 8, Yong An Dong Li, Jian Guo Man Wai, Chao Yang District, Beijing, China;

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- (13) XU QING of No. 8, Yong An Dong Li, Jian Guo Man Wai, Chao Yang District, Beijing, China; and
(14) ZHANG XIAOYA of No. 8, Yong An Dong Li, Jian Guo Man Wai, Chao Yang District, Beijing, China

RECITALS

WHEREAS, certain of the parties hereto are parties to the Series A Convertible Preferred Share Purchase Agreement and all schedules and exhibits attached thereto, dated 28 February 2007 (the "**Share Purchase Agreement**"), by and among Broad Cosmos Enterprises Ltd., a company organized and existing under the laws of the British Virgin Islands ("**Broad Cosmos**"), Global Gateway Investments Limited ("**Global Gateway**") an international business company organized under the laws of the British Virgin Islands, Guo Man and the Existing Group Companies as therein defined;

WHEREAS, as part of the reorganisation (the "**Reorganisation**") in preparation for the listing of the shares of AirMedia Group Inc, a Cayman Islands company ("**AirMedia**"), in the U.S., Broad Cosmos is to become a wholly owned subsidiary of AirMedia and the shareholders (or their respective nominees) who are shareholders of Broad Cosmos are to become shareholders of AirMedia with the same proportional equity interests as their proportional shareholdings in Broad Cosmos (the "**Share Swap**");

WHEREAS, Broad Cosmos has determined that it is advisable and in the best interests of its shareholders to assign all of its rights and transfer all of its obligations under the Share Purchase Agreement and any amendments thereto; and AirMedia has determined that it is advisable and in the best interests of its shareholders to accept such assignment and transfer and the other parties to this Agreement consent to such assignment and transfer.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual consents and undertakings contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, each of the parties hereto expressly confirm, acknowledge and agree as follows:

1. Assignment and Assumption.

(a) Subject to the condition precedent in Section 2 herein and subject to Section 5 herein, Broad Cosmos does hereby assign, transfer and convey to AirMedia, and AirMedia does hereby accept and assume, all of Broad Cosmos's rights and obligations, whether accrued as of the date hereof or hereafter arising, under the Share Purchase Agreement.

(b) Subject to the condition precedent in Section 2 herein, each of the parties hereto hereby consent to such assignment and assumption in the manner set forth herein.

-
2. Condition Precedent. This Agreement shall be conditional on, and become effective immediately upon, the completion of the Share Swap, the terms of which are set forth on the Share Exchange Agreement of equal date hereof, by and among AirMedia and certain other parties thereto; and shall be deemed effective as of the date of completion of the Share Swap (the “**Effective Date**”).
 3. Amendments to the Share Purchase Agreement.
 - (a) Except in relation to the obligations and events which have already been fully performed, occurred or waived prior to the Effective Date and except for the representations and warranties given in Section 3 of the Share Purchase Agreement (provided, however, that any claim against Broad Cosmos arising prior to the Effective Date may be brought against Broad Cosmos or AirMedia or any other Person provided for under the Share Purchase Agreement), the Share Purchase Agreement shall be deemed to be amended as follows:
 - (i) AirMedia is added as a party to the Share Purchase Agreement and any amendments thereto, and references to: (x) the “Company” in the Share Purchase Agreement shall mean AirMedia and (y) Group Companies shall also mean AirMedia and Broad Cosmos in addition to their respective subsidiaries and any other Persons that are included as Group Companies under the Share Purchase Agreement;
 - (ii) all provisions under the Share Purchase Agreement which relate to the “Series A Preferred Shares” shall be construed to refer to the Series A Convertible Preferred Shares of AirMedia; and
 - (iii) all provisions under the Share Purchase Agreement which relate to “Ordinary Shares” shall refer to the Ordinary Shares of AirMedia.
 4. Representation and Warranty. AirMedia and Guo Man, jointly and severally, represent to each of the parties herein on the date of this Agreement and as of the Effective Date that AirMedia has full power and authority, and has obtained all necessary consents and approvals to enter into this Agreement and to exercise its rights and perform its obligations hereunder, and all corporate and other actions required to authorize its execution of this Agreement and the performance of its obligations hereunder have been duly taken.
 5. Obligations of Broad Cosmos.
 - (a) Other than as specifically provided herein, the provisions of this Agreement shall not be construed, interpreted or applied as releasing or restricting the obligations of Broad Cosmos under the Share Purchase Agreement.

(b) Broad Cosmos shall continue to be subject to the obligations of a Group Company under the Share Purchase Agreement.

6. Miscellaneous.

- 6.1 AirMedia and Guo Man shall, jointly and severally, do, execute and perform and to procure to be done, executed and performed all such further acts, deeds, documents and things as the Purchaser (as defined in the Share Purchase Agreement) may require from time to time to effectively assign, transfer and convey all of Broad Cosmos's rights and obligations, whether accrued as of the date hereof or hereafter arising, under the Share Purchase Agreement, and any claims, entitlements and causes of action of Broad Cosmos related thereto, and otherwise to give to the Purchaser the full benefit of this Agreement.
- 6.2 This Agreement shall be governed by and construed under the laws of the State of New York, without regard to principles of conflicts of law thereunder.
- 6.3 If any provision or part of a provision of this Agreement or its application to any party hereto shall be, or be found by any authority of competent jurisdiction to be, invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions or parts of such provisions of this Agreement, all of which shall remain in full force and effect.
- 6.4 This Agreement may be executed in one or more counterparts, and by the different parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same instrument.
- 6.5 This Agreement may not be amended, modified or supplemented, except in a writing signed by each of the parties hereto.
- 6.6 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- 6.7 This Agreement and any agreement, document or instrument attached hereto or referred to herein among the parties hereto integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect of the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail.

AIRMEDIA GROUP INC.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

BROAD COSMOS ENTERPRISES LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

GLOBAL GATEWAY INVESTMENTS LTD.

By: /s/ Wang Zhenyu

Name: WANG ZHENYU

Title: DIRECTOR

AIR MEDIA INTERNATIONAL LIMITED

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

S-1

SIGNATURE PAGE TO AGREEMENT FOR THE TRANSFER AND ASSUMPTION

AIR MEDIA (CHINA) LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

SHENZHEN AIR MEDIA TECHNOLOGY CO. LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

AIR MEDIA TECHNOLOGY (BEIJING) CO. LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

BEIJING AIR MEDIA ADVERTISING CO. LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

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SIGNATURE PAGE TO AGREEMENT FOR THE TRANSFER AND ASSUMPTION

BEIJING SHENGSHI UNITED ADVERTISING CO. LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

BEIJING AIR MEDIA UC ADVERTISING CO. LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

AIRTV UNITED MEDIA & CULTURE CO. LTD.

By: /s/ Guo Man

Name: GUO MAN

Title: DIRECTOR

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SIGNATURE PAGE TO AGREEMENT FOR THE TRANSFER AND ASSUMPTION

GUO MAN

/s/ Guo Man

XU QING

/s/ Xu Qing

ZHANG XIAOYA

/s/ Zhang Xiaoya

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SIGNATURE PAGE TO AGREEMENT FOR THE TRANSFER AND ASSUMPTION

Business Cooperation Contract

THIS BUSINESS COOPERATION CONTRACT ("this Contract") is entered into between the following parties in Beijing on June 14, 2007:

Party A: Beijing Shengshi Lianhe Advertising Co., Ltd.

Party B: AirTV United Media & Culture Co., Ltd.

WHEREAS:

1. Party A is a limited liability company incorporated in Beijing and validly existing under the laws of the People's Republic of China ("China"), which maintains good cooperation relations with many domestic airports and airline companies, provides programs for the CCTV systems of such airports and airline companies and is also engaged in advertising operations;
2. Party B is a limited liability company incorporated in Beijing and validly existing under the laws of the People's Republic of China, which is approved by relevant government department to develop radio and TV programs as well as the editing and operation businesses of the TV programs used for aircrafts and airports;
3. In order to provide the best services to customers, Party A and Party B hope to establish cooperation relations and agree to define such cooperation relations by a written agreement.

NOW THEREFORE, Party A and Party B, abiding by the principle of equality and voluntariness and through friendly negotiations, hereby agree as follows:

1. Rights and Obligations

- 1.1 Within the valid term of this Contract, with respect to the non-advertising programs required for the TV systems of the airports and airline companies within Party A's cooperation scope, Party B will integrate Party A's existing resources and programs, purchase new programs from related resource providers and also be responsible for the screening, editing, production and integration of programs.
- 1.2 Party B warrants that the programs provided by it will comply with state laws and regulations, it has the legal rights over such programs and such programs and such programs will not infringe upon the rights of any third person. Party B will be fully liable for any consequence arising from its violation of the said warranty.
- 1.3 Except the copyrights (if any) owned by a third party according to relevant agreement, the copyrights of the programs edited, produced, integrated or provided by Party B shall belong to Party B. Party B may sell such programs or be engaged in business operations by other means. All the interests obtained therefrom shall belong to Party B.

1.4 With regard to the services provided by Party B, Party A shall pay the corresponding remunerations to Party B based on the following factors:

- (a) Party B's use of Party A's existing resources and programs;
- (b) The costs of Party B's purchase of new programs;
- (c) The number of employees required for Party B to edit and produce programs, their qualifications and proposed time;
- (d) The contents and value of the programs provided by Party B, etc.

1.5 Both parties agree that within the valid term of this Contract, except the partners already disclosed by Party B to Party A and agreed by Party A, Party A is Party B's sole partner within the service scope as set forth in Article 1.1. After the execution of this Contract, without Party A's written consent, Party B shall not sign a cooperation agreement about similar cooperation or reach any similar contract or arrangement with any party other than Party A.

2. Representations and Warranties

2.1 Party A hereby represents and warrants that:

- 2.1.1 Party A is a limited liability company incorporated in Beijing and validly existing under PRC laws;
- 2.1.2 Party A executes and performs this Contract within its corporate authority and business scope. The execution and performance of this Contract by Party A have been duly authorized by all necessary corporate actions on its part and do not violate the legal or contractual restrictions binding upon or influencing it. Party A has obtained the necessary consents and approvals from third parties or governments;
- 2.1.3 Once executed, this Contract constitutes a legal, valid and binding obligation enforceable against Party A in accordance with its provisions.

2.2 Party B hereby represents and warrants that:

- 2.2.1 Party B is a limited liability company incorporated in Beijing and validly existing under PRC laws;
- 2.2.2 Party B is approved by the State Administration of Radio, Film and Television to develop the editing and operation businesses of the TV programs used for aircrafts and airports. It has obtained the relevant radio and TV program production and operation license. Within the valid term of this Contract, Party B will guarantee that such approval and license remain in force;
- 2.2.3 Party B executes and performs this Contract within its corporate authority and business scope. The execution and performance of this Contract by

Party B have been duly authorized by all necessary corporate actions on its part and do not violate the legal or contractual restrictions binding upon or influencing it. Party B has obtained the necessary consents and approvals from third parties or governments;

- 2.2.4 Once executed, this Contract constitutes a legal, valid and binding obligation enforceable against Party B in accordance with its provisions.

3. Effectiveness and Term

- 3.1 This Contract shall be signed and go into effect as of the date first above written.
- 3.2 The term of this Contract is ten (10) years, unless it is prematurely terminated in accordance with the provisions of this Contract or related agreements signed by both parties. If the duration (including any extension thereof) of either party is terminated upon expiry or for other reasons within the said term, this Contract shall be terminated simultaneously, unless this party has transferred its rights and obligations in accordance with Article 8 of this Contract.
- 3.3 Where, for any reason, the State Administration of Radio, Film and Television cancels the approval for Party B's editing and operation businesses of the TV programs used for aircrafts and airports, or cancels Party B's radio and TV program production and operation license, Party A shall be entitled to give a written notice at any time to Party B to terminate this Contract without requiring Party B's consent.
- 3.4 The term of this Contract may be extended if both parties reach a written agreement before its expiry. Such extension is to be agreed upon by both parties.

4. Confidentiality

Both parties agree and acknowledge that any and all oral or written materials exchanged pursuant to this Contract are of a confidential nature. Each party shall keep confidential all such documents and not disclose any such documents to any third party without the prior written consent from the other party, but the above confidentiality obligations shall not apply to the information which: (a) is or becomes or will be or become publicly available (through no fault of the recipient); (b) is disclosed under requirement of applicable laws or stock exchange's rules or regulations; or (c) is disclosed with respect to the transaction contemplated by this Contract by either party to its legal or financial consultant, who shall also undertake the confidential obligations similar to those as stated hereof. Any breach of confidentiality obligations by any of the personnel of either party or of the institutions engaged by it shall be deemed as a breach hereof by such party, and such party shall undertake the defaulting liabilities under this Contract. This article shall survive the invalidity, cancellation, change, termination or unenforceability of this Contract for whatever reason.

5. Force Majeure

- 5.1 An Event of Force Majeure means any event that is beyond the reasonable control

of either party and unavoidable or unpreventable after it gives due attention, including, but not limited to, government act, act of God, fire, explosion, storm, flood, earthquake, tide, lightning or war, but insufficiency of credit standing, funds or financing shall not be deemed to be beyond the reasonable control of either party. The party seeking the exemption from its liabilities under this Contract owing to an Event of Force Majeure shall, without undue delay, inform the other party of such event and the steps to be taken to perform its liabilities.

- 5.2 Should the performance of this Contract be delayed or prevented due to any Event of Force Majeure as defined above, the prevented party shall be exempt from its liabilities only to the extent being delayed or prevented. The prevented party shall take suitable measures to lower or eliminate the impact of such Event of Force Majeure, and make endeavors to resume the performance of the obligations delayed or prevented by such Event of Force Majeure. Both parties agree to do their best to resume the performance of this Contract once the Event of Force Majeure is eliminated.

6. Resolution of Disputes

- 6.1 This Contract shall be governed by and construed in accordance with PRC laws.

- 6.2 Any dispute arising from the interpretation and performance of any provision of this Contract shall be resolved by both parties in good faith through friendly negotiations. In case no resolution can be reached by both parties, such dispute may be referred to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with CIETAC's arbitration rules then in effect. The seat of arbitration shall be Beijing and the language of arbitration proceedings shall be Chinese. The arbitral award shall be final and binding upon both parties.

7. Notice and Service

Any notice or other communications required by either party to be made under or pursuant to this Contract shall be in Chinese or English and sent to the following address of the other party or such other address as may be notified by the other party from time to time or the address of other persons as may be designated by the other party from time to time, by hand delivery, registered mail (postage prepaid), recognized courier service or fax. Notices shall be deemed to be duly served: (a) if by hand delivery, on the date of delivery; (b) if by mail, on the tenth (10th) day after the date of posting (as indicated on the postmark) of registered airmail (postage prepaid), or if by courier service, on the fourth (4th) day after being delivered to an internationally recognized courier service; or (c) if by fax, at the receiving time as indicated in the transmission confirmation of relevant document.

Party A: Beijing Shengshi Lianhe Advertising Co., Ltd.

Address: No.6 Xuanwumen Waidajie, Xuanwu District, Beijing (7F-Rm.726, Junefield Plaza)

Attn.: Yang Ru
Fax: (010) 85288911
Tel.: (010) 51265826

Party B: AirTV United Media & Culture Co., Ltd.

Address: Rm.221, No.5, Fengxiang Science & Technology Development Zone, Huairou District, Beijing
Attn.: Deng Ying
Fax: (010) 69625156
Tel.: (010) 69659647

8. Transfer

Without Party A's prior written consent, Party B shall not transfer its rights and obligations under this Contract to any third party. Party B hereby agrees that when necessary, Party A may transfer its rights and obligations under this Contract to any other third party without Party B's consent, but such transfer shall be notified to Party B in writing.

9. Amendments and Supplements

This Contract may be amended or supplemented by a written instrument. All amendments and supplements to this Contract duly signed by both parties shall form an integral part of this Contract and have the same legal effect as this Contract.

10. Severability

Should any provision of this Contract be held to be invalid or unenforceable under applicable laws, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remainder of this Contract.

11. Entire Agreement

This Contract constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and written agreements and understandings between both parties with respect to the subject matter hereof.

12. Counterparts

This Contract is executed in two (2) originals in Chinese, with each party hereto holding one (1) original. Both originals shall be equally authentic.

[No text below, followed by signing page]

[Signing page]

IN WITNESS WHEREOF, both parties hereto have caused this Contract to be executed by their legal representatives or authorized representatives as of the date first above written.

Party A: Beijing Shengshi Lianhe Advertising Co., Ltd.

Legal representative/authorized representative: /s/ Guo Man

Common seal: Beijing Shengshi Lianhe Advertising Co., Ltd. (Seal)

Party B: AirTV United Media & Culture Co., Ltd.

Legal representative/authorized representative: /s/ Guo Man

Common seal: AirTV United Media & Culture Co., Ltd. (Seal)

Business Cooperation Contract

THIS BUSINESS COOPERATION CONTRACT ("this Contract") is entered into between the following parties in Beijing on June 14, 2007:

Party A: Beijing AirMedia Advertising Co., Ltd.

Party B: AirTV United Media & Culture Co., Ltd.

WHEREAS:

1. Party A is a limited liability company incorporated in Beijing and validly existing under the laws of the People's Republic of China ("China"), which maintains good cooperation relations with many domestic airports and airline companies, provides programs for the CCTV systems of such airports and airline companies and is also engaged in advertising operations;
2. Party B is a limited liability company incorporated in Beijing and validly existing under the laws of the People's Republic of China, which is approved by relevant government department to develop radio and TV programs as well as the editing and operation businesses of the TV programs used for aircrafts and airports;
3. In order to provide the best services to customers, Party A and Party B hope to establish cooperation relations and agree to define such cooperation relations by a written agreement.

NOW THEREFORE, Party A and Party B, abiding by the principle of equality and voluntariness and through friendly negotiations, hereby agree as follows:

1. Rights and Obligations

- 1.1 Within the valid term of this Contract, with respect to the non-advertising programs required for the TV systems of the airports and airline companies within Party A's cooperation scope, Party B will integrate Party A's existing resources and programs, purchase new programs from related resource providers and also be responsible for the screening, editing, production and integration of programs.
- 1.2 Party B warrants that the programs provided by it will comply with state laws and regulations, it has the legal rights over such programs and such programs and such programs will not infringe upon the rights of any third person. Party B will be fully liable for any consequence arising from its violation of the said warranty.
- 1.3 Except the copyrights (if any) owned by a third party according to relevant agreement, the copyrights of the programs edited, produced, integrated or provided by Party B shall belong to [Party B]. Party B may sell such programs or be engaged in business operations by other means. All the interests obtained therefrom shall belong to Party B.

1.4 With regard to the services provided by Party B, Party A shall pay the corresponding remunerations to Party B based on the following factors:

- (a) Party B's use of Party A's existing resources and programs;
- (b) The costs of Party B's purchase of new programs;
- (c) The number of employees required for Party B to edit and produce programs, their qualifications and proposed time;
- (d) The contents and value of the programs provided by Party B, etc.

1.5 Both parties agree that within the valid term of this Contract, except the partners already disclosed by Party B to Party A and agreed by Party A, Party A is Party B's sole partner within the service scope as set forth in Article 1.1. After the execution of this Contract, without Party A's written consent, Party B shall not sign a cooperation agreement about similar cooperation or reach any similar contract or arrangement with any party other than Party A.

2. Representations and Warranties

2.1 Party A hereby represents and warrants that:

- 2.1.1 Party A is a limited liability company incorporated in Beijing and validly existing under PRC laws;
- 2.1.2 Party A executes and performs this Contract within its corporate authority and business scope. The execution and performance of this Contract by Party A have been duly authorized by all necessary corporate actions on its part and do not violate the legal or contractual restrictions binding upon or influencing it. Party A has obtained the necessary consents and approvals from third parties or governments;
- 2.1.3 Once executed, this Contract constitutes a legal, valid and binding obligation enforceable against Party A in accordance with its provisions.

2.2 Party B hereby represents and warrants that:

- 2.2.1 Party B is a limited liability company incorporated in Beijing and validly existing under PRC laws;
- 2.2.2 Party B is approved by the State Administration of Radio, Film and Television to develop the editing and operation businesses of the TV programs used for aircrafts and airports. It has obtained the relevant radio and TV program production and operation license. Within the valid term of this Contract, Party B will guarantee that such approval and license remain in force;
- 2.2.3 Party B executes and performs this Contract within its corporate authority and business scope. The execution and performance of this Contract by Party B have been duly authorized by all necessary corporate actions on its

part and do not violate the legal or contractual restrictions binding upon or influencing it. Party B has obtained the necessary consents and approvals from third parties or governments;

- 2.2.4 Once executed, this Contract constitutes a legal, valid and binding obligation enforceable against Party B in accordance with its provisions.

