

ID ARIZONA CORP.
Form S-4/A
September 30, 2009

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As filed with the Securities and Exchange Commission on September 30, 2009

Registration Statement No. 333-158336

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Amendment No. 4 to**

**Form S-4
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

ID Arizona Corp.
(Exact Name of Registrant as Specified in Its Charter)

Arizona
*(State or Other Jurisdiction of
Incorporation or Organization)*

7311
*(Primary Standard Industrial
Classification Code Number)*

26-4540870
*I.R.S. Employee
Identification Number*

**1105 N. Market Street, Suite 1300
Wilmington, Delaware 19801
(310) 694-8150**
*(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
Offices)*

**Robert N. Fried
President and Chief Executive Officer
1105 N. Market Street, Suite 1300
Wilmington, Delaware 19801
(310) 694-8150**
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

**Teddy D. Klinghoffer, Esq.
Michael Francis, Esq.
Akerman Senterfitt
One Southeast 3rd Avenue, 25th Floor
Miami, Florida 33131
(305) 374-5600
Facsimile: (305) 374-5095**

**David T. Zhang, Esq.
Latham & Watkins
41/F, One Exchange Square
8 Connaught Place, Central
Hong Kong
(852) 2522-7886
Facsimile: (852) 2522-7006**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after (i) this Registration Statement becomes effective, (ii) all other conditions to the merger of Ideation Acquisition Corp.,

a Delaware corporation, into the Registrant, with the Registrant surviving and, following such merger, the conversion and continuation of the Registrant into SearchMedia Holdings Limited, a Cayman Islands exempted company, and (iii) all other conditions to the share exchange between SearchMedia Holdings Limited and the shareholders of SearchMedia International Limited, a limited liability company incorporated in the Cayman Islands, pursuant to the Agreement and Plan of Merger, Conversion and Share Exchange as amended, which is attached as Annex A-1, A-2, A-3, and A-4 to the Proxy Statement/Prospectus contained herein, have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please 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, 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(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.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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**IDEATION ACQUISITION CORP.
1105 N. Market Street, Suite 1300
Wilmington, Delaware 19801
(310) 694-8150**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD OCTOBER 27, 2009**

TO THE STOCKHOLDERS OF IDEATION ACQUISITION CORP.:

NOTICE IS HEREBY GIVEN that a special meeting of Ideation Acquisition Corp., a Delaware corporation, which we refer to as Ideation, relating to the proposed business combination with SearchMedia International Limited, an exempted company incorporated with limited liability in the Cayman Islands, which we refer to as SM Cayman or SearchMedia, and its subsidiaries, will be held at 8:30 am Eastern time on October 27, 2009, at the offices of Akerman Senterfitt, One Southeast 3rd Avenue, Miami, Florida 33131, to consider and vote upon certain proposals described below.

On March 31, 2009, an Agreement and Plan of Merger, Conversion and Share Exchange, which we refer to as the share exchange agreement, was entered into by and among Ideation, ID Arizona Corp., an Arizona corporation and wholly owned subsidiary of Ideation, which we refer to as ID Arizona, SM Cayman, the subsidiaries of SM Cayman, and Shanghai Jingli Advertising Co., Ltd., which we refer to as Jingli Shanghai, and together with SM Cayman and its subsidiaries, the SearchMedia entities or SM entities, and certain shareholders and warrant holders of SM Cayman, among others. The share exchange agreement provides for two primary transactions: (1) the redomestication of Ideation from a Delaware corporation to a Cayman Islands exempted company and (2) the business combination between ID Cayman and SM Cayman, after which SM Cayman will become a wholly owned subsidiary of ID Cayman. At the special meeting, Ideation stockholders will be asked to vote on the following proposals relating to these transactions:

Proposal 1. To approve an amendment to Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of shares issued in Ideation's initial public offering, which we refer to as IPO Shares, upon approval of the business combination described below, regardless of whether such holder votes for or against the business combination. We refer to this proposal as the Charter Amendment Proposal.

Proposal 2. To approve the corporate redomestication of Ideation that will result in holders of Ideation securities holding securities in a Cayman Islands exempted company rather than a Delaware corporation. The redomestication involves two steps:

First, Ideation will merge with and into ID Arizona, with ID Arizona surviving the merger.

Second, after the merger, ID Arizona will become a Cayman Islands exempted company, SearchMedia Holdings Limited, which we refer to as ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law.

The redomestication will change Ideation's domicile from Delaware to the Cayman Islands. We refer to the merger and the conversion and continuation transactions together as the redomestication. We refer to this proposal as the Redomestication Proposal. If the Redomestication Proposal is approved, the redomestication will take place only if the Business Combination Proposal, set forth below, is approved.

Proposal 3. To approve the business combination between ID Cayman and SM Cayman, pursuant to which:

SM Cayman shareholders will receive 6,662,727 ordinary shares of ID Cayman.

SM Cayman warrant holders will receive warrants to purchase 1,519,186 ordinary shares of ID Cayman.

SM Cayman option holders will receive options to purchase 566,939 ordinary shares of ID Cayman.

SM Cayman holders of restricted shares and restricted share units, which we refer to collectively as restricted share awards, will receive 261,179 restricted share awards of ID Cayman.

Certain SM Cayman noteholders will receive 1,712,874 ordinary shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman.

In addition, the shareholders and warrant holders of SM Cayman may receive an additional 10,150,352 ordinary shares of ID Cayman pursuant to an earn-out provision in the share exchange agreement. Upon the closing of the business combination, SM Cayman will be the wholly owned subsidiary of ID Cayman. We refer to this transaction as the business combination. We refer to this proposal as the Business Combination Proposal.

The vote to approve the Business Combination Proposal will take place only if both the Charter Amendment Proposal and the Redomestication Proposal are approved.

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If the business combination is approved and completed, each holder of IPO Shares who votes such shares either for or against the business combination may, in connection with casting such vote, elect to convert those shares to cash.

Proposal 4. To approve the authorization in ID Cayman's Memorandum of Association of 1,000,000,000 ordinary shares, as compared to 50,000,000 shares of common stock currently authorized in Ideation's amended and restated certificate of incorporation, dated November 21, 2007, which we refer to as Ideation's Amended and Restated Certificate of Incorporation, and 10,000,000 preferred shares, as compared to 1,000,000 shares of preferred stock currently authorized under Ideation's Certificate of Incorporation. We refer to this proposal as the Share Increase Proposal.

Proposal 5. To approve in ID Cayman's Articles of Association the elimination of the classified board currently authorized in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Declassification Proposal.

Proposal 6. To approve in ID Cayman's Articles of Association a provision providing that the amendment of either of ID Cayman's Memorandum of Association or Articles of Association will require a vote of two-thirds of its shareholders voting in person or by proxy at a meeting, as compared to the vote of a majority of the outstanding stock as set forth in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Amendment Proposal.

Proposal 7. To approve in ID Cayman's Articles of Association a provision providing that the ID Cayman shareholders may pass resolutions without holding a meeting only if such resolutions are passed by a unanimous written resolution signed by all of the shareholders entitled to vote, as opposed to the provisions in Ideation's Amended and Restated Certificate of Incorporation that provide that stockholders may not take action without a meeting. We refer to this proposal as the Shareholder Consent Proposal.

Proposal 8. To approve in ID Cayman's Memorandum of Association a provision providing for the perpetual existence of the company, as compared to a provision providing for the termination of the company's existence on November 19, 2009 as set forth in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Corporate Existence Proposal.

Proposal 9. To approve the assumption of the SearchMedia International Limited 2008 Share Incentive Plan and its amendment and restatement as the Amended and Restated SearchMedia Holdings Limited Share Incentive Plan (the Amended and Restated 2008 Share Incentive Plan). We refer to this proposal as the Share Incentive Plan Proposal.

Proposal 10. To approve an adjournment or postponement of the special meeting for the purpose of soliciting additional proxies. We refer to this proposal as the Adjournment Proposal.

The Ideation board of directors has fixed the record date as the close of business on October 2, 2009, as the date for determining Ideation stockholders entitled to receive notice of and to vote at the special meeting and an adjournment or postponement thereof. Only holders of record of Ideation's common stock on that date are entitled to have their votes counted at the special meeting or an adjournment or postponement thereof with respect to the above proposals.

Your vote is important. Please sign, date and return your proxy card as soon as possible to make sure that your shares are represented at the special meeting. If you are a stockholder of record, you may also cast your vote in person at the special meeting. If your shares are held in an account with a brokerage firm or bank, you must instruct your broker or bank how to vote your shares, or you may cast your vote in person at the special meeting by obtaining a proxy from

your brokerage firm or bank.

After careful consideration, the Ideation board of directors has unanimously determined that the above proposals are fair to and in the best interests of Ideation and its stockholders and has recommended that you vote or give instruction to vote **FOR** the approval of each of them.

By Order of the Board of Directors,

Robert N. Fried
Chief Executive Officer

Dated: , 2009

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The information in this proxy statement/prospectus is not complete and may be changed. We may not issue these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Preliminary Proxy Statement/Prospectus Subject to Completion, dated September 30, 2009

**PROXY STATEMENT FOR SPECIAL MEETING OF
STOCKHOLDERS OF IDEATION ACQUISITION CORP.**

PROSPECTUS OF ID ARIZONA CORP.

This document serves as a proxy statement containing information about a special meeting of the Ideation stockholders relating to its proposed business combination with SearchMedia, and as a prospectus of ID Arizona with respect to securities to be issued to Ideation stockholders as part of that business combination.

On March 31, 2009, Ideation, ID Arizona, SM Cayman, Jingli Shanghai and certain other parties, including shareholders and warrant holders of SM Cayman, entered into a share exchange agreement. The share exchange agreement provides for two primary transactions: (1) the redomestication of Ideation from a Delaware corporation to a Cayman Islands exempted company and (2) the business combination between ID Cayman and SM Cayman, after which SM Cayman will become a wholly owned subsidiary of ID Cayman.

The redomestication of Ideation involves two steps:

- (i) Ideation will merge with and into ID Arizona, with ID Arizona surviving the merger.
- (ii) Immediately after the Arizona merger, ID Arizona will become a Cayman Islands exempted company, ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law.

After completing the redomestication, ID Cayman will complete the business combination with the SM Cayman shareholders, in which ID Cayman will acquire all of the issued and outstanding shares of SM Cayman and SM Cayman security holders, including certain SM Cayman noteholders, will receive in aggregate 11,488,810 ordinary shares, or securities exercisable or exchangeable for ordinary shares, of ID Cayman.

This proxy statement/prospectus covers the following ID Arizona securities that will be issued to Ideation stockholders in the Arizona merger: (i) 12,500,000 shares of common stock; (ii) 12,400,000 warrants to purchase shares of common stock and (iii) an option to purchase 500,000 units consisting of 500,000 shares of common stock and 500,000 warrants to purchase shares of common stock. This proxy statement/prospectus also covers the shares of common stock underlying the warrants and units, as well as the units underlying the option. No ID Cayman securities to be issued in the business combination with SM Cayman are covered by this proxy statement/prospectus. All of the securities to be outstanding upon completion of the redomestication and the business combination will be securities of

ID Cayman.

In connection with the redomestication and the business combination and pursuant to the terms and conditions of the share exchange agreement, the board of directors of Ideation is seeking stockholder approval of each of the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal, and the Adjournment Proposal, each as further described in this proxy statement/prospectus. The special meeting will be held at 8:30 am Eastern time on October 27, 2009, at the offices of Akerman Senterfitt, One Southeast 3rd Avenue, Miami, Florida 33131

After careful consideration, the Ideation board of directors has unanimously determined that the above proposals are fair to and in the best interests of Ideation and its stockholders and has recommended that you vote or give instruction to vote **FOR** the approval of each of them.

Please be aware that if the business combination is approved and completed, each holder of IPO Shares who votes such shares either FOR or AGAINST the business combination may, in connection with casting such vote, elect to convert those shares to cash.

Ideation's units, common stock and warrants trade on the NYSE Amex LLC, formerly known as the American Stock Exchange, under the symbols IDI.U, IDI and IDI.WS, respectively. Following the redomestication and business combination, ID Cayman will reapply to the NYSE Amex in order to continue listing the ordinary shares, warrants and units of ID Cayman on the NYSE Amex. It is unclear whether ID Cayman will meet the requirements for continued listing.

YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE 37.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated _____, 2009 and is first being mailed to Ideation stockholders on or about October 5, 2009.

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- I The Amended and Restated SearchMedia Holdings Limited 2008 Share Incentive Plan
- J Opinion of Richards, Layton & Finger, P.A.
- K Letter Agreement, dated September 8, 2009, by and among Ideation and certain investors of Ideation and SM Cayman
- L Form of Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Ideation Acquisition Corp.

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SUMMARY MATERIAL TERMS OF THE TRANSACTION

On March 31, 2009, Ideation, ID Arizona, SM Cayman, Jingli Shanghai and certain other parties, including shareholders and warrant holders of SM Cayman, entered into a share exchange agreement. The share exchange agreement provides for two primary transactions: (1) the redomestication of Ideation from a Delaware corporation to a Cayman Islands exempted company and (2) the business combination between ID Cayman and SM Cayman, after which SM Cayman will become a wholly owned subsidiary of ID Cayman.

This section summarizes information regarding these transactions and other transactions relating to the redomestication and business combination. These items are described in greater detail elsewhere in this proxy statement/prospectus. **You should carefully read this entire proxy statement/prospectus and the other documents to which you are referred.**

The Redomestication

The redomestication of Ideation involves two steps:

- (i) Ideation will merge with and into ID Arizona, with ID Arizona surviving the merger. We refer to this transaction as the Arizona merger.
- (ii) Immediately after the Arizona merger, ID Arizona will become a Cayman Islands exempted company, ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law. We refer to this transaction as the conversion and continuation and, along with the Arizona merger, as the redomestication.

The redomestication will change Ideation's domicile from Delaware to the Cayman Islands. Also, as a result of the redomestication:

Holders of Ideation units will be issued one ID Arizona unit for each Ideation unit held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman unit for each ID Arizona unit held at the time of the conversion.

Holders of Ideation common stock will be issued one share of ID Arizona common stock for each share of Ideation common stock held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman ordinary share for each share of ID Arizona common stock held at the time of the conversion.

Holders of Ideation warrants will be issued one ID Arizona warrant for each Ideation warrant held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman warrant for each ID Arizona warrant held at the time of the conversion.

Holders of the Ideation option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, will be issued one ID Arizona option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman option to purchase 500,000 units, consisting of 500,000 ordinary shares and 500,000 warrants of ID Cayman.

This proxy statement/prospectus covers the following ID Arizona securities that will be issued to Ideation stockholders in the Arizona merger:

An aggregate of 12,500,000 shares of common stock issued to the holders of (a) the 10,000,000 shares of Ideation common stock issued as part of the units issued in Ideation's initial public offering, or IPO, and (b) the 2,500,000 shares of Ideation common stock issued to the founders of Ideation upon its incorporation.

An aggregate of 12,400,000 warrants issued to the holders of (a) the 10,000,000 warrants issued by Ideation as part of the units issued in Ideation's IPO and (b) the 2,400,000 warrants issued by Ideation in a private placement transaction that occurred simultaneously with its IPO. This proxy statement/prospectus also covers 12,400,000 shares of common stock issuable upon the exercise of those warrants. A portion of the Ideation common stock and warrants may be held as units consisting of one

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share of common stock and one warrant, which units are also covered by this proxy statement/prospectus.

An option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, issuable to the representatives of the underwriters of Ideation's IPO, each of which holds an identical option from Ideation.

As soon as practicable after the redomestication, ID Cayman will file with the Securities and Exchange Commission a post-effective amendment to the registration statement of which this proxy statement/prospectus forms a part, expressly adopting the registration statement as its own for all purposes of the Securities Act of 1933 and the Securities Exchange Act of 1934, each as amended, including the registration of ID Cayman securities, which will then be held by former Ideation stockholders as a result of the redomestication.

The redomestication of Ideation is being submitted to the vote of Ideation stockholders and will be approved if stockholders representing a majority of the shares of Ideation that are issued and outstanding vote **FOR** the proposal. The redomestication will take place only if the Business Combination Proposal is approved.

The Business Combination

After completing the redomestication, ID Cayman will complete the business combination with the SM Cayman shareholders, in which:

After giving effect to conversion of the preferred shares of SM Cayman, at closing, ID Cayman will acquire 98,652,365 ordinary shares of SM Cayman, representing 100% of SM Cayman shares in issue.

SM Cayman shareholders will receive 6,662,727 ordinary shares of ID Cayman.

SM Cayman warrant holders will receive warrants to purchase 1,519,186 ordinary shares of ID Cayman.

SM Cayman option holders will receive options to purchase 566,939 ordinary shares of ID Cayman.

SM Cayman holders of restricted share awards will receive 261,179 restricted share awards of ID Cayman.

Certain SM Cayman noteholders will receive 1,712,874 ordinary shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman.

In connection with the redomestication and the business combination, stockholders will be asked to approve an amendment to Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of IPO Shares upon approval of the business combination, regardless of whether such holder voted for or against the business combination. It is important to note that the charter amendment, if approved, would not change the voting standard for a business combination under Ideation's Certificate of Incorporation, in that the business combination will not be approved if 30% or more of the holders of IPO Shares both vote against the transaction and elect to convert their IPO Shares.

The Business Combination Proposal will be submitted to the vote of Ideation stockholders only if both the Charter Amendment Proposal and the Redomestication Proposal are approved. If it comes to a vote, the Business Combination Proposal will be approved and the business combination completed only if (1) the Business Combination Proposal is approved by a majority of the IPO Shares voted at a duly held stockholders meeting in person or by proxy, (2) the Business Combination Proposal is approved by a majority of the votes cast on the proposal, and (3) stockholders representing less than 30% of the IPO Shares both (a) vote against the business combination and (b) exercise their

conversion rights to have their shares of common stock converted to cash. The closing of the business combination is also subject to the satisfaction by each party of various other conditions as set forth in the share exchange agreement and discussed in detail below.

Conversion Rights

If the business combination is approved and completed, any stockholder holding IPO Shares who properly demands conversion of those shares will be entitled to convert those shares to cash, whether such stockholder voted for or against the Business Combination Proposal. Stockholders who properly demand conversion of their IPO Shares will receive \$7.8815 per share, which represents the trust conversion value at June 30, 2009.

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To properly demand conversion of your IPO Shares, you must:

- (1) vote those shares, in person or by proxy, either **FOR** or **AGAINST** the business combination;
- (2) affirmatively request conversion of those shares by marking the appropriate box on your proxy card, voting instruction form, or ballot; and
- (3) deliver, or instruct your bank or broker to deliver, your IPO Shares to Ideation's transfer agent before the special meeting.

Stockholders holding IPO Shares who abstain or do not vote their IPO Shares on the business combination will forfeit their right to convert those shares if the business combination is approved. Both of the Charter Amendment Proposal and the Redomestication Proposal must be approved in order to complete the business combination and, as such, the vote to approve the business combination will not occur unless both the Charter Amendment Proposal and the Redomestication Proposal are approved.

If the business combination is not approved and completed, then no conversion rights will be available at this time. Ideation's Amended and Restated Certificate of Incorporation provides that if a business combination is not completed by November 19, 2009, Ideation will be liquidated. If Ideation liquidates on November 19, 2009, holders of IPO Shares will receive \$7.8815 per share, which represents the trust liquidation value at June 30, 2009.

Ownership of ID Cayman following completion of the Business Combination

The following chart sets forth the parties to the redomestication and business combination transactions:

If the business combination is approved, based on the trading price of Ideation common stock at September 21, 2009, and using the treasury method to account for the warrants, options, and restricted share awards to be issued, the aggregate value of the securities to be issued as consideration at the closing of the business combination (inclusive of the maximum number of earn-out shares to be issued) will be \$157.0 million.

Upon the closing of the business combination, under the treasury method and using the trust liquidation value per share of \$7.8815, assuming no stockholders owning IPO Shares elect to convert those shares to cash, the current shareholders of SM Cayman are expected to own an aggregate of 39.1% of the basic and 37.5% of the fully diluted issued and outstanding shares of ID Cayman, assuming no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, the current shareholders of SM Cayman are expected to own an aggregate of 59.0% of the basic and 55.5% of the fully diluted issued and outstanding shares of ID Cayman.

Assuming the business combination is approved but all stockholders owning IPO Shares, except for The Frost Group, LLC, its affiliates and others owning IPO Shares purchased in satisfaction of the Sponsor Purchase Commitment Amount, as defined below, exercise their conversion rights, the current shareholders of SM Cayman are expected to own an aggregate of 70.0% of the basic and 59.2% of the fully diluted issued and outstanding shares of ID Cayman, if no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, the current shareholders of SM Cayman are expected to own an aggregate of 83.9% of the basic and 75.2% of the fully diluted issued and outstanding shares of ID Cayman. In each case discussed

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above, the percentages include ID Cayman shares issuable upon the conversion of interim financing notes held by CSV, certain affiliates of Ideation, and members of SearchMedia's management team.

Upon the closing of the business combination, under the treasury method and using the trust liquidation value per share of \$7.8815, assuming no stockholder owning IPO Shares elects to convert those shares to cash, current Ideation stockholders are expected to beneficially own 60.9% of the basic and 62.5% of the fully diluted issued and outstanding ordinary shares of ID Cayman, assuming no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, current Ideation stockholders are expected to beneficially own 41.0% of the basic and 44.5% of the fully diluted issued and outstanding ordinary shares of ID Cayman.

Assuming the business combination is approved but all stockholders owning IPO Shares, except for The Frost Group, LLC, its affiliates and others owning IPO Shares purchased in satisfaction of the Sponsor Purchase Commitment Amount, as defined below, exercise their conversion rights, current Ideation stockholders are expected to beneficially own 30.0% of the basic and 40.8% of the fully diluted issued and outstanding ordinary shares of ID Cayman, if no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, current Ideation stockholders are expected to beneficially own 16.1% of the basic and 24.8% of the fully diluted issued and outstanding ordinary shares of ID Cayman.

Ideation and Sponsor Purchases

After April 1, 2009, Ideation may seek to purchase, or enter into contracts to purchase, shares of Ideation common stock either in the open market or in privately negotiated transactions. Any such purchases and contracts would be effected pursuant to a 10b(5)-1 plan or at a time when Ideation, its initial stockholders or their affiliates are not aware of material nonpublic information regarding Ideation or its securities. Such purchases could involve the incurrence of indebtedness by Ideation, payment of significant fees or interest payments or the issuance of any additional Ideation securities. Any purchases other than ordinary course purchases require the prior approval of the SM Cayman shareholders' representatives, which approval may not be unreasonably withheld or delayed. If such approval is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases (discussed below) will terminate. An ordinary course purchase is a forward purchase between Ideation and a non-affiliate Ideation stockholder in which Ideation will purchase some or all of such stockholders shares of Ideation after closing, which contracts are not binding on SM Cayman or its assets. A condition to the closing of such contracts will be that all shares purchased would be voted in favor of the business combination. These purchases or arrangements could result in an expenditure of a substantial amount of funds in the trust account. Any share purchases by Ideation from existing Ideation stockholders would increase the post-transaction percentage of ID Cayman equity held by the current shareholders of SM Cayman.

Commencing on April 1, 2009 and continuing until no later than 4:30 p.m. Eastern standard time on the day that is two business days before the special meeting of Ideation stockholders, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in an amount, which we refer to as the Sponsor Purchase Commitment Amount, equal to the lesser of (i) an aggregate expenditure of \$18.25 million and (ii) an amount that, when combined with certain purchases of Ideation common stock by Ideation, certain warrant exercises (as described below), and proxies delivered by Ideation stockholders not electing their conversion rights would result in ID Cayman having an aggregate of not less than \$18.25 million in cash available to it in its trust account (or other accounts) after the closing of the business combination and before payment of expenses. Such purchases will be conducted in compliance with the Securities Act of 1933, as amended, which we refer to as the Securities Act, the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and any other applicable law.

The Frost Group, LLC, through itself, its affiliates, or others, owns 777,900 IPO Shares consisting of (i) 250,000 shares acquired as part of 250,000 units purchased in the IPO, (ii) 206,800 shares purchased between the date of the IPO and March 31, 2009, and (iii) 321,100 shares purchased between April 1, 2009 and September 8, 2009 pursuant to the arrangements described above. In addition, The Frost Group, LLC, through itself, its affiliates, or others, has purchased warrants to acquire 1,291,200 shares (including 250,000 warrants acquired as part of 250,000 units purchased in the IPO). The aggregate amount of shares and

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warrants purchased pursuant to the arrangements described above and the total number of IPO Shares held by The Frost Group, LLC, through itself, its affiliates, or others will be disclosed to Ideation stockholders in a Current Report on Form 8-K as soon as practicable before the open of trading on the NYSE Amex on the day that is one business day before the special meeting of Ideation stockholders. We acknowledge that the timing of this disclosure limits the amount of time Ideation stockholders will have to consider the impact of these purchases before such stockholders submit a proxy, revoke a previously submitted proxy or otherwise vote on the proposals to be considered at the special meeting.

To the extent that The Frost Group, LLC, through itself, its affiliates or others, has not otherwise satisfied the Sponsor Purchase Commitment Amount by the day that is two days before the special meeting of Ideation stockholders, The Frost Group, LLC through itself, its affiliates or others may satisfy this obligation before the closing of the business combination by delivering into an escrow account irrevocable written notices to exercise all or any of the Ideation public warrants held by such persons, together with the cash exercise price therefor, in an amount up to the amount necessary to satisfy the Sponsor Purchase Commitment Amount. Public warrants are warrants which formed part of the units purchased in Ideation's IPO. Any such public warrant exercises will be effective immediately after the closing of the business combination, and would result in additional cash to Ideation. To the extent that The Frost Group, LLC, through itself, its affiliates or others, does not otherwise satisfy the Sponsor Purchase Commitment Amount, Ideation has agreed to sell shares of Ideation common stock at a per share price of \$7.8815 to The Frost Group LLC, its affiliates or others as necessary to satisfy the Sponsor Purchase Commitment Amount, which would result in additional cash to Ideation. Such purchases may be made, as necessary, up to ten days after the closing of the business combination pursuant to a purchase agreement with customary registration rights.

Any sponsor purchases of Ideation shares in the open market would have no impact on the post-transaction ownership of ID Cayman by current SM Cayman shareholders. Any sponsor purchase from Ideation, through public warrant exercises or otherwise, would decrease the post-transaction percentage of ID Cayman interests held by the current shareholders of SM Cayman.

ID Cayman New Warrants

In consideration of the Sponsor Purchase Commitment Amount and the commitment of the interim noteholders and holder of the Linden Note, whom we refer to collectively as the Converting Noteholders, to convert such notes to ordinary shares of ID Cayman, the Frost Group, LLC and its affiliates and the Converting Noteholders shall, immediately prior to closing of the business combination, be issued a warrant to purchase 0.25 of an ID Cayman share for each share purchased in satisfaction of the Sponsor Purchase Commitment Amount or acquired upon conversion of such notes. The exercise price per whole ID Cayman share underlying such warrants shall be \$7.8815, and the aggregate number of shares underlying such warrants held by any particular warrant holder shall be rounded up to the nearest whole share.

Post-Closing Financing

Ideation has entered into a letter agreement with the interim noteholders and the holder of the Linden Note, whom we refer collectively as the Converting Noteholders, and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;

- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date hereof.

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Accounting Treatment

The business combination will be accounted for as a reverse recapitalization, whereby SM Cayman will be the continuing entity for financial reporting purposes and will be deemed to be the accounting acquirer of Ideation.

The business combination is being accounted for as a reverse recapitalization because (i) after the redomestication and business combination, the former shareholders of SM Cayman will have actual or effective voting and operating control of ID Cayman, as SearchMedia's operations will comprise the ongoing operations of ID Cayman, and the senior management of SearchMedia will continue to serve as the senior management of ID Cayman, and (ii) Ideation has no prior operations and was formed for the purpose of effecting a business combination such as the proposed business combination with SearchMedia. In accordance with the applicable accounting guidance for accounting for the business combination as a reverse recapitalization, initially SM Cayman will be deemed to have undergone a recapitalization, whereby its outstanding ordinary shares and warrants will be converted into 6,662,727 ordinary shares of ID Cayman and 1,519,186 ID Cayman warrants. Immediately thereafter, ID Cayman, as the legal parent company of SM Cayman, which is the continuing accounting entity, will be deemed to have acquired the assets and assumed the liabilities of Ideation in exchange for the issuance of ID Cayman securities, which will be identical in number and terms and similar in rights to the outstanding securities of Ideation, provided that, although the securities are similar in rights, significant differences are discussed in the section titled "The Redomestication Proposal Differences of Stockholders Rights." However, although ID Cayman, as the legal parent company of SearchMedia, will be deemed to have acquired Ideation, in accordance with the applicable accounting guidance for accounting for a reverse recapitalization, Ideation's assets and liabilities will be recorded at their historical carrying amounts, which approximate their fair value, with no goodwill or other intangible assets recorded.

Other Matters

At the closing of the business combination, ID Cayman will enter into the following agreements:

Lock-up agreements with all of the SearchMedia shareholders and warrant holders and ID Cayman directors designated by the SM shareholders' representatives. These lock-up agreements provide that parties bound to such agreements may not sell or otherwise transfer any of the shares of ID Cayman, securities convertible into or exchangeable or exercisable for shares of ID Cayman, or shares underlying such securities held by them or received in connection with the business combination, subject to exceptions for underwritten offerings and transfers by the SearchMedia shareholders that are in compliance with applicable federal and state securities laws to persons who agree in writing to be bound by the terms of the lock-up agreement. The SearchMedia non-management shareholders are bound by such lock-up restrictions for a period of six months from the closing date with respect to 25% of such securities and 12 months from the closing date with respect to the remaining 75% of such securities; provided that with respect to shares or other securities acquired (or underlying securities acquired) by CSV in exchange for SM Cayman warrants, SM Cayman preferred shares or other SM Cayman securities exercisable for, or convertible into, SM Cayman ordinary shares, CSV will be subject to the same lock-up period as the other non-management shareholders, and with respect to shares acquired by CSV in exchange for SM Cayman ordinary shares held by it immediately prior to the closing of the business combination, the lock-up period shall apply until twelve months from the closing date with respect to 10% of such shares, eighteen months from the closing date with respect to 15% of such shares and twenty-four months from the closing date with respect to the remaining 75% of such shares. In addition, 1,268,795 ordinary shares and 396,826 warrants of ID Cayman (and shares underlying such warrants) issuable to Linden Ventures II (BVI) Ltd., which we refer to as Linden Ventures, as a warrant holder and upon conversion of the Linden Note pursuant to the share exchange agreement, will be subject to lock-up for six months. The management shareholders and warrant holders and the ID Cayman directors designated by the SM Cayman

shareholders, as well as SM Cayman optionees who exercise their options or restricted share award holders whose shares vest during the one year after closing, are subject to such lock-up restrictions for 12 months after the closing date with respect to the shares or other securities received in connection with the business combination or

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underlying securities received in connection with the business combination, provided, that with respect to Le Yang and Qinying Liu, the lock-up period shall apply from 12 months after the closing of the share exchange agreement with respect to ten percent (10%) of the shares or other securities received in connection with the business combination or underlying securities received in connection with the business combination, 18 months after the closing of the share exchange agreement with respect to fifteen percent (15%) of such securities, and 24 months after the closing of the share exchange agreement with respect to the remaining seventy-five percent (75%) of such securities.

A voting agreement that provides, among other things, that for a period commencing on the closing of the business combination and ending no sooner than the third anniversary of the date of the voting agreement, each SearchMedia shareholder and warrant holder will agree to vote in favor of the director nominees nominated by the Ideation representative as provided in the share exchange agreement, and certain significant shareholders of Ideation will agree to vote in favor of the director nominees nominated by the SM Cayman shareholders representatives.

A registration rights agreement pursuant to which the SearchMedia shareholders will be entitled to registration rights for their ID Cayman ordinary shares, including ordinary shares underlying warrants and preferred shares, received in connection with the business combination.

Enforceability of Civil Liabilities Against Foreign Persons

ID Cayman will be a company registered by way of continuance as an exempted company under the laws of the Cayman Islands and, upon completion of the business combination with SearchMedia, its subsidiaries and operating companies will be incorporated under the laws of the Cayman Islands and the People's Republic of China, which we refer to as PRC or China, and will operate only in the PRC. Substantially all of the assets of ID Cayman and its subsidiaries, including those of the SearchMedia entities, will be located in the PRC, and the majority of ID Cayman's officers and directors named in this proxy statement/prospectus will reside outside the United States and all or a substantial portion of the assets of these persons will or may be located outside the United States.

It will be difficult for investors to enforce outside the United States a judgment against ID Cayman or its subsidiaries or its assets obtained in the United States in any actions, including actions predicated upon the civil liability provisions of the federal securities laws of the United States or of the securities laws of any state of the United States. In addition, it may not be possible for investors to effect service of process within the United States upon them, or to enforce against them any judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or of the securities laws of any state of the United States.

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QUESTIONS AND ANSWERS ABOUT THE IDEATION SPECIAL MEETING

The Questions and Answers below are only summaries of matters described in this proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully the entire document, including the annexes to this proxy statement/prospectus.

Q. When and where will the special meeting be held?

A. The meeting will be held at 8:30 am Eastern time on October 27, 2009 at the offices of Akerman Senterfitt, One Southeast 3rd Avenue, Miami, Florida 33131.

Q. What is the record date for the special meeting?

A. The Ideation board of directors has fixed the record date as the close of business on October 2, 2009, as the date for determining Ideation stockholders entitled to receive notice of and to vote at the special meeting.

Q. What is Being Voted On?

A. You are being asked to vote on ten proposals:

The approval of an amendment to Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of IPO Shares, upon approval of the business combination, regardless of whether such holder votes for or against the business combination. We refer to this proposal as the Charter Amendment Proposal.

The approval of the redomestication of Ideation to the Cayman Islands, resulting in it becoming ID Cayman. We refer to this proposal as the Redomestication Proposal.

The approval of the proposed share exchange resulting in SM Cayman becoming a wholly owned subsidiary of ID Cayman. We refer to this proposal as the Business Combination Proposal.

The approval of the authorization of 1,000,000,000 ordinary shares and 10,000,000 preferred shares in ID Cayman's Memorandum of Association, as compared to 50,000,000 shares of common stock and 1,000,000 shares of preferred stock currently authorized in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Share Increase Proposal.

The approval of the elimination in ID Cayman's Articles of Association of the classified board currently authorized in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Declassification Proposal.

The approval of a provision in ID Cayman's Articles of Association providing that the amendment of either of ID Cayman's Memorandum of Association or Articles of Association will require a vote of two-thirds of its shareholders, entitled to do so, voting in person or by proxy at a meeting, of which notice specifying the intention to propose a special resolution for such amendment has been given, as compared to the vote of a majority of the outstanding stock as set forth in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Amendment Proposal.

The approval of a provision in ID Cayman's Articles of Association providing that the ID Cayman shareholders may pass resolutions without holding a meeting only if such resolutions are passed by a unanimous written resolution signed by all of the shareholders entitled to vote, as opposed to the provisions in Ideation's Amended and Restated Certificate of Incorporation that provide that stockholders may not take action without a meeting. We refer to this proposal as the Shareholder Consent Proposal.

The approval of a provision in ID Cayman's Memorandum of Association providing for the perpetual existence of ID Cayman, as compared to a provision providing for the termination of Ideation's existence on November 19, 2009 as set forth in Ideation's Amended and Restated Certificate of Incorporation. We refer to this proposal as the Corporate Existence Proposal.

The approval of the Amended and Restated 2008 Share Incentive Plan. We refer to this proposal as the Share Incentive Plan Proposal.

The approval of an adjournment or postponement of the special meeting for the purpose of soliciting additional proxies. We refer to this proposal as the Adjournment Proposal.

Q. Why is Ideation proposing the redomestication to the Cayman Islands?

- A. As substantially all of the business operations of SearchMedia are conducted outside the United States, Ideation and SearchMedia decided to complete the redomestication to the Cayman Islands as part of the business combination.

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Q. How will the redomestication be accomplished?

- A. The redomestication will be accomplished in two steps. First, Ideation will effect a merger pursuant to which it will merge with and into ID Arizona, its wholly owned Arizona subsidiary, with ID Arizona surviving the merger. After the merger, ID Arizona will become a Cayman Islands exempted company, ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law. As a result of the redomestication, each Ideation stockholder will become a shareholder in ID Cayman instead of Ideation.

The redomestication will be completed in two steps to take advantage of Arizona corporate law requiring the approval of a majority of ID Arizona's outstanding shares to approve the conversion and continuation of ID Arizona as ID Cayman rather than the approval of all of the outstanding shares as would be required under Delaware corporate law.

Q. Why is an Arizona subsidiary involved in the redomestication?

- A. As noted in the answer to the prior question, Delaware law would require the approval of 100% of Ideation's outstanding shares to change its place of incorporation to the Cayman Islands by conversion and continuation. Because Ideation's common stock is publicly traded, 100% approval cannot reasonably be obtained. By using an Arizona subsidiary in an intermediate step, Ideation is only required to obtain approval of a majority of its outstanding shares of common stock to effect the conversion and continuation.

Q. What will I receive in the redomestication?

- A. The redomestication will change Ideation's domicile from Delaware to the Cayman Islands. Also, as a result of the redomestication:

Holders of Ideation units will be issued one ID Arizona unit for each Ideation unit held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman unit for each ID Arizona unit held at the time of the conversion.

Holders of Ideation common stock will be issued one share of ID Arizona common stock for each share of Ideation common stock held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman ordinary share for each share of ID Arizona common stock held at the time of the conversion.

Holders of Ideation warrants will be issued one ID Arizona warrant for each Ideation warrant held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman warrant for each ID Arizona warrant held at the time of the conversion.

Holders of the Ideation option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, will be issued one ID Arizona option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman option to purchase 500,000 units, consisting of 500,000 ordinary shares and 500,000 warrants of ID Cayman.

Q. Why is Ideation proposing the business combination?

- A. Ideation was organized to effect a business combination with an operating business. Ideation's proposed business combination qualifies as a business combination under Ideation's Amended and Restated Certificate of Incorporation. After the consummation of the business combination, the operating company of ID Cayman will be Jieli Investment Management Consulting (Shanghai) Co., Ltd., a PRC entity wholly owned by SM Cayman. Ideation believes that a business combination with SearchMedia will provide Ideation stockholders with an opportunity to invest in a company with significant growth potential. If Ideation is unable to complete the business combination with SearchMedia or another business combination by November 19, 2009, it will be forced to liquidate and distribute to the holders of IPO Shares the amount in the trust account, with any remaining net assets being distributed to the holders of IPO Shares. See The Business Combination Proposal below.

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Q. Why are Ideation stockholders being asked to approve actions that will be taken by ID Cayman?

A. Ideation stockholders are being asked to approve the entry into the business combination by ID Cayman because Ideation's Amended and Restated Certificate of Incorporation requires that the majority of the Ideation shares of common stock approve its business combination with SearchMedia and the business combination will not take effect unless and until Ideation's corporate domicile becomes the Cayman Islands.

Q. What will the name of the surviving company be after the redomestication and the business combination have been consummated?

A. The name of the surviving corporation after the consummation of the redomestication and the business combination will be SearchMedia Holdings Limited.

Q. What happens if the redomestication and the business combination are not consummated?

A. If Ideation does not redomesticate and acquire SearchMedia in the business combination, and is unable to consummate an alternate business combination before November 19, 2009, Ideation will be forced to liquidate and distribute to the holders of IPO Shares their *pro rata* portion of the amount of the funds available in the trust account, plus any other net assets not used or reserved to pay obligations and claims or such other corporate expenses relating to or arising from the plan of dissolution and distribution. Following liquidation, Ideation would no longer exist as a corporation.

In any liquidation, the funds held in the trust account, plus any interest earned thereon (net of taxes payable), less the portion of such interest previously paid to Ideation, plus any other net assets not used or reserved to pay obligations and claims or such other corporate expenses relating to or arising from the plan of dissolution and distribution, will be distributed *pro rata* to the stockholders of IPO Shares. At June 30, 2009, the trust conversion value per share was \$7.8815.

Q. Why is Ideation proposing the Charter Amendment Proposal?

A. Under the terms of the proposed charter amendment, if the business combination is approved and completed, stockholders holding IPO Shares who vote those shares either for or against the business combination will have the opportunity to either (1) continue to hold their IPO Shares, which will convert into shares of ID Cayman upon completion of the redomestication and business combination, or (2) convert their IPO Shares into cash upon the closing of the business combination.

Ideation believes that extending the right to elect conversion to those holders of IPO Shares who vote for the business combination will provide incentive to holders of IPO Shares to vote in favor of the business combination, since a business combination must be approved in order for a conversion to occur before the liquidation of the company. As such, Ideation believes holders of IPO Shares who want to convert their shares will vote to approve both the charter amendment and the business combination in order to obtain the conversion value of their IPO Shares in connection with the closing of the business combination, rather than having to wait for the liquidation of the company.

Q. Will the Charter Amendment Proposal change any rights of stockholders holding IPO Shares?

A. No. The charter amendment would not alter or adversely affect the right of stockholders holding IPO Shares to convert their shares under Article Sixth as currently in effect. The charter amendment would merely extend this

right to convert to those holders of IPO Shares who vote to approve the business combination, as well as those who vote against the business combination.

It is important to note that the charter amendment, if approved, would not change the voting standard for a business combination under Ideation's Certificate of Incorporation, in that the business combination will not be approved if 30% or more of the holders of IPO Shares both vote against the transaction and elect to convert their IPO Shares.

Q. Do Ideation stockholders have conversion rights?

- A. Yes. Any holder of IPO Shares who votes those shares either for or against the business combination and properly demands conversion of their IPO Shares will be entitled to convert their IPO Shares to cash, if the business combination is approved and completed.

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The per-share conversion price will equal the amount in Ideation's trust account, inclusive of any interest not otherwise payable to Ideation, as of two business days before the consummation of the business combination, less taxes payable, divided by the number of shares of common stock issued in Ideation's IPO, which, as of June 30, 2009, would be \$7.8815 per share.

If the business combination is not approved and completed, then no conversion rights will be available at this time. Holders of warrants issued by Ideation do not have conversion rights relating to those warrants.

Q. If I have conversion rights, how do I properly demand conversion of my IPO Shares?

A. To properly demand conversion of your IPO Shares, you must:

- (1) vote your IPO Shares, in person or by proxy, either **FOR** or **AGAINST** the business combination;
- (2) affirmatively request conversion of your IPO Shares by marking the appropriate box on your proxy card, voting information card, or ballot; and
- (3) deliver, or instruct your bank or broker to deliver, your IPO Shares to Ideation's transfer agent before the special meeting.

Stockholders holding IPO Shares who abstain or do not vote their IPO Shares on the business combination will forfeit their right to convert those shares if the business combination is approved.

Q. Why is Ideation proposing the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal?

A. Ideation is proposing the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal as ID Cayman's Memorandum and Articles of Association includes provisions that are materially different from Ideation's Amended and Restated Certificate of Incorporation, and the Ideation stockholders would be entitled to vote on such changes if they were proposed as amendments to Ideation's Certificate of Incorporation.

Q. Why is Ideation proposing the Share Incentive Plan Proposal?

A. Ideation is proposing the Share Incentive Plan Proposal to enable it to attract, retain and reward ID Cayman's directors, officers, employees and consultants using equity-based incentives. The Amended and Restated 2008 Share Incentive Plan has been approved by the Ideation board of directors and will be effective upon the consummation of the business combination, subject to stockholder approval of the plan. Ideation does not expect to grant any awards under the plan until after the consummation of the business combination.

Q. Why is Ideation proposing the Adjournment Proposal?

A. Ideation is proposing to approve an adjournment or postponement of the special meeting so that Ideation may delay the meeting in the event that it appears that the other proposals to be presented at the meeting will not be approved. This will provide Ideation's management with more time to solicit stockholders to vote or change their votes.

Q. Has the Ideation board of directors made a recommendation regarding how to vote on these proposals?

- A. After careful consideration of the redomestication plan, the business combination and the terms and conditions of the share exchange agreement, the board of directors of Ideation has determined that each of the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal, and the Adjournment Proposal are in the best interests of the Ideation stockholders, and recommends that Ideation stockholders vote **FOR** each of these proposals.

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In reaching its decision with respect to the business combination and the transactions contemplated thereby, the board of directors of Ideation reviewed various industry and financial data and the due diligence and evaluation materials provided by the SearchMedia shareholders.

You should read the section titled **Interests of Ideation Officers and Directors in the Business Combination** for a discussion of how the interests of the Ideation executive officers and directors are different from your interests as a stockholder.

Q. How do the Ideation insiders intend to vote their shares?

- A. All of the Ideation insiders, including its officers and directors, will vote all of their common stock **FOR** all the proposals. However, some of the insiders' shares were issued before Ideation's IPO and insiders holding those shares are contractually obligated to vote those shares in accordance with the majority of the IPO Shares on the Business Combination Proposal. The Frost Group, LLC and its affiliates are contractually obligated not to convert any IPO Shares held by them in connection with voting **FOR** the Business Combination Proposal.

Q. Will Ideation purchase shares of Ideation common stock before the special meeting?

- A. Ideation may seek to purchase, or enter into contracts to purchase, shares of Ideation common stock either in the open market or in privately negotiated transactions. Any such purchases and contracts would be effected pursuant to a 10b(5)-1 plan or at a time when Ideation, its initial stockholders or their affiliates are not aware of material nonpublic information regarding Ideation or its securities. Such purchases could involve the incurrence of indebtedness by Ideation, payment of significant fees or interest payments or the issuance of any additional Ideation securities. Any purchases other than ordinary course purchases shall require the prior approval of the SM Cayman shareholders' representatives, any such approval not to be unreasonably withheld or delayed. If such approval is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases will terminate. An ordinary course purchase is a forward purchase between Ideation and a non-affiliate Ideation stockholder in which Ideation will purchase some or all of such stockholders' shares of Ideation after closing, which contracts are not binding on SM Cayman or its assets. A condition to the closing of such contracts will be that all shares purchased would be voted in favor of the business combination. These purchases or arrangements could result in an expenditure of a substantial amount of funds in the trust account.

Q. Will the Frost Group, LLC or its affiliates purchase shares of Ideation common stock before the special meeting?

- A. Commencing on April 1, 2009 and continuing until no later than 4:30 p.m. Eastern standard time on the day that is two business days before the special meeting of Ideation stockholders, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in an amount equal to the Sponsor Purchase Commitment Amount. Such purchases will be conducted in compliance with the Securities Act, the Exchange Act and any other applicable law.

The aggregate amount of shares purchased pursuant to these arrangements will be disclosed to Ideation stockholders in a Current Report on Form 8-K as soon as practicable before the open of trading on the NYSE Amex on the day that is one business day before the special meeting of Ideation stockholders. We acknowledge that the timing of this disclosure limits the amount of time Ideation stockholders will have to consider the impact of these purchases before such stockholders submit a proxy, revoke a previously submitted proxy or otherwise

vote on the proposals to be considered at the special meeting.

Q. If the business combination is completed, how much dilution will Ideation stockholders experience?

- A. Currently there are 12,500,000 shares of Ideation common stock issued and outstanding. Upon the consummation of the business combination, at least 6,662,727 ordinary shares will be issued to SearchMedia shareholders and 1,712,874 ordinary shares and warrants to purchase 428,219 ordinary shares will be issued to the interim note holders. As a result, immediately following the business

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combination, assuming no Ideation stockholder converts its shares of common stock into a *pro rata* portion of funds available in the trust account, current Ideation stockholders are expected to beneficially own 60.9% of the basic and 62.5% of the fully diluted issued and outstanding ordinary shares of ID Cayman, assuming no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, current Ideation stockholders are expected to beneficially own 41.0% of the basic and 44.5% of the fully diluted issued and outstanding ordinary shares of ID Cayman.

Assuming the business combination is approved but all stockholders owning IPO Shares, except for The Frost Group, LLC, its affiliates and others owning IPO Shares purchased in satisfaction of the Sponsor Purchase Commitment Amount, exercise their conversion rights, current Ideation stockholders are expected to beneficially own 30.0% of the basic and 40.8% of the fully diluted issued and outstanding ordinary shares of ID Cayman, if no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, current Ideation stockholders are expected to beneficially own 16.1% of the basic and 24.8% of the fully diluted issued and outstanding ordinary shares of ID Cayman.

To the extent outstanding warrants are exercised after the business combination, current Ideation stockholders will experience further dilution of their ownership interest. In addition, following the consummation of the business combination, and upon the approval of the Share Incentive Plan Proposal, ID Cayman will establish a share incentive plan under which it may issue equity awards to qualified employees in an amount up to 8% of its total outstanding shares. The issuance of such equity awards would also dilute the ownership interests of the existing ID Cayman shareholders at the time of issuance.

Q. Do Ideation stockholders have appraisal rights under Delaware law or dissenters rights under Arizona law?

A. The Ideation stockholders do not have appraisal rights under Delaware corporate law or dissenters rights under Arizona corporate law.

Q. What will happen to the funds deposited in the trust account after the business combination is completed?

A. Ideation stockholders exercising conversion rights will receive their *pro rata* portion of the trust account. The balance of the funds available in the trust account will be released from the trust account to ID Cayman and will be used for payments to be made in connection with any forward contracts entered into by Ideation in connection with the business combination, as well as for potential acquisitions and for operating capital after the closing of the business combination.

Q. Since Ideation's IPO prospectus contained information that is different from the information described in this proxy statement/prospectus and matters to be proposed at the special meeting, what are my legal rights?

A. Ideation's Amended and Restated Certificate of Incorporation and IPO prospectus stated that only those holders of IPO Shares who vote against the business combination will have the right to convert their IPO Shares into cash if the business combination is approved and completed. Furthermore, Ideation's IPO prospectus stated that specific provisions in its Amended and Restated Certificate of Incorporation, including provisions of Article Sixth setting forth your conversion rights, would not be amended prior to the consummation of an initial business combination without the affirmative vote of 95% of the outstanding shares of common stock of the company. The IPO prospectus further stated that while the validity under Delaware law of a 95% supermajority provision restricting the ability to amend the charter has not been settled, Ideation would not take any actions to waive or amend any of those provisions.

Ideation is now taking action to amend Section D of Article Sixth of the Amended and Restated Certificate of Incorporation and extend conversion rights upon completion of the business combination to holders of IPO Shares who vote either for or against the business combination. Accordingly, each purchaser of IPO Shares or warrants issued in the IPO could assert federal or state securities law claims against Ideation for rescission, if such purchaser still holds the securities, or damages, if such purchaser no longer holds the securities. In a rescission claim, a successful claimant has the right to receive the total amount paid for the securities purchased pursuant to an allegedly deficient prospectus, plus interest

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and less any income earned on the securities, in exchange for surrender of the securities. In a claim for damages, a successful claimant may be awarded compensation for loss on an investment caused by an alleged material misrepresentation or omission in the sale of a security, including, possibly, punitive damages, together with interest.

Q. When do you expect the business combination to be completed?

A. It is anticipated that the business combination will be completed as soon as practicable following the Ideation special meeting on October 27, 2009.

Q. If I am not going to attend the special meeting in person, should I return my proxy card instead?

A. Yes. After carefully reading and considering the information in this proxy statement/prospectus, please fill out and sign your proxy card. Then return it in the return envelope as soon as possible, so that your shares may be represented at the special meeting. A properly executed proxy will be counted for the purpose of determining the existence of a quorum.

Q. How do I change my vote?

A. You must send a later-dated, signed proxy card to Ideation's secretary prior to the date of the special meeting or attend the special meeting in person and vote. If your shares are held in an account with a brokerage firm or bank, you can vote in person at the meeting only by obtaining a proxy from your brokerage firm or bank.

Q. If my shares are held in street name, will my broker automatically vote them for me?

A. No. Your broker can vote your shares only if you provide instructions on how to vote. You should instruct your broker to vote your shares. Your broker can tell you how to provide these instructions.

Q. Do I need to turn in my old certificates?

A. If you do not elect to convert your shares to cash, and the business combination is approved, you do not need to exchange your Ideation stock certificates for ID Cayman certificates. Your current certificates will be deemed to represent your rights in ID Cayman. Following the consummation of the business combination, you may exchange them by contacting the transfer agent, Continental Stock Transfer & Trust Company, Reorganization Department, and following their requirements for reissuance. If you elect conversion, you will need to deliver your old certificates, either physically or electronically, to Continental Stock Transfer & Trust Company, before the special meeting.

Q. Who can help answer my questions?

A. If you have questions, you may contact Morrow & Co., LLC, Ideation's proxy solicitor, at:

470 West Avenue
Stamford, Connecticut 06902
Telephone: (800) 662-5200

If you intend to convert your IPO Shares to cash, you or your broker or bank will need to deliver your IPO Shares, either physically or electronically, to Ideation's transfer agent before the special meeting. If you have questions regarding delivery of your IPO Shares, please contact:

Mr. Mark Zimkind
Continental Stock Transfer & Trust Company
17 Battery Place
New York, New York 10004
Tel: (212) 845-3287
Fax: (212) 616-7616

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and does not contain all of the information that is important to you. To better understand the redomestication and business combination, you should carefully read this entire document and the other documents to which this proxy statement/prospectus refers you, including the share exchange agreement attached as Annex A to this proxy statement/prospectus. The share exchange agreement is the legal document that governs the redomestication and the business combination and the other transactions that will be undertaken in connection with the redomestication and the business combination. The share exchange agreement is also described in detail elsewhere in this proxy statement/prospectus.

The Parties

Ideation Acquisition Corp.

Ideation Acquisition Corp. is a blank check company organized under the laws of the State of Delaware on June 1, 2007. Ideation was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses. On November 26, 2007, it consummated an IPO of its equity securities, from which it derived net proceeds of approximately \$74.5 million. The entirety of the funds raised in the IPO plus amounts raised in a private placement completed immediately prior to the IPO, or approximately \$78.8 million, were placed in a trust account. Such funds and a portion of the interest earned thereon will be released upon consummation of the business combination and used to pay any amounts payable to Ideation stockholders who exercise their conversion rights. The remaining proceeds will be used for payments to be made in connection with forward contracts, acquisitions and operating capital subsequent to the closing of the business combination. Other than its IPO and the pursuit of a business combination, Ideation has not engaged in any business to date.

If Ideation does not complete the business combination on or before November 19, 2009, Ideation will dissolve and promptly distribute to the holders of IPO Shares the amount in its trust account, less interest previously paid to Ideation, and will distribute to the holders of IPO Shares any remaining net assets after payment of its liabilities from non-trust account funds.

ID Arizona

ID Arizona is an Arizona corporation. It has transacted no business to date except in connection with the redomestication and related transactions. All ID Arizona shares are currently held by Ideation.

SearchMedia Holdings Limited

SearchMedia Holdings Limited, or ID Cayman, will be a Cayman Islands exempted company. In the redomestication, ID Arizona will be converted into and continue its existence as ID Cayman. After the redomestication, you will be a shareholder of ID Cayman.

The mailing address of the principal executive offices for Ideation and ID Arizona is Ideation Acquisition Corp., 1105 N. Market Street, Suite 1300, Wilmington, Delaware 19801, and its telephone number is (310) 694-8150.

SearchMedia International Limited

SearchMedia International Limited, or SM Cayman, is an exempted holding company formed with limited liability under the laws of the Cayman Islands in February 2007. SM Cayman conducts its operations through its direct and indirect subsidiaries, including Jieli Investment Management Consulting (Shanghai) Co., Ltd., or Jieli Consulting, a limited liability company incorporated under the laws of China in June 2007, and its consolidated variable interest entities in China. For a description of the agreements between SM Cayman and its variable interest entities, please refer to SearchMedia Related Party Transactions Contractual Agreements with Jingli Shanghai and its Shareholders.

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SearchMedia is a leading nationwide multi-platform media company and one of the largest operators of integrated outdoor billboard and in-elevator advertising networks in China. It ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities, according to Nielsen Media Research, an independent research company, in its July 2008 report commissioned by SearchMedia, or the Nielsen Report. SearchMedia's core outdoor billboard and in-elevator platforms are complemented by its subway advertising platform, which together enable it to provide multi-platform, one-stop shop services for its local, national and international advertising clients that numbered more than 780 cumulatively from its inception to July 31, 2009.

Targeting the rapidly growing number of urban and increasingly affluent Chinese consumers, SearchMedia deploys its advertising network across the following select media platforms:

Outdoor billboard platform. SearchMedia operates a network of over 1,500 high-impact billboards with over 500,000 square feet of surface display area in 15 cities, including Beijing, Hong Kong, Qingdao, Shanghai, Shenyang, Shenzhen, Guangzhou, Chongqing and Chengdu. Its billboards are mostly large format billboards deployed in commercial centers and other desirable areas with heavy vehicle and/or foot traffic. SearchMedia has demonstrated its ability to acquire high-profile billboard contracts with its success in 2007 in securing the billboard advertising rights at the Bund, a landmark destination in Shanghai.

In-elevator platform. SearchMedia's network of over 175,000 printed and digital poster frames delivers targeted advertising messages inside elevators to captive audiences in high-rise residential and office buildings in 57 major cities in China. The in-elevator platform targets the affluent urban population that is highly desired by advertisers and is characterized by its low cost structure and minimal capital requirements. According to the Nielsen Report, SearchMedia ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities. These 26 cities were among China's most affluent measured by urban disposable income per capita and GDP per capita in 2007, and together accounted for 65% of all advertising expenditures on traditional media, including TV, newspaper and magazines in China in 2007.

Subway advertising platform. SearchMedia operates a network of large-format light boxes in concourses of eight major subway lines in Shanghai. According to the Metro Authority of Shanghai, in 2008, these subway lines carried an aggregate average daily traffic of approximately three million commuters.

SearchMedia's principal executive offices are located at 4B, Ying Long Building, 1358 Yan An Road West, Shanghai 200052, People's Republic of China, and its telephone number is (86-21) 5169 0552.

The Business Combination

The share exchange agreement provides for a business combination transaction by means of a share exchange with the shareholders of SM Cayman, which would result in SM Cayman becoming a wholly owned subsidiary of ID Cayman. This will be accomplished through an exchange of all the ordinary shares, options, warrants, and restricted share awards of SM Cayman for ordinary shares, options, warrants, and restricted share awards of ID Cayman. Ideation and SearchMedia plan to complete the business combination promptly after the Ideation special meeting, provided that:

Ideation stockholders have approved each of the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, and the Share Incentive Plan Proposal in accordance with the voting standard or voting standards applicable to the proposal, as described below; and

the other conditions specified in the share exchange agreement have been satisfied or waived.