3. Effectiveness and Term

- 3.1 This Contract shall be signed and become effective as of the date first above written.
- 3.2 The term of this Contract is ten (10) years, unless it is prematurely terminated in accordance with the provisions of this Contract or related agreements signed by both parties. If the duration (including any extension thereof) of either party is terminated upon expiry or for other reasons within the said term, this Contract shall be terminated simultaneously, unless this party has transferred its rights and obligations in accordance with Article 8 of this Contract.
- 3.3 Where, for any reason, the State Administration of Radio, Film and Television cancels the approval for Party B's editing and operation businesses of the TV programs used for aircrafts and airports, or cancels Party B's radio and TV program production and operation license, Party A shall be entitled to give a written notice at any time to Party B to terminate this Contract without requiring Party B's consent.
- 3.4 The term of this Contract may be extended if both parties reach a written agreement before its expiry. Such extension is to be agreed upon by both parties.

4. Confidentiality

Both parties agree and acknowledge that any and all oral or written materials exchanged pursuant to this Contract are of a confidential nature. Each party shall keep confidential all such documents and not disclose any such documents to any third party without the prior written consent from the other party, but the above confidentiality obligations shall not apply to the information which: (a) is or becomes or will be or become publicly available (through no fault of the recipient); (b) is disclosed under requirement of applicable laws or stock exchange's rules or regulations; or (c) is disclosed with respect to the transaction contemplated by this Contract by either party to its legal or financial consultant, who shall also undertake the confidential obligations similar to those as stated hereof. Any breach of confidentiality obligations by any of the personnel of either party or of the institutions engaged by it shall be deemed as a breach hereof by such party, and such party shall undertake the defaulting liabilities under this Contract. This article shall survive the invalidity, cancellation, change, termination or unenforceability of this Contract for whatever reason.

5. Force Majeure

- 5.1 An Event of Force Majeure means any event that is beyond the reasonable control of either party and unavoidable or unpreventable after it gives due attention, including, but not limited to, government act, act of God, fire, explosion, storm, flood, earthquake, tide, lightning or war, but insufficiency of credit standing, funds or financing shall not be deemed to be beyond the reasonable control of either party. The party seeking the exemption from its liabilities under this Contract due to an Event of Force Majeure shall, without undue delay, inform the other party of such event and the steps to be taken to perform its liabilities.
- 5.2 Should the performance of this Contract be delayed or prevented due to any Event of Force Majeure as defined above, the prevented party shall be exempt from its liabilities only to the extent being delayed or prevented. The prevented party shall take suitable measures to lower or eliminate the impact of such Event of Force Majeure, and make endeavors to resume the performance of the obligations delayed or prevented by such Event of Force Majeure. Both parties agree to do their best to resume the performance of this Contract once the Event of Force Majeure is eliminated.

6. Resolution of Disputes

- 6.1 This Contract shall be governed by and construed in accordance with PRC laws.
- 6.2 Any dispute arising from the interpretation and performance of any provision of this Contract shall be resolved by both parties in good faith through friendly negotiations. In case no resolution can be reached by both parties, such dispute may be referred to China International Economic and Trade Arbitration Commission ("CIETAC") for arbitration in accordance with CIETAC's arbitration rules then in effect. The venue of arbitration shall be Beijing and the language of arbitration proceedings shall be Chinese. The arbitral award shall be final and binding upon both parties.

7. Notice and Service

Any notice or other communications required by either party to be made under or pursuant to this Contract shall be in Chinese or English and sent to the following address of the other party or such other address as may be notified by the other party from time to time or the address of other persons as may be designated by the other party from time to time, by hand delivery, registered mail (postage prepaid), recognized courier service or fax. Notices shall be deemed to be duly served: (a) if by hand delivery, on the date of delivery; (b) if by mail, on the tenth (10th) day after the date of posting (as indicated on the postmark) of registered airmail (postage prepaid), or if by courier service, on the fourth (4th) day after being delivered to an internationally recognized courier service; or (c) if by fax, at the receiving time as indicated in the transmission confirmation of relevant document.

Party A: Beijing AirMedia Advertising Co., Ltd.

Address: Room 707, No. 8 Yong An Dong Li, Jianguomen Wai Chaoyang District, Beijing

Attn.: Yang Ru

Fax: (010) 85288911

Tel.: (010) 51265826

Party B: AirTV United Media & Culture Co., Ltd.

Address: Rm.221, No.5, Fengxiang Science & Technology Development Zone, Huairou District, Beijing

Attn.: Deng Ying

Fax: (010) 69625156

Tel.: (010) 69659647

8. Transfer

Without Party A's prior written consent, Party B shall not transfer its rights and obligations under this Contract to any third party. Party B hereby agrees that when necessary, Party A may transfer its rights and obligations under this Contract to any other third party without Party B's consent, but such transfer shall be notified to Party B in writing.

9. Amendments and Supplements

This Contract may be amended or supplemented by a written instrument. All amendments and supplements to this Contract duly signed by both parties shall form an integral part of this Contract and have the same legal effect as this Contract.

10. Severability

Should any provision of this Contract be held to be invalid or unenforceable under applicable laws, such provision shall be invalid or unenforceable only to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remainder of this Contract.

11. Entire Agreement

This Contract constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and written agreements and understandings between both parties with respect to the subject matter hereof.

12. Counterparts

This Contract is executed in two (2) originals in Chinese, with each party hereto holding one (1) original. Both originals shall be equally authentic.

[No text below, followed by signing page]

[Signing page]

IN WITNESS WHEREOF, both parties hereto have caused this Contract to be executed by their legal representatives or authorized representatives as of the date first above written.

Party A: Beijing AirMedia Advertising Co., Ltd.

Legal representative/authorized representative: /s/ Guo Man

Common seal: Beijing AirMedia Advertising Co., Ltd. (Seal)

Party B: AirTV United Media & Culture Co., Ltd.

Legal representative/authorized representative: /s/ Guo Man

Common seal: AirTV United Media & Culture Co., Ltd. (Seal)

Power of Attorney

I, Zhang Xiaoya, a citizen of the People's Republic of China ("China"), Chinese ID number: 130104196210091519, am a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. ("Shengshi Lianhe") and hold the 5.12% equity of Shengshi Lianhe.

On November 19, 2006, I authorized Wang Zhenyu to exercise my shareholder rights in Shengshi Lianhe on my behalf. I hereby irrevocably continue to authorize Mr. Wang Zhenyu to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Wang Zhenyu (Chinese ID number: 410103196311087018) to represent myself to exercise my shareholder rights (including voting power) as specified by PRC laws and the articles of association of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in Shengshi Lianhe and as my authorized representative, nominating and appointing the general manager of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe.

The precondition for the said authorization and entrustment is that Mr. Wang Zhenyu is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees to the said authorization and entrustment. Once Mr. Wang Zhenyu no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise any and all my shareholder rights (including voting power) at the shareholders' meeting of Shengshi Lianhe.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of Shengshi Lianhe, unless the Amended and Restated Call Option Agreement jointly signed by me, AM Technology and Shengshi Lianhe on June 14, 2007 is prematurely terminated for whatsoever reason.

Zhang Xiaoya

/s/ Zhang Xiaoya

June 14, 2007

Power of Attorney

I, Xu Qing, a citizen of the People's Republic of China ("China"), Chinese ID number: 11010119610220531X, am a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. ("Shengshi Lianhe") and hold the 7.45% equity of Shengshi Lianhe.

On November 19, 2006, I authorized Guo Man to exercise my shareholder rights in Shengshi Lianhe on my behalf. I hereby irrevocably continue to authorize Mr. Guo Man to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Guo Man (Chinese ID number: 110102196305041171) to represent myself to exercise my shareholder rights (including voting power) as specified by PRC laws and the articles of association of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in Shengshi Lianhe and as my authorized representative, nominating and appointing the general manager of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe.

The precondition for the said authorization and entrustment is that Mr. Guo Man is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees to the said authorization and entrustment. Once Mr. Guo Man no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise any and all my shareholder rights (including voting power) at the shareholders' meeting of Shengshi Lianhe.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of Shengshi Lianhe, unless the Amended and Restated Call Option Agreement jointly signed by me, AM Technology and Shengshi Lianhe on June 14, 2007 is prematurely terminated for whatsoever reason.

Xu Qing

/s/ Xu Qing

June 14, 2007

Power of Attorney

I, Wang Zhenyu, a citizen of the People's Republic of China ("China"), Chinese ID number: 410103196311087018, am a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. ("Shengshi Lianhe") and hold the 37.6% equity of Shengshi Lianhe.

On November 19, 2006, I authorized Xu Qing to exercise my shareholder rights in Shengshi Lianhe on my behalf. I hereby irrevocably continue to authorize Mr. Xu Qing to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Xu Qing (Chinese ID number: 11010119610220531X) to represent myself to exercise my shareholder rights (including voting power) as specified by PRC laws and the articles of association of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in Shengshi Lianhe and as my authorized representative, nominating and appointing the general manager of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe.

The precondition for the said authorization and entrustment is that Mr. Xu Qing is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees to the said authorization and entrustment. Once Mr. Xu Qing no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise any and all my shareholder rights (including voting power) at the shareholders' meeting of Shengshi Lianhe.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of Shengshi Lianhe, unless the Amended and Restated Call Option Agreement jointly signed by me, AM Technology and Shengshi Lianhe on June 14, 2007 is prematurely terminated for whatsoever reason.

Wang Zhenyu

/s/ Wang Zhenyu

June 14, 2007

Power of Attorney

I, Guo Man, a citizen of the People's Republic of China ("China"), Chinese ID number: 110102196305041171, am a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. ("Shengshi Lianhe") and hold the 49.83% equity of Shengshi Lianhe.

On November 19, 2006, I authorized Zhang Xiaoya to exercise my shareholder rights in Shengshi Lianhe on my behalf. I hereby irrevocably continue to authorize Mr. Zhang Xiaoya to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Zhang Xiaoya (Chinese ID number: 130104196210091519) to represent myself to exercise my shareholder rights (including voting power) as specified by PRC laws and the articles of association of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in Shengshi Lianhe and as my authorized representative, nominating and appointing the general manager of Shengshi Lianhe at the shareholders' meeting of Shengshi Lianhe.

The precondition for the said authorization and entrustment is that Mr. Zhang Xiaoya is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees to the said authorization and entrustment. Once Mr. Zhang Xiaoya no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise any and all my shareholder rights (including voting power) at the shareholders' meeting of Shengshi Lianhe.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of Shengshi Lianhe, unless the Amended and Restated Call Option Agreement jointly signed by me, AM Technology and Shengshi Lianhe on June 14, 2007 is prematurely terminated for whatsoever reason.

Guo Man

/s/ Guo Man

June 14, 2007

Amended and Restated Technology Development Agreement

THIS TECHNOLOGY DEVELOPMENT AGREEMENT ("this Agreement") is entered into by the parties below in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

WHEREAS,

- (1) Party A is a wholly foreign-owned enterprise incorporated in accordance with law. It has a strong technology development capacity and also has ample experiences in respect of technology development services;
- (2) Party B requires a professional technology company to provide technology development services in the course of its operation and management;
- (3) On September 19, 2005, Party A and Party B signed the Technology Development Agreement with respect to Party A providing technology development services to Party B. Party A and Party B confirm that both parties have performed the Technology Development Agreement in a friendly way from the effective date of the Technology Development Agreement to the signing date of this Agreement.
- (4) Now, both parties agree to amend and restate the said Technology Development Agreement and define their respective rights and obligations according to the amended and restated Technology Development Agreement.

NOW, THEREFORE, Party A and Party B, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby agree as follows:

1. Technology Development Services

- 1.1 Subject to the terms and conditions hereof, Party A agrees to provide technology development services to Party B and Party B agrees to accept the technology development services provided by Party A.
- 1.2 Party B shall actively assist Party A in fulfilling the said work, including, but not limited to, providing related data, technology requirements, explanation, etc.
- 1.3 The valid term of this Agreement is ten (10) years, starting from the effective date of this Agreement. Both parties agree that the term of this Agreement shall be automatically extended for ten (10) years upon its expiry, unless either party informs the other party of its intention of no extension at least twenty (20) days prior to the expiration of this Agreement.

2. Exclusivity

Party A is the exclusive provider providing the technology development services hereunder to Party B. Except with Party A's prior written consent, Party B shall not accept the identical or similar technology development services provided by any third party.

3. Intellectual Property Rights

Any and all intellectual property rights arising from the performance of this Agreement, including, but not limited to, copyright, patent right and technology know-how, shall belong to Party A, and Party B may not be entitled to any right except those as specified herein. Both parties agree that this article will survive the change, cancellation or termination of this Agreement.

4. Service Fee

- 4.1 Both parties agree that as a consideration for the technology development services rendered by Party A to Party B under Article 1.1 hereof, Party B shall pay Party A the service fee pursuant to the stipulations of this Agreement. The amount of service fee and method of payment are set forth in the annex hereto. This annex may be amended on the basis of implementation after negotiations between both parties.
- 4.2 Each party shall bear the taxes payable by it in connection with the execution or performance of this Agreement in accordance with law. As requested by Party A, Party B shall endeavor to assist Party A in obtaining the business tax exemption for all or part of its technology service fee income under this Agreement, including, without limitation, providing related documents and from time to time, signing the written agreements meeting the format requirements for declaration to related department in charge of science and technology with Party A with respect to the specific service items within the scope of this Agreement, but the execution of these documents shall be subject to the following conditions: (1) the terms of such written agreements are, in principle, consistent with those of this Agreement and may not conflict with those of this Agreement; and (2) the execution of such documents does not violate laws and regulations.
- 4.3 Party B's shareholders will provide a pledge security to Party A for the technology service fee payable by Party B under this Agreement by pledging their equity in Party B.

5. Confidentiality

This Agreement itself and all terms hereof are confidential information. Neither party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

6. Defaulting Liabilities

Where either party fails to perform any of its obligations hereunder, or any of its representations or warranties hereunder is materially untrue or inaccurate, such party shall be deemed to default under this Agreement and shall be held liable for all the losses thus incurred to the other party.

7. Force Majeure

Should either party be prevented from performing this Agreement due to force majeure, the prevented party shall without any delay notify the other party by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. Both parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

8. Entire Agreement

Both parties acknowledge that once this Agreement becomes effective, it constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and/or written agreements and understandings between both parties with respect to the subject matter hereof.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be solved by both parties through friendly negotiations. In case no resolution can be reached, such dispute shall be referred to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Venue of arbitration shall be Beijing and arbitral award shall be final.
- 9.2 The annex attached hereto shall form an integral part of this Agreement and has the same effect as the remainder of this Agreement.
- 9.3 This Agreement shall come into effect as of the date of signing by both parties.
- 9.4 This Agreement is executed in two (2) originals in Chinese, one (1) original for each party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: AirMedia Technology (Beijing) Co., Ltd.]

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: Beijing Shengshi Lianhe Advertising Co., Ltd.]

Service Fee Calculation Standard

1. Party A and Party B agree that Party B shall pay technology support and technology service fee to Party A according to the following requirements:
 - (1) In the first month of each year (for the first year, mean the next month after the signing of this Agreement), Party A and Party B determine the annual service fee amount of this year. The annual service fee amount confirmed by both parties is annexed to this Agreement respectively.
 - (2) When both parties determine annual service fee amount, the technology service fee of current year may be adjusted by giving due consideration to the following factors, including, but not limited to:
 - (a) The number of the employees to be assigned by Party A to render services for Party B and the qualification of these employees;
 - (b) The time proposed for Party A's employees to provide services;
 - (c) The specific contents and value of the services rendered by Party A;
 - (d) Whether use licenses are provided to Party B with respect to specific technologies (including patented and non-patented technologies) during the provisioning of technology support and technology services;
 - (e) The internal relations between Party A's technology support and technology services and Party B's operating income.
 - (3) Party B shall pay the said annual service fee averagely on a quarterly basis. Party B shall, within fifteen (15) working days before each quarter finishes, pay the service fee amount of this quarter to the bank account designated by Party A.
2. If Party A is of the opinion that the fee as set out in Article 1 of this Annex becomes inappropriate for the change of objective situation and needs to be adjusted, Party B shall, within seven (7) working days after receiving the written request about fee adjustment from Party A, negotiate with Party A actively and in good faith so as to determine the new billing standard or system.

Technology Development Fee for September—December 2005

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on September 19, 2005, the technology development fee to be paid by Party B to Party A for the period from September 19, 2005 to December 31, 2005 is RMB 1,350,000.00.

Signature: /s/ Guo Tao

Signature: /s/ Shang Xiaojun

October 1, 2005

Technology Development Fee for the Year 2006

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on September 19, 2005, the technology development fee to be paid by Party B to Party A for the year 2006 is RMB 3,780,000.00.

Signature: /s/ Guo Tao

Signature: /s/ Shang Xiaojun

January 1, 2006

Amended and Restated Technology Support and Service Agreement

THIS TECHNOLOGY SUPPORT AND SERVICE AGREEMENT ("this Agreement") is entered into by the parties below in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

WHEREAS,

- (1) Party A is a wholly foreign-owned enterprise incorporated in accordance with law. It has a strong technology development and technology support capacity and also has ample experiences in respect of technology support and services;
- (2) Party B requires a professional technology company to provide technology support and services in the course of its operation and management;
- (3) On September 19, 2005, Party A and Party B signed the Technology Support and Service Agreement with respect to Party A providing technology support and services to Party B. Party A and Party B confirm that both parties have performed the Technology Support and Service Agreement in a friendly way from the effective date of the Technology Support and Service Agreement to the signing date of this Agreement.
- (4) Now, both parties agree to amend and restate the said Technology Support and Service Agreement and define their respective rights and obligations according to the amended and restated Technology Support and Service Agreement.

NOW, THEREFORE, Party A and Party B, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby agree as follows:

1. Technology Support and Services

1.1 Subject to the terms and conditions hereof, Party A agrees to provide technology support and services to Party B and Party B agrees to accept the technology support and services provided by Party A. The contents of technology support and services are as follows:

- (1) Perform research and development on related technologies according to Party B's business needs;
- (2) Be responsible for the daily maintenance, monitoring, debugging and troubleshooting of Party B's advertising making and broadcasting system;
- (3) As requested by Party B from time to time, make related investigations and

collect relevant data and materials concerning Party B's technology problems and needs during business operations; provide the investigation findings and reports within the time limit required by Party B;

- (4) Provide to Party B (such as, but not limited to) the technology design, schemes, drawings, data, parameters, standards, programs, databases, technology research results of the same type, reports, materials and data in connection with Party B's technology problems during operation;
 - (5) Timely answer Party B's technology inquiries and if necessary, assign personnel to solve technology problems on site;
 - (6) Provide other related technology support and technology services for Party B according to the provisions of this Agreement.
- 1.2 Party B shall actively assist Party A in fulfilling the said work, including, but not limited to, providing related data, technology requirements, explanation, etc.
- 1.3 The valid term of this Agreement is ten (10) years, starting from the effective date of this Agreement. Both parties agree that the term of this Agreement shall be automatically extended for ten (10) years upon its expiry, unless either party informs the other party of its intention of no extension at least twenty (20) days prior to the expiration of this Agreement.

2. Exclusivity

Party A is the exclusive provider providing the technology support and services hereunder to Party B. Except with Party A's prior written consent, Party B shall not accept the identical or similar technology support and services provided by any third party.

3. Intellectual Property Rights

Any and all intellectual property rights arising from the performance of this Agreement, including, but not limited to, copyright, patent right and technology know-how, shall belong to Party A, and Party B may not be entitled to any right except those as specified herein. Both parties agree that this article will survive the change, cancellation or termination of this Agreement.

4. Service Fee

Both parties agree that as a consideration for the technology support and technology services rendered by Party A to Party B under Article 1.1 hereof, Party B shall pay Party A the service fee pursuant to the stipulation of this Agreement. The amount of service fee and method of payment are set forth in the annex hereto. This annex may be amended on the basis of implementation after negotiations between both parties.

5. Confidentiality

This Agreement itself and all terms hereof are confidential information. Neither

party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

6. Defaulting Liabilities

Where either party fails to perform any of its obligations hereunder, or any of its representations or warranties hereunder is materially untrue or inaccurate, such party shall be deemed to default under this Agreement and shall be held liable for all the losses thus incurred to the other party.