Table of Contents**Acquisition Consideration**

The holders of the outstanding ordinary and preferred shares of SM Cayman immediately before the business combination will receive from ID Cayman 6,662,727 ordinary shares of ID Cayman. Certain holders of SM Cayman promissory notes will receive 1,712,874 ordinary shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman. The holders of the outstanding warrants of SM Cayman immediately before the business combination will receive from ID Cayman warrants to purchase 1,519,186 ordinary shares of ID Cayman. Each restricted share award of SM Cayman that has not fully vested before the business combination will be assumed by ID Cayman and converted into a restricted share award of ID Cayman. The holder of each such award will be entitled to receive a number of ID Cayman shares equal to (i) the number of ordinary shares of SM Cayman that were subject to the award before the business combination multiplied by (ii) 0.0675374, rounded down to the nearest whole number of shares. The holders of any ID Cayman shares delivered upon the vesting of an ID Cayman restricted share award before the one year anniversary of the closing of the business combination shall be subject to lock-up restrictions until such anniversary. Each option of SM Cayman that has not been exercised before the business combination will be assumed by ID Cayman and converted into an option to purchase ordinary shares of ID Cayman. Each such option of ID Cayman will be exercisable for a number of ID Cayman ordinary shares equal to (i) the number of ordinary shares of SM Cayman that were subject to the option before the business combination multiplied by (ii) 0.0675374, rounded down to the nearest whole number of shares. The per share exercise price of each such option of ID Cayman will be (i) the original per share exercise price of the option of SM Cayman divided by (ii) 0.0675374, rounded up to the nearest whole cent. The holders of any ID Cayman shares delivered upon the exercise of an ID Cayman option before the one year anniversary of the closing of the business combination shall be subject to lock-up restrictions until such anniversary.

ID Cayman has also agreed to issue to the holders of the outstanding ordinary shares, Series A, Series B and Series C preferred shares and warrants of SM Cayman up to 10,150,352 additional ID Cayman ordinary shares, which we refer to as the earn-out shares, pursuant to an earn-out provision in the share exchange agreement based on the adjusted net income of the combined company for the fiscal year ending December 31, 2009. Holders of any other outstanding preferred shares (if any), share options, or restricted share awards of SM Cayman will not be entitled to receive any of the 10,150,352 earn-out shares, even if these securities are converted into (in the case of preferred shares) or exercised for (in the case of options), ordinary shares of SM Cayman, or vest (in the case of restricted share awards), before the business combination.

The term *adjusted net income* means consolidated net income, as determined in accordance with generally accepted accounting principles of the United States consistently applied, excluding:

expenses arising from or in connection with dividends or deemed dividends paid or payable on any preferred shares of SM Cayman and the redemption features of any preferred shares of SM Cayman and other expenses relating to the preferential features of any preferred shares of SM Cayman;

any income or loss from a minority investment in any other entity by any of the SM entities and each of their subsidiaries, or the SM Cayman group companies;

any expenses arising from or in connection with the issue of any preferred shares of SM Cayman;

any compensation charges attributable to the repurchase by SM Cayman of an aggregate of 3,000,000 ordinary and preferred shares of SM Cayman and the grants by SM Cayman of awards to employees of SM Cayman and its subsidiaries of options exercisable for an aggregate of 3,000,000 ordinary shares of SM Cayman;

non-cash financial expenses arising from the issuance of any equity securities (as defined in the Memorandum and Articles of Association of SM Cayman);

non-recurring extraordinary items (including, without limitation, any accounting charges, costs or expenses arising from or in connection with the transactions contemplated by the share exchange agreement);

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any costs, expenses or other items relating or attributable to that certain Convertible Note and Warrant Agreement dated as of March 17, 2008 among SM Cayman, Linden Ventures and the other parties thereto, as amended on September 15, 2008, December 18, 2008, March 12, 2009, and August 21, 2009, (including the issuance of the Linden Note (as defined in the agreement) as amended on September 15, 2008, December 18, 2008, March 12, 2009, and August 21, 2009);

all revenues, expenses and other items (including acquisition-related charges) relating or attributable to the acquisition of a majority of the outstanding equity interests of, or all or substantially all of the assets of, any other entity or business by ID Cayman or any of the SM Cayman group companies following the closing of the business combination (not including the leasing or subleasing of a billboard, elevator frame unit or other media asset or advertising right);

the effect of any change in accounting principles; or

any accounting charges, costs or expenses incurred by ID Cayman or SM Cayman arising from or in connection with the issuance and delivery of any earn-out shares.

For reference purposes, the adjusted net income of SearchMedia for 2008 based on the foregoing formula was \$18.5 million.

The 10,150,352 earn-out shares will be issued to the holders of ordinary shares, Series A, Series B and Series C preferred shares and warrants of SM Cayman as follows:

If ID Cayman's adjusted net income for the fiscal year ending December 31, 2009 is equal to or greater than \$25.7 million, ID Cayman will issue an aggregate number of earn-out shares calculated in accordance with the formula below. If ID Cayman's adjusted net income for the fiscal year ending December 31, 2009 is equal to or greater than \$38.4 million, adjusted net income shall be deemed to be equal to \$38.4 million for purposes of the formula.

$$\text{Earn-out Shares Issued} = \frac{(\text{2009 adjusted net income} - \$25.7 \text{ million})}{\$12.7 \text{ million}} \times 10,150,352 \text{ shares}$$

If on or prior to April 15, 2010 a bona fide definitive agreement is executed and the subsequent consummation of the transactions contemplated by such agreement results in a change of control of ID Cayman, then, regardless of whether the targeted net income threshold has been met, ID Cayman shall issue and deliver all of the earn-out shares to the holders of ordinary shares, Series A, Series B and Series C preferred shares and warrants of SM Cayman, if the change of control is approved by a majority of the independent directors then on the board of directors of ID Cayman or if the acquisition consideration delivered to the shareholders of ID Cayman in the change of control has a value (as determined in good faith by a majority of the independent directors then on the board of directors of ID Cayman) that is equal to at least \$11.82 per share on a fully diluted basis (as equitably adjusted for any stock split, combinations, stock dividends, recapitalizations or similar events). Such earn-out share payments shall be issued and delivered promptly after the occurrence of such change of control.

Based on the trading price of Ideation common stock at September 21, 2009, and using the treasury method of valuation for the warrants, options, and restricted share awards to be issued, the aggregate value of the securities to be issued as consideration at the closing of the business combination (inclusive of the maximum number of earn-out shares to be issued) will be \$157.0 million.

Satisfaction of the 80% Test

The Ideation board of directors has determined that the fair market value of SearchMedia is at least 80% of Ideation's net assets. The Ideation board of directors derived a minimum equity valuation of \$176.7 million for SearchMedia based upon a comparative price analysis of the price earnings ratio for companies similar to SearchMedia and the anticipated price earnings ratio of SearchMedia. The board of directors came to the determination that, since the fair market value of SearchMedia is at least equal to 80% of Ideation's net assets before taking into account the earn-out payments, the earn-out thresholds, if achieved, would only represent an increase in the value of SearchMedia, which would therefore further exceed the 80% threshold. See the section

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titled **The Business Combination Proposal** **Satisfaction of the 80% Test** for more information on the analysis conducted by Ideation's management.

Conversion Rights

If the business combination is approved and completed, any stockholder holding IPO Shares who properly demands conversion of those shares will be entitled to convert those shares to cash, whether such stockholder voted for or against the Business Combination Proposal. Stockholders who properly demand conversion of their IPO Shares will receive \$7.8815 per share, which represents the trust conversion value at June 30, 2009.

To properly demand conversion of your IPO Shares, you must:

- (1) vote those shares, in person or by proxy, either **FOR** or **AGAINST** the business combination;
- (2) affirmatively request conversion of those shares by marking the appropriate box on your proxy card, voting instruction form, or ballot; and
- (3) deliver, or instruct your bank or broker to deliver, your IPO Shares to Ideation's transfer agent before the special meeting.

Stockholders holding IPO Shares who abstain or do not vote their IPO Shares on the business combination will forfeit their right to convert those shares if the business combination is approved. Both of the Charter Amendment Proposal and the Redomestication Proposal must be approved in order to complete the business combination and, as such, the vote to approve the business combination will not occur unless both the Charter Amendment Proposal and the Redomestication Proposal are approved.

If the business combination is not approved and completed, then no conversion rights will be available at this time. Ideation's Amended and Restated Certificate of Incorporation provides that if a business combination is not completed by November 19, 2009, Ideation will be liquidated. If Ideation liquidates on November 19, 2009, holders of IPO Shares will receive \$7.8815 per share, which represents the trust liquidation value at June 30, 2009.

Management of ID Cayman; Voting Agreement

Upon the consummation of the business combination, the initial ID Cayman board of directors will consist of eight directors, four of which the SearchMedia shareholders' representatives will designate and four of which the Ideation representative will designate. Of the four directors designated by each of SearchMedia and Ideation (i) at least two directors designated by the Ideation representative and three directors designated by the SearchMedia shareholders' representatives shall be independent directors as defined in the rules and regulations of the NYSE Amex, and (ii) at least one of the Ideation directors and three of the SearchMedia directors shall be non-U.S. citizens. Upon the consummation of the business combination, ID Cayman's directors are expected to be Ms. Qinying Liu, Mr. Earl Yen, Mr. Jianzhong Qu, Mr. Larry Lu, Mr. Robert Fried, Mr. Steven D. Rubin, Mr. Glenn Halpryn, and Mr. Chi-Chuan Chen. Messrs. Yen, Qu, Lu, Halpryn, and Chen are expected to be independent directors.

At the closing of the business combination, CSV, Qinying Liu, Le Yang, Vervain Equity Investment Limited, Sun Hing Associates Limited, and Linden Ventures, each a SearchMedia shareholder, and Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, Steven Rubin and Jane Hsiao and ID Cayman will enter into a voting agreement. The voting agreement provides, among other things, that, for a period commencing on the closing of the business combination and ending on the third anniversary of the date of such closing, each party to the voting agreement will agree to vote in favor of the director nominees nominated by the Ideation representative and the SM Cayman

shareholders' representatives as provided in the share exchange agreement. The voting agreement is attached as Annex F hereto. We encourage you to read the voting agreement in its entirety.

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After the consummation of the business combination, the executive officers of ID Cayman will be:

Garbo Lee, President;
Jennifer Huang, Chief Operating Officer; and
Andrew Gormley, Executive Vice President.

See the section titled **Directors and Executive Officers** for biographical information about ID Cayman's directors and executive officers after the consummation of the business combination.

Lock-Up Agreements

At the closing, the SM Cayman shareholders and warrant holders, and the ID Cayman directors designated by the SM Cayman shareholders' representatives will enter into lock-up agreements providing that they may not sell or otherwise transfer any shares of ID Cayman or any other securities convertible into or exercisable or exchangeable for shares of ID Cayman that are beneficially owned and/or acquired by them (or underlying any security acquired by them) in connection with the business combination, subject to certain exceptions. In the case of SM Cayman's management shareholders and warrant holders and the ID Cayman directors designated by the SM Cayman shareholders' representatives, as well as SM Cayman optionees who exercise their options or restricted share award holders whose shares vest during the one year after closing, the lock-up period will be 12 months after the closing date with respect to the shares or other securities received in connection with the business combination or underlying securities received in connection with the business combination, provided, that with respect to Le Yang and Qinying Liu, the lock-up period shall apply from 12 months after the closing of the share exchange agreement with respect to ten percent (10%) of such securities, 18 months after the closing of the share exchange agreement with respect to fifteen percent (15%) of such securities, and 24 months after the closing of the share exchange agreement with respect to the remaining seventy-five percent (75%) of such securities. In the case of SM Cayman's non-management shareholders, the lock-up period will be six months from the closing date with respect to 25% of such securities and 12 months from the closing date with respect to the remaining 75% of such securities; provided that with respect to shares or other securities acquired (or underlying securities acquired) by CSV in exchange for SM Cayman warrants, SM Cayman preferred shares or other SM Cayman securities exercisable for, or convertible into, SM Cayman ordinary shares, CSV will be subject to the same lock-up period as the other non-management shareholders, and with respect to shares acquired by CSV in exchange for SM Cayman ordinary shares held by it immediately prior to the closing of the business combination, the lock-up period shall apply until twelve months from the closing date with respect to 10% of such shares, eighteen months from the closing date with respect to 15% of such shares and twenty-four months from the closing date with respect to the remaining 75% of such shares. In addition, 1,268,795 ordinary shares and 396,826 warrants of ID Cayman (and shares underlying such warrants) issuable to Linden Ventures as a warrant holder and upon conversion of the Linden Note pursuant to the share exchange agreement will be subject to lock-up for six months.

The forms of lock-up are discussed in more detail in the section titled **Certain Agreements Relating to the Business Combination** **Lock-Up Agreements**.

Registration Rights Agreement

At the closing of the business combination, ID Cayman and certain of the SM Cayman shareholders and warrant holders will enter into a registration rights agreement pursuant to which such SM Cayman shareholders and warrant holders will be entitled to registration rights for any ID Cayman ordinary shares received by them in connection with the business combination (including any ordinary shares issued to them upon exercise of warrants of ID Cayman, or conversion of preferred shares of ID Cayman received in connection with the business combination). Holders of the registration rights will be entitled to deliver a demand or "piggyback" notice to ID Cayman under the

registration rights agreement to register certain of their shares prior to the expiration of the applicable lock-up periods, but, in general, they may not offer for sale, sell or otherwise dispose of such shares before the expiration of such lock-up periods, except in an underwritten secondary offering. Pursuant to the registration rights agreement, SM Cayman shareholders and warrant holders holding at least 50% of the registrable securities then outstanding are entitled to demand that ID Cayman register the

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ordinary shares held by the SM Cayman shareholders who have registration rights. In addition, the SM Cayman shareholders and warrant holders who enter into the registration rights agreement will have piggy-back registration rights on registration statements filed subsequent to the date of the business combination. ID Cayman will bear the expenses incurred in connection with the filing of any such registration statements.

Actions That May Be Taken to Secure Approval of Ideation Stockholders

After April 1, 2009, Ideation may seek to purchase, or enter into contracts to purchase, shares of Ideation common stock either in the open market or in privately negotiated transactions. Any such purchases and contracts would be effected pursuant to a 10b(5)-1 plan or at a time when Ideation, its initial stockholders or their affiliates are not aware of material nonpublic information regarding Ideation or its securities. Such purchases could involve the incurrence of indebtedness by Ideation, payment of significant fees or interest payments or the issuance of additional Ideation securities. Any purchases other than ordinary course purchases shall require the prior approval of the SM Cayman shareholders' representatives, any such approval not to be unreasonably withheld or delayed. If such approval is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases (discussed below) will terminate. An ordinary course purchase is a forward purchase between Ideation and a non-affiliate Ideation stockholder in which Ideation will purchase some or all of such stockholders' shares of Ideation after closing, which contracts are not binding on SM Cayman or its assets. A condition to the closing of such contracts will be that all shares purchased would be voted in favor of the business combination. These purchases or arrangements could result in an expenditure of a substantial amount of funds in the trust account.

Commencing on April 1, 2009 and continuing until no later than 4:30 p.m. Eastern standard time on the day that is two business days before the special meeting of Ideation stockholders, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in an amount equal to the Sponsor Purchase Commitment Amount. Such purchases will be conducted in compliance with the Securities Act, the Exchange Act and any other applicable law.

The aggregate amount of shares purchased pursuant to these arrangements and the total number of IPO Shares held by The Frost Group, LLC, through itself, its affiliates or others will be disclosed to Ideation stockholders in a Current Report on Form 8-K as soon as practicable before the open of trading on the NYSE Amex on the day that is one business day before the special meeting of Ideation stockholders. We acknowledge that the timing of this disclosure limits the amount of time Ideation stockholders will have to consider the impact of these purchases before such stockholders submit a proxy, revoke a previously submitted proxy or otherwise vote on the proposals to be considered at the special meeting.

The purpose of such purchases or arrangements would be to increase the likelihood of satisfaction of the requirements that the holders of a majority of the IPO Shares present in person or represented by proxy and entitled to vote on a business combination vote in its favor and that holders of fewer than 30% of the IPO Shares both vote against a business combination and demand conversion of their IPO Shares into cash, where it appears that such requirements would otherwise not be met. If the business combination transaction is not closed despite such purchases, the purchasers would be entitled to participate in liquidating distributions from Ideation's trust fund with respect to such shares.

Purchases pursuant to such arrangements by Ideation may ultimately be paid for with funds in its trust account, which could greatly diminish the funds released to Ideation from the trust account upon closing of the business combination, and would decrease the amount available to Ideation under the trust account for working capital and general corporate purposes. Nevertheless, in all events Ideation believes there will be sufficient funds available to it from the trust account to pay the holders of all IPO Shares that are properly converted and Ideation will reserve funds for such

purpose.

Any share purchase by Ideation from existing Ideation stockholders would increase the post-transaction percentage of ID Cayman interests held by the current shareholders of SM Cayman. Any sponsor purchase of Ideation shares in the open market would have no impact on the post-transaction ownership of ID Cayman by

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current SM Cayman shareholders. Any sponsor purchase from Ideation would decrease the post-transaction percentage of ID Cayman interests held by the current shareholders of SM Cayman.

ID Cayman New Warrants

In consideration of the Sponsor Purchase Commitment Amount and the commitment of the Converting Noteholders, The Frost Group, LLC and its affiliates and the Converting Noteholders shall, immediately prior to closing of the business combination, be issued a warrant to purchase 0.25 of an ID Cayman share for each share purchased in satisfaction of the Sponsor Purchase Commitment Amount or acquired upon conversion of such notes. The exercise price per whole ID Cayman Share underlying such warrants shall be \$7.8815, and the aggregate number of shares underlying such warrants shall be rounded up to the nearest whole share.

Post-Closing Financing

Ideation has entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date of such letter agreement.

Rescission Rights

Ideation's Amended and Restated Certificate of Incorporation and IPO prospectus stated that only those holders of IPO Shares who vote against the business combination will have the right to convert their IPO Shares into cash if the business combination is approved and completed. Furthermore, Ideation's IPO prospectus stated that specific provisions in its Amended and Restated Certificate of Incorporation, including provisions of Article Sixth setting forth conversion rights, would not be amended prior to the consummation of an initial business combination without the affirmative vote of 95% of the outstanding shares of common stock of the company. The IPO prospectus further stated that while the validity under Delaware law of a 95% supermajority provision restricting the ability to amend the charter has not been settled, Ideation would not take any actions to waive or amend any of those provisions.

Ideation is now taking action to amend Section D of Article Sixth of the Amended and Restated Certificate of Incorporation and extend conversion rights upon completion of the business combination to holders of IPO Shares who vote either for or against the business combination. Accordingly, each purchaser of IPO Shares or warrants issued in the IPO could assert federal or state securities law claims against Ideation for rescission, if such purchaser still holds the securities, or damages, if such purchaser no longer holds the securities. In a rescission claim, a successful claimant has the right to receive the total amount paid for the securities purchased pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities. In a

claim for damages, a successful claimant may be awarded compensation for loss on an investment caused by an alleged material misrepresentation or omission in the sale of a security, including, possibly, punitive damages, together with interest.

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Date, Time and Place of Special Meeting of Ideation Stockholders

The special meeting of the Ideation stockholders will be held at the offices of Akerman Senterfitt, One Southeast 3rd Avenue, Miami, Florida 33131 at 8:30 am Eastern time, on October 27, 2009, to consider and vote upon the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal and the Adjournment Proposal.

Voting Power; Record Date

You will be entitled to vote or direct votes to be cast at the special meeting if you owned shares of Ideation common stock at the close of business on October 2, 2009, the record date for the special meeting. You will have one vote for each share of Ideation common stock you owned at the close of business on the record date. Ideation warrants do not have voting rights. On the record date, there were 12,500,000 shares of Ideation common stock outstanding.

Approval of the SearchMedia Shareholders

The transactions contemplated in the share exchange agreement have been approved by or on behalf of all of the SearchMedia shareholders. Accordingly, no further action by the SearchMedia shareholders is needed to approve the business combination.

Quorum and Vote Required to Approve the Proposals by the Ideation Stockholders

A quorum of Ideation stockholders is necessary to hold a valid meeting. A quorum will be present at the Ideation special meeting if a majority of the outstanding shares entitled to vote at the meeting are represented in person or by proxy. Abstentions and broker non-votes will count as present for the purposes of establishing a quorum.

The approval of the Charter Amendment Proposal, Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, and the Share Incentive Plan Proposal will require the affirmative vote of the holders of a majority of the outstanding shares of Ideation common stock on the record date.

Pursuant to Ideation's Amended and Restated Certificate of Incorporation and the rules of the NYSE Amex, the business combination will be completed only if (1) it is approved by a majority of the IPO Shares voted at a duly held stockholders meeting in person or by proxy, (2) it is approved by a majority of the votes cast on the proposal, and (3) fewer than 30% of stockholders owning IPO Shares both (a) vote against the business combination and (b) exercise their conversion rights to have their shares of common stock converted to cash.

The approval of the Adjournment Proposal will require the affirmative vote of holders of a majority of the voting power of Ideation's common stock, represented in person or by proxy at the meeting.

Abstentions will have the same effect as a vote against the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal and the Adjournment Proposal, but will have no effect on the Business Combination Proposal. Broker non-votes, while considered present for the purposes of establishing a quorum, will have the effect of votes against the Charter Amendment Proposal, the

Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share Incentive Plan Proposal but will have no effect on the Business Combination Proposal or the Adjournment Proposal. Because NYSE Amex rules provide that only votes cast at the meeting will count toward the vote on the Business Combination Proposal, abstentions and broker non-votes will have no effect on the Business Combination.

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Relationship of Proposals

The Business Combination Proposal will be submitted to the vote of Ideation stockholders only if both the Charter Amendment Proposal and the Redomestication Proposal are approved. If approved, the business combination will not be completed unless each of the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, and the Corporate Existence Proposal are approved. The redomestication will not be completed unless the Business Combination Proposal is approved.

Proxies

Proxies may be solicited by mail, telephone or in person. If you grant a proxy, you may revoke your proxy before it is exercised at the special meeting by sending a notice of revocation to the secretary of Ideation, submitting a later-dated proxy, or voting in person at the special meeting.

Stock Ownership

On the record date, directors and executive officers of Ideation and its affiliates beneficially owned and were entitled to vote shares of Ideation common stock, representing approximately % of Ideation's issued and outstanding common stock.

Interests of Ideation Officers and Directors in the Business Combination

When you consider the unanimous recommendation of the Ideation board of directors in favor of adoption of the Charter Amendment Proposal, Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share Incentive Plan Proposal, you should note that Ideation's officers and directors have interests in the transaction that are different from, or in addition to, your interests as a stockholder. These interests include, among other things:

If the business combination is not approved and Ideation is unable to complete another business combination by November 19, 2009, Ideation will be required to liquidate. In such event, the 2,500,000 shares of common stock held by Ideation officers, directors and affiliates, which were acquired prior to the IPO for an aggregate purchase price of \$25,000, will be worthless, as will the 2,400,000 warrants that were acquired simultaneously with the IPO for an aggregate purchase price of \$2,400,000. The Ideation officers, directors and holders of initial shares currently hold 3,277,900 shares of the common stock and 3,691,200 of the warrants. Such common stock and warrants had an aggregate market value of \$ based on the last sale price of \$ and \$, respectively, on the NYSE Amex on October 2, 2009, the record date.

In connection with the IPO, Ideation's current officers and directors agreed to indemnify Ideation for debts and obligations to vendors owed by Ideation, but only to the extent necessary to ensure that certain liabilities do not reduce funds in the trust account. If the business combination is consummated, Ideation's officers and directors will not have to perform such obligations. Ideation does not have sufficient funds outside of the trust account to pay these obligations. Therefore, if the business combination is not consummated and vendors that have not signed waivers sue the trust account and win their cases, the trust account could be reduced by the amount of the claims and Ideation's officers and directors would be required to fulfill their indemnification obligations.

Warrants to purchase Ideation common stock held by Ideation's officers and directors are exercisable upon consummation of the business combination. Based upon the closing price of Ideation's common stock on October 2, 2009, the record date, of \$, if all warrants held by Ideation's officers and directors were exercised for common stock the value of such shares of common stock would be approximately \$.

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All rights specified in Ideation's Amended and Restated Certificate of Incorporation relating to the right of officers and directors to be indemnified by Ideation, and of Ideation's officers and directors to be exculpated from monetary liability with respect to prior acts or omissions, will continue after the business combination. If the business combination is not approved and Ideation liquidates, Ideation will not be able to perform its obligations to its officers and directors under those provisions.

In consideration of the Sponsor Purchase Commitment Amount, The Frost Group, LLC and its affiliates and other non-affiliates will receive a warrant to purchase 0.25 of an ordinary share of ID Cayman for each ordinary share it acquired, or will acquire, in connection with the satisfaction of the Sponsor Purchase Commitment Amount and upon the Converting Noteholders' conversion of their notes into ordinary shares of ID Cayman. Accordingly, the interests of The Frost Group, LLC and its affiliates may be different from those of stockholders who will not receive such warrants.

On March 18 and March 19, 2009, SearchMedia received interim financing of \$1.75 million from Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, and others, and interim financing of \$1.75 million from CSV and members of SearchMedia's management team. This financing was requested by SearchMedia in order to fund working capital until the closing of the transactions contemplated by the share exchange agreement. The affiliates of Ideation set forth above participated in such financing in order to demonstrate support for the transactions contemplated by the share exchange agreement. Each interim note accrues interest at a rate of 12% per annum, which rate will increase to 20% per annum after the maturity date of such note. Each note will mature upon the earliest of: (i) the closing of a Series D financing by SM Cayman, (ii) the closing of the transactions contemplated by the share exchange agreement, and (iii) the termination of the share exchange agreement. At the closing of the business combination, the principal amount outstanding under such notes will be converted into (1) a number of ordinary shares of ID Cayman calculated by dividing such outstanding principal amounts by \$7.8815, rounding up to the nearest whole share, and (2) a number of warrants to purchase 0.25 of an ordinary share of ID Cayman, at an exercise price per such ordinary share of \$7.8815, equal to such number of ID Cayman ordinary shares.

Ideation has entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date of such letter agreement.

Interests of SearchMedia Officers and Directors in the Business Combination

When you consider the Charter Amendment Proposal, Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share Incentive Plan Proposal, you should note that SearchMedia's executive officers and directors, some of whom will become executive officers and directors of ID Cayman following consummation of the business combination, have interests in the transaction that are different from, or in addition to, your interests as a stockholder. These interests include, among other things:

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Upon the closing of the business combination, affiliates or immediate relatives of certain directors and officers of SearchMedia are expected to, in aggregate: (1) beneficially own 1,351,445 ordinary shares of ID Cayman; (2) hold warrants to purchase 855,739 ordinary shares of ID Cayman; (3) hold certain promissory notes the principal amount of which will be converted to (i) 190,320 ordinary shares of ID Cayman and (ii) 190,320 warrants of ID Cayman (each of such warrants to purchase 0.25 of an ordinary share of ID Cayman at an exercise price per ordinary share of \$7.8815 rounding up to the nearest whole share); and (4) an option to purchase 40,522 ordinary shares of ID Cayman. Certain such persons are also expected to be subject to a 12-or 24-month lock-up agreement as described in Lock-Up Agreements. Such persons are expected to beneficially own up to 2,738,196 additional ID Cayman ordinary shares pursuant to an earn-out provision in the share exchange agreement based on the adjusted net income of the combined company for the fiscal years ending December 31, 2009. See Acquisition Consideration. ID Cayman and the SearchMedia shareholders will also enter into a registration rights agreement for their ID Cayman ordinary shares to be received in connection with the business combination. See Certain Agreements Relating to the Business Combination Registration Rights Agreements.

Some of the Converting Noteholders who have entered into the letter agreement with Ideation are officers or directors of SearchMedia. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), these parties will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of conversion of their interim note up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share.

Ms. Qinying Liu and Ms. Le Yang have agreed to repay an aggregate of RMB 4,289,889 owed by them to SM Cayman prior to the closing of the business combination. They may do so in cash or by surrendering a number of ordinary shares of SM Cayman owned by them prior to closing equal in value to such amount.

Conditions to the Closing of the Share Exchange Agreement

Consummation of the share exchange agreement and the related transactions is conditioned on (i) the Ideation board not having withdrawn its approval of the terms and conditions of the business combination; (ii) the Ideation common stockholders approving the redomestication; (iii) the Ideation common stockholders approving the charter amendment; and (iv) the business combination being (1) approved by a majority of the IPO Shares, voted at a duly held stockholders meeting in person or by proxy, (2) approved by a majority of the votes cast on the proposal, and (3) fewer than 30% of the stockholders owning IPO Shares both (a) vote against the business combination and (b) exercise their conversion rights to have their shares of common stock converted to cash.

In addition, the consummation of the transactions contemplated by the share exchange agreement is conditioned upon certain closing conditions, including:

the representations and warranties of the Ideation parties on one hand and the SearchMedia parties on the other hand being true and correct as of the closing, except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, has not had or would not reasonably be expected to have a material adverse effect on such parties, and all covenants contained in the share exchange agreement have been materially complied with by such party and the delivery by each party to the other party of a certificate to such effect;

no action, suit or proceeding shall have been instituted before any court or governmental or regulatory body or instituted or threatened by any governmental authorities to restrain, modify or prevent the carrying out of the

transactions contemplated by the share exchange agreement; and

no injunction or other order issued by any governmental authority or court of competent jurisdiction prohibiting the consummation of such transactions.

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SearchMedia Parties Conditions to Closing of the Share Exchange Agreement

The obligations of the SearchMedia parties to consummate the transactions contemplated by the share exchange agreement, in addition to the conditions described above, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to Ideation since September 30, 2008;

the receipt of necessary consents, authorizations and approvals by Ideation stockholders and third parties and the completion of necessary proceedings;

the resignation of those officers and directors who are not continuing as officers and directors of ID Cayman, together with a written release from each such director and officer that such person has no claim for employment or other compensation in any form from Ideation except for any reimbursement of outstanding expenses existing as of the date of such resignation;

SearchMedia shall have received legal opinions customary for transactions of this nature, from counsel to the Ideation parties;

Ideation shall have given instructions to the trustee of the trust account to have the monies in the trust account disbursed immediately upon the closing of the business combination;

Ideation shall have filed all reports and other documents required to be filed by Ideation under the U.S. federal securities laws through the closing date of the share exchange agreement; and

SearchMedia shall have received investor representation letters executed by each affiliate of Ideation who will receive ID Cayman shares at the closing in respect of certain SM Cayman promissory notes or SM Cayman securities held by such affiliate. Those affiliates are Frost Gamma Investments Trust (an affiliate of Dr. Phillip Frost), Robert N. Fried and Rao Uppaluri.

Ideation s Conditions to Closing of the Share Exchange Agreement

The obligations of Ideation to consummate the transactions contemplated by the share exchange agreement, in addition to the conditions described above in the second paragraph of this section, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to SearchMedia since June 30, 2008;

the receipt of necessary consents, authorizations and approvals by Ideation stockholders and third parties and the completion of necessary proceedings;

Ideation shall have received legal opinions, customary for transactions of this nature, from counsel to SearchMedia;

Ideation shall have received investor representation letters executed by the shareholders and warrant holders of SM Cayman and holders of promissory notes, other than affiliates of Ideation;

the conversion of the preferred shares of SM Cayman to ordinary shares of SM Cayman shall have occurred;

each of Qinying Liu, Garbo Lee and Jennifer Huang shall have continued to serve in the same position at SM Cayman or the other SM Cayman group companies as such person was serving as of the date of the share exchange agreement, or in another senior management capacity; and

the delivery of certain financial statements by each of the SM entities and the SM Cayman shareholders which will show that the adjusted net income and EBITDA set forth in the financial statements for the 2008 fiscal year shall not be less than \$15,297,000 and \$30,218,000, respectively, and in the financial statements for the first quarter of 2009 shall not be less than \$5,085,000 and \$9,513,000, respectively.

If permitted under the applicable law, either Ideation or the representatives of the SearchMedia shareholders and, if applicable to matters affecting them, Linden Ventures, may waive any inaccuracies in the

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representations and warranties made to the Ideation parties or the SearchMedia parties and Linden Ventures, as applicable, contained in the share exchange agreement and waive compliance with any agreements or conditions for the benefit of such parties contained in the share exchange agreement. The condition requiring that the holders of less than 30% of the shares of common stock issued in connection with Ideation's IPO affirmatively vote against the Business Combination Proposal and demand conversion of their shares of common stock into cash may not be waived. We cannot assure you that any or all of the conditions will be satisfied or waived.

To the extent a waiver by any party renders the statements in this proxy statement/prospectus materially misleading, Ideation intends to supplement this proxy statement/prospectus and resolicit proxies from its stockholders to the extent required by law.

Exclusivity; No Other Negotiation

The share exchange agreement contains detailed provisions prohibiting each of Ideation, SearchMedia and the SearchMedia shareholders party to the share exchange agreement from seeking an alternative transaction. These covenants generally prohibit Ideation, SearchMedia and the SearchMedia shareholders party to the share exchange agreement, as well as their officers, directors, subsidiaries, employees, agents and representatives, from taking any action to solicit an alternative acquisition proposal.

Termination

The share exchange agreement may be terminated and/or abandoned at any time prior to the closing, whether before or after approval of the proposals being presented to Ideation stockholders, by:

mutual written consent of SM Cayman and Ideation;

either Ideation or the SM Cayman shareholders' representatives, if the closing has not occurred by (a) October 30, 2009, or (b) such other date as may be mutually agreed to;

the SM Cayman shareholders' representatives, if there has been a breach by Ideation of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the satisfaction of the conditions to the obligations of the SearchMedia parties under the share exchange agreement (which is deemed to have occurred if there is a material breach of the sponsor purchase commitment covenants of The Frost Group, LLC or the covenants of Ideation with respect to purchases of, and forward contracts to purchase, shares of Ideation common stock) and the violation or breach has not been waived by such representatives or cured by Ideation within 30 days after written notice from the SM Cayman shareholders' representatives;

Ideation, if there has been a breach by the SearchMedia parties of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the satisfaction of the conditions to the obligations of Ideation under the share exchange agreement and such violation or breach has not been waived by Ideation or cured by the SearchMedia parties within 30 days after written notice from Ideation;

the SM Cayman shareholders' representatives or Ideation, if the Ideation board of directors fails to recommend or withdraws or modifies in a manner adverse to the SearchMedia parties its approval or recommendation of the share exchange agreement and the transactions contemplated under the share exchange agreement;

either Ideation or the SM Cayman shareholders' representatives, if the redomestication and the business combination are not approved by Ideation stockholders or if holders of 30% or more of Ideation's IPO Shares

both vote against the business combination and exercise their right to convert their shares of common stock into cash from the trust account; and

either Ideation or the SM Cayman shareholders' representatives, if a court of competent jurisdiction or other governmental authority has issued a final, non-appealable order or injunction or taken any other action to permanently restrain, enjoin or prohibit the redomestication or the business combination.

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Effect of Termination; Termination Fee

In the event of termination by either Ideation or the SearchMedia shareholders' representatives, except as set forth below, all further obligations of the parties shall terminate, each party shall bear its own costs and expenses and no party shall have any liability in respect of such termination.

If the SM Cayman shareholders' representatives terminate the share exchange agreement due to either: (a) a breach by Ideation of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the satisfaction of the conditions to the obligations of the SearchMedia parties under the share exchange agreement, which violation or breach has not been waived or cured as permitted by the share exchange agreement; or (b) the Ideation board of directors failing to recommend or withdrawing or modifying in a manner adverse to the SearchMedia parties its recommendation or approval of the share exchange agreement and the transactions contemplated under the share exchange agreement, then SearchMedia will be entitled to reimbursement of its costs and expenses up to \$3,000,000 immediately upon termination, however, the SearchMedia parties have waived all claims against Ideation's trust account for the payment of this or any other fees or claims. In addition, if the SM Cayman shareholders' representatives terminate the share exchange agreement due to a material, intentional breach by The Frost Group, LLC of its sponsor purchase commitment covenants, and Ideation enters into an agreement for an alternative transaction within six months of the termination, SM Cayman will be reimbursed for fees and expenses up to \$3,000,000 by The Frost Group, LLC on the date of execution of such definitive agreement, which such amount received from The Frost Group, LLC shall reduce the amount that may be claimed from Ideation on a dollar-for-dollar basis.

If Ideation terminates the share exchange agreement due to a breach by the SearchMedia parties of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the satisfaction of the conditions to the obligations of Ideation under the share exchange agreement, which violation or breach has not been waived or cured as permitted by the share exchange agreement, then Ideation will be entitled to reimbursement of its costs and expenses up to \$3,000,000 immediately upon termination. However, if such termination relates to an intentional breach by any SearchMedia party and any SM Cayman entity enters into an agreement for an alternative transaction within six months after the termination, Ideation will be entitled to a termination fee equal to \$10,000,000 plus reimbursement of all of its costs and expenses on the date of the execution of the definitive agreement.

An alternative transaction means, with respect to the SearchMedia parties (subject to certain exceptions), (a) (i) a business combination involving SM Cayman, (ii) the issuance by SM Cayman of over 50% of the SM Cayman ordinary shares as consideration for the assets or securities of another person or (iii) the acquisition, directly or indirectly, of over 50% of the SM Cayman ordinary shares or consolidated total assets of SM Cayman (including by way of acquisition of one or more of the Group Companies) or (b) any private equity financing with proceeds in excess of \$15 million (exclusive of any commissions or management fees); and with respect to Ideation, means any initial business combination (as defined in Ideation's Amended and Restated Certificate of Incorporation).

In addition to the termination rights set forth in the share exchange agreement, each of Ideation and the SM Cayman shareholders' representatives will have the right at any time to immediately seek injunctive relief, an award of specific performance or any other equitable relief against such other party to the share exchange agreement.

Amendment

The share exchange agreement may be amended at any time by execution of an instrument in writing signed on behalf of Ideation and a majority of the SM Cayman shareholders' representatives and Linden Ventures, if required, as

described below.

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Amendments to Share Exchange Agreement

On May 27, 2009, Ideation entered into an amendment, which we refer to as the first amendment, to the Agreement and Plan of Merger, Conversion and Share Exchange, which we refer to as the share exchange agreement, with Earl Yen, Tommy Cheung, Stephen Lau and Qinying Liu, as the SM Cayman shareholders' representatives. The first amendment amends the share exchange agreement to provide that the consent of Linden Ventures will be required in the event of any amendment to or waiver of any provision contained in certain sections of the share exchange agreement that directly affect Linden Ventures or if any amendment or waiver disproportionately affects Linden Ventures relative to other SM Cayman securityholders.

In addition, the first amendment provides for an amendment to the Memorandum and Articles of Association of ID Cayman following completion of the business combination to provide that the Series A preferred shares of ID Cayman shall be convertible, at the option of the holder, at any time after six months, rather than eighteen months, following the original issue date.

On September 8, 2009, Ideation entered into an amendment, which we refer to as the second amendment, to the share exchange agreement with Earl Yen, Tommy Cheung, Stephen Lau, Qinying Liu, Linden Ventures, Vervain Equity Investment Limited, Sun Hing Associates Limited and The Frost Group, LLC. The second amendment amends the share exchange agreement to provide the following:

acknowledgement of the transfer of the SM Cayman Series C preferred shares owned by Gentfull Investment Limited and Gavast Estates Limited to Vervain Equity Investment Limited and Sun Hing Associates Limited, respectively, their affiliates and the joinder of such transferees to the share exchange agreement;

the elimination of a potential obligation of ID Cayman to issue Series A preferred shares in connection with the closing, but continuing to provide for the issuance of a warrant to acquire 0.25 of an ID Cayman ordinary share, regardless of the amount in the trust account after closing, for each ID Cayman ordinary share issued to or acquired by those investors who hold SM Cayman interim notes or the Linden note that converted to ID Cayman ordinary shares at closing or ID Cayman ordinary shares acquired in connection with the Sponsor Purchase Commitment Amount;

the imposition of one-year lock-up restrictions with respect to the ID Cayman shares underlying ID Cayman restricted share awards and options;

an additional covenant requiring the repayment of certain loans owed by Qinying Liu and Le Yang to SM Cayman prior to closing. Ms. Liu and Ms. Yang have agreed to repay an aggregate of RMB 4,289,889 owed by them to SM Cayman prior to the closing of the business combination. They may do so in cash or by surrendering a number of ordinary shares of SM Cayman owned by them prior to closing equal in value to such amount;

an increase of the board of directors of ID Cayman after the closing to ten (10) members, adding one director to be appointed by the Ideation representative and requiring certain independence and citizenship requirements as set forth elsewhere in this proxy statement/prospectus;

the amendment of the sponsor purchase commitment of The Frost Group, LLC to allow for certain warrant exercises, effective immediately after the closing, to be counted toward the satisfaction of the Sponsor Purchase Commitment Amount;

the addition of Ideation stockholder approval of the Ideation charter amendment (and a corresponding amendment to the charter of ID Arizona) as a condition to the closing of the business combination;

the extension of the end date by which the business combination must be consummated to October 30, 2009 from September 30, 2009;

technical corrections to the definition of adjusted net income ;

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the amendment of Schedules B and C to the share exchange agreement to reflect the transfers by Gentfull Investment Limited and Gavast Estates Limited and certain transfers by and among SM Cayman shareholders and correct some rounding errors; and

the amendment of the Memorandum and Articles of Association of ID Cayman, Exhibit A to the share exchange agreement, to eliminate the designation of the ID Cayman Series A preferred shares.

On September 8, 2009, in connection with the execution of the second amendment to the share exchange agreement, Ideation entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date of such letter agreement.

On September 22, 2009, an amendment, which we refer to as the third amendment, to the share exchange agreement was entered into by Earl Yen, Tommy Cheung, Terrance Hogan, Qinying Liu, Linden Ventures, Ideation, and ID Arizona. The third amendment amends the share exchange agreement to provide the following:

the amendment of Schedule B and Schedule C to the share exchange agreement to reflect the proportional repurchases of approximately 3,000,000 SM Cayman ordinary, Series B preferred and Series C preferred shares from SM Cayman shareholders and issuances of approximately 3,000,000 options under the SM Share Incentive Plan to employees of SM Cayman and its subsidiaries;

the exclusion of any compensation charges attributable to the above repurchases and issuances from the definition of adjusted net income;

the amendment and restatement of the Lock-Up Agreements, which are Exhibit F-1 and F-2 to the share exchange agreement providing that for Qinying Liu, Le Yang and CSV, the lock-up shall apply for 12 months after the closing of the share exchange agreement with respect to ten percent (10%) of the shares and other securities received in connection with the business combination and underlying securities received in connection with the business combination, 18 months after the closing of the share exchange agreement with respect to fifteen percent (15%) of such securities, and 24 months after the closing of the share exchange agreement with respect to the remaining seventy-five percent (75%) of such securities, provided that with respect to CSV, this lock-up shall apply only to shares acquired by CSV in exchange for SM Cayman ordinary shares held by it immediately prior to the closing of the business combination, and not with respect to shares or other securities acquired (or underlying securities acquired) by CSV in exchange for SM Cayman warrants, SM Cayman preferred shares or other SM Cayman securities exercisable for, or convertible into, SM Cayman

ordinary shares, which shares shall be subject to the same lock-up that applies to non-management shareholders;

a decrease of the board of directors of ID Cayman after the closing to eight members, subtracting one director to be appointed by each of the Ideation representative and the SM Cayman shareholders representatives and requiring certain independence and citizenship requirements as set forth elsewhere in this proxy statement/prospectus;

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an amendment of a covenant which now requires each of the SM entities and each of the SM Cayman shareholders to use commercially reasonable efforts to amend each acquisition agreement for each subsidiary of Jingli Shanghai to provide that following the closing (i) up to 75% of the earn-out or other contingent payment due thereunder with respect to 2010 may be paid, at the option of ID Cayman, in equity securities of ID Cayman, and (ii) in all other instances, all earn-outs or other contingent payments will be made in cash, provided that all such amendments shall be approved by Ideation prior to the execution thereof;

an additional covenant requiring each of the Ideation parties, on the one hand, and the SM Cayman entities, on the other hand, to use commercially reasonable efforts prior to closing of the share exchange agreement to reduce the expenses incurred by each such group, in connection with this transaction, by \$2,000,000; and

the elimination of the earn-out make-up provision that allowed for any unearned portion of the earn-out shares to be issued if the closing price of the ID Cayman ordinary shares maintained a certain level for a consecutive thirty trading day period.

Quotation

Ideation's outstanding common stock, warrants and units are listed on the NYSE Amex. After the redomestication and business combination, Ideation intends to reapply to the NYSE Amex in order for the ordinary shares, warrants and units of ID Cayman to maintain their listing on the NYSE Amex. It is unclear whether ID Cayman will meet the minimum number of holders requirement for continued listing on the NYSE Amex and as a result, the NYSE Amex may delist ID Cayman's securities from quotation on its exchange, which could limit investors' ability to make transactions in ID Cayman's securities.

Indemnification

Indemnification by the SearchMedia Shareholders and Linden Ventures

The SearchMedia shareholders have agreed, on a *pro rata basis*, to indemnify the Ideation parties from any damages arising from: (a) any breach by any SearchMedia entity of any of its representations or warranties, covenants or obligations in the share exchange agreement; (b) any breach by any SearchMedia shareholder of its representations or warranties, covenants or obligations in the share exchange agreement; (c) the validity, enforceability or effectiveness (or lack thereof) of the appointment of the designated agent, any action taken by him or her under the share exchange agreement and/or the transfer of any SearchMedia shares by him or her (including any SearchMedia shares resulting from the exercise of options and the vesting of restricted share awards after the date of the share exchange agreement) or the ownership or transfer of any SearchMedia shares by any SearchMedia shareholder that did not sign the share exchange agreement (which may include persons who become shareholders of SearchMedia as a result of option exercises and the vesting of restricted share awards after the date of the share exchange agreement); (d) the failure to allocate any earn-out shares to the holders of restricted share awards under the share exchange agreement or the failure to register such awards in accordance with PRC law or any claims of such holders relating to the transfer or exchange of their restricted share awards under the share exchange agreement; or (e) the failure of any SM Cayman entity to pay its registered capital in full to the appropriate governmental authority. In addition, Linden Ventures has agreed to indemnify the Ideation parties from any damages arising from a breach of any its representations or warranties, covenants or obligations in the share exchange agreement. Notwithstanding the foregoing, however, the representations, warranties, covenants and obligations that relate specifically and solely to a particular SearchMedia shareholder or to Linden Ventures are the obligations of that particular person only and not the responsibility of the other SearchMedia shareholders and Linden Ventures (as applicable).

The amount of damages suffered by the Ideation parties may be paid in cash, or, at the option of the SearchMedia shareholders or Linden Ventures (as applicable), may be recovered by delivery of a specified number of ID Cayman shares owned by the SearchMedia shareholders or Linden Ventures (as applicable) for repurchase by ID Cayman, provided that such transfer is in accordance with applicable law. Any such returned shares will be cancelled. If the SearchMedia shareholders or Linden Ventures opt to deliver shares instead of

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cash, the number of shares to be returned by the SearchMedia shareholders or Linden Ventures will be equal to the aggregate amount of the damages agreed to be paid by the SearchMedia shareholders or Linden Ventures, divided by \$7.8815.

Indemnification by Ideation

The Ideation parties have agreed to indemnify each of the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures from any damages arising from: (a) any breach of any representation or warranty made by the Ideation parties in the share exchange agreement; or (b) any breach by any Ideation party of its covenants or obligations in the share exchange agreement.

The amount of damages suffered by the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures will be paid in newly issued ID Cayman shares. The number of ID Cayman shares to be issued to the SearchMedia indemnified parties will be equal to the aggregate amount of the damages agreed to be paid by the Ideation parties, divided by \$7.8815.

Limitations on Indemnity

Except for certain limited exceptions, (i) the Ideation parties will not be entitled to indemnification for breaches of representations and warranties by any SearchMedia party and for breaches of covenants and obligations of the SearchMedia shareholders and Linden Ventures unless the aggregate amount of damages to the Ideation parties for such breaches exceeds \$750,000, and then only to the extent such damages for such breaches exceed \$750,000 and (ii) the aggregate amount of damages payable by the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures for such breaches to the Ideation parties may not exceed \$7,500,000.

Except for certain limited exceptions, the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures will not be entitled to indemnification for breaches of representation and warranties unless the aggregate amount of damages to such parties exceeds \$750,000, and then only to the extent such damages for such breaches exceed \$750,000 and (ii) the aggregate amount of damages payable by the Ideation parties to the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures for such breaches may not exceed \$7,500,000.

Foreign Private Issuer

Based on currently available information, ID Cayman expects that it will become a foreign private issuer upon the consummation of the business combination, which would reduce the reporting requirements under the Exchange Act, resulting in fewer costs associated with financial and reporting compliance. For example, as a foreign private issuer, ID Cayman will be exempt from certain provisions applicable to U.S. public companies, including:

the rules requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;

the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations with respect to a security registered under the Exchange Act;

provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material non-public information; and

the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any short swing trading transactions, or a purchase and sale, or a sale and purchase, of the issuer's equity securities within less than six months.

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As a foreign private issuer, ID Cayman will file an annual report on Form 20-F within six months of the close of fiscal years 2009 and 2010, and within four months of each fiscal year beginning with fiscal year 2011, and reports on Form 6-K relating to certain material events promptly after ID Cayman publicly announces these events. However, because of the foregoing filing exemptions, ID Cayman's shareholders will not be afforded the same protections or information generally available to investors holding shares in public companies organized in the United States, such as Ideation.

Comparison of Stockholder Rights

In connection with the consummation of the share exchange agreement, the board of directors of Ideation has unanimously approved a corporate reorganization of Ideation that would result in holders of Ideation securities holding securities in a Cayman Islands exempted company, rather than a Delaware corporation. If the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, Corporate Existence Proposal, and the Share Incentive Plan Proposal are approved, Ideation, the current Delaware corporation, will effect a merger pursuant to which it will merge with and into ID Arizona, a wholly owned Arizona subsidiary, with ID Arizona surviving the merger. Following the merger of Ideation and ID Arizona, ID Arizona will become ID Cayman, a Cayman Islands exempted company, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law. Ideation securities will be converted into securities of ID Arizona and then into securities of ID Cayman. The rights of Ideation stockholders will change accordingly. A comparison of the rights of stockholders under Delaware and Cayman Islands law is included elsewhere in this proxy statement/prospectus. See The Redomestication Proposal Differences of Stockholder Rights.

Certain U.S. Federal Income Tax Consequences

Although there is a lack of authority directly on point, and thus, this conclusion is not entirely free from doubt, the merger should qualify as a nontaxable reorganization under applicable U.S. federal income tax principles and, accordingly, no gain or loss should be recognized by Ideation stockholders or warrant holders for U.S. federal income tax purposes as a result of their exchange of Ideation common stock or warrants for the common stock or warrants of ID Arizona.

In addition, although there is a lack of authority directly on point, and thus, this conclusion is not entirely free from doubt, the conversion also should qualify as a nontaxable reorganization under applicable U.S. federal income tax principles and, accordingly, no gain or loss should be recognized by ID Arizona stockholders or warrant holders for U.S. federal income tax purposes as a result of their exchange of ID Arizona common stock or warrants for the ordinary shares or warrants of ID Cayman. ID Arizona, however, should recognize gain (but not loss) for U.S. federal income tax purposes as a result of the conversion equal to the difference between the fair market value of each of its assets over such asset's adjusted tax basis at the effective time of the conversion. Any U.S. federal income tax liability incurred by ID Arizona as a result of such gain would become a liability of ID Cayman by reason of the conversion. ID Cayman should not recognize any gain or loss for U.S. federal income tax purposes as a result of the business combination and certain anti-inversion provisions in the Internal Revenue Code of 1986, as amended, or the Code, should not apply to treat ID Cayman as a U.S. corporation after the conversion and business combination.

See Material United States Federal Income Tax Considerations below for further discussion of these tax consequences.

Material PRC Tax Considerations

Pursuant to the applicable PRC tax laws, prior to January 1, 2008, companies established in China were generally subject to a state and local enterprise income tax, or EIT, at statutory rates of 30% and 3%, respectively. SearchMedia's PRC subsidiaries, Jieli Consulting and Jieli Network, and most of its consolidated PRC affiliated entities were subject to an income tax rate of 33%.

On March 16, 2007, the National People's Congress adopted the new PRC Enterprise Income Tax Law, or the EIT Law, which became effective from January 1, 2008 and replaced the separate income tax laws for

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domestic enterprises and foreign-invested enterprises by adopting a unified income tax rate of 25% for most enterprises. In addition, on December 6, 2007, the State Council issued the Implementation Rules for the EIT Law, which became effective simultaneously with the EIT Law. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the EIT Law, or the Transition Preferential Policy Circular, which became effective upon promulgation. Under these regulations, the PRC government revoked many of then existing tax exemption, reduction and preferential treatments, but permit companies to continue to enjoy their existing preferential tax treatments for the remainder of the preferential periods, subject to transitional rules as stipulated in the Transition Preferential Policy Circular. Since January 1, 2008, SearchMedia's PRC subsidiaries, Jieli Consulting and Jieli Network, and its consolidated PRC affiliated entities have been subject to an income tax rate of 25%.

Under relevant PRC tax law applicable prior to January 1, 2008, dividend payments to foreign investors made by foreign-invested entities were exempt from PRC withholding tax. However, under the Implementation Rules of the EIT Law, subject to applicable tax agreements or treaties between the PRC and other tax jurisdictions, non-resident enterprises without an institution or establishment in the PRC, or non-resident enterprises whose income no connection with their institutions and establishment in the PRC, are normally subject to withholding tax at the rate of 10% with respect to their PRC-sourced dividend income. Under the EIT Law, a resident enterprise, which includes an enterprise established outside of China with de facto management bodies located in China, will be subject to PRC income tax. Under the Implementation Rules of the EIT Law, de facto management body is defined as the body that has material and overall management and control over the business, personnel, accounts and properties of enterprise. All of SearchMedia's management is currently located in the PRC. If SearchMedia were treated as a resident enterprise for PRC tax purposes, it would be subject to PRC tax on its worldwide income at the 25% uniform tax rate; the dividends distributed to SearchMedia from its PRC subsidiary would be exempt income; and the dividends paid by SearchMedia to its non-PRC enterprise shareholders would be subject to a withholding tax. In addition, under the EIT Law, SearchMedia's non-PRC enterprise shareholders would become subject to a 10% income tax on any gains they realize from the transfer of their shares, if such income were sourced from within the PRC.

Anticipated Accounting Treatment

The business combination will be accounted for as a reverse recapitalization, whereby SM Cayman will be the continuing entity for financial reporting purposes and will be deemed to be the accounting acquirer of Ideation. The business combination is being accounted for as a reverse recapitalization because (i) after the redomestication and business combination, the former shareholders of SM Cayman will have actual or effective voting and operating control of ID Cayman as SearchMedia's operations will comprise the ongoing operations of ID Cayman, and the senior management of SearchMedia will continue to serve as the senior management of ID Cayman, and (ii) Ideation has no prior operations and was formed for the purpose of effecting a business combination such as the proposed business combination with SearchMedia. In accordance with the applicable accounting guidance for accounting for the business combination as a reverse recapitalization, initially SM Cayman will be deemed to have undergone a recapitalization, whereby its outstanding ordinary shares and warrants will be converted into 6,662,727 ordinary shares of ID Cayman and 1,519,186 ID Cayman warrants. Immediately thereafter, ID Cayman, as the legal parent company of SM Cayman, which is the continuing accounting entity, will be deemed to have acquired the assets and assumed the liabilities of Ideation in exchange for the issuance of ID Cayman securities, which will be identical in number and terms and similar in rights to the outstanding securities of Ideation, provided that, although the securities are similar in rights, significant differences are discussed in the section titled "The Redomestication Proposal Differences of Stockholders Rights." However, although ID Cayman, as the legal parent company of SearchMedia, will be deemed to have acquired Ideation, in accordance with the applicable accounting guidance for accounting for as a reverse recapitalization, Ideation's assets and liabilities will be recorded at their historical carrying amounts, which approximate their fair value, with no goodwill or other intangible assets recorded.

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Regulatory Matters

The business combination and the transactions contemplated by the share exchange agreement are not subject to any additional federal or state regulatory requirements or approvals, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or HSR Act, except for filings with the State of Delaware, State of Arizona and the Cayman Islands necessary to effectuate the transactions contemplated by the redomestication and the share exchange agreement.

Currency Conversion Rates

The consolidated financial statements of SearchMedia are reported in the United States dollar. The financial records of SearchMedia's PRC subsidiaries and its variable interest entity are prepared using Renminbi, or RMB, the currency of the PRC. For convenience, RMB amounts have been converted in certain sections of the proxy statement/prospectus into United States dollars. Unless otherwise noted, the conversion rate for any transaction is the average rate of exchange for such fiscal year, based on the exchange rates quoted by the People's Bank of China; provided, however, that all transactions that occur after December 31, 2008 shall be converted at the rate of 6.8346 RMB to each United States dollar, the exchange rate quoted by the People's Bank of China on December 31, 2008.

Risk Factors

In evaluating the proposals to be voted on at the special meeting, you should carefully read this proxy statement/prospectus, including the annexes to this proxy statement/prospectus and especially consider the factors discussed in the section titled Risk Factors.

Board Solicitation

Ideation is soliciting proxies on behalf of the Ideation board of directors. Ideation will bear all costs and expenses associated with printing and mailing this proxy statement/prospectus, as well as all fees paid to the SEC. This solicitation is being made by mail, but also may be made in person or by telephone or other electronic means. Ideation and its respective directors, officers, employees and consultants may also solicit proxies in person or by mail, telephone or other electronic means. In addition, SearchMedia shareholders, officers and directors may solicit proxies in person or by mail, telephone or other electronic means on Ideation's behalf. These persons will not receive any additional compensation for these solicitation activities.

Ideation has retained Morrow & Co. to assist it in soliciting proxies. If you have questions about how to vote or direct a vote in respect of your shares, you may call Morrow & Co. at (800) 662-5200.

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RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this proxy statement/prospectus, before you decide whether to vote or direct your vote to be cast to approve the redomestication and the business combination.

If ID Cayman completes the acquisition of SearchMedia pursuant to the share exchange agreement, the resulting company will be subject to a number of risks including risks that currently apply to SearchMedia that would apply to ID Cayman after the business combination. You should carefully consider the risks described below and the other information included in this proxy statement/prospectus before you decide how you want to vote on the proposals. Following the closing of the share exchange agreement, the market price of ID Cayman's securities could decline due to any of these risks, in which case you could lose all or part of your investment.

In assessing these risks, you should also refer to the other information included in this proxy statement/prospectus, including the consolidated financial statements and the accompanying notes of Ideation and SearchMedia, as well as the pro forma financial information set forth herein. You should note that ID Cayman would become a holding company with substantial operations in China following consummation of the business combination. As a result, ID Cayman would be subject to legal and regulatory environments that differ in many respects from those of the United States. ID Cayman's business, financial condition or results of operations could be affected materially and adversely by any of the risks discussed below.

Risks Relating to the Business of SearchMedia

The ability of SearchMedia to continue as a going concern would be materially and adversely affected if it fails to obtain additional financing or the amount of cash in the trust account available to the combined company after the business combination is limited due to Ideation stockholders electing to convert their IPO Shares to cash.

SearchMedia has relied on a combination of private placements and debt financing to help finance its operations and acquisitions, including the earn-out payments to sellers of its acquired businesses. It is uncertain whether it would be successful in negotiating extended payment terms for the promissory notes with its lenders or for the earn-out payments with the sellers of its acquired businesses. Its liquidity and ability to continue as a going concern would be materially and adversely affected if the closing of the business combination were to be delayed or terminated, if the amount of cash in the trust account available to the combined entity after the business combination is substantially reduced, or if the combined entity fails to raise alternative form of financing required for its earn-out payment and other obligations in the absence of the proceeds from the business combination with Ideation, and it fails to negotiate extended payment terms for the promissory notes and/or the earn-out payments.

SearchMedia has been unable, to date, to integrate its acquisitions, and such inability could materially and adversely impact its operations and its ability to detect and prevent financial irregularities.

SearchMedia has rapidly acquired a large number of advertising companies. These companies have various degrees of, and frequently lack, systems and controls, including those involving management information, purchasing, accounting and finance, sales, billings, employee benefits, payroll and regulatory compliance. While SearchMedia has attempted to implement a series of measures to integrate the acquired businesses, such as conducting training programs and integrating media resources and finance staff, such efforts have not, to date, been successful. Failure to successfully integrate the acquired businesses will present a substantial risk that SearchMedia may not be able to achieve the anticipated synergy and fully realize the benefits of these acquisitions.

Moreover, without the integration and successful implementation of those measures and controls at the acquired businesses, SearchMedia has limited ability to detect and prevent material inaccuracies, misstatements or even fraud at the acquired businesses. The importance of implementing and integrating such controls and procedures, including disclosure controls and internal control over financial reporting, is

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heightened given SearchMedia's rapid and significant growth and its engagement of business practices which are more frequently utilized in the PRC than would be the case with similarly situated companies in the United States.

Deteriorations of economic conditions and a resulting decrease in demand for advertising services would materially and adversely affect SearchMedia's financial condition and results of operations and limit its growth prospects.

Demand for SearchMedia's advertising services, and the resulting advertising spending by its clients on its network, is affected significantly by prevailing economic conditions. The current financial crisis and economic downturns in global markets have impacted, and are expected to further impact, materially and adversely, the advertising spending of SearchMedia's existing and potential multinational clients and, as the crisis spreads to China, the advertising spending of its existing and potential domestic clients. With a severe decline in economic conditions, clients who would normally spend on a broad range of traditional and new media may curtail their overall spending or concentrate their advertising spending on one medium. As SearchMedia derives most of its revenues from its billboard and in-elevator advertising networks, a decrease in demand for advertising media in general and for its advertising media or advertising networks in particular would materially and adversely affect its financial condition and results of operations and limit its growth prospects. In addition, SearchMedia's clients who are adversely affected by the worsened economic conditions may delay paying the advertising fees to SearchMedia, which would adversely affect SearchMedia's liquidity and results of operations.

There may be additional risks inherent in SearchMedia's past and future acquisitions and investments, which could materially and adversely affect its business and growth prospects and cause SearchMedia to not realize the anticipated benefits of these acquisitions and investments.

Although SearchMedia has conducted due diligence with respect to its acquisitions, it may not have implemented sufficient due diligence procedures and may not be aware of all of the risks and liabilities associated with such acquisitions. Any discovery of adverse information concerning the acquired companies could have a material adverse effect on SearchMedia's business, financial condition and results of operations. While SearchMedia is entitled to seek indemnification in certain circumstances, asserting indemnification or enforcing such indemnification could be costly and time-consuming and may not be successful at all. SearchMedia has provided for a two-year earn-out payment provision in most of the contracts for these acquisitions, which is fully contingent upon the level of achievement of the acquired company's financial performance. To the extent financial performance of any acquired company exceeds expectations, SearchMedia is obligated to pay a higher purchase price to the seller. In addition, some of the sellers, who agreed to become SearchMedia's employees and manage these acquired companies for SearchMedia during the earn-out period, may leave SearchMedia or be less motivated in performing their service after the two-year earn-out period has expired, which may lead to failure in revenue growth and even loss of clients and/or site contracts.

In the future, SearchMedia may continue to make acquisitions of, or investments in, businesses that SearchMedia believes could complement or expand its current business or offer growth opportunities. To that end, SearchMedia may spend significant management time and resources in analyzing and negotiating acquisitions or investments that are not consummated. Any future acquisitions and investments that are consummated also carry risks, including:

failure in integrating acquired operations or personnel;

diversion of management's attention;

unforeseen or hidden liabilities;

adverse effects on SearchMedia's existing business relationships with its advertisers; and

loss of key employees, clients or distribution partners of the acquired businesses.

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If SearchMedia cannot successfully manage these risks, it may not generate sufficient revenues or other benefits to recover the increased costs from acquisitions or investments and its business and growth prospects could suffer as a result.

Failure to maintain an effective system of internal control over financial reporting may adversely affect SearchMedia's ability to accurately report its financial results or prevent fraud.

SearchMedia has been a private company with limited accounting personnel and other resources with which to establish or strengthen internal controls and procedures. In connection with the audit of SearchMedia's consolidated financial statements as of December 31, 2007 and December 31, 2008 and for the period from February 9 to December 31, 2007 and for the year ended December 31, 2008, SearchMedia's independent auditors identified a number of significant control deficiencies in its internal control procedures which, in the judgment of its independent auditors, adversely affect its ability to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of its consolidated financial statements that is more than inconsequential will not be prevented or detected. Specifically, the significant control deficiencies identified by SearchMedia's independent auditors related to: (1) shortage of experienced accounting and finance personnel with adequate knowledge in US GAAP and SEC reporting requirements; (2) failure to properly identify and document all related party transactions; (3) insufficient implementation of acquisition-related due diligence procedures; (4) insufficient credit control procedures; and (5) ineffective board of directors oversight of financial reporting and internal control.

Following the identification of these control deficiencies, SearchMedia undertook certain remedial steps to address certain deficiencies, including hiring additional accounting staff and training its new and existing accounting staff and conducting due diligence on companies with which it does business to identify related parties. SearchMedia is in the process of setting up an internal audit team to plan and implement Sarbanes-Oxley Act of 2002 related activities, and is hiring additional legal and compliance staff. SearchMedia plans to implement additional steps to address these identified control deficiencies and improve its internal control over financial reporting. However, the implementation of these measures may not fully address these control deficiencies, and to date these control deficiencies have not been remedied. SearchMedia plans to continue to address and remediate the control deficiencies in its internal control over financial reporting in time to be able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act. If, however, SearchMedia fails to implement and maintain the adequate internal control procedures in a timely manner, SearchMedia may not be able to conclude that it has effective internal control over financial reporting.

ID Cayman is subject to reporting obligations under the U.S. securities laws. The United States Securities and Exchange Commission, as required by Section 404 of the Sarbanes-Oxley Act, has adopted rules requiring every public company to include a management report on its internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. If SearchMedia fails to address and remedy these control weaknesses or deficiencies, ID Cayman or its independent auditors may conclude that the internal control over financial reporting of the combined entity is not effective, or more internal control deficiencies may be identified as a result of conducting a formal audit of internal control over financial reporting in accordance with Public Company Accounting Oversight Board Auditing Standard No. 5. Moreover, effective internal control over financial reporting are necessary for ID Cayman to produce reliable financial reports and is important to help prevent fraud. As a result, any failure to achieve and maintain effective internal control over financial reporting of the combined entity could result in the loss of investor confidence in the reliability of its financial statements, which in turn could harm its business.

SearchMedia faces significant competition for advertising spending from operators of new and traditional advertising networks. If it cannot successfully compete, its results of operations would be materially and adversely

affected.

SearchMedia faces competition for general advertising spending from operators of many other forms of advertising networks, such as television, print media, Internet and other types of out-of-home advertising.

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SearchMedia's success depends on the continuing and increased interest of advertising clients and agencies in in-elevator and outdoor billboard advertising as components of their advertising strategies. Advertisers may elect not to use SearchMedia's services if they believe that the viewing public is not receptive to in-elevator and billboard networks or that any of these platforms does not provide sufficient value as an effective advertising medium. If SearchMedia cannot successfully compete for advertising spending against traditional, Internet and other types of out-of-home advertising, SearchMedia will be unable to generate sufficient revenues and cash flows to operate its business, and its results of operations could be materially and adversely affected.

For in-elevator and billboard advertising spending, SearchMedia faces competition from different players across different platforms and in different cities where it operates. For its in-elevator advertising platform, SearchMedia competes primarily against large regional operators and other nationwide operators, such as Shanghai Framedia Advertising Development Ltd., or Framedia, a subsidiary of Focus Media Holding, which has substantially more financial resources than SearchMedia does. For its billboard advertising platform, SearchMedia competes against mostly local or regional outdoor billboard owners and operators, as the outdoor billboard market in China is largely fragmented. For its subway advertising platform, SearchMedia competes against other seasoned operators such as JCDecaux. SearchMedia competes for advertising spending on these platforms generally on the basis of network coverage, service quality and brand name. If it cannot compete successfully for advertising spending on these platforms, its market share and its results of operations would suffer.

SearchMedia has a limited operating history and operates a non-traditional advertising network, which may make it difficult for you to evaluate its business and prospects.

SearchMedia was incorporated in 2007 and its predecessors entered the out-of-home advertising market in 2005. Accordingly, SearchMedia has a limited operating history for its current operations upon which you can evaluate the viability and sustainability of its business and its acceptance by advertisers. SearchMedia's focus on non-traditional advertising media that lack long and comprehensive industry and market data may also make it hard for you to evaluate SearchMedia's business and long-term prospects.

If SearchMedia fails to develop and maintain relationships with site owners, managers and sublessors that provide it access to desirable locations and network platforms, its growth potential and its business could be harmed.

SearchMedia's ability to generate revenues from advertising sales depends largely on its ability to provide a large network of its media products across media platforms at desirable locations. The effectiveness of SearchMedia's network also depends on the cooperation of site owners and managers to allow it to install the desired types of frames at the desired spots on their properties and, for in-elevator advertising, to keep the elevators in operation and accessible to the viewing public. These in turn require that SearchMedia develop and maintain business relationships with site managers and owners and, for a portion of its network, sublessors that consist primarily of advertising companies. Since the ownership of residential and office buildings is fragmented, maintaining these relationships requires considerable operational resources in terms of contract management and site development and maintenance personnel. If SearchMedia fails to devote the necessary resources to maintaining these relationships or if SearchMedia fails to perform its obligations under the existing leases, these lessors and sublessors may terminate their leases with SearchMedia or not renew them upon expiration. If a significant number of SearchMedia's elevator leases are terminated and it fails to develop relationships with potential lessors and sublessors of new sites, its business could suffer as a result. As there is a limited supply of billboards at desirable locations and a limited number of subway stations, the termination of a significant number of the leases for billboards and light boxes at subway stations could harm SearchMedia's multi-platform growth and operation strategies and its business and prospects could suffer as a result.

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If SearchMedia is unable to obtain or retain desirable placement locations for its advertising poster frames and outdoor billboards on commercially advantageous terms, its operating margins and earnings could decrease and its results of operations could be materially and adversely affected.

SearchMedia's cost of revenues consists primarily of operating lease cost of advertising space for displaying advertisements, depreciation of advertisement display equipment, amortization of intangible assets relating to lease agreements and direct staff and material costs associated with production and installation of advertisement content. SearchMedia's operating lease cost represents a significant portion of its cost of revenues. In the 2007 period and 2008, SearchMedia's operating lease cost accounted for 55.9% and 81.4%, respectively, of its cost of revenues and 17.5% and 42.8%, respectively, of its total revenues. In the future, SearchMedia may need to pay higher amounts in order to renew existing leases, obtain new and desirable locations, or secure exclusivity and other favorable terms. If SearchMedia is unable to secure commercially advantageous terms or pass increased location costs onto its advertising clients through rate increases, its operating margins and earnings could decrease and its results of operations could be materially and adversely affected.

SearchMedia may not have sufficient liquidity to pay earn-out payments when they come due, which could materially and adversely affect its operations.

SearchMedia is obligated to pay earn-out payments over the next two to three years in connection to its acquisitions of a number of advertising businesses in 2008. SearchMedia estimates that the aggregate amount of the earn-out payments will range from \$40 million to \$42 million in the next twelve months from the date of this proxy statement/prospectus and from \$30 million to \$58 million over the following two to three years, based on the performance of the acquired companies to date and forecast for the rest of the earn-out period. If the acquired companies perform better than expected, the actual earn-out payment would be higher than the current estimate, and as a result SearchMedia's cash position and results of operations could be adversely affected. Due to a variety of factors which cannot presently be ascertained, including without limitation, the amount of working capital that SearchMedia will have available upon closing, and the financial performance of both SearchMedia and the acquired companies entitled to receive an earn-out payment, the combined company after the business combination may not have sufficient liquidity to meet its earn-out obligations. If such failure cannot be remedied through renegotiation of the terms of such earn-outs with the acquiring companies or the raising of the required proceeds on reasonable terms, the combined company's operations are likely to be adversely and materially impacted.

Although it has achieved profitability, SearchMedia may incur losses in the future.

SearchMedia may need to make significant expenditures related to the development of its business, including integrating the companies it acquired in 2008. SearchMedia also expects its profitability for 2009 and potentially 2010 to be negatively affected by decreased demand from clients due to the current economic downturn, by share-based compensation charge in relation to issuance of share incentive awards to its employees, and by the amortization expenses in connection with the acquisitions it completed in 2008. In addition, as a subsidiary of a public company, SearchMedia will incur significant legal, accounting and other expenses that it did not incur before this business combination. SearchMedia may not achieve sufficient revenues to achieve or maintain profitability and it may even incur losses in the future for these and other reasons discussed in other risk factors and risks that it cannot foresee.

Failure to manage SearchMedia's growth could strain its management, operational and other resources, which could materially and adversely affect its business and growth potential.

SearchMedia experienced rapid expansion in recent years, which resulted, and will continue to result, in substantial demand on its management resources. To manage its growth, SearchMedia must develop and improve its existing administrative and operational systems and its financial and management controls, and further expand, train and

manage its work force. SearchMedia also needs to incur substantial costs and spend substantial resources in connection with these efforts. SearchMedia may not have the resources to revamp its systems and controls, recruit or train its personnel, or afford to incur the costs and expenses in order to

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successfully manage its growth. Failure to manage SearchMedia's growth may materially and adversely affect its business and growth potential.

The shareholders of Jingli Shanghai may have potential conflicts of interest with SearchMedia.

The shareholders of Jingli Shanghai are also the founders and shareholders of SearchMedia. Conflicts of interests between their dual roles as shareholders of both Jingli Shanghai and SearchMedia may arise. SearchMedia cannot assure you that when conflicts of interest arise, any or all of these individuals will act in the best interests of SearchMedia or that any conflict of interest will be resolved in its favor. In addition, these individuals may breach or cause Jingli Shanghai to breach or refuse to renew the existing contractual arrangements that allow SearchMedia to effectively control Jingli Shanghai and receive economic benefits from it. If SearchMedia cannot resolve any conflicts of interest or disputes between it and the shareholders of Jingli Shanghai, SearchMedia would have to rely on legal proceedings, the outcome of which is uncertain and could be disruptive to its business.

SearchMedia's business depends substantially on the continuing efforts of its senior executives, and its business may be severely disrupted if SearchMedia loses their services.

SearchMedia's future success depends heavily on the continued services of its senior executives and other key employees, their industry expertise, their experience in business operations and sales and marketing, and their working relationships with SearchMedia's advertising clients as well as the site owners, property developers, property management companies, homeowner associations and relevant government authorities that affect the site contracts with SearchMedia.

SearchMedia does not have a long history of working together with some of these senior executives and key employees. If one or more of SearchMedia's senior executives were unable or unwilling to continue in their present positions, SearchMedia might not be able to replace them easily or at all. If any of its senior executives joins a competitor or forms a competing company, SearchMedia may lose clients, site contracts, key professionals and staff members. SearchMedia has entered into an employment agreement with each of its executive officers, which agreement contains non-competition provisions. However, if a dispute arises between SearchMedia and its executive officers, there is no assurance that any of these agreements could be enforced, or to what extent they could be enforced, in China, in light of the uncertainties with China's legal system.

If SearchMedia is unable to adapt to changing advertising trends of advertisers and consumers, it will not be able to compete effectively and it will be unable to increase or maintain its revenues, which may materially and adversely affect its business prospects and revenues.

The competitive market for out-of-home advertising requires SearchMedia to continuously identify new advertising trends of advertisers and consumers. In response to these new advertising trends, SearchMedia may need to quickly develop and adopt new formats, features and enhancements for its advertising network and/or cost-effectively expand into additional advertising media and platforms beyond in-elevator, billboards, and subway platform advertising. SearchMedia may be required to incur, but may not have the financial resources necessary to fund, development and acquisition costs in order to keep pace with new advertising trends. If SearchMedia fails to identify or respond adequately to these changing advertising trends, demand for its advertising network and services may decrease and SearchMedia may not be able to compete effectively or attract advertising clients, which would have a material and adverse effect on its business prospects and revenues.

SearchMedia's growth could suffer if it fails to expand its media networks to include new media offerings, media platforms or enter into new markets.

Currently, SearchMedia's network primarily consists of in-elevator, outdoor billboard and subway advertising. SearchMedia's growth strategy includes broadening its service offerings and possibly entering into new advertising markets. It is difficult to predict whether consumers and advertising clients will accept its entry into new media markets or accept the new media products or platforms it may offer. It is also difficult to

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predict whether SearchMedia will be able to generate sufficient revenues to offset the costs of entering into these new markets or introducing these new products or new media platforms. SearchMedia may also have limited or no prior experience working with these new products, platforms or markets. If SearchMedia fails to expand its media network to include new media products, platforms or markets, its growth could suffer as a result.

Failures to obtain site owners' consents or objections from site owners to the installations of SearchMedia's media products could lead to termination of its contracts or installations, which would harm its results of operations.

PRC real estate laws and regulations require that SearchMedia obtain prior consent of site owners and managers for any commercial use of public areas or facilities of residential properties. SearchMedia generally enters into display placement agreements with site managers. To comply with PRC real estate laws and regulations, SearchMedia also needs to obtain or urge site managers to obtain prior consent of site owners committees or site owners. In some circumstances, it is difficult to locate site owners. If SearchMedia enters into an agreement for display placement with a site manager without the consent from the relevant site owners, it could be subject to fines of up to RMB0.2 million (approximately \$29,000) for each site and be required to remove its advertising posters from the affected building. In addition, site owners who object to the installation of poster frames in their buildings may cause site managers to terminate or fail to renew site contracts with SearchMedia, which would harm its results of operations.

If site managers or owners shut down SearchMedia's displays for site maintenance or other reasons, its business could be adversely affected.

Under certain site leasing contracts SearchMedia entered into with site managers or owners, site managers or owners have the right to shut down SearchMedia's displays with prior written notice if they need to inspect or maintain the sites where SearchMedia has installed advertising displays, or for other reasons such as facility reconstruction. However, under SearchMedia's contracts with its advertising clients, if these displays are shut down for an extended period of time, SearchMedia is required to substitute these suspended displays with alternative displays. If SearchMedia cannot reach an agreement with its clients on the alternative displays, SearchMedia could be required to refund the advertising fees paid by these clients. If a substantial number of SearchMedia's displays are shut down by site managers within a short time period, it may not be able to locate alternative display locations and may incur substantial remedial costs. SearchMedia's relationships with its advertising clients could also suffer and its financial results could be adversely affected.

Unauthorized use of SearchMedia's intellectual property by third parties, and the expenses incurred in protecting its intellectual property rights, may adversely affect its business.

SearchMedia regards its copyrights, trademarks, trade secrets and other intellectual property as critical to its success. Unauthorized use of the intellectual property used in its business may adversely affect its business and reputation. SearchMedia has historically relied on a combination of trademark and copyright law, trade secret protection and restrictions on disclosure to protect its intellectual property rights. SearchMedia has entered into confidentiality agreements with all its employees. SearchMedia cannot assure you that these confidentiality agreements will not be breached, or that SearchMedia will have adequate remedies for any breach.

SearchMedia is in the process of registering in China the SearchMedia trademark and logo used in its business. SearchMedia cannot assure you that its trademark application will ultimately proceed to registration or will result in registration with scope adequate for its business. Some of SearchMedia's pending applications or registration may be successfully challenged or invalidated by others. If SearchMedia's trademark application is not successful, SearchMedia may have to use different marks for affected services or technologies, or enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on

commercially reasonable terms, if at all.

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In addition, monitoring and preventing unauthorized use of SearchMedia's trademarks and other intellectual property is difficult and expensive, and litigation may be necessary in the future to enforce its intellectual property rights. Future litigation could result in substantial costs and diversion of SearchMedia's resources, and could disrupt its business, as well as have a material adverse effect on its financial condition and results of operations.

SearchMedia relies on computer software and hardware systems in managing its operations, the failure of which could adversely affect its business, financial condition and results of operations.

SearchMedia is dependent upon its computer software and hardware systems in supporting the sales, scheduling and maintenance of its network. In addition, SearchMedia relies on its computer hardware for the storage and delivery of the data on its network. Any system failure which causes interruptions to the input and retrieval of data or increases SearchMedia's service time could disrupt its normal network operations. In addition, computer hackers infecting its network with viruses could cause its network to become unavailable. Although SearchMedia believes that its disaster recovery plan is adequate to handle the failure of its computer software and hardware systems, SearchMedia cannot assure you that it will be able to effectively carry out this disaster recovery plan or that it would be able to restore its network operations fast enough to avoid a significant disruption to its business. Any failure in SearchMedia's computer software and/or hardware systems could decrease its revenues and harm its relationships with advertisers and target audiences, which in turn could have a material adverse effect on its business, financial condition and results of operations.

SearchMedia has no business liability, disruption or litigation insurance, and SearchMedia could incur substantial costs if its business is disrupted due to natural disasters, litigation or other business interruptions.

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 SearchMedia's knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in China, SearchMedia has 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 SearchMedia to have such insurance. As a result, SearchMedia does not have any business liability, disruption or litigation insurance coverage for its operations in China. Any business disruption or litigation may result in SearchMedia's incurring substantial costs and the diversion of resources.

SearchMedia's operating results are difficult to predict and may fluctuate from period to period.

SearchMedia's operating results are difficult to predict and may fluctuate from period to period. Factors that are likely to cause its operating results to fluctuate include:

its ability to maintain and increase sales to existing advertising clients, attract new advertising clients and satisfy its clients' demands;

the frequency of its clients' advertisements on its network;

the price SearchMedia charges for its advertising time or changes in its pricing strategies or the pricing strategies of its competitors;

effects of strategic alliances, potential acquisitions and other business combinations, and its ability to successfully and timely integrate them into its business;

changes in government regulations in relation to the advertising industry;

lower advertising spending immediately following a major holiday season in China; and
economic and geopolitical conditions in China and elsewhere.

Many of the factors discussed above are beyond SearchMedia's control, making its results difficult to predict from period to period. Although SearchMedia did not experience significant seasonality in its business,

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except for generally lower sales in periods immediately following major holiday seasons historically, you should not rely on its operating results for prior periods as an indication of its future results. If SearchMedia's revenues for a particular period are lower than expected, it may be unable to reduce its operating expenses for that period by a corresponding amount, which would harm its operating results for that period relative to its operating results from other periods.

All participants of the employee share incentive plan who are PRC citizens may be required to obtain approval of the PRC State Administration of Foreign Exchange, or SAFE. SearchMedia may also face regulatory uncertainties that could restrict its ability to adopt additional employee share incentive plans for its directors and employees under PRC law. If SearchMedia's employees fail to pay and SearchMedia fails to withhold their income taxes generated from employee share incentive plans, SearchMedia may face sanctions imposed by tax authorities or any other PRC government authorities.

On January 5, 2007, the SAFE issued the Implementing Rules of the Administrative Measures for Individual Foreign Exchange, or the Individual Foreign Exchange Rule, which, among other things, specifies approval requirements for a PRC citizen's participation in the employee stock holding plans or stock option plans of an overseas publicly-listed company. On March 28, 2007, the SAFE issued the Processing Guidance on Foreign Exchange Administration of Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas Listed Company, or the Stock Option Rule.

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 must, among other things, file, on behalf of such individual, an application with the SAFE to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock purchase or stock option exercise as PRC domestic individuals may not directly use overseas funds to purchase stocks or exercise stock options. Such PRC individuals' foreign exchange income received from the sale of stocks and dividends distributed by the overseas listed company and any other income shall be fully remitted into a collective foreign currency account in PRC opened and managed by the PRC subsidiary of the overseas listed company or the PRC agent before distributing them to such individuals.

SearchMedia's PRC citizen employees who will be granted stock options, restricted share awards of ID Cayman, or PRC optionees, will be subject to the Stock Option Rule upon the completion of the business combination. If SearchMedia or its PRC optionees fail to comply with the Individual Foreign Exchange Rule and the Stock Option Rule, SearchMedia and/or its PRC optionees may be subject to fines and other legal sanctions and ID Cayman and/or SearchMedia may be prevented from granting additional options or other awards of ID Cayman to SearchMedia's PRC employees, which may adversely affect SearchMedia's business operations.

In addition, the General Administration of Taxation has issued certain circulars concerning employee stock options. Pursuant to these circulars, SearchMedia's employees working in China who exercise stock options will be subject to PRC individual income tax. SearchMedia's PRC subsidiaries and consolidated variable interest entities 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 SearchMedia's employees fail to pay and SearchMedia fails to withhold their income taxes, SearchMedia may face sanctions imposed by tax authorities or any other PRC government authorities.

The registered capital of Jieli Network has not been fully paid and Jieli Network has not started its operation, which could cause Jieli Network to lose its business license.

SearchMedia was required to have completed a capital contribution of \$29 million towards the registered capital of Jieli Network by January 16, 2009. However, as of the date of this proxy statement/prospectus, SearchMedia has only contributed \$20.5 million. Jieli Network has obtained approval from the SAIC to extend the payment deadline of the remaining capital contribution to January 15, 2010. According to relevant PRC laws and regulations, if the shareholder delays its capital contribution to a wholly foreign owned enterprise

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such as Jieli Network for more than 30 days, the State Administration of Industry and Commerce, or the SAIC, is entitled to revoke the business license of the enterprise.

Furthermore, according to PRC laws and regulations, the relevant PRC registration authorities may revoke a company's business license if such company, absent reasonable cause, has failed to commence operation of its business within six months after its establishment. From the date of Jieli Network's incorporation on January 16, 2008 through the date of this proxy statement/prospectus, Jieli Network has not commenced operations of its business. Jieli Network has not received any notice from the SAIC or relevant PRC registration authorities of any plan to revoke Jieli Network's business license. However, if Jieli Network's business license is revoked, Jieli Network will need to be dissolved, and SearchMedia must repatriate the capital contributions to an entity outside China. If SearchMedia is unsuccessful in subsequently contributing the repatriated amount to an entity inside China, the business operation of SearchMedia may be adversely and materially affected.

Risks Relating to Doing Business in the People's Republic of China

If the PRC government determines that the contractual arrangements that establish the structure for operating SearchMedia's China business do not comply with applicable PRC laws and regulations, SearchMedia could be subject to severe penalties.

Applicable PRC laws and regulations currently require any foreign entities that invest in the advertising services industry to have at least two years of direct operations in the advertising industry outside of China. SearchMedia is a Cayman Islands corporation and a foreign legal person under Chinese laws. SearchMedia has not directly operated an advertising business outside of China and thus cannot qualify for the requirement of minimum two years experience outside China under PRC regulations. Accordingly, its subsidiary, Jieli Consulting, is currently ineligible to apply for the required business license for providing advertising services in China. SearchMedia currently operates its advertising business through its contractual arrangements with its consolidated variable interest entity in China, Jingli Shanghai, and prior to formation of Jingli Shanghai, through Shanghai Sige Advertising and Media Co., Ltd., or Sige, Shenzhen Dale Advertising Co., Ltd., or Dale and Beijing Conghui Advertising Co., Ltd., or Conghui. Jingli Shanghai is currently owned by two PRC citizens, Ms. Qinying Liu and Ms. Le Yang, and holds the requisite business license to provide advertising services in China. Jingli Shanghai and its subsidiaries directly operate SearchMedia's advertising network, enter into display placement agreements and sell advertising spaces to its clients. SearchMedia has been and is expected to continue to be dependent on Jingli Shanghai and its subsidiaries to operate its advertising business. SearchMedia does not have any equity interest in Jingli Shanghai but receives the economic benefits and assumes the economic risks of it through various contractual arrangements and certain corporate governance and shareholder rights arrangements. In addition, SearchMedia has entered into agreements with Jingli Shanghai and each of the shareholders of Jingli Shanghai which allows it to exert control over Jingli Shanghai.

If SearchMedia, Jieli Consulting, Jieli Network, Jingli Shanghai or any of its future PRC subsidiaries 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 State Administration for Industry and Commerce, or SAIC, which regulates advertising companies, would have broad discretion in dealing with such violations, including:

revoking the business and operating licenses of Jingli Shanghai or SearchMedia's PRC subsidiary and other affiliated entities, if any;

discontinuing or restricting the operations of any transactions among SearchMedia's PRC subsidiary, Jingli Shanghai and its shareholders;

imposing fines, confiscating the income of Jingli Shanghai or SearchMedia's income, or imposing other requirements with which SearchMedia or its PRC subsidiary and affiliated entities may not be able to comply;

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requiring SearchMedia or its PRC subsidiary and affiliated entities to restructure its ownership structure or operations; or

restricting or prohibiting SearchMedia's use of the proceeds of this transaction to finance its business and operations in China.

The imposition of any of these penalties could result in a material and adverse effect on SearchMedia's ability to conduct its business, and its financial condition and results of operations.

SearchMedia does not have a direct equity ownership interest in the entities that operate its business in China. SearchMedia relies on contractual arrangements with Jingli Shanghai and its shareholders for its China operations, which may not be as effective in providing operational control as would be the case through ownership of a controlling equity interest in such operating entities.

SearchMedia has relied and expects to continue to rely on contractual arrangements with Jingli Shanghai and its shareholders to operate its business in China. For a description of these contractual arrangements, see Information about SearchMedia Corporate Ownership Structure Contractual Arrangements with Jingli Shanghai and its Shareholders and Certain Relationships and Related Party Transactions SearchMedia Related Party Transactions Contractual Arrangements with Jingli Shanghai and its Shareholders. These contractual arrangements include an equity pledge agreement, under which the shareholders of Jingli Shanghai pledged their equity interests in Jingli Shanghai to Jieli Consulting. Such pledge was duly created by recording the pledge on Jingli Shanghai's register of shareholders in accordance with the PRC Collateral Law. According to the PRC Property Rights Law, effective as of October 1, 2007, the pledge needs to be registered with the relevant local branch of the Shanghai Administration of Industry and Commerce. Jingli Shanghai successfully registered the pledge with the Shanghai Administration of Industry and Commerce Chongming Sub-bureau on February 2, 2009. These contractual arrangements may not be as effective as ownership of a controlling equity interest would be in providing SearchMedia with control over Jingli Shanghai. Under the current contractual arrangements, as a legal matter, if Jingli Shanghai or any of its shareholders fails to perform their respective obligations under these contractual arrangements, SearchMedia 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 may not be effective. For example, if the shareholders of Jingli Shanghai were to refuse to transfer their equity interests in Jingli Shanghai to SearchMedia or its designee when SearchMedia exercises the call option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith towards SearchMedia, SearchMedia may have to take legal action to compel them to perform their contractual obligations. In addition, SearchMedia may not be able to renew these contracts with Jingli Shanghai and/or its shareholders.

In addition, if Jingli Shanghai or all or part of its assets become subject to liens or rights of third-party creditors, SearchMedia may be unable to continue some or all of its business activities, which could materially and adversely affect its business, financial condition and results of operations. If Jingli Shanghai undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third-party creditors may claim rights to some or all of these assets, thereby hindering SearchMedia's ability to operate its business, which could materially and adversely affect its business and its ability to generate revenue.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. 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 SearchMedia's ability to enforce these contractual arrangements. In the event SearchMedia is unable to enforce these contractual arrangements, SearchMedia may not be able to exert effective control over its affiliated entity, and its ability to conduct its business may be

materially and negatively affected.

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SearchMedia's affiliated entity may have engaged in business activities without necessary registration with local authorities. This could subject SearchMedia to fines and other penalties, which could have a material adverse effect on SearchMedia's ability to operate its business.

According to relevant PRC laws, a company that sets up a branch to conduct an advertising business in a location where it is not registered must register with the local branch of the State Administration for Industry and Commerce, or SAIC. Jingli Shanghai currently has registered with the local branches of SAIC in Shanghai, Beijing, Guangzhou, Nanjing, Changchun, Chongqing, Chengdu, Dalian, Xi'an, Jinan, Hangzhou, Qingdao, Wuhan, Changzhou, Fuzhou and Shenzhen, where it has set up its headquarters and branch offices. As SearchMedia's business expands, Jingli Shanghai will register other branch offices with the relevant local branch of SAIC of the other cities, but there are no assurances that it will be able to timely register with the local authorities in each of the cities where SearchMedia operates and, as a result, SearchMedia may be subject to penalties for failure to register. These penalties may include disgorgement of profits or revocation of Jingli Shanghai's business license, although SearchMedia believes, as a matter of practice, the authorities typically impose such an extreme penalty only after repeated warnings are ignored or where a violation is blatant and continuous. Because of the discretionary nature of regulatory enforcements in the PRC, there can be no assurances that Jingli Shanghai will not be subject to these penalties as a result of violations of the requirement to register with SAIC or its local branches, or that these penalties would not have a material adverse effect on SearchMedia's ability to operate its business.

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could adversely affect SearchMedia's business.

Substantially all of SearchMedia's business operations are conducted in China. Accordingly, SearchMedia's business, results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 20 years, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. While some of these measures benefit the overall PRC economy, they may also have a negative effect on SearchMedia. For example, SearchMedia's business, financial condition and results of operations may be adversely affected by changes in tax regulations or government's control over capital investments and foreign currencies. As the PRC economy is increasingly linked to the global economy, it is affected in various respects by downturns and recessions of major economies around the world, such as the recent financial and economic crises. The various economic and policy measures enacted by the PRC government to forestall economic downturns or shore up the PRC economy may not succeed and SearchMedia's business would be negatively affected as a result.

If advertising registration certificates are not obtained for advertisements on SearchMedia's outdoor billboard or rapid transit networks, SearchMedia may be subject to fines.

On May 22, 2006, 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 on posters, digital displays, light boxes, neon lights via outdoor premises, space, facilities, as well as those placed in rapid transit stations are treated as outdoor advertisements and must be registered in accordance with the local SAIC by advertising distributors and advertising registration certificates must be obtained. 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.

SearchMedia requires advertisers to apply for and obtain the registration certificates for their advertisements. If an advertiser displays an advertisement without the requisite registration, the relevant local SAICs may require SearchMedia to disgorge advertising revenues or may impose fines on it.

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SearchMedia's outdoor billboards, light boxes and neon signs are subject to municipal zoning requirements, governmental approvals and administrative controls. If SearchMedia is required to tear down its billboards, light boxes or neon signs as a result of these requirements, approvals or controls, its operations could be materially and adversely affected.

SearchMedia's billboards, light boxes and neon signs are subject to local regulations which may impose detailed requirements regarding municipal zoning requirements and governmental approvals. Each outdoor placement and installation may require a license with specific terms of use. If SearchMedia, or its lessors or sublessors, violate the terms of the license for the relevant placement and installation for a billboard, light box or neon sign, SearchMedia could be required to tear it down. SearchMedia may also be required to tear it down as result of change of municipal zoning requirements or actions taken by local authorities for city beautification, clean-up or other purposes. If SearchMedia loses a significant number of billboards, light boxes and/or neon signs as a result, its business operations would be materially and adversely impacted. Moreover, if SearchMedia is unable to perform its advertising contracts as a result of these losses, it may incur remedial costs and its relationships with its advertising clients and financial results could be harmed as a result.

If SearchMedia were deemed a resident enterprise by PRC tax authorities, it could be subject to tax on its global income and its non-PRC shareholders could be subject to certain PRC taxes.

Under the New PRC Enterprise Tax law effective January 1, 2008, or the EIT law, 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 implementing rules of the EIT law define de facto management as substantial and overall management and control over the production and operations, personnel, accounting, and properties of the enterprise. If SearchMedia were to be considered a resident enterprise by the PRC tax authorities, its global income would be subject to tax under the EIT law at the rate of 25% and, to the extent SearchMedia were to generate substantial amount of income outside of PRC in the future, it would be subject to additional taxes. In addition, if SearchMedia were to be considered a resident enterprise, the dividends it pays to its non-PRC enterprise shareholders would be subject to withholding tax and its non-PRC enterprise shareholders would be subject to a 10% income tax on any gains they would realize from the transfer of their shares, if such income were sourced from within the PRC.

According to SearchMedia's PRC counsel, as of the date of this proxy statement/prospectus, no final interpretations on the implementation of the resident enterprise designation are available for companies such as SearchMedia. Moreover, any such designation, when made by PRC tax authorities, will be determined based on the facts and circumstances of individual cases. As a result, SearchMedia, after consulting its PRC counsel, cannot determine the likelihood of SearchMedia being designated a resident enterprise as of the date of this proxy statement/prospectus.

SearchMedia principally relies on dividends and other distributions on equity paid by its wholly-owned subsidiary to fund any cash and financing requirements it may have, and any limitation on the ability of SearchMedia's subsidiary and affiliated entities to make payments to it could have a material adverse effect on its ability to conduct its business.

SearchMedia is a holding company, which will become a wholly-owned subsidiary of ID Cayman. SearchMedia relies principally on payments of service, license and other fees from Jingli Shanghai to Jieli Consulting, one of SearchMedia's wholly-owned subsidiaries in China, and distributions in turn from Jieli Consulting to SearchMedia to fund its cash and debt service requirements. ID Cayman will be similarly reliant on such distributions in order to fulfill its cash and debt service requirements. Current PRC regulations permit SearchMedia's subsidiaries to pay dividends to SearchMedia only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of SearchMedia's subsidiaries and consolidated affiliated

entities in China are required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Furthermore, if SearchMedia's subsidiaries and consolidated affiliated entities in China incur debt on their own behalf in the future, the

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instruments governing the debt may restrict their ability to pay dividends or make other payments to SearchMedia. In addition, the PRC tax authorities may require SearchMedia to adjust its taxable income under the contractual arrangements SearchMedia currently has in place in a manner that would materially and adversely affect its subsidiaries' ability to pay dividends and other distributions to SearchMedia.

Furthermore, under the previously applicable PRC tax laws and regulations, dividend payments to foreign investors made by foreign-invested enterprises in China, such as Jieli Consulting and Jieli Network, are exempt from PRC withholding tax. Pursuant to the EIT law and the implementing rules that became effective on January 1, 2008, however, dividends payable by a foreign-invested enterprise in China to its foreign investors will be subject to a 10% 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 SM Cayman is incorporated, does not have such a tax treaty with China. The new tax law provides, however, that qualified dividends distributed between resident enterprises will be exempt from such requirement. If the PRC tax authorities subsequently determine that SearchMedia should be classified as a resident enterprise, the dividends received from Jieli Consulting and Jieli Network would be regarded as dividends distributed between resident enterprises, and thus be exempt from the new EIT withholding tax. As the interpretations of the resident enterprise designation are unavailable for companies such as SearchMedia, and as the designation is determined based on the facts and circumstances of individual cases, SearchMedia, after consulting its PRC counsel, cannot determine the likelihood of SearchMedia being designated a resident enterprise as of the date of this proxy statement/prospectus and, accordingly, whether the dividends payable to SearchMedia by its PRC subsidiaries would be subject to the withholding tax under the EIT law.

Uncertainties with respect to the PRC legal system could adversely affect SearchMedia.

SearchMedia conducts its business primarily through its subsidiaries and affiliated entities in China. SearchMedia's operations in China are governed by PRC laws and regulations. SearchMedia's subsidiaries are generally subject to laws and regulations applicable to foreign investments in China and, in particular, laws and regulations applicable to wholly foreign-owned enterprises. The PRC legal system is based on 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 various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, SearchMedia may not be aware of its violation of these policies and rules until some time after a violation. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

SearchMedia may be subject to, and may expend significant resources in defending against, government actions and civil suits based on the content and services SearchMedia provides through its network.

PRC advertising laws and regulations require advertisers, advertising operators and advertising distributors, including businesses such as SearchMedia's, to ensure that the content of the advertisements they prepare or distribute are fair and accurate and are in full compliance with applicable law. Violations 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 cases involving serious violations, the PRC government may revoke an offender's license for advertising business operations.

As an operator of an advertising medium, SearchMedia is obligated under PRC law to monitor the advertising content displayed on its network for compliance with applicable law. Although the advertisements displayed on its network may have been previously displayed over public media, SearchMedia may be required to separately and independently vet these advertisements for content compliance before displaying

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them on its networks. In addition, for advertising content related to certain types of products and services, such as alcohol, cosmetics, pharmaceuticals and medical procedures, SearchMedia is required to confirm that the advertisers have obtained requisite government approvals including the advertiser's operating qualifications, proof of quality inspection of the advertised products, government pre-approval of the contents of the advertisement and filings with the local authorities. Previously, SearchMedia did not strictly abide by these requirements. SearchMedia has remedied this noncompliance and has, among other things, employed qualified advertising inspectors who are trained to review advertising content for compliance with relevant PRC laws and regulations. However, there can be no assurances that SearchMedia will not be penalized for its past noncompliance or that each advertisement provided by an advertising client is in compliance with relevant PRC advertising laws and regulations or that the supporting documentation and government approvals provided by its advertising clients are accurate and complete.

Moreover, civil claims may be filed against SearchMedia for fraud, defamation, subversion, negligence, copyright or trademark infringement or other violations due to the nature and content of the information displayed on its network. If consumers find the content displayed on SearchMedia's network to be offensive, site managers and owners may seek to hold SearchMedia responsible for any consumer claims against them or may terminate their relationships with SearchMedia.

In addition, if the security of SearchMedia's content management system is breached and unauthorized images or text are displayed on its network, viewers or the PRC government may find these images or text to be offensive, which may subject SearchMedia to civil liability or government censure, and harm its reputation. If SearchMedia's viewers do not believe its content is reliable and accurate, its business model may become less appealing to them and its advertising clients may be less willing to place advertisements on its network. Government censure, investigation or any other government action, or any civil suits against SearchMedia could divert management time and resources and could have a material and adverse effect on its business, results of operations and financial condition.

Governmental control of currency conversion may materially and adversely affect the value of your investment. Substantial limitations may be imposed on the removal of funds from the PRC to SearchMedia, or the infusion of funds by SearchMedia to its subsidiaries and affiliates located in the PRC.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. SearchMedia receives substantially all of SearchMedia's revenues in RMB. Under SearchMedia's current corporate structure, SearchMedia's income is primarily derived from dividend payments from its PRC subsidiaries. Shortages in the availability of foreign currency may restrict the ability of its PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to SearchMedia, or otherwise satisfy their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from the PRC State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, approval from appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents SearchMedia from obtaining sufficient foreign currency to satisfy its currency demands, SearchMedia may not be able to pay dividends in foreign currencies to its parent, ID Cayman. As dividends from Chinese operations will be the primary source of revenue production for ID Cayman, failure to be able to receive such dividends could materially and adversely impact the value of your ID Cayman shares and could make it impossible for ID Cayman to meet its cash flow requirements.

On August 29, 2008, SAFE issued the *Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises*, or

Circular No. 142. Pursuant to Circular No. 142, the RMB fund from the settlement of foreign currency capital of a foreign-invested enterprise must be used within the business scope as approved

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by the examination and approval department of the government, and cannot be used for domestic equity investment unless it is otherwise provided for. Documents certifying the purposes of the RMB fund from the settlement of foreign currency capital including a business contract must also be submitted for the settlement of the foreign currency. SearchMedia used to provide loans to Jingli Shanghai in RMB settled from foreign currency capital of Jieli Consulting and Jieli Network. With the strengthened administration on settlement of foreign currency, these previous loan arrangements may no longer be feasible. If the foreign exchange control system prevents Jingli Shanghai from obtaining sufficient RMB to satisfy its currency demands, the operation of SearchMedia may be materially and adversely affected.

SearchMedia's subsidiary in Hong Kong, Ad-Icon Company Limited, is in the process of preparing application documents for submission to the relevant PRC authorities to establish a wholly foreign owned enterprise in China to directly engage in advertising business. Upon establishing such a wholly foreign owned enterprise, it plans to enter into advertising contracts directly with clients and submit those contracts for the purpose of settling foreign currencies. In the meantime, SearchMedia can submit the business contracts between Jieli Consulting/Jieli Network and Jingli Shanghai for the purpose of settling foreign currencies. According to the PRC counsel to SearchMedia, both alternatives are permissible under PRC laws.

PRC regulations relating to the establishment of offshore special purpose vehicles by PRC residents may subject SearchMedia's PRC resident shareholders or SearchMedia to penalties and limit its ability to inject capital into its PRC subsidiaries, limit its PRC subsidiaries' ability to distribute profits to SearchMedia, or otherwise adversely affect SearchMedia.

SAFE issued a public notice in October 2005 requiring PRC residents to register with the local SAFE branch before establishing or controlling any company outside of China for the purpose of capital financing with assets or equities of PRC companies, referred to in the notice as an offshore special purpose vehicle. PRC residents that are shareholders and/or beneficial owners of offshore special purpose companies established before November 1, 2005 were required to register with the local SAFE branch before March 31, 2006. In addition, any PRC resident that is a shareholder of an offshore special purpose vehicle is required to amend its SAFE registration with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment or creation of any security interest over any assets located in China or other material changes in share capital. In May 2007, SAFE issued relevant guidance to its local branches with respect to the operational process for SAFE registration, which standardized more specific and stringent supervision on the registration relating to the SAFE notice. SearchMedia has requested its current shareholders and/or beneficial owners to disclose whether they or their shareholders or beneficial owners fall within the ambit of the SAFE notice and has urged those who are PRC residents to register with the local SAFE branch as required under the SAFE notice. The failure of these shareholders and/or beneficial owners to timely amend their SAFE registrations pursuant to the SAFE notice or the failure of future shareholders and/or beneficial owners of SearchMedia who are PRC residents to comply with the registration procedures set forth in the SAFE notice may subject such shareholders, beneficial owners and/or its PRC subsidiaries to fines and legal sanctions and may also limit its ability to contribute additional capital into its PRC subsidiaries, limit its PRC subsidiaries' ability to distribute dividends to SearchMedia or otherwise adversely affect its business. Additional registrations may be required in connection with the acquisition of shares in ID Cayman by existing shareholders of SearchMedia.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent SearchMedia from using the proceeds of this transaction to make loans or additional capital contributions to its PRC operating subsidiaries and affiliated entities.

In using the proceeds of this transaction as an offshore holding company of its PRC operating subsidiaries and affiliates, SearchMedia may make loans to its PRC subsidiaries and consolidated affiliates, or SearchMedia may make

additional capital contributions to its PRC subsidiaries. As an offshore holding

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company of its PRC operating subsidiaries and affiliates, any loans by SearchMedia to its PRC subsidiaries or consolidated PRC affiliates are subject to PRC regulations and approvals. For example:

loans by SearchMedia to its wholly-owned subsidiaries in China, each of which is a foreign-invested enterprise, to finance the activities cannot exceed statutory limits and must be registered with SAFE, or its local counterpart; and

loans by SearchMedia to Jingli Shanghai, which is a domestic PRC entity, may require the approval from the relevant government authorities or registration with SAFE or its local counterpart.

SearchMedia may also decide to finance its wholly-owned subsidiaries by means of capital contributions. These capital contributions must be approved by the PRC Ministry of Commerce or its local counterpart. Because Jingli Shanghai is a domestic PRC entity, SearchMedia is not likely to finance its activities by means of capital contributions due to regulatory issues relating to foreign investment in domestic PRC entities, as well as the licensing and other regulatory issues discussed in the Regulatory Matters section of this proxy statement/prospectus. There can be no assurances that SearchMedia will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by it to its subsidiaries or Jingli Shanghai. If SearchMedia fails to receive such registrations or approvals, its ability to use the proceeds of this transaction and to capitalize its PRC operations may be negatively affected, which could adversely and materially affect its liquidity and its ability to fund and expand its business.

Fluctuation in the value of the Renminbi may have a material adverse effect on your investment.

The value of the Renminbi against the U.S. dollar, Euro and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi was permitted to fluctuate within a narrow and managed band against a basket of foreign currencies. This change in policy caused the Renminbi to appreciate approximately 21.5% against the U.S. dollar over the following three years. Since reaching a high against the U.S. dollar in July 2008, the Renminbi has traded within a narrow band against the U.S. dollar, remaining within 1% of its July 2008 high but never exceeding it. As a consequence, the Renminbi has fluctuated sharply since July 2008 against other freely traded currencies, in tandem with the U.S. dollar. It is difficult to predict how long the current situation may last and when and how it may change again.

Substantially all of SearchMedia's revenues and costs are denominated in Renminbi, and a significant portion of its financial assets are also denominated in Renminbi. Thus, a resumption of the appreciation of the Renminbi against the U.S. dollar would, for instance, further increase SearchMedia's costs in U.S. dollar terms. In addition, as SearchMedia principally relies on dividends and other distributions paid to it by its subsidiaries and affiliated entities in China, any significant depreciation of the Renminbi against the U.S. dollar may have a material adverse effect on SearchMedia's revenues and financial condition. In addition, to the extent that ID Cayman, or SearchMedia, needs to convert U.S. dollars into Renminbi for SearchMedia's operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount it receives from the conversion. Conversely, if SearchMedia decides to convert its Renminbi into U.S. dollars for the purpose of making payments for dividends on ID Cayman's preferred or ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to it. Any fluctuation of the exchange rate between the Renminbi and the U.S. dollar could also result in foreign current translation losses for financial reporting purposes.

The approval of the China Securities Regulatory Commission, or the CSRC, may be required in connection with this transaction under a recently adopted PRC regulation. The regulation also establishes more complex

procedures for acquisitions conducted by foreign investors that could make it more difficult for SearchMedia to grow through acquisitions.

On August 8, 2006, six PRC regulatory agencies: the PRC Ministry of Commerce, the State Assets Supervision and Administration Commission, or SASAC, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC, and SAFE jointly adopted the Regulations on Mergers

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and Acquisitions of Domestic Enterprises by Foreign Investors, which we refer to as the M&A Regulations, that became effective on September 8, 2006. The new regulations require offshore special purpose vehicles, or SPVs, that are controlled by PRC companies or residents and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. On September 21, 2006, the CSRC published a notice on its website specifying the documents and materials that SPVs are required to submit when seeking CSRC approval for their listings outside of China. The interpretation and application of the new regulations remain unclear, and there can be no assurance that this transaction does not require approval from the CSRC, and if it does, how long it will take it to obtain the approval. If CSRC approval is required for this transaction, the failure to obtain or the delay in obtaining the CSRC approval for this transaction would subject ID Cayman or SearchMedia to sanctions imposed by the CSRC and other PRC regulatory agencies. These sanctions could include fines and penalties on SearchMedia's operations in China, restriction or limitation on its ability to pay dividend outside of China, and other forms of sanctions that may cause a material and adverse effect on ID Cayman's business, results of operations and financial conditions.

SearchMedia's PRC legal counsel, Commerce & Finance Law Offices, has advised it that, based on their understanding of the current PRC laws, regulations and rules:

the CSRC currently has not issued any definitive rule or interpretation concerning whether transactions such as the one contemplated in this proxy statement/prospectus are subject to CSRC approval procedures;

despite the above, prior approval from CSRC is not required under the new regulations for this transaction, unless SearchMedia or ID Cayman is clearly required to do so by subsequent rules of the CSRC, because (i) none of ID Cayman, SearchMedia, Jieli Consulting or Jieli Network has acquired any equity or assets of a PRC domestic company and (ii) Jieli Consulting has entered into contractual arrangements with Jingli Shanghai and its shareholders, as current PRC laws and regulations require foreign investors in advertising businesses to meet certain qualifications, and SearchMedia currently does not operate a foreign-invested enterprise which is approved by competent PRC authorities to engage in advertising businesses.

There is still uncertainty as to how the M&A Regulations will be interpreted or implemented. If the CSRC or another PRC regulatory agency subsequently determines that CSRC approval was required for this transaction, SearchMedia or ID Cayman may need to apply for a remedial approval from the CSRC and may be subject to certain administrative punishments or other sanctions from these regulatory agencies. There can be no assurance that new rules and regulations or relevant interpretations will not be issued which may require that SearchMedia or ID Cayman obtain retroactive approval from the CSRC in connection with this transaction. If this were to occur, SearchMedia's or ID Cayman's failure to obtain or the delay in obtaining the CSRC approval for this transaction would subject SearchMedia to sanctions imposed by the CSRC and other PRC regulatory agencies. These sanctions could include fines and penalties on its operations in China, restriction or limitation on the ability to pay dividend outside of China, and other forms of sanctions that may cause a material and adverse effect on their business, results of operations or financial condition.

The new regulations also established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from the Ministry of Commerce be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Complying with the requirements of the new regulations to complete such transactions could be time-consuming, and any required approval processes, including Ministry of Commerce approval, may delay or inhibit ID Cayman's ability to complete such transactions, which could affect its ability to expand its business or

maintain its market share.

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Any health epidemics and other outbreaks, or war, acts of terrorism and other man-made or natural disasters could severely disrupt SearchMedia's business operations.

SearchMedia's business could be materially and adversely affected by the outbreak of avian influenza, H1N1 Flu, severe acute respiratory syndrome, or SARS, or another epidemic. In recent years, there have been reports on the occurrences of avian influenza and H1N1 Flu in various parts of China, including a few confirmed human cases and deaths. Any prolonged recurrence of avian influenza, H1N1 Flu, SARS or other adverse public health developments in China could require the temporary closure of SearchMedia's offices or prevent its staff from traveling to its clients offices to sell its services or provide on site services. Such closures could severely disrupt its business operations and adversely affect its results of operations.

SearchMedia's operations are vulnerable to interruption and damage from natural and other types of disasters, including snowstorms, earthquakes, fire, floods, environmental accidents, power loss, communications failures and similar events. If any disaster were to occur in the future, SearchMedia's ability to operate its business could be materially impaired.

Risks Relating to the Redomestication and the Business Combination

The combined company's working capital will be substantially reduced by stockholders who exercise their conversion rights, by expenses incurred and payments made in connection with the transaction, and to the extent that Ideation or its affiliates execute contracts to acquire shares of Ideation common stock to be settled out of proceeds from the trust account in connection with attempts to procure the requisite stockholder vote in favor of the Business Combination Proposal. This could result in the combined company being substantially undercapitalized upon consummation of the business combination.

Pursuant to Ideation's current Amended and Restated Certificate of Incorporation, holders of IPO Shares may vote against the business combination and demand that Ideation convert their IPO Shares into their *pro rata* portion of the funds available in the trust account as of the record date. If the Charter Amendment Proposal is approved, then holders of IPO Shares that vote either for or against the business combination may demand that Ideation convert their IPO Shares into their *pro rata* portion of the funds available in the trust account on the record date. To the extent the business combination is consummated and holders of IPO Shares convert those shares to cash, there will be a corresponding reduction in the amount of funds available in the trust account to the combined company following the business combination. As of the record date, assuming both the charter amendment and the business combination are approved, the maximum amount of funds that could be disbursed to Ideation stockholders upon the exercise of their conversion rights is \$78,815,000. The Charter Amendment Proposal, by permitting even those holders of IPO shares which vote in favor of the business combination to elect to convert their shares, will likely result in the working capital of the combined companies being substantially less than what would have been the case had conversion rights remained limited to those holders of IPO Shares who vote against the business combination. Moreover, substantial expenses incurred and other payments required to be made in connection with the transaction will likely further substantially and materially reduce the working capital of the combined companies. For example, the company's working capital will further be reduced by additional payments at or shortly after the closing of the business combination, including: (i) the payment in cash of \$5 million of the principal amount outstanding under the promissory note issued to Linden Ventures, plus all accrued and unpaid interest on this promissory note, in accordance with the share exchange agreement, (ii) the payment in cash of all accrued and unpaid interest on certain other SM Cayman promissory notes, in accordance with the share exchange agreement, (iii) the payment of a deferred underwriting fee in the amount of \$2.73 million, and (iv) the payment of other transaction costs incurred by Ideation and SearchMedia of approximately \$12.2 million as of the date of this proxy statement/prospectus in connection with the redomestication and business combination transactions, including accounting, legal, consulting and advisory fees and expenses incurred with respect to printing, filing, and mailing of the proxy statement/prospectus. As a result of

these payments, there is a significant risk that the net amount of cash from the trust account may not provide sufficient working capital for the combined company's business.

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In the event that the Charter Amendment Proposal is approved and the business combination is completed, stockholders who do not exercise their conversion rights could hold shares in a company that has very few public stockholders, and the ability to buy and sell shares of the combined company's common stock in the future could be significantly impaired.

If the charter amendment is approved, then holders of IPO shares that vote either for or against the business combination may demand that Ideation convert their IPO Shares into their *pro rata* portion of funds available in the trust account on the record date. We anticipate that a significant number of holders of IPO Shares will elect to convert their IPO Shares to cash. As a result, after completion of the business combination, the combined company may have very few public stockholders. This could result in a significant impairment in a stockholder's ability to buy and sell shares in the open market. In addition, failure to meet the minimum number of holders requirement for continued listing could result in the NYSE Amex delisting the combined company's securities from quotation on its exchange, which could further adversely impact a stockholder's ability to buy and sell shares.

Ideation or its affiliates may enter into contracts to acquire Ideation common stock from existing investors in an attempt to procure the requisite stockholder vote in favor of the Business Combination Proposal, which could further deplete the funds available to Ideation in the trust account.

Ideation or its affiliates, to the extent permitted by law, may enter into contracts to acquire Ideation shares of common stock in the future either in the open market or from existing institutional and other investors in privately negotiated transactions in connection with attempting to procure the requisite stockholders vote in favor of the business combination proposal. Such purchases will be paid for out of the proceeds of the trust account, resulting in a corresponding reduction in the amount of funds available in the trust account to the combined company following the business combination. The amount of this reduction will depend on the number of Ideation shares so purchased, and accordingly, the exact amount of the potential reduction of the trust account cannot be presently estimated. However, assuming that the Charter Amendment Proposal is approved and holders of IPO Shares proposal exercise their conversion rights, the disbursement of funds to satisfy such conversion rights, combined with the settlement of contracts to purchase shares of Ideation common stock entered into prior to the closing of the business combination by Ideation or its affiliates, could significantly exhaust the trust account.