7. Force Majeure

Should either party be prevented from performing this Agreement due to force majeure, the prevented party shall without any delay notify the other party by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. Both parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

8. Entire Agreement

Both parties acknowledge that once this Agreement becomes effective, it constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and/or written agreements and understandings between both parties with respect to the subject matter hereof.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be resolved by both parties through friendly negotiations. In case no resolution can be reached, such dispute shall be referred to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Venue of arbitration shall be Beijing and arbitral award shall be final.
- 9.2 The annex attached hereto shall form an integral part of this Agreement and has the same effect as the remainder of this Agreement.
- 9.3 This Agreement shall come into effect as of the date of signing by both parties.
- 9.4 This Agreement is executed in two (2) originals in Chinese, one (1) original for each party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: AirMedia Technology (Beijing) Co., Ltd.]

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: Beijing Shengshi Lianhe Advertising Co., Ltd.]

Service Fee Calculation Standard

1. Party A and Party B agree that Party B shall pay technology support and technology service fee to Party A according to the following requirements:
 - (1) In the first month of each year (for the first year, mean the next month after the signing of this Agreement), Party A and Party B determine the annual service fee amount of this year. The annual service fee amount confirmed by both parties is annexed to this Agreement, respectively.
 - (2) When both parties determine annual service fee amount, the technology service fee of current year may be adjusted by giving due consideration to the following factors, including, but not limited to:
 - (a) The number of the employees to be assigned by Party A to render services for Party B and the qualification of these employees;
 - (b) The time proposed for Party A's employees to provide services;
 - (c) The specific contents and value of the services rendered by Party A;
 - (d) Whether use licenses are provided to Party B with respect to specific technologies (including patented and non-patented technologies) during the provisioning of technology support and technology services;
 - (e) The internal relations between Party A's technology support and technology services and Party B's operating income.
 - (3) Party B shall pay the said annual service fee averagely on a quarterly basis. Party B shall, within fifteen (15) working days before each quarter finishes, pay the service fee amount of this quarter to the bank account designated by Party A.
2. If Party A is of the opinion that the fee as set out in Article 1 of this Annex becomes inappropriate for the change of objective situation and needs to be adjusted, Party B shall, within seven (7) working days after receiving the written request about fee adjustment from Party A, negotiate with Party A actively and in good faith so as to determine the new billing standard or system.

Technology Development Fee for September—December 2005

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on September 19, 2005, the technology development fee to be paid by Party B to Party A for the period from September 19, 2005 to December 31, 2005 is RMB 1,350,000.00.

Signature: /s/ Guo Tao

Signature: /s/ Shang Xiaojun

October 1, 2005

Technology Development Fee for the Year 2006

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing Shengshi Lianhe Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on September 19, 2005, the technology development fee to be paid by Party B to Party A for the year 2006 is RMB 3,780,000.00.

Signature: /s/ Guo Tao

Signature: /s/ Shang Xiaojun

January 1, 2006

Amended and Restated Equity Pledge Agreement

THIS EQUITY PLEDGE AGREEMENT ("this Agreement") is entered into among the following parties in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya

Party C: Beijing Shengshi Lianhe Advertising Co., Ltd.

WHEREAS:

- (1) Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya signed the Equity Pledge Agreement with Party A and Party C on November 19, 2006 to provide a guaranty for Party C's payment obligations under the Technology Development Agreement and the Technology Support and Service Agreement entered into between Party C and Party A on September 19, 2005 (collectively "Original Master Contracts") by pledging the 49.83%, 37.6%, 7.45% and 5.12% equities held by the said four persons in Party C respectively to Party A.
- (2) Party A and Party C signed the Amended and Restated Technology Development Agreement and the Amended and Restated Technology Support and Service Agreement on June 14, 2007 (collectively "Amended Master Contracts"), which make some amendments to the Master Contracts.
- (3) Party A, Party B and Party C confirm that from the effective date of the Equity Pledge Agreement signed on November 29, 2006 until the date of this Agreement, the Parties have performed the Equity Pledge Agreement in a friendly way and Party B agrees to continue to provide a guaranty for Party C's payment obligations under the Original Master Contracts and the Amended Master Contracts.

NOW, THEREFORE, Party A, Party B and Party C, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby enter into this Agreement to replace the Equity Pledge Agreement signed by Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya with Party A and Party C on November 29, 2006:

1. Pledge

Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya agree to pledge all their respective 49.83%, 37.6%, 7.45% and 5.12% equities in Party C ("Pledged Equity") to Party A, as a guaranty for Party C's payment obligations under the Amended Master Contracts.

2. Scope of Pledge Guarantee

The guaranty scope of pledged equity under this Agreement covers any arrear,

payment, liquidated damages, compensation and expenses from realization of principal claims and right of pledge payable but unpaid by Party C to Party A under the Master Contracts.

3. Term of Pledge

- 3.1 The pledge under this Agreement shall become effective on the date when equity pledge is recorded in Party C's register of shareholders.
- 3.2 After the guaranteed liabilities under the Master Contracts are fully repaid and Party C no longer undertakes any obligation under the Master Contracts, this Agreement is terminated. So far as reasonably practicable, Party A shall assist in undergoing necessary procedures so as to discharge the pledge of equity.
- 3.3 During pledge, if Party C fails to perform its obligations under any Master Contract, Party A shall be entitled to dispose of right of pledge pursuant to the provisions of this Agreement.

4. Registration

- 4.1 Party B undertakes to Party A that its execution of this Agreement and performance of the obligations under this Agreement has obtained and/or will obtain the consent of Party C's shareholders' meeting and the equity pledge under this Agreement will be recorded in Party C's register of shareholders. Party C agrees to render assistance. Party B and Party C shall deliver the certificates of Party B's capital contributions to Party C and register of shareholders to Party A for keeping on the date of this Agreement.
- 4.2 The Parties agree that they will try to handle and cause the registration of the pledge under this Agreement with the Industrial and Commercial Administration of Party C's place of registration. The Parties confirm that the failure to register the pledge under this Agreement with the Industrial and Commercial Administration of Party C's place of registration after the execution of this Agreement will not affect the validity of this Agreement, unless such registration is mandatory as specified by laws.

5. Fruits

Within the period of pledge, Party A shall be entitled to the fruits arising from the Pledged Equity, including, but not limited to, the bonus, dividends, profit distribution, distributable profits, etc arising from or received with respect to the Pledged Equity.

6. Representations of Party B

- 6.1 Party B is the owner of the equity.
- 6.2 Party B has not created any other security interest or third-party interests on the Pledged Equity except the pledge under this Agreement.

7. Representations and warranties of Party B

- 7.1 Within the term of this Agreement, Party B undertakes to Party A that
- 7.1.1 Without Party A's prior written consent, it will not transfer the Pledged Equity or create or allow to be created any security interest on the Pledged Equity, unless otherwise agreed upon by both parties.
 - 7.1.2 It will comply with all the laws and regulations with respect to the pledge of rights; present to Party A the notices, orders or suggestions with respect to the right of pledge issued or made by the competent authority within five (5) days upon receipt thereof; and comply with such notices, orders or suggestions; or make an objection to or a statement on the foregoing matters at the reasonable request of Party A or with the consent from Party A.
 - 7.1.3 It will not distribute Party C's income and will also cause Party C's other shareholders not to distribute Party C's income.
 - 7.1.4 It will do or permit to be done any act that may adversely affect Party A's interests under the Amended Master Contracts and this Agreement or the Pledged Equity.
- 7.2 Party B agrees that for the purpose of this Agreement, Party A is entitled to dispose of right of pledge in the manner as specified in this Agreement and Party A's right to exercise the right of pledge obtained from this Agreement will not be interrupted or hindered by Party B or any of its successors or principals or any other person through legal proceedings.
- 7.3 Party B warrants to Party A that in order to protect or improve the guaranty for the repayment of the expenses under the Master Contracts in this Agreement, Party B will execute in good faith and cause other interested persons relating to right of pledge to execute all right certificates and contracts relating to the implementation of this Agreement as required by Party A and/or perform and cause other interested persons to perform the acts relating to the implementation of this Agreement as required by Party A and provide convenience for the exercise of the rights and authority granted to Party A under this Agreement.
- 7.4 Party B warrants to Party A that in order to ensure Party A's interests, Party B will comply with and perform all warranties, undertakings, agreements, representations and conditions. Where Party B does not perform, in whole or in part, its warranties, undertakings, agreements, representations or conditions, Party B shall compensate all losses thus incurred to Party A.

8. Disposal of the Pledged Equity

- 8.1 Party A and Party B hereby agree that in case of any default, Party A shall be entitled to exercise all the remedies and powers under PRC laws, transaction agreement and this Agreement upon giving a written notice to Party B, including, but not limited to, auctioning or selling the Pledged Equity and being first compensated with the proceeds from such disposal. Party A shall not be liable for any loss arising from its reasonable exercise of such rights and powers.

-
- 8.2 Party A shall be entitled to designate in writing its lawyer or other agent to exercise any or all said rights and powers and Party B shall not raise any objection thereto.
- 8.3 The reasonable expenses of Party A when it exercises any or all said rights and powers shall be borne by Party B. Party A shall have the right to deduct such expenses from the payments obtained by Party A from the exercise of its rights and powers.
- 8.4 The payments obtained by Party A from the exercise of its rights and powers shall be used in the following order:
- 1) Pay all the expenses arising out of the disposal of the Pledged Equity and Party A's exercise of its rights and powers (including the remunerations for its lawyer and agent);
 - 2) Pay the taxes payable with respect to the disposal of the Pledged Equity; and
 - 3) Pay the guaranteed liabilities to Party A.
- If there is any balance after the above deductions, Party A shall return such balance to Party B or the other person which is entitled to such balance in accordance with law or regulations or place such balance under escrow with the notary public office in the place where Party A is located (all the expenses arising therefrom shall be borne by Party B).
- 8.5 Party A shall be entitled to exercise any of its remedies simultaneously or successively. Before Party A exercises the right to auction or sell the Pledged Equity under this Agreement, it does not need to first exercise other remedies.

9. Transfer

- 9.1 Without Party A's prior written consent, Party B shall have no right to donate or transfer any of its rights and obligations under this Agreement, excluding the Amended and Restated Call Option Agreement signed by Party B and Party A.
- 9.2 This Agreement shall bind upon Party B and its successors and inure to Party A and its successors and assigns.
- 9.3 Party A may, at any time, transfer any or all of its rights and obligations under the Master Contracts to the person designated by it (natural person/legal person). In this case, the transferee shall take over Party A's rights and obligations under this Agreement as if it is a party to this Agreement. When Party A transfers its rights and obligations under the Master Contracts, at its request, Party B shall execute the related agreements and/or documents with respect to such transfer.
- 9.4 If the above transfer results in the change of pledgee, two new parties to pledge shall sign a new pledge agreement.

10. Confidentiality

This Agreement and all its terms are confidential information. Neither Party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

11. Defaulting Liabilities

Where either Party fails to perform any of its obligations under this Agreement, or any of its representations or warranties under this Agreement is materially untrue or inaccurate, such Party shall be deemed to default under this Agreement and shall hold liable for all the losses thus incurred to the other Party.

12. Force Majeure

Should either Party be prevented from performing this Agreement owing to force majeure, the prevented Party shall without any delay notify the other Parties by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. The Parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

13. Supplementary Provisions

13.1 Any dispute arising from the performance of this Agreement shall be resolved by the Parties through friendly negotiations. In case no resolution can be reached, such dispute shall be submitted to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Seat of arbitration shall be Beijing and arbitral award shall be final.

13.2 This Agreement shall go into effect as of the date of signing by the Parties. The Equity Pledge Agreement signed by the Parties on November 19, 2006 is terminated on the effective date of this Agreement.

13.3 This Agreement is executed in six (6) originals in Chinese, one (1) original for each Party. All the originals shall be equally authentic.

[No text below]

Signing page attached below

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: AirMedia Technology (Beijing) Co., Ltd. (Seal)

Party B:

Signature: /s/ Guo Man

Signature: /s/ Wang Zhenyu

Signature: /s/ Xu Qing

Signature: /s/ Zhang Xiaoya

Party C: Beijing Shengshi Lianhe Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: Beijing Shengshi Lianhe Advertising Co., Ltd. (Seal)

Amended and Restated Call Option Agreement

THIS CALL OPTION AGREEMENT ("this Agreement") is entered into among the following parties in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya (hereafter individually a "Shareholder" and collectively the "Shareholders")

Party C: Beijing Shengshi Lianhe Advertising Co., Ltd.

WHEREAS:

- (1) Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya are the citizens of the People's Republic of China ("China", except Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan) and hold their respective 49.83%, 37.6%, 7.45% and 5.12% equities in Party C.
- (2) The Shareholders signed the Call Option Agreement with Party A and Party C on November 19, 2006, by which to grant Party A the right to purchase the equity held by each Shareholder in Party C in the specified situation. Party A, Shareholders and Party C confirm that the Parties shall have performed the Call Option Agreement in a friendly way from the effective date of the Call Option Agreement until the date of this Agreement.
- (3) Now, Party A, Shareholders and Party C agree to amend and restate the said Call Option Agreement and define their respective rights and obligations according to the amended and restated Call Option Agreement.

Now therefore, the Parties hereby enter into this Agreement with respect to Party A purchasing the equities held by the Shareholders in Party C, on and subject to the terms and conditions as set forth below:

1. Purchase and Sale of Equity**1.1 Granting of Rights**

The Shareholders hereby irrevocably grant to Party A an option ("Call Option") to purchase or cause any person or persons designated by Party A ("Designee") to purchase from the Shareholders at any time, to the extent permitted by PRC laws and according to the steps as determined by Party A at its own discretion, all or part of their equity in Party C ("Target Equity") at the price specified in Article 1.3 of this Agreement. The Shareholders shall not sell, sell by offer, transfer, donate or pledge the equity to any other third person other than Party A and/or the Designee. Party C hereby agrees to the granting of the Call Option by the Shareholders to Party A and/or the Designee. The "person" set forth in this article and this Agreement means an individual, corporation, joint venture, partnership, enterprise, trust or a non-corporation organization.

1.2 Exercising Steps

Subject to PRC laws and regulations,

- 1.2.1 When this Agreement is signed, Party B shall agree that it will deliver the Equity Transfer Contract signed as per the format in Annex 1 below and the Letter of Consent signed as per Annex 2 below with respect to equity transfer to Party A for keeping.
- 1.2.2 If Party A decides to purchase the Target Equity pursuant to Article 1.1 hereof, it shall give a written notice to Party B, indicating the percentage of the Target Equity to be purchased and the identity of purchaser. Party B and Party C shall, within seven (7) days of receiving the notice from Party A, provide all the materials and documents necessary to handle equity transfer.
- 1.2.3 Except the notice as stated in Article 1.2.2, there are no other preconditions or additional conditions or procedures for Party A's exercise of the option to purchase the Target Equity.

1.3 Purchase Price

- 1.3.1 In the event that applicable PRC laws and regulations require appraisal of the Target Equity or have other restrictions on the price of the Target Equity at the time when Party A exercises the Call Option, the Parties agree that the Purchase Price of the Target Equity shall be the lowest price permitted by applicable laws.
- 1.3.2 In the event that Party A opts to purchase part of the Target Equity, the Purchase Price shall be adjusted on the basis of the ratio of the purchased equity to all the equity of Party C.

1.4 Transfer of the Target Equity

At each exercise of the Call Option:

- 1.4.1 Each Shareholder shall cause Party C to convene a shareholders' meeting in time, at which to adopt a resolution on the transfer by the Shareholders of the Target Equity to Party A and/or the Designee, and cause other Shareholders to waive the preemptive right to the Target Equity in writing;
- 1.4.2 Each Shareholder shall, subject to the terms and conditions of this Agreement and the Purchase Notice related to the Target Equity, enter into an equity transfer contract with Party A and/or the Designee (as applicable) for each transfer;
- 1.4.3 The related Parties shall execute all other requisite contracts, agreements

or documents, obtain all requisite government approvals and consents and take all necessary actions; without any security interest, transfer the valid ownership of the Target Equity to Party A and/or the Designee, and cause Party A and/or the Designee to be the legal owner of the Target Equity. In this Article and this Agreement, "Security Interest" means guaranty, mortgage, pledge, third-party right or interest, any share option, right of acquisition, preemptive right, right of set-off, retention of title or other security arrangements, but excluding any security interest arising under the Amended and Restated Equity Pledge Agreement signed by Party A, Shareholders and Party C on June 14, 2007.

1.5 Payment

The payment of the Purchase Price shall be subject to the negotiations between Party A and/or the Designee and the Shareholders according to the laws applicable at the exercise of the Call Option.

2. **Undertakings Relating to Equity**

2.1 Undertakings of Party C

Shareholders and Party C hereby undertake that:

- 2.1.1 They will not supplement, amend or modify Party C's articles of association in any way, or increase or decrease its registered capital, or change its share by other means without Party A's prior written consent;
- 2.1.2 Based on good financial and commercial standards and practices, Party C will maintain its existence, prudently and effectively deal with its businesses and affairs and make its best efforts to ensure that it continuously has the permits, licenses and approvals necessary for its business operations and that these permits, licenses and approvals are not cancelled; make its best efforts to keep its existing organization structure and senior management personnel unchanged and continue to maintain its relations with customers so as to ensure that the exercise of the Call Option by Party A has no material adverse influence on Party C's goodwill and operations;
- 2.1.3 Without Party A's prior written consent, Party C will not sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, any of Party C's legal or beneficial rights on assets, business or income at any time after the date of this Agreement;
- 2.1.4 Without Party A's prior written consent, Party C will not distribute dividends to its shareholders in any way. However, Party C shall promptly distribute all or part of its distributable profits to its shareholders upon Party A's request;

2.1.5 If Party A exercises the Call Option pursuant to the provisions of this Agreement, Party C will do its best to obtain all the government approvals and other consents (if applicable) necessary for the completion of equity transfer as early as possible;

2.1.6 At Party A's request, they will appoint the person nominated by Party A as the director of Party C.

2.2 Undertakings of the Shareholders

The Shareholders hereby undertakes:

2.2.1 Not to sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, the legal or beneficial right of any Target Equity at any time after the date of this Agreement without Party A's prior written consent, except the right of pledge under the Amended and Restated Equity Pledge Agreement;

2.2.2 Without Party A's prior written consent, at the shareholders' meeting of Party C, not to agree to, support or execute a resolution on selling, transferring, mortgaging or otherwise disposing of, or cause any other security interest to be created on, its legal or beneficial right of any Target Equity, except to Party A or the Designee;

2.2.3 Without Party A's prior written consent, at the shareholders' meeting of Party C, not to agree to, support or execute a resolution on approving Party C to be merged or consolidated with, acquire or invest in any person;

2.2.4 To promptly inform Party A of any litigation, arbitration or administrative proceedings pending or threatened against its Target Equity;

2.2.5 To cause the shareholders' meeting to approve the transfer of the Target Equity under this Agreement

2.2.6 To execute all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate claims or make all necessary and appropriate defenses against all claims in order to maintain its ownership over the Target Equity;

2.2.7 At Party A's request, to appoint the person nominated by Party A as the director of Party C;

2.2.8 Upon Party A's request as may be made from time to time, to transfer the Target Equity unconditionally and promptly to Party A and/or the Designee at any time and cause other Shareholders to waive the preemptive right to the Target Equity;

2.2.9 To fully comply with the provisions of this Agreement and other agreements entered into by and among Shareholders, Party C and Party A , to perform all obligations under such agreements and not to do any act or omission that affects the validity and enforceability of such agreements.

3. Assignment of Agreement

- 3.1 The Shareholders and Party C shall not transfer any of their rights and obligations under this Agreement to any third party without Party A's prior written consent.
- 3.2 The Shareholders and Party C hereby agree that Party A may transfer all its rights and obligations under this Agreement to a third party without the consent of Shareholders and Party C, but such equity shall be notified in writing to Shareholders and Party C.

4. Annex

When the Target Equity is transferred, if the format of the equity transfer contract as set forth in Annex 1 to this Agreement needs to be amended in accordance with PRC laws and regulations until then, the Parties shall make relevant amendments in good faith and in accordance with the requirements of PRC laws and regulations.

The annex attached hereto shall form an integral part of this Agreement and have the same legal effect as the main body of this Agreement.

5. Guaranty

If the Shareholders satisfy the relevant provisions of this Agreement, Party A agrees to act as Party C's performance guarantor in any contract, agreement or transaction signed by Party C with any other third party with respect to Party C's business operations to provide a comprehensive performance guaranty for Party C to perform such contract, agreement or transaction. In addition, Party A agrees to provide the loans for Party C in the manner permitted by laws when necessary to meet Party C's business needs or solve Party C's possible difficulty in fund turnover.