Following the consummation of the redomestication, Ideation will become a Cayman Islands company and, because the rights of shareholders under Cayman Islands law differ from those under U.S. law, you may have fewer protections as a shareholder.

Following the consummation of the redomestication, the resulting company's corporate affairs will be governed by its Memorandum and Articles of Association, and subject at all times to the Companies (Amendment) Law, 2009 of the Cayman Islands, or the Companies Law. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibility of the directors under Cayman Islands law are governed by common law principles derived from cases in the Cayman Islands and other commonwealth and common law countries. The rights of shareholders and the fiduciary responsibilities of directors under Cayman Islands law differ somewhat from those established under statutes or judicial precedent in some jurisdictions in the United States. Also, the Cayman Islands has a less developed body of securities law compared to the United States and less developed or judicially interpreted bodies of corporate law compared to many U.S. states, including Delaware. For these reasons, the redomestication could result in fewer shareholder rights and protections than those to which you are currently entitled.

As a foreign private issuer, ID Cayman will be exempt from certain SEC requirements that provide stockholders with protections and information that must be made available to stockholders of U.S. public companies.

Based on currently available information, ID Cayman expects that it will become a foreign private issuer upon the consummation of the business combination, which would reduce the reporting requirements under the Exchange Act, resulting in fewer costs associated with financial and reporting compliance. For example, as

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a foreign private issuer ID Cayman will be exempt from certain provisions applicable to U.S. public companies, including:

the rules requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;

the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations with respect to a security registered under the Exchange Act;

provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material non-public information; and

the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any short swing trading transactions, or a purchase and sale, or a sale and purchase, of the issuer's equity securities within less than six months.

As a foreign private issuer, ID Cayman will file an annual report on Form 20-F within six months of the close of fiscal years 2009 and 2010, and within four months of each fiscal year beginning with fiscal year 2011, and reports on Form 6-K relating to certain material events promptly after ID Cayman publicly announces these events. However, because of the foregoing filing exemptions, ID Cayman's shareholders will not be afforded the same protections or information generally available to investors holding shares in public companies organized in the United States, such as Ideation.

Activities taken by Ideation or its affiliates, existing Ideation stockholders or others to increase the likelihood of approval of the Business Combination Proposal and other proposals could have an adverse impact on the trading price of Ideation's common stock.

Ideation may seek to purchase, or enter into contracts to purchase, shares of Ideation common stock either in the open market or in privately negotiated transactions. Any such purchases and contracts would be effected pursuant to a 10b(5)-1 plan or at a time when Ideation, its initial stockholders or their affiliates are not aware of material nonpublic information regarding Ideation or its securities. Such purchases could involve the incurrence of indebtedness by Ideation, payment of significant fees or interest payments or the issuance of any additional Ideation securities. Any purchases other than ordinary course purchases require the prior approval of the SM Cayman shareholders representatives, which approval may not be unreasonably withheld or delayed. If such approval is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases (discussed below) will terminate. A condition to the closing of such contracts will be that all shares purchased would be voted in favor of the business combination. These purchases or arrangements could result in an expenditure of a substantial amount of funds in the trust account.

Commencing on April 1, 2009 and continuing until no later than 4:30 p.m. Eastern standard time on the day that is two business days before the special meeting of Ideation stockholders, The Frost Group, LLC, through itself, its affiliates or others, will purchase or enter into forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in an amount up to the Sponsor Purchase Commitment Amount. Such purchases will be conducted in compliance with the Securities Act, the Exchange Act, and any other applicable law. Entering into any such arrangements may have an adverse impact on the trading price of Ideation's common stock.

Purchasers of IPO Shares who do not convert their shares into cash could assert a claim to rescind their purchase or assert a claim for damages against Ideation.

Because Ideation is now taking action to amend Section D of Article Sixth of the Amended and Restated Certificate of Incorporation and extend conversion rights to holders of IPO Shares who vote either for or against the business combination, each purchaser of IPO Shares or warrants issued in the IPO could assert federal or state securities law claims against Ideation for rescission, if such purchaser still holds the securities, or damages, if such purchaser no longer holds the securities.

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Any claims for rescission or damages may not be finally adjudicated by the time the business combination is completed, and such claims would not be extinguished by consummation of the business combination. Ideation cannot predict whether any stockholders will bring claims for rescission or damages, how many stockholders might bring such claims or the extent to which such claims might be successful. Moreover, to the extent such litigation is brought against Ideation, the trust account or the trustee, Ideation and/or the trustee may be enjoined from making distributions from the trust account pending the resolution of that litigation, which would result in the delay of any payments to stockholders of trust account funds upon conversion or liquidation.

If certain financial objectives are achieved, the SearchMedia shareholders will be entitled to receive additional shares of ID Cayman as contingent consideration for the acquisition of their SearchMedia shares, which would result in dilution and might have an adverse effect on the market price of ID Cayman's ordinary shares.

Under the share exchange agreement, the SearchMedia shareholders are entitled to receive additional ordinary shares of ID Cayman if certain financial targets are achieved. If the additional shares are earned, the number of ordinary shares outstanding will significantly increase. The issuance of the additional shares will have a dilutive effect on the ordinary shares already outstanding and may cause a reduction in the trading price of the ordinary shares in the public market.

Registration rights held by Ideation's initial stockholders who purchased shares prior to Ideation's IPO and registration rights held by the SearchMedia shareholders with respect to the Ideation shares received in the business combination may have an adverse effect on the market price of ID Cayman's ordinary shares.

Ideation's initial stockholders who purchased an aggregate of 2,500,000 shares of common stock and warrants to purchase an aggregate of 2,400,000 shares of common stock prior to its IPO are entitled to demand that ID Cayman register the resale of their shares at any time after they are released from escrow. Similarly, the SearchMedia shareholders, who will receive a maximum of 6,662,727 ordinary shares in the business combination, as well as 1,519,186 warrants, are entitled to demand that ID Cayman register the resale of their shares. If such stockholders exercise their registration rights with respect to all of their shares, there will be additional ordinary shares eligible for trading in the public market. The presence of these additional shares may reduce the market price of ID Cayman's ordinary shares.

Ideation's directors and officers have interests in the business combination that differ from yours because their common stock may become worthless if the business combination is not approved.

In considering the recommendation of the Ideation board of directors to vote to approve the business combination, you should be aware that Ideation's directors, officers and initial stockholders have agreements or arrangements that provide them with interests in the business combination that may differ from, or are in addition to, those of Ideation stockholders generally, particularly the common stockholders. Ideation's initial stockholders, including its directors and officers, primarily hold common stock and warrants, which are not entitled to receive any of the funds that would be distributed upon liquidation of the trust account. If the business combination is not approved, these original securities may become worthless. In addition, Ideation's current directors and officers have agreed to indemnify Ideation for debts and obligations to vendors that are owed by Ideation to the extent necessary to ensure that certain liabilities do not reduce funds in the trust account. Additionally, under certain circumstances, if Ideation terminates the share exchange agreement, Ideation may be required to reimburse SearchMedia its costs and expenses up to \$3,000,000; however the SearchMedia parties have waived their claims against the trust account with respect to this amount. If Ideation is liquidated due to its inability to complete a business combination, the directors and officers may be required to fulfill their indemnification obligations to the extent Ideation's debts and obligations are not satisfied by the funds available outside the trust account, and to the extent such debts and obligations reduce the trust account. Ideation's current directors and officers therefore have a strong incentive to consummate the business combination and

not liquidate the trust account or render their securities worthless.

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The personal and financial interests of directors and officers may have influenced their motivation in identifying and selecting a target business and in timely completion of a business combination. Consequently, their discretion in identifying and selecting a suitable target business may result in a conflict of interest when determining whether the terms, conditions and timing of a particular business combination are appropriate and in the best interests of Ideation stockholders, particularly the common stockholders. For a more detailed discussion of these interests, see *Interests of Ideation Officers and Directors in the Business Combination*.

Because ID Cayman does not intend to pay dividends on its ordinary shares, stockholders will benefit from an investment in ID Cayman's ordinary shares only if those shares appreciate in value.

Ideation has never declared or paid any cash dividends on its shares of common stock. After the business combination, ID Cayman currently intends to retain all future earnings, if any, for use in the operations and expansion of the business. As a result, ID Cayman does not anticipate paying cash dividends in the foreseeable future. Any future determination as to the declaration and payment of cash dividends will be at the discretion of ID Cayman's board of directors and will depend on factors ID Cayman's board of directors deems relevant, including, among others, ID Cayman's results of operations, financial condition and cash requirements, business prospects, the terms of ID Cayman's credit facilities, if any, and any other financing arrangements. Accordingly, realization of a gain on stockholders' investments will depend on the appreciation of the price of ID Cayman's ordinary shares, and there is no guarantee that ID Cayman's ordinary shares will appreciate in value.

Voting control by executive officers, directors and other affiliates of the combined company may limit your ability to influence the outcome of director elections and other matters requiring shareholder approval.

Upon consummation of the business combination, the executive officers, directors and other affiliates of ID Cayman will own over 49% of ID Cayman's voting shares. These shareholders can control substantially all matters requiring approval by ID Cayman's shareholders, including the election of directors and the approval of other business transactions. This concentration of ownership could have the effect of delaying or preventing a change in control of ID Cayman or discouraging a potential acquirer from attempting to obtain control of ID Cayman, which in turn could have a material adverse effect on the market price of ordinary shares or prevent its shareholders from realizing a premium over the market price for their ordinary shares. This concentration of ownership could be exacerbated by the purchase by The Frost Group, LLC or its affiliates of additional shares of Ideation's shares of common stock prior to closing and the conversion of a substantial number of IPO Shares into cash.

The NYSE Amex may delist our securities from quotation on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.

Ideation's securities are listed on the NYSE Amex, a national securities exchange. After the redomestication and business combination, ID Cayman intends to re-apply to NYSE Amex in order to maintain its listing. It is unclear whether ID Cayman will meet the minimum number of holders requirement for continued listing on the NYSE Amex and as a result, NYSE Amex may delist our securities from quotation on its exchange, which could limit investors' ability to make transactions in our securities.

In addition, on February 10, 2009, Ideation received a letter from the NYSE Amex, indicating that it was not in compliance with Section 704 of NYSE Amex's Company Guide, for failure to hold an annual meeting of its stockholders in 2008. The notification from the NYSE Amex indicates that Ideation had until March 10, 2009 to submit a plan advising the NYSE Amex of action it has taken, or will take, that would bring Ideation into compliance with Section 704 by August 11, 2009. Ideation timely filed its plan with the NYSE Amex on March 10, 2009, and the NYSE Amex has accepted its plan. Ideation did not come into compliance with Section 704 by August 11, 2009. On August 27, 2009, Ideation received another letter from NYSE Amex, requesting that Ideation provide a second letter

indicating how and when Ideation expected to comply with Section 704 of the NYSE Amex's Company Guide. By letter dated September 8, 2009, Ideation advised NYSE Amex that it expected to hold a special meeting of stockholders to vote upon the business combination by October 31, 2009. NYSE Amex has not yet responded to this letter as of the date hereof.

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If the NYSE Amex delists Ideation's securities from trading on its exchange, Ideation could face significant material adverse consequences, including:

- a limited availability of market quotations for its securities;
- a reduced liquidity with respect to its securities;
- a determination that its common stock is a penny stock which will require brokers trading in its common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for its common stock;
- a limited amount of news and analyst coverage for the company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

There is a risk that ID Cayman could be treated as a U.S. domestic corporation for U.S. federal income tax purposes after the conversion and business combination, which could result in significantly greater U.S. federal income tax liability to ID Cayman.

Section 7874(b) of the Code generally provides that a corporation organized outside the United States which acquires, directly or indirectly, pursuant to a plan or series of related transactions substantially all of the assets of a corporation organized in the United States will be treated as a domestic corporation for U.S. federal income tax purposes if shareholders of the acquired corporation, by reason of owning shares of the acquired corporation, own at least 80% (of either the voting power or the value) of the stock of the acquiring corporation after the acquisition. If Section 7874(b) were to apply to the conversion, then ID Cayman, as the surviving entity, would be subject to U.S. federal income tax on its worldwide taxable income following the conversion and business combination as if ID Cayman were a domestic corporation.

Although we do not expect this 80% threshold to be met, on the date of this proxy statement/prospectus, the relative ownership percentages of the former shareholders of ID Arizona and of the former shareholders of SM Cayman after consummation of the transactions contemplated hereby are not known. In addition, the shares underlying any warrants or options issued to former ID Arizona shareholders, warrant holders, or option holders would count as shares owned by former ID Arizona shareholders for purposes of applying the 80% test to the extent such warrants or options represent a claim on the equity of ID Cayman. Although Section 7874(b) should not apply to treat ID Cayman as a domestic corporation for U.S. federal income tax purposes if this 80% threshold is not reached, due to the absence of full guidance on how the rules of Section 7874(b) will apply to the transactions contemplated by the conversion and business combination, this result is not entirely free from doubt. As a result, stockholders and warrant holders are urged to consult their own tax advisors on this issue. The immediately following two risk factors assume that ID Cayman will be treated as a foreign corporation for U.S. federal income tax purposes.

ID Arizona would recognize gain (but not loss) for U.S. federal income tax purposes as a result of the conversion, which would result in increased U.S. federal income tax liability to ID Arizona.

As a result of the conversion, ID Arizona would recognize gain (but not loss) for U.S. federal income tax purposes equal to the excess, if any, of the fair market value of each of its assets over such asset's adjusted tax basis at the effective time of the conversion. Since any such gain will be determined based on the value of its assets at that time, the amount of such gain (and any U.S. federal income tax liability to ID Arizona by reason of such gain) cannot be determined at this time. In order to provide an estimation of the amount of any gain, Ideation would need to determine the fair market value of each of its assets as of the effective time of the conversion. Ideation has not performed such an

analysis and will not be able to do so until after the effective time of the conversion. Stockholders and warrant holders are urged to consult their own tax advisors on this tax issue and other tax issues in connection with the conversion.

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There is a risk that ID Cayman will be classified as a passive foreign investment company, or PFIC, which could result in adverse U.S. federal income tax consequences to U.S. holders of ordinary shares or warrants of ID Cayman.

ID Cayman will be treated as a PFIC for any taxable year in which either (1) at least 75% of its gross income (looking through certain corporate subsidiaries) is passive income or (2) at least 50% of the average value of its assets (looking through certain corporate subsidiaries) produce, or are held for the production of, passive income. Passive income generally includes dividends, interest, rents, royalties, and gains from the disposition of passive assets. If ID Cayman were a PFIC for any taxable year during which a U.S. Holder, as defined in the section titled **Material United States Federal Income Tax Considerations – General**, held its ordinary shares or warrants, the U.S. Holder may be subject to increased U.S. federal income tax liability and may be subject to additional reporting requirements.

Based on the expected composition of the assets and income of ID Cayman and its subsidiaries after the conversion and business combination, it is not anticipated that ID Cayman will be treated as a PFIC following the conversion and business combination. The actual PFIC status of ID Cayman for any taxable year, however, will not be determinable until the conclusion of its taxable year, and accordingly there can be no assurance as to the status of ID Cayman as a PFIC for the current taxable year or any future taxable year. See the discussion titled **Material United States Federal Income Tax Considerations – Tax Consequences to U.S. Holders of Shares and Warrants of ID Cayman – Passive Foreign Investment Company Rules**. U.S. holders of Ideation's securities are urged to consult their own tax advisors regarding the possible application of the PFIC rules.

If you acquire (directly, indirectly, or constructively) 10% or more of ID Cayman's shares, you may be subject to taxation under the controlled foreign corporation, or CFC rules.

Each 10% U.S. Shareholder of a foreign corporation that is a CFC for an uninterrupted period of 30 days or more during a taxable year, and that owns shares in the CFC directly or indirectly through foreign entities on the last day of the CFC's taxable year, must include in its gross income for U.S. federal income tax purposes its pro rata share of the CFC's subpart F income, even if the subpart F income is not distributed. A foreign corporation is considered a CFC if 10% U.S. Shareholders own more than 50% of the total combined voting power of all classes of voting stock of the foreign corporation, or the total value of all stock of the corporation. A 10% U.S. Shareholder is a U.S. person, as defined in the Internal Revenue Code, that owns at least 10% of the total combined voting power of all classes of stock entitled to vote of the foreign corporation. For purposes of determining whether a corporation is a CFC, and therefore whether the more-than-50% and 10% ownership tests have been satisfied, shares owned includes shares owned directly or indirectly through foreign entities or shares considered owned under constructive ownership rules. The attribution rules are complicated and depend on the particular facts relating to each investor. See **Material United States Federal Income Tax Considerations – Tax Consequences to U.S. Holders of Shares and Warrants of ID Cayman – Controlled Foreign Corporation Rules**. U.S. Holders are urged to consult their own tax advisors regarding the possible application of the CFC rules.

Risks Relating to Ideation Stockholders and Warrantholders

ID Cayman may choose to redeem its outstanding warrants at a time that is disadvantageous to the warrantholders, preventing such holders from realizing the potential economic value of their warrants.

Subject to there being a current prospectus under the Securities Act, ID Cayman may redeem all of the currently outstanding warrants at any time after they become exercisable at a price of \$0.01 per warrant, upon a minimum of 30 days prior written notice of redemption, if and only if, the last sale price of ID Cayman's ordinary shares equals or exceeds \$11.50 per share for any 20 trading days within a 30-trading-day period ending three business days before ID Cayman sends the notice of redemption. Calling all of such warrants for redemption could force the warrantholders to:

exercise the warrants and pay the exercise price for such warrants at a time when it may be disadvantageous for the holders to do so;

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sell the warrants at the then-current market price when they might otherwise wish to hold the warrants; or

accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

Ideation's warrant holders may not be able to exercise their warrants, which may significantly reduce their economic value and create liability for Ideation.

Holders of the warrants that Ideation issued in its IPO and private placement will be able to receive shares upon exercise of the warrants only if:

a current registration statement under the Securities Act relating to the ordinary shares underlying the warrants is then effective; and

such shares are qualified for sale or exempt from qualification under the applicable securities laws of the states in which the various holders of warrants reside.

Although Ideation has agreed to use its best efforts to maintain a current registration statement covering the shares underlying the warrants to the extent required by federal securities laws, which obligation ID Cayman will assume pursuant to the share exchange agreement, ID Cayman cannot assure that it will be able to do so. In addition, some states may not permit ID Cayman to register the shares issuable upon exercise of its warrants for sale. The value of the warrants will be greatly reduced if a registration statement covering the shares issuable upon the exercise of the warrants is not kept current or if the securities are not qualified, or exempt from qualification, in the states in which the holders of warrants reside. In connection with Ideation's IPO, Ideation agreed to qualify for sale the common stock underlying its warrants in each state in which the units issued in the IPO were initially offered. However it did not agree to qualify such securities in any other state.

ID Cayman believes that the holders of warrants who reside in California, Colorado, Florida, Illinois, Louisiana, New Jersey, New York, Ohio, Pennsylvania and Texas will be able to exercise their warrants freely. Additionally, holders of warrants who reside in Connecticut, Georgia, Maryland, Missouri and North Carolina will be able to exercise their warrants, provided that ID Cayman does not pay any commission or other remuneration (other than a standby commission) directly or indirectly for soliciting any security holder in the respective state. Holders of warrants who reside in jurisdictions in which the shares underlying the warrants are not qualified and in which there is no exemption will be unable to exercise their warrants and would either have to sell their warrants in the open market or allow them to expire unexercised, which could result in the filing of claims against and other losses for Ideation.

If holders representing 30% or more of the shares of Ideation's common stock decide both to vote against the business combination and to convert their IPO Shares into cash, Ideation may be forced to dissolve and liquidate, stockholders may receive less than their pro rata share of the funds available in the trust account, and Ideation's common stock and warrants would expire and become worthless.

If Ideation does not complete a business combination by November 19, 2009, Ideation will dissolve and distribute to the holders of IPO Shares their *pro rata* portion of the funds available in the trust account with any remaining net assets distributed to the holders of IPO Shares. Following dissolution, Ideation would no longer exist as a corporation. Under the terms of Ideation's Amended and Restated Certificate of Incorporation, if holders representing 30% or more of IPO Shares both vote against the acquisition and convert their IPO Shares into cash, Ideation would ultimately be forced to dissolve and liquidate.

In any liquidation, the net proceeds of Ideation's IPO and private placement and the deferred underwriting compensation held in the trust account, plus any interest earned thereon (net of taxes payable), less the portion of such interest previously paid to Ideation, will be distributed on a *pro rata* basis to the holders of IPO Shares. Based on the conversion price per share in Ideation's trust account as of June 30, 2009, the per-share liquidation price is expected to be \$7.8815. The proceeds deposited in the trust account could, however, become subject to the claims of Ideation's creditors which could be prior to the claims of Ideation

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stockholders. Further, under certain circumstances, if the share exchange agreement is terminated by Ideation, Ideation may be required to reimburse SearchMedia its costs and expenses up to \$3,000,000; however, the SearchMedia parties have waived their claims against the trust account with respect to this amount. Ideation cannot assure you that the actual per share liquidation price will not be less than \$7.8815, due to claims of creditors. Furthermore, in the event of a dissolution, there will be no distribution with respect to Ideation's outstanding warrants and, accordingly, the warrants would expire without any value.

Current difficult conditions in the global financial markets and the economy generally may materially and adversely affect Ideation's ability to consummate a business combination and may adversely affect its business operations and trading price in the event it does consummate a business combination.

Ideation's ability to consummate a business combination may be materially affected by conditions in the global financial markets and the economy generally, both in the U.S. and elsewhere around the world. The stress experienced by global financial markets that began in the second half of 2007 continued and substantially increased during the second half of 2008 and beginning of 2009. The volatility and disruption in the global financial markets have reached unprecedented levels. The availability and cost of credit has been materially affected. These factors, combined with volatile oil prices, depressed home prices and increasing foreclosures, falling equity market values, rising unemployment, declining business and consumer confidence and the risk of increased inflation, have precipitated what may be a severe recession. Ideation does not expect that the difficult conditions in the financial markets are likely to improve in the near future. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on Ideation.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this proxy statement/prospectus, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act and Section 21E of the Exchange Act.

Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our filings with the Securities and Exchange Commission. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

The parties may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements, and you should not place undue reliance on the forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements made by the parties. The parties to this proxy statement/prospectus have included important factors in the cautionary statements included in this proxy statement/prospectus, particularly in the Risk Factors section, that the parties believe could cause actual results or events to differ materially from the forward-looking statements made by the parties, including, among others:

the number and percentage of Ideation stockholders electing to convert their shares into cash upon completion of the business combination;

legislation or regulatory environments, requirements or changes adversely affecting the business in which SearchMedia is engaged;

continued compliance with government regulations;

fluctuations in customer demand;

management of rapid growth;

intensity of competition from other out-of-home advertising companies;

the time to develop and market new services and products;

outcomes of government reviews, inquiries, investigations and related litigation;

general economic conditions;

recent market events and conditions, including disruptions in credit and other financial markets and the deterioration of U.S. and global economic conditions;

geopolitical events; and

changing principles of generally accepted accounting principles.

This proxy statement/prospectus contains estimates, projections and statistical data, including those from the Nielsen report and ZenithOptimedia. These estimates, projections and data were relevant as of the date they were published in the relevant reports; they are based on presumptions and samples and are not representations of fact. The Nielsen report was prepared primarily as a marketing research tool for certain industry segments and not intended as a basis for evaluating investments in SearchMedia.

Further, the forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, collaborations, dividends or investments made by the parties.

You should read this proxy statement/prospectus, including all annexes to this proxy statement/prospectus, as well as the documents filed as exhibits to the registration statement of which this proxy statement/prospectus is a part, completely and with the understanding that actual future results may be materially different from what the parties expect. None of ID Cayman, SearchMedia and Ideation assumes any obligation to update any forward-looking statements.

Table of Contents**SELECTED SUMMARY HISTORICAL FINANCIAL INFORMATION**

The following table summarizes the relevant financial data for Ideation's business and should be read with Ideation's financial statements included in this document. Ideation has not had any significant operations to date, so only balance sheet data is presented.

<u>Balance Sheet Data:</u>	<u>December 31,</u> <u>2008</u>
Working capital	89,346
Total assets	79,852,731
Total liabilities	3,237,626
Value of common stock which may be redeemed for cash (\$7.88 per share)	23,639,992
Stockholders' equity	52,975,113

SearchMedia and Predecessors Selected Historical Financial Data

The following table sets forth the selected historical financial data for SearchMedia as of December 31, 2007 and for the period from February 9, 2007 (inception) to December 31, 2007 and as of December 31, 2008 and for the year ended December 31, 2008, and the selected historical financial data for its predecessor, Sige, as of December 31, 2005 and 2006, and for the period from June 8, 2005 (inception) to December 31, 2005, for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007, and the selected historical financial data for its predecessor, Dale, as of December 31, 2005 and 2006, and for the period from April 28, 2005 (inception) to December 31, 2005, for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007. The selected historical financial data of SearchMedia as of December 31, 2007 and 2008, and for the period from February 9, 2007 (inception) to December 31, 2007 and the year ended December 31, 2008 has been derived from SearchMedia's audited consolidated financial statements as of December 31, 2007 and 2008 and for the period from February 9, 2007 (inception) to December 31, 2007 and the year ended December 31, 2008. The selected historical financial data of Sige as of December 31, 2006 and for the year ended December 31, 2006 and the period from January 1, 2007 through June 3, 2007 has been derived from Sige's audited financial statements as of December 31, 2006 and June 3, 2007, and for the year ended December 31, 2006 and the period from January 1, 2007 through June 3, 2007. The selected historical financial data of Dale as of December 31, 2006 and for the year ended December 31, 2006 and the period from January 1, 2007 through June 3, 2007 has been derived from Dale's audited financial statements as of December 31, 2006 and June 3, 2007, and for the year ended December 31, 2006 and the period from January 1, 2007 through June 3, 2007. The above audited financial statements are included elsewhere in this proxy statement/prospectus, and the selected historical financial data should be read together with those financial statements including the notes thereto, and together with SearchMedia's Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in this proxy statement/prospectus. The selected historical financial data of Sige as of December 31, 2005 and for the period from June 8, 2005 (inception) to December 31, 2005 has been derived from Sige's unaudited financial statements as of December 31, 2005 and for the period from June 8, 2005 (inception) to December 31, 2005 not included in this proxy statement/prospectus. The selected historical financial data of Dale as of December 31, 2005 and for the period from April 28, 2005 (inception) to December 31, 2005 has been derived from Dale's unaudited financial statements as of December 31, 2005 and for the period from April 28, 2005 (inception) to December 31, 2005 not included in this proxy statement/prospectus. The unaudited financial information includes all adjustments, consisting only of normal and recurring adjustments that SearchMedia considers necessary for a fair presentation of its financial position and operating results for the period

presented. SearchMedia's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America and SearchMedia uses the U.S. dollar as its reporting currency.

In SearchMedia's consolidated financial statements, the assets and liabilities of Sige and Dale were adjusted to their fair value upon initial consolidation. The resulting fair value adjustment and recognition and

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amortization of intangible assets caused incomparability of the predecessor's results of operations to those of SearchMedia.

	Predecessors				SearchMedia			
	June 8, 2005	January 1, 2006	January 1, 2007	April 28, 2005	January 1, 2006	January 1, 2007	February 9, 2007	January 1, 2008
	to December 31, 2005	to December 31, 2006	to June 3, 2007	to December 31, 2005	to December 31, 2006	to June 3, 2007	to December 31, 2007	to December 31, 2008
	(\$ in thousands)			(\$ in thousands)			(\$ in thousands)	

Selected Income Statement Data

Advertising service revenues	952	1,424	599	324	1,104	745	7,828	88,637
Cost of revenues(1)(2)	(522)	(622)	(369)	(159)	(387)	(214)	(2,451)	(46,674)
Gross profit	430	802	230	165	717	531	5,377	41,963
Operating expenses:								
Sales and marketing(1)(2)	(40)	(36)	(25)	(38)	(176)	(105)	(293)	(7,397)
General and administrative(2)	(151)	(145)	(129)	(57)	(172)	(140)	(2,555)	(11,727)
Loss on deconsolidation of variable interest entity							(358)	
Total operating expenses	(191)	(181)	(154)	(95)	(348)	(245)	(3,206)	(19,124)
Income from operations	239	621	76	70	369	286	2,171	22,839
Interest income							5	131
Interest expense							(43)	(8,922)
Decrease in fair value of note warrant liability								482

Loss on extinguishment of the notes								(3,218)
Foreign currency exchange loss, net							(35)	(167)
Income before income taxes	239	621	76	70	369	286	2,098	11,145
Income taxes expenses	(1)	(15)	(21)		(36)	(43)	(850)	(6,802)
Net income (loss)	238	606	55	70	333	243	1,248	4,343

Predecessors							
Sige				Dale		SearchMedia	
June 8, 2005	January 1, 2006	January 1, 2007	April 28, 2005	January 1, 2006	January 1, 2007	February 9, 2007	January 1, 2008
to	to	to	to	to	to	to	to
December 31, 2005	December 31, 2006	June 30, 2007	December 31, 2005	December 31, 2006	June 30, 2007	December 31, 2007	December 31, 2008
(\$ in thousands)				(\$ in thousands)		(\$ in thousands)	

(1) Include amortization expenses of intangibles as follows

Cost of revenues							132	1,756
Sales and marketing							86	1,709

(2) Include share-based compensation expenses as follows

Cost of revenues								56
Sales and marketing								68
General and administrative								2,230

Selected Balance Sheet Data	Predecessors						
	Sige			Dale		SearchMedia	
	As of	As of	As of	As of	As of	As of	
	December 31, 2005	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2007	December 31, 2008	

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	(\$ in thousands)		(\$ in thousands)		(\$ in thousands)	
Current assets	336	88	346	570	16,862	66,740
Total assets	361	108	353	582	24,235	111,776
Current liabilities	408	248	218	330	5,173	67,783
Series B redeemable convertible preferred shares					19,734	24,906
Series C redeemable convertible preferred shares						12,918
Total Shareholders equity/(deficit)	(47)	(140)	135	252	(691)	4,872

Table of Contents**UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS**

The following unaudited pro forma condensed financial statements give effect to the transactions described in share exchange agreement dated March 31, 2009, as amended respectively on May 27, 2009 and September 8, 2009 (the Transaction), based on the assumptions and adjustments set forth in the accompanying notes.

The unaudited pro forma condensed balance sheet as of June 30, 2009 is derived from the historical unaudited balance sheets of Ideation as of June 30, 2009 and SearchMedia as of March 31, 2009, giving effect to the Transaction, which is being accounted for as a reverse recapitalization as if it had occurred on June 30, 2009.

The following unaudited pro forma condensed statement of income for the six months ended June 30, 2009 is derived from the historical unaudited statement of operations of Ideation for the six months ended June 30, 2009 and the historical unaudited statement of income of SearchMedia for the six months ended March 31, 2009 giving effect to the Transaction as if it had occurred on January 1, 2009. The following unaudited pro forma condensed statement of income for the fiscal year ended December 31, 2008 is derived from the respective historical audited statements of income of Ideation and SearchMedia for the fiscal year ended December 31, 2008, giving effect to the Transaction as if it had occurred on January 1, 2008. The historical balance sheet for SearchMedia as of March 31, 2009 and the historical statement of income of SearchMedia for the six months ended March 31, 2009 have not been audited or reviewed by an independent registered public accounting firm.

The Transaction will be accounted for as a reverse recapitalization because it fails to meet the criteria to be considered as a business combination described in Statement of Financial Accounting Standards (SFAS) No. 141(R), Business Combinations (SFAS 141R), which is effective for periods beginning after December 15, 2008. Pursuant to SFAS 141R, SearchMedia is considered to be the accounting acquirer because it will obtain control of Ideation as a result of the Transaction. The determination was primarily based on SearchMedia comprising the ongoing operations of the combined entity, the senior management of the combined company and retaining equal voting rights in the combined entity s board of directors. However, because Ideation, the accounting acquiree, does not meet the definition of a business provided in SFAS 141R, the recognition and measurement provisions of SFAS 141R do not apply. The share exchange transaction utilizes the capital structure of Ideation and the assets and liabilities of SearchMedia are recorded at historical cost. Although SearchMedia will be deemed to be the acquiring company for accounting and financial reporting purposes, the legal status of Ideation as the surviving corporation will not change.

ID Cayman will issue 6,662,727 shares of Ideation s common stock to exchange the outstanding ordinary and preferred shares of SearchMedia and issue 1,712,874 shares to certain promissory notes holders of SearchMedia. In addition, ID Cayman shall issue a maximum of 10,150,352 Earn-Out Shares (as defined in the share exchange agreement) to the SearchMedia shareholders based on the combined entity s FY2009 Adjusted Net Income and warrant holders, will receive Earn-Out Shares if the combined entity s FY2009 Adjusted Net Income (as defined in the share exchange agreement) exceeds \$25.7 million. The final number of Earn-Out Shares to be issued is calculated in accordance with the formula set forth below. If FY2009 Adjusted Net Income equals or exceeds \$38.4 million, FY2009 Adjusted Net Income shall be deemed to be equal to \$38.4 million for purposes of such formula.

$$\text{Earn-Out Shares} = \frac{(\text{FY2009 Adjusted Net Income} - \$25.7 \text{ million})}{\$12.7 \text{ million}} \times 10,150,352 \text{ Shares}$$

The effect of the potential issuance of the Earn-Out Shares to SearchMedia shareholders and warrant holders is not reflected in these pro forma financial statements as the probability of achieving the aforementioned performance target could not be reasonably assessed.

The following unaudited pro forma condensed financial statements have been prepared assuming the Transaction is approved and using two different levels of conversion by the Ideation stockholders, as follows:

Assuming Zero Conversion: This presentation assumes that no Ideation stockholders would convert their shares into cash upon completion of the Transaction.

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Assuming Maximum Conversion: This presentation assumes that all Ideation stockholders holding IPO Shares, except the Sponsor Entity and its affiliates (as defined in the share exchange agreement), would convert into cash the IPO Shares held by them upon completion of the Transaction. This presentation further assumes that the Sponsor Purchase Commitment Amount, pursuant to which The Frost Group, LLC, through itself, its affiliates, or others will purchase and/or enter into forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in an amount equal to the lesser of (i) an aggregate expenditure of \$18.25 million and (ii) an amount that, when combined with certain purchases of Ideation common stock by Ideation, certain warrant purchases and proxies delivered by Ideation stockholders not electing their conversion rights would result in ID Cayman having at least \$18.25 million in cash available to it immediately after the closing of the business combination and before payment of expenses, will be satisfied entirely through open market purchases before the special meeting.

We are providing this information to aid you in your analysis of the financial aspects of the Transaction. The unaudited pro forma condensed financial statements described above should be read in conjunction with the historical financial statements of SearchMedia and Ideation and the related notes thereto included elsewhere in this proxy statement/prospectus. The unaudited pro forma financial information is not necessarily indicative of the financial position or results of operations that may have actually occurred had the Transaction taken place on the dates indicated, or the future financial position or operating results of the combined entity.

The historical financial information has been adjusted to give pro forma effect to events that are directly attributable to the Transaction, are factually supportable and, in the case of the pro forma income statements, have a recurring impact.

Table of Contents**Ideation Acquisition Corp.****Unaudited Pro Forma Condensed Balance Sheet****As of June 30, 2009****(US dollars in thousands)****Ideation SearchMedia**

	historical	historical	Zero Conversion Assumption		Maximum Conversion Assumption			
	June 30,	March 31,	Pro	Pro	Pro	Pro	Pro	
	2009	2009	Forma	Forma	Forma	Forma	Forma	
			Adjustments	Combined	Adjustments	Combined	Combined	
			Note		Note			
Assets								
Current assets:								
Cash and cash equivalents	96	6,588	78,815	(a)	65,551	(60,565)	(d1)	3,459
			(2,730)	(c2)		(1,527)	(d2)	
			(12,200)	(f1)				
			(5,000)	(i)				
			(18)	(g2)				
Accounts receivable, net		52,217			52,217			52,217
Amounts due from related parties		8,643			8,643			8,643
Prepaid expenses and other current assets	195	14,636	(2,066)	(f2)	12,765			12,765
Deferred tax assets		492			492			492
Total current assets	291	82,576			139,668			77,576
Other asset, cash and cash equivalents held in trust	78,815		(78,815)	(a)				
Rental deposits		169			169			169
Property and equipment, net		6,921			6,921			6,921
Deposits for acquisitions		6,228			6,228			6,228
Intangible assets, net		4,487			4,487			4,487
Goodwill		26,143			26,143			26,143
Deferred tax assets	387				387			387
Total assets	79,493	126,524			184,003			121,911
Liabilities and Stockholders Equity								
Current liabilities:								
Short-term borrowings		5,329	(3,500)	(g1)	1,829			1,829
Promissory notes		15,000	(5,000)	(i)				
			(10,000)	(b1)				

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Accounts payable		13,415			13,415	13,415
Accrued expenses and other payable	1,537	15,466	(1,875)	(e1)	12,554	12,554
			(1,766)	(f2)		
			(790)	(f2)		
			(18)	(g2)		
Acquisition consideration payable		15,156			15,156	15,156
Amounts due to related parties		737			737	737
Deferred revenue		1,519			1,519	1,519
Income taxes payable		11,683			11,683	11,683
Total current liabilities	1,537	78,305			56,893	56,893
Long-term liability:						
Deferred tax liabilities		1,111			1,111	1,111
Deferred underwriters fee	2,730		(2,730)	(c2)		
Total liabilities	4,267	79,416			58,004	58,004

See Notes to Unaudited Pro Forma Adjustments

Table of Contents**Ideation Acquisition Corp.****Unaudited Pro Forma Condensed Balance Sheet****As of June 30, 2009****(US dollars in thousands)**

	Ideation SearchMedia		Maximum Conversion Assumption			
	historical	historical	Zero Conversion Assumption		Pro	Pro
	June 30,	March 31,	Pro	Pro	Pro	Pro
	2009	2009	Forma	Forma	Forma	Forma
			Adjustments	Note	Adjustments	Note
						Combined
Redeemable common stock						
Ideation Common stock subject to possible redemption (2,999,999 shares at June 30, 2009 at redemption value of \$7.88 per share)	23,640		(23,640)	(c1)		
SearchMedia Series B redeemable convertible preferred shares; US\$0.0001 par value; 36,363,635 shares authorized, issued and outstanding as of March 31, 2009, respectively (Redemption value US\$32,364)		26,398	(26,398)	(b1)		
Series C redeemable convertible preferred shares; US\$0.0001 par value; 40,000,000 shares authorized, 4,845,276 shares issued and outstanding as of March 31, 2009 (Redemption value US\$13,975)		13,705	(13,705)	(b1)		
Commitments and contingencies						

Stockholders equity:								
Ideation Preferred Stock, \$0.0001 par value, 1,000,000 shares authorized; none issued and outstanding at June 30, 2009								
Ideation Common Stock, \$0.0001 par value, 50,000,000 shares authorized, 12,500,000 shares issued and outstanding including 2,999,999 shares subject to possible redemption, at June 30, 2009	1		(1)	(b3)				
SearchMedia Series A convertible preferred shares; US\$0.0001 par value; 20,000,000 shares authorized, 10,000,000 shares issued and outstanding as of March 31, 2009		722	(722)	(b1)				
SearchMedia Ordinary shares: US\$0.0001 par value; 443,636,365 shares authorized, 32,119,500 shares issued and outstanding as of March 31, 2009		3	(3)	(b1)				
ID Cayman ordinary shares			1	(b3)	2	(1)	(d1)	1
			1	(b1)				
Additional paid-in capital	52,595	2,433	50,827	(b1)	122,150	(60,564)	(d1)	60,059
			(1,010)	(b2)		(1,527)	(d2)	
			23,640	(c1)				
			1,575	(e1)				
			(12,200)	(f1)				
			790	(f2)				
			3,500	(g1)				

Income accumulated during the development stage	(1,010)		1,010	(b2)	
Accumulated other comprehensive income		2,134			2,134
Retained earnings		1,713			1,713
Total stockholders equity	51,586	7,005			125,999
Total liabilities and stockholders equity	79,493	126,524			184,003
					63,907
					121,911

See Notes to Unaudited Pro Forma Adjustments

Table of Contents**Ideation Acquisition Corp.**

Unaudited Pro Forma Condensed Statement of Income
For the Fiscal Year Ended December 31, 2008
(US dollars in thousands)

	Zero Conversion Assumption				Maximum Conversion Assumption		
	Ideation	SearchMedia	Pro	Pro	Pro		Pro
	historical	historical	Forma	Forma	Forma	Note	Forma
			Adjustments	Combined	Adjustments		Combined
			Note				
Net revenues		88,637		88,637			88,637
Cost of revenues		(46,674)		(46,674)			(46,674)
Gross profit		41,963		41,963			41,963
Selling and distribution expenses		(7,397)		(7,397)			(7,397)
General and administrative expenses	(1,282)	(11,727)		(13,009)			(13,009)
Income (loss) from operations	(1,282)	22,839		21,557			21,557
Interest expense		(8,922)	8,887	(35)			(35)
Interest income	1,616	131		1,747	(1,242)	(d3)	505
Decrease in fair value of note warrant liability		482	(482)				
Loss on extinguishment of the Notes		(3,218)	3,218				
Foreign currency exchange loss, net		(167)		(167)			(167)
Income before income taxes	334	11,145		23,102			21,860
Income tax expense	(99)	(6,802)		(6,901)			(6,901)
Net income	235	4,343		16,201			14,959
Net income per share basic							
Net income per share diluted				0.79			1.16
				0.66			0.89
Weighted average share basic				20,634,134			12,949,683
Weighted average share diluted				24,481,969			16,797,518

Table of Contents**Ideation Acquisition Corp.**

Unaudited Pro Forma Condensed Statement of Income
For the Six Months Ended June 30, 2009
(US dollars in thousands)

	Ideation Six Months Ended June 30, 2009	SearchMedia Six Months Ended March 31, 2009	Zero Conversion Assumption Pro Forma Adjustments Note	Pro Forma Combined	Maximum Conversion Assumption Pro Forma AdjustmentsNote	Pro Forma Combined
Net revenues		52,153		52,153		52,153
Cost of revenues		(24,962)		(24,962)		(24,962)
Gross profit		27,191		27,191		27,191
Selling and distribution expenses		(3,299)		(3,299)		(3,299)
General and administrative expenses	(1,382)	(7,650)		(9,032)		(9,032)
Income (loss) from operations	(1,382)	16,242		14,860		14,860
Interest expense		(1,190)	1,055	(135)		(135)
Interest income	30			30	(23)	7
Decrease in fair value of note warrant liability		195	(195)			
Loss on extinguishment of the Notes						
Foreign currency exchange loss, net						
Income before income taxes	(1,352)	15,247		14,755		14,732
Income tax expense	(37)	(5,352)		(5,389)		(5,389)
Net income	(1,389)	9,895		9,366		9,343
Net income per share basic						
Net income per share diluted				0.44		0.70
				0.37		0.54
Weighted average share basic				21,078,213		13,393,762
				24,995,879		17,311,428

Weighted average
share diluted

See Notes to Unaudited Pro Forma Adjustments

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Table of Contents**NOTES TO UNAUDITED PRO FORMA ADJUSTMENTS**

- (a) To record release of funds held in trust by Ideation to operating cash account upon consummation of the Transaction.
- (b) (b1) To record the issuance of 8,578,213 common stock of ID Cayman in exchange of outstanding SearchMedia ordinary shares, preferred shares, and promissory notes; (b2) To eliminate the retained earnings of Ideation as SearchMedia will be the continuing entity for accounting purposes; (b3) To reclassify Ideation common stock to ID Cayman ordinary shares.
- (c) Assuming zero conversion: (c1) To reclassify amounts relating to common stock subject to conversion to permanent equity; (c2) To record payment of deferred underwriting fee upon consummation of the Transaction.
- (d) Assuming maximum conversion: (d1) To record payment to converting shareholders, based on common stock subject to conversion at US\$7.8815 per share assuming impact of the Sponsor Purchase Commitment Amount is satisfied entirely through open market purchases before the special meeting. However, such commitment may, and will most likely, be satisfied subsequent to the closing of the business combination through warrant exercises or issuances of Ideation common stock; (d2) To record payment of accrued interest on cash held in trust to converting shareholders; (d3) To adjust for interest income that would not have been recognized in respect of cash payment to converting shareholders.
- (e) (e1) To reflect exchange of SearchMedia liability-classified warrants with ID Cayman warrants which by nature is equity-classified; (e2) To adjust for the interest expense and fair value change related to SearchMedia's liability-classified warrants; (e3) To adjust for the loss on extinguishment of the SearchMedia convertible notes.
- (f) (f1) To record payment of the recapitalization transaction costs, up to US\$12.2 million including accountant, attorney, consulting and advisory fees and expenses incurred with respect to the printing, filing and mailing of the proxy statement/prospectus (including any related preliminary materials) and the Form S-4 Registration Statement and any amendments or supplements thereto; (f2) To adjust for elimination of deferred cost and accrued expense of the transaction costs.
- (g) (g1) To record conversion of US\$3.5 million promissory notes, issued to a third party investor, an existing Series A preferred shareholder and certain management personnel of SearchMedia in March 2009 as described in the Contractual Obligation section, into 444,079 ID Cayman ordinary shares upon the consummation of the Transaction; (g2) To record the cash payment of interest on the US\$3.5 million promissory notes which is accrued from March 18 and March 19, 2009 (as applicable) to the closing date of the Transaction at the rate of 12% per annum.
- (h) Pro forma basic and diluted net income per share was calculated by dividing the pro forma net income by the weighted average number of shares outstanding as follows:

	Fiscal Year Ended December 31, 2008		Six Months Ended June 30, 2009	
	Assuming Zero Conversion	Assuming Maximum Conversion	Assuming Zero Conversion	Assuming Maximum Conversion
Shares issued in the Transaction	8,134,134	8,134,134	8,578,213	8,578,213

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Ideation weighted average shares	12,500,000	4,815,549	12,500,000	4,815,549
Basic shares	20,634,134	12,949,683	21,078,213	13,393,762
SearchMedia options and restricted shares*	284,598	284,598	284,598	284,598
Warrants **	3,563,237	3,563,237	3,633,068	3,633,068
Diluted shares	24,481,969	16,797,518	24,995,879	17,311,428

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- * The underwriters purchase option for Ideation's common stock is anti-dilutive and is not included in the computation of pro forma diluted earnings per share. The phrase restricted share awards includes both restricted shares and restricted share units.
- ** The warrants include incremental shares of 2,960,173 from potential exercise of ID Cayman warrants converted from Ideation warrants (12,400,000 warrants); incremental shares of 603,064 from potential exercise of ID Cayman warrants converted from SearchMedia warrants (1,489,331 warrants) upon the Transaction; and incremental shares of 30,892 from potential exercise of ID Cayman warrants converted from SearchMedia promissory notes warrant (442,000 warrants)
- (i) To reflect cash settlement of US\$5 million of the Linden promissory notes. The pro forma adjustment has not reflected the payment of interest on the US\$15 million Linden promissory notes which is accrued from September 17, 2008 to the closing date of the Transaction at the rate of 12% per annum.
- (j) As discussed in the introduction to the pro forma financial statements, no pro forma adjustment has been made for the effect, if any, relating to the potential issuance of Earn-out Shares to SearchMedia shareholders and warrant holders if certain performance targets are achieved. Also, no pro forma adjustment has been made for the effect, if any, relating to the alternative settlement method for the SearchMedia promissory notes if circumstances described in this document occur.
- (k) During the period from April 1, 2009 through September 8, 2009, SearchMedia granted 1,650,000 share options to certain management personnel to acquire ordinary shares of the SearchMedia. These options have an exercise price of US\$0.5323 per share, a vesting period of three to four years and a contractual life of 10 years from the date of grant. The pro forma financial statements have not considered the effect of the issuance of such share option.
- (l) On September 22, 2009, SearchMedia's board of directors and shareholders approved the repurchase of 3,000,000 ordinary shares, Series B preferred shares and Series C preferred shares on a pro rata basis from SearchMedia's existing shareholders at a purchase price of US\$0.0001 per share. The pro forma financial statements have not considered the effect of the repurchase of such shares.

Table of Contents**COMPARATIVE PER SHARE DATA**

The following table sets forth selected net income and book value per share information for Ideation and SearchMedia on a historical basis, and for ID Cayman on a pro forma basis per equivalent Ideation share and equivalent SearchMedia share. The pro forma information is set forth assuming both no additional conversion, or minimum conversion, of any of the shares of Ideation's common stock and maximum conversion of the shares of Ideation's common stock.

The following comparative per share data should be read in conjunction with each of the following, which are set forth elsewhere in this proxy statement/prospectus: (i) the selected financial data of Ideation and SearchMedia, (ii) the consolidated financial statements of Ideation and SearchMedia, including the notes thereto and (iii) the Unaudited Pro Forma Combined Financial Statements of ID Cayman.

The pro forma information below does not purport to represent the earnings per share which would have occurred had the companies been combined, nor earnings per share for any future date or period. The pro forma combined book value per share information below does not purport to represent what the value of the companies would have been had the companies been combined nor the value for any future date or period.

	Historical		ID Cayman Pro Forma Fiscal Year Ended December 31, 2008 Assuming Maximum Conversion	ID Cayman Pro Forma Fiscal Year Ended December 31, 2008 Assuming Zero Conversion
	Ideation Fiscal Year Ended December 31, 2008	SearchMedia Fiscal Year Ended December 31, 2008		
	(Amounts in thousands except for per share and share amounts)			
Net income	\$ 235	\$ 4,343	\$ 14,959	\$ 16,201
Net income per common share basic	\$ 0.03		\$ 1.16	\$ 0.79
Weighted average number of shares used in the calculation of net income per share basic	9,500,001		12,949,683	20,634,134
	Historical		ID Cayman Pro Forma Six Months Ended June 30, 2009 Assuming Maximum Conversion	ID Cayman Pro Forma Six Months Ended June 30, 2009 Assuming Zero Conversion
	Ideation Six Months Ended June 30, 2009	SearchMedia Six Months Ended March 31, 2009		
	(Amounts in thousands except for per share and share amounts)			

Net income	\$	(1,389)	\$	9,895	\$	9,343	\$	9,366
Net income per common share basic	\$	(0.15)			\$	0.70	\$	0.44
Weighted average number of shares used in the calculation of net income per share basic		9,500,001				13,393,762		21,078,213

		Historical		ID Cayman		ID Cayman		ID Cayman
		Ideation		Pro Forma		Pro Forma		Pro Forma
		as of		as of		as of		as of
		June 30,		June 30,		June 30,		June 30,
		2009		2009		2009		2009
				Assuming		Assuming		Assuming
				Maximum		Zero		Zero
				Conversion		Conversion		Conversion
Total stockholders equity	\$	51,586	\$	7,005	\$	63,907	\$	125,999
Book value per share basic	\$	5.43			\$	4.77	\$	5.98
Weighted average number of shares used in the calculation of book value per share basic		9,500,001				13,393,762		21,078,213

Table of Contents**PRICE RANGE OF SECURITIES AND DIVIDENDS****Ideation**

Ideation's common stock, warrants and units are listed on the NYSE Amex under the symbols IDI, IDI.W and IDI.U, respectively. The closing price for these securities on March 30, 2009, the last trading day before announcement of the entering into of the share exchange agreement, was \$7.52, \$0.10, and \$7.54, respectively. The closing price for the securities on September 28, 2009, the most recent trading day before the date of this proxy statement/prospectus, was \$7.85, \$1.60 and \$9.25, respectively.

Ideation units commenced public trading on November 20, 2007, and the common stock and warrants commenced public trading separately on December 26, 2007.

The table below sets forth, for the periods indicated, the high and low bid prices for the securities as reported on the NYSE Amex in U.S. dollars. These quotations reflect inter-dealer prices, without markup, markdown or commissions, and may not represent actual transactions.

	Units		Common Stock		Warrants	
	High	Low	High	Low	High	Low
2007						
November 20 through December 31, 2007	\$ 8.01	\$ 7.85	\$ 7.20	\$ 7.20	\$ 0.70	\$ 0.70
2008						
First Quarter	\$ 7.90	\$ 7.30	\$ 7.10	\$ 7.10	\$ 0.70	\$ 0.35
Second Quarter	\$ 7.85	\$ 7.35	\$ 7.11	\$ 7.11	\$ 0.40	\$ 0.29
Third Quarter	\$ 8.10	\$ 7.25	\$ 8.10	\$ 7.15	\$ 0.44	\$ 0.25
Fourth Quarter	\$ 7.20	\$ 6.85	\$ 7.20	\$ 6.75	\$ 0.71	\$ 0.03
2009						
First Quarter	\$ 7.70	\$ 7.17	\$ 7.55	\$ 7.18	\$ 0.15	\$ 0.03
Second Quarter	\$ 8.72	\$ 7.41	\$ 7.86	\$ 7.50	\$ 0.69	\$ 0.11
Third Quarter (through September 28, 2009)	\$ 9.55	\$ 8.15	\$ 7.99	\$ 7.69	\$ 1.60	\$ 0.48

After the redomestication and business combination, Ideation intends to reapply to the NYSE Amex in order for the ordinary shares, warrants and units of ID Cayman to maintain their listing on the NYSE Amex. It is unclear whether ID Cayman will meet the minimum number of holders requirement for continued listing on the NYSE Amex and as a result, NYSE Amex may delist ID Cayman's securities from quotation on its exchange, which could limit investors ability to make transactions in ID Cayman's securities.

Holder of Ideation. As of October 2, 2009, the record date for the special meeting, there were, of record, holders of common stock, twelve holders of warrants and one holder of units.

Dividends. Ideation has not paid any dividends on its common stock to date and does not intend to pay dividends prior to the completion of a business combination.

SearchMedia

SearchMedia securities are not publicly traded. SearchMedia has not paid any dividends on its common stock to date and does not intend to pay dividends prior to the completion of a business combination.

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THE IDEATION SPECIAL MEETING

Ideation is furnishing this proxy statement/prospectus to its stockholders as part of the solicitation of proxies by its board of directors for use at the special meeting in connection with the proposed redomestication of Ideation to the Cayman Islands and the proposed business combination with SearchMedia. This document provides you with the information you need to know to be able to vote or instruct your vote to be cast at the special meeting.

Date, Time and Place. Ideation will hold the special meeting at 8:30 am, Eastern time, on October 27, 2009, at Akerman Senterfitt, One Southeast 3rd Avenue, Miami, Florida 33131, to vote on the proposals set forth below.

Purpose. At the special meeting, holders of Ideation's common stock will be asked to approve:

1. *Charter Amendment Proposal* The common stockholders will be asked to approve an amendment to Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of IPO Shares upon approval of the business combination, regardless of whether such holder votes for or against the business combination. If you vote **FOR** this proposal you will be voting to provide all stockholders holding IPO Shares who vote such shares either for or against the business combination the right to convert those shares into cash, if the business combination is approved, rather than limiting conversions only to those holders of IPO Shares voting against the business combination.

2. *Redomestication Proposal* The common stockholders will be asked to approve the corporate redomestication of Ideation that would result in holders of Ideation securities holding securities in a Cayman Islands exempted company rather than a Delaware corporation. If you vote **FOR** the approval of this proposal, you will be voting as an Ideation stockholder to authorize the merger of Ideation with and into ID Arizona and you will be voting to authorize the Ideation board of directors to complete the conversion and continuation of ID Arizona into a Cayman Islands exempted company.

3. *Business Combination Proposal* The common stockholders will be asked to approve the share exchange included in the share exchange agreement. If you vote **FOR** the approval of this proposal, you will be voting to authorize the ID Cayman board of directors to complete the share exchange, as the share exchange will not take effect unless and until Ideation's corporate domicile becomes the Cayman Islands.

4. *Share Increase Proposal* The common stockholders will be asked to approve the authorization in ID Cayman's Memorandum of Association of 1,000,000,000 ordinary shares and 10,000,000 preferred shares, as compared to 50,000,000 shares of common stock and 1,000,000 shares of preferred stock currently authorized in Ideation's Amended and Restated Certificate of Incorporation, as agreed upon in the share exchange agreement.

5. *Declassification Proposal* The common stockholders will be asked to approve in ID Cayman's Memorandum of Association the elimination of the classified board currently authorized in Ideation's Amended and Restated Certificate of Incorporation, as agreed upon in the share exchange agreement.

6. *Amendment Proposal* The common stockholders will be asked to approve in ID Cayman's Memorandum of Association a provision providing that the amendment of either of ID Cayman's Memorandum of Association or Articles of Association will require a vote of two-thirds of its shareholders voting in person or by proxy at a meeting, as compared to the vote of a majority of the outstanding stock as set forth in Ideation's Amended and Restated Certificate of Incorporation.

7. Shareholder Consent Proposal The common stockholders will be asked to approve in ID Cayman's Articles of Association a provision providing that the ID Cayman shareholders may pass resolutions without holding a meeting only if such resolutions are passed by a unanimous written resolution signed by all of the shareholders entitled to vote, as opposed to the provisions in Ideation's

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Amended and Restated Certificate of Incorporation that provide that stockholders may not take action without a meeting.

8. *Corporate Existence Proposal* The common stockholders will be asked to approve a provision in ID Cayman's Memorandum of Association providing for the perpetual existence of ID Cayman, as compared to a provision providing for the termination of Ideation's existence on November 19, 2009 as set forth in the Amended and Restated Certification of Incorporation.

9. *Share Incentive Plan Proposal* The common stockholders are asked to approve the Amended and Restated 2008 Share Incentive Plan.

10. *Adjournment Proposal* The common stockholders may be asked to approve an adjournment or postponement of the special meeting for the purpose of soliciting additional proxies.

Pursuant to the share exchange agreement, the business combination will not be consummated unless the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal are each approved, and the redomestication will not be consummated unless the Business Combination Proposal is approved.

The Ideation board of directors has unanimously determined that the redomestication, the business combination, and the transactions relating thereto are fair to and in the best interests of Ideation and its stockholders, approved and declared each of them advisable, adopted resolutions approving the merger and setting forth the terms thereof, and recommends that Ideation stockholders vote **FOR** (a) the Charter Amendment Proposal, (b) the Redomestication Proposal, (c) the Business Combination Proposal, (d) the Share Increase Proposal, (e) the Declassification Proposal, (f) the Amendment Proposal, (g) the Shareholder Consent Proposal, (h) the Corporate Existence Proposal, (i) the Share Incentive Plan Proposal, and (j) the Adjournment Proposal. The board of directors has also determined that the fair market value of SearchMedia is at least 80% of Ideation's net assets, which is necessary to satisfy the provisions of its Amended and Restated Certificate of Incorporation enabling it to consummate the business combination.