6. Confidentiality

This Agreement and all its terms are confidential information. No Party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

7. Defaulting Liabilities

Where any Party fails to perform any of its obligations under this Agreement, or any of its representations or warranties under this Agreement is materially untrue or inaccurate, such Party shall be deemed to default under this Agreement and shall hold liable for all the losses thus incurred to the other Parties.

8. Force Majeure

Should any Party be prevented from performing this Agreement owing to force majeure, the prevented Party shall without any delay notify the other Parties by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. The Parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be resolved by the Parties through friendly negotiations. In case no resolution can be reached, such dispute shall be submitted to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Seat of arbitration shall be Beijing and arbitral award shall be final.
- 9.2 This Agreement shall go into effect as of the date of signing by the Parties. This Agreement shall be terminated after Party A exercises the call option over all Party C's equity pursuant to the provisions of this Agreement, unless prematurely terminated in accordance with the provisions of this Agreement or the other related agreement signed by the Parties.
- 9.3 Where Party A or Party C is terminated for expiry or its operating term (including any extension thereof) or other reason within the time as set forth in Article 9.2, this Agreement shall be terminated simultaneously, unless Party A has transferred its rights and obligations pursuant to Article 3.2.
- 9.4 The Call Option Agreement signed by the Parties on November 29, 2006 shall be terminated on the effective date of this Agreement.
- 9.5 This Agreement is executed in six (6) originals in Chinese, one (1) original for each Party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: AirMedia Technology (Beijing) Co., Ltd. (Seal)

Party B:

Signature: /s/ Guo Man

Signature: /s/ Wang Zhenyu

Signature: /s/ Xu Qing

Signature: /s/ Zhang Xiaoya

Party C: Beijing Shengshi Lianhe Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: Beijing Shengshi Lianhe Advertising Co., Ltd. (Seal)

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Guo Man

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing Shengshi Lianhe Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Guo Man

The Transferee:

Signature:

Authorized representative (signature):

Date:

Name: Guo Man
Title:
Common seal
Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Wang Zhenyu

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its __% equity in Beijing Shengshi Lianhe Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Wang Zhenyu

The Transferee:

Signature:

Authorized representative (signature):

Date:

Name: Guo Man

Title:

Common seal

Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Xu Qing

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its __% equity in Beijing Shengshi Lianhe Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Xu Qing

The Transferee:

Signature:

Authorized representative (signature):

Date:

Name: Guo Man

Title:

Common seal

Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Zhang Xiaoya

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its __% equity in Beijing Shengshi Lianhe Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Zhang Xiaoya

The Transferee:

Signature:

Authorized representative (signature):

Date:

Name: Guo Man
Title:
Common seal
Date:

Letter of Consent

To: Beijing Shengshi Lianhe Advertising Co., Ltd.

As a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Guo Man
Date: June 14, 2007

Letter of Consent

To: Beijing Shengshi Lianhe Advertising Co., Ltd.

As a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Wang Zhenyu
Date: June 14, 2007

Letter of Consent

To: Beijing Shengshi Lianhe Advertising Co., Ltd.

As a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Xu Qing
Date: June 14, 2007

Letter of Consent

To: Beijing Shengshi Lianhe Advertising Co., Ltd.

As a shareholder of Beijing Shengshi Lianhe Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing Shengshi Lianhe Advertising Co., Ltd. transfer their equities in Beijing Shengshi Lianhe Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Zhang Xiaoya
Date: June 14, 2007

Power of Attorney

Our company, Beijing Shengshi Lianhe Advertising Co., Ltd., which is a limited liability company registered in Beijing, the People's Republic of China ("China") and whose registration number is 1101042256681, is a shareholder of Beijing AirMedia Advertising Co., Ltd. ("AM Advertising") and holds the 83.8% equity of AM Advertising.

Our company hereby irrevocably authorizes Mr. Guo Man to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Guo Man (Chinese ID number: 110102196305041171) to represent our company to exercise our company's shareholder rights (including voting power) as specified by PRC laws and the articles of association of AM Advertising at the shareholders' meeting of AM Advertising, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of our company's equity in AM Advertising and as an authorized representative of our company, nominating and appointing the general manager of AM Advertising at the shareholders' meeting of AM Advertising.

The precondition for the said authorization and entrustment is that Mr. Guo Man is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees with the said authorization and entrustment. Once Mr. Guo Man no longer serves AM Technology or AM Technology informs our company to terminate the said authorization and entrustment, our company will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise all our company's shareholder rights (including voting power) at the shareholders' meeting of AM Advertising.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AM Advertising, unless the Amended and Restated Call Option Agreement jointly signed by our company, AM Technology and AM Advertising on June 14, 2007 is prematurely terminated for whatsoever reason.

Beijing Shengshi Lianhe Advertising Co., Ltd.

/s/ Guo Man

June 14, 2007

Power of Attorney

I, Zhang Xiaoya, a citizen of the People's Republic of China ("China"), Chinese ID number: 130104196210091519, am a shareholder of Beijing AirMedia Advertising Co., Ltd. ("AM Advertising") and holds 0.83% equity of AM Advertising.

On November 31, 2005, I authorized Wang Zhenyu to exercise my shareholder rights in AM Advertising on my behalf. I hereby irrevocably continue to authorize Mr. Wang Zhenyu to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Wang Zhenyu (Chinese ID number: 410103196311087018) to represent myself to exercise my rights (including voting power) as specified by PRC laws and the articles of association of AM Advertising at the shareholders' meeting of AM Advertising, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in AM Advertising and as my authorized representative, nominating and appointing the general manager of AM Advertising at the shareholders' meeting of AM Advertising.

The precondition for the said authorization and entrustment is that Mr. Wang Zhenyu is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees with the said authorization and entrustment. Once Mr. Wang Zhenyu no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise all my shareholder rights (including voting power) at the shareholders' meeting of AM Advertising.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AM Advertising, unless the Amended and Restated Call Option Agreement signed by me, AM Technology and AM Advertising on June 14, 2007 is prematurely terminated for any reason.

Zhang Xiaoya

/s/ Zhang Xiaoya

June 14, 2007

Power of Attorney

I, Xu Qing, a citizen of the People's Republic of China ("China"), Chinese ID number: 11010119610220531X, am a shareholder of Beijing AirMedia Advertising Co., Ltd. ("AM Advertising") and holds 1.21% equity of AM Advertising.

On November 31, 2005, I authorized Guo Man to exercise my shareholder rights in AM Advertising on my behalf. I hereby irrevocably continue to authorize Mr. Guo Man to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Guo Man (Chinese ID number: 110102196305041171) to represent myself to exercise my rights (including voting power) as specified by PRC laws and the articles of association of AM Advertising at the shareholders' meeting of AM Advertising, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in AM Advertising and as my authorized representative, nominating and appointing the general manager of AM Advertising at the shareholders' meeting of AM Advertising.

The precondition for the said authorization and entrustment is that Mr. Guo Man is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees with the said authorization and entrustment. Once Mr. Guo Man no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise all my shareholder rights (including voting power) at the shareholders' meeting of AM Advertising.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AM Advertising, unless the Amended and Restated Call Option Agreement jointly signed by me, AM Technology and AM Advertising on June 14, 2007 is prematurely terminated for whatsoever reason.

Xu Qing

/s/ Xu Qing

June 14, 2007

Power of Attorney

I, Wang Zhenyu, a citizen of the People's Republic of China ("China"), Chinese ID number: 410103196311087018, am a shareholder of Beijing AirMedia Advertising Co., Ltd. ("AM Advertising") and holds 6.09% equity of AM Advertising.

On November 31, 2005, I authorized Xu Qing to exercise my shareholder rights in AM Advertising on my behalf. I hereby irrevocably continue to authorize Mr. Xu Qing to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Xu Qing (Chinese ID number: 11010119610220531X) to represent myself to exercise my rights (including voting power) as specified by PRC laws and the articles of association of AM Advertising at the shareholders' meeting of AM Advertising, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in AM Advertising and as my authorized representative, nominating and appointing the general manager of AM Advertising at the shareholders' meeting of AM Advertising.

The precondition for the said authorization and entrustment is that Mr. Xu Qing is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees with the said authorization and entrustment. Once Mr. Xu Qing no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise all my shareholder rights (including voting power) at the shareholders' meeting of AM Advertising.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AM Advertising, unless the Amended and Restated Call Option Agreement jointly signed by me, AM Technology and AM Advertising on June 14, 2007 is prematurely terminated for whatsoever reason.

Wang Zhenyu

/s/ Wang Zhenyu

June 14, 2007

Power of Attorney

I, Guo Man, a citizen of the People's Republic of China ("China"), Chinese ID number: 110102196305041171, am a shareholder of Beijing AirMedia Advertising Co., Ltd. ("AM Advertising") and holds 8.07% equity of AM Advertising.

On November 31, 2005, I authorized Zhang Xiaoya to exercise my shareholder rights in AM Advertising on my behalf. I hereby irrevocably continue to authorize Mr. Zhang Xiaoya to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Zhang Xiaoya (Chinese ID number: 130104196210091519) to represent myself to exercise my rights (including voting power) as specified by PRC laws and the articles of association of AM Advertising at the shareholders' meeting of AM Advertising, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in AM Advertising and as my authorized representative, nominating and appointing the general manager of AM Advertising at the shareholders' meeting of AM Advertising.

The precondition for the said authorization and entrustment is that Mr. Zhang Xiaoya is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees with the said authorization and entrustment. Once Mr. Zhang Xiaoya no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise all my shareholder rights (including voting power) at the shareholders' meeting of AM Advertising.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AM Advertising, unless the Amended and Restated Call Option Agreement jointly signed by me, AM Technology and AM Advertising on June 14, 2007 is prematurely terminated for whatsoever reason.

Guo Man

/s/ Guo Man

June 14, 2007

Amended and Restated Technology Development Agreement

THIS TECHNOLOGY DEVELOPMENT AGREEMENT ("this Agreement") is entered into by the parties below in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia Advertising Co., Ltd.

WHEREAS,

- (1) Party A is a wholly foreign-owned enterprise incorporated in accordance with law. It has a stronger technology development capacity and also has ample experiences in respect of technology development services;
- (2) Party B requires a professional technology company to provide technology development services in the course of its operation and management;
- (3) On November 31, 2005, Party A and Party B signed the Technology Development Agreement with respect to Party A providing technology development services to Party B. Party A and Party B confirm that both parties have performed the Technology Development Agreement in a friendly way from the effective date of the Technology Development Agreement to the signing date of this Agreement.
- (4) Now, both parties agree to amend and restate the said Technology Development Agreement and define their respective rights and obligations according to the amended and restated Technology Development Agreement.

NOW, THEREFORE, Party A and Party B, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby agree as follows:

1. Technology Development Services

- 1.1 Subject to the terms and conditions hereof, Party A agrees to provide technology development services to Party B and Party B agrees to accept the technology development services provided by Party A.
- 1.2 Party B shall actively assist Party A in fulfilling the said work, including, but not limited to, providing related data, technology requirements, explanation, etc.
- 1.3 The valid term of this Agreement is ten (10) years, starting from the effective date of this Agreement. Both parties agree that the term of this Agreement shall be automatically extended for ten (10) years upon its expiry, unless either party informs the other party of its intention of no extension at least twenty (20) days prior to the expiration of this Agreement.

2. Exclusivity

Party A is the exclusive provider providing the technology development services hereunder to Party B. Except with Party A's prior written consent, Party B shall not accept the identical or similar technology development services provided by any third party.

3. Intellectual Property Rights

Any and all intellectual property rights arising from the performance of this Agreement, including, but not limited to, copyright, patent right and technology know-how, shall belong to Party A, and Party B may not be entitled to any right except those as specified herein. Both parties agree that this article will survive the change, cancellation or termination of this Agreement.

4. Service Fee

- 4.1 Both parties agree that as a consideration for the technology development services rendered by Party A to Party B under Article 1.1 hereof, Party B shall pay Party A the service fee pursuant to the stipulations of this Agreement. The amount of service fee and method of payment are set forth in the annex hereto. This annex may be amended on the basis of implementation after negotiations between both parties.
- 4.2 Each party shall bear the taxes payable by it in connection with the execution or performance of this Agreement in accordance with law. As requested by Party A, Party B shall endeavor to assist Party A in obtaining the business tax exemption for all or part of its technology service fee income under this Agreement, including, without limitation, providing related documents and from time to time, signing the written agreements meeting the format requirements for declaration to related department in charge of science and technology with Party A with respect to the specific service items within the scope of this Agreement, but the execution of these documents shall be subject to the following conditions: (1) the terms of such written agreements are, in principle, consistent with those of this Agreement and may not conflict with those of this Agreement; and (2) the execution of such documents does not violate laws and regulations.
- 4.3 Party B's shareholders will provide a pledge security to Party A for the technology service fee payable by Party B under this Agreement by pledging their equity in Party B.

5. Confidentiality

This Agreement itself and all terms hereof are confidential information. Neither party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

6. Defaulting Liabilities

Where either party fails to perform any of its obligations hereunder, or any of its representations or warranties hereunder is materially untrue or inaccurate, such party shall be deemed to default under this Agreement and shall be held liable for all the losses thus incurred to the other party.

7. Force Majeure

Should either party be prevented from performing this Agreement due to force majeure, the prevented party shall without any delay notify the other party by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. Both parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

8. Entire Agreement

Both parties acknowledge that once this Agreement becomes effective, it constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and/or written agreements and understandings between both parties with respect to the subject matter hereof.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be solved by both parties through friendly negotiations. In case no resolution can be reached, such dispute shall be referred to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Venue of arbitration shall be Beijing and arbitral award shall be final.
- 9.2 The annex attached hereto shall form an integral part of this Agreement and has the same effect as the remainder of this Agreement.
- 9.3 This Agreement shall come into effect as of the date of signing by both parties.
- 9.4 This Agreement is executed in two (2) originals in Chinese, one (1) original for each party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: AirMedia Technology (Beijing) Co., Ltd.]

Party B: Beijing AirMedia Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: Beijing AirMedia Advertising Co., Ltd.]

Service Fee Calculation Standard

1. Party A and Party B agree that Party B shall pay technology support and technology service fee to Party A according to the following requirements:
 - (1) In the first month of each year (for the first year, mean the next month after the signing of this Agreement), Party A and Party B determine the annual service fee amount of this year. The annual service fee amount confirmed by both parties shall be annexed to this Agreement respectively.
 - (2) When both parties determine annual service fee amount, the technology service fee of current year may be adjusted by giving due consideration to the following factors, including, but not limited to:
 - (a) The number of the employees to be assigned by Party A to render services for Party B and the qualification of these employees;
 - (b) The time proposed for Party A's employees to provide services;
 - (c) The specific contents and value of the services rendered by Party A;
 - (d) Whether use licenses are provided to Party B with respect to specific technologies (including patented and non-patented technologies) during the provisioning of technology support and technology services;
 - (e) The internal relations between Party A's technology support and technology services and Party B's operating income.
 - (3) Party B shall pay the said annual service fee averagely on a quarterly basis. Party B shall, within fifteen (15) working days before each quarter finishes, pay the service fee amount of this quarter to the bank account designated by Party A.
2. If Party A is of the opinion that the fee as set out in Article 1 of this Annex becomes inappropriate for the change of objective situation and needs to be adjusted, Party B shall, within seven (7) working days after receiving the written request about fee adjustment from Party A, negotiate with Party A actively and in good faith so as to determine the new billing standard or system.

Technology Development Fee for December 2005

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on November 31, 2005, the technology development fee to be paid by Party B to Party A for December 2005 is RMB 270,000.00.

Signature: /s/ Guo Man

Signature: /s/ Shang Xiaojun

December 1, 2005

Technology Development Fee for the Year 2006

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on November 31, 2005, the technology development fee to be paid by Party B to Party A for the year 2006 is RMB 8,100,000.00.

Signature: /s/ Guo Man

Signature: /s/ Shang Xiaojun

January 1, 2006

Amended and Restated Technology Support and Service Agreement

THIS TECHNOLOGY SUPPORT AND SERVICE AGREEMENT ("this Agreement") is entered into by the parties below in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia Advertising Co., Ltd.

WHEREAS,

- (1) Party A is a wholly foreign-owned enterprise incorporated in accordance with law. It has a strong technology development and technology support capacity and also has ample experiences in respect of technology support and services;
- (2) Party B requires a professional technology company to provide technology support and services in the course of its operation and management;
- (3) On November 31, 2005, Party A and Party B signed the Technology Support and Service Agreement with respect to Party A providing technology support and services to Party B. Party A and Party B confirm that both parties have performed the Technology Support and Service Agreement in a friendly way from the effective date of the Technology Support and Service Agreement to the signing date of this Agreement.
- (4) Now, both parties agree to amend and restate the said Technology Support and Service Agreement and define their respective rights and obligations according to the amended and restated Technology Support and Service Agreement.

NOW, THEREFORE, Party A and Party B, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby agree as follows:

1. Technology Support and Services

1.1 Subject to the terms and conditions hereof, Party A agrees to provide technology support and services to Party B and Party B agrees to accept the technology support and services provided by Party A. The contents of technology support and services are as follows:

- (1) Perform research and development on related technologies according to Party B's business needs;
- (2) Be responsible for the daily maintenance, monitoring, debugging and troubleshooting of Party B's advertising making and broadcasting system;
- (3) As requested by Party B from time to time, make related investigations and

collect relevant data and materials concerning Party B's technology problems and needs during business operations; provide the investigation findings and reports within the time limit required by Party B;

- (4) Provide to Party B (such as, but not limited to) the technology design, schemes, drawings, data, parameters, standards, programs, databases, technology research results of the same type, reports, materials and data in connection with Party B's technology problems during operation;
 - (5) Timely answer Party B's technology inquiries and if necessary, assign personnel to solve technology problems on site;
 - (6) Provide other related technology support and technology services for Party B according to the provisions of this Agreement.
- 1.2 Party B shall actively assist Party A in fulfilling the said work, including, but not limited to, providing related data, technology requirements, explanation, etc.
- 1.3 The valid term of this Agreement is ten (10) years, starting from the effective date of this Agreement. Both parties agree that the term of this Agreement shall be automatically extended for ten (10) years upon its expiry, unless either party informs the other party of its intention of no extension at least twenty (20) days prior to the expiration of this Agreement.

2. Exclusivity

Party A is the exclusive provider providing the technology support and services hereunder to Party B. Except with Party A's prior written consent, Party B shall not accept the identical or similar technology support and services provided by any third party.

3. Intellectual Property Rights

Any and all intellectual property rights arising from the performance of this Agreement, including, but not limited to, copyright, patent right and technology know-how, shall belong to Party A, and Party B may not be entitled to any right except those as specified herein. Both parties agree that this article will survive the change, cancellation or termination of this Agreement.

4. Service Fee

Both parties agree that as a consideration for the technology support and technology services rendered by Party A to Party B under Article 1.1 hereof, Party B shall pay Party A the service fee pursuant to the stipulation of this Agreement. The amount of service fee and method of payment are set forth in the annex hereto. This annex may be amended on the basis of implementation after negotiations between both parties.

5. Confidentiality

This Agreement itself and all terms hereof are confidential information. Neither

party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

6. Defaulting Liabilities

Where either party fails to perform any of its obligations hereunder, or any of its representations or warranties hereunder is materially untrue or inaccurate, such party shall be deemed to default under this Agreement and shall be held liable for all the losses thus incurred to the other party.

7. Force Majeure

Should either party be prevented from performing this Agreement due to force majeure, the prevented party shall without any delay notify the other party by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. Both parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

8. Entire Agreement

Both parties acknowledge that once this Agreement becomes effective, it constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and/or written agreements and understandings between both parties with respect to the subject matter hereof.

9. Supplementary Provisions

9.1 Any dispute arising from the performance of this Agreement shall be resolved by both parties through friendly negotiations. In case no resolution can be reached, such dispute shall be referred to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Venue of arbitration shall be Beijing and arbitral award shall be final.

9.2 The annex attached hereto shall form an integral part of this Agreement and has the same effect as the remainder of this Agreement.

9.3 This Agreement shall come into effect as of the date of signing by both parties.

9.4 This Agreement is executed in two (2) originals in Chinese, one (1) original for each party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: AirMedia Technology (Beijing) Co., Ltd.]

Party B: Beijing AirMedia Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: Beijing AirMedia Advertising Co., Ltd.]