The special meeting has been called only to consider approval of the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal and the Adjournment Proposal. Under Delaware law and Ideation's bylaws, no other business may be transacted at the special meeting.

Record Date; Who Is Entitled to Vote. The record date for the special meeting is October 2, 2009. Record holders of Ideation common stock at the close of business on the record date are entitled to vote or have their votes cast at the special meeting. On the record date, there were 12,500,000 outstanding shares of Ideation common stock. Each share of common stock is entitled to one vote per proposal at the special meeting. Ideation's warrants do not have voting rights.

Ideation stockholders are being asked to approve actions that will be taken by ID Cayman, including the entry into of the business combination and related transactions, as Ideation's Amended and Restated Certificate of Incorporation requires that the majority of the shares of common stock voted by the public stockholders (which is defined as the holders of common stock sold as part of the units in Ideation's IPO or in the aftermarket) approve its business combination with SearchMedia and as the business combination will not take effect unless and until Ideation's corporate domicile becomes the Cayman Islands.

Vote Required. Approval of the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share Incentive Plan Proposal will require the affirmative vote of a majority in voting power of the outstanding shares of Ideation's common stock.

Approval of the Business Combination Proposal requires (1) approval by a majority of the IPO Shares voted at a duly held stockholders meeting in person or by proxy, (2) approval by a majority of the votes cast

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on the proposal, and (3) fewer than 30% of the stockholders owning IPO Shares both (a) voting against the business combination and (b) exercising their rights to convert their IPO Shares to cash.

Approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority in voting power of Ideation's common stock, present in person or by a proxy at the special meeting and entitled to vote thereon.

Pursuant to the share exchange agreement, it is a condition to the obligation of the parties to consummate the business combination that each of the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal be approved by Ideation stockholders. If the Business Combination Proposal is approved, but any of the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, or the Corporate Existence Proposal are not approved, Ideation will not complete the business combination with SearchMedia. Conversely, if each of the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, and the Corporate Existence Proposal is approved, but the Business Combination Proposal is not approved, Ideation will not complete the redomestication to the Cayman Islands.

Through September 21, 2009, Ideation's officers and directors held in the aggregate 3,002,400 shares of Ideation common stock. These shares represent approximately 24.0% of Ideation's issued and outstanding common stock. Of these, 2,315,500 shares were acquired before Ideation's IPO and must be voted on the Business Combination Proposal in accordance with the majority of the IPO Shares. Ideation's officers and directors intend to vote all other shares of Ideation common stock held by them in favor of the Business Combination Proposal. In addition, Ideation's officers and directors intend to vote all shares held by them, including shares acquired before our IPO, in favor of all the other proposals set forth in this proxy statement/prospectus. If Ideation's directors and executive officers or their affiliates purchase additional shares in advance of the special meeting, the decision to purchase such shares would be based on factors such as the likelihood of approval or disapproval of the proposals, the number of shares of common stock for which conversion may be requested and the financial resources available to such prospective purchasers. Any such shares acquired will be voted in favor of all the proposals set forth in this proxy statement/prospectus. None of Ideation's executive officers or directors will elect conversion of their shares in connection with voting for the Business Combination Proposal.

Abstentions; Broker Non-Votes. Abstaining from voting or not voting on a proposal (including broker non-votes which are described in the next paragraph), either in person or by proxy or voting instruction, will not have an effect on the vote relating to the Business Combination Proposal, since NYSE Amex rules provide that only votes cast at the meeting will count toward the vote on the Business Combination Proposal. In addition, an abstention will not count toward the 30% or fewer shares of common stock voting against and converting that would result in the business combination's termination, and you would be unable to exercise any conversion rights upon approval of the business combination. Similarly, a broker non-vote will have no effect on the Adjournment Proposal vote. An abstention will have the effect of a vote against the Adjournment Proposal. With respect to the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share Incentive Plan Proposal, an abstention or a broker non-vote will have the same effect as a vote against the proposal.

A broker non-vote occurs when a broker submits a proxy card with respect to shares held in a fiduciary capacity (typically referred to as being held in street name) but declines to vote on a particular matter because the broker has not received voting instructions from the beneficial owner and does not have discretionary authority to vote on the proposal. Under the rules that govern brokers who are voting with respect to shares held in street name, brokers have the discretion to vote such shares on routine matters, but not on non-routine matters. The matters currently planned to

be considered by the stockholders are not routine matters. As a result, brokers can only vote the Ideation common shares if they have instructions to do so.

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Broker non-votes will not be counted in determining whether the Business Combination Proposal or the Adjournment Proposal to be considered at the meeting are approved, but will have the effect of a vote against the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share Incentive Plan Proposal.

Holders of IPO Shares who abstain from voting their IPO Shares on the business combination or do not provide their brokers with instructions to vote for or against the business combination will not be entitled to convert their IPO Shares to cash if the business combination is approved.

Voting Your Shares. Each share of common stock that you own in your name entitles you to one vote per proposal. Your proxy card shows the number of shares you own.

There are two ways for holders of record to have their shares represented and voted at the special meeting:

By signing and returning the enclosed proxy card. If you duly sign and return a proxy card, your proxy, whose names are listed on the proxy card, will vote your shares as you instruct on the card. If you sign and return the proxy card, but do not give instructions on how to vote your shares, your shares will be voted as recommended by the Ideation board of directors, which is **FOR** approval of each proposal.

You can attend the special meeting and vote in person. We will give you a ballot when you arrive. However, if your shares are held in the street name of your broker, bank or another nominee, you must get a proxy from the broker, bank or other nominee. That is the only way we can be sure that the broker, bank or nominee has not already voted your shares.

Conversion Rights. If the business combination is approved and completed, any stockholder holding IPO Shares who properly demands conversion of those shares will be entitled to convert those shares to cash, whether such stockholder voted for or against the Business Combination Proposal. Stockholders who properly demand conversion of their IPO Shares will receive \$7.8815 per share, which represents the trust conversion value at June 30, 2009.

To properly demand conversion of your IPO Shares, you must:

- (1) vote those shares, in person or by proxy, either **FOR** or **AGAINST** the business combination;
- (2) affirmatively request conversion of those shares by marking the appropriate box on your proxy card, voting instruction form, or ballot; and
- (3) deliver, or instruct your bank or broker to deliver, your IPO Shares to Ideation's transfer agent before the special meeting.

Stockholders holding IPO Shares who abstain or do not vote their IPO Shares on the business combination will forfeit their right to convert those shares if the business combination is approved. Both of the Charter Amendment Proposal and the Redomestication Proposal must be approved in order to complete the business combination and, as such, the vote to approve the business combination will not occur unless both the Charter Amendment Proposal and the Redomestication Proposal are approved.

If the business combination is not approved and completed, then no conversion rights will be available at this time. Ideation's Amended and Restated Certificate of Incorporation provides that if a business combination is not completed by November 19, 2009, Ideation will be liquidated. If Ideation liquidates on November 19, 2009, holders of IPO

Shares will receive \$7.8815 per share, which represents the trust liquidation value at June 30, 2009.

In connection with an election to convert your IPO Shares for cash, you must either physically deliver your stock certificates to Ideation's transfer agent before the special meeting combination or deliver your shares of common stock to the transfer agent electronically using The Depository Trust Company's DWAC

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System. How you deliver your shares would likely be determined based on the manner in which you hold your shares.

Traditionally, in order to perfect conversion rights in connection with a blank check company's business combination, a holder could vote against a proposed business combination and check a box on the proxy card indicating such holder was seeking to exercise such holder's conversion rights. After the business combination was approved, the company would contact such stockholder to arrange for it to deliver its certificate to verify ownership. As a result, the stockholder then had an option window after the consummation of the business combination during which it could monitor the price of the stock in the market. If the price rose above the conversion price, it could sell its shares in the open market before actually delivering its shares to the company for cancellation in consideration for the conversion price. Thus, the conversion right, to which stockholders were aware they needed to commit before the stockholder meeting, would become a put right surviving past the consummation of the business combination until the converting holder delivered its certificate. The requirement for physical or electronic delivery before the special meeting ensures that a converting holder's election to convert is irrevocable once the business combination is approved.

Before exercising conversion rights, Ideation stockholders should verify the market price of Ideation's common stock, as they may receive higher proceeds from the sale of their shares in the public market than from exercising their conversion rights. The closing price of Ideation's common stock on October 2, 2009 was \$ and the amount of cash held in the IPO trust account on June 30, 2009 was approximately \$78,815,000. If a stockholder would have elected to exercise conversion rights on such date, he or she would have been entitled to receive approximately \$7.8815 per share.

Conversion Procedures. To properly demand conversion of your IPO Shares, you must:

- (1) vote those shares, in person or by proxy, either **FOR** or **AGAINST** the business combination;
- (2) affirmatively request conversion of those shares by marking the appropriate box on your proxy card, voting instruction form, or ballot; and
- (3) deliver, or instruct your bank or broker to deliver, your IPO Shares to Ideation's transfer agent before the special meeting.

Ideation stockholders who seek to exercise their conversion rights must vote for or against the Business Combination Proposal. Abstentions and broker non-votes do not satisfy this requirement. Stockholders seeking to exercise their conversion rights must also either check the box on the proxy card providing for the exercise of conversion rights or submit a request in writing to Continental Stock Transfer & Trust Company, Ideation's transfer agent, at the following address:

Continental Stock Transfer & Trust Company
17 Battery Place
New York, New York 10004
Tel: (212) 845-3287
Fax: (212) 616-7616
Attention: Mr. Mark Zimkind

Additionally, stockholders demanding conversion must deliver their IPO Shares (either physically or electronically through Depository Trust Company) to Ideation's transfer agent prior to the special meeting. It is Ideation's understanding that stockholders should generally allot at least two weeks to obtain physical certificates from the transfer agent. However, Ideation does not have any control over this process and it may take longer than two weeks. Stockholders seeking to exercise their conversion rights and opting to deliver physical certificates should allot

sufficient time to obtain physical certificates from the transfer agent. Stockholders who hold their IPO Shares in street name will have to coordinate with their bank, broker or other nominee to have the shares certificated or delivered electronically. IPO Shares that have not been tendered (either physically or electronically) in accordance with these procedures will not be converted into a pro rata portion of the trust account.

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If a stockholder holding IPO Shares wishes to exercise its conversion rights but does not check the box on the proxy card providing for the exercise of conversion rights or does not send a written request to Ideation's transfer agent to exercise its conversion rights, the stockholder may request Ideation to send the stockholder another proxy card on which the stockholder may indicate the stockholder's intended vote.

The stockholder may make such request by contacting Morrow & Co., LLC, Ideation's proxy solicitor, at:

Morrow & Co., LLC
470 West Avenue, Stamford, Connecticut 06902
Telephone: (800) 662-5200.

Any request for conversion, once made, may be withdrawn at any time until the vote is taken with respect to the Business Combination Proposal at the special meeting. Any corrected or changed proxy card must be received by Ideation's proxy solicitor prior to the special meeting. Stockholders who have delivered their IPO Shares for conversion to Ideation's transfer agent but decide prior to the special meeting not to exercise their conversion rights may request that Ideation's transfer agent return the shares (physically or electronically). Stockholders may make such request by contacting Ideation's transfer agent, Continental Stock Transfer & Trust, at the phone number or address set forth above.

If a stockholder exercise its conversion rights, the IPO Shares for which conversion is exercised will cease to be outstanding immediately prior to the business combination and will represent only the right to receive a pro rata share of the trust account. Accordingly, the stockholder will no longer own those IPO Shares.

Questions About Voting. Ideation has retained Morrow & Co. to assist it in the solicitation of proxies. If you have any questions about how to vote or direct a vote in respect of your shares, you may call Morrow & Co. at (800) 662-5200. You may also want to consult your financial and other advisors about the vote.

Revoking Your Proxy and Changing Your Vote. If you give a proxy, you may revoke it or change your voting instructions at any time before it is exercised by:

- if you have already sent in a proxy, sending another proxy card with a later date;
- if you voted by telephone, calling the same number and following the instructions;
- notifying Ideation in writing before the special meeting that you have revoked your proxy; or
- attending the special meeting, revoking your proxy and voting in person.

If your shares are held in street name, consult your broker for instructions on how to revoke your proxy or change your vote.

If you do not vote your shares of Ideation common stock in any of the ways described above, it will have the same effect as a vote against the adoption of the Charter Amendment Proposal, the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share Incentive Plan Proposal, but will not have the same effect as a vote against the adoption of the Business Combination Proposal or the Adjournment Proposal. If you abstain from voting your IPO Shares on the business combination or do not provide your broker with instructions to vote your IPO Shares for or against the business combination, you will not be entitled to convert

your IPO Shares into cash if the business combination is approved.

Solicitation Costs. Ideation is soliciting proxies on behalf of the Ideation board of directors. Ideation will bear all costs and expenses associated with printing and mailing this proxy statement/prospectus, as well as all fees paid to the SEC. This solicitation is being made by mail, but also may be made in person or by telephone or other electronic means. Ideation and its respective directors, officers, employees and consultants may also solicit proxies in person or by mail, telephone or other electronic means. In addition, SearchMedia shareholders, officers and directors may solicit proxies in person or by mail, telephone or other electronic

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means on Ideation's behalf. These persons will not receive any additional compensation for these solicitation activities.

Ideation has retained Morrow & Co. to assist it in soliciting proxies. If you have questions about how to vote or direct a vote in respect of your shares, you may call Morrow & Co. at (800) 662-5200. Ideation has agreed to pay Morrow & Co. a fee of \$12,500, plus expenses, for its services in connection with the special meeting.

Ideation will ask banks, brokers and other institutions, nominees and fiduciaries to forward its proxy materials to their principals and to obtain their authority to execute proxies and voting instructions. Ideation will reimburse them for their reasonable expenses.

Stock Ownership. Information concerning the holdings of certain Ideation stockholders is set forth under Beneficial Ownership of Securities.

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THE CHARTER AMENDMENT PROPOSAL

Ideation is asking you to approve an amendment to Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of IPO Shares, upon approval of the business combination, regardless of whether such holder votes for or against the business combination. Under the current Section D of Article Sixth of Ideation's Amended and Restated Certificate of Incorporation, only those holders of IPO Shares who vote against the business combination have the right to convert their IPO Shares into cash if the business combination is approved and completed. A form of the Certificate of Amendment is attached as Annex L to this proxy statement/prospectus.

Ideation has received an opinion from special Delaware counsel, Richards, Layton & Finger, P.A., concerning the validity of the charter amendment. Based upon the analysis set forth in their opinion and subject to the assumptions, qualifications, limitations and exceptions set forth in their opinion, Richards, Layton & Finger, P.A. concluded that the Certificate of Amendment, if duly adopted by the board of directors of Ideation (by vote of the majority of the directors present at a meeting at which a quorum is present or, alternatively, by unanimous written consent) and duly approved by the holders of a majority of the outstanding stock of Ideation entitled to vote thereon, all in accordance with Section 242(b) of the DGCL, would be valid and effective when filed with the Secretary of State in accordance with Sections 103 and 242 of the DGCL. A copy of Richards, Layton & Finger, P.A.'s opinion is included as Annex J to this proxy statement/prospectus, and stockholders are urged to review it in its entirety.

Reason for the Proposal. Ideation believes that extending the right to elect conversion to those holders of IPO Shares who vote for the business combination will allow stockholders holding IPO Shares who vote those shares either for or against the business combination the opportunity to either (1) continue to hold their IPO Shares, which will convert into shares of ID Cayman upon completion of the redomestication and the business combination, or (2) elect to convert their IPO Shares into cash and receive \$7.8815 per IPO Share, based on the trust conversion value at June 30, 2009, upon the closing of the business combination. Ideation believes approving the charter amendment will provide incentive to holders of IPO Shares to vote in favor of the business combination, since a business combination must be approved in order for a conversion to occur before the liquidation of the company. As such, Ideation believes holders of IPO Shares who want to convert their shares will vote to approve both the charter amendment and the business combination in order to obtain the conversion value of their IPO Shares in connection with the closing of the business combination, rather than having to wait for the liquidation of the company.

Effect of the Proposal. If the Charter Amendment Proposal is approved, and the business combination is approved and completed, any stockholder holding IPO Shares may convert those shares into cash only if such holder voted those shares for or against the Business Combination Proposal and in connection with voting such shares affirmatively elected the conversion of such shares. It is important to note that the charter amendment, if approved, would not change the voting standard for a business combination under Ideation's Certificate of Incorporation, in that the business combination will not be approved if 30% or more of the holders of IPO Shares both vote against the transaction and elect to convert their IPO Shares.

The actual per-share conversion price will equal the amount in Ideation's trust account, inclusive of any interest not otherwise payable to Ideation, as of two business days before the consummation of the business combination, less taxes payable, divided by the number of shares of common stock issued in Ideation's IPO, which, as of June 30, 2009, would be \$7.8815 per share.

If the Charter Amendment Proposal is approved, and the business combination is completed, to the extent holders of IPO Shares convert those shares to cash, there will be a corresponding reduction in the amount of funds available in

the trust account of the combined company following the business combination, which will likely result in the working capital of the combined company being substantially less than what would have been the case had conversion rights remained limited to those holders of IPO Shares who voted against the business combination. In addition, as a result of the conversions, the combined company may have very few public stockholders, which could result in a significant impairment in a stockholder's ability to buy and sell shares in the open market. In addition, failure to meet the minimum number of holders requirement for continued listing could result in the NYSE Amex delisting the combined company's securities from quotation on its exchange, which could further adversely impact a stockholder's ability to buy and sell shares.

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Approval of the Charter Amendment Proposal requires the affirmative vote of holders of a majority of Ideation's outstanding shares of common stock on the record date for the special meeting. Abstentions and broker non-votes will have the effect of a vote against the proposal. Holders of IPO Shares who abstain from voting their IPO Shares on the business combination or do not provide their brokers with instructions to vote for or against the business combination will not be entitled to convert their IPO Shares into cash if the business combination is approved.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Charter Amendment Proposal is advisable and in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Charter Amendment Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

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THE REDOMESTICATION PROPOSAL

General

In connection with the business combination, Ideation will redomesticate to the Cayman Islands, change its name and corporate documents, and reconstitute its board of directors. Redomestication to the Cayman Islands is an obligation under the share exchange agreement and a condition to consummation of the business combination.

As substantially all of the business operations of SearchMedia are conducted outside the United States, Ideation management and SearchMedia determined to complete the redomestication as part of the business combination and the requirement that the redomestication be completed is a condition to closing of the business combination. Based on currently available information, ID Cayman expects that it will become a foreign private issuer upon the consummation of the business combination, which would reduce the reporting requirements under the Exchange Act, resulting in fewer costs associated with financial and reporting compliance. For example, as a foreign private issuer, ID Cayman will be exempt from certain provisions applicable to U.S. public companies, including:

the rules requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;

the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations with respect to a security registered under the Exchange Act;

provisions of Regulation FD aimed at preventing issuers from making selective disclosures of material non-public information; and

the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and establishing insider liability for profits realized from any short swing trading transactions, or a purchase and sale, or a sale and purchase, of the issuer's equity securities within less than six months.

As a foreign private issuer, ID Cayman will file an annual report on Form 20-F within six months of the close of fiscal years 2009 and 2010, and within four months of each fiscal year beginning with fiscal year 2011, and reports on Form 6-K relating to certain material events promptly after ID Cayman publicly announces these events. However, because of the foregoing filing exemptions, ID Cayman's shareholders will not be afforded the same protections or information generally available to investors holding shares in public companies organized in the United States, such as Ideation.

As a result of the redomestication, Ideation's corporate name will become SearchMedia Holdings Limited. As all legal rights, benefits, duties and obligations enjoyed, owned or owed by Ideation will, by means of the merger and conversion statutes in effect in Delaware, Arizona, and the Cayman Islands, be enjoyed, owned or owed, as the case may be, by ID Cayman following the redomestication, except that such rights, duties or obligations will be governed by the law of the Cayman Islands as opposed to Delaware, depending upon the issue under consideration. As a result, all of the restrictions applicable to Ideation's initial securityholders will continue to apply until the consummation of the business combination, which will take place immediately following the consummation of the redomestication, and certain of which will continue to apply following such consummation. Similarly, ID Cayman will assume all agreements to which Ideation is currently a party, including the warrants originally issued by Ideation.

The full text of the Memorandum and Articles of Association of ID Cayman are attached to this proxy statement/prospectus as Annex B. The discussion of these documents and the comparison of rights set forth below are qualified in their entirety by reference to this annex. We encourage you to read the Memorandum and Articles of

Association in their entirety.

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Adoption of the Redomestication Proposal

The Ideation board of directors has unanimously approved the Redomestication Proposal and recommends that Ideation stockholders approve it.

The affirmative vote of holders of a majority of Ideation's outstanding shares of common stock is required for approval of the Redomestication Proposal. Abstentions and broker non-votes will have the effect of a vote against the proposal.

The redomestication will not be consummated if the business combination is not approved. The business combination will not be consummated if the Redomestication Proposal is not approved. As all of Ideation stockholders are voting upon the redomestication in connection with their vote upon the business combination, and such transactions are cross-conditioned, Ideation believes that the consummation of the redomestication immediately prior to the business combination does not violate Article Sixth of its Amended and Restated Certificate of Incorporation, which prohibits Ideation from amending its Certificate of Incorporation prior to consummation of a business combination.

The Ideation board of directors unanimously recommends a vote **FOR** the approval of the redomestication.

The Redomestication

The redomestication involves two steps.

First, Ideation will effect a merger pursuant to which it will merge with and into a wholly owned subsidiary incorporated in Arizona, ID Arizona. ID Arizona will survive the merger and will succeed to Ideation's assets and liabilities. This merger will be effected pursuant to Section 253 of the Delaware General Corporation Law and 10-1107 of the Arizona Revised Statutes. After the merger, Ideation will no longer exist.

Second, after the merger described above, ID Arizona will become a Cayman Islands exempted company, ID Cayman, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law. This procedure allows ID Arizona to become a Cayman Islands exempted company while continuing its existence uninterrupted and without the need for a merger.

The redomestication will change Ideation's domicile from Delaware to the Cayman Islands. Also, as a result of the redomestication:

Holders of Ideation units will be issued one ID Arizona unit for each Ideation unit held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman unit for each ID Arizona unit held at the time of the conversion.

Holders of Ideation common stock will be issued one share of ID Arizona common stock for each share of Ideation common stock held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman ordinary share for each share of ID Arizona common stock held at the time of the conversion.

Holders of Ideation warrants will be issued one ID Arizona warrant for each Ideation warrant held at the time of the Arizona merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman warrant for each ID Arizona warrant held at the time of the conversion.

Holders of the Ideation option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, will be issued one ID Arizona option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders holding one ID Cayman option to purchase 500,000 units, consisting of 500,000 ordinary shares and 500,000 warrants of ID Cayman.

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Upon the issuance of a certificate of registration by way of continuance by the Cayman Islands Registrar of Companies, the conversion of the Arizona corporation into and its continuance as a Cayman Islands exempted company will become effective. At the effective time of the continuance, ID Cayman will be governed by its Memorandum and the Articles of Association, the equivalent of a Certificate of Incorporation and bylaws of a United States company, written in compliance with Cayman Islands law. Forms of ID Cayman's Memorandum and Articles of Association are attached to this proxy statement/prospectus as Annex B.

If the Redomestication Proposal and the Business Combination Proposal are both approved, the merger of Ideation into the Arizona corporation will become effective upon the later of the time of filing a certificate of merger with the Delaware Secretary of State and the filing of articles of merger with the Arizona Corporation Commission unless a later effective time is specified in the filings with those states. The conversion of the Arizona corporation into and its continuance as a Cayman Islands exempted company will become effective upon the issuance of a certificate of registration by way of continuance by the Cayman Islands Registrar of Companies.

Ideation's units, common stock and warrants trade on the NYSE Amex, formerly known as the American Stock Exchange, under the symbols IDI.U, IDI and IDI.WS, respectively. Ideation intends to reapply to NYSE Amex in order for the ordinary shares, warrants and units of ID Cayman to maintain their listing on the NYSE Amex following the redomestication. It is unclear whether ID Cayman will meet the minimum number of holders requirement for continued listing on the NYSE Amex and as a result, the NYSE Amex may delist ID Cayman's securities from quotation on its exchange, which could limit investors' ability to make transactions in ID Cayman's securities.

Your percentage ownership of Ideation/ID Cayman will not be affected by the redomestication. As part of the business combination, however, a substantial number of additional ID Cayman shares and warrants will be issued as consideration for SearchMedia. As part of the redomestication, ID Cayman will assume Ideation's outstanding warrants on their current terms, and will otherwise assume all outstanding obligations of Ideation and succeed to those benefits enjoyed by Ideation. The business of Ideation, upon the redomestication and completion of the business combination, will become that of SearchMedia.

It will not be necessary to replace current Ideation certificates after the redomestication. **DO NOT DESTROY YOUR CURRENT CERTIFICATES IN THE IDEATION NAME.** Issued and outstanding Ideation certificates will represent rights in ID Cayman. Stockholders may, at their option, submit their stock certificates to Ideation's transfer agent, Continental Stock Transfer and Trust Company, 17 Battery Place, New York, New York 10004, (telephone: 212-509-4000), for new share certificates and entry into the register of members of ID Cayman, subject to normal requirements as to proper endorsement, signature guarantee, if required, and payment of applicable taxes.

If you have lost your certificate, you can contact Ideation's transfer agent to have a new certificate issued. You may be requested to post a bond or other security to reimburse Ideation for any damages or costs if the lost certificate is later delivered for sale or transfer.

Management of ID Cayman

Upon the consummation of the business combination, the initial ID Cayman board of directors will consist of eight directors, four of which the SearchMedia shareholders' representatives will designate and four of which the Ideation representative will designate. Of the four directors designated by each of SearchMedia and Ideation (i) at least two directors designated by the Ideation representative and three directors designated by the SearchMedia shareholders' representatives shall be independent directors as defined in the rules and regulations of the NYSE Amex and (ii) at least one of the Ideation directors and three of the SearchMedia directors shall be non-U.S. citizens. Upon the consummation of the business combination, ID Cayman's directors are expected to be Ms. Qinying Liu, Mr. Earl Yen,

Mr. Jianzhong Qu, Mr. Larry Lu, Mr. Robert Fried, Mr. Steven D. Rubin, Mr. Glenn Halpryn, and Mr. Chi-Chuan Chen. Messrs. Yen, Qu, Lu, Halpryn, and Chen are expected to be independent directors.

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After the consummation of the business combination, the executive officers of ID Cayman will be:

Garbo Lee, President;
Jennifer Huang, Chief Operating Officer; and
Andrew Gormley, Executive Vice President

See the section titled "Directors and Executive Officers" for biographical information about ID Cayman's directors and executive officers after the consummation of the business combination.

Differences of Stockholder Rights

At the effective time of the continuance, the Memorandum and Articles of Association of ID Cayman will become the governing documents of the continued corporation. Your rights as an Ideation stockholder are governed by Delaware law and Ideation's Amended and Restated Certificate of Incorporation and bylaws until the completion of the redomestication. After the redomestication, you will become a shareholder of ID Cayman and your rights will be governed by Cayman Islands law and ID Cayman's Memorandum and Articles of Association.

The principal attributes of Ideation common stock and ID Cayman's ordinary shares will be similar. However, there are differences between your rights under Delaware law and Cayman Islands law, which is modeled on the laws of England and Wales. In addition, there are differences between Ideation's Amended and Restated Certificate of Incorporation and bylaws and ID Cayman's Memorandum and Articles of Association. The following discussion is a summary of material changes in your rights resulting from the redomestication, but does not cover all of the differences between Cayman Islands law and Delaware law affecting corporations and their shareholders or all the differences between Ideation's Amended and Restated Certificate of Incorporation and bylaws and ID Cayman's Memorandum and Articles of Association. ID Cayman believes this summary is accurate. You are encouraged to read the complete text of the relevant provisions of the Companies Law, the Delaware General Corporation Law, Ideation's Amended and Restated Certificate of Incorporation and bylaws and ID Cayman's Memorandum and Articles of Association. Forms of ID Cayman's Memorandum and Articles of Association are attached to this proxy statement/prospectus as [Annex B](#).

Shareholder Approval of Future Business Combinations

Ideation

Under the Delaware General Corporation Law, a merger or consolidation involving the corporation, a sale, lease, exchange or other disposition of all or substantially all of the property of the corporation, or a dissolution of the corporation, is generally required to be approved by the holders of a majority of the shares outstanding and entitled to vote on the matter, unless the charter provides otherwise. In addition, mergers in which an acquiring corporation owns 90% or more of the outstanding shares of each class of stock of a corporation may be completed without the vote of the acquired corporation's stockholders.

Unless the Certificate of Incorporation of the surviving corporation provides otherwise, Delaware law does not require a stockholder vote of the surviving corporation in a merger if: (i) the share exchange agreement does not amend the existing Certificate of Incorporation, (ii) each share of stock of the surviving corporation outstanding immediately before the transaction is an identical outstanding share after the merger, and (iii) either (x) no shares of common stock of the surviving corporation (and no shares, securities or obligations convertible into such stock) are to be issued in the merger or (y) the shares of common stock of the surviving corporation to be issued or delivered in the merger (upon conversion of any other shares, securities or obligations to be issued or delivered in the merger) do not exceed

20% of the shares of common stock of the surviving corporation outstanding immediately prior to the transaction.

The Amended and Restated Certificate of Incorporation of Ideation currently requires Ideation to submit any business combination to the holders of common stock for approval and, in the event a majority of the votes of the outstanding shares of common stock cast at the meeting to approve the business combination are

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voted for the approval of the business combination, Ideation shall be authorized to consummate any business combination (subject to any additional vote required by law); provided that Ideation shall not consummate any business combination if the holders of 30% or more of the IPO Shares both vote against the business combination and exercise their right to convert their shares in connection with the business combination. The term "business combination" means the acquisition by Ideation, whether by merger, capital stock exchange, asset or stock acquisition or other similar type of transaction, of an operating business.

ID Cayman

The Companies (Amendment) Law, 2009, in force from May 11, 2009, introduces a new regime that allows for the merger and consolidation of companies under Cayman Islands Law without court approval. In addition, the Companies Law also provides for a procedure known as a "scheme of arrangement" and such arrangement may be proposed for the purpose of or in connection with a scheme for the amalgamation of any two or more companies. A scheme of arrangement requires the sanction of the Cayman Islands court and approval by holders of affected shares representing seventy-five percent (75%) in value of the shareholders (or class of shareholders) present and voting in person or by proxy at the meeting held to consider the arrangement. If a scheme of arrangement receives all of the necessary consents, all affected shareholders could be compelled to sell their shares under the terms of the scheme of arrangement sanctioned by the Cayman Islands court.

In addition, Cayman companies may be acquired by other corporations by the direct acquisition of the share capital of the Cayman company. The Companies Law provides that, when an offer is made for shares or any class of shares of a Cayman Islands company and, within four months of the offer, the holders of not less than 90% of those shares approve, the offeror may, at any time within two months after expiration of that four-month period, give notice to the remaining shareholders that it desires to acquire such shares. Unless a Cayman Islands court orders otherwise following application by a shareholder within one month from the date of such notice, the offeror shall be entitled and bound to acquire those shares. A Cayman Islands exempted company could acquire a Delaware or other U.S. company through the use of a subsidiary.

Special Vote Required for Combinations with Interested Shareholders

Ideation

Section 203 of the Delaware General Corporation Law provides a corporation subject to that statute may not engage in a business combination with an interested shareholder for a period of three years after the time that such person became an interested shareholder.

The prohibition on business combinations with interested shareholders does not apply in some cases, including if:

the board of directors of the corporation, prior to the time that such person became an interested shareholder, approved either the business combination or the transaction in which the shareholder becomes an interested shareholder;

the transaction which made the person an interested shareholder resulted in the interested shareholder owning at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or

the board of directors and the holders of at least 66²/₃% of the outstanding voting stock not owned by the interested shareholder approved and authorized at an annual or special meeting of stockholders, and not by written consent, the business combination on or after the time of the transaction in which the person became an interested shareholder.

The Delaware General Corporation Law generally defines an interested shareholder to include any person who (a) owns 15% or more of the outstanding voting stock of the corporation or (b) is an affiliate or associate

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of the corporation and owned 15% or more of the outstanding voting stock of the corporation at any time within the previous three years, and the affiliates and associates of such person.

The restrictions on business combinations contained in Section 203 will not apply if, among other reasons, the corporation elects in its original Certificate of Incorporation not to be governed by that section or if the corporation, by action of its stockholders, adopts an amendment to its Certificate of Incorporation or bylaws expressly electing not to be governed by Section 203 (and any such amendment so adopted shall be effective immediately in the case of a corporation that both has never had a class of voting stock that is listed on a national securities exchange or held of record by more than 2,000 stockholders).

ID Cayman

There is no provision in the Companies Law equivalent to Section 203 of the Delaware General Corporation Law.

Appraisal Rights and Compulsory Acquisition

Ideation

Under the Delaware General Corporation Law, a shareholder of a corporation does not have appraisal rights in connection with a merger or consolidation, if, among other things:

the corporation's shares are listed on a national securities exchange or held of record by more than 2,000 shareholders; or

the corporation will be the surviving corporation of the merger, and no vote of its shareholders is required to approve the merger.

Notwithstanding the above, a shareholder is entitled to appraisal rights in the case of a merger or consolidation effected under certain provisions of the Delaware General Corporation Law if the shareholder is required to accept in exchange for the shares anything other than:

shares of stock of the corporation surviving or resulting from the merger or consolidation; or

shares of stock of any other corporation that on the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 shareholders.

The Ideation securities are currently listed on the NYSE Amex. After the redomestication and business combination, Ideation intends to reapply to NYSE Amex in order for the ordinary shares, warrants and units of ID Cayman to maintain their listing on the NYSE Amex. It is unclear whether ID Cayman will meet the minimum number of holders requirement for continued listing on the NYSE Amex and as a result, NYSE Amex may delist our securities from quotation on its exchange, which could limit investors' ability to make transactions in our securities.

ID Cayman

The Companies Law does not specifically provide for appraisal rights. However, in connection with the compulsory transfer of shares to a 90% shareholder of a Cayman corporation as described under Shareholder Approval of Future Business Combinations, a minority shareholder may apply to the court within one month of receiving notice of the compulsory transfer objecting to that transfer. In these circumstances, the burden is on the minority shareholder to show that the court should exercise its discretion to prevent the compulsory transfer. The court is unlikely to grant any

relief in the absence of bad faith, fraud, unequal treatment of shareholders or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

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Shareholder Consent to Action Without a Meeting

Ideation

Under the Delaware General Corporation Law, unless otherwise provided in the Certificate of Incorporation, any action that is required or permitted to be taken at a meeting of the shareholders may be taken without a meeting without prior notice and without a vote if written consent to the action is signed by the holders of outstanding stock having the minimum number of votes necessary to authorize or take the action at a meeting of the shareholders at which all shares entitled to vote thereon were present and voted, and is duly delivered to the corporation. Ideation's Amended and Restated Certificate of Incorporation does not restrict its shareholders from taking action by written consent.

ID Cayman

Article 62 of ID Cayman's Articles of Association provide that the shareholders of the company may pass resolutions without holding a meeting if such resolutions of the shareholders are passed by a unanimous written resolution signed by all of the shareholders entitled to vote.

Special Meetings of Shareholders

Ideation

Under the Delaware General Corporation Law, a special meeting of shareholders may be called by the board of directors or by persons authorized in the Certificate of Incorporation or the bylaws. Ideation's Amended and Restated Certificate of Incorporation provides that a special meeting of shareholders may be called only by a majority of the board of directors of Ideation.

ID Cayman

Under ID Cayman's memorandum and articles, an extraordinary general meeting of ID Cayman may be called only by the directors or by shareholders holding not less than one-third of the issued shares of ID Cayman (but only if the directors fail to convene such a meeting if requisitioned by such shareholders in accordance with the memorandum and articles of association).

Distributions and Dividends; Repurchases and Redemptions

Ideation

Under the Delaware General Corporation Law, a corporation may pay dividends out of surplus and, if there is no surplus, out of net profits for the current and/or the preceding fiscal year, unless the capital of the corporation is less than the aggregate amount of the capital represented by issued and outstanding shares having a preference on asset distributions. Surplus is defined in the Delaware General Corporation Law as the excess of the net assets over the amount determined by the board of directors to be capital. Net assets means the amount by which the total assets of the corporation exceed the total liabilities. A Delaware corporation may purchase or redeem shares of any class except when its capital is impaired or would be impaired by the purchase or redemption. A corporation may, however, purchase or redeem out of capital its own shares that are entitled upon any distribution of its assets to a preference over another class or series of its shares, or, if no shares entitled to such a preference are outstanding, any of its own

shares, if such shares will be retired upon their acquisition and the capital of the corporation reduced.

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ID Cayman

Under the Companies Law, the board of directors of ID Cayman may pay dividends to the ordinary shareholders out of ID Cayman's:

profits; or

share premium account, which represents the excess of the price paid to ID Cayman on issue of its shares over the par or nominal value of those shares, which is similar to the U.S. concept of additional paid in capital.

However, no dividends may be paid from the share premium account if, after payment, ID Cayman would not be able to pay its debts as they come due in the ordinary course of business.

Under the Companies Law, shares of a Cayman Islands company may be redeemed or repurchased out of profits of the company, out of the proceeds of a fresh issue of shares made for that purpose or out of capital, provided the company's articles authorize this and it has the ability to pay its debts as they come due in the ordinary course of business.

Vacancies on Board of Directors

Ideation

Under the Delaware General Corporation Law, a vacancy or a newly created directorship may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director unless otherwise provided in the Certificate of Incorporation or bylaws. Ideation's Amended and Restated Certificate of Incorporation provides that, subject to any rights of holders of any series of preferred stock then outstanding to elect additional directors, a vacancy or a newly created directorship may be filled only by the board of directors, provided that a quorum is then in office and present, or by a majority of the directors then in office, if less than a quorum is then in office, or by the sole remaining director.

ID Cayman

ID Cayman's articles provide that a vacancy or a newly created directorship may be filled by a majority vote of the shareholders entitled to vote at a general meeting, or by a majority vote of the remaining directors.

Removal of Directors; Staggered Term of Directors

Ideation

Under the Delaware General Corporation Law, except in the case of a corporation with a classified board or with cumulative voting, any director or the entire board may be removed, with or without cause, by the holders of a majority of the shares entitled to vote at an election of directors.

Ideation's Amended and Restated Certificate of Incorporation and Bylaws currently provide that the board of directors consists of three classes of directors, with each class of directors elected for three-year terms and one class coming up for election by the shareholders each year. Under the Delaware General Corporation Law, because Ideation has a classified board and its Amended and Restated Certificate of Incorporation does not provide otherwise, directors of

Ideation may be removed by the holders of a majority of the shares entitled to vote on the election of directors and only for cause.

ID Cayman

ID Cayman's articles do not provide for a classified board. Further, ID Cayman's articles provide that directors may be removed at any time by a special resolution of at least two-thirds of the outstanding shareholders.

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Inspection of Books and Records

Ideation

Under the Delaware General Corporation Law, any shareholder may, upon written demand, inspect the corporation's books and records for a proper purpose.

ID Cayman

Shareholders of a Cayman Islands company have no general rights to inspect or obtain copies of the list of shareholders or corporate records of a company (other than the register of mortgages and charges). The board of directors of ID Cayman may establish procedures or conditions regarding these inspection rights for the following purposes:

- protecting the interests of ID Cayman;
- protecting the confidentiality of the information contained in those books and records; or
- protecting any other interest of ID Cayman that the board of directors deems proper.

Amendment of Governing Documents

Ideation

Under the Delaware General Corporation Law, a Certificate of Incorporation may be amended if:

- the board of directors adopts a resolution setting forth the proposed amendment, declares the advisability of the amendment and directs that it be submitted to a vote at a meeting of shareholders or calls a special meeting of shareholders entitled to vote in respect thereof; and
- the holders of at least a majority of shares of stock entitled to vote on the matter, and a majority of the outstanding stock of each class entitled to vote thereon as a class, approve the amendment, unless the Certificate of Incorporation requires the vote of a greater number of shares.

In addition, under the Delaware General Corporation Law, the holders of the outstanding shares of a class are entitled to vote as a class on an amendment, whether or not entitled to vote thereon by the Certificate of Incorporation, if the amendment would increase or decrease the aggregate number of authorized shares of such class, increase or decrease the par value of the shares of such class, or alter or change the powers, preferences or special rights of the shares of the class so as to affect them adversely. Class voting rights do not exist as to other extraordinary matters, unless the Certificate of Incorporation provides otherwise. Except with respect to the approval of a business combination, Ideation's Amended and Restated Certificate of Incorporation does not provide otherwise. Under the Delaware General Corporation Law, the board of directors may amend bylaws if so authorized by the Certificate of Incorporation. The shareholders of a Delaware corporation (who are entitled to vote) also have the power to amend bylaws. Ideation's Amended and Restated Certificate of Incorporation authorizes the board of directors (by the vote of a majority of the total number of authorized directors) to alter, amend or repeal its bylaws and also provides that the shareholders of Ideation may alter, amend or repeal its bylaws by the affirmative vote of a majority of the outstanding voting stock of Ideation entitled to vote generally in the election of directors, voting together as a single class.

ID Cayman

Article 153 of ID Cayman's articles of association state that, subject to the Companies Law and to ID Cayman's articles, ID Cayman's memorandum and articles may only be amended by a special resolution of at least two-thirds of the outstanding shareholders. ID Cayman's board of directors may not effect amendments to ID Cayman's articles on its own.

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Indemnification of Directors and Officers

Ideation

Delaware law generally permits a corporation to indemnify its directors and officers against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action, other than an action brought by or on behalf of the corporation, and against expenses actually and reasonably incurred in the defense or settlement of a derivative action, provided that there is a determination that the individual acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation. That determination must be made, in the case of an individual who is a director or officer at the time of the determination:

by a majority of the disinterested directors, even though less than a quorum;

by a committee of disinterested directors, designated by a majority vote of disinterested directors, even though less than a quorum;

by independent legal counsel, if there are no disinterested directors or if the disinterested directors so direct; or

by a majority vote of the shareholders.

Without court approval, however, no indemnification may be made in respect of any derivative action in which an individual is adjudged liable to the corporation.

Delaware law requires indemnification of directors and officers for expenses relating to a successful defense on the merits or otherwise of a derivative or third-party action. Delaware law permits a corporation to advance expenses relating to the defense of any proceeding to directors and officers. With respect to officers and directors, the advancement of expenses is contingent upon those individuals undertaking to repay any advances if it is ultimately determined that such person is not entitled to be indemnified by the corporation.

Ideation's certificate makes indemnification of directors and officers and advancement of expenses to defend claims against directors and officers mandatory on the part of Ideation to the fullest extent permitted by law.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

ID Cayman

Cayman Islands law does not limit the extent to which a company's articles of association may provide for the indemnification of its directors, officers, employees and agents except to the extent that such provision may be held by the Cayman Islands courts to be contrary to public policy. For instance, the provision purporting to provide indemnification against the consequences of committing a crime may be deemed contrary to public policy. In addition, an officer or director may not be indemnified for his or her own fraud, willful neglect or willful default.

Article 149 of ID Cayman's articles of association make indemnification of directors and officers and advancement of expenses to defend claims against directors and officers mandatory on the part of ID Cayman to the fullest extent

allowed by law.

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Limited Liability of Directors

Ideation

Delaware law permits corporations to adopt a provision limiting or eliminating the monetary liability of a director to a corporation or its shareholders by reason of a director's breach of the fiduciary duty of care. Delaware law does not permit any limitation of the liability of a director for:

breaching the duty of loyalty to the corporation or its shareholders;

failing to act in good faith;

engaging in intentional misconduct or a known violation of law;

obtaining an improper personal benefit from the corporation; or

paying a dividend or effecting a stock repurchase or redemption that was illegal under applicable law.

Ideation's certificate eliminates the monetary liability of a director to the fullest extent permitted by Delaware law.

ID Cayman

The Companies Law has no equivalent provision to Delaware law regarding the limitation of director's liability; however, Cayman law will not allow the limitation of a director's liability for his or her own fraud, willful neglect or willful default. ID Cayman's articles closely follow current provisions of Delaware law and provide that the directors shall have no personal liability to ID Cayman or its shareholders for monetary damages for breach of fiduciary duty as a director, except in the same circumstances as described for Delaware corporations.

Shareholders Suits

Ideation

Delaware law requires that the shareholder bringing a derivative suit must have been a shareholder at the time of the wrong complained of or that the stock was transferred to him by operation of law from a person who was such a shareholder.

ID Cayman

The Cayman Islands courts have recognized derivative suits by shareholders; however, the consideration of those suits has been limited. In this regard, the Cayman Islands courts ordinarily would be expected to follow English precedent, which would permit a minority shareholder to commence an action against or a derivative action in the name of the company only:

where the act complained of is alleged to be beyond the corporate power of the company or illegal;

where the act complained of is alleged to constitute a fraud against the minority perpetrated by those in control of the company;

where the act requires approval by a greater percentage of the company's shareholders than actually approved it; or

where there is an absolute necessity to waive the general rule that a shareholder may not bring such an action in order that there not be a denial of justice or a violation of the company's memorandum of association.

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Advance Notification Requirements for Proposals of Shareholders

Ideation

Ideation's bylaws require shareholders wishing to nominate directors or propose business for a shareholders' meeting to give advance notice to the company. To be timely, a stockholders' notice must be received not less than 120 calendar days in advance of the date in the current fiscal year that corresponds to the date in the preceding fiscal year on which Ideation's notice of meeting and proxy statement were released to stockholders in connection with the previous year's annual meeting. The notice must also include specified information with respect to the stockholder proposing the business or making the nomination as well as specified information regarding the business proposal or the proposed nominee.

ID Cayman

ID Cayman's articles provide that the nature of any special resolution (requiring the vote of at least two-thirds of the outstanding shareholders) to be proposed at any general meeting of shareholders be set out in the notice convening the general meeting.

The articles of association of ID Cayman provide that at least five calendar days' notice must be given for any general meeting. The notice must specify the place, the day and the hour of the meeting and the general nature of the business, *provided* that a general meeting of ID Cayman shall, whether or not the notice 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:

in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat; and

in the case of an extraordinary general meeting by Members (or their proxies) having a right to attend and vote at the meeting and holding not less than seventy-five per cent (75%) in par value of the shares giving that right.

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.

The shareholders of ID Cayman would therefore be able to nominate directors and propose business for a meeting without any period of advance notice:

at an annual general meeting of the company if all the shareholders of the company (or their proxies) entitled to attend and vote were present at the meeting and agreed to the nomination and/or the business proposal; and

at an extraordinary general meeting of the company if 75% of the shareholders of the company (or their proxies) entitled to attend and vote, were present at the meeting and agreed to the nomination and/or the business proposal.

ID Cayman does not have the ability to exclude any matters from the notice convening the meeting under Cayman Islands law.

Cumulative Voting

Ideation

Under Delaware law, a corporation's certificate of incorporation may provide that at all elections of directors, or at elections held under specified circumstances, each shareholder is entitled to cumulate the shareholder's votes. Ideation's Amended and Restated Certificate of Incorporation does not provide for cumulative voting for the election of directors.

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ID Cayman

ID Cayman's articles provide that each shareholder is entitled to one vote for each share.

Defenses Against Hostile Takeovers

ID Cayman's articles provide that directors can be removed from office by a special resolution, which is a resolution that has been passed by a majority of not less than two-thirds of the shareholders, being entitled to do so, voting in person or by proxy at a meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. Vacancies on the board of directors may be filled by a majority of the remaining directors. Each of these provisions can delay a shareholder from obtaining majority representation on the board of directors.

The articles provide that the board of directors will consist of at least three and no more than ten directors, the exact number to be set from time to time by a majority of the board of directors. Accordingly, the board of directors, and not the shareholders, has the authority to determine the number of directors and could delay any shareholder from obtaining majority representation on the board of directors by enlarging the board of directors and filling the new vacancies with its own nominees until a general meeting at which directors are to be appointed.

The ID Cayman board of directors is authorized, without obtaining any vote or consent of the holders of any class or series of shares unless expressly provided by the terms of issue of a class or series, to, from time to time, issue any other classes or series of shares with the designations and relative powers, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or terms or conditions of redemption as they consider fit. The ID Cayman board of directors could authorize the issuance of preference shares with terms and conditions that could discourage a takeover or other transaction that holders of some or a majority of the ordinary shares might believe to be in their best interests or in which holders might receive a premium for their shares over the then-market price of the shares. No preference shares have been established as of the date of this proxy statement/prospectus.

As a Cayman incorporated company, ID Cayman is not subject to Section 203 of the Delaware General Corporation Law, which restricts business combinations with interested shareholders.

Rights of Minority Stockholders

Under Cayman law, an acquiring party is generally able to acquire compulsorily the ordinary shares of minority holders in one of two ways:

By a procedure under the Companies Law known as a scheme of arrangement. A scheme of arrangement is made by obtaining the consent of the Cayman Islands exempted company, the consent of the court and approval of the arrangement by holders of affected shares (1) representing a majority in number of the shareholders present at the meeting (or meetings) held to consider the arrangement and (2) holding at least 75% of all the issued shares of each class of affected shareholders other than those held by the acquiring party, if any. If a scheme of arrangement receives all necessary consents, all holders of affected shares of a company would be compelled to sell their shares under the terms of the scheme of arrangement.

By acquiring, pursuant to a tender offer, 90% of the shares not already owned by the acquiring party. If an acquiring party has, within four months after the making of an offer for all the shares not owned by the acquiring party, obtained the approval of not less than 90% of all the shares to which the offer relates, the

acquiring party may, at any time within two months after the end of that four-month period, require any non-tendering shareholder to transfer its shares on the same terms as the original offer. In those circumstances, non-tendering shareholders will be compelled to sell their shares, unless within one month from the date on which the notice to compulsorily acquire was given to the non-tendering shareholder, the non-tendering shareholder is able to convince the court to order otherwise.

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Transfer of ID Cayman's Securities Upon Death of Holder

Under ID Cayman's articles, the legal representative of a deceased sole holder of a share shall be the only person recognized by the company as having title to the share. In the case of a share registered in the name of two or more holders, the survivor or the survivors, or the legal personal representative of the deceased holder, shall be the only person(s) recognized by the company as having any title to the share.

THE BUSINESS COMBINATION PROPOSAL

Ideation was incorporated on June 1, 2007 in order to serve as a vehicle for the acquisition of any operating business through a merger, capital stock exchange, asset or stock acquisition or other similar business combination.

General Description of the Business Combination

The share exchange agreement is incorporated by reference into this proxy statement/prospectus. All references to the share exchange agreement in this proxy statement/prospectus shall be to the share exchange agreement as amended.

As part of the series of transactions contemplated by the share exchange agreement, Ideation established ID Arizona, a wholly owned Arizona subsidiary, and will effect a merger, pursuant to which it will merge with and into ID Arizona, with ID Arizona remaining as the surviving corporation. After the merger, ID Arizona will become a Cayman Islands exempted company pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law. The reorganization will change Ideation's place of incorporation from Delaware to the Cayman Islands. We refer to Ideation after this redomestication to the Cayman Islands as ID Cayman.

After completing the redomestication, ID Cayman will complete the business combination with the SM Cayman shareholders, in which:

After giving effect to conversion of the preferred shares of SM Cayman, at closing, ID Cayman will acquire 98,652,365 ordinary shares of SM Cayman, representing 100% of SM Cayman shares in issue.

SM Cayman shareholders will receive 6,662,727 ordinary shares of ID Cayman.

SM Cayman warrant holders will receive warrants to purchase 1,519,186 ordinary shares of ID Cayman.

SM Cayman option holders will receive options to purchase 566,939 ordinary shares of ID Cayman.

SM Cayman holders of restricted share awards will receive 261,179 restricted share awards of ID Cayman.

Certain holders of SM Cayman promissory notes will receive 1,712,874 ordinary shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman.

Based on the trading price of Ideation common stock at September 12, 2009, and using the treasury method to account for the warrants, options, and restricted share awards to be issued, the aggregate value of the securities to be issued as consideration at the closing of the business combination (inclusive of the maximum number of earn-out shares to be issued) is \$157.0 million. Upon the closing of the business combination, SM Cayman will be the wholly owned subsidiary of ID Cayman.

Upon the closing of the business combination, under the treasury method and using the trust liquidation value per share of \$7.8815, assuming no stockholder owning IPO Shares elects to convert those shares for cash, the current shareholders of SM Cayman are expected to own an aggregate of 39.1% of the basic and 37.5% of the fully diluted issued and outstanding shares of ID Cayman, assuming no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, the current shareholders of SM Cayman are expected to own an aggregate of 59.0% of the basic and 55.5% of the fully diluted issued and outstanding shares of ID Cayman.

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Assuming the business combination is approved but all stockholders owning IPO Shares, except for The Frost Group, LLC, its affiliates and others owning IPO Shares purchased in satisfaction of the Sponsor Purchase Commitment Amount, exercise their conversion rights, the current shareholders of SM Cayman are expected to own an aggregate of 70.0% of the basic and 59.2% of the fully diluted issued and outstanding shares of ID Cayman, if no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, the current shareholders of SM Cayman are expected to own an aggregate of 83.9% of the basic and 75.2% of the fully diluted issued and outstanding shares of ID Cayman. In each case discussed above, the percentages include ID Cayman shares issuable upon the conversion of interim financing notes held by CSV, certain affiliates of Ideation, and members of SearchMedia's management team.

Upon the closing of the business combination, under the treasury method and using the trust liquidation value per share of \$7.8815, assuming no stockholder owning IPO Shares elects to convert those shares to cash, current Ideation stockholders are expected to beneficially own 60.9% of the basic and 62.5% of the fully diluted issued and outstanding ordinary shares of ID Cayman, assuming no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, current Ideation stockholders are expected to beneficially own 41.0% of the basic and 44.5% of the fully diluted issued and outstanding ordinary shares of ID Cayman.

Assuming the business combination is approved but all stockholders owning IPO Shares, except for The Frost Group, LLC, its affiliates and others owning IPO Shares purchased in satisfaction of the Sponsor Purchase Commitment Amount, exercise their conversion rights, current Ideation stockholders are expected to beneficially own 30.0% of the basic and 40.8% of the fully diluted issued and outstanding ordinary shares of ID Cayman, if no earn-out shares are issued. Assuming the maximum number of earn-out shares are issued, current Ideation stockholders are expected to beneficially own 16.1% of the basic and 24.8% of the fully diluted issued and outstanding ordinary shares of ID Cayman.

Background of the Business Combination

The terms of the share exchange agreement are the result of arm's-length negotiations between representatives of Ideation and SearchMedia. The following is a brief discussion of the background of these negotiations, the share exchange agreement and related transactions.

Ideation was incorporated on June 1, 2007 in order to serve as a vehicle for the acquisition of any operating business through a merger, capital stock exchange, asset or stock acquisition or other similar business combination. While Ideation's efforts in identifying prospective target businesses were not limited to a particular industry, Ideation expected to focus on businesses in the digital media sector. The registration statement for its IPO of 10,000,000 units, each unit consisting of one share of common stock, par value \$0.0001 per share, and one warrant exercisable for an additional share of common stock, was declared effective by the SEC on November 19, 2007. On November 26, 2007, Ideation completed its IPO at a price of \$8.00 per unit. Additionally, its initial stockholders purchased an aggregate of 2,400,000 warrants at a price of \$1.00 per warrant (\$2.4 million in the aggregate), and 2,500,000 shares of common stock for an aggregate purchase price of \$25,000, in a private placement transaction that occurred immediately prior to its IPO.

Ideation received net proceeds of approximately \$79.1 million from the IPO and the private placement. Of those net proceeds, approximately \$2.73 million is attributable to the portion of the underwriters' discount which has been deferred until its consummation of a business combination. Lazard Capital Markets LLC and Early Bird Capital, Inc., as underwriters of the IPO, will receive the portion of the underwriters' discount which has been deferred until the consummation of a business combination. Of these net proceeds, \$78.8 million was deposited into a trust account maintained at Continental Stock Transfer & Trust Company and will be held in trust and not released until the earlier to occur of (i) the completion of a business combination or (ii) its liquidation, in which case such proceeds will be

distributed to its public stockholders. As of December 31, 2008, approximately \$78,815,000 was held on deposit in the trust account.

Following the consummation of its IPO, Ideation began sourcing and evaluating prospective businesses regarding potential business combinations. Ideation did not limit itself to any one sector within the digital media industry. Proactive sourcing involved Ideation's management and Ideation's affiliates, among other

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things: (i) initiating conversations with companies they believed may make attractive combination partners; (ii) attending conferences or other events to scout and meet prospective business combination partners; (iii) contacting professional service providers (lawyers, accountants, consultants and lenders) for leads; (iv) utilizing their own network of business associates for leads; (v) working with third-party intermediaries, including investment bankers; and (vi) inquiring business owners, including private equity and venture capital firms, of their interest in selling their business. Reactive sourcing involved fielding inquiries or responding to solicitations by either (i) companies looking for capital or investment alternatives, or (ii) investment bankers or other similar professionals who represented a company engaged in a sale or fund-raising process.

During this period and prior to execution of the share exchange agreement, Ideation considered numerous opportunities and identified approximately 122 different companies for potential consideration and, as appropriate, reviewed the industry, financial fundamentals, management team, and seller willingness of each such company. Those efforts resulted in the execution by Ideation of ten non-binding term sheets, one of which was with SearchMedia.

In late September to early October 2008, Ideation began exploring opportunities in the China region. On October 17, 2008, Ideation engaged Oppenheimer & Co. Inc., or Oppenheimer, as its exclusive financial advisor in connection with a possible acquisition or merger of one or more targets with significant media operations in the greater China region. Upon consummation of the transaction, Ideation will pay a fee to Oppenheimer for financial advisory services in connection with the transaction. Ideation decided to look at China because of the attractiveness of the Chinese media industry and the declining valuation and market opportunities for media companies in the United States. The Chinese media industry had demonstrated a trend of robust growth that had supported a number of successful equity offerings and many additional Chinese media companies had been preparing for public offerings in the United States before the decline in the U.S. equity markets. Following Ideation's engagement of Oppenheimer, Ideation looked at approximately twenty-three potential targets in China, including SearchMedia. Ideation's initial interest in SearchMedia was due to Ideation's belief that SearchMedia has in place a leading market share in the Chinese advertising industry, an extensive advertising network across various media platforms, a profitable and scalable revenue model with low capital expenditure requirements, a large and diverse client base with significant brand name recognition, a history of organic and acquisitive growth, and a strong experienced management team.