Service Fee Calculation Standard

1. Party A and Party B agree that Party B shall pay technology support and technology service fee to Party A according to the following requirements:
 - (1) In the first month of each year (for the first year, mean the next month after the signing of this Agreement), Party A and Party B determine the annual service fee amount of this year. The annual service fee amount confirmed by both parties shall be annexed to this Agreement, respectively.
 - (2) When both parties determine annual service fee amount, the technology service fee of current year may be adjusted by giving due consideration to the following factors, including, but not limited to:
 - (a) The number of the employees to be assigned by Party A to render services for Party B and the qualification of these employees;
 - (b) The time proposed for Party A's employees to provide services;
 - (c) The specific contents and value of the services rendered by Party A;
 - (d) Whether use licenses are provided to Party B with respect to specific technologies (including patented and non-patented technologies) during the provisioning of technology support and technology services;
 - (e) The internal relations between Party A's technology support and technology services and Party B's operating income.
 - (3) Party B shall pay the said annual service fee averagely on a quarterly basis. Party B shall, within fifteen (15) working days before each quarter finishes, pay the service fee amount of this quarter to the bank account designated by Party A.
2. If Party A is of the opinion that the fee as set out in Article 1 of this Annex becomes inappropriate for the change of objective situation and needs to be adjusted, Party B shall, within seven (7) working days after receiving the written request about fee adjustment from Party A, negotiate with Party A actively and in good faith so as to determine the new billing standard or system.

Technology Development Fee for December 2005

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on November 31, 2005, the technology development fee to be paid by Party B to Party A for December 2005 is RMB 270,000.00.

Signature: /s/ Guo Man

Signature: /s/ Shang Xiaojun

December 1, 2005

Technology Development Fee for the Year 2006

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia Advertising Co., Ltd.

Party A and Party B hereby confirm that in accordance with the Technology Development Agreement signed by both parties on November 31, 2005, the technology development fee to be paid by Party B to Party A for the year 2006 is RMB 8,100,000.00.

Signature: /s/ Guo Man

Signature: /s/ Shang Xiaojun

January 1, 2006

Amended and Restated Equity Pledge Agreement

THIS EQUITY PLEDGE AGREEMENT ("this Agreement") is entered into among the following parties in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Guo Man, Wang Zhenyu, Xu Qing, Zhang Xiaoya, Beijing Shengshi Lianhe Advertising Co., Ltd.

Party C: Beijing AirMedia Advertising Co., Ltd.

WHEREAS:

- (1) Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya signed the Equity Pledge Agreement with Party A and Party C on November 29, 2006 to provide a guaranty for Party C's payment obligations under the Technology Development Agreement and the Technology Support and Service Agreement entered into between Party C and Party A on November 31, 2005 (collectively "Original Master Contracts") by pledging the 49.83%, 37.6%, 7.45% and 5.12% equities held by the said four persons in Party C respectively to Party A.
- (2) Party A and Party C signed the Amended and Restated Technology Development Agreement and the Amended and Restated Technology Support and Service Agreement on June 14, 2007 (collectively "Amended Master Contracts"), which make some amendments to the Master Contracts.
- (3) Due to the capital increase of Party C, the equity percentages of its shareholders in Party C are changed as follows: Guo Man holds 8.07% equity in Party C; Wang Zhenyu holds 6.09% equity in Party C; Xu Qing holds 1.21% equity in Party C; Zhang Xiaoya holds 0.83% equity in Party C; Beijing Shengshi United Advertising Co., Ltd. holds 83.8% equity in Party C. All the shareholders agree to continue to provide a guaranty for Party C's payment obligations under the Original Master Contracts and the Amended Master Contracts.

NOW, THEREFORE, Party A, Party B and Party C, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby enter into this Agreement to replace the Equity Pledge Agreement signed by Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya with Party A and Party C on November 29, 2006:

1. Pledge

Guo Man, Wang Zhenyu, Xu Qing, Zhang Xiaoya, Beijing Shengshi Lianhe Advertising Co., Ltd. agree to pledge all their respective 8.07%, 6.09%, 1.21%, 0.83% and 83.8% equities in Party C ("Pledged Equity") to Party A, as a guaranty for Party C's payment obligations under the Original Master Contracts and the Amended Master Contracts.

2. Scope of Pledge Guarantee

The guaranty scope of pledged equity under this Agreement covers any arrear, payment, liquidated damages, compensation and expenses from realization of principal claims and right of pledge payable but unpaid by Party C to Party A under the Master Contracts.

3. Term of Pledge

- 3.1 The pledge under this Agreement shall become effective on the date when equity pledge is recorded in Party C's register of shareholders.
- 3.2 After the guaranteed liabilities under the Master Contracts are fully repaid and Party C no longer undertakes any obligation under the Master Contracts, this Agreement is terminated. So far as reasonably practicable, Party A shall assist in undergoing necessary procedures so as to discharge the pledge of equity.
- 3.3 During pledge, if Party C fails to perform its obligations under any Master Contract, Party A shall be entitled to dispose of right of pledge pursuant to the provisions of this Agreement.

4. Registration

- 4.1 Party B undertakes to Party A that its execution of this Agreement and performance of the obligations under this Agreement has obtained and/or will obtain the consent of Party C's shareholders' meeting and the equity pledge under this Agreement will be recorded in Party C's register of shareholders. Party C agrees to render assistance. Party B and Party C shall deliver the certificates of Party B's capital contributions to Party C and register of shareholders to Party A for keeping on the date of this Agreement.
- 4.2 The Parties agree that they will try to handle and cause the registration of the pledge under this Agreement with the Industrial and Commercial Administration of Party C's place of registration. The Parties confirm that the failure to register the pledge under this Agreement with the Industrial and Commercial Administration of Party C's place of registration after the execution of this Agreement will not affect the validity of this Agreement, unless such registration is mandatory as specified by laws.

5. Fruits

Within the period of pledge, Party A shall be entitled to the fruits arising from the Pledged Equity, including, but not limited to, the bonus, dividends, profit distribution, distributable profits, etc arising from or received with respect to the Pledged Equity.

6. Representations of Party B

- 6.1 Party B is the owner of the equity.

6.2 Party B has not created any other security interest or third-party interests on the Pledged Equity except the pledge under this Agreement.

7. Representations and warranties of Party B

7.1 Within the term of this Agreement, Party B undertakes to Party A that

7.1.1 Without Party A's prior written consent, it will not transfer the Pledged Equity or create or allow to be created any security interest on the Pledged Equity, unless otherwise agreed upon by both parties.

7.1.2 It will comply with all the laws and regulations with respect to the pledge of rights; present to Party A the notices, orders or suggestions with respect to the right of pledge issued or made by the competent authority within five (5) days upon receipt thereof; and comply with such notices, orders or suggestions; or make an objection to or a statement on the foregoing matters at the reasonable request of Party A or with the consent from Party A.

7.1.3 It will not distribute Party C's income and will also cause Party C's other shareholders not to distribute Party C's income.

7.1.4 It will do or permit to be done any act that may adversely affect Party A's interests under the Amended Master Contracts and this Agreement or the Pledged Equity.

7.2 Party B agrees that for the purpose of this Agreement, Party A is entitled to dispose of right of pledge in the manner as specified in this Agreement and Party A's right to exercise the right of pledge obtained from this Agreement will not be interrupted or hindered by Party B or any of its successors or principals or any other person through legal proceedings.

7.3 Party B warrants to Party A that in order to protect or improve the guaranty for the repayment of the expenses under the Master Contracts in this Agreement, Party B will execute in good faith and cause other interested persons relating to right of pledge to execute all right certificates and contracts relating to the implementation of this Agreement as required by Party A and/or perform and cause other interested persons to perform the acts relating to the implementation of this Agreement as required by Party A and provide convenience for the exercise of the rights and authority granted to Party A under this Agreement.

7.4 Party B warrants to Party A that in order to ensure Party A's interests, Party B will comply with and perform all warranties, undertakings, agreements, representations and conditions. Where Party B does not perform, in whole or in part, its warranties, undertakings, agreements, representations or conditions, Party B shall compensate all losses thus incurred to Party A.

8. Disposal of the Pledged Equity

8.1 Party A and Party B hereby agree that in case of any default, Party A shall be entitled to exercise all the remedies and powers under PRC laws, transaction

agreement and this Agreement upon giving a written notice to Party B, including, but not limited to, auctioning or selling the Pledged Equity and being first compensated with the proceeds from such disposal. Party A shall not be liable for any loss arising from its reasonable exercise of such rights and powers.

- 8.2 Party A shall be entitled to designate in writing its lawyer or other agent to exercise any or all said rights and powers and Party B shall not raise any objection thereto.
- 8.3 The reasonable expenses of Party A when it exercises any or all said rights and powers shall be borne by Party B. Party A shall have the right to deduct such expenses from the payments obtained by Party A from the exercise of its rights and powers.
- 8.4 The payments obtained by Party A from the exercise of its rights and powers shall be used in the following order:
- 1) Pay all the expenses arising out of the disposal of the Pledged Equity and Party A's exercise of its rights and powers (including the remunerations for its lawyer and agent);
 - 2) Pay the taxes payable with respect to the disposal of the Pledged Equity; and
 - 3) Pay the guaranteed liabilities to Party A.

If there is any balance after the above deductions, Party A shall return such balance to Party B or the other person which is entitled to such balance in accordance with law or regulations or place such balance under escrow with the notary public office in the place where Party A is located (all the expenses arising therefrom shall be borne by Party B).

- 8.5 Party A shall be entitled to exercise any of its remedies simultaneously or successively. Before Party A exercises the right to auction or sell the Pledged Equity under this Agreement, it does not need to first exercise other remedies.

9. Transfer

- 9.1 Without Party A's prior written consent, Party B shall have no right to donate or transfer any of its rights and obligations under this Agreement, excluding the Amended and Restated Call Option Agreement signed by Party B and Party A.
- 9.2 This Agreement shall bind upon Party B and its successors and inure to Party A and its successors and assigns.
- 9.3 Party A may, at any time, transfer any or all of its rights and obligations under the Master Contracts to the person designated by it (natural person/legal person). In this case, the transferee shall take over Party A's rights and obligations under this Agreement as if it is a party to this Agreement. When Party A transfers its rights and obligations under the Master Contracts, at its request, Party B shall execute the related agreements and/or documents with respect to such transfer.
- 9.4 If the above transfer results in the change of pledgee, two new parties to pledge shall sign a new pledge agreement.

10. Confidentiality

This Agreement and all its terms are confidential information. Neither Party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

11. Defaulting Liabilities

Where either Party fails to perform any of its obligations under this Agreement, or any of its representations or warranties under this Agreement is materially untrue or inaccurate, such Party shall be deemed to default under this Agreement and shall hold liable for all the losses thus incurred to the other Party.

12. Force Majeure

Should either Party be prevented from performing this Agreement owing to force majeure, the prevented Party shall without any delay notify the other Parties by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. The Parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

13. Supplementary Provisions

13.1 Any dispute arising from the performance of this Agreement shall be resolved by the Parties through friendly negotiations. In case no resolution can be reached, such dispute shall be submitted to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Seat of arbitration shall be Beijing and arbitral award shall be final.

13.2 This Agreement shall go into effect as of the date of signing by the Parties. The Equity Pledge Agreement signed by the Parties on November 29, 2006 is terminated on the effective date of this Agreement.

13.3 This Agreement is executed in six (6) originals in Chinese, one (1) original for each Party. All the originals shall be equally authentic.

[No text below]

Signing page attached below

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: AirMedia Technology (Beijing) Co., Ltd. (Seal)

Party B:

Signature: /s/ Guo Man

Signature: /s/ Wang Zhenyu

Signature: /s/ Xu Qing

Signature: /s/ Zhang Xiaoya

Party C: Beijing AirMedia Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: Beijing AirMedia Advertising Co., Ltd. (Seal)

Party C: Beijing Shengshi Lianhe Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: Beijing Shengshi Lianhe Advertising Co., Ltd. (Seal)

Amended and Restated Call Option Agreement

THIS CALL OPTION AGREEMENT ("this Agreement") is entered into among the following parties in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Guo Man, Wang Zhenyu, Xu Qing, Zhang Xiaoya and Beijing Shengshi Lianhe Advertising Co., Ltd. (hereafter individually a "Shareholder" and collectively the "Shareholders")

Party C: Beijing AirMedia Advertising Co., Ltd.

WHEREAS:

- (1) Guo Man, Wang Zhenyu, Xu Qing and Zhang Xiaoya are the citizens of the People's Republic of China ("China", except Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), Beijing Shengshi Lianhe Advertising Co., Ltd. is a limited liability company incorporated in Beijing under the laws of the People's Republic of China, and hold their respective 8.07%, 6.09%, 1.21%, 0.83% and 83.8% equities in Party C.
- (2) Guo Man, Wang Zhenyu, Xu Qing, Zhang Xiaoya signed the Call Option Agreement with Party A and Party C on November 29, 2006, respectively, by which to grant Party A the right to purchase the equity held by each Shareholder in Party C in the specified situation. Party A, Shareholders and Party C confirm that the Parties shall have performed the Call Option Agreement in a friendly way from the effective date of the Call Option Agreement until the date of this Agreement.
- (3) Now, Party A, Shareholders and Party C agree to amend and restate the said Call Option Agreement and define their respective rights and obligations according to the amended and restated Call Option Agreement.

Now therefore, the Parties hereby enter into this Agreement with respect to Party A purchasing the equities held by the Shareholders in Party C, on and subject to the terms and conditions as set forth below:

1. Purchase and Sale of Equity

1.1 Granting of Rights

The Shareholders hereby irrevocably grant to Party A an option ("Call Option") to purchase or cause any person or persons designated by Party A ("Designee") to purchase from the Shareholders at any time, to the extent permitted by PRC laws and according to the steps as determined by Party A at its own discretion, all or part of their equity in Party C ("Target Equity") at the price specified in Article 1.3 of this Agreement. The Shareholders shall not sell, sell by offer, transfer, donate or pledge

the equity to any other third person other than Party A and/or the Designee. Party C hereby agrees to the granting of the Call Option by the Shareholders to Party A and/or the Designee. The "person" set forth in this article and this Agreement means an individual, corporation, joint venture, partnership, enterprise, trust or a non-corporation organization.

1.2 Exercising Steps

Subject to PRC laws and regulations,

- 1.2.1 When this Agreement is signed, Party B shall agree that it will deliver the Equity Transfer Contract signed as per the format in Annex 1 below and the Letter of Consent signed as per Annex 2 below with respect to equity transfer to Party A for keeping.
- 1.2.2 If Party A decides to purchase the Target Equity pursuant to Article 1.1 hereof, it shall give a written notice to Party B, indicating the percentage of the Target Equity to be purchased and the identity of purchaser. Party B and Party C shall, within seven (7) days of receiving the notice from Party A, provide all the materials and documents necessary to handle equity transfer.
- 1.2.3 Except the notice as stated in Article 1.2.2, there are no other preconditions or additional conditions or procedures for Party A's exercise of the option to purchase the Target Equity.

1.3 Purchase Price

- 1.3.1 In the event that applicable PRC laws and regulations require appraisal of the Target Equity or have other restrictions on the price of the Target Equity at the time when Party A exercises the Call Option, the Parties agree that the Purchase Price of the Target Equity shall be the lowest price permitted by applicable laws.
- 1.3.2 In the event that Party A opts to purchase part of the Target Equity, the Purchase Price shall be adjusted on the basis of the ratio of the purchased equity to all the equity of Party C.

1.4 Transfer of the Target Equity

At each exercise of the Call Option:

- 1.4.1 Each Shareholder shall cause Party C to convene a shareholders' meeting in time, at which to adopt a resolution on the transfer by the Shareholders of the Target Equity to Party A and/or the Designee, and cause other Shareholders to waive the preemptive right to the Target Equity in writing;
- 1.4.2 Each Shareholder shall, subject to the terms and conditions of this Agreement and the Purchase Notice related to the Target Equity, enter into an equity transfer contract with Party A and/or the Designee (as applicable) for each transfer;

1.4.3 The related Parties shall execute all other requisite contracts, agreements or documents, obtain all requisite government approvals and consents and take all necessary actions; without any security interest, transfer the valid ownership of the Target Equity to Party A and/or the Designee, and cause Party A and/or the Designee to be the legal owner of the Target Equity. In this Article and this Agreement, "Security Interest" means guaranty, mortgage, pledge, third-party right or interest, any share option, right of acquisition, preemptive right, right of set-off, retention of title or other security arrangements, but excluding any security interest arising under the Amended and Restated Equity Pledge Agreement signed by Party A, Shareholders and Party C on June 14, 2007.

1.5 Payment

The payment of the Purchase Price shall be subject to the negotiations between Party A and/or the Designee and the Shareholders according to the laws applicable at the exercise of the Call Option.

2. Undertakings Relating to Equity

2.1 Undertakings of Party C

Shareholders and Party C hereby undertake that:

- 2.1.1 They will not supplement, amend or modify Party C's articles of association in any way, or increase or decrease its registered capital, or change its share by other means without Party A's prior written consent;
- 2.1.2 Based on good financial and commercial standards and practices, Party C will maintain its existence, prudently and effectively deal with its businesses and affairs and make its best efforts to ensure that it continuously has the permits, licenses and approvals necessary for its business operations and that these permits, licenses and approvals are not cancelled; make its best efforts to keep its existing organization structure and senior management personnel unchanged and continue to maintain its relations with customers so as to ensure that the exercise of the Call Option by Party A has no material adverse influence on Party C's goodwill and operations;
- 2.1.3 Without Party A's prior written consent, Party C will not sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, any of Party C's legal or beneficial rights on assets, business or income at any time after the date of this Agreement;
- 2.1.4 Without Party A's prior written consent, Party C will not distribute dividends to its shareholders in any way. However, Party C shall promptly distribute all or part of its distributable profits to its shareholders upon Party A's request;

2.1.5 If Party A exercises the Call Option pursuant to the provisions of this Agreement, Party C will do its best to obtain all the government approvals and other consents (if applicable) necessary for the completion of equity transfer as early as possible;

2.1.6 At Party A's request, they will appoint the person nominated by Party A as the director of Party C.

2.2 Undertakings of the Shareholders

The Shareholders hereby undertakes:

2.2.1 Not to sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, the legal or beneficial right of any Target Equity at any time after the date of this Agreement without Party A's prior written consent, except the right of pledge under the Amended and Restated Equity Pledge Agreement;

2.2.2 Without Party A's prior written consent, at the shareholders' meeting of Party C, not to agree to, support or execute a resolution on selling, transferring, mortgaging or otherwise disposing of, or cause any other security interest to be created on, its legal or beneficial right of any Target Equity, except to Party A or the Designee;

2.2.3 Without Party A's prior written consent, at the shareholders' meeting of Party C, not to agree to, support or execute a resolution on approving Party C to be merged or consolidated with, acquire or invest in any person;

2.2.4 To promptly inform Party A of any litigation, arbitration or administrative proceedings pending or threatened against its Target Equity;

2.2.5 To cause the shareholders' meeting to approve the transfer of the Target Equity under this Agreement

2.2.6 To execute all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate claims or make all necessary and appropriate defenses against all claims in order to maintain its ownership over the Target Equity;

2.2.7 At Party A's request, to appoint the person nominated by Party A as the director of Party C;

2.2.8 Upon Party A's request as may be made from time to time, to transfer the Target Equity unconditionally and promptly to Party A and/or the Designee at any time and cause other Shareholders to waive the preemptive right to the Target Equity;

2.2.9 To fully comply with the provisions of this Agreement and other agreements entered into by and among Shareholders, Party C and Party A , to perform all obligations under such agreements and not to do any act or omission that affects the validity and enforceability of such agreements.

3. Assignment of Agreement

- 3.1 The Shareholders and Party C shall not transfer any of their rights and obligations under this Agreement to any third party without Party A's prior written consent.
- 3.2 The Shareholders and Party C hereby agree that Party A may transfer all its rights and obligations under this Agreement to a third party without the consent of Shareholders and Party C, but such equity shall be notified in writing to Shareholders and Party C.

4. Annex

When the Target Equity is transferred, if the format of the equity transfer contract as set forth in Annex 1 to this Agreement needs to be amended in accordance with PRC laws and regulations until then, the Parties shall make relevant amendments in good faith and in accordance with the requirements of PRC laws and regulations.

The annex attached hereto shall form an integral part of this Agreement and have the same legal effect as the main body of this Agreement.

5. Guaranty

If the Shareholders satisfy the relevant provisions of this Agreement, Party A agrees to act as Party C's performance guarantor in any contract, agreement or transaction signed by Party C with any other third party with respect to Party C's business operations to provide a comprehensive performance guaranty for Party C to perform such contract, agreement or transaction. In addition, Party A agrees to provide the loans for Party C in the manner permitted by laws when necessary to meet Party C's business needs or solve Party C's possible difficulty in fund turnover.

6. Confidentiality

This Agreement and all its terms are confidential information. No Party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

7. Defaulting Liabilities

Where any Party fails to perform any of its obligations under this Agreement, or any of its representations or warranties under this Agreement is materially untrue or inaccurate, such Party shall be deemed to default under this Agreement and shall hold liable for all the losses thus incurred to the other Parties.

8. Force Majeure

Should any Party be prevented from performing this Agreement owing to force majeure, the prevented Party shall without any delay notify the other Parties by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. The Parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be resolved by the Parties through friendly negotiations. In case no resolution can be reached, such dispute shall be submitted to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Seat of arbitration shall be Beijing and arbitral award shall be final.
- 9.2 This Agreement shall go into effect as of the date of signing by the Parties. This Agreement shall be terminated after Party A exercises the call option over all Party C's equity pursuant to the provisions of this Agreement, unless prematurely terminated in accordance with the provisions of this Agreement or the other related agreement signed by the Parties.
- 9.3 Where Party A or Party C is terminated for expiry or its operating term (including any extension thereof) or other reason within the time as set forth in Article 9.2, this Agreement shall be terminated simultaneously, unless Party A has transferred its rights and obligations pursuant to Article 3.2.
- 9.4 The Call Option Agreement signed by the Parties on November 29, 2006 shall be terminated on the effective date of this Agreement.
- 9.5 This Agreement is executed in six (6) originals in Chinese, one (1) original for each Party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: AirMedia Technology (Beijing) Co., Ltd. (Seal)

Party B:

Signature: /s/ Guo Man

Signature: /s/ Wang Zhenyu

Signature: /s/ Xu Qing

Signature: /s/ Zhang Xiaoya

Beijing Shengshi Lianhe Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Common seal: Beijing Shengshi Lianhe Advertising Co., Ltd. (Seal)]

Party C: Beijing AirMedia Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: Beijing AirMedia Advertising Co., Ltd. (Seal)

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Guo Man

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Guo Man

Signature:

Date:

The Transferee:

Authorized representative (signature):

Name:

Title:

Common seal

Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Wang Zhenyu

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Wang Zhenyu

Signature:

Date:

The Transferee:

Authorized representative (signature):

Name:

Title:

Common seal

Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Xu Qing

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Xu Qing

Signature:

Date:

The Transferee:

Authorized representative (signature):

Name:

Title:

Common seal

Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Zhang Xiaoya

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Zhang Xiaoya

Signature:

Date:

The Transferee:

Authorized representative (signature):

Name:

Title:

Common seal

Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Beijing Shengshi Lianhe Advertising Co., Ltd.

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor:

Signature:

Date:

The Transferee:

Authorized representative (signature):

Name:

Title:

Common seal

Date:

Letter of Consent

To: Beijing AirMedia Advertising Co., Ltd.

As a shareholder of Beijing AirMedia Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Guo Man
Date:

Letter of Consent

To: Beijing AirMedia Advertising Co., Ltd.

As a shareholder of Beijing AirMedia Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Wang Zhenyu
Date:

Letter of Consent

To: Beijing AirMedia Advertising Co., Ltd.

As a shareholder of Beijing AirMedia Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Xu Qing
Date:

Letter of Consent

To: Beijing AirMedia Advertising Co., Ltd.

As a shareholder of Beijing AirMedia Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Zhang Xiaoya
Date:

Letter of Consent

To: Beijing AirMedia Advertising Co., Ltd.

As a shareholder of Beijing AirMedia Advertising Co., Ltd., we hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia Advertising Co., Ltd. transfer their equities in Beijing AirMedia Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Beijing Shengshi Lianhe Advertising Co., Ltd.
Date:

Power of Attorney

I, Xu Qing, a citizen of the People's Republic of China ("China"), Chinese ID number: 11010119610220531X, am a shareholder of Beijing AirMedia UC Advertising Co., Ltd. ("AirMedia UC") and hold the 10.65% equity of AirMedia UC. I hereby irrevocably authorize Mr. Guo Man to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Guo Man (Chinese ID number: 110102196305041171) to represent myself to exercise my shareholder rights (including voting power) as specified by PRC laws and the articles of association of AirMedia UC at the shareholders' meeting of AirMedia UC, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in AirMedia UC and as my authorized representative, nominating and appointing the general manager of AirMedia UC at the shareholders' meeting of AirMedia UC.

The precondition for the said authorization and entrustment is that Mr. Guo Man is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees to the said authorization and entrustment. Once Mr. Guo Man no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise any and all my shareholder rights (including voting power) at the shareholders' meeting of AirMedia UC.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AirMedia UC, unless the Call Option Agreement jointly signed by me, AM Technology and AirMedia UC on June 14, 2007 is prematurely terminated for whatsoever reason.

Xu Qing

/s/ Xu Qing

June 14, 2007

Power of Attorney

I, Wang Zhenyu, a citizen of the People's Republic of China ("China"), Chinese ID number: 410103196311087018, am a shareholder of Beijing AirMedia UC Advertising Co., Ltd. ("AirMedia UC") and hold the 38.22% equity of AirMedia UC. I hereby irrevocably authorize Mr. Zhang Xiaoya to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Zhang Xiaoya (Chinese ID number: 130104196210091519) to represent myself to exercise my shareholder rights (including voting power) as specified by PRC laws and the articles of association of AirMedia UC at the shareholders' meeting of AirMedia UC, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in AirMedia UC and as my authorized representative, nominating and appointing the general manager of AirMedia UC at the shareholders' meeting of AirMedia UC.

The precondition for the said authorization and entrustment is that Mr. Zhang Xiaoya is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees to the said authorization and entrustment. Once Mr. Zhang Xiaoya no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise any and all my shareholder rights (including voting power) at the shareholders' meeting of AirMedia UC.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AirMedia UC, unless the Call Option Agreement jointly signed by me, AM Technology and AirMedia UC on June 14, 2007 is prematurely terminated for whatsoever reason.

Wang Zhenyu

/s/ Wang Zhenyu

June 14, 2007

Power of Attorney

I, Guo Man, a citizen of the People's Republic of China ("China"), Chinese ID number: 110102196305041171, am a shareholder of Beijing AirMedia UC Advertising Co., Ltd. ("AirMedia UC") and hold the 51.13% equity of AirMedia UC. I hereby irrevocably authorize Mr. Wang Zhenyu to exercise the following rights within the valid term of this Power of Attorney:

Authorize Mr. Wang Zhenyu (Chinese ID number: 410103196311087018) to represent myself to exercise my shareholder rights (including voting power) as specified by PRC laws and the articles of association of AirMedia UC at the shareholders' meeting of AirMedia UC, including, but not limited to, signing related legal instruments with respect to the selling or transfer of all or part of my equity in AirMedia UC and as my authorized representative, nominating and appointing the general manager of AirMedia UC at the shareholders' meeting of AirMedia UC.

The precondition for the said authorization and entrustment is that Mr. Wang Zhenyu is a Chinese citizen and an employee of AirMedia Technology (Beijing) Co., Ltd. ("AM Technology") and AM Technology agrees to the said authorization and entrustment. Once Mr. Wang Zhenyu no longer serves AM Technology or AM Technology informs me to terminate the said authorization and entrustment, I will immediately withdraw the entrustment and authorization granted herein to him and will designate/authorize the other person as nominated by AM Technology to exercise any and all my shareholder rights (including voting power) at the shareholders' meeting of AirMedia UC.

This Power of Attorney shall become effective as of the signing date and will remain in force throughout the duration of AirMedia UC, unless the Call Option Agreement jointly signed by me, AM Technology and AirMedia UC on June 14, 2007 is prematurely terminated for whatsoever reason.

Guo Man

/s/ Guo Man

June 14, 2007

Technology Development Agreement

THIS TECHNOLOGY DEVELOPMENT AGREEMENT ("this Agreement") is entered into by the parties below in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia UC Advertising Co., Ltd.

WHEREAS,

- (1) Party A is a wholly foreign-owned enterprise incorporated in accordance with law. It has a stronger technology development capacity and also has ample experiences in respect of technology development services;
- (2) Party B requires a professional technology company to provide technology development services in the course of its operation and management.

NOW, THEREFORE, Party A and Party B, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby agree as follows:

1. Technology Development Services

- 1.1 Subject to the terms and conditions hereof, Party A agrees to provide technology development services to Party B and Party B agrees to accept the technology development services provided by Party A.
- 1.2 Party B shall actively assist Party A in fulfilling the said work, including, but not limited to, providing related data, technology requirements, explanation, etc.
- 1.3 The valid term of this Agreement is ten (10) years, starting from the effective date of this Agreement. Both parties agree that the term of this Agreement shall be automatically extended for ten (10) years upon its expiry, unless either party informs the other party of its intention of no extension at least twenty (20) days prior to the expiration of this Agreement.

2. Exclusivity

Party A is the exclusive provider providing the technology development services hereunder to Party B. Except with Party A's prior written consent, Party B shall not accept the identical or similar technology development services provided by any third party.

3. Intellectual Property Rights

Any and all intellectual property rights arising from the performance of this Agreement, including, but not limited to, copyright, patent right and technology

know-how, shall belong to Party A, and Party B may not be entitled to any right except those as specified herein. Both parties agree that this article will survive the change, cancellation or termination of this Agreement.

4. Service Fee

- 4.1 Both parties agree that as a consideration for the technology development services rendered by Party A to Party B under Article 1.1 hereof, Party B shall pay Party A the service fee pursuant to the stipulations of this Agreement. The amount of service fee and method of payment are set forth in the annex hereto. This annex may be amended on the basis of implementation after negotiations between both parties.
- 4.2 Each party shall bear the taxes payable by it in connection with the execution or performance of this Agreement in accordance with law. As requested by Party A, Party B shall endeavor to assist Party A in obtaining the business tax exemption for all or part of its technology service fee income under this Agreement, including, without limitation, providing related documents and from time to time, signing the written agreements meeting the format requirements for declaration to related department in charge of science and technology with Party A with respect to the specific service items within the scope of this Agreement, but the execution of these documents shall be subject to the following conditions: (1) the terms of such written agreements are, in principle, consistent with those of this Agreement and may not conflict with those of this Agreement; and (2) the execution of such documents does not violate laws and regulations.
- 4.3 Party B's shareholders will provide a pledge security to Party A for the technology service fee payable by Party B under this Agreement by pledging their equity in Party B.

5. Confidentiality

This Agreement itself and all terms hereof are confidential information. Neither party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

6. Defaulting Liabilities

Where either party fails to perform any of its obligations hereunder, or any of its representations or warranties hereunder is materially untrue or inaccurate, such party shall be deemed to default under this Agreement and shall be held liable for all the losses thus incurred to the other party.

7. Force Majeure

Should either party be prevented from performing this Agreement due to force majeure, the prevented party shall without any delay notify the other party by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. Both parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

8. Entire Agreement

Both parties acknowledge that once this Agreement becomes effective, it constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and/or written agreements and understandings between both parties with respect to the subject matter hereof.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be solved by both parties through friendly negotiations. In case no resolution can be reached, such dispute shall be referred to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Venue of arbitration shall be Beijing and arbitral award shall be final.
- 9.2 The annex attached hereto shall form an integral part of this Agreement and has the same effect as the remainder of this Agreement.
- 9.3 This Agreement shall come into effect as of the date of signing by both parties.
- 9.4 This Agreement is executed in two (2) originals in Chinese, one (1) original for each party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: AirMedia Technology (Beijing) Co., Ltd.]

Party B: Beijing AirMedia UC Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: Beijing AirMedia UC Advertising Co., Ltd.]

Service Fee Calculation Standard

1. Party A and Party B agree that Party B shall pay technology support and technology service fee to Party A according to the following requirements:
 - (1) In the first month of each year (for the first year, mean the next month after the signing of this Agreement), Party A and Party B determine the annual service fee amount of this year. The annual service fee amount confirmed by both parties shall be annexed to this Agreement respectively.
 - (2) When both parties determine annual service fee amount, the technology service fee of current year may be adjusted by giving due consideration to the following factors, including, but not limited to:
 - (a) The number of the employees to be assigned by Party A to render services for Party B and the qualification of these employees;
 - (b) The time proposed for Party A's employees to provide services;
 - (c) The specific contents and value of the services rendered by Party A;
 - (d) Whether use licenses are provided to Party B with respect to specific technologies (including patented and non-patented technologies) during the provisioning of technology support and technology services;
 - (e) The internal relations between Party A's technology support and technology services and Party B's operating income.
 - (3) Party B shall pay the said annual service fee averagely on a quarterly basis. Party B shall, within fifteen (15) working days before each quarter finishes, pay the service fee amount of this quarter to the bank account designated by Party A.
2. If Party A is of the opinion that the fee as set out in Article 1 of this Annex becomes inappropriate for the change of objective situation and needs to be adjusted, Party B shall, within seven (7) working days after receiving the written request about fee adjustment from Party A, negotiate with Party A actively and in good faith so as to determine the new billing standard or system.

Technology Support and Service Agreement

THIS TECHNOLOGY SUPPORT AND SERVICE AGREEMENT ("this Agreement") is entered into by the parties below in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Beijing AirMedia UC Advertising Co., Ltd.

WHEREAS,

- (1) Party A is a wholly foreign-owned enterprise incorporated in accordance with law. It has a strong technology development and technology support capacity and also has ample experiences in respect of technology support and services;
- (2) Party B requires a professional technology company to provide technology support and services in the course of its operation and management.

NOW, THEREFORE, Party A and Party B, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby agree as follows:

1. Technology Support and Services

1.1 Subject to the terms and conditions hereof, Party A agrees to provide technology support and services to Party B and Party B agrees to accept the technology support and services provided by Party A. The contents of technology support and services are as follows:

- (1) Perform research and development on related technologies according to Party B's business needs;
- (2) Be responsible for the daily maintenance, monitoring, debugging and troubleshooting of Party B's advertising making and broadcasting system;
- (3) As requested by Party B from time to time, make related investigations and collect relevant data and materials concerning Party B's technology problems and needs during business operations; provide the investigation findings and reports within the time limit required by Party B;
- (4) Provide to Party B (such as, but not limited to) the technology design, schemes, drawings, data, parameters, standards, programs, databases, technology research results of the same type, reports, materials and data in connection with Party B's technology problems during operation;
- (5) Timely answer Party B's technology inquiries and if necessary, assign personnel to solve technology problems on site;

(6) Provide other related technology support and technology services for Party B according to the provisions of this Agreement.

- 1.2 Party B shall actively assist Party A in fulfilling the said work, including, but not limited to, providing related data, technology requirements, explanation, etc.
- 1.3 The valid term of this Agreement is ten (10) years, starting from the effective date of this Agreement. Both parties agree that the term of this Agreement shall be automatically extended for ten (10) years upon its expiry, unless either party informs the other party of its intention of no extension at least twenty (20) days prior to the expiration of this Agreement.

2. Exclusivity

Party A is the exclusive provider providing the technology support and services hereunder to Party B. Except with Party A's prior written consent, Party B shall not accept the identical or similar technology support and services provided by any third party.

3. Intellectual Property Rights

Any and all intellectual property rights arising from the performance of this Agreement, including, but not limited to, copyright, patent right and technology know-how, shall belong to Party A, and Party B may not be entitled to any right except those as specified herein. Both parties agree that this article will survive the change, cancellation or termination of this Agreement.

4. Service Fee

Both parties agree that as a consideration for the technology support and technology services rendered by Party A to Party B under Article 1.1 hereof, Party B shall pay Party A the service fee pursuant to the stipulation of this Agreement. The amount of service fee and method of payment are set forth in the annex hereto. This annex may be amended on the basis of implementation after negotiations between both parties.

5. Confidentiality

This Agreement itself and all terms hereof are confidential information. Neither party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

6. Defaulting Liabilities

Where either party fails to perform any of its obligations hereunder, or any of its representations or warranties hereunder is materially untrue or inaccurate, such party shall be deemed to default under this Agreement and shall be held liable for all the losses thus incurred to the other party.

7. Force Majeure

Should either party be prevented from performing this Agreement due to force majeure, the prevented party shall without any delay notify the other party by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. Both parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

8. Entire Agreement

Both parties acknowledge that once this Agreement becomes effective, it constitutes the entire agreement and understanding between both parties with respect to the subject matter hereof and supersedes and replaces all prior oral and/or written agreements and understandings between both parties with respect to the subject matter hereof.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be resolved by both parties through friendly negotiations. In case no resolution can be reached, such dispute shall be referred to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Venue of arbitration shall be Beijing and arbitral award shall be final.
- 9.2 The annex attached hereto shall form an integral part of this Agreement and has the same effect as the remainder of this Agreement.
- 9.3 This Agreement shall come into effect as of the date of signing by both parties.
- 9.4 This Agreement is executed in two (2) originals in Chinese, one (1) original for each party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: AirMedia Technology (Beijing) Co., Ltd.]

Party B: Beijing AirMedia UC Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: [Seal: Beijing AirMedia UC Advertising Co., Ltd.]

Service Fee Calculation Standard

1. Party A and Party B agree that Party B shall pay technology support and technology service fee to Party A according to the following requirements:
 - (1) In the first month of each year (for the first year, mean the next month after the signing of this Agreement), Party A and Party B determine the annual service fee amount of this year. The annual service fee amount confirmed by both parties shall be annexed to this Agreement, respectively.
 - (2) When both parties determine annual service fee amount, the technology service fee of current year may be adjusted by giving due consideration to the following factors, including, but not limited to:
 - (a) The number of the employees to be assigned by Party A to render services for Party B and the qualification of these employees;
 - (b) The time proposed for Party A's employees to provide services;
 - (c) The specific contents and value of the services rendered by Party A;
 - (d) Whether use licenses are provided to Party B with respect to specific technologies (including patented and non-patented technologies) during the provisioning of technology support and technology services;
 - (e) The internal relations between Party A's technology support and technology services and Party B's operating income.
 - (3) Party B shall pay the said annual service fee averagely on a quarterly basis. Party B shall, within fifteen (15) working days before each quarter finishes, pay the service fee amount of this quarter to the bank account designated by Party A.
2. If Party A is of the opinion that the fee as set out in Article 1 of this Annex becomes inappropriate for the change of objective situation and needs to be adjusted, Party B shall, within seven (7) working days after receiving the written request about fee adjustment from Party A, negotiate with Party A actively and in good faith so as to determine the new billing standard or system.

Equity Pledge Agreement

THIS EQUITY PLEDGE AGREEMENT ("this Agreement") is entered into among the following parties in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Guo Man, Xu Qing, Wang Zhenyu

Party C: Beijing AirMedia UC Advertising Co., Ltd.

WHEREAS:

- (1) Party A and Party C signed the Technology Development Agreement and the Technology Support and Service Agreement on June 14, 2007;
- (2) On June 14, 2007, Party B signed the Borrowing Agreement with Party A (Technology Development Agreement, Technology Support and Service Agreement and Borrowing Agreement are hereinafter collectively referred to as "Master Contracts").
- (3) Guo Man, Xu Qing and Wang Zhenyu hold 51.13%, 38.22% and 10.65% equities in Party C respectively. Party B agrees to provide a guaranty for Party B's and Party C's payment obligations under the Master Contracts in the form of equity pledge, and Party A agrees to accept the said security interest.

NOW, THEREFORE, Party A, Party B and Party C, through friendly negotiations and abiding by the principle of equality and mutual benefit, hereby enter into this Agreement:

1. Pledge

Guo Man, Wang Zhenyu, Xu Qing agree to pledge all their respective 51.13%, 38.22% and 10.65% equities in Party C ("Pledged Equity") to Party A, as a guaranty for both Party B and Party C's payment obligations under the Original Master Contracts.

2. Scope of Pledge Guarantee

The guaranty scope of pledged equity under this Agreement covers any arrear, payment, liquidated damages, compensation and expenses from realization of principal claims and right of pledge payable but unpaid by Party B and Party C to Party A under the Master Contracts.

3. Term of Pledge

- 3.1 The pledge under this Agreement shall become effective on the date when equity pledge is recorded in Party C's register of shareholders.

3.2 After the guaranteed liabilities under the Master Contracts are fully repaid and Party B and Party C no longer undertakes any obligation under the Master Contracts, this Agreement is terminated. So far as reasonably practicable, Party A shall assist in undergoing necessary procedures so as to discharge the pledge of equity.

3.3 During pledge, if Party B and Party C fail to perform its obligations under any Master Contract, Party A shall be entitled to dispose of right of pledge pursuant to the provisions of this Agreement.