In no case, other than with respect to SearchMedia, did Ideation extend a binding acquisition offer. Ten companies received non-binding indications of interests and varying levels of due diligence attention from Ideation, and Ideation engaged in discussions with some of these entities during the period between Ideation's IPO on November 26, 2007 and prior to the signing of the share exchange agreement with SearchMedia. These entities did not receive a further acquisition offer for reasons including lack of interest on behalf of the seller, lack of interest on behalf of Ideation, lofty valuation expectations in a competitive acquisition environment and a declining credit market.

Highlighted below is a detailed chronology of the events leading up and subsequent to the execution of the share exchange agreement and the amendments to the share exchange agreement.

On November 3, 2008, Ideation was presented information on SearchMedia through the introduction of its financial advisor.

On November 7, 2008, Ideation signed a confidentiality agreement providing access to extensive non-public information of SearchMedia.

On November 12, 2008, Ideation, SearchMedia and Ideation's financial advisor discussed, via conference call, SearchMedia's financial obligations and near- and long-term funding requirements.

On November 13, 2008, Rao Uppaluri, Steven Rubin and Robert Fried were introduced over a conference call to Jennifer Huang, the then chief financial officer and current chief operating officer, Garbo Lee, president, and Earl Yen, a board member, of SearchMedia.

On November 15, 2008, after initial due diligence on SearchMedia's operations and financial information, as well as a review of industry public comparisons, Ideation submitted a letter of intent, which we refer to as

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the LOI, to acquire SearchMedia. The LOI contemplated (i) that the valuation of SearchMedia would be determined based on publicly-traded comparable companies, and (ii) a portion of the consideration would be paid via an earn-out equal to approximately 20% of the total transaction consideration.

On November 17, 2008, after discussions with SearchMedia's board and management team primarily concerning valuation methodology of the transaction, Ideation submitted a revised LOI to acquire SearchMedia. The revised LOI contemplated (i) that the valuation of SearchMedia would be determined based on comparable publicly-traded companies, and (ii) a portion of the consideration would be paid via an earn-out equal to approximately 10% of the total transaction consideration.

On November 18, 2008, the revised LOI was signed by SearchMedia.

On November 24, 2008, Mr. Uppaluri and Mr. Rubin, and Mr. Fried via telephone, Akerman Senterfitt, Ideation's legal advisor, and Ideation's financial advisor met with Mr. Yen and Ms. Lee at Ideation's offices in Miami, Florida. Ms. Huang, also participated via conference call. The meeting was primarily a discussion of SearchMedia's operations, the overall Chinese outdoor advertising industry, and a review of due diligence matters related to SearchMedia's financial and accounting matters.

On November 25, 2008, Ideation's financial advisor visited various media locations on Ideation's behalf in Shanghai.

From December 3, 2008 to December 5, 2008, Messrs. Fried, Uppaluri, and Rubin and Ideation's financial advisor traveled to SearchMedia's headquarters in Shanghai, China, to meet with the management team, review diligence items and tour the facilities. Discussions with SearchMedia management included growth in the Chinese out-of-home advertising market, industry trends, historical and projected financial performance, business segments, competitors, recent acquisitions, contract management, and staffing. The Ideation team also met with select customers of SearchMedia to discuss their experiences with the SearchMedia team and proposed advertising budget going forward.

On December 5, 2008, Ideation circulated a draft share exchange agreement.

On December 15, 2008, Ideation held a meeting of its board of directors where it introduced the board members to the potential transaction with SearchMedia and apprised them of work to date and work remaining on the transaction. There was significant discussion about the potential terms, valuation and structure of a transaction with SearchMedia, the background of the SearchMedia management team, the market opportunity, SearchMedia's strategy, operations, differentiation, acquisition opportunities and financials.

On December 17, 2008, SearchMedia extended the exclusivity period with Ideation under the revised LOI signed on November 18, 2008.

On December 19, 2008, Ideation, SearchMedia, and Ideation's financial advisor discussed, via conference call, SearchMedia's financial due diligence presentation, which included GAAP net income for 2008 and 2009 financials and adjustments to the financials for the period ended June 30, 2008.

From December 25 to December 29, 2008, Ideation and Ideation's financial advisor discussed (i) the valuation and earn-out structure in the context of the changes to SearchMedia's 2008 and 2009 estimated GAAP net income figures, (ii) shifting more value to the earn-out, (iii) the metric to be used for the earn-out, (iv) the feasibility of using a multi-level payout structure based on net income achieved, and (v) adding a stock price trigger in addition to the net income trigger for earn-out payment.

On December 29, 2008, Ideation, SearchMedia and Ideation's financial advisor discussed, via conference call, the earn-out structure, including the concept of a sliding scale payout structure proposed by SearchMedia.

On December 30, 2008, Ideation held a conference call with SearchMedia to discuss the proposed structure of the transaction, which included discussions on valuation methodology and earn-out consideration.

On January 1, 2009, Ideation, SearchMedia and Ideation's financial advisor discussed, via conference call, timing of GAAP audited and reviewed financials and SearchMedia's financial projection model.

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On January 2, 2009, Ideation and Ideation's financial advisor discussed the earn-out and agreed tentatively that the earn-out payment should begin at 70% of SearchMedia's 2009 estimated GAAP net income figure.

On February 11, 2009, Jane Hsiao met with Ms. Lee and Mr. Yen in Taiwan.

From November 2008 through February 2009, Ideation and Jun He Law Offices, a PRC law firm engaged by Ideation, conducted due diligence on SearchMedia's operations, financials, management team, and the China outdoor advertising industry.

From November 2008 through March 2009, Ideation worked with Akerman Senterfitt to conduct legal due diligence and to prepare the documentation necessary to acquire SearchMedia and satisfy the filing requirements of the Securities and Exchange Commission,

On March 3 and 4, 2009, Messrs. Fried, Uppaluri and Rubin travelled to New York to meet with Ideation's advisors to discuss the structure of the proposed transaction with SearchMedia, including up-front valuation, earn-out levels and the interim financing needs of SearchMedia.

On March 9, 2009, Ideation and its financial advisor discussed, via conference call, potential interim financing alternatives and Ideation and sponsor purchases to support the transaction.

Between March 15 and March 28, 2009, Ideation, SearchMedia and Ideation's financial advisor held various conference calls to discuss the valuation and earn-out structure as well as a potential interim financing that would be provided by certain affiliates of Ideation and SearchMedia and potential Ideation and Sponsor purchases to support the transaction. During these discussions, SearchMedia revised its 2009 estimated GAAP net income to reflect management's current market outlook based on the changing operating environment. The revised financial projections were within the previously proposed earn-out range, which was left unchanged. Additionally, a final agreement was made on (i) valuation based on an appropriate discount of the price-to-earnings ratios of comparable companies and (ii) an earn-out structure with payout based on achieved net income within the range of the 2009 estimated GAAP net income.

At a meeting of Ideation's board of directors held on March 18, 2009, Ideation management provided further updates on the status, structure and diligence regarding the pending transaction with SearchMedia, including a proposed \$3.50 million interim financing to be provided by certain affiliates of Ideation and SearchMedia.

On March 18 and March 19, 2009, SearchMedia received interim financing of \$1.75 million from Frost Gamma Investments Trust, Mr. Fried, Mr. Uppaluri, and others, and interim financing of \$1.75 million from CSV and members of SearchMedia's management team. This financing was requested by SearchMedia in order to fund working capital requirements until the closing of the transactions contemplated by the share exchange agreement. The affiliates of Ideation set forth above participated in such financing in order to demonstrate support for the transactions contemplated by the share exchange agreement. Each interim note accrues interest at a rate of 12% per annum, which rate will increase to 20% per annum after the maturity date of such note. Each note will mature upon the earliest of: (i) the closing of a Series D financing by SM Cayman, (ii) the closing of the transactions contemplated by the share exchange agreement, and (iii) the termination of the share exchange agreement. Under the terms of the share exchange agreement prior to the second amendment, it was contemplated that at the closing of the business combination, the principal amount outstanding under these promissory notes and \$10,000,000 of the principal amount outstanding under the promissory note issued to Linden Ventures will be converted into either (1) in the event that Series A preferred shares are issued, (i) a number of ID Cayman Series A preferred shares calculated by dividing such outstanding principal amounts by \$7.8815, rounding up to the nearest whole share and (ii) a number of warrants to purchase 0.25 of an ordinary share of ID Cayman, at an exercise price per such ordinary share of \$7.8815, equal to

such number of ID Cayman Series A preferred shares or (2) in any other event, a number of ordinary shares of ID Cayman calculated by dividing such outstanding principal amounts by \$7.8815, rounding up to the nearest whole share. After giving effect to the second amendment, such principal will convert at the closing into ID Cayman ordinary shares and warrants, as discussed below. At the closing of the business combination, \$5,000,000 of the principal amount outstanding under the promissory note issued to

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Linden Ventures plus all accrued and unpaid interest thereon, plus \$20,000 as reimbursement for its legal expenses, must be paid in cash to Linden Ventures and all accrued and unpaid interest under the other promissory notes must be paid in cash to the holders of these promissory notes. Each interim lender also entered into an intercreditor agreement with SM Cayman, Linden Ventures and certain subsidiaries of SM Cayman that guaranteed the obligations of SM Cayman under Linden Venture's notes and the interim notes. The agreement provided that the interim notes and Linden Venture's notes would be pari passu. In addition, CSV and E-TV Limited entered into a letter agreement whereby they subordinated their outstanding loans with SM Cayman to the interim loans.

On March 27, 2009, Ideation engaged BDO China Shu Lun Pan Certified Public Accountants, or BDO, to conduct a management and internal controls review on the audited/unaudited financial statements of the largest subsidiaries of SearchMedia, including review and assessment of financial performance, policies, procedures and reporting and organizational structures, contractual commitments and relationships with SearchMedia.

On March 29, 2009, Ideation, BDO and Ideation's financial advisor conducted telephone interviews with the management of select subsidiary companies.

On March 31, 2009, the boards of directors of Ideation and ID Arizona met to discuss the proposed acquisition of SearchMedia. Representatives of Akerman Senterfitt updated the board with respect to the status of negotiations with SearchMedia regarding the transaction and reviewed the share exchange agreement and other documentation necessary to effect the acquisition. Management of Ideation, along with representatives of Ideation's financial advisor, then reviewed management's financial analysis with respect to SearchMedia and the proposed transaction, as more fully described in the section titled Ideation's Reasons for the Business Combination and Recommendation of the Ideation Board of Directors. After discussing various legal and financial aspects of the proposed acquisition with its legal and financial advisors, the boards of directors of Ideation and ID Arizona unanimously resolved to approve the proposed acquisition and authorized Ideation's management to execute the share exchange agreement and make all appropriate filings. Furthermore, the independent committee of the board of directors of Ideation, which consisted of Tom Beier, David Moskowitz and Shawn Gold, approved the proposed transaction, and in particular, the potential conversion of Ideation common stock and SM Cayman promissory notes into ID Cayman Series A preferred stock and warrants in light of the fact that certain other directors of Ideation may be interested in this and other aspects of the transaction.

On March 31, 2009, following the meeting of the board of directors of Ideation, Ideation, ID Arizona and the SearchMedia parties executed the share exchange agreement. On May 27, 2009, Ideation entered into an amendment, which we refer to as the first amendment, to the share exchange agreement with Mr. Yen, Tommy Cheung, Stephen Lau and Qinying Liu, as the SM Cayman shareholders' representatives. The first amendment amended the share exchange agreement to provide that the consent of Linden Ventures will be required in the event of any amendment to or waiver of any provision contained in certain sections of the share exchange agreement that directly affect Linden Ventures or if any amendment or waiver disproportionately affects Linden Ventures relative to other SM Cayman securityholders.

In addition, the first amendment provided for an amendment to the Memorandum and Articles of Association of ID Cayman following completion of the business combination to provide that the Series A preferred shares of ID Cayman would be convertible, at the option of the holder, at any time after six months, rather than eighteen months, following the original issue date of such shares.

On July 28, 2009, Mr. Fried, Mr. Rubin and Mr. Uppaluri of Ideation, members of Ideation's financial advisor, and Early Bird Capital, Inc., or EarlyBird, and Steve Kaplan of Ladenburg Thalmann & Co. Inc, or Ladenburg, discussed via conference call potential changes to the transaction. Among the changes discussed was the elimination of the potential obligation of ID Cayman to issue Series A preferred shares in connection with the closing of business

combination. Other changes discussed were changes to the voting and conversion rights structure to increase the likelihood that the business combination would be approved. Ideation, Opco, Ladenburg and EarlyBird believed that based on discussions with investors, the above changes to the transaction structure were necessary to increase the likelihood that the business combination would be approved.

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On August 17, 2009, Ideation, Ideation's financial advisor and SearchMedia discussed via conference call an amendment to Ideation's Amended and Restated Certificate of Incorporation to provide conversion rights to holders of IPO Shares regardless of whether such holder votes for or against the business combination. Ideation believed that extending the right to elect conversion to those holders of IPO Shares who vote for the business combination would increase the likelihood that the business combination would be approved. In addition, Ideation and SearchMedia agreed to eliminate the potential obligation of ID Cayman to issue Series A preferred shares in connection with the closing of business combination, and instead continued to provide for the issuance of a warrant to acquire 0.25 of an ID Cayman ordinary share, regardless of the amount in the trust account after closing, for each ID Cayman ordinary share issued to or acquired by (i) those investors who hold SM Cayman interim notes that converted to ID Cayman ordinary shares at closing and (ii) Linden Ventures or ID Cayman ordinary shares acquired in connection with the Sponsor Purchase Commitment Amount.

On August 20, 2009, Ideation engaged Richards, Layton & Finger, P.A. to provide a legal opinion concerning the validity of the charter amendment proposal. On August 25, 2009, Richard, Layton & Finger, P.A. provided a draft opinion to Akerman Senterfitt.

On August 24, 2009, the boards of directors of Ideation and ID Arizona met to discuss the proposed amendment to Ideation's Amended and Restated Certificate of Incorporation and the proposed letter agreement described below.

The board also discussed the proposed second amendment to the share exchange agreement, which would amend the share exchange agreement to provide the following:

acknowledgement of the transfer of the SM Cayman Series C preferred shares owned by Gentfull Investment Limited and Gavast Estates Limited to Vervain Equity Investment Limited and Sun Hing Associates Limited, respectively, their affiliates and the joinder of such transferees to the share exchange agreement;

the elimination of a potential obligation of ID Cayman to issue Series A preferred shares in connection with the closing, but continuing to provide for the issuance of a warrant to acquire 0.25 of an ID Cayman ordinary share, regardless of the amount in the trust account after closing, for each ID Cayman ordinary share issued to or acquired by those investors who hold SM Cayman interim notes and the Linden Note that convert to ID Cayman ordinary shares at closing or ID Cayman ordinary shares acquired in connection with the Sponsor Purchase Commitment Amount;

the imposition of one-year lock-up restrictions with respect to the ID Cayman shares underlying ID Cayman restricted share awards and options;

an additional covenant requiring the repayment of certain loans owed by Ms. Liu and Le Yang to SM Cayman prior to closing. Ms. Liu and Ms. Yang have agreed to repay an aggregate of RMB 4,289,889 owed by them to SM Cayman prior to the closing of the business combination. They may do so in cash or by surrendering a number of ordinary shares of SM Cayman owned by them prior to closing equal in value to such amount;

an increase of the board of directors of ID Cayman after the closing to ten (10) members, adding one director to be appointed by the Ideation representative and requiring certain independence and citizenship requirements as set forth elsewhere in this proxy statement/prospectus;

the amendment of the sponsor purchase commitment of The Frost Group, LLC to allow for certain warrant exercises, effective immediately after the closing, to be counted toward the satisfaction of the Sponsor Purchase Commitment Amount;

the addition of Ideation stockholder approval of the Ideation charter amendment (and a corresponding amendment to the charter of ID Arizona) as a condition to the closing of the business combination;

the extension of the end date by which the business combination must be consummated to October 30, 2009 from September 30, 2009;

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technical corrections to the definition of adjusted net income ;

the amendment of Schedules B and C to the share exchange agreement to reflect the transfers by Gentfull Investment Limited and Gavast Estates Limited and certain transfers by and among SM Cayman shareholders and correct some rounding errors; and

the amendment of the Amended and Restated Memorandum and Articles of Association of ID Cayman, Exhibit A to the share exchange agreement, to eliminate the designation of the ID Cayman Series A preferred shares.

Upon discussion of all relevant facts and circumstances, the boards of directors of Ideation and ID Arizona unanimously voted in favor of the charter amendment, the second amendment to the share exchange agreement and the letter agreement and declared the charter amendment and second amendment to be advisable and in the best interest of their respective stockholders. The independent committee of the board of directors of Ideation appointed at its March 31, 2009 meeting also approved such actions and the aspects in which any director of Ideation may be interested, in particular, (a) the elimination of the dollar threshold in the trust account before the issuance of the new warrants would be required, (b) the amendment of the sponsor purchase commitment to allow warrant exercises to count toward the satisfaction of the Sponsor Purchase Commitment Amount and (c) the terms of the letter agreement.

On September 8, 2009, Ideation, ID Arizona, The Frost Group, LLC and the SM Shareholders Representatives and Linden Ventures executed the second amendment to the share exchange agreement and the letter agreement discussed above.

On September 8, 2009, Ideation entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date hereof.

On September 13, 2009, Mr. Rubin, Oppenheimer, Ideation's financial advisor, and Mr. Yen discussed ways in which to enhance the marketing of the transaction to potential investors including: (i) increasing the liquidity of the combined company after consummation of the business combination, by providing the SM Cayman entities the option to pay up to 75% of the earn-out shares due to SM Cayman's acquired companies for 2010 in the form of ID Cayman equity securities; (ii) extending the term of the lock-ups of the SM Cayman founding shareholders and (iii) increasing the number of shares available to be issued to SearchMedia employees under SearchMedia's share incentive plan. The parties discussed a third amendment to the share exchange agreement to reflect these points.

Between September 19, 2009 and September 22, 2009, the parties discussed certain additional matters with respect to the proposed third amendment to the share exchange agreement, including revising the lock up arrangements, the elimination of the share price based earn-out, using commercially reasonable efforts to reduce transaction expenses and changing the date of the special meeting from October 26 to October 27.

On September 22, 2009, Ideation, ID Arizona, Mr. Yen, Tommy Cheung, Terrance Hogan, Qinying Liu and Linden Ventures executed the third amendment to the share exchange agreement.

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Interest of Ideation's Management in the Business Combination

When you consider the unanimous recommendation of the Ideation board of directors in favor of adoption of the Redomestication Proposal, Business Combination Proposal, Share Increase Proposal, Declassification Proposal, Amendment Proposal, Shareholder Consent Proposal, Corporate Existence Proposal and Share Incentive Plan Proposal, you should note that Ideation's executive officers and directors have interests in the transaction that are different from, or in addition to, your interests as a stockholder. These interests include, among other things:

If the business combination is not approved and Ideation is unable to complete another business combination by November 19, 2009, Ideation will be required to liquidate. In such event, the 2,500,000 shares of common stock held by Ideation officers, directors and affiliates, which were acquired prior to the IPO for an aggregate purchase price of \$25,000, will be worthless, as will the 2,400,000 warrants that were acquired simultaneously with the IPO for an aggregate purchase price of \$2,400,000. The Ideation officers, directors and holders of initial shares currently hold 3,277,900 shares of the common stock and 3,691,200 of the warrants. Such common stock and warrants had an aggregate market value of \$ based on the last sale price of \$ and \$, respectively, on NYSE Amex on October 2, 2009, the record date.

In connection with the IPO, Ideation's current officers and directors agreed to indemnify Ideation for debts and obligations to vendors that are owed money by Ideation, but only to the extent necessary to ensure that certain liabilities do not reduce funds in the trust account. If the business combination is consummated, Ideation's officers and directors will not have to perform such obligations. Ideation does not have sufficient funds outside of the trust account to pay these obligations. Therefore, if the business combination is not consummated and vendors that have not signed waivers sue the trust account and win their cases, the trust account could be reduced by the amount of the claims and Ideation's officers and directors would be required to fulfill their indemnification obligations.

Warrants to purchase Ideation common stock held by Ideation's officers and directors are exercisable upon consummation of the business combination. Based upon the closing price of Ideation's common stock on October 2, 2009, the record date, of \$, if all warrants held by Ideation's officers and directors were exercised for common stock, the value of such shares of common stock would be approximately \$.

All rights specified in Ideation's Amended and Restated Certificate of Incorporation relating to the right of officers and directors to be indemnified by Ideation, and of Ideation's officers and directors to be exculpated from monetary liability with respect to prior acts or omissions, will continue after the business combination. If the business combination is not approved and Ideation liquidates, Ideation will not be able to perform its obligations to its officers and directors under those provisions.

After closing of the business combination, The Frost Group, LLC and its affiliates and other non-affiliates may receive a warrant to purchase 0.25 of an ordinary share of ID Cayman for each ordinary share it acquired, or will acquire, in connection with the satisfaction of the Sponsor Purchase Commitment Amount and upon conversion of their interim notes in SM Cayman. Accordingly, the interests of The Frost Group, LLC and its affiliates may be different from those of stockholders who will not receive such warrants.

Ideation has entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will

have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;

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- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date hereof.

Actions That May Be Taken to Secure Approval of Ideation Stockholders

After April 1, 2009, Ideation may seek to purchase, or enter into contracts to purchase, shares of Ideation common stock either in the open market or in privately negotiated transactions. Any such purchases and contracts would be effected pursuant to a 10b(5)-1 plan or at a time when Ideation, its initial stockholders or their affiliates are not aware of material nonpublic information regarding Ideation or its securities. Such purchases could involve the incurrence of indebtedness by Ideation, payment of significant fees or interest payments or the issuance of any additional Ideation securities. Any purchases other than ordinary course purchases shall require the prior approval of the SM Cayman shareholders' representatives, any such approval not to be unreasonably withheld or delayed. If such approval is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases (discussed below) will terminate. An ordinary course purchase is a forward purchase between Ideation and a non-affiliate Ideation stockholder in which Ideation will purchase some or all of such stockholders' shares of Ideation after closing, which contracts are not binding on SM Cayman or its assets. A condition to the closing of such contracts will be that all shares purchased would be voted in favor of the business combination. These purchases or arrangements could result in an expenditure of a substantial amount of funds in the trust account.

Commencing on April 1, 2009 and continuing until no later than 4:30 p.m. Eastern standard time on the day that is two business days before the special meeting of Ideation stockholders, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in an amount equal to the Sponsor Purchase Commitment Amount. Such purchases will be conducted in compliance with the Securities Act, the Exchange Act and any other applicable law.

The Frost Group, LLC, through itself, its affiliates or others, owns 777,900 IPO Shares consisting of (i) 250,000 shares acquired as part of 250,000 units purchased in the IPO, (ii) 206,800 shares purchased between the date of the IPO and March 31, 2009, and (iii) 321,100 shares purchased between April 1, 2009 and September 21, 2009 pursuant to arrangements described above. In addition, The Frost Group, LLC, through itself, its affiliates or others, have purchased warrants to acquire 1,291,200 shares (including 250,000 warrants acquired as part of 250,000 units purchased in the IPO).

The aggregate amount of shares purchased pursuant to these arrangements and the total number of IPO Shares held by The Frost Group, LLC, through itself, its affiliates or others will be disclosed to Ideation stockholders in a Current Report on Form 8-K as soon as practicable before the open of trading on the NYSE Amex on the day that is one business day before the special meeting of Ideation stockholders. We acknowledge that the timing of this disclosure limits the amount of time Ideation stockholders will have to consider the impact of these purchases before such stockholders submit a proxy, revoke a previously submitted proxy or otherwise vote on the proposals to be considered at the special meeting.

To the extent that The Frost Group, LLC, through itself, its affiliates or others has not otherwise satisfied the Sponsor Purchase Commitment Amount by the day that is two days before the special meeting of Ideation stockholders, The Frost Group, LLC through itself, its affiliates or others may satisfy this obligation before the closing of the business combination by delivering into an escrow account irrevocable written notices to exercise all or any of the Ideation public warrants held by such persons, together with the cash exercise price therefor, in an amount up to the amount necessary to satisfy the Sponsor Purchase Commitment Amount. Any such public warrant exercises will be effective immediately after the closing of the business combination, and would result in additional cash to Ideation.

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To the extent that The Frost Group, LLC, through itself, its affiliates or others, does not otherwise satisfy the Sponsor Purchase Commitment Amount, Ideation has agreed to sell shares of Ideation common stock at a per share price of \$7.8815 to The Frost Group LLC, its affiliates or others as necessary to satisfy the Sponsor Purchase Commitment Amount, which would result in additional cash to Ideation. Such purchases may be made, as necessary, up to ten days after the closing of the business combination pursuant to a purchase agreement with customary registration rights.

The purpose of such purchases or arrangements would be to increase the likelihood of satisfaction of the requirements that the holders of a majority of the IPO Shares present in person or represented by proxy and entitled to vote on a business combination vote in its favor and that holders of fewer than 30% of the IPO Shares both vote against a business combination and demand conversion of their IPO Shares into cash, where it appears that such requirements would otherwise not be met. If the business combination transaction is not closed despite such purchases, the purchasers would be entitled to participate in liquidating distributions from Ideation's trust fund with respect to such shares.

Purchases pursuant to such arrangements by Ideation may ultimately be paid for with funds in its trust account, which could greatly diminish the funds released to Ideation from the trust account upon closing of the business combination, and would decrease the amount available to Ideation under the trust account for working capital and general corporate purposes. Nevertheless, in all events Ideation believes there will be sufficient funds available to it from the trust account to pay the holders of all IPO Shares that are properly converted and Ideation will reserve funds for such purpose.

Any share purchases by Ideation from existing Ideation stockholders would increase the post-transaction percentage of ID Cayman interests held by the current shareholders of SM Cayman. Sponsor purchases of Ideation shares in the open market would have no impact on the post-transaction ownership of ID Cayman by current SM Cayman shareholders. Sponsor purchases from Ideation would decrease the post-transaction percentage of ID Cayman interests held by the current shareholders of SM Cayman.

Rescission Rights

You should be aware that Ideation's Amended and Restated Certificate of Incorporation and IPO prospectus stated that only those holders of IPO Shares who vote against the business combination will have the right to convert their IPO Shares into cash if the business combination is approved and completed. Furthermore, Ideation's IPO prospectus stated that specific provisions in its Amended and Restated Certificate of Incorporation, including provisions of Article Sixth setting forth your conversion rights, would not be amended prior to the consummation of an initial business combination without the affirmative vote of 95% of the outstanding shares of common stock of the company. The IPO prospectus further stated that while the validity under Delaware law of a 95% supermajority provision restricting the ability to amend the charter has not been settled, Ideation would not take any actions to waive or amend any of those provisions.

Ideation is now taking action to amend Section D of Article Sixth of the Amended and Restated Certificate of Incorporation and extend conversion rights to holders of IPO Shares who vote either for or against the business combination. Accordingly, each purchaser of IPO Shares or warrants issued in the IPO could assert federal or state securities law claims against Ideation for rescission, if such purchaser still holds the securities, or damages, if such purchaser no longer holds the securities. In a rescission claim, a successful claimant has the right to receive the total amount paid for the securities purchased pursuant to an allegedly deficient prospectus, plus interest and less any income earned on the securities, in exchange for surrender of the securities. In a claim for damages, a successful claimant may be awarded compensation for loss on an investment caused by an alleged material misrepresentation or omission in the sale of a security, including, possibly, punitive damages, together with interest.

In general, a person who purchases shares pursuant to a defective prospectus must make a claim for rescission or damages within the applicable statute of limitations period. Rescission and damages claims may not be finally adjudicated by the time the business combination is completed, and such claims would not be extinguished by consummation of that transaction. Ideation cannot predict whether any stockholders will bring claims for rescission or damages, how many stockholders might bring such claims or the extent to which such

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claims might be successful. Moreover, to the extent such litigation is brought against Ideation, the trust account or the trustee, Ideation and/or the trustee may be enjoined from making distributions from the trust account pending the resolution of that litigation, which would result in the delay of any payments to stockholders of trust account funds upon conversion or liquidation.

Ideation's Reasons for the Business Combination and Recommendation of the Ideation Board of Directors

The Ideation board of directors unanimously concluded that the share exchange agreement, as amended, with SearchMedia is in the best interests of Ideation stockholders. Because of the financial skills and background of several of its members and Ideation's management, Ideation's board believes it was qualified to perform the valuation analysis discussed in this section. At the time of the share exchange agreement, the Ideation board of directors derived a minimum equity valuation of \$176.7 million for SearchMedia based upon a comparative price analysis of the price earnings ratio for companies similar to SearchMedia as compared to the anticipated price earnings ratio of SearchMedia. Based upon the Ideation board of directors' experience in performing due diligence of acquisition targets and in valuing companies, Ideation did not obtain a fairness opinion with respect to the business combination and did not believe that a fairness opinion from an independent source was necessary.

In determining the valuation of SearchMedia, the management of Ideation presented its board of directors a comparative analysis of companies similar to SearchMedia. Management analyzed six companies in the outdoor advertising sector in the People's Republic of China and abroad. The companies were AirMedia Group, Focus Media Holding, VisionChina Media, Clear Channel Outdoor Holdings, JC Decaux and Lamar Advertising. Ideation's subjective belief is that these companies represent a good cross-section of the outdoor advertising sector. Ideation selected the specific companies for the reasons listed below:

Like SearchMedia, AirMedia Group, Focus Media Holding and VisionChina Media are outdoor advertising companies focused on the Chinese market;

Clear Channel Outdoor Holdings and JC Decaux are outdoor advertising companies with a global presence including the Chinese market; and

Lamar Advertising is an outdoor advertising company with a presence in the United States, Canada and Puerto Rico.

In March 2009, Ideation management prepared a list of comparative price earnings ratios for these companies for historical and projected periods based on publicly available information. The price earnings ratio for the year ending December 31, 2009 for the companies was between 9.7x and 14.8x with an average of 12.9x. Clear Channel Outdoor Holdings and Lamar Advertising have negative 2009 projected earnings and their price earnings ratios are therefore not meaningful. Focus Media Holding was excluded due to its pending merger with Sina Corp.

In negotiating the share exchange agreement with SearchMedia, Ideation and SearchMedia agreed on a valuation that resulted in a price earnings ratio of 6.7x based on the maximum potential earn-out target of \$80.0 million for SearchMedia for the year ending December 31, 2009 that is based on revised 2009 financial projections provided by SearchMedia management. These financial projections differed from projections discussed between SearchMedia and Ideation in December 2008 to reflect management's current market outlook based on the changing operating environment. The revised projections had lower growth rates for revenue, EBITDA and net income as a result of lower projected increases in pricing, occupancy and roll out of new advertising sites. The revised financial projections were within the previously proposed earn-out range, which was left unchanged in light of the changes in economic conditions. The price earnings ratio of 6.7x was calculated based upon (a) a numerator of \$256.7 million, which upon execution of the share exchange agreement in March 2009 equaled the estimated fully diluted equity value of ID

Cayman, assuming the maximum potential earn-out is paid to SearchMedia shareholders and a 30% conversion of Ideation shareholders, and (b) a denominator of \$38.4 million, the minimum net income, which SearchMedia would earn in fiscal 2009 if SearchMedia met the maximum potential earn-out target. In calculating this ratio, Ideation's board did not give material weight to the trading value of Ideation shares as of the date of the share

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exchange agreement, believing that any difference between the \$7.52 per share price in the trading market on the date the share exchange agreement was signed and the cash conversion value of \$7.8815 per share represented a market-determined time value of money discount to the cash conversion value, rather than the per share value that reflected the pending business combination with SearchMedia.

Below is a table depicting the comparative price analysis for SearchMedia and five of its peer companies mentioned above, including the 2009 estimated earnings per share and price earnings ratios for each company as well as the average and median price earnings ratios, which Ideation used to determine its minimum equity valuation of \$176.7 million for SearchMedia.

(US \$ in millions, except per share data)

Peer Companies	Share Price(2)	12/31/09E	
		GAAP EPS(3)	2009E P/E(4)
AirMedia Group Inc.	\$ 4.58	\$ 0.31	14.8x
Clear Channel Outdoor Holdings Inc.	3.65	0.07	Not Meaningful
JCDecaux SA(1)	11.59	0.81	14.3
Lamar Advertising Co.	10.49	(0.52)	Not Meaningful
VisionChina Media Inc.	6.58	0.68	9.7
Average			12.9x
Median			14.3

SearchMedia International Limited	Total Shares Outstanding(5)	Share Price(6)	Market Capitalization(7)	12/31/09E GAAP		2009E P/E(4)
				Adjusted Net Income(8)	Adjusted EPS	
0% Earn-out Achieved	22.4	\$ 7.88	\$ 176.3	\$ 25.7	\$ 1.15	6.9x
32% Earn-out Achieved	25.6	7.88	201.9	29.7	1.16	6.8
100% Earn-out Achieved	32.5	7.88	256.3	38.4	1.18	6.7

(1) Foreign peer company, JCDecaux SA, share price and December 31, 2009 estimated GAAP EPS converted to U.S. dollars based on the March 27, 2009 exchange rate of 0.7375 EUR / USD.

(2) Market prices as of March 27, 2009.

(3) Consensus analysts' estimates as of March 27, 2009 for the fiscal year end December 31, 2009.

(4) Price earnings ratios are calculated based on share price divided by the fully diluted estimated earnings per share for the 12 months ending December 31, 2009.

(5) Fully-diluted outstanding shares based on the treasury method, assuming 30% conversion and the relevant number of earn-out shares (i.e., 0, 3.2 million and 10.2 million shares at, 0%, 32% and 100% of the total

earn-out, respectively), and an Ideation liquidation price of \$7.8815.

- (6) Share price based on an Ideation liquidation value of \$7.8815 per share.
- (7) Calculated based on fully-diluted shares outstanding and a share price of \$7.8815.
- (8) Represents December 31, 2009 estimated adjusted net income at the indicated earn-out scenarios.

Ideation based the earn-out targets in the share exchange agreement on SearchMedia's adjusted net income projections prepared in March 2009 for fiscal 2009 (assuming an exchange rate at the time of US \$1.00 to RMB 6.83). Because SearchMedia completed several acquisitions during the first half of 2008, which added significant scale to its operations, its financial results for fiscal year 2008 are not indicative of its current business, and thus Ideation believed that applying comparable company market multiples to SearchMedia's fiscal year 2008 financial results to determine valuation would not be meaningful. At the time the share exchange agreement was negotiated, Ideation understood that the projections were based upon certain key assumptions about SearchMedia's business prospects, including the following:

SearchMedia's rates charged to advertising clients would increase in 2009;

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SearchMedia's occupancy rates would have an increasing trend in 2009; and

SearchMedia would modestly grow its advertising platform organically in 2009.

The earn-out target for fiscal 2009 equals SearchMedia's net income projections for fiscal 2009. Certain adjustments (as described in the definition of Adjusted Net Income below) primarily relating to minority investments, acquisition-related income, non-recurring expenses and transaction-related costs will be made to SearchMedia's actual 2009 net income for the purposes of determining the earn-out. These costs are not included in the projected 2009 net income, so the actual 2009 net income will need to be adjusted to eliminate the impact of these items for the purposes of determining the earn-out. In determining the earn-out target for the share exchange agreement, Ideation also considered SearchMedia's expansion strategies and the projected growth in the Chinese market.

As a result of negotiations, Ideation agreed to issue the SearchMedia shareholders, warrant holders, option holders, holders of restricted share awards and noteholders \$78.5 million of equity value, based on Ideation's per share cash conversion value of \$7.8815, and additionally 10.2 million shares worth \$80.0 million upon the achievement of the maximum 2009 earn-out target. Assuming maximum conversion of Ideation shareholders and using the treasury share method, there would be 12.5 million fully diluted shares outstanding prior to the share exchange, 16.1 million fully diluted shares outstanding at the time of the merger (including all performance related restricted share awards and options) and 26.2 million fully diluted shares outstanding after the merger if SearchMedia achieved the maximum potential earn-out target.

Ideation is submitting the business combination for a vote of Ideation stockholders as required under the share exchange agreement and it does not intend to modify the terms of the business combination with SearchMedia prior to such vote. Shareholders concerned with the investment risks associated with SearchMedia's failure to meet the earn-out targets, or that the underlying projections may not be indicative of future results, should consider converting their IPO Shares into their pro rata portion of the trust account.

SearchMedia does not as a matter of course make public projections as to future sales, earnings, or other results. However, the management of SearchMedia prepared the prospective financial information set forth above to present the prospects for SearchMedia's business as of the time SearchMedia prepared such projections. The accompanying prospective financial information was not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. However, in the view of the Ideation's and SearchMedia's management, such information was prepared on a reasonable basis, reflected the best available estimates and judgments, and presented, to the best of management's knowledge and belief, the expected course of action and the expected financial performance of the SearchMedia as of the time SearchMedia prepared such projections. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this proxy statement/prospectus are cautioned not to place undue reliance on the prospective financial information.

Neither SearchMedia's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by the management of SearchMedia as of the date of its preparation, are subject to a wide variety of significant business, economic, competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information, including, among others, risks and

uncertainties, as explained in the risk factors Risk Factors Risks Relating to the Business of SearchMedia of this proxy statement/prospectus. Accordingly, there can be no assurance that the prospective results are indicative of the future performance of SearchMedia or that actual results will not differ materially from those presented in the prospective financial information.

SearchMedia does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, Ideation and SearchMedia do not intend to update or otherwise revise the prospective financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the

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underlying assumptions are shown to be in error. Furthermore, Ideation and SearchMedia do not intend to update or revise the prospective financial information to reflect changes in general economic or industry conditions.

As described below, the Ideation board of directors considered both the potential advantages and potential disadvantages of a business combination with SearchMedia.

Potential Advantages of the Business Combination with SearchMedia

SearchMedia's Potential for Future Expansion

Important criteria to the Ideation board of directors in identifying an acquisition target were that the company has established business operations, that it is generating attractive returns, and that it has a strong potential to experience growth in the future. The Ideation board of directors believes that SearchMedia has in place a leading market share, an extensive network of multiple advertising platforms, a large and diverse client base and significant brand name recognition.

Although financial projections are inherently uncertain, the Ideation board of directors believed, and continues to believe, the projections for SearchMedia's business are reliable, based on Ideation's extensive due diligence.

The Ideation board of directors believes that SearchMedia has the ability to continue to grow because:

China has the largest advertising market in Asia excluding Japan, and in particular, the outdoor advertising market in China is expected to grow by a CAGR of 11.8% from \$2.6 billion in 2007 to \$4.0 billion in 2011;

As of 2007, it ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities, according to Nielsen Media Research (an independent research company, in its July 2008 report commissioned by SearchMedia, or the Nielsen Report);

SearchMedia has developed a respected brand name in the outdoor advertising industry in China and has built a large and diverse client base of more than 780 advertisers cumulatively from its inception to July 31, 2009;

SearchMedia has established an extensive advertising network across 57 cities in China and Hong Kong;

SearchMedia's network is built on multiple platforms, including billboards, elevators and subways; and

With a strong capability to offer an expanding portfolio of media offerings, SearchMedia continues to increase penetration of existing markets and expand into new markets.

In connection with its review of SearchMedia's business operations and unique strengths, the Ideation board of directors believes that SearchMedia's multi-platform advertising network will continue to be attractive to its clients.

SearchMedia's Financial Profile and Business Model

Another factor important to the Ideation board of directors in identifying an acquisition target was that SearchMedia has demonstrated an attractive financial profile. SearchMedia commenced business operations in Shanghai, China, in 2005 and has experienced significant growth through organic expansion and acquisitions.

SearchMedia's business model is highly scalable and can be characterized by a low cost structure and low level of capital expenditures required for expansion, which quickly generate attractive returns. This will continue to allow

SearchMedia to cost-efficiently expand and scale its operations in response to market conditions and new opportunities.

In connection with its review of SearchMedia's historical financial statements and business model, the Ideation board of directors believes that SearchMedia's business will continue to demonstrate an attractive financial profile.

Experienced management

Another factor important to the Ideation board of directors in identifying an acquisition target was that SearchMedia has a seasoned management team with specialized knowledge of the markets in which it operates

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and the ability to lead a company in a rapidly changing environment. The Ideation board of directors concluded that SearchMedia's management has demonstrated such ability, addressing critical issues such as business strategy, competitive differentiation, business development and operational experience and effecting acquisitions and joint ventures critical to SearchMedia's growth plans.

Potential Disadvantages of the Business Combination with SearchMedia

The Ideation board of directors evaluated potential disadvantages of a business combination with SearchMedia. They were not able to identify any factors associated specifically with SearchMedia or its industry that outweighed the advantages of a business combination.

The Ideation board of directors considered the nature of SearchMedia's relationship with site owners, managers and sublessors, including: (1) the fact that SearchMedia's revenues from advertising sales are largely dependent upon its ability to provide its advertising products at desirable locations; and (2) the need for site managers and managers to cooperate with SearchMedia to allow it to install the desired types of frames at the desired spots on their properties.

Another potential drawback associated with the business combination is SearchMedia's limited operating history. SearchMedia was incorporated in 2007 and its predecessors entered the out-of-home advertising market in 2005. Accordingly, SearchMedia has a limited operating history for its current operations upon which the Ideation board of directors can evaluate the viability and sustainability of SearchMedia's business and its acceptance by advertisers.

The Ideation board of directors also recognized and considered uncertainties relating to SearchMedia's significant acquisition growth during 2008. Although SearchMedia has conducted due diligence with respect to these acquisitions, it may not have implemented sufficient due diligence procedures and may not be aware of all of the risks and liabilities associated with such acquisitions. Also, SearchMedia has provided for a two-year earn-out payment provision in most of the contracts for these acquisitions, which earn-out is contingent on the level of achievement of the acquired company's financial performance. To the extent financial performance of any acquired company exceeds expectations, SearchMedia is obligated to pay a higher purchase price to the seller. In addition, some of the sellers, who agreed to become SearchMedia's employees and manage these acquired companies for SearchMedia during the earn-out period, may leave SearchMedia or be less motivated in performing their service after the two-year earn-out period has expired, which may lead to failure in revenue growth and even loss of clients and/or site contracts. While SearchMedia has been implementing a series of measures to integrate the acquired businesses, such as conducting training programs and integrating media resources and finance staff, there is risk that SearchMedia may not be able to achieve the anticipated synergies and fully realize the benefits of the acquisitions.

The Ideation board of directors also considered uncertainties with respect to outdoor advertising regulations in China could adversely affect SearchMedia. In particular, SearchMedia's outdoor billboards, light boxes and neon signs are subject to municipal zoning requirements, governmental approvals and administrative controls. If SearchMedia is required to eliminate its outdoor advertisements as a result of these requirements, its operations could be materially and adversely affected.

The Ideation board of directors concluded that, after the transaction is complete, the consolidated strength of the business combination of Ideation and SearchMedia overcomes the negative factors that the board of directors had identified in its analysis.

SearchMedia's Reasons for the Business Combination

In accepting Ideation's offer of acquisition to effect a business combination, SearchMedia's board of directors believed that the transaction would achieve various objectives, such as enabling SearchMedia to raise capital to address its

funding requirements and providing it with the flexibility to make further acquisitions using publicly traded shares. SearchMedia's board of directors also considered that the Ideation management team has significant experience in international capital markets and in executing industry consolidation strategies involving mergers and acquisitions. SearchMedia's board of directors has considered other options,

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including raising private equity funds, obtaining bank and other debt financings, and pursuing an initial public offering, and determined that the business combination best fit SearchMedia's strategy and market conditions.

Satisfaction of the 80% Test

It is a requirement that any business acquired by Ideation have a fair market value equal to at least 80% of Ideation's net assets at the time of acquisition, which assets shall include the amount in the trust account. Ideation performed a thorough analysis of three companies within the outdoor advertising industry that are directly comparable to SearchMedia and was able to derive a basic valuation of SearchMedia from this analysis. Based on this comparable companies analysis, which is an accepted industry standard valuation methodology regularly utilized by nationally recognized, reputable investment banks for the purposes of valuation analysis, and including the financial analysis of SearchMedia that was generally used to approve the business combination, the Ideation board of directors determined that the 80% test requirement was met.

As described above, the Ideation board of directors derived a minimum equity valuation of \$176.7 million for SearchMedia, based on its comparable company and multiple analyses. This value substantially exceeds the approximate \$60,900,000 value required to meet the 80% test.

The Ideation board of directors believes it was qualified to perform the valuation analysis described above and to conclude that the acquisition of SearchMedia met this requirement because of the financial skills and background of several of its members.

Ideation agreed to issue to the SearchMedia shareholders and warrant holders an aggregate of 6,662,727 shares and 1,519,186 warrants at closing, and additionally 10,150,352 shares based upon the 2009 earn-out target. The value of the consideration was based on the conversion value per share of \$7.8815, as projected at the time of the share exchange agreement, that would be paid out from Ideation's trust account as of November 19, 2009. The Ideation board did not give material weight to the trading value of Ideation shares of common stock as of the date of the share exchange agreement, believing that this value only represented a market-determined time value of money discount to the \$7.8815 per share cash conversion value.

As discussed above, under the share exchange agreement, Ideation has agreed to pay SearchMedia shareholders 10,150,352 additional ordinary shares if ID Cayman's Adjusted Net Income (as defined in the share exchange agreement) for the fiscal year ending December 31, 2009 exceeds \$38.4 million.

Ideation believes that because the SearchMedia parties have significant consideration subject to the earn-out target, the Ideation board of directors has sufficient guidance in earnings when determining a valuation of SearchMedia.

Ideation cautions readers that many factors could cause SearchMedia's actual results to be materially different from the Adjusted Net Income targets, including those described under the captions Risk Factors Risks Relating to the Business of SearchMedia and Risks Relating to Doing Business in the People's Republic of China.

The Ideation board of directors believes it was qualified to perform the valuation analysis described above and to conclude that the acquisition of SearchMedia met this requirement because of the financial skills and background of several of its members.

Fees and Expenses

Except as otherwise provided in the share exchange agreement, all fees and expenses incurred in connection with the share exchange agreement and the transactions contemplated thereby will be paid by the party incurring such expenses

whether or not the share exchange is consummated. Ideation anticipates that it will incur total transaction costs of approximately \$7.5 million. Such costs do not include transaction costs of approximately \$7.5 million anticipated to be incurred by SearchMedia. Of the approximately \$7.5 million in transaction costs expected to be incurred by Ideation, approximately \$800,000 will be payable to vendors who have not waived any claim against Ideation's trust account. Ideation and the SM Cayman entities have agreed to use commercially reasonable efforts to reduce the expenses incurred by each such group, respectively, by \$2,000,000, however as of the date of this proxy statement/prospectus, neither party has entered into any arrangements with respect to a reduction of expenses.

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Certain U.S. Federal Income Tax Consequences

Although there is a lack of authority directly on point, and thus, this conclusion is not entirely free from doubt, the merger should qualify as a nontaxable reorganization under applicable U.S. federal income tax principles and, accordingly, no gain or loss should be recognized by Ideation stockholders or warrant holders for U.S. federal income tax purposes as a result of their exchange of Ideation common stock or warrants for the common stock or warrants of ID Arizona.

In addition, although there is a lack of authority directly on point, and thus, this conclusion is not entirely free from doubt, the conversion also should qualify as a nontaxable reorganization under applicable U.S. federal income tax principles and, accordingly, no gain or loss should be recognized by ID Arizona stockholders or warrant holders for U.S. federal income tax purposes as a result of their exchange of ID Arizona common stock or warrants for the ordinary shares or warrants of ID Cayman. ID Arizona, however, should recognize gain (but not loss) for U.S. federal income tax purposes as a result of the conversion equal to the difference between the fair market value of each of its assets over such assets' adjusted tax basis at the effective time of the conversion. Any U.S. federal income tax liability incurred by ID Arizona as a result of such gain would become a liability of ID Cayman by reason of the conversion. ID Cayman should not recognize any gain or loss for U.S. federal income tax purposes as a result of the business combination and certain anti-inversion provisions in the Code should not apply to treat ID Cayman as a U.S. corporation after the conversion and business combination.

See Material United States Federal Income Tax Considerations below for further discussion of these tax consequences.

Certain PRC Tax Considerations

Pursuant to the applicable PRC tax laws, prior to January 1, 2008, companies established in China were generally subject to a state and local enterprise income tax, or EIT, at statutory rates of 30% and 3%, respectively. SearchMedia's PRC subsidiaries, Jieli Consulting and Jieli Network, and most of its consolidated PRC affiliated entities were subject to an income tax rate of 33%.

On March 16, 2007, the National People's Congress adopted the new PRC Enterprise Income Tax Law, or the EIT Law, which became effective from January 1, 2008 and replaced the separate income tax laws for domestic enterprises and foreign-invested enterprises by adopting a unified income tax rate of 25% for most enterprises. In addition, on December 6, 2007, the State Council issued the Implementation Rules for the EIT Law, which became effective simultaneously with the EIT Law. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the EIT Law, or the Transition Preferential Policy Circular, which became effective upon promulgation. Under these regulations, the PRC government revoked many of then existing tax exemption, reduction and preferential treatments, but permits companies to continue to enjoy their existing preferential tax treatments for the remainder of the preferential periods, subject to transitional rules as stipulated in the Transition Preferential Policy Circular. Since January 1, 2008, SearchMedia's PRC subsidiaries, Jieli Consulting and Jieli Network, and its consolidated PRC affiliated entities have been subject to an income tax rate of 25%.

Under relevant PRC tax law applicable prior to January 1, 2008, dividend payments to foreign investors made by foreign-invested entities were exempt from PRC withholding tax. However, under the Implementation Rules of the EIT Law, subject to applicable tax agreements or treaties between the PRC and other tax jurisdictions, non-resident enterprises without an institution or establishment in the PRC, or non-resident enterprises whose income has no

connection with their institutions and establishment in the PRC, are normally subject to withholding tax at the rate of 10% with respect to their PRC-sourced dividend income. Under the EIT Law, a resident enterprise, which includes an enterprise established outside of China with de facto management bodies located in China, will be subject to PRC income tax. Under the Implementation Rules of the EIT Law, de facto management body is defined as the body that has material and overall management and control over the business, personnel, accounts and properties of enterprise. All of SearchMedia's management is currently located in the PRC. If SearchMedia were treated as a resident enterprise for PRC tax purposes, SearchMedia would be subject to PRC tax on its worldwide income at the 25% uniform tax rate; the

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dividends distributed from its PRC subsidiary to SearchMedia would be exempt income; the dividends paid by SearchMedia to its non-PRC shareholders would be subject to a withholding tax. In addition, under the EIT Law, SearchMedia's non-PRC shareholders would become subject to a 10% income tax on any gains they would realize from the transfer of their shares, if such income were sourced from within the PRC.

Anticipated Accounting Treatment

The business combination will be accounted for as a reverse recapitalization, whereby SM Cayman will be the continuing entity for financial reporting purposes and will be deemed to be the accounting acquirer of Ideation. The business combination are being accounted for as a reverse recapitalization because (i) after the redomestication and business combination, the former shareholders of SM Cayman will have actual or effective voting and operating control of ID Cayman, as SearchMedia's operations will comprise the ongoing operations of ID Cayman, the senior management of SearchMedia will continue to serve as the senior management of ID Cayman, and (ii) Ideation has no prior operations and was formed for the purpose of effecting a business combination such as the proposed business combination with SearchMedia. In accordance with the applicable accounting guidance for accounting for the business combination as a reverse recapitalization, initially SM Cayman will be deemed to have undergone a recapitalization, whereby its outstanding ordinary shares and warrants will be converted into 6,757,279 ordinary shares of ID Cayman and 1,519,186 ID Cayman warrants. Immediately thereafter, ID Cayman, as the legal parent company of SM Cayman, which is the continuing accounting entity, will be deemed to have acquired the assets and assumed the liabilities of Ideation in exchange for the issuance of ID Cayman securities, which will be identical in number and terms and similar in rights to the outstanding securities of Ideation, provided that, although the securities are similar in rights, significant differences are discussed in the section titled "The Redomestication Proposal Differences of Stockholders Rights." However, although ID Cayman, as the legal parent company of SearchMedia, will be deemed to have acquired Ideation, in accordance with the applicable accounting guidance for accounting for the business combination as a reverse recapitalization, Ideation's assets and liabilities will be recorded at their historical carrying amounts, which approximate their fair value, with no goodwill or other intangible assets recorded.

Regulatory Matters

The business combination and the transactions contemplated by the share exchange agreement are not subject to any additional federal or state regulatory requirements or approvals, including the HSR Act, except for filings with the State of Delaware, State of Arizona and the Cayman Islands necessary to effectuate the transactions contemplated by the redomestication and the share exchange agreement.

THE SHARE EXCHANGE AGREEMENT

The discussion in this proxy statement/prospectus of the business combination and the principal terms of the share exchange agreement described below is qualified in its entirety by reference to the copy of the share exchange agreement and the amendments to that agreement, which are attached as [Annex A-1](#), [A-2](#), [A-3](#), and [A-4](#) to this document, and incorporated herein by reference. The following description summarizes the material provisions of the share exchange agreement, which agreement we urge you to read carefully because it is the principal legal document that governs the redomestication and the business combination.

The representations and warranties described below and included in the share exchange agreement were made by the Ideation and SearchMedia parties as of specific dates. The assertions embodied in these representations and warranties may be subject to important qualifications and limitations agreed to by the Ideation and SearchMedia parties in connection with negotiating the share exchange agreement. The representations and warranties may also be subject to a contractual standard of materiality that may be different from what may be viewed as material to stockholders, or may have been used for the purpose of allocating risk among the Ideation and SearchMedia parties, rather than

establishing matters as facts. The share exchange agreement is described in this proxy statement/prospectus and included as Annex A only to provide you with information regarding its terms and conditions at the time it was entered into by the parties.

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Accordingly, you should read the representations and warranties in the share exchange agreement not in isolation but rather in conjunction with the other information contained in this document.

General

Ideation intends to change its domicile from the State of Delaware to the Cayman Islands by means of a merger with and into its wholly owned Arizona subsidiary, followed by such surviving Arizona subsidiary's conversion and continuation into a Cayman Islands exempted company. After the redomestication, the resulting Cayman Islands exempted company, ID Cayman, will acquire all of the outstanding shares of SM Cayman by issuing securities in ID Cayman to the SearchMedia shareholders and warrant holders.

Basic Deal Terms

The redomestication will result in all of Ideation's issued and outstanding shares of common stock immediately prior to the redomestication converting into ordinary shares of ID Cayman, and all units, warrants and other rights to purchase Ideation's common stock immediately prior to the redomestication being exchanged for substantially equivalent securities of ID Cayman. Ideation will cease to exist and ID Cayman will be the continuing entity. In connection therewith, ID Cayman will assume all the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of Ideation, which includes the assumption by ID Cayman of any and all agreements, covenants, duties and obligations of Ideation set forth in the share exchange agreement. At the effective time of the redomestication, the Memorandum and Articles of Association of ID Cayman will be effective and will replace ID Arizona's Articles of Incorporation and bylaws as the organizational documents of the continuing entity.

Immediately following the redomestication, ID Cayman will acquire each ordinary share and preferred share of SM Cayman issued and outstanding prior to the business combination in exchange for an aggregate of 6,662,727 ID Cayman ordinary shares. The holders of the outstanding warrants of SM Cayman prior to the business combination will receive warrants to purchase an aggregate of 1,519,186 ordinary shares of ID Cayman at a weighted average exercise price of \$4.20. Each restricted share award of SM Cayman that has not fully vested prior to the business combination will be assumed by ID Cayman and converted into a restricted share award of ID Cayman. The holder of each such restricted share award of ID Cayman will be entitled to receive upon vesting a number of ID Cayman shares equal to (i) the number of ordinary shares of SM Cayman that were subject to the restricted share award prior to the business combination multiplied by (ii) 0.0675374, rounded down to the nearest whole number of shares. The holders of any ID Cayman shares delivered upon the vesting of an ID Cayman restricted share award prior to the one year anniversary of the closing of the share exchange agreement shall be subject to transfer restrictions until such anniversary. Each share option of SM Cayman that has not been exercised prior to the business combination will be assumed by ID Cayman and converted into an option to purchase ordinary shares of ID Cayman. Each such option of ID Cayman will be exercisable for a number of ID Cayman ordinary shares equal to (i) the number of ordinary shares of SM Cayman that were subject to the option prior to the business combination multiplied by (ii) 0.0675374, rounded down to the nearest whole number of shares. The per share exercise price of each such option of ID Cayman will be (i) the original per share exercise price of the option of SM Cayman divided by (ii) 0.0675374, rounded up to the nearest whole cent. The weighted average exercise price of the ID Cayman options is \$2.15. The holders of any ID Cayman shares delivered upon the exercise of an ID Cayman option prior to the one year anniversary of the closing of the share exchange agreement shall be subject to the transfer restrictions until such anniversary. Any Series D preferred shares of SM Cayman issued after the date of signing of the share exchange agreement shall be converted into (1) ordinary shares of ID Cayman using a ratio of one ordinary share per each \$7.8815 of aggregate liquidation preference thereunder, rounding up to the nearest whole share, and (2) a number of warrants to purchase 0.25 of an ordinary share of ID Cayman, rounded up to the nearest whole share, at an exercise price per ordinary share of \$7.8815, equal to such number of ID Cayman ordinary shares.

As described under the heading ID Cayman New Warrants, ID Cayman Warrants will be issued to certain ID Cayman ordinary shareholders to purchase 0.25 of an ID Cayman Share. The exercise price per whole ID Cayman share underlying such warrants shall be \$7.8815, and the aggregate number of shares underlying such warrants issued to any one holder shall be rounded up to the nearest whole share. Such

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issuance shall be conditioned upon the execution and delivery by such holder of a purchase agreement including customary registration rights with respect to the ID Cayman ordinary shares underlying the ID Cayman warrants.

In addition, at the closing of the business combination, the principal amount outstanding under certain promissory notes issued to Frost Gamma Investments Trust and certain other investors and \$10,000,000 of the principal amount outstanding under the promissory note issued to Linden Ventures shall be converted into (1) a number of ordinary shares of ID Cayman calculated by dividing such outstanding principal amounts by \$7.8815, rounding up to the nearest whole share, and (2) a number of warrants to purchase 0.25 of an ordinary share of ID Cayman, at an exercise price per such ordinary share of \$7.8815, equal to such number of ID Cayman ordinary shares, rounding up to the nearest whole share. At the closing of the business combination, \$5,000,000 of the principal amount outstanding under the promissory note issued to Linden Ventures plus all accrued and unpaid interest thereon, plus \$20,000 as reimbursement for lender's legal expenses, shall be paid in cash to Linden Ventures and all accrued and unpaid interest under the other promissory notes shall be paid in cash to the holders thereof.

Ideation has entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date of such letter agreement.