4. Registration

4.1 Party B undertakes to Party A that its execution of this Agreement and performance of the obligations under this Agreement has obtained and/or will obtain the consent of Party C's shareholders' meeting and the equity pledge under this Agreement will be recorded in Party C's register of shareholders. Party C agrees to render assistance. Party B and Party C shall deliver the certificates of Party B's capital contributions to Party C and register of shareholders to Party A for keeping on the date of this Agreement.

4.2 The Parties agree that they will try to handle and cause the registration of the pledge under this Agreement with the Industrial and Commercial Administration of Party C's place of registration. The Parties confirm that the failure to register the pledge under this Agreement with the Industrial and Commercial Administration of Party C's place of registration after the execution of this Agreement will not affect the validity of this Agreement, unless such registration is mandatory as specified by laws.

5. Fruits

Within the period of pledge, Party A shall be entitled to the fruits arising from the Pledged Equity, including, but not limited to, the bonus, dividends, profit distribution, distributable profits, etc arising from or received with respect to the Pledged Equity.

6. Representations of Party B

6.1 Party B is the owner of the equity.

6.2 Party B has not created any other security interest or third-party interests on the Pledged Equity except the pledge under this Agreement.

7. Representations and warranties of Party B

7.1 Within the term of this Agreement, Party B undertakes to Party A that

7.1.1 Without Party A's prior written consent, it will not transfer the Pledged Equity or create or allow to be created any security interest on the Pledged Equity, unless otherwise agreed upon by both parties.

7.1.2 It will comply with all the laws and regulations with respect to the pledge of rights; present to Party A the notices, orders or suggestions with respect to

the right of pledge issued or made by the competent authority within five (5) days upon receipt thereof; and comply with such notices, orders or suggestions; or make an objection to or a statement on the foregoing matters at the reasonable request of Party A or with the consent from Party A.

7.1.3 It will not distribute Party C's income and will also cause Party C's other shareholders not to distribute Party C's income.

7.1.4 It will do or permit to be done any act that may adversely affect Party A's interests under the Amended Master Contracts and this Agreement or the Pledged Equity.

7.2 Party B agrees that for the purpose of this Agreement, Party A is entitled to dispose of right of pledge in the manner as specified in this Agreement and Party A's right to exercise the right of pledge obtained from this Agreement will not be interrupted or hindered by Party B or any of its successors or principals or any other person through legal proceedings.

7.3 Party B warrants to Party A that in order to protect or improve the guaranty for the repayment of the expenses under the Master Contracts in this Agreement, Party B will execute in good faith and cause other interested persons relating to right of pledge to execute all right certificates and contracts relating to the implementation of this Agreement as required by Party A and/or perform and cause other interested persons to perform the acts relating to the implementation of this Agreement as required by Party A and provide convenience for the exercise of the rights and authority granted to Party A under this Agreement.

7.4 Party B warrants to Party A that in order to ensure Party A's interests, Party B will comply with and perform all warranties, undertakings, agreements, representations and conditions. Where Party B does not perform, in whole or in part, its warranties, undertakings, agreements, representations or conditions, Party B shall compensate all losses thus incurred to Party A.

8. Disposal of the Pledged Equity

8.1 Party A and Party B hereby agree that in case of any default, Party A shall be entitled to exercise all the remedies and powers under PRC laws, transaction agreement and this Agreement upon giving a written notice to Party B, including, but not limited to, auctioning or selling the Pledged Equity and being first compensated with the proceeds from such disposal. Party A shall not be liable for any loss arising from its reasonable exercise of such rights and powers.

8.2 Party A shall be entitled to designate in writing its lawyer or other agent to exercise any or all said rights and powers and Party B shall not raise any objection thereto.

8.3 The reasonable expenses of Party A when it exercises any or all said rights and powers shall be borne by Party B. Party A shall have the right to deduct such expenses from the payments obtained by Party A from the exercise of its rights and powers.

8.4 The payments obtained by Party A from the exercise of its rights and powers shall be used in the following order:

- 1) Pay all the expenses arising out of the disposal of the Pledged Equity and Party A's exercise of its rights and powers (including the remunerations for its lawyer and agent);
- 2) Pay the taxes payable with respect to the disposal of the Pledged Equity; and
- 3) Pay the guaranteed liabilities to Party A.

If there is any balance after the above deductions, Party A shall return such balance to Party B or the other person which is entitled to such balance in accordance with law or regulations or place such balance under escrow with the notary public office in the place where Party A is located (all the expenses arising therefrom shall be borne by Party B).

8.5 Party A shall be entitled to exercise any of its remedies simultaneously or successively. Before Party A exercises the right to auction or sell the Pledged Equity under this Agreement, it does not need to first exercise other remedies.

9. Transfer

9.1 Without Party A's prior written consent, Party B shall have no right to donate or transfer any of its rights and obligations under this Agreement, excluding the Call Option Agreement signed by Party B and Party A.

9.2 This Agreement shall bind upon Party B and its successors and inure to Party A and its successors and assigns.

9.3 Party A may, at any time, transfer any or all of its rights and obligations under the Master Contracts to the person designated by it (natural person/legal person). In this case, the transferee shall take over Party A's rights and obligations under this Agreement as if it is a party to this Agreement. When Party A transfers its rights and obligations under the Master Contracts, at its request, Party B shall execute the related agreements and/or documents with respect to such transfer.

9.4 If the above transfer results in the change of pledgee, two new parties to pledge shall sign a new pledge agreement.

10. Confidentiality

This Agreement and all its terms are confidential information. Neither Party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

11. Defaulting Liabilities

Where either Party fails to perform any of its obligations under this Agreement, or any of its representations or warranties under this Agreement is materially untrue or inaccurate, such Party shall be deemed to default under this Agreement and shall hold liable for all the losses thus incurred to the other Party.

12. Force Majeure

Should either Party be prevented from performing this Agreement owing to force majeure, the prevented Party shall without any delay notify the other Parties by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. The Parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

13. Supplementary Provisions

13.1 Any dispute arising from the performance of this Agreement shall be resolved by the Parties through friendly negotiations. In case no resolution can be reached, such dispute shall be submitted to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Seat of arbitration shall be Beijing and arbitral award shall be final.

13.2 This Agreement shall go into effect as of the date of signing by the Parties.

13.3 This Agreement is executed in five (5) originals in Chinese, one (1) original for each Party. All the originals shall be equally authentic.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: AirMedia Technology (Beijing) Co., Ltd. (Seal)

Party B:

Signature: /s/ Guo Man

Signature: /s/ Wang Zhenyu

Signature: /s/ Xu Qing

Party C: Beijing AirMedia UC Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: Beijing AirMedia UC Advertising Co., Ltd. (Seal)

Call Option Agreement

THIS CALL OPTION AGREEMENT ("this Agreement") is entered into among the following parties in Beijing on June 14, 2007:

Party A: AirMedia Technology (Beijing) Co., Ltd.

Party B: Guo Man, Wang Zhenyu, Xu Qing (hereafter individually a "Shareholder" and collectively the "Shareholders")

Party C: Beijing AirMedia UC Advertising Co., Ltd.

WHEREAS:

Guo Man, Wang Zhenyu and Xu Qing are the citizens of the People's Republic of China ("China", except Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan), and hold their respective 51.13%, 38.22% and 10.65% equities in Party C.

Now therefore, the Parties hereby enter into this Agreement with respect to Party A purchasing the equities held by the Shareholders in Party C, on and subject to the terms and conditions as set forth below:

1. Purchase and Sale of Equity

1.1 Granting of Rights

The Shareholders hereby irrevocably grant to Party A an option ("Call Option") to purchase or cause any person or persons designated by Party A ("Designee") to purchase from the Shareholders at any time, to the extent permitted by PRC laws and according to the steps as determined by Party A at its own discretion, all or part of their equity in Party C ("Target Equity") at the price specified in Article 1.3 of this Agreement. The Shareholders shall not sell, sell by offer, transfer, donate or pledge the equity to any other third person other than Party A and/or the Designee. Party C hereby agrees to the granting of the Call Option by the Shareholders to Party A and/or the Designee. The "person" set forth in this article and this Agreement means an individual, corporation, joint venture, partnership, enterprise, trust or a non-corporation organization.

1.2 Exercising Steps

Subject to PRC laws and regulations,

1.2.1 When this Agreement is signed, Party B shall agree that it will deliver the Equity Transfer Contract signed as per the format in Annex 1 below and the Letter of Consent signed as per Annex 2 below with respect to equity transfer to Party A for keeping.

1.2.2 If Party A decides to purchase the Target Equity pursuant to Article 1.1 hereof, it shall give a written notice to Party B, indicating the percentage of the Target Equity to be purchased and the identity of purchaser. Party B and Party C shall, within seven (7) days of receiving the notice from Party A, provide all the materials and documents necessary to handle equity transfer.

1.2.3 Except the notice as stated in Article 1.2.2, there are no other preconditions or additional conditions or procedures for Party A's exercise of the option to purchase the Target Equity.

1.3 Purchase Price

1.3.1 In the event that applicable PRC laws and regulations require appraisal of the Target Equity or have other restrictions on the price of the Target Equity at the time when Party A exercises the Call Option, the Parties agree that the Purchase Price of the Target Equity shall be the lowest price permitted by applicable laws.

1.3.2 In the event that Party A opts to purchase part of the Target Equity, the Purchase Price shall be adjusted on the basis of the ratio of the purchased equity to all the equity of Party C.

1.4 Transfer of the Target Equity

At each exercise of the Call Option:

1.4.1 Each Shareholder shall cause Party C to convene a shareholders' meeting in time, at which to adopt a resolution on the transfer by the Shareholders of the Target Equity to Party A and/or the Designee, and cause other Shareholders to waive the preemptive right to the Target Equity in writing;

1.4.2 Each Shareholder shall, subject to the terms and conditions of this Agreement and the Purchase Notice related to the Target Equity, enter into an equity transfer contract with Party A and/or the Designee (as applicable) for each transfer;

1.4.3 The related Parties shall execute all other requisite contracts, agreements or documents, obtain all requisite government approvals and consents and take all necessary actions; without any security interest, transfer the valid ownership of the Target Equity to Party A and/or the Designee, and cause Party A and/or the Designee to be the legal owner of the Target Equity. In this Article and this Agreement, "Security Interest" means guaranty, mortgage, pledge, third-party right or interest, any share option, right of acquisition, preemptive right, right of set-off, retention of title or other security arrangements, but excluding any security interest arising under the Equity Pledge Agreement signed by Party A, Shareholders and Party C on June 14, 2007.

1.5 Payment

The payment of the Purchase Price shall be subject to the negotiations between Party A and/or the Designee and the Shareholders according to the laws applicable at the exercise of the Call Option.

2. Undertakings Relating to Equity

2.1 Undertakings of Party C

Shareholders and Party C hereby undertake that:

- 2.1.1 They will not supplement, amend or modify Party C's articles of association in any way, or increase or decrease its registered capital, or change its share by other means without Party A's prior written consent;
- 2.1.2 Based on good financial and commercial standards and practices, Party C will maintain its existence, prudently and effectively deal with its businesses and affairs and make its best efforts to ensure that it continuously has the permits, licenses and approvals necessary for its business operations and that these permits, licenses and approvals are not cancelled; make its best efforts to keep its existing organization structure and senior management personnel unchanged and continue to maintain its relations with customers so as to ensure that the exercise of the Call Option by Party A has no material adverse influence on Party C's goodwill and operations;
- 2.1.3 Without Party A's prior written consent, Party C will not sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, any of Party C's legal or beneficial rights on assets, business or income at any time after the date of this Agreement;
- 2.1.4 Without Party A's prior written consent, Party C will not distribute dividends to its shareholders in any way. However, Party C shall promptly distribute all or part of its distributable profits to its shareholders upon Party A's request;
- 2.1.5 If Party A exercises the Call Option pursuant to the provisions of this Agreement, Party C will do its best to obtain all the government approvals and other consents (if applicable) necessary for the completion of equity transfer as early as possible;
- 2.1.6 At Party A's request, they will appoint the person nominated by Party A as the director of Party C.

2.2 Undertakings of the Shareholders

The Shareholders hereby undertakes:

- 2.2.1 Not to sell, transfer, mortgage or otherwise dispose of, or cause any other security interest to be created on, the legal or beneficial right of any Target Equity at any time after the date of this Agreement without Party A's prior written consent, except the right of pledge under the Equity Pledge Agreement;

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- 2.2.2 Without Party A's prior written consent, at the shareholders' meeting of Party C, not to agree to, support or execute a resolution on selling, transferring, mortgaging or otherwise disposing of, or cause any other security interest to be created on, its legal or beneficial right of any Target Equity, except to Party A or the Designee;
 - 2.2.3 Without Party A's prior written consent, at the shareholders' meeting of Party C, not to agree to, support or execute a resolution on approving Party C to be merged or consolidated with, acquire or invest in any person;
 - 2.2.4 To promptly inform Party A of any litigation, arbitration or administrative proceedings pending or threatened against its Target Equity;
 - 2.2.5 To cause the shareholders' meeting to approve the transfer of the Target Equity under this Agreement
 - 2.2.6 To execute all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate claims or make all necessary and appropriate defenses against all claims in order to maintain its ownership over the Target Equity;
 - 2.2.7 At Party A's request, to appoint the person nominated by Party A as the director of Party C;
 - 2.2.8 Upon Party A's request as may be made from time to time, to transfer the Target Equity unconditionally and promptly to Party A and/or the Designee at any time and cause other Shareholders to waive the preemptive right to the Target Equity;
 - 2.2.9 To fully comply with the provisions of this Agreement and other agreements entered into by and among Shareholders, Party C and Party A , to perform all obligations under such agreements and not to do any act or omission that affects the validity and enforceability of such agreements.

3. Assignment of Agreement

- 3.1 The Shareholders and Party C shall not transfer any of their rights and obligations under this Agreement to any third party without Party A's prior written consent.
- 3.2 The Shareholders and Party C hereby agree that Party A may transfer all its rights and obligations under this Agreement to a third party without the consent of Shareholders and Party C, but such equity shall be notified in writing to Shareholders and Party C.

4. Annex

When the Target Equity is transferred, if the format of the equity transfer contract as set forth in Annex 1 to this Agreement needs to be amended in accordance with

PRC laws and regulations until then, the Parties shall make relevant amendments in good faith and in accordance with the requirements of PRC laws and regulations.

The annex attached hereto shall form an integral part of this Agreement and have the same legal effect as the main body of this Agreement.

5. Guaranty

If the Shareholders satisfy the relevant provisions of this Agreement, Party A agrees to act as Party C's performance guarantor in any contract, agreement or transaction signed by Party C with any other third party with respect to Party C's business operations to provide a comprehensive performance guaranty for Party C to perform such contract, agreement or transaction. In addition, Party A agrees to provide the loans for Party C in the manner permitted by laws when necessary to meet Party C's business needs or solve Party C's possible difficulty in fund turnover.

6. Confidentiality

This Agreement and all its terms are confidential information. No Party shall disclose such information to any third party except its officers, directors, employees, agents and professional consultants relating to this project, unless the information about this document is disclosed to government, the public or shareholders in accordance with law or this document is filed with related institution.

This article shall survive the change, cancellation or termination of this Agreement.

7. Defaulting Liabilities

Where any Party fails to perform any of its obligations under this Agreement, or any of its representations or warranties under this Agreement is materially untrue or inaccurate, such Party shall be deemed to default under this Agreement and shall hold liable for all the losses thus incurred to the other Parties.

8. Force Majeure

Should any Party be prevented from performing this Agreement owing to force majeure, the prevented Party shall without any delay notify the other Parties by cable, fax or other electronic means and within fifteen (15) working days thereafter, provide the written documentary evidence thereof. The Parties may negotiate whether or not to terminate this Agreement or exempt part of the obligations under this Agreement or delay the performance of this Agreement depending on the effect of such event of force majeure upon the performance of this Agreement.

9. Supplementary Provisions

- 9.1 Any dispute arising from the performance of this Agreement shall be resolved by the Parties through friendly negotiations. In case no resolution can be reached, such dispute shall be submitted to Beijing Arbitration Commission for arbitration in accordance with its arbitration rules. Seat of arbitration shall be Beijing and arbitral award shall be final.

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- 9.2 This Agreement shall go into effect as of the date of signing by the Parties. This Agreement shall be terminated after Party A exercises the call option over all Party C's equity pursuant to the provisions of this Agreement, unless prematurely terminated in accordance with the provisions of this Agreement or the other related agreement signed by the Parties.
- 9.3 Where Party A or Party C is terminated for expiry or its operating term (including any extension thereof) or other reason within the time as set forth in Article 9.2, this Agreement shall be terminated simultaneously, unless Party A has transferred its rights and obligations pursuant to Article 3.2.
- 9.4 This Agreement is executed in five (5) originals in Chinese, one (1) original for each Party.

[No text below]

Party A: AirMedia Technology (Beijing) Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: AirMedia Technology (Beijing) Co., Ltd. (Seal)

Party B:

Signature: /s/ Guo Man

Signature: /s/ Wang Zhenyu

Signature: /s/ Xu Qing

Party C: Beijing AirMedia UC Advertising Co., Ltd.

Authorized representative (signature): /s/ Guo Man

Name: Guo Man

Title:

Common seal: Beijing AirMedia UC Advertising Co., Ltd. (Seal)

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Guo Man

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia UC Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia UC Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia UC Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Guo Man

The Transferee:

Signature:

Authorized representative (signature):

Date:

Name: Guo Man
Title:
Common seal
Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Wang Zhenyu

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia UC Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia UC Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia UC Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Wang Zhenyu

The Transferee:

Signature:

Authorized representative (signature):

Date:

Name: Guo Man
Title:
Common seal
Date:

Equity Transfer Contract

This Equity Transfer Contract ("this Contract") is entered into among the following parties in Beijing, China:

The Transferor: Xu Qing

The Transferee: _____

Through friendly negotiations, it is hereby agreed by both parties with respect to equity transfer as follows:

1. The Transferor agrees to transfer its ___% equity in Beijing AirMedia UC Advertising Co., Ltd. ("Target Equity") to the Transferee, and the Transferee agrees to accept the Target Equity.
2. Upon completion of equity transfer, the Transferor will no longer have any right or obligation as a shareholder of Beijing AirMedia UC Advertising Co., Ltd. with respect to the Target Equity, and the Transferee will have the rights and obligations as a shareholder of Beijing AirMedia UC Advertising Co., Ltd. with respect to the Target Equity.
3. In case of anything not covered herein, both parties may sign a supplementary agreement.
4. This Contract shall go into effect as of the date of signing by both parties.
5. This Contract is executed in quadruplicate, one (1) copy for each party and the other copies to be used to handle industrial and commercial changes.

The Transferor: Xu Qing

The Transferee:

Signature:

Authorized representative (signature):

Date:

Name: Guo Man
Title:
Common seal
Date:

Letter of Consent

To: Beijing AirMedia UC Advertising Co., Ltd.

As a shareholder of Beijing AirMedia UC Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Guo Man
Date: 2007.06.14

Letter of Consent

To: Beijing AirMedia UC Advertising Co., Ltd.

As a shareholder of Beijing AirMedia UC Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Wang Zhenyu
Date: 2007.06.14

Letter of Consent

To: Beijing AirMedia UC Advertising Co., Ltd.

As a shareholder of Beijing AirMedia UC Advertising Co., Ltd., I hereby agree and acknowledge as follows:

1. Agree that the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
2. Agree to waive the preemptive right when the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it;
3. Agree to execute or provide such documents as being necessary to handle equity transfer when the other shareholders of Beijing AirMedia UC Advertising Co., Ltd. transfer their equities in Beijing AirMedia UC Advertising Co., Ltd. to AirMedia Technology (Beijing) Co., Ltd. or a third party designated by it.

This Letter of Consent shall become effective as of its signing date.

Signature: Xu Qing
Date: 2007.06.14

List of Subsidiaries

Wholly-Owned Subsidiaries

	<u>Place of Incorporation</u>
1. Broad Cosmos Enterprises Ltd.	British Virgin Islands
2. AirMedia International Ltd.	British Virgin Islands
3. Air Media (China) Limited	Hong Kong
4. AirMedia Technology (Beijing) Co., Ltd.	PRC
5. Shenzhen AirMedia Information Technology Co., Ltd.	PRC

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form F-1 of our report dated July 17, 2007 relating to the consolidated financial statements and the financial statement schedule of AirMedia Group Inc. appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading "Experts" in such Prospectus.

/S/ Deloitte Touche Tohmatsu CPA Ltd.

Deloitte Touche Tohmatsu CPA Ltd.
Beijing, the People's Republic of China
October 19, 2007

通商律師事務所

Commerce & Finance Law Offices

6F NCI Tower, A12 Jianguomenwai Avenue,
Chaoyang District, Beijing, PRC; Postcode: 100022
Tel:(8610) 65693399 Fax: (8610) 65693838, 65693836, 65693837, 65693839
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October 19, 2007

AirMedia Group Inc.

Room 707, No. 8 Yong An Dong Li
Jianguomen Wai
Chaoyang District, Beijing 100022
People's Republic of China

Ladies and Gentlemen:

We hereby consent to the use of our name under the captions "Risk Factors," "Enforceability of Civil Liabilities," "Regulation," and "Legal Matters" in the prospectus included in the registration statement on Form F-1, originally filed by AirMedia Group Inc. on October 19, 2007, with the Securities and Exchange Commission under the Securities Act of 1933, as amended. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Sincerely yours,

/s/ Commerce & Finance Law Offices
Commerce & Finance Law Offices

October 19, 2007

AirMedia Group Inc.
Room 707, No. 8 Yong An Dong Li, Jianguomen Wai
Chaoyang District
Beijing 100022
People's Republic of China

Ladies and Gentlemen:

We hereby consent to the use of our name, the reference to our August 2007 report commissioned by AirMedia Group Inc. (the "**Report**") and the inclusion of statistical data from the Report under the captions "Prospectus Summary," "Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Business" in the prospectus included in the registration statement on Form F-1, originally filed by AirMedia Group Inc. on October 19, 2007, with the Securities and Exchange Commission under the Securities Act of 1933, as amended. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the regulations promulgated thereunder.

Sincerely yours,

/s/ Anna Zhang (Seal)

[Name] Anna Zhang

[Title] Vice General Manager

[Sinomonitor]



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American Appraisal China Limited
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Leading / Thinking / Performing



October 19, 2007

Mr. Conor Yang
Chief Financial Officer
AirMedia Group Inc.
Room 707, No. 8 Yong An Dong Li
Jianguomen Wai, Chaoyang District,
Beijing 100022, People's Republic of China

Subject: WRITTEN CONSENT TO REFERENCE AMERICAN APPRAISAL CHINA LIMITED VALUATION IN F-1 FILING OF AIRMEDIA GROUP INC.

Dear Mr. Yang:

We hereby consent to the references to our name, valuation methodologies, assumptions and value conclusions for accounting purposes, with respect to our appraisal report (the "Report") addressed to the board of AirMedia Group Inc. (the "Company") dated August 21, 2007, in the Company's Registration Statement on Form F-1 (together with any amendments thereto, the "Registration Statement") to be filed with the U.S. Securities and Exchange Commission.

In giving such consent, we do not hereby admit that we come within the category of person whose consent is required under Section 7 or Section 11 of the Securities Act of 1933, as amended, or the rules and regulations adopted by the SEC thereunder, nor do we admit that we are experts with respect to any part of such Registration Statement within the meaning of the term "experts" as used in the Securities Act of 1933, as amended or the rules and regulations of the SEC thereunder.

In giving our opinion of values, we relied on the accuracy and completeness of the financial statements and other data relating to the Company provided to us by the Company and its representatives. We did not audit or independently verify such financial statements or the data provided to us and take no responsibility for the accuracy of such information.

Yours faithfully,

/s/ AMERICAN APPRAISAL CHINA LIMITED

AMERICAN APPRAISAL CHINA LIMITED

Valuation / Transaction Consulting / Real Estate Advisory / Fixed Asset Management

通商律師事務所

Commerce & Finance Law Offices

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October 19, 2007

AirMedia Group Inc.

Room 707, No. 8 Yong An Dong Li
Jianguomen Wai
Chaoyang District, Beijing 100022
People's Republic of China

Dear Sirs,

We are qualified lawyers of the People's Republic of China (the "**PRC**") and are qualified to issue opinions on the laws and regulations of the PRC.

We have acted as PRC counsel for AirMedia Group Inc., a company incorporated under the laws of the Cayman Islands (the "**Company**"), in connection with (i) the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), originally filed with the Securities and Exchange Commission (the "**SEC**"), under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), on October 19, 2007, relating to the offering by the Company of American Depositary Shares ("**ADSs**"), representing ordinary shares, par value USD 0.001 per share, of the Company (together with the ADSs, the "**Offered Securities**") and (ii) the Company's proposed listing of the ADSs on the Nasdaq Global Market. We have been requested to give this opinion on, among other things, the legal ownership structure of the PRC Companies as defined below and the legality and validity of the arrangements under the relevant agreements in Appendix I hereto (the "**VIE Agreements**") and Appendix II hereto.

In rendering this opinion, we have examined the originals, or copies certified or otherwise identified to our satisfaction, of documents provided to us by the Company and such other documents, corporate records, certificates issued by governmental authorities in the PRC and officers of the Company and other instruments as we have deemed necessary or advisable for the purposes of rendering this opinion.

In rendering this opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with authentic original documents submitted to us as copies and the completeness of the documents provided to us. We have also assumed that no amendments, revisions, modifications or other changes have been made with respect to any of the documents after they were submitted to us for purposes of this opinion. We have further assumed the accuracy and completeness of all factual statements in the documents.

As used herein, (a) "**PRC Laws**" means all laws, regulations, statutes, orders, decrees, guidelines, notices, judicial interpretations, subordinary legislations of the PRC which are publicly available (other than the laws of the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province); (b) "**Governmental Agencies**" means any court, governmental agency or body or any stock exchange authorities of the PRC (other than the Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Province); (c) "**Approvals**" means all approvals, consents, declarations, waivers, sanctions, authorizations, filings, registrations, exemptions, permissions, endorsements, annual inspections, qualifications and licenses required by Governmental Agencies; (d) "**Material Adverse Effect**" means a material adverse effect on the condition (financial or other), business, properties, results of operations or prospects of the Company and the PRC Companies (as defined herein below) taken as a whole; and (e) "**Prospectus**" means the prospectus, including all amendments or supplements thereto, that forms part of the Registration Statement. Based on the foregoing, we are of the opinion that:

1. Air Media Technology (Beijing) Co., Ltd. ("**AM Technology**") was duly incorporated and is validly existing as a wholly foreign owned enterprise with limited liability company status in good standing under PRC Laws. All of the registered capital of AM Technology are fully paid and owned by Air Media (China) Ltd. in compliance with PRC Laws and the relevant Articles of Association, and to the best of our knowledge after due and reasonable inquiries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Articles of Association and other constitutive documents of AM Technology comply with PRC Laws in all material respects and are in full force and effect.
2. Shenzhen Air Media Information Technology Co., Ltd. ("**Shenzhen AM**") was duly incorporated and is validly existing as a wholly foreign owned enterprise with limited liability company status in good standing under PRC Laws. All of the registered capital of Shenzhen AM are fully paid and owned by Broad Cosmos Enterprises Ltd. in compliance with PRC Laws and the relevant Articles of Association, and to the best of our knowledge after due and reasonable inquiries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Articles of Association and other constitutive documents of Shenzhen AM comply with PRC Laws in all material respects and are in full force and effect.

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3. Beijing Shengshi United Advertising Co., Ltd. (“**Shengshi Lianhe**”) was duly incorporated and is validly existing as an enterprise with limited liability company status in good standing under PRC Laws. All of the registered capital of Shengshi Lianhe are fully paid and owned directly by Herman Man Guo, Qing Xu, Xiaoya Zhang and Zhenyu Wang, each of whom is a PRC citizen, in compliance with PRC Laws and the relevant Articles of Association, and to the best of our knowledge after due and reasonable inquiries, except for the pledge and option under the VIE Agreements, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Articles of Association and other constitutive documents of Shengshi Lianhe comply with PRC Laws in all material respects and are in full force and effect.
 4. Beijing Air Media Advertising Co., Ltd. (“**AM Advertising**”) was duly incorporated and is validly existing as an enterprise with limited liability company status in good standing under PRC Laws. All of the registered capital of AM Advertising are fully paid and owned directly by Shengshi Lianhe and Herman Man Guo, Qing Xu, Xiaoya Zhang and Zhenyu Wang, each of whom is a PRC citizen, in compliance with PRC Laws and the relevant Articles of Association, and to the best of our knowledge after due and reasonable inquiries, except for the pledge and option under the VIE Agreements, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Memorandum and Articles of Association and other constitutive documents of AM Advertising comply with PRC Laws in all material respects and are in full force and effect.
 5. Beijing Air Media UC Advertising Co., Ltd. (“**AirMedia UC**”) was duly incorporated and is validly existing as an enterprise with limited liability company status in good standing under PRC Laws. All of the registered capital of AirMedia UC are fully paid and owned directly by Herman Man Guo, Qing Xu and Zhenyu Wang, each of whom is a PRC citizen, in compliance with PRC Laws and the relevant Articles of Association, and to the best of our knowledge after due and reasonable inquiries, except for the pledge and option under the VIE Agreements, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Articles of Association and other constitutive documents of AirMedia UC comply with PRC Laws in all material respects and are in full force and effect.
 6. AirTV United Media & Culture Co., Ltd. (“**AirTV United**”) was duly incorporated and is validly existing as an enterprise with limited liability company status in good standing under PRC Laws. All of the registered capital of AirTV United are fully paid and owned directly by AM Advertising and Beijing Dalu Culture Media Co. Ltd., in compliance with PRC Laws or the relevant Articles of Association, and to the best of our knowledge after due and reasonable inquiries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Articles of Association and other constitutive documents of AirTV United comply with PRC Laws in all material respects and are in full force and effect.

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7. Beijing Ai Yi Ke Experiencing Information & Technology Co., Ltd. (“**Beijing Ai Yi Ke**”) was duly incorporated and is validly existing as an enterprise with limited liability company status in good standing under PRC Laws. All the required amount of the registered capital of Beijing Ai Yi Ke which is Renminbi 1,240,816 has been paid in in compliance with PRC Laws or the relevant Articles of Association and is owned directly by AM Advertising and Peng Hao, Jianghua Song and Dongmei Li, each of whom is a PRC resident, and to the best of our knowledge after due and reasonable inquiries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Articles of Association and other constitutive documents of Beijing Ai Yi Ke comply with PRC Laws in all material respects and are in full force and effect.
 8. Beijing Airmedia Film & Television Culture Co., Ltd. (“Airmedia Culture”) was duly incorporated and is validly existing as an enterprise with limited liability company status in good standing under PRC Laws. All of the registered capital of Airmedia Culture are fully paid and owned directly by AM Advertising in compliance with PRC Laws or the relevant Articles of Association, and to the best of our knowledge after due and reasonable inquiries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity or any third party right. The Articles of Association and other constitutive documents of Airmedia Culture comply with PRC Laws in all material respects and are in full force and effect.
 9. Each of AM Technology, Shenzhen AM, Shengshi Lianhe, AM Advertising, AirMedia UC, AirTV United and Beijing Ai Yi Ke (collectively, the “**PRC Companies**”) has full corporate right, power and authority, and except as described in the Prospectus, has all necessary Approvals to own, lease, license and use its properties, assets and conduct its business in the manner described in the Prospectus and such Approvals contain no materially burdensome restrictions or conditions not described in the Prospectus; to the best of our knowledge after due and reasonable inquiries, none of the PRC Companies has any reason to believe that any Governmental Agencies are considering modifying, suspending or revoking any such Approvals and each of the PRC Companies is in compliance with the provisions of all such Approvals in all material respects.
 10. To the best of our knowledge after due and reasonable inquiries, except for the outdoor advertising registration certificates which are still in the application process, the business operations of the PRC Companies as described in the Prospectus are in compliance with existing PRC Laws in all material respects.
 11. The ownership structure of the PRC Companies as set forth in the Prospectus under the caption “Corporate Structure”, complies with existing PRC Laws; the transactions conducted in the PRC involving the PRC Companies relating to the establishment of such ownership structure complies with PRC Laws; and except as described in the Prospectus, no consent, approval or license other than those already obtained is required under existing PRC Laws for such ownership structure.

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12. Each of the business cooperation agreements listed in Appendix II are valid, binding and enforceable, and will not result in any violation of PRC Laws currently in effect.
 13. Each of AM Technology, Shengshi Lianhe, AM Advertising, AirMedia UC and their respective shareholders has the legal right and full power and authority to enter into and perform its obligations under each of the VIE Agreements to which it is a party; and each of AM Technology, Shengshi Lianhe, AM Advertising and AirMedia UC has taken all necessary corporate action to authorize the execution, delivery and performance of, and has authorized, executed and delivered, each of the VIE Agreements to which it is a party; and except as described in the Prospectus, each of the VIE Agreements constitutes a valid and legally binding obligation to each party of the VIE Agreements under the PRC Laws, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.
 14. Each of the VIE Agreements does not and the execution and delivery by each of AM Technology, Shengshi Lianhe, AM Advertising, AirMedia UC and their respective shareholders, and the performance by each of AM Technology, Shengshi Lianhe, AM Advertising, AirMedia UC and their respective shareholders of its obligations thereunder, and the consummation by each of AM Technology, Shengshi Lianhe, AM Advertising, AirMedia UC and their respective shareholders of the transactions contemplated therein will not: (A) to the best of our knowledge after due and reasonable inquiries, conflict with or result in a breach or violation of any terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument governed by the PRC Laws to which any of the AM Technology, Shengshi Lianhe, AM Advertising, AirMedia UC and their respective shareholders is a party or by which any of such entities is bound or to which any of the properties or assets of such entities is bound or to which any of the properties or assets of such entities is subject, except for such conflict, breach, violation or default that would not be reasonably expected to have a Material Adverse Effect; (B) as to any of AM Technology, Shengshi Lianhe, AM Advertising or AirMedia UC, result in any violation of the provisions of its Articles of Association or business license or any material Approval; (C) result in any violation of any the PRC Laws.
 15. Each of the VIE Agreements is, and all the VIE Agreements taken as a whole are, legal, valid, enforceable and admissible as evidence under the PRC Laws and is binding on the respective parties thereto; each of the VIE Agreements is in proper legal form under the PRC Laws for the enforcement thereof against each of AM Technology, Shengshi Lianhe, AM Advertising, AirMedia UC and their respective shareholders, as the case may be, in the PRC without further action by any of AM Technology, Shengshi Lianhe, AM Advertising, AirMedia UC or their respective shareholders; and except for the failure to register the pledge under the Equity Pledge Agreement with the relevant registration authorities, which has been disclosed in

the Prospectus, all required filings and recordings in respect of the VIE Agreements have been performed to ensure the legality, validity, enforceability or admissibility in evidence of each of the VIE Agreements in the PRC.

16. No Approvals are required to be obtained for the performance by any of the parties thereto of their obligations, or for the transactions contemplated under the VIE Agreements other than those already obtained; provided, however, any exercise by AM Technology of its rights under the Call Option Agreement dated June 14, 2007 by and among AM Technology, Shengshi Lianhe and the shareholders of Shengshi Lianhe, the Call Option Agreement dated June 14, 2007 by and among AM Technology, AM Advertising and the shareholders of AM Advertising and the Call Option Agreement dated January 1, 2007 by and among AirMedia UC and the shareholders of AirMedia UC will be subject to: (a) the approval of and/or registration with the Government Agencies for the resulting equity transfer if such transfer is to foreign investors or foreign-invested enterprises; and (b) the exercise price for equity transfer under the VIE Agreements must comply with relevant PRC Laws, including the requirement that the exercise price for such equity transfer to reflect the appraised value at the time of the exercise, as determined by an appraiser qualified to perform such appraisals.
17. Except as disclosed in the Prospectus, all dividends and other distributions declared and payable on the equity interests in AM Technology and Shenzhen AM in accordance with PRC Laws may under the current PRC Laws be paid to the direct shareholders in Renminbi that may be converted into U.S. dollars and freely transferred out of the PRC. Except as otherwise disclosed in the Prospectus, all such dividends and other distributions are not subject to withholding or other taxes under PRC Laws and are otherwise free and clear of any other tax, withholding or deduction in the PRC.
18. On August 8, 2006, six PRC regulatory agencies, namely, the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (“**CSRC**”), and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the “**M&A Rules**”). The New M&A Rules purport, among other things, to require offshore special purpose vehicles, or SPVs, formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, pursuant to the New M&A Rules and other PRC Laws, the CSRC, in its official website, promulgated relevant guidance with respect to the issues of listing and trading of domestic enterprises’ securities on overseas stock exchanges (together with the M&A Rules, the “**M&A Rules and Related Clarifications**”), including a list of application materials with respect to the listing on overseas stock exchanges by SPVs. Based on our understanding of current PRC Laws and the interpretations and implementations thereof as of the date hereof, we understand (i) the CSRC has jurisdiction over the Company’s offering; (ii) the CSRC currently has not issued any definitive

rule or interpretation concerning whether offerings like the offering contemplated by the Company and as described in the Prospectus are subject to the M&A Rules and Related Clarifications; and (iii) notwithstanding the above, given that the Company and AM Technology have substantially completed the restructuring in the PRC before September 8, 2006, the effective date of the M&A Rules, it is not necessary for the Company to submit an application to the CSRC for its approval of the listing and trading of the Company's ADSs on the Nasdaq Global Market.

19. The information included in the sections entitled "Risk Factors", "Corporate Structure", "Regulation", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Related Party Transactions" and "Business" to the extent they constitute matters of PRC Laws or legal conclusions in respect of PRC Laws, or summaries of legal proceedings or agreements governed by PRC Laws, has been reviewed by us and is correct in all material respects; and our opinion set forth under "Enforceability of Civil Liabilities" in the Prospectus is confirmed.
20. None of the PRC Companies is entitled to any immunity from any legal proceedings or other legal process or from enforcement, execution or attachment in respect of their obligations in the transactions contemplated under any of the VIE Agreements.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to, the above-mentioned Registration Statement and to the reference to our firm's name under the sections of the Prospectus entitled "Enforceability of Civil Liabilities", "Corporate Structure" "Regulation", and "Risk Factors" included in the Registration Statement. In giving such consent, we do not thereby admit that we fall within the category of the person whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

This opinion relates to the PRC Laws in effect on the date hereof and there is no assurance that any of such laws will not be changed, amended or replaced in the immediate future or in the longer term with or without retrospective effect.

This opinion is rendered only with respect to the PRC Laws and we have made no investigations in any other jurisdiction and no opinion is expressed or implied as to the laws of any other jurisdiction.

Sincerely,

/s/ Commerce & Finance Law Offices
Commerce & Finance Law Offices

APPENDIX I
VIE AGREEMENTS

Shengshi Lianhe

1. Authorization Letter from Guo Man dated June 14, 2007
2. Authorization Letter from Xu Qing dated June 14, 2007
3. Authorization Letter from Wang Zhenyu dated June 14, 2007
4. Authorization Letter from Zhang Xiaoya dated June 14, 2007
5. Call Option Agreement dated June 14, 2007
6. Equity Pledge Agreement dated June 14, 2007
7. Technology Development Agreement dated June 14, 2007
8. Technology Support and Service Agreement dated June 14, 2007

AM Advertising

1. Authorization Letter from Guo Man dated June 14, 2007
2. Authorization Letter from Xu Qing dated June 14, 2007
3. Authorization Letter from Wang Zhenyu dated June 14, 2007
4. Authorization Letter from Zhang Xiaoya dated June 14, 2007
5. Authorization Letter from Shengshi Lianhe dated June 14, 2007
6. Call Option Agreement dated June 14, 2007
7. Equity Pledge Agreement dated June 14, 2007
8. Technology Development Agreement dated June 14, 2007
9. Technology Support and Service Agreement dated June 14, 2007
10. Loan Agreement among AM Technology, Xu Qing, Guo Man, Wang Zhenyu and Zhang Xiaoya dated June 14, 2007

AirMedia UC

1. Authorization Letter from Guo Man dated January 1, 2007
2. Authorization Letter from Xu Qing dated January 1, 2007
3. Authorization Letter from Wang Zhenyu dated January 1, 2007
4. Call Option Agreement dated January 1, 2007
5. Equity Pledge Agreement dated January 1, 2007
6. Technology Development Agreement dated January 1, 2007
7. Technology Support and Service Agreement dated January 1, 2007
8. Loan Agreement among AM Technology, Xu Qing, Guo Man and Wang Zhenyu dated January 1, 2007

APPENDIX II
BUSINESS COOPERATION AGREEMENTS

Shengshi Lianhe

1. Business Cooperation Agreement between Shengshi Lianhe and AirTV United dated June 14, 2007

AM Advertising

1. Business Cooperation Agreement between AM Advertising and AirTV United dated June 14, 2007