ID Cayman has also agreed to issue to the holders of the outstanding ordinary shares, Series A, Series B and Series C preferred shares and warrants of SM Cayman up to a maximum of 10,150,352 additional ID Cayman ordinary shares, which we refer to as the earn-out shares, pursuant to an earn-out provision in the share exchange agreement based on the adjusted net income of the combined company for the fiscal year ending December 31, 2009. Holders of any other outstanding preferred shares (if any), share options or restricted share awards of SM Cayman will not be entitled to receive any of the 10,150,352 earn-out shares, even if these securities are converted into (in the case of preferred shares) or exercised for (in the case of options), ordinary shares of SM Cayman, or vest (in the case of restricted share awards), before the closing of the business combination.

The term *adjusted net income* means consolidated net income, as determined in accordance with generally accepted accounting principles of the United States consistently applied, excluding:

expenses arising from or in connection with dividends or deemed dividends paid or payable on any preferred shares of SM Cayman and the redemption features of any preferred shares of SM Cayman and other expenses relating to the preferential features of any preferred shares of SM Cayman;

any income or loss from a minority investment in any other entity by any of the SM Cayman group companies;

any expenses arising from or in connection with the issue of any preferred shares of SM Cayman;

any compensation charges attributable to the repurchase by SM Cayman of an aggregate of 3,000,000 ordinary and preferred shares of SM Cayman and the grants by SM Cayman of awards to employees of SM Cayman and its subsidiaries of options exercisable for an aggregate of 3,000,000 ordinary shares of SM Cayman;

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non-cash financial expenses arising from the issuance of any equity securities (as defined in the Memorandum and Articles of Association of SM Cayman);

non-recurring extraordinary items (including, without limitation, any accounting charges, costs or expenses arising from or in connection with the transactions contemplated by the share exchange agreement);

any costs, expenses or other items relating or attributable to the Convertible Note and Warrant Agreement dated as of March 17, 2008 among SM Cayman, Linden Ventures and the other parties thereto, as amended on September 15, 2008, December 18, 2008, March 12, 2009 and August 21, 2009 (including the issuance of the Linden Note (as defined in the Convertible Note and Warrant Agreement), as amended on September 15, 2008, December 18, 2008, March 12, 2009, and August 21, 2009);

all revenues, expenses and other items (including acquisition-related charges) relating or attributable to the acquisition of a majority of the outstanding equity interests of, or all or substantially all of the assets of, any other entity or business by ID Cayman or any of the SM Cayman group companies following the closing of the business combination (not including the leasing or subleasing of a billboard, elevator frame unit or other media asset or advertising right);

the effect of any change in accounting principles; or

any accounting charges, costs or expenses incurred by ID Cayman or SM Cayman arising from or in connection with the issuance and delivery of any earn-out shares.

The 10,150,352 earn-out shares will be issued to the holders of ordinary shares, Series A, Series B and Series C preferred shares and warrants of SM Cayman:

If ID Cayman's adjusted net income for the fiscal year ending December 31, 2009 is equal to or greater than \$25.7 million, ID Cayman will issue an aggregate number of earn-out shares calculated in accordance with the formula below. If ID Cayman's adjusted net income for the fiscal year ending December 31, 2009 is equal to or greater than \$38.4 million, adjusted net income shall be deemed to be equal to \$38.4 million for purposes of the formula.

$$\text{Earn-out shares} = \frac{(\text{2009 adjusted net income} - \$25.7 \text{ million})}{\$12.7 \text{ million}} \times 10,150,352 \text{ shares}$$

If on or prior to April 15, 2010 a bona fide definitive agreement is executed and the subsequent consummation of the transactions contemplated by such agreement results in a change of control of ID Cayman, then regardless of whether the targeted net income threshold has been met, ID Cayman shall issue and deliver all of the earn-out shares to the holders of ordinary shares, Series A, Series B and Series C preferred shares and warrants of SM Cayman, if the change of control is approved by a majority of the independent directors then on the board of directors of ID Cayman or the acquisition consideration delivered to the shareholders of ID Cayman in the change of control has a value (as determined in good faith by a majority of the independent directors then on the board of directors of ID Cayman) that is equal to at least \$11.82 per share on a fully diluted basis (as equitably adjusted for any stock split, combinations, stock dividends, recapitalizations or similar events). Such earn-out share payments shall be issued and delivered promptly after the occurrence of such change of control.

Based on the trading price of Ideation common stock at September 12, 2009, and using the treasury method of valuation of the warrants, options, and restricted share awards to be issued, the aggregate value of the securities to be

issued as consideration at the closing of the business combination (inclusive of the maximum number of earn-out shares to be issued) will be \$157.0 million.

Upon the consummation of the redomestication and the business combination, ID Cayman will own 100% of the issued and outstanding ordinary shares of SM Cayman. The following wholly-owned direct subsidiaries of SM Cayman are parties to the share exchange agreement: (i) Jieli Investment Management Consulting (Shanghai) Co., Ltd. and Jieli Network Technology Development (Shanghai) Co., Ltd., both of which are PRC-incorporated; and (ii) Ad-Icon Company Limited and Great Talent Holdings Limited, both of

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which are Hong Kong-incorporated. Shanghai Jingli Advertising Co., Ltd., a variable interest entity of SM Cayman, is also party to the share exchange agreement. We refer to SM Cayman and these subsidiaries and variable interest entity as the SearchMedia entities. For a description of the agreements between SearchMedia and its variable interest entities, please see Information about SearchMedia Corporate Ownership Structure Contractual Arrangements with Jingli Shanghai and its Shareholders.

Representations and Warranties

In the share exchange agreement, the SearchMedia entities make certain representations and warranties (subject to certain exceptions) relating to, among other things:

capital structure;

proper corporate organization and similar corporate matters;

authorization, execution, delivery and enforceability of the share exchange agreement and other transaction documents;

absence of conflicts with the organizational documents, material contracts and material permits of the SearchMedia entities;

required consents and approvals;

financial information and absence of undisclosed liabilities;

absence of certain changes or events;

absence of undisclosed litigation;

licenses and permits;

title to shares, properties and assets;

ownership of intellectual property;

taxes;

employment matters;

transactions with affiliates and employees;

insurance coverage;

material contracts;

compliance with laws, including local PRC laws and those relating to foreign corrupt practices and money laundering;

brokers and finders;

representations regarding matters related to the Office of Foreign Assets Control of the U.S. Treasury Department; and

environmental matters.

In the share exchange agreement, the Ideation parties make certain representations and warranties (subject to certain exceptions) relating to, among other things:

capital structure;

proper corporate organization and similar corporate matters;

authorization, execution, delivery and enforceability of the share exchange agreement and other transaction documents;

absence of conflicts with the organizational documents, material contracts and material permits of Ideation;

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required consents and approvals;

SEC filings;

internal accounting controls;

absence of certain changes or events;

absence of undisclosed liabilities;

absence of litigation;

compliance with laws, including the Sarbanes-Oxley Act of 2002 and foreign corrupt practices and money laundering;

brokers and finders;

minute books;

votes required by the Ideation board of directors and stockholders;

quotation of securities on NYSE Amex;

information with respect to the trust account;

transactions with affiliates and employees;

material contracts; and

taxes.

Conduct of Business Pending Closing

The SearchMedia entities agreed to (and each of the SearchMedia shareholders agreed to use commercially reasonable efforts to) cause each of the SM Cayman group companies to (i) carry on its business in the ordinary course in substantially the same manner as previously conducted and in compliance in all material respects with applicable laws, to pay all debts and taxes when due, to pay or perform other obligations when due and to use commercially reasonable efforts to preserve intact its business organizations and (ii) use commercially reasonable efforts to keep available the services of its present officers, directors and employees and to preserve relationships with customers, suppliers, distributors, licensors, licensees and others having business dealings with it.

The SearchMedia entities agreed not to (and each of the SearchMedia entities and the SearchMedia shareholders agreed to use commercially reasonable efforts to cause each of the SM Cayman group companies not to), without the prior written consent of Ideation (not to be unreasonably delayed or withheld):

amend their respective organizational documents;

change any method of accounting or accounting principles or practices, except as required by U.S. GAAP or applicable law;

declare or pay dividends or alter their capital structure;

enter into, violate, amend or otherwise modify or waive any material contracts, other than in the ordinary course of business;

issue, deliver or sell or authorize or propose the issuance, delivery or sale of, or purchase or propose the purchase of, any shares of their capital stock or securities convertible into or exchangeable for their capital stock, or pledge or encumber any securities of any SM Cayman group company;

transfer or license intellectual property;

sell, lease (other than in the ordinary course of business), license or otherwise dispose of or encumber properties or assets that are material, individually or in the aggregate, to its business;

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incur or guarantee any indebtedness in excess of \$1,000,000 in aggregate (other than in connection with the transactions contemplated by the share exchange agreement), or mortgage, pledge or grant a security interest in any material asset of any SM Cayman group company;

pay, discharge or satisfy any claims, liabilities or obligations in excess of \$1,000,000, other than in the ordinary course of business or with respect to certain acquisition agreements, certain liabilities reflected or reserved against in the SM Cayman financial statements or the transactions contemplated by the share exchange agreement;

make any capital expenditures, additions or improvements, except in the ordinary course of business not exceeding \$1,000,000;

acquire any business or assets, which are material, individually or in aggregate, to their business;

except as required to comply with applicable law and except for pre-existing agreements, (a) take any action with respect to any employment, severance, retirement, retention, incentive or similar agreement for the benefit of any current or former director, or executive officer or any collective bargaining agreement, (b) increase in any material respect the compensation or fringe benefits of, or pay any bonus to, any director or executive officer, (c) materially amend or accelerate the payment, right to payment or vesting of any compensation or benefits, (d) pay any material benefit not provided for as of the date of the share exchange agreement under any benefit plan, or (e) grant any awards under any compensation plan or benefit plan, or remove the existing restrictions in any such plans;

open or close any facility or office except in the ordinary course of business;

make or change any material tax election, adopt or change any accounting method in respect of taxes, file any tax return or any amendment to a tax return, enter into any closing agreement, settle any claim or assessment in respect of taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of taxes;

initiate, compromise or settle any material litigation or arbitration proceedings relating to an amount in excess of \$1,000,000;

make any loans, advances or capital contributions, except for advances for travel and other normal business expenses in the ordinary course of business;

except for ordinary compensation and benefits and except for pre-existing agreements, make any payments or series of payments in excess of \$10,000 to any officers, directors, employees or shareholders;

enter into any material contract or other transaction with any affiliate of an SM Cayman company, except in connection with the transactions contemplated by the share exchange agreement; and

except as required by applicable law or generally accepted accounting principles of the United States, revalue a material amount of the assets of any SM Cayman company.

Ideation agreed to (and to cause ID Arizona to) (i) carry on its business in the ordinary course in substantially the same manner as previously conducted, to pay all debts and taxes when due, to pay or perform other obligations when due and to use commercially reasonable efforts to preserve intact its business organizations and (ii) use commercially

reasonable efforts to keep available the services of its present officers, directors and employees and to preserve relationships with others having business dealings with it.

Ideation agreed not to, without the prior written consent of SearchMedia (not to be unreasonably delayed or withheld):

amend its organizational documents;

change any method of accounting or accounting principles or practices, except as required by U.S. GAAP or applicable law;

fail to timely file or furnish any SEC reports;

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declare or pay any dividends, make any distributions or alter its capital structure;

sell, lease, license or otherwise dispose of or encumber any material properties or assets;

enter into, violate, amend or otherwise modify or waive any material term of any material contract, other than in the ordinary course of business;

issue, deliver or sell or authorize or propose the issuance, delivery or sale of, or purchase or propose the purchase of, any shares of its capital stock or securities convertible into or exchangeable for its capital stock, or pledge or encumber any securities of ID Arizona;

incur or guarantee any indebtedness in excess of \$250,000 in the aggregate (other than in connection with the transactions contemplated by the share exchange agreement), or mortgage, pledge or grant a security interest in any material asset of Ideation or ID Arizona;

pay, discharge or satisfy any claims, liabilities or obligations in excess of \$250,000, other than in the ordinary course of business, with respect to any liabilities reflected or reserved against in the Ideation financial statements, or in connection with the transactions contemplated by the share exchange agreement;

make any capital expenditures, additions or improvements;

acquire any business or assets, which are material, individually or in the aggregate, to its business, or any equity securities of any corporation or business organization;

make or change any material tax election, adopt or change any accounting method in respect of taxes, file any tax return or any amendment to a tax return, enter into any closing agreement, settle any claim or assessment in respect of taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of taxes;

initiate, compromise or settle any material litigation or arbitration proceedings; and

enter into any material contract or other transaction with any affiliate of Ideation, except in connection with the transactions contemplated by the share exchange agreement.

Covenants

The share exchange agreement also contains additional covenants of the parties, including covenants providing for:

the SM Cayman preferred shareholders and SM Cayman to convert all preferred shares of SM Cayman into an aggregate of 69,532,866 ordinary shares of SM Cayman, prior to the closing of the business combination;

prior to the closing of the business combination, (a) each of the SM entities to, and each of the SM Cayman shareholders to use commercially reasonable efforts to, cause the relevant SM Cayman group companies to: (i) register with the competent PRC State Administration of Industry and Commerce the equity pledge set forth in the Equity Pledge Agreement dated September 10, 2007 among Jieli Consulting, Jingli Shanghai and its shareholders; and (ii) amend the power of attorney dated September 10, 2007 by the shareholders of Jieli Consulting to provide Jieli Consulting with the right to change the agent under such power of attorney, (b) each of SM entities and each of the SM Cayman shareholders to use commercially reasonable efforts to amend each

acquisition agreement for each subsidiary of Jingli Shanghai to provide that following the closing (A) up to 75% of the earn-out or other contingent payment due thereunder with respect to 2010 may be paid, at the option of ID Cayman, in equity securities of ID Cayman, and (B) in all other instances, all earn-outs or other contingent payments will be made in cash, provided that all such amendments shall be approved by Ideation prior to the execution thereof, (c) Ms. Qinying Liu and Ms. Le Yang to use commercially reasonable efforts to complete the Circular No. 75 registration with the local branch of the PRC State Administration of Foreign Exchange with respect to Ms. Liu and Ms. Yang through the closing of SM Cayman's sale of Series C preferred shares; and (d) all amounts owing by Ms. Liu and Ms. Yang to

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SM Cayman shall have been repaid in accordance with a repayment agreement dated as of June 23, 2009 among SM Cayman, Ms. Liu and Ms. Yang.

the SearchMedia entities and Ideation to use commercially reasonable efforts to give or obtain all necessary approvals from and notices to governmental authorities and other third parties that are required for the consummation of the transactions contemplated by the share exchange agreement, subject to certain limitations;

the protection of confidential information of the parties subject to certain exceptions as required by law, regulation or legal or administrative process, and, subject to the confidentiality requirements, the provision of reasonable access to information;

the parties to supplement or amend their respective disclosure schedules, as of the date of the closing of the business combination, with respect to any matter that has resulted in or could reasonably be expected to result in a breach of any representation or warranty made by them in the share exchange agreement;

Ideation and the SM entities to cooperate in the preparation of any press release or public announcement related to the share exchange agreement or related transactions;

the SearchMedia parties waive all right, title, interest or claim of any kind against the trust account that they may have in the future and will not seek recourse against the trust account for any reason;

for a period of 18 months after the closing of the business combination, the SearchMedia shareholders to hold in strict confidence, and not disclose, unless required by applicable law, or misuse in any way all confidential information relating to SM Cayman and its subsidiaries and affiliates;

for a period of 18 months after the closing of the business combination, the SearchMedia shareholders (other than Deutsche Bank) not to directly or indirectly (a) solicit any employee of ID Cayman or any of the SM Cayman group companies at the vice president level or above or (b) hire any employee of ID Cayman or any of the SM Cayman group companies at the vice president level or above;

Ideation to prepare, file and mail this proxy statement/prospectus and to hold a stockholder meeting to approve the transactions contemplated by the share exchange agreement and to agree to provide SearchMedia with any correspondence received from or to be sent to the SEC and allow SearchMedia the opportunity to review and comment on any proposed responses thereto;

ID Arizona or ID Cayman to adopt appropriate board resolutions so that any acquisitions of ID Cayman shares resulting from the transactions contemplated by the share exchange agreement by an individual who is subject or will be subject to the reporting requirements of Section 16(a) of the Securities Exchange Act of 1934 is exempt under Rule 16b-3 under the Exchange Act;

the SearchMedia parties to use commercially reasonable efforts to provide any information required under applicable law for inclusion in the proxy statement/prospectus, and any such information so provided shall not contain, at the time such proxy statement/prospectus is filed with the SEC or becomes effective under the Securities Act, any untrue statement of material fact nor omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading;

Ideation and the SearchMedia parties to use commercially reasonable efforts to fulfill the closing conditions in the share exchange agreement;

Ideation and the SearchMedia entities to (and the SearchMedia entities to cause the SM Cayman group companies to) timely file all tax returns and other documents required to be filed with applicable governmental authorities, and to pay all taxes due on such returns;

Ideation and the SearchMedia entities to provide prompt written notice to the other party of any event or development that occurs that is of a nature that, individually or in the aggregate, would have or

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reasonably be expected to have a material adverse effect on the disclosing party, or would require any amendment or supplement to this proxy statement/prospectus;

Ideation to ensure that the ID Cayman ordinary shares to be issued to the SearchMedia shareholders (including ID Cayman ordinary shares issued upon the exercise of the warrants received by certain SearchMedia warrant holders at the closing of the business combination) will be duly authorized, validly issued, fully paid and nonassessable; and

the delivery of certain financial statements by each of the SearchMedia entities and the SM Cayman shareholders which will show that the net income and EBITDA set forth in the financial statements for the 2008 fiscal year shall not be less than \$15,297,000 and \$30,218,000, respectively, and in the financial statements for the first quarter of 2009 shall not be less than \$5,085,000 and \$9,513,000, respectively.

the Ideation parties and the SM Cayman entities have agreed to use commercially reasonable efforts to reduce the expenses incurred by each such group, respectively, by \$2,000,000.

Exclusivity; No Other Negotiation

Pursuant to the share exchange agreement, none of the SearchMedia entities or the SearchMedia shareholders may take (and the SearchMedia shareholders have agreed to use commercially reasonable efforts to cause each SM Cayman group company not to take), directly or indirectly, any action to initiate, assist, solicit, negotiate, or encourage any offer, inquiry or proposal from any person other than Ideation:

relating to an acquisition proposal, which means the acquisition of any shares, registered capital or other equity securities of any of the SM Cayman group companies or any assets of any of the SM Cayman group companies other than sales of assets in the ordinary course of business;

to reach any agreement or understanding for, or otherwise attempt to consummate, any acquisition proposal with any of the SM Cayman group companies and/or any SearchMedia shareholders;

to participate in discussions or negotiations with or to furnish or cause to be furnished any information with respect to the SM Cayman group companies or afford access to the assets and properties or books and records of the SM Cayman group companies to any person whom any of the SM Group companies knows or has reason to believe is in the process of considering any acquisition proposal relating to the SM Cayman group companies;

to facilitate any effort or attempt by any person to do or seek any of the foregoing; or

to take any other action that is inconsistent with the transactions contemplated by the share exchange agreement and that has the primary effect of avoiding the closing of the share exchange agreement.

Notwithstanding the foregoing, SM Cayman or its board of directors may engage in discussions with any person who has made an unsolicited bona fide written acquisition proposal that the board of directors or SM Cayman determines in good faith constitutes, or could reasonably be expected to result in, an SM superior proposal provided that such discussions shall not limit or impair the enforceability of the share exchange agreement against the SearchMedia parties prior to the termination of the share exchange agreement. An SM superior proposal means any bona fide (i) proposal or offer for a business combination involving SM Cayman, (ii) proposal for the issuance by SM Cayman of over 50% of the SM ordinary shares as consideration for the assets or securities of another person, or (iii) proposal or offer to acquire in any manner, directly or indirectly, over 50% of the SM ordinary shares or consolidated total

assets of SM Cayman, in each case other than the business combination with Ideation, made by a third party, and which is otherwise on terms and conditions which the board of directors of SM Cayman or any committee thereof determines in its reasonable judgment (after consultation with financial advisors) to be more favorable to holders of SM ordinary shares than the business combination with Ideation.

Pursuant to the share exchange agreement, Ideation may not take directly or indirectly, any action to initiate, assist, solicit, negotiate, or encourage any offer, inquiry or proposal from any person relating to the

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acquisition of that person or Ideation, or take any other action that has the primary effect of avoiding the closing of the business combination with SearchMedia. Notwithstanding the foregoing, Ideation or its board of directors may engage in discussions with any person who has made an unsolicited bona fide written acquisition proposal that the board of directors or Ideation determines in good faith constitutes, or could reasonably be expected to result in, an ID superior proposal. An ID superior proposal means any bona fide (i) proposal or offer for a business combination involving Ideation, (ii) proposal for the issuance by Ideation of over 50% of the Ideation common stock as consideration for the assets or securities of another person or (iii) proposal or offer to acquire in any manner, directly or indirectly, over 50% of the Ideation common stock or consolidated total assets of Ideation, in each case other than the business combination with SearchMedia, made by a third party, and which is otherwise on terms and conditions which the board of directors of Ideation or any committee thereof determines in its reasonable judgment (after consultation with financial advisors) to be more favorable to holders of Ideation common stock than the business combination with SearchMedia. Beginning on June 30, 2009, however, the Ideation parties may engage in the activities described above with respect to an acquisition proposal; provided, that any definitive agreement entered into relating to such acquisition proposal must provide that the closing be conditioned on the prior termination of the share exchange agreement in accordance with its terms.

Additional Agreements and Covenants

Board Composition

Upon the consummation of the business combination, the initial ID Cayman board of directors will consist of eight directors, of which the SearchMedia shareholders' representatives will designate four directors to ID Cayman's board and the Ideation representative, as provided in the share exchange agreement, will designate four directors. Of the four directors designated by each of SearchMedia and Ideation (i) at least two directors designated by the Ideation representative and three directors designated by the SearchMedia shareholders' representatives shall be independent directors as defined in the rules and regulations of the NYSE Amex and (ii) at least one of the Ideation directors and three of the SearchMedia directors shall be non U.S. citizens. Upon the consummation of the business combination, ID Cayman's directors are expected to be Ms. Qinying Liu, Mr. Earl Yen, Mr. Jianzhong Qu, Mr. Larry Lu, Mr. Robert Fried, Mr. Steven D. Rubin, Mr. Glenn Halpryn, and Mr. Chi-Chuan Chen. Messrs. Yen, Qu, Lu, Halpryn, and Chen are expected to be independent directors.

At the closing of the business combination, ID Cayman will enter into a voting agreement with CSV, Qinying Liu, Le Yang, Vervain Equity Investment Limited, Sun Hing Associates Limited, and Linden Ventures, each a SearchMedia shareholder and/or warrant holder, and Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, Steven Rubin and Jane Hsiao. The voting agreement provides, among other things, that, for a period commencing on the closing of the business combination and ending on the third anniversary of the date of the voting agreement, each party to the voting agreement will agree to vote in favor of the director nominees nominated by the Ideation representative and SM Cayman shareholders' representatives as provided in the share exchange agreement. The voting agreement is attached as Annex F hereto. We encourage you to read the voting agreement in its entirety.

Director and Officer Insurance

As soon as practicable, Ideation will file an application with a reputable insurance company seeking, and otherwise use commercially reasonable efforts to obtain, a tail liability insurance policy that will be purchased by ID Cayman at the closing covering those persons who are currently covered by Ideation's directors' and officers' liability insurance policy. Such policy shall (to the extent available in the market) have a price not exceeding 300% of the premium paid by Ideation as of the date of closing of the share exchange agreement and coverage in amount and scope at least as favorable to such persons as Ideation's coverage as of the closing date (or as much as is available for such price), which policy shall continue for at least six years following the closing.

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Estimates, Projections and Forecasts

Pursuant to the share exchange agreement, Ideation has acknowledged that none of the SearchMedia parties or Linden Ventures made any representations or warranties whatsoever with respect to any estimates, projections or other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections or forecasts) regarding the SM Cayman group companies, their business, the Chinese media market (including without limitation the in-elevator and outdoor billboard advertising markets) or any other matters. Ideation agreed to take full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and forecasts), and that Ideation has no claim against the SearchMedia parties, Linden Ventures, or anyone else with respect to any such estimates, projections or forecasts, except as otherwise provided in the share exchange agreement. SearchMedia has expressly disclaimed any representations or warranties as to the reasonableness of the assumptions and estimates. Inclusion of the prospective financial information in this proxy statement/prospectus should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

Internal Audit Function

The SearchMedia parties shall cause (to the extent not prohibited under Cayman Islands law) ID Cayman to engage an independent registered public accounting firm, which firm is not otherwise engaged by ID Cayman, to report to its audit committee and oversee the internal audit function of ID Cayman for a period of three years after the closing of the business combination. The audit committee of ID Cayman may waive compliance with this covenant prior to the end of the 3 year period if it determines that ID Cayman has sufficient internal resources to comply with applicable legal requirements relating to its internal audit function.

Ideation Share Purchases

After April 1, 2009, Ideation may seek to purchase, or enter into contracts to purchase, shares of Ideation common stock either in the open market or in privately negotiated transactions. Any such purchases and contracts would be effected pursuant to a 10b(5)-1 plan or at a time when Ideation, its initial stockholders or their affiliates are not aware of material nonpublic information regarding Ideation or its securities. Such purchases could involve the incurrence of indebtedness by Ideation, payment of significant fees or interest payments or the issuance of any additional Ideation securities. Any purchases other than ordinary course purchases shall require the prior approval of the SM Cayman shareholders' representatives, any such approval not to be unreasonably withheld or delayed. If such approval is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases (discussed below) will terminate. An ordinary course purchase is a forward purchase between Ideation and a non-affiliate Ideation stockholder in which Ideation will purchase some or all of such stockholders shares of Ideation after closing, which contracts are not binding on SM Cayman or its assets. A condition to the closing of such contracts will be that all shares purchased would be voted in favor of the business combination. These purchases or arrangements could result in an expenditure of a substantial amount of funds in the trust account.

ID Cayman New Warrants

In consideration of the Sponsor Purchase Commitment Amount and the commitment of Converting Noteholders to convert such notes to ordinary shares of ID Cayman, The Frost Group, LLC and its affiliates and the Converting Noteholders shall, immediately prior to closing of the business combination, be issued a warrant to purchase 0.25 of an ID Cayman share for each share purchased in satisfaction of the Sponsor Purchase Commitment Amount or acquired upon conversion of such notes. The exercise price per whole ID Cayman Share underlying such warrants shall be \$7.8815, and the aggregate number of shares underlying such warrants held by any particular warrant holder

shall be rounded up to the nearest whole share.

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Post-Closing Financing

Ideation has entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date of such letter agreement.

Series D Financing

Until the effective date of this proxy statement/prospectus, SM Cayman is permitted to raise capital pursuant to an issuance of SM Cayman Series D preferred shares, on terms and conditions agreed upon by Ideation and SM Cayman, as long as such financing results in maximum aggregate proceeds to SM Cayman of \$15,000,000 and no dividends accrue on such Series D preferred shares until the end of the first full calendar quarter after the closing of the business combination. Any Series D preferred shares of SM Cayman shall be converted into a number of warrants (each such new warrant to be entitled to purchase 0.25 of an ordinary share of ID Cayman at an exercise price per ordinary share of \$7.8815) equal to such number of ID Cayman ordinary shares using a ratio of one ordinary share per each \$7.8815 of aggregate liquidation preference thereunder, rounding up to the nearest whole share. SM Cayman is also permitted to discuss with potential lenders the terms of a subordinated debt financing, provided that Ideation has to consent prior to SM Cayman entering into an agreement or commitment with respect to any such financing. Assuming the maximum allowable Series D financing, an aggregate of up to approximately 1.9 million ordinary shares could be issued. ID Cayman could also issue approximately 0.5 million warrants to purchase ordinary shares of ID Cayman.

Sponsor Purchases

Commencing on April 1, 2009 and continuing until no later than 4:30 p.m. Eastern time on the day that is two business days before the Ideation stockholders meeting, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in an amount, which we refer to as the Sponsor Purchase Commitment Amount, equal to the lesser of (i) an aggregate expenditure of \$18.25 million and (ii) an amount that, when combined with certain purchases of Ideation common stock by Ideation, certain warrant exercises and proxies delivered by Ideation stockholders not electing their conversion rights would result in ID Cayman having an aggregate of not less than \$18.25 million in cash available to it in its trust account (or any other accounts) immediately after the closing of the business combination and before payment of expenses. Such purchases will be conducted in compliance with the Securities Act, the Exchange Act and any other applicable law.

The Frost Group, LLC, through itself, its affiliates or others, owns 777,900 IPO Shares consisting of (i) 250,000 shares acquired as part of 250,000 units purchased in the IPO, (ii) 206,800 shares purchased between the

date of the IPO and March 31, 2009, and (iii) 321,100 shares purchased between April 1, 2009 and September 21, 2009 pursuant to arrangements described above. In addition, The Frost Group, LLC, through itself, its affiliates or others, have purchased warrants to acquire 1,291,200 shares (including 250,000 warrants acquired as part of 250,000 units purchased in the IPO). The aggregate amount of shares purchased pursuant to these arrangements and the total number of IPO Shares held by The Frost Group, LLC, through

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itself, its affiliates or others will be disclosed to Ideation stockholders in a Current Report on Form 8-K as soon as practicable before the open of trading on the NYSE Amex on the day that is one business day before the special meeting of Ideation stockholders. We acknowledge that the timing of this disclosure limits the amount of time Ideation stockholders will have to consider the impact of these purchases before such stockholders submit a proxy or otherwise vote on the proposals to be considered at the special meeting.

To the extent that The Frost Group, LLC, through itself, its affiliates or others has not otherwise satisfied the Sponsor Purchase Commitment Amount by the day that is two days before the special meeting of Ideation stockholders, The Frost Group, LLC through itself, its affiliates or others may satisfy this obligation before the closing of the business combination by delivering into an escrow account irrevocable written notices to exercise all or any of the Ideation public warrants held by such persons, together with the cash exercise price therefor, in an amount up to the amount necessary to satisfy the Sponsor Purchase Commitment Amount. Any such public warrant exercises will be effective immediately after the closing of the business combination, and would result in additional cash to Ideation. To the extent that The Frost Group, LLC, through itself, its affiliates or others, does not otherwise satisfy the Sponsor Purchase Commitment Amount, Ideation has agreed to sell shares of Ideation common stock at a per share price of \$7.8815 to The Frost Group LLC, its affiliates or others as necessary to satisfy the Sponsor Purchase Commitment Amount, which would result in additional cash to Ideation. Such purchases may be made, as necessary, up to ten days after the closing of the business combination pursuant to a purchase agreement with customary registration rights.

The Frost Group, LLC has agreed to vote all of the shares of Ideation common stock held by it, and to cause the vote of all of the shares of Ideation common stock held by its affiliates, other than any shares it acquired prior to Ideation's IPO, (i) in favor of the approval of the share exchange agreement and the related transactions; (ii) against any proposal made in opposition to, or in competition with, the share exchange agreement and the related transactions; and (iii) against any other action that is intended, or would reasonably be expected to, unreasonably impede, interfere with, delay, postpone, discourage or adversely affect the share exchange agreement and the related transactions. If any third-party through which The Frost Group, LLC has acted in connection with its Sponsor Purchase Commitment Amount obligations, or a Non-Affiliate Purchaser, fails to vote any shares of Ideation common stock acquired by it in the same manner, then the purchase of such shares by such Non-Affiliate Purchaser shall not be counted toward fulfillment of the Sponsor Purchase Commitment Amount by The Frost Group, LLC. The Frost Group, LLC agrees that during the period commencing on the execution of the share exchange agreement through the closing of the business combination, neither The Frost Group, LLC nor its affiliates will exercise any conversion rights. Furthermore, if a Non-Affiliate Purchaser exercises any conversion rights, then the purchase of those converted shares will not count toward fulfillment of the Sponsor Purchase Commitment Amount.

In addition to the foregoing, The Frost Group, LLC has agreed to use commercially reasonable efforts to cooperate with the Ideation parties and the SearchMedia parties in order to consummate the transactions contemplated by the share exchange agreement.

Conditions to Closing

General Conditions

Consummation of the share exchange agreement and the related transactions is conditioned on (i) the Ideation board not having withdrawn its approval of the terms and conditions of the business combination; (ii) the Ideation common stockholders approving the redomestication; (iii) the Ideation common stockholders approving the charter amendment; and (iv) the business combination being (1) approved by a majority of the IPO Shares, voted at a duly held stockholders meeting in person or by proxy (2) approved by a majority of the votes cast on the proposal, and (3) fewer than 30% of the stockholders owning IPO Shares both (a) vote against the business combination and (b) exercise their conversion rights to have their shares of common stock converted to cash.

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In addition, the consummation of the transactions contemplated by the share exchange agreement is conditioned upon certain closing conditions, including:

the representations and warranties of the Ideation parties on one hand and the SearchMedia parties on the other hand being true and correct as of the closing, except where the failure of such representations and warranties to be so true and correct, individually or in the aggregate, has not had or would not reasonably be expected to have a material adverse effect on such parties, and all covenants contained in the share exchange agreement have been materially complied with by such party and the delivery by Ideation and the SearchMedia parties to each other of a certificate to such effect;

no action, suit or proceeding shall have been instituted before any court or governmental or regulatory body or instituted by any governmental authorities to restrain, modify or prevent the carrying out of the transactions contemplated by the share exchange agreement; and

no injunction or other order issued by any governmental authority or court of competent jurisdiction prohibiting the consummation of such transactions.

SearchMedia Parties Conditions to Closing of the Share Exchange Agreement

The obligations of the SearchMedia parties to consummate the transactions contemplated by the share exchange agreement, in addition to the conditions described above, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to Ideation since September 30, 2008;

the receipt of necessary consents, authorizations and approvals by Ideation stockholders and third parties and the completion of necessary proceedings;

the resignation of those officers and directors who are not continuing as officers and directors of ID Cayman, together with a written release from each such director and officer that such person has no claim for employment or other compensation in any form from Ideation, except for any reimbursement of outstanding expenses existing as of the date of such resignation;

SearchMedia shall have received legal opinions customary for transactions of this nature, from counsel to the Ideation parties;

Ideation shall have given instructions to the trustee of the trust account to have the monies in the trust account disbursed immediately upon the closing of the business combination;

Ideation shall have filed all reports and other documents required to be filed by Ideation under the U.S. federal securities laws through the closing date of the share exchange agreement; and

SearchMedia shall have received investor representation letters executed by each affiliate of Ideation who will receive ID Cayman shares at the closing in respect of certain SM Cayman promissory notes or SM Cayman securities held by it. Those affiliates who will receive ID Cayman shares are Frost Gamma Investments Trust (an affiliate of Dr. Phillip Frost), Robert N. Fried and Rao Uppaluri.

Ideation s Conditions to Closing of the Share Exchange Agreement

The obligations of Ideation to consummate the transactions contemplated by the share exchange agreement, in addition to the conditions described above in the second paragraph of this section, are conditioned upon each of the following, among other things:

there shall have been no material adverse effect with respect to SearchMedia since June 30, 2008;

the receipt of necessary consents, authorizations and approvals by Ideation stockholders and third parties and the completion of necessary proceedings;

Ideation shall have received legal opinions customary for transactions of this nature, from counsel to SearchMedia;

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Ideation shall have received investor representation letters executed by the shareholders and warrant holders of SM Cayman and holders of certain convertible promissory notes (other than from holders who are affiliates of Ideation);

the conversion of the preferred shares of SM Cayman to ordinary shares of SM Cayman shall have occurred;

each of Qinying Liu, Garbo Lee and Jennifer Huang shall have continued to serve in the same position at SM Cayman or the other SM Cayman group companies as such person was serving as of the date of the share exchange agreement, or in another senior management capacity; and

the delivery of certain financial statements by each of the SM Entities and the SM Cayman shareholders which will show that the adjusted net income and EBITDA set forth in the financial statements for the 2008 fiscal year shall not be less than \$15,297,000 and \$30,218,000, respectively, and in the financial statements for the first quarter of 2009 shall not be less than \$5,085,000 and \$9,513,000, respectively.

If permitted under the applicable law, either Ideation or the representatives of the SearchMedia shareholders and, if applicable to matters affecting them, Linden Ventures may waive any inaccuracies in the representations and warranties made to the Ideation parties or the SearchMedia parties and Linden Ventures, as applicable, contained in the share exchange agreement and waive compliance with any agreements or conditions for the benefit of such parties contained in the share exchange agreement. The condition requiring that the holders of less than 30% of the shares of common stock issued in connection with Ideation's IPO affirmatively vote against the Business Combination Proposal and demand conversion of their shares of common stock into cash may not be waived. We cannot assure you that any or all of the conditions will be satisfied or waived.

To the extent a waiver by any party renders the statements in this proxy statement/prospectus materially misleading, Ideation intends to supplement this proxy statement/prospectus and resolicit proxies from its stockholders to the extent required by law.

Indemnification

Indemnification by the SearchMedia Shareholders and Linden Ventures

The SearchMedia shareholders have agreed, on a *pro rata basis*, to indemnify the Ideation parties from any damages arising from: (a) any breach by any SearchMedia entity of any of its representations or warranties, covenants or obligations in the share exchange agreement; (b) any breach by any SearchMedia shareholder of its representations or warranties, covenants or obligations in the share exchange agreement; (c) the validity, enforceability or effectiveness (or lack thereof) of the appointment of the designated agent, any action taken by him or her under the share exchange agreement and/or the transfer of any SearchMedia shares by him or her (including any SearchMedia shares resulting from the exercise of options and the vesting of restricted share awards after the date of the share exchange agreement) or the ownership or transfer of any SearchMedia shares by any SearchMedia shareholder that did not sign the share exchange agreement (which may include persons who become shareholders of SearchMedia as a result of option exercises and the vesting of restricted share awards after the date of the share exchange agreement); (d) the failure to allocate any earn-out shares to the holders of restricted share awards under the share exchange agreement or the failure to register such awards in accordance with PRC law or any claims of such holders relating to the transfer or exchange of their restricted share awards under the share exchange agreement; or (e) the failure of any SM Cayman entity to pay its registered capital in full to the appropriate governmental authority. In addition, Linden Ventures has agreed to indemnify the Ideation parties from any damages arising from a breach of any its representations or warranties, covenants or obligations in the share exchange agreement. Notwithstanding the foregoing, however, the

representations, warranties, covenants and obligations that relate specifically and solely to a particular SearchMedia shareholder or to Linden Ventures are the obligations of that particular person only and not the responsibility of the other SearchMedia shareholders and Linden Ventures (as applicable).

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The amount of damages suffered by the Ideation parties may be paid in cash, or, at the option of the SearchMedia shareholders or Linden Ventures (as applicable), may be recovered by delivery of a specified number of ID Cayman shares owned by the SearchMedia shareholders or Linden Ventures (as applicable) for repurchase by ID Cayman, provided that such transfer is in accordance with applicable law. Any such returned shares shall be cancelled. If the SearchMedia shareholders or Linden Ventures opt to deliver shares instead of cash, the number of shares to be returned by the SearchMedia shareholders or Linden Ventures shall be equal to the aggregate amount of the damages agreed to be paid by the SearchMedia shareholders or Linden Ventures, divided by \$7.8815.

Indemnification by Ideation

The Ideation parties have agreed to indemnify each of the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures from any damages arising from: (a) any breach of any representation or warranty made by the Ideation parties in the share exchange agreement; or (b) any breach by any Ideation party of its covenants or obligations in the share exchange agreement.

The amount of damages suffered by the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures shall be paid in newly issued ID Cayman shares. The number of ID Cayman shares to be issued to the SearchMedia indemnified parties shall be equal to the aggregate amount of the damages agreed to be paid by the Ideation parties, divided by \$7.8815.

Limitations on Indemnity

Except for certain limited exceptions, (i) the Ideation parties will not be entitled to indemnification for breaches of representations and warranties by any SearchMedia party and for breaches of covenants and obligations of the SearchMedia shareholders and Linden Ventures unless the aggregate amount of damages to the Ideation parties for such breaches exceeds \$750,000, and then only to the extent such damages for such breaches exceed \$750,000 and (ii) the aggregate amount of damages payable by the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures for such breaches to the Ideation parties may not exceed \$7,500,000.

Except for certain limited exceptions, the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures will not be entitled to indemnification for breaches of representation and warranties unless the aggregate amount of damages to such parties exceeds \$750,000, and then only to the extent such damages for such breaches exceed \$750,000 and (ii) the aggregate amount of damages payable by the Ideation parties to the SearchMedia shareholders (including the SM Cayman shareholder that did not sign the share exchange agreement) and Linden Ventures for such breaches may not exceed \$7,500,000.

Termination

The share exchange agreement may be terminated and/or abandoned at any time prior to the closing, whether before or after approval of the proposals being presented to Ideation stockholders, by:

mutual written consent of SM Cayman and Ideation;

either Ideation or the SM Cayman shareholders' representatives, if the closing has not occurred by (a) October 30, 2009 or (b) such other date as may be mutually agreed to;

the SM Cayman shareholders' representatives, if there has been a breach by Ideation of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the

satisfaction of the conditions to the obligations of the SearchMedia parties under the share exchange agreement (which is deemed to have occurred if there is a material breach of the sponsor purchase commitment covenants of The Frost Group, LLC or the covenants of Ideation with respect to purchases, and forward contracts to purchase, shares of Ideation common stock) and the

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violation or breach has not been waived by such representatives or cured by Ideation within 30 days after written notice from the SM Cayman shareholders' representatives;

Ideation, if there has been a breach by the SearchMedia parties of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the satisfaction of the conditions to the obligations of Ideation under the share exchange agreement and such violation or breach has not been waived by Ideation or cured by the SearchMedia parties within 30 days after written notice from Ideation;

the SM Cayman shareholders' representatives or Ideation, if the Ideation board of directors fails to recommend or withdraws or modifies in a manner adverse to the SearchMedia parties its approval or recommendation of the share exchange agreement and the transactions contemplated under the share exchange agreement;

either Ideation or the SM Cayman shareholders' representatives, if the redomestication and the business combination are not approved by Ideation stockholders or if holders of 30% or more of Ideation's common stock issued in connection with Ideation's IPO vote against the business combination and exercise their right to convert their shares of common stock into cash from the trust account; and

either Ideation or the SM Cayman shareholders' representatives, if a court of competent jurisdiction or other governmental authority has issued a final, non-appealable order or injunction or taken any other action to permanently restrain, enjoin or prohibit the redomestication or the business combination.

Effect of Termination; Termination Fee

In the event of termination by either Ideation or the SearchMedia shareholders' representatives, except as set forth below, all further obligations of the parties shall terminate, each party shall bear its own costs and expenses and no party shall have any liability in respect of such termination.

If the SM Cayman shareholders' representatives terminate the share exchange agreement due to either: (a) a breach by Ideation of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the satisfaction of the conditions to the obligations of the SearchMedia parties under the share exchange agreement, which violation or breach has not been waived or cured as permitted by the share exchange agreement; or (b) the Ideation board of directors failing to recommend or withdrawing or modifying in a manner adverse to the SearchMedia parties its recommendation or approval of the share exchange agreement and the transactions contemplated under the share exchange agreement, then SearchMedia will be entitled to reimbursement of its costs and expenses up to \$3,000,000 immediately upon termination; however, the SearchMedia parties have waived all claims against Ideation's trust account for the payment of this or any other fees or claims. In addition, if the SM Cayman shareholders' representatives terminate due to a material, intentional breach by The Frost Group, LLC of its sponsor purchase commitment covenants, and Ideation enters into an agreement for an alternative transaction within six months of the termination, SM Cayman will be reimbursed for fees and expenses up to \$3,000,000 by The Frost Group, LLC on the date of execution of such definitive agreement, which such amount received from The Frost Group, LLC shall reduce the amount that may be claimed from Ideation on a dollar-for-dollar basis.

If Ideation terminates the share exchange agreement due to a breach by the SearchMedia parties of any representation, warranty, covenant or agreement contained in the share exchange agreement which has prevented the satisfaction of the conditions to the obligations of Ideation under the share exchange agreement, which violation or breach has not been waived or cured as permitted by the share exchange agreement, then Ideation will be entitled to reimbursement of its costs and expenses up to \$3,000,000 immediately upon termination. However, if such termination relates to an intentional breach by any SearchMedia party and any SM Cayman entity enters into an agreement for an alternative transaction within six months after the termination, Ideation will be entitled to a termination fee equal to \$10,000,000

plus reimbursement of all of its costs and expenses on the date of execution of the definitive agreement.

An alternative transaction means, with respect to the SearchMedia parties (subject to certain exceptions), (a) (i) a business combination involving SM Cayman, (ii) the issuance by SM Cayman of over

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50% of the SM Cayman ordinary shares as consideration for the assets or securities of another person, or (iii) the acquisition, directly or indirectly, of over 50% of the SM Cayman ordinary shares or consolidated total assets of SM Cayman (including by way of acquisition of one or more of its subsidiaries or PRC affiliated entities) or (b) any private equity financing with proceeds in excess of \$15 million (exclusive of any commissions or management fees); and with respect to Ideation, means any initial business combination (as defined in Ideation's Amended and Restated Certificate of Incorporation).

In addition to the termination rights set forth in the share exchange agreement, each of Ideation and the SM Cayman shareholders' representatives will have the right at any time to immediately seek injunctive relief, an award of specific performance or any other equitable relief against such other party to the share exchange agreement.

Amendment

The share exchange agreement may be amended at any time by execution of an instrument in writing signed on behalf of Ideation and a majority of the representatives of the SM Cayman shareholders and Linden Ventures, if required, as described below.

Amendments to Share Exchange Agreement

On May 27, 2009, Ideation entered into an amendment, which we refer to as the first amendment, to the Agreement and Plan of Merger, Conversion and Share Exchange with Earl Yen, Tommy Cheung, Stephen Lau and Qinying Liu, as the SM Cayman shareholders' representatives. The first amendment amends the share exchange agreement to provide that the consent of Linden Ventures will be required in the event of any amendment to or waiver of any provision contained in certain sections of the share exchange agreement that directly affects Linden Ventures or if any amendment or waiver disproportionately affects Linden Ventures relative to other SM Cayman securityholders.

In addition, the first amendment provides for an amendment to the Memorandum and Articles of Association of ID Cayman following completion of the business combination to provide that the Series A preferred shares of ID Cayman shall be convertible, at the option of the holder, at any time after six months, rather than eighteen months, following the original issue date.

On September 8, 2009, Ideation entered into an amendment, which we refer to as the second amendment, to the share exchange agreement with Earl Yen, Tommy Cheung, Stephen Yau, Qinying Liu, Linden Ventures, Vervain Equity Investment Limited, Sun Hing Associates Limited and The Frost Group, LLC. The second amendment amends the share exchange agreement to provide the following:

acknowledgment of the transfer of the SM Cayman Series C preferred shares owned by Gentfull Investment Limited and Gavast Estates Limited to Vervain Equity Investment Limited and Sun Hing Associates Limited, respectively, their affiliates and the joinder of such transferees to the share exchange agreement;

the elimination of a potential obligation of ID Cayman to issue Series A preferred shares in connection with the closing, but continuing to provide for the issuance of a warrant to acquire 0.25 of an ID Cayman ordinary share, regardless of the amount in the trust account after closing, for each ID Cayman ordinary share issued to or acquired by those investors who hold SM Cayman interim notes that converted to ID Cayman ordinary shares at closing and/or ID Cayman ordinary shares acquired in connection with the Sponsor Purchase Commitment Amount;

the imposition of one-year lock-up restrictions with respect to the ID Cayman shares underlying ID Cayman restricted share awards and options;

an additional covenant requiring the repayment of certain loans owed by Qinying Liu and Le Yang to SM Cayman prior to closing. Ms. Liu and Ms. Yang have agreed to repay an aggregate of RMB 4,289,889 owed by them to SM Cayman prior to the closing of the business combination. They

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may do so in cash or by surrendering a number of ordinary shares of SM Cayman owned by them prior to closing equal in value to such amount;

an increase of the board of directors of ID Cayman after the closing to ten (10) members, adding one director to be appointed by the Ideation representative and requiring certain independence and citizenship requirements as set forth elsewhere in this proxy statement/prospectus;

the amendment of the sponsor purchase commitment of The Frost Group, LLC to allow for certain warrant exercises, effective immediately after the closing, to be counted toward the satisfaction of the Sponsor Purchase Commitment Amount;

the addition of Ideation stockholder approval of the Ideation charter amendment (and a corresponding amendment to the charter of ID Arizona) as a condition to the closing of the business combination;

the extension of the end date by which the business combination must be consummated to October 30, 2009 from September 30, 2009;

technical corrections to the definition of adjusted net income ;

the amendment of Schedules B and C to the share exchange agreement to reflect the transfers by Gentfull Investment Limited and Gavast Estates Limited and certain transfers by and among SM Cayman shareholders and correct some rounding errors; and

the amendment of the Memorandum and Articles of Association of ID Cayman, Exhibit A to the share exchange agreement, to eliminate the designation of the ID Cayman Series A preferred shares.

On September 8, 2009, in connection with the execution of the second amendment to the share exchange agreement, Ideation entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date of such letter agreement.

On September 22, 2009, an amendment, which we refer to as the third amendment, to the share exchange agreement was entered into by Earl Yen, Tommy Cheung, Terrance Hogan, Qinying Liu, Linden Ventures, Ideation, and ID Arizona. The third amendment amends the share exchange agreement to provide the following:

the amendment of Schedule B and Schedule C to the share exchange agreement to reflect the proportional repurchases of approximately 3,000,000 SM Cayman ordinary, Series B preferred and Series C preferred shares from SM Cayman shareholders and issuances of approximately 3,000,000 options under the SM Share Incentive Plan to employees of SM Cayman and its subsidiaries;

the exclusion of any compensation charges attributable to the above repurchases and issuances from the definition of adjusted net income;

the amendment and restatement of the Lock-Up Agreements, which are Exhibit F-1 and F-2 to the share exchange agreement providing that for Qinying Liu, Le Yang and CSV, the lock-up shall apply for 12 months after the closing of the share exchange agreement with respect to ten percent (10%) of

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the shares or other securities received in connection with the business combination and underlying securities received in connection with the business combination, 18 months after the closing of the share exchange agreement with respect to fifteen percent (15%) of such securities, and 24 months after the closing of the share exchange agreement with respect to the remaining seventy-five percent (75%) of such securities, provided that with respect to CSV, this lock-up shall apply only to shares acquired by CSV in exchange for SM Cayman ordinary shares held by it immediately prior to the closing of the business combination, and not with respect to shares or other securities acquired (or underlying securities acquired) by CSV in exchange for SM Cayman warrants, SM Cayman preferred shares or other SM Cayman securities exercisable for, or convertible into, SM Cayman ordinary shares, which shares shall be subject to the same lock-up that applies to other non-management shareholders;

a decrease of the board of directors of ID Cayman after the closing to eight members, subtracting one director to be appointed by each of the Ideation representative and the SM Cayman shareholders representatives and requiring certain independence and citizenship requirements as set forth elsewhere in this proxy statement/prospectus;

an amendment of a covenant which now requires each of the SM entities and each of the SM Cayman shareholders to use commercially reasonable efforts to amend each acquisition agreement for each subsidiary of Jingli Shanghai to provide that following the closing (i) up to 75% of the earn-out or other contingent payment due thereunder with respect to 2010 may be paid, at the option of ID Cayman, in equity securities of ID Cayman, and (ii) in all other instances, all earn-outs or other contingent payments will be made in cash, provided that all such amendments shall be approved by Ideation prior to the execution thereof;

an additional covenant requiring each of the Ideation parties, on the one hand, and the SM Cayman entities, on the other hand, to use commercially reasonable efforts prior to closing of the share exchange agreement to reduce the expenses incurred by each such group, in connection with this transaction, by \$2,000,000; and

the elimination of the earn-out make-up provision that allowed for any unearned portion of the earn-out shares to be issued if the closing price of the ID Cayman ordinary shares maintained a certain level for a consecutive thirty trading day period.

Regulatory and Other Approvals

Except for approvals required by Delaware, Arizona, and Cayman Islands corporate law and compliance with applicable securities laws and rules and regulations of the SEC and NYSE Amex and compliance with applicable PRC laws, no federal, state or foreign regulatory requirements remain to be complied with or other material approvals to be obtained or filings to be made in order to consummate the business combination or the redomestication.

Recommendation of Ideation's Board of Directors

After careful consideration, the Ideation board of directors unanimously determined that the Business Combination Proposal is in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Business Combination Proposal advisable and recommends that you vote or give instructions to vote **FOR** the Business Combination Proposal.

CERTAIN AGREEMENTS RELATING TO THE BUSINESS COMBINATION

Lock-Up Agreements

At the closing, the SM Cayman management shareholders and warrant holders and the ID Cayman directors designated by the SM Cayman shareholders representatives will enter into lock-up agreements providing that they may not sell or otherwise transfer any shares of ID Cayman or any other securities convertible into or exercisable or exchangeable for shares of ID Cayman that are beneficially owned and/or acquired by them (or underlying any security acquired by them) as of the date of the share exchange

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agreement or otherwise in connection with the business combination, subject to certain exceptions, for a period of 12 months after the closing date, provided, that with respect to Le Yang and Qinying Liu, the lock-up period shall apply from 12 months after the closing of the share exchange agreement with respect to ten percent (10%) of such securities, 18 months after the closing of the share exchange agreement with respect to fifteen percent (15%) of such securities, and 24 months after the closing of the share exchange agreement with respect to the remaining seventy-five percent (75%) of such securities. In the case of SM Cayman's non-management shareholders (other than Linden Ventures), the lock-up period will be six months from the closing date with respect to 25% of such securities and 12 months from the closing date with respect to the remaining 75% of such securities; provided that with respect to shares or other securities acquired (or underlying securities acquired) by CSV in exchange for SM Cayman warrants, SM Cayman preferred shares or other SM Cayman securities exercisable for, or convertible into, SM Cayman ordinary shares, CSV will be subject to the same lock-up period as the other non-management shareholders, and with respect to shares acquired by CSV in exchange for SM Cayman ordinary shares held by it immediately prior to the closing of the business combination, the lock-up period shall apply until twelve months from the closing date with respect to 10% of such shares, eighteen months from the closing date with respect to 15% of such shares and twenty-four months from the closing date with respect to the remaining 75% of such shares. In addition, 1,268,795 ordinary shares and 396,826 warrants of ID Cayman (and shares underlying such warrants) issuable to Linden Ventures as a warrant holder and upon conversion of the Linden Note pursuant to the share exchange agreement will be subject to lock-up for six months.

Notwithstanding the foregoing, nothing in the lock-up agreement restricts: (a) transfers of shares as a bona fide gift; (b) transfers of shares to any trust, partnership, limited liability company or other entity for the direct or indirect benefit of the person signing the lock-up agreement or their immediate family; (c) transfers of shares to any beneficiary of the person signing the lock-up agreement pursuant to a will, trust instrument or other testamentary document or applicable laws of descent; (d) transfers of shares to ID Cayman by way of repurchase or redemption; (e) transfers of shares to any affiliate of the person signing the lock-up agreement; (f) transfers of shares (other than by Ms. Qinying Liu and Ms. Le Yang) that are in compliance with applicable federal and state securities laws; or (g) transfers of shares pursuant to an underwritten secondary offering provided that, in the case of any transfer or distribution pursuant to clause (a), (b), (c), (e) or (f) above, each donee, distributee or transferee shall sign and deliver to ID Cayman, prior to such transfer, a lock-up agreement substantially in one of the forms attached as Annex G hereto. In addition, after the six months anniversary of the closing of the business combination, if the Ideation members of the ID Cayman board of directors consent, the restrictions on the non-management shareholders may be released in connection with a follow-on public offering.

The forms of lock-up agreement are attached as Annex G hereto. We encourage you to read the lock-up agreements in their entirety.

Voting Agreement

Upon consummation of the business combination, the initial ID Cayman board of directors will consist of eight directors, of which the SearchMedia shareholders' representatives will designate four directors to ID Cayman's board and the Ideation representative will designate four directors, as provided in the share exchange agreement.

At the closing of the business combination, China Seed Ventures, L.P., which we refer to as CSV, Qinying Liu, Le Yang, Vervain Equity Investment Limited, Sun Hing Associates Limited, and Linden Ventures, each a SearchMedia shareholder or warrant holder and Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, Steven Rubin and Jane Hsiao and ID Cayman will enter into a voting agreement. The voting agreement provides, among other things, that, for a period commencing on the closing of the business combination and ending on the third anniversary of the date of such closing, each party to the voting agreement will agree to vote in favor of the director nominees nominated by the Ideation representative and the SM Cayman shareholders' representatives as provided in the share exchange

agreement. The voting agreement is attached as Annex F hereto. We encourage you to read the voting agreement in its entirety.

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Registration Rights Agreement

At the closing of the business combination, ID Cayman and certain of the SM Cayman shareholders and warrant holders will enter into a registration rights agreement pursuant to which such SM Cayman shareholders and warrant holders will be entitled to registration rights for any ID Cayman ordinary shares received by them in connection with the business combination (including any ordinary shares issued to them upon exercise of warrants of ID Cayman). Holders of registration rights will be entitled to deliver a demand or piggyback notice to ID Cayman under the registration rights agreement to register certain of their shares prior to the expiration of the applicable lock-up periods, but, in general, they may not offer for sale, sell or otherwise dispose of such shares before the expiration of such lock-up periods, except in an underwritten secondary offering. Pursuant to the registration rights agreement, SM Cayman shareholders and warrant holders holding at least 50% of the outstanding registrable securities are entitled to demand that ID Cayman register the ordinary shares held by the SM Cayman shareholders and warrant holders who have registration rights. In addition, the SM Cayman shareholders and warrant holders who enter into the registration rights agreement will have piggy-back registration rights on registration statements filed subsequent to the date of the business combination. ID Cayman will bear the expenses incurred in connection with the filing of any such registration statements.

The registration rights agreement is attached as Annex H hereto. We encourage you to read the registration rights agreement in its entirety.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

General

In the opinion of Akerman Senterfitt, the following discussion summarizes the material U.S. federal income tax consequences of (i) the business combination to ID Cayman, (ii) the merger to Ideation and the holders of Ideation's common stock, warrants and units, the foregoing collectively referred to as Ideation securities, (iii) the conversion to ID Arizona, ID Cayman and the holders of ID Arizona's common stock and warrants, referred to as ID Arizona securities, and (iv) owning shares and warrants in ID Cayman, referred to as ID Cayman securities, following the conversion and business combination.

The discussion below of the U.S. federal income tax consequences to U.S. Holders will apply to a beneficial owner of Ideation's securities that is for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation (or other entity treated as a corporation) that is created or organized (or treated as created or organized) in or under the laws of the United States, any state thereof or the District of Columbia;

an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or

a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a beneficial owner of Ideation securities is not described as a U.S. Holder and is not an entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes, such owner will be considered a Non-U.S. Holder. The material U.S. federal income tax consequences applicable to Non-U.S. Holders of owning ID Cayman securities are described below.

With respect to the holders of units, although each unit is evidenced by a single instrument, a holder of a unit may, at its option, exchange such unit for its components, common stock (or ordinary share, as the case may be) and warrants. Accordingly, each holder of a unit would treat the unit as consisting of the common stock (or ordinary share) and warrants corresponding to the components of such unit for U.S. federal income tax purposes. In accordance with such treatment of the unit, in calculating its tax basis in each of the components, a holder will allocate the purchase price paid for such unit among the components in proportion

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to their relative fair market values at the time of purchase. A similar principle would apply in determining the amount of gain or loss allocable to each component upon a sale or other disposition of a unit. The exchange of a unit for the separate common stock (or ordinary share) and warrants corresponding to each unit would not be a taxable event. Since a holder of a unit would be treated for U.S. federal income tax purposes as holding the applicable common stock (or ordinary share) and warrant components of such a unit, a holder of a unit should review the applicable discussion herein relating to the U.S. federal income tax consequences of the purchase, ownership and disposition of common stock (or ordinary shares) and warrants.

This summary is based on the Code, its legislative history, Treasury regulations promulgated thereunder, published rulings and court decisions, all as currently in effect. These authorities are subject to change or differing interpretations, possibly on a retroactive basis.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to ID Arizona, ID Cayman, Ideation, or any particular holder of Ideation securities, ID Arizona securities or ID Cayman securities. In particular, this discussion considers only holders that own and hold Ideation securities, and who will hold ID Arizona securities or ID Cayman securities as a result of owning the corresponding Ideation securities or ID Arizona securities, as capital assets within the meaning of Section 1221 of the Code. This discussion also does not address the potential application of the alternative minimum tax or the U.S. federal income tax consequences to holders that are subject to special rules, including:

financial institutions or financial services entities;

broker-dealers;

taxpayers who have elected mark-to-market accounting;

tax-exempt entities;

governments or agencies or instrumentalities thereof;

insurance companies;

regulated investment companies;

real estate investment trusts;

certain expatriates or former long-term residents of the United States;

persons that actually or constructively own 5% or more of Ideation's voting shares;

persons that hold Ideation securities as part of a straddle, constructive sale, hedging, conversion or other integrated transaction; or

persons whose functional currency is not the U.S. dollar.

This discussion does not address any aspect of U.S. federal non-income tax laws, such as gift or estate tax laws, or state, local or non-U.S. tax laws. Additionally, the discussion does not consider the tax treatment of partnerships or other pass-through entities or persons who hold Ideation securities, or will hold the ID Arizona securities or ID Cayman securities through such entities. If a partnership (or other entity classified as a partnership for U.S. federal

income tax purposes) is the beneficial owner of Ideation securities (or the ID Arizona securities or ID Cayman securities), the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership.

Ideation has not sought, and will not seek, a ruling from the Internal Revenue Service as to any U.S. federal income tax consequence described herein. The IRS may disagree with the discussion herein, and its determination may be upheld by a court. Moreover, there can be no assurance that future legislation, regulation, administrative rulings or court decisions will not adversely affect the accuracy of the statements in this discussion.

Due to the complexity of the tax laws and because the tax consequences to Ideation, ID Arizona, ID Cayman, or any particular holder of Ideation or ID Arizona securities or of ID Cayman securities following

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the conversion and business combination may be affected by matters not discussed herein, each holder of Ideation securities is urged to consult with its tax advisor with respect to the specific tax consequences of the merger, conversion and business combination, and the ownership and disposition of Ideation securities, ID Arizona securities and ID Cayman securities, including the applicability and effect of state, local and non-U.S. tax laws, as well as U.S. federal tax laws.

Tax Consequences of the Business Combination with respect to ID Cayman

ID Cayman will not recognize any gain or loss for U.S. federal income tax purposes as a result of the business combination.

Tax Consequences of the Merger

Under applicable federal income tax principles as enacted and construed on the date hereof, the merger of Ideation with and into ID Arizona should qualify as a reorganization for U.S. federal income tax purposes under Code Section 368(a). However, there is a lack of clear authority directly on point on how the provisions of Code Section 368(a) apply in the case of a merger of a corporation with no active business and only investment-type assets, and thus, this conclusion is not entirely free from doubt.

If the merger qualifies as a reorganization under Code Section 368(a), a U.S. Holder of Ideation securities would not recognize gain or loss upon the exchange of its Ideation securities solely for the corresponding ID Arizona securities pursuant to the merger, and Ideation would not recognize gain or loss as a result of the merger. A U.S. Holder's aggregate tax basis in the ID Arizona securities received in connection with the merger also would be the same as the aggregate tax basis of the corresponding Ideation securities surrendered in the transaction. In addition, the holding period of the ID Arizona securities received in the merger would include the holding period of the corresponding Ideation securities surrendered in the merger. An Ideation stockholder who redeems its shares of common stock for cash generally will recognize gain or loss in an amount equal to the difference between the amount of cash received for such shares and its adjusted tax basis in such shares.

If the merger fails to qualify as a reorganization under Code Section 368(a), a U.S. Holder would recognize a gain or loss with respect to its securities in Ideation in an amount equal to the difference between the U.S. Holder's adjusted tax basis in its Ideation securities and the fair market value of the corresponding ID Arizona securities received in the merger. In such event, the U.S. Holder's basis in the ID Arizona securities would equal such securities' fair market value, and the U.S. Holder's holding period for the ID Arizona securities would begin on the day following the date of the merger. In addition, Ideation would recognize gain or loss in an amount equal to the difference, if any, between the fair market value of the ID Arizona securities issued in the merger and the adjusted tax basis of its assets at the effective time of the merger.

Tax Consequences of the Conversion

Tax Consequences to U.S. Holders of ID Arizona Securities

The conversion should qualify as a reorganization for U.S. federal income tax purposes under Code Section 368(a) under applicable federal income tax principles as enacted and construed on the date hereof. However, there is a lack of clear authority directly on point on how the provisions of Code Section 368(a) apply in the case of a conversion of a corporation with no active business and only investment-type assets, and thus, this conclusion is not entirely free from doubt.

If the conversion qualifies as a reorganization under Code Section 368(a), a U.S. Holder of ID Arizona securities would not recognize gain or loss upon the exchange of its ID Arizona securities solely for the securities of ID Cayman pursuant to the conversion. A U.S. Holder's aggregate tax basis in the securities of ID Cayman received in connection with the conversion also would be the same as the aggregate tax basis of the ID Arizona securities surrendered in the transaction. In addition, the holding period of the ID Cayman securities received in the conversion would include the holding period of the securities of ID Arizona surrendered in the conversion.

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If the conversion fails to qualify as a reorganization under Code Section 368, a U.S. Holder would recognize a gain or loss with respect to its securities in ID Arizona in an amount equal to the difference between the U.S. Holder's adjusted tax basis in its ID Arizona securities and the fair market value of the corresponding ID Cayman securities received in the conversion. In such event, the U.S. Holder's basis in the ID Cayman securities would equal their fair market value, and such U.S. Holder's holding period for the ID Cayman securities would begin on the day following the date of the conversion.

Tax Consequences to ID Arizona and ID Cayman

Section 7874(b) of the Code generally provides that a corporation organized outside the United States which acquires, directly or indirectly, pursuant to a plan or series of related transactions substantially all of the assets of a corporation organized in the United States will be treated as a U.S. corporation for U.S. federal income tax purposes if shareholders of the acquired corporation, by reason of owning shares of the acquired corporation, own at least 80% of either the voting power or the value of the stock of the acquiring corporation after the acquisition. If Section 7874(b) were to apply to the conversion, then ID Cayman, as the surviving entity, would be subject to U.S. federal income tax on its worldwide taxable income following the conversion and business combination as if it were a U.S. corporation, and ID Arizona would not recognize gain (or loss) as a result of the conversion.

After the completion of the business combination, which will occur immediately after and as part of the same plan as the conversion, it is unclear whether the former stockholders of ID Arizona, by reason of owning shares of ID Arizona, will own less than 80% of the ordinary shares of ID Cayman. Although we do not expect this 80% threshold to be met, on the date of this proxy statement/prospectus, the relative ownership percentages of the former shareholders of ID Arizona and of the former shareholders of SM Cayman after consummation of the transactions contemplated hereby are not known. In addition, the shares underlying any warrants or options issued to former ID Arizona shareholders, warrantholders, or optionholders would count as shares owned by former ID Arizona shareholders for purposes of applying the 80% test to the extent such warrants or options represent a claim on the equity of ID Cayman.

If the 80% threshold is not reached, Section 7874(b) should not apply to treat ID Cayman as a U.S. corporation for U.S. federal income tax purposes. However, due to the absence of full guidance on how the rules of Section 7874(b) will apply to the transactions contemplated by the conversion and the business combination, this result is not entirely free from doubt. If, for example, the conversion were ultimately determined for purposes of Section 7874(b) as occurring prior to, and separate from, the business combination, the share ownership threshold for applicability of Section 7874(b) would be satisfied (and ID Cayman would be treated as a U.S. corporation for U.S. federal income tax purposes) because the stockholders of ID Arizona, by reason of owning stock of ID Arizona, would own all of the shares of ID Cayman immediately after the conversion. Although normal step transaction tax principles support the view that the conversion and the business combination would be viewed together for purposes of determining whether Section 7874(b) is applicable, because of the absence of guidance under Section 7874(b) directly on point, this result is not entirely free from doubt. The balance of this discussion assumes that ID Cayman will be treated as a non-U.S. corporation for U.S. federal income tax purposes.

Even if Section 7874(b) does not apply to a transaction, Section 7874(a) of the Code generally provides that where a corporation organized outside the United States acquires, directly or indirectly, pursuant to a plan or series of related transactions substantially all of the assets of a corporation organized in the United States, the acquired corporation will be subject to U.S. federal income tax on its inversion gain (which cannot be reduced by, for example, net operating losses otherwise available to the acquired corporation) if the shareholders of the acquired corporation, by reason of owning shares of the acquired corporation, own at least 60% (but less than 80%) of either the voting power or the value of the stock of the acquiring corporation after the acquisition. For this purpose, inversion gain includes any gain recognized under Section 367 of the Code by reason of the transfer of the properties of the acquired corporation to the

acquiring corporation pursuant to the transaction. After the completion of the business combination, which will occur immediately after and as part of the same plan as the conversion, it is unclear whether the former stockholders of ID Arizona, by reason of owning shares of ID Arizona, will own less than 60% of the ordinary shares of ID Cayman. On the date of

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this proxy statement/prospectus, the relative ownership percentages of the former shareholders of ID Arizona and of the former shareholders of SM Cayman after consummation of the transactions contemplated hereby are not known. In addition, the shares underlying any warrants or options issued to former ID Arizona shareholders, warrantholders, or optionholders would count as shares owned by former ID Arizona shareholders for purposes of applying the 60% test to the extent such warrants or options represent a claim on the equity of ID Cayman.

If the 60% threshold is not reached, the provisions of Section 7874(a) would not apply. However, for the reasons mentioned above regarding the consequences if the conversion were determined to be a separate transaction from the business combination, this result is not entirely free from doubt. If Section 7874(a) is finally determined to apply to this transaction, the inversion gain would not be reduced by tax attributes or deductions which might otherwise be available.

Under Section 367, ID Arizona would recognize gain (but not loss) as a result of the conversion equal to the excess, if any, of the fair market value of each asset of ID Arizona over such asset's adjusted tax basis at the effective time of the conversion.

Tax Consequences to U.S. Holders of Shares and Warrants of ID Cayman

Taxation of Distributions Paid on Shares

Subject to the passive foreign investment company, or PFIC, and the controlled foreign corporation, or CFC, rules discussed below, a U.S. Holder will generally be required to include in gross income as ordinary income the amount of any dividend paid on the shares of ID Cayman. A distribution on such shares will be treated as a dividend for U.S. federal income tax purposes to the extent the distribution is paid out of current or accumulated earnings and profits of ID Cayman (as determined for U.S. federal income tax purposes). Such dividend will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Distributions in excess of such earnings and profits will be applied against and reduce the U.S. Holder's basis in its shares in ID Cayman and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of such shares.

With respect to non-corporate U.S. Holders for taxable years beginning before January 1, 2011, dividends may be taxed at the lower applicable long-term capital gains rate provided that (a) the shares of ID Cayman with respect to which such dividends are paid are readily tradable on an established securities market in the United States, (b) ID Cayman is not a PFIC, as discussed below, for either the taxable year in which the dividend was paid or the preceding taxable year, and (c) certain holding period requirements are met. The holding period for stock will be reduced for any period in which a holder has diminished its risk of loss, and there is a lack of clear authority as to whether a U.S. Holder's holding period for its shares in ID Cayman would be suspended for purposes of clause (c) above for the period that such holder had a right to have its stock in Ideation redeemed by Ideation. In addition, shares are considered for purposes of clause (a) above to be readily tradable on an established securities market in the United States only if they are listed on certain exchanges, which presently include NYSE Amex. After the closing of the business combination, ordinary shares of ID Cayman will be listed on NYSE Amex, but ID Cayman will need to re-apply after the consummation of the business combination in order to maintain its listing. It is unclear whether ID Cayman will meet the requirements for continued listing. If it does not meet those standards, the ordinary shares will be de-listed. In the event ID Cayman meets the relevant requirements after the consummation of the business combination, ID Cayman intends to apply for the listing of its ordinary shares on an established securities market in the United States. There is no assurance that it will be able to do so. If shares of ID Cayman become listed on such an exchange, the dividends paid on such shares of ID Cayman should qualify for the lower rate. Dividends paid with respect to shares of ID Cayman that are not listed on an established securities market in the United States, as defined as a national securities exchange that is registered under section 6 of the Securities Exchange Act of 1934 (15 U.S.C.

78f) or on the Nasdaq Stock Market, will not qualify for the lower rate, and a holder of such shares will be subject to tax at ordinary rates on such dividends. U.S. Holders should consult their own tax advisors regarding the availability of the lower rate for any dividends paid with respect to the shares of ID Cayman.

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If PRC taxes apply to dividends paid to a U.S. Holder on the shares of ID Cayman, such taxes may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability (subject to certain limitations), and a U.S. Holder may be entitled to a reduced rate of PRC taxes under the income tax treaty between the United States and the PRC. U.S. Holders should consult their own tax advisors regarding the creditability of any such PRC tax and their eligibility for the benefits of the income tax treaty between the United States and the PRC.

Taxation on the Disposition of Shares and Warrants

Upon a sale or other taxable disposition of the shares or warrants in ID Cayman, including the conversion of such shares into cash if shares are properly converted upon the closing of a business combination or other redemption of such shares that is treated as a sale or exchange for U.S. federal income tax purposes, and subject to the PFIC and CFC rules discussed below, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in the ordinary shares or warrants.

Capital gains recognized by U.S. Holders generally are subject to U.S. federal income tax at the same rate as ordinary income, except that long-term capital gains recognized by non-corporate U.S. Holders are subject to preferential rates. Capital gain or loss will constitute long-term capital gain or loss if the U.S. Holder's holding period for the ordinary shares or warrants exceeds one year. The deductibility of capital losses is subject to various limitations.

If PRC taxes apply to any gain from the disposition of the shares or warrants in ID Cayman by a U.S. Holder, such taxes may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability (subject to certain limitations), and a U.S. Holder may be entitled to certain benefits under the income tax treaty between the United States and the PRC. U.S. Holders should consult their own tax advisors regarding the creditability of any such PRC tax and their eligibility for the benefits of the income tax treaty between the United States and the PRC.

Exercise or Lapse of the warrants

Subject to the discussion of the PFIC rules below, a U.S. Holder will not recognize gain or loss upon the exercise for cash of a warrant to acquire ordinary shares in ID Cayman. Ordinary shares acquired pursuant to an exercise for cash of a warrant generally will have a tax basis equal to the U.S. Holder's tax basis in the warrant, increased by the amount paid to exercise the warrant. The holding period of such ordinary shares generally would begin on the day after the date of exercise of the warrant. The terms of a warrant provide for an adjustment to the number of ordinary shares for which the warrant may be exercised or to the exercise price of the warrants in certain events. Such adjustment may, under certain circumstances, result in constructive distributions that could be taxable to the U.S. Holder of the warrants. Conversely, the absence of an appropriate adjustment similarly may result in a constructive distribution that could be taxable, as described above, to the U.S. Holders of the ordinary shares in ID Cayman. If a warrant is allowed to lapse unexercised, a U.S. Holder would recognize a capital loss equal to such holder's tax basis in the warrant.

Passive Foreign Investment Company Rules

A foreign corporation will be a PFIC if at least 75% of its gross income in a taxable year, including its pro rata share of the gross income of any company in which it is considered to own at least 25% of the shares by value, is passive income. Alternatively, a foreign corporation will be a PFIC if at least 50% of its assets in a taxable year, ordinarily determined based on fair market value (or, in the case of a CFC, tax basis) and averaged quarterly over the year, including its pro rata share of the assets of any company in which it is considered to own at least 25% of the shares by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than certain rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets.

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Based on the expected composition of the assets and income of ID Cayman and its subsidiaries after the redomestication and the business combination, it is not anticipated that ID Cayman will be treated as a PFIC following the redomestication and the business combination. The actual PFIC status of ID Cayman for any taxable year, however, will not be determinable until after the end of its taxable year, and accordingly there can be no assurance with respect to the status of ID Cayman as a PFIC for the current taxable year or any future taxable year.

If ID Cayman were a PFIC for any taxable year during which a U.S. Holder held its shares or warrants, and the U.S. Holder did not make either a timely qualified electing fund election for the first taxable year of its holding period for the shares or a mark-to-market election, as described below, such holder will be subject to special rules with respect to:

any gain recognized by the U.S. Holder on the sale or other disposition of its shares or warrants; and

any excess distribution made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the shares of ID Cayman during the three preceding taxable years or, if shorter, such U.S. Holder's holding period for the shares).

Under these rules:

the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for the shares or warrants;

the amount allocated to the taxable year in which the U.S. Holder recognized the gain or received the excess distribution or to any taxable year prior to the first taxable year in which ID Cayman was a PFIC will be taxed as ordinary income;

the amount allocated to other taxable years will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and

the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such other taxable year.

In addition, if ID Cayman were a PFIC, a U.S. Holder who acquires its shares or warrants from a deceased U.S. Holder who dies before January 1, 2010 and who had not made a timely qualified electing fund election for the shares generally will be denied the step-up of U.S. federal income tax basis in such shares or warrants to their fair market value at the date of the deceased holder's death. Instead, such U.S. Holder would have a tax basis in such shares or warrants equal to the deceased holder's tax basis, if lower.

In general, a U.S. Holder may avoid the PFIC tax consequences described above in respect to its shares in ID Cayman by making a timely qualified electing fund election to include in income its pro rata share of ID Cayman's net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed. A U.S. Holder may make a separate election to defer the payment of taxes on undistributed income inclusions under the qualified electing fund rules, but if deferred, any such taxes will be subject to an interest charge.

A U.S. Holder may not make a qualified electing fund election with respect to its warrants. As a result, if ID Cayman were a PFIC and a U.S. Holder sells or otherwise disposes of a warrant to purchase ordinary shares of ID Cayman (other than upon exercise of a warrant), any gain recognized generally will be subject to the special tax and interest

charge rules treating the gain as an excess distribution, as described above, if ID Cayman were a PFIC at any time during the period the U.S. Holder held the warrants. If a U.S. Holder that exercises such warrants properly makes a qualified electing fund election with respect to the newly acquired ordinary shares in ID Cayman (or has previously made a qualified electing fund election with respect to its ordinary shares in ID Cayman), the qualified electing fund election will apply to the newly acquired ordinary shares, but the adverse tax consequences relating to PFIC shares, adjusted to take into account the current income inclusions resulting from the qualified electing fund election, will continue to apply with respect to such newly acquired ordinary shares (which generally will be deemed to have a holding period for the

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purposes of the PFIC rules that includes the period the U.S. Holder held the warrants), unless the U.S. Holder makes a purging election. The purging election creates a deemed sale of such shares at their fair market value. The gain recognized by the purging election will be subject to the special tax and interest charge rules treating the gain as an excess distribution, as described above. As a result of the purging election, the U.S. Holder will have a new basis and holding period in the ordinary shares acquired upon the exercise of the warrants for purposes of the PFIC rules.

The qualified electing fund election is made on a shareholder-by-shareholder basis and, once made, can be revoked only with the consent of the IRS. A U.S. Holder generally makes a qualified electing fund election by attaching a completed IRS Form 8621 (Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund), including the information provided in a PFIC annual information statement, to a timely filed U.S. federal income tax return for the tax year to which the election relates. Retroactive qualified electing fund elections generally may be made only by filing a protective statement with such return and if certain other conditions are met or with the consent of the IRS.

In order to comply with the requirements of a qualified electing fund election, a U.S. Holder must receive certain information from ID Cayman. Currently, ID Cayman does not intend to maintain the necessary information to provide U.S. Holders to enable them to make a qualified electing fund election, so U.S. Holders should assume such election cannot be made at the current time.

If a U.S. Holder has elected the application of the qualified electing fund rules to its shares in ID Cayman, and the special tax and interest charge rules do not apply to such shares (because of a timely qualified electing fund election for the first tax year of the U.S. Holder's holding period for such shares or a purge of the PFIC taint pursuant to a purging election), any gain recognized on the appreciation of such shares should be taxable as capital gain and no interest charge will be imposed. As discussed above, U.S. Holders of a qualified electing fund are currently taxed on their pro rata shares of the qualified electing fund's earnings and profits, whether or not distributed. In such case, a subsequent distribution of such earnings and profits that were previously included in income should not be taxable as a dividend to those U.S. Holders who made a qualified electing fund election. The tax basis of a U.S. Holder's shares in a qualified electing fund will be increased by amounts that are included in income, and decreased by amounts distributed but not taxed as dividends, under the above rules. Similar basis adjustments apply to property if by reason of holding such property the U.S. Holder is treated under the applicable attribution rules as owning shares in a qualified electing fund.

Although the determination as to ID Cayman's PFIC status is made annually, an initial determination that it is a PFIC will generally apply for subsequent years to a U.S. Holder who held shares or warrants of ID Cayman while it was a PFIC, whether or not it met the test for PFIC status in those years. A U.S. Holder who makes the qualified electing fund election discussed above for the first tax year in which the U.S. Holder holds (or is deemed to hold) shares in ID Cayman and for which it is determined to be a PFIC, however, will not be subject to the PFIC tax and interest charge rules (or the denial of basis step-up at death) discussed above in respect to such shares. In addition, such U.S. Holder will not be subject to the qualified electing fund inclusion regime with respect to such shares for the tax years in which ID Cayman is not a PFIC. On the other hand, if the qualified electing fund election is not effective for each of the tax years in which ID Cayman is a PFIC and the U.S. Holder holds (or is deemed to hold) shares in ID Cayman, the PFIC rules discussed above will continue to apply to such shares unless the U.S. Holder makes a purging election and pays the tax and interest charge with respect to the gain inherent in such shares attributable to the pre-qualified electing fund election period.

Alternatively, if a U.S. Holder owns shares in a PFIC that is treated as marketable stock, the U.S. Holder may make a mark-to-market election. If the U.S. Holder makes a valid mark-to-market election for the first tax year in which the U.S. Holder holds (or is deemed to hold) shares in ID Cayman and for which it is determined to be a PFIC, such holder generally will not be subject to the PFIC rules described above in respect to its shares. Instead, in general, the

U.S. Holder will include as ordinary income each year the excess, if any, of the fair market value of its shares at the end of its taxable year over the adjusted basis in its shares. The U.S. Holder also will be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted

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basis of its ordinary shares over the fair market value of its shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in its shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of the shares will be treated as ordinary income. Currently, a mark-to-market election may not be made with respect to warrants.

The mark-to-market election is available only for stock that is regularly traded on a national securities exchange that is registered with the SEC (including NYSE Amex and NASDAQ), or on a foreign exchange or market that the IRS determines has rules sufficient to ensure that the market price represents a legitimate and sound fair market value. After the closing of the business combination, ordinary shares of ID Cayman will be listed on NYSE Amex, but ID Cayman will need to re-apply after the consummation of the business combination in order to maintain its listing. It is unclear whether ID Cayman will meet the required standards for continued listing. If it does not meet those standards, the ordinary shares will be de-listed. In the event ID Cayman meets the relevant requirements after the consummation of the business combination, ID Cayman intends to apply for the listing of its ordinary shares on an established securities market in the United States. There is no assurance that it will be able to do so.

If ID Cayman is a PFIC and, at any time, has a non-U.S. subsidiary that is classified as a PFIC, U.S. Holders generally would be deemed to own a portion of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if ID Cayman receives a distribution from, or disposes of all or part of its interest in, the lower-tier PFIC. U.S. Holders are urged to consult their own tax advisors regarding the tax issues raised by lower-tier PFICs. If a U.S. Holder owns (or is deemed to own) shares during any year in a PFIC, such holder may have to file an IRS Form 8621 (whether or not a qualifying electing fund or mark-to-market election is made).

The rules dealing with PFICs and with the qualified electing fund and mark-to-market elections are very complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of shares and warrants in ID Cayman should consult their own tax advisors concerning the application of the PFIC rules to such shares and warrants under their particular circumstances.

Controlled Foreign Corporation Rules

In general, a foreign corporation is considered a controlled foreign corporation, or CFC, if 10% U.S. Shareholders own more than 50% of the total combined voting power of all classes of voting stock of such foreign corporation, or the total value of all stock of such corporation. A 10% U.S. Shareholder is a U.S. Person who owns at least 10% of the total combined voting power of all classes of stock entitled to vote of the foreign corporation. Each 10% U.S. Shareholder of a foreign corporation that is a CFC for an uninterrupted period of 30 days or more during a taxable year, and that owns shares in the CFC directly or indirectly through foreign entities on the last day of the CFC's taxable year must include in its gross income for U.S. federal income tax purposes its pro rata share (based on its actual direct and indirect, through foreign entities, ownership) of the CFC's subpart F income, even if the subpart F income is not distributed.

For purposes of determining whether a corporation is a CFC, and therefore whether the more-than-50% and 10% ownership tests have been satisfied, shares owned includes shares owned directly, indirectly through foreign entities or shares considered as owned by application of certain constructive ownership rules. Pursuant to those constructive ownership rules:

an individual is treated as owning stock owned by certain members of his or her family;

an option to acquire stock generally is treated as exercised;

a corporation is treated as owning stock owned by a 50% or greater shareholder;

a partnership is treated as owning stock owned by its partners (regardless of their percentage ownership of the partnership); and

stock owned by a partnership or a corporation is treated as owned proportionately by the owners of the entity (in the case of corporations, only if the shareholder owns 10% or more of the stock of the

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corporation). For this rule, if an entity owns more than 50% of the total combined voting power, it is considered to own 100% of such voting power.

Additional rules apply to trusts and estates. Operating rules apply to prevent reattribution of ownership in certain circumstances, as well as attribution that would cause stock to be treated as not owned by a U.S. person. **Because the attribution rules are complicated and depend on the particular facts relating to each investor, you are urged to consult your own tax advisors regarding the application of the rules to your ownership of ordinary shares and warrants of ID Cayman.**

If ID Cayman were a CFC, a U.S. Shareholder's tax basis in its ID Cayman shares would be increased by the amount of any subpart F income that the shareholder includes in income. Any distributions made by ID Cayman out of previously taxed subpart F income would be exempt from further U.S. income tax in the hands of the U.S. Shareholder. The U.S. Shareholder's tax basis in its ID Cayman shares would be reduced by the amount of any distributions that are excluded from income under this rule.

Internal Revenue Code section 1248 provides that if a U.S. Person sells or exchanges stock in a foreign corporation and such person owned directly, indirectly through certain foreign entities or constructively (as described above) 10% or more of the voting power of the corporation at any time during the five-year period ending on the date of disposition when the corporation was a CFC, any gain from the sale or exchange of the shares will be treated as a dividend to the extent of the CFC's earnings and profits (determined under U.S. federal income tax principles) during the period that the shareholder held the shares and while the corporation was a CFC (with certain adjustments). A 10% U.S. Shareholder may in certain circumstances be required to report a disposition of shares of a CFC by attaching IRS Form 5471 to the U.S. federal income tax or information return that it would normally file for the taxable year in which the disposition occurs. Prospective investors should consult their tax advisors regarding the effects of these rules on a disposition of ID Cayman shares.

Due to the anticipated share and warrant ownership among holders of ID Cayman after the redomestication and business combination, it is not anticipated that ID Cayman will be a CFC after the completion of such transactions, but there can be no assurance that this will be the case. Thus, we cannot assure you that ID Cayman will not be a CFC either following the redomestication and business combination or in the future, in which case any 10% U.S. Shareholder would be subject to the rules described above.

The rules dealing with CFCs are very complex. Accordingly, U.S. Holders should consult their own tax advisors concerning the application of the CFC rules to their ordinary shares and warrants under their particular circumstances.

Tax Consequences to Non-U.S. Holders of Shares and Warrants of ID Cayman

Dividends paid to a Non-U.S. Holder in respect to its shares in ID Cayman generally will not be subject to U.S. federal income tax, unless the dividends are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (or, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States).

In addition, a Non-U.S. Holder generally will not be subject to U.S. federal income tax on any gain attributable to a sale or other disposition of shares or warrants in ID Cayman unless such gain is effectively connected with its conduct of a trade or business in the United States (or, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States) or the Non-U.S. Holder is an individual who is present in the United States for 183 days or more in the taxable year of sale or other disposition and certain other conditions are met (in which case, such gain from United States sources generally is subject to tax at a 30% rate or a lower applicable tax treaty rate).

Dividends and gains that are effectively connected with the Non-U.S. Holder's conduct of a trade or business in the United States (or, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base in the United States) generally will be subject to tax in the same manner as for a U.S. Holder and, in the case of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes, may also be subject to an additional branch profits tax at a 30% rate or a lower applicable tax treaty rate.

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Backup Withholding and Information Reporting

In general, information reporting for U.S. federal income tax purposes will apply to distributions made on the shares of ID Cayman within the United States to a non-corporate U.S. Holder and to the proceeds from sales and other dispositions of shares or warrants of ID Cayman to or through a U.S. office of a broker by a non-corporate U.S. Holder. Payments made (and sales and other dispositions effected at an office) outside the United States will be subject to information reporting in limited circumstances.

In addition, backup withholding of U.S. federal income tax, currently at a rate of 28%, generally will apply to dividends paid on the shares of ID Cayman to a non-corporate U.S. Holder and the proceeds from sales and other dispositions of shares or warrants of ID Cayman by a non-corporate U.S. Holder, in each case who (a) fails to provide an accurate taxpayer identification number; (b) is notified by the IRS that backup withholding is required; or (c) in certain circumstances, fails to comply with applicable certification requirements.

A Non-U.S. Holder generally may eliminate the requirement for information reporting and backup withholding by providing certification of its foreign status, under penalties of perjury, on a duly executed applicable IRS Form W-8 or by otherwise establishing an exemption.

Backup withholding is not an additional tax. Rather, the amount of any backup withholding will be allowed as a credit against a U.S. Holder's or a Non-U.S. Holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

MATERIAL PRC TAX CONSIDERATIONS

Pursuant to the applicable PRC tax laws, prior to January 1, 2008, companies established in China were generally subject to a state and local enterprise income tax, or EIT, at statutory rates of 30% and 3%, respectively. SearchMedia's PRC subsidiaries, Jieli Consulting and Jieli Network, and most of its consolidated PRC affiliated entities were subject to an income tax rate of 33%.

On March 16, 2007, the National People's Congress adopted the new PRC Enterprise Income Tax Law, or the EIT Law, which became effective from January 1, 2008 and replaced the separate income tax laws for domestic enterprises and foreign-invested enterprises by adopting a unified income tax rate of 25% for most enterprises. In addition, on December 6, 2007, the State Council issued the Implementation Rules for the EIT Law, which became effective simultaneously with the EIT Law. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the EIT Law, or the Transition Preferential Policy Circular, which became effective upon promulgation. Under these regulations, the PRC government revoked many of then existing tax exemption, reduction and preferential treatments, but permit companies to continue to enjoy their existing preferential tax treatments for the remainder of the preferential periods, subject to transitional rules as stipulated in the Transition Preferential Policy Circular. Since January 1, 2008, SearchMedia's PRC subsidiaries, Jieli Consulting and Jieli Network, and its consolidated PRC affiliated entities have been subject to an income tax rate of 25%.

Under relevant PRC tax law applicable prior to January 1, 2008, dividend payments to foreign investors made by foreign-invested entities were exempt from PRC withholding tax. However, under the Implementation Rules of the EIT Law, subject to applicable tax agreements or treaties between the PRC and other tax jurisdictions, non-resident enterprises without an institution or establishment in the PRC, or non-resident enterprises whose income has no connection with their institutions and establishment in the PRC, are normally subject to withholding tax at the rate of

10% with respect to their PRC-sourced dividend income. Under the EIT Law, a resident enterprise, which includes an enterprise established outside of China with de facto management bodies located in China, will be subject to PRC income tax. Under the Implementation Rules of the EIT Law, de facto management body is defined as the body that has material and overall management and control over the business, personnel, accounts and properties of enterprise. All of SearchMedia's management is currently located in the PRC. If SearchMedia were treated as a resident enterprise for PRC tax purposes, SearchMedia would be subject to PRC tax on its worldwide income at the 25% uniform tax rate; the dividends distributed from its PRC subsidiary to SearchMedia would be exempt income; the dividends paid by SearchMedia to its non-PRC shareholders would be subject to a withholding tax. In addition, under the EIT

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Law, SearchMedia's non-PRC shareholders would become subject to a 10% income tax on any gains they would realize from the transfer of their shares, if such income were sourced from within the PRC.

THE SHARE INCREASE PROPOSAL

Ideation is asking you to approve the authorization of 1,000,000,000 ordinary shares and 10,000,000 preferred shares in ID Cayman's Memorandum of Association, as compared to 50,000,000 shares of common stock and 1,000,000 shares of preferred stock currently authorized in Ideation's Amended and Restated Certificate of Incorporation.

Reason for the proposal. The form of ID Cayman's Memorandum of Association agreed upon in connection with the share exchange agreement provides for the authorization of 1,000,000,000 ordinary shares and 10,000,000 preferred shares. In order to complete the business combination with SearchMedia, Ideation stockholders are required to approve the form of ID Cayman's Memorandum of Association.

Effect of the share increase. In negotiating the share exchange agreement, the parties agreed that the number of shares of capital stock authorized under Ideation's Amended and Restated Certificate of Incorporation was not sufficient and that it would be prudent to increase the number of authorized shares in connection with the redomestication to provide a reserve of shares available for issuance to meet business needs as they arise. Such future activities may include, without limitation, mergers and acquisitions, equity financings, providing equity incentives to employees under compensation plans, effecting stock splits, or paying dividends. Although ID Cayman has no present obligation to issue additional shares (except pursuant to outstanding warrants, purchase options and restricted stock units), it may, in the future, issue shares in connection with the activities described above or otherwise.

Upon completion of the redomestication and business combination, the increase in the authorized shares will not have any immediate effect on the rights of ID Cayman's shareholders. The ID Cayman board of directors may in the future cause the issuance of additional ordinary shares without further vote of the ID Cayman shareholders. Upon completion of the redomestication and business combination, the ID Cayman shareholders will not have preemptive or similar rights, which means that the ID Cayman shareholders will not have a prior right to purchase any new issue of shares of ID Cayman in order to maintain their proportionate ownership. The issuance of additional shares would have the effect of decreasing the proportionate equity interest of ID Cayman's shareholders and, depending upon the price paid for such additional shares, could result in dilution to ID Cayman shareholders.

The share increase could, under certain circumstances, have an anti-takeover effect, although this is not the intention of this proposal. For example, in the event of a hostile attempt to take over control of ID Cayman, it may be possible for ID Cayman to endeavor to impede the attempt by issuing ordinary or preferred shares, which would dilute the voting power of the other outstanding shares and increase the potential cost to acquire control of ID Cayman. The share increase therefore may have the effect of discouraging unsolicited takeover attempts, potentially limiting the opportunity for ID Cayman's shareholders to dispose of their shares at a premium, which is often offered in takeover attempts, or that may be available under a future merger proposal. The share increase may also have the effect of permitting ID Cayman's management or board of directors to retain its position, and place it in a better position to resist changes that shareholders may wish to make if they are dissatisfied with the conduct of ID Cayman's business.

If the Share Increase Proposal is adopted, as of the date of this proxy statement/prospectus, assuming the maximum issuance of ordinary shares is made in connection with the business combination and earn-out and reserving for all warrants, options, and restricted share awards to be issued and outstanding upon completion of the business combination and earn-out, there will be approximately 950,000,000 authorized and unissued ordinary shares that are not reserved for any specific use and are available for future issuances.

If the Share Increase Proposal is adopted, it will become effective upon the completion of the redomestication. Approval of the Share Increase Proposal will require the affirmative vote of the holders of a majority in voting power of the outstanding shares of Ideation's common stock.

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If the Redomestication Proposal and Business Combination Proposal are not approved at the special meeting, the Share Increase Proposal will not be presented at the meeting.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Share Increase Proposal is advisable and in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Share Increase Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

THE DECLASSIFICATION PROPOSAL

Ideation is asking you to approve the elimination in ID Cayman's Memorandum of Association of the classified board currently authorized in Ideation's Amended and Restated Certificate of Incorporation. The Ideation board of directors is currently separated into three classes, serving staggered terms. Each year, stockholders are requested to elect the directors comprising one of the classes for a three-year term. Because of the classified board structure, stockholders have the opportunity to vote on approximately one-third of the directors each year.

Reason for the proposal. The form of ID Cayman's Memorandum of Association agreed upon in connection with the share exchange agreement did not provide for a classified board of directors. In order to complete the business combination with SearchMedia, Ideation stockholders are required to approve the form of ID Cayman's Memorandum of Association.

Effect of the declassification of the board of directors. The Declassification Proposal would cause each of ID Cayman's directors to stand for re-election each year at ID Cayman's annual meeting. Upon the consummation of the business combination, the initial ID Cayman board of directors will consist of ten directors, of which the SearchMedia shareholders will designate five directors to ID Cayman's board and the Ideation representative as provided in the share exchange agreement will designate five directors.

Upon consummation of the business combination, the executive officers, directors and other affiliates of ID Cayman will own over 49% of ID Cayman's voting shares. These shareholders will be able to control substantially all matters requiring approval by ID Cayman's shareholders, including the election of directors. The declassification of the board of directors will allow these shareholders to change the composition of the board of directors at any one annual meeting, as opposed to waiting for a period of at least two annual meetings as would be required if the board of directors was classified.

If the Declassification Proposal is adopted, it will become effective upon the completion of the redomestication. Approval of the Declassification Proposal will require the affirmative vote of the holders of a majority in voting power of the outstanding shares of Ideation's common stock.

If the Redomestication Proposal and Business Combination Proposal are not approved at the special meeting, the Declassification Proposal will not be presented at the meeting.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Declassification Proposal is advisable and in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Declassification Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

THE AMENDMENT PROPOSAL

Ideation is asking you to approve the provision in ID Cayman's Articles of Association providing that the amendment of either of ID Cayman's Memorandum of Association or Articles of Association will require a vote of two-thirds of its shareholders voting in person or by proxy at a meeting at which a quorum is present to make such amendment. Ideation's Amended and Restated Certificate of Incorporation provides that an amendment to the Amended and Restated Certificate of Incorporation requires a vote of a majority of the outstanding stock entitled to vote to adopt such amendment.

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Reason for the proposal. The form of ID Cayman's Articles of Association agreed upon in connection with the share exchange agreement provided that an amendment to either of ID Cayman's Memorandum of Association or Articles of Association must be made by a special resolution as defined in the Companies Laws. A special resolution requires a vote of two-thirds of the shareholders voting in person or by proxy at a meeting. In order to complete the business combination with SearchMedia, Ideation stockholders are required to approve the form of ID Cayman's Memorandum of Association.

Effect of the proposal. The Amendment Proposal would change the number of shares needed to approve an amendment to the charter documents of ID Cayman as compared to the current number required to amend the charter documents of Ideation. Ideation cannot determine which provision would make amending the charter documents more likely, as the ID Cayman amendment provisions require a higher percentage of the shares actually voted at a meeting at which a quorum is present (with a quorum being present with as little as fifty percent (50%) of the shares in issue), as opposed to the Ideation amendment provisions which require a majority of the outstanding shares to approve the amendment regardless of the number of shares voted at the meeting.

Upon consummation of the business combination, the executive officers, directors and other affiliates of ID Cayman will own 15.1% of ID Cayman's voting shares. These shareholders will be able to control substantially all matters requiring approval by ID Cayman's shareholders, including the amendment to ID Cayman's Memorandum of Association or Articles of Association.

If the Amendment Proposal is adopted, it will become effective upon the completion of the redomestication. Approval of the Amendment Proposal will require the affirmative vote of the holders of a majority in voting power of the outstanding shares of Ideation's common stock.

If the Redomestication Proposal and Business Combination Proposal are not approved at the special meeting, the Amendment Proposal will not be presented at the meeting.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Amendment Proposal is advisable and in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Amendment Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

THE SHAREHOLDER CONSENT PROPOSAL

Ideation is asking you to approve a provision in ID Cayman's Articles of Association providing that the ID Cayman shareholders may pass resolutions without holding a meeting only if such resolutions are passed by a unanimous written resolution signed by all of the shareholders entitled to vote, as opposed to the provisions in Ideation's Amended and Restated Certificate of Incorporation that provide that stockholders may not take action without a meeting.

Reason for the proposal. The form of ID Cayman's Articles of Association agreed upon in connection with the share exchange agreement provided that the shareholders of ID Cayman (or of a particular class) may pass resolutions without holding a meeting if such resolutions of the shareholders (or class thereof) are passed by a unanimous written resolution signed by all of the shareholders (or class thereof) entitled to vote. In order to complete the business combination with SearchMedia, Ideation stockholders are required to approve the form of ID Cayman's Articles of Association.

Effect of the proposal. The Shareholder Consent Proposal would provide a very limited opportunity for shareholders of ID Cayman to take action without calling a special or annual meeting of shareholders, because the provision in ID Cayman's Articles of Association requires a unanimous written consent of the shareholders to take an action without a

meeting.

If the Shareholder Consent Proposal is adopted, it will become effective upon the completion of the redomestication. Approval of the Shareholder Consent Proposal will require the affirmative vote of the holders of a majority in voting power of the outstanding shares of Ideation's common stock.

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If the Redomestication Proposal and Business Combination Proposal are not approved at the special meeting, the Shareholder Consent Proposal will not be presented at the meeting.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Shareholder Consent Proposal is advisable and in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Shareholder Consent Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

THE CORPORATE EXISTENCE PROPOSAL

Ideation is asking you to approve a provision in ID Cayman's Memorandum of Association providing for the perpetual existence of ID Cayman, as compared to a provision providing for the termination of Ideation's existence on November 19, 2009 as set forth in Ideation's Amended and Restated Certificate of Incorporation.

Reason for the proposal. Ideation's Amended and Restated Certificate of Incorporation currently provides for the termination of Ideation's existence on November 19, 2009, but allows for the amendment of this article to permit Ideation's continued existence when Ideation submits an initial business combination proposal to its stockholders.

Effect of the proposal. The Corporate Existence Proposal will allow for the perpetual existence of ID Cayman.

If the Corporate Existence Proposal is adopted, it will become effective upon the completion of the redomestication. Approval of the Corporate Existence Proposal will require the affirmative vote of the holders of a majority in voting power of the outstanding shares of Ideation's common stock.

If the Redomestication Proposal and Business Combination Proposal are not approved at the special meeting, the Corporate Existence Proposal will not be presented at the meeting.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Corporate Existence Proposal is advisable and in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Corporate Existence Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

THE SHARE INCENTIVE PLAN PROPOSAL

Ideation is asking you to approve the assumption of the SearchMedia International Limited 2008 Stock Incentive Plan and its amendment and restatement as the Amended and Restated 2008 Share Incentive Plan. The Amended and Restated 2008 Share Incentive Plan will make available up to approximately 13% of ID Cayman ordinary shares in issue at the closing of the business combination for issuance in accordance with the plan's terms. The purpose of the plan is to create incentives designed to motivate ID Cayman's employees to significantly contribute toward our growth and profitability, to provide ID Cayman's executives, directors and other employees and persons who, by their position, ability and diligence are able to make important contributions to our growth and profitability, with an incentive to assist us in achieving our long-term corporate objectives, to attract and retain executives and other employees of outstanding competence and to provide such persons with an opportunity to acquire an equity interest in ID Cayman. The plan is attached as Annex I to this proxy statement/prospectus. We encourage you to read the plan in its entirety.

Background and Material Terms of the Amended and Restated 2008 Share Incentive Plan. SM Cayman has adopted a 2008 share incentive plan to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of its business. The 2008 share incentive plan took effect on

January 1, 2008, the date it was approved by SM Cayman's shareholders. As amended, up to 29,400,000 ordinary shares have been reserved for issuance under the 2008 share incentive plan. As of the date of this proxy statement/prospectus, SM Cayman's management personnel have outstanding options to purchase a total of 11,395,000 ordinary shares. Ideation shall assume the 2008 share incentive plan and amend and restate the plan as the Amended and Restated 2008 Share Incentive Plan.

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Plan Administration. ID Cayman's board of directors, or a committee designated by the 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 award grant.

Types of Awards. Pursuant to the plan, 1,796,452 shares have been reserved for issuance. The types of awards ID Cayman may grant under the plan include the following.

options to purchase ID Cayman's ordinary shares;

restricted shares, which represent non-transferable ordinary shares, that may be subject to forfeiture, restrictions on transferability and other restrictions; and

restricted share units, which represent the right to receive ID Cayman's ordinary shares at a specified date in the future, which may be subject to forfeiture.

Award Document. Awards granted under ID Cayman's plan are each evidenced by an award document that sets forth the terms, conditions and limitations for each grant, including the exercise price, the number of shares to which the award pertains, the conditions upon which an option will become vested and exercisable and other customary provisions.

Eligibility. ID Cayman may grant awards to (i) its employees, directors and consultants, and (ii) the employees, directors and consultants of any of its parents or subsidiaries and of any entity in which ID Cayman or any of its parents or subsidiaries holds a substantial ownership interest. Incentive share options may be granted to employees of ID Cayman, or any of its parents or subsidiaries, and may not be granted to employees of a related entity or to independent directors or consultants.

Acceleration of Awards upon Change of Control and Corporate Transactions. Unless otherwise provided in the award agreement: 1) the outstanding awards will accelerate by one year upon occurrence of a Change of Control as defined in the plan where the successor entity does not convert, assume or replace ID Cayman's outstanding awards under the plan; 2) in the event of a corporate transaction as defined in the plan, including certain amalgamations, arrangements, consolidations or schemes of arrangement and the transfer of all or substantially all of ID Cayman's assets, each outstanding award that is not assumed or replaced by the successor entity will become fully vested and immediately exercisable provided that the related grantee's continuous service with ID Cayman shall not be terminated before the effective date of the corporate transaction; and 3) furthermore, in the event of a corporate transaction, each outstanding award that is assumed or replaced by the successor entity will become fully vested and immediately exercisable immediately upon termination of the participant's employment or service within twelve (12) months of the corporate transaction without cause.

Term of the Awards. The term of each award grant shall be stated in the award agreement, provided that the term for an option shall not exceed ten years from the date of the grant, unless shareholder approval is obtained for amending the plan to extend the exercise period for an option beyond ten years from the date of the grant.

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

Transfer Restrictions. Except as otherwise provided by the committee that administers the plan, awards granted under the plan may not be assigned, transferred or otherwise disposed of by the award holders other than by will or the laws of descent and distribution.

Termination and Amendment of the Plan. Unless terminated earlier, the plan will expire on, and no award may be granted pursuant to the plan after, the tenth anniversary of its effective date. With the approval of ID Cayman's board of directors, the committee that administers the plan may amend or terminate the plan, except that shareholder approval shall be obtained to the extent necessary or desirable to comply with applicable laws or stock exchange rules, or for amendments to the plan that increase the number of shares available under the plan, permit the committee to extend the term of the plan or the exercise price of an option

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beyond ten years from the date of grant or result in a material increase in benefits or a change in eligibility requirements.

If the Redomestication Proposal and the Business Combination proposal are not approved at the special meeting, the Share Incentive Plan Proposal will not be presented at the meeting.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Share Incentive Plan Proposal is advisable and in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Share Incentive Plan Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

THE ADJOURNMENT PROPOSAL

This proposal allows the Ideation board of directors to submit a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting to approve any of the Charter Amendment Proposal, the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, and the Share Incentive Plan Proposal.

If this proposal is not approved by Ideation stockholders, its board of directors may not be able to adjourn the special meeting to a later date in the event there are not sufficient votes at the time of the special meeting to approve any of the proposals.

Approval of the Adjournment Proposal requires the affirmative vote of the holders of a majority in voting power of Ideation's common stock present in person or represented by proxy at the special meeting and entitled to vote thereon. Abstentions will have the effect of a vote against this proposal, but broker non-votes will have no effect on the approval of the proposal.

Conclusion of Ideation's Board of Directors. After careful consideration of all relevant factors, the Ideation board of directors determined that the Adjournment Proposal of the special meeting for the purpose of soliciting additional proxies is in the best interests of Ideation and its stockholders. The board of directors has approved and declared the Adjournment Proposal advisable and recommends that you vote or give instructions to vote **FOR** the proposal.

INFORMATION ABOUT SEARCHMEDIA

Business Overview

SearchMedia is a leading nationwide multi-platform media company and one of the largest operators of integrated outdoor billboard and in-elevator advertising networks in China. It ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities, according to Nielsen Media Research, an independent research company, in its July 2008 report commissioned by SearchMedia, or the Nielsen Report. SearchMedia's core outdoor billboard and in-elevator platforms are complemented by its subway advertising platform, which together enable it to provide multi-platform, one-stop shop services for its local, national and international advertising clients that numbered more than 780 cumulatively from its inception to July 31, 2009.

Targeting the rapidly growing number of urban and increasingly affluent Chinese consumers, SearchMedia deploys its advertising network across the following select media platforms:

Outdoor billboard platform. SearchMedia operates a network of over 1,500 high-impact billboards with over 500,000 square feet of surface display area in 15 cities, including Beijing, Hong Kong, Qingdao, Shanghai, Shenyang, Shenzhen, Guangzhou, Chongqing and Chengdu. Its billboards are mostly large format billboards deployed in commercial centers and other desirable areas with heavy vehicle and/or foot traffic. SearchMedia has demonstrated its ability to acquire high-profile billboard

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contracts with its success in 2007 in securing the billboard advertising rights at the Bund, a landmark destination in Shanghai.

In-elevator platform. SearchMedia's network of over 175,000 printed and digital poster frames delivers targeted advertising messages inside elevators to captive audiences in high-rise residential and office buildings in 57 major cities in China. The in-elevator platform targets the affluent urban population that is highly desired by advertisers and is characterized by its low cost structure and minimal capital requirements. According to the Nielsen Report, SearchMedia ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities. These 26 cities were among China's most affluent measured by urban disposable income per capita and GDP per capita in 2007, and together accounted for 65% of all advertising expenditures on traditional media, including TV, newspaper and magazines, in China in 2007.

Subway advertising platform. SearchMedia operates a network of large-format light boxes in concourses of eight major subway lines in Shanghai. According to the Metro Authority of Shanghai, in 2008, these subway lines carried an aggregate average daily traffic of approximately three million commuters.

SearchMedia's multi-platform offerings are cross-marketed by an integrated sales force located in 29 offices across China. As of July 31, 2009, over 780 advertisers had purchased advertising space on SearchMedia's network since 2005. These advertising clients are from industries ranging from telecommunications, insurance and banking, to automobiles, real estate, electronics and fast moving consumer goods. In 2008, approximately 40% of SearchMedia's contracts were entered into with advertising agencies representing these brands.

Since SearchMedia entered the out-of-home advertising industry through its predecessors in 2005, it has achieved significant growth through acquisitions and organic expansion. From 2005 to July 31, 2009 SearchMedia has expanded its network to over 175,000 poster frames and over 500,000 square feet of billboard space. SearchMedia's revenues, operating income and net income were \$7.8 million, \$2.2 million and \$1.2 million, respectively, for the period from its inception on February 9, 2007 to December 31, 2007, and \$88.6 million, \$22.8 million and \$4.3 million, respectively, for the year ended December 31, 2008. SearchMedia believes it is well-positioned to continue to expand its billboard and in-elevator networks through acquisitions and organic expansion, and capitalize on the growth opportunities in China's out-of-home and other emerging media markets.

Competitive Advantages

SearchMedia believes it enjoys the following advantages over its competitors:

Nationwide coverage and leading market share. With a nationwide coverage of 57 cities within 28 provinces throughout China and Hong Kong, SearchMedia is one of the largest operators of out-of-home advertising media networks in China. According to the Nielsen Report, SearchMedia ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities. SearchMedia believes its leading market share and experience have enabled it to build a strong brand and reputation in the industry and have allowed it to attract a highly diversified advertising base of national and international clients, in addition to a broad client list of local advertisers. From its inception to July 31, 2009, over 780 advertisers had purchased advertising space on SearchMedia's advertising network. SearchMedia believes its growing nationwide coverage, its leading market share and strong reputation will continue to help it expand its client base and media portfolio, create significant barriers to entry in existing markets and provide added leverage in its quest to expand to new geographic and advertising markets.

Extensive advertising network across multiple media platforms. SearchMedia believes its extensive advertising network across multiple media platforms allows it to act as a one-stop shop for advertising clients that seek nationwide distribution of advertising content across multiple advertising channels,

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including outdoor billboards, elevators and subway stations. The site-specific billboards and frames in its large portfolio further combine nationwide marketing with the benefit of precision targeting of audiences. These attributes allow SearchMedia to accommodate clients that desire to scale and optimize their advertising solutions based on their advertising budgets, targeted audiences and nature of marketing. The effectiveness of SearchMedia's advertising solutions are particularly enhanced by the ability of its in-elevator and subway advertising platforms to deliver messages on a continuous basis to a captive audience that is urban and increasingly affluent. Additionally, SearchMedia believes that many of its clients are often using in-elevator advertising for promotional purposes, as opposed to just brand awareness, which is a core strategy for these advertisers regardless of the economic climate. SearchMedia believes the appeal of its scalable, targeted and effective advertising solutions will continue to attract new and recurring clients, aided by its integrated sales team that is trained to cross-sell its solutions across multiple platforms and to create a seamless sales experience through keeping one consistent point of contact throughout each sales process. SearchMedia also believes that the multiple revenue streams generated from the various media platforms will contribute to the financial and operational stability of the business by mitigating the market risks it could potentially experience with any particular advertising platform.

Leverage over a fragmented in-elevator leasing market. The management and ownership of residential and office buildings in China are highly fragmented in cities where SearchMedia currently operates and where it targets for expansion. As of July 31, 2009, it had over 8,000 elevator leasing contracts in effect with over 6,000 site managers and owners in the 57 cities where it operates. SearchMedia believes the asymmetry created by the fragmented lessor market and the relatively concentrated lessee market has contributed to the relatively stable rental cost it has enjoyed since the beginning of 2007 and the high contract renewal rate of 80% for the same period. SearchMedia believes its leverage in lease negotiations will further strengthen as it continues to consolidate the in-elevator advertising market.

Profitable and scalable revenue model. Each of SearchMedia's media platforms can be characterized by a low cost structure and low level of capital expenditures required for expansion, which is expected to allow SearchMedia to cost-efficiently expand and scale its operations in response to market conditions and new opportunities. SearchMedia believes its expansion opportunities, both geographic and in new advertising markets, can be further characterized by low incremental cost and high marginal profit, as it continues to leverage its existing integrated sales team located in 29 offices across 28 provinces, supported by the IT, human resource and administration professionals at its corporate headquarters.

Significant value proposition to advertisers. SearchMedia's nationwide coverage and its site-specific, multi-platform offerings combine possibilities of nationwide marketing campaigns with focused targeting of audiences within one or more specific locations. These attributes allow it to accommodate clients that desire to scale and optimize their advertising solutions based on their advertising budgets, targeted audiences and nature of marketing. The effectiveness of SearchMedia's advertising solutions are particularly enhanced by the ability of its in-elevator and subway advertising platforms to deliver messages on a continuous basis to a captive audience that is urban and increasingly affluent. Additionally, SearchMedia believes that many of its clients are often using in-elevator advertising for promotional purposes, as opposed to just brand awareness, which is a core strategy for these advertisers regardless of the economic climate. SearchMedia believes the appeal of its scalable, targeted and effective advertising solutions will continue to attract new and recurring clients, aided by its integrated sales team that is trained to cross-sell its solutions across multiple platforms and to create a seamless sales experience through keeping one consistent point of contact throughout each sales process.

Strong management team. SearchMedia's founders and other members of its senior management team share among them over 100 years of combined industry experience in China. SearchMedia's management team has been strengthened by the addition of several key executives, who bring operational and management experiences from both multinational and leading domestic companies. Under the leadership of its founders and senior management, SearchMedia has been able to successfully pursue

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acquisitions and integrate acquired resources, operate an efficient organization, build its nationwide sales force, increase brand awareness and build a diverse client base. SearchMedia believes its strong management team has demonstrated vision and execution capabilities that will continue to strengthen its market leadership position in the out-of-home advertising market.

Strategy

SearchMedia's goal is to own and operate the leading integrated out-of-home media network in China with a focus on existing and emerging media platforms with low capital requirements and high returns. SearchMedia intends to achieve these goals by pursuing the following strategies:

Solidify its leadership position through increased penetration of existing markets and expansion into new markets. SearchMedia is currently one of the largest outdoor and in-elevator media operators in China. To consolidate its leadership position, SearchMedia intends to increase penetration of existing markets and aggressively expand into new markets. In cities where SearchMedia has an existing network and sales presence, SearchMedia intends to further strengthen its relationships with site managers and owners, and aims to renew and secure additional leases on a multi-year, exclusive basis, with the initial focus on premium sites with high visibility and impact. In addition, SearchMedia plans to continue the expansion of its outdoor billboard advertising platform through strategic cooperation with business partners and acquisition of additional businesses. SearchMedia also plans to expand its subway advertising platform by capitalizing on the many subway lines in planning stages or currently under construction throughout China, including those under construction in Chengdu, Hangzhou, Shenyang and Xi'an, and others in planning in Harbin and Qingdao.

Diversify and increase media offerings and optimize its portfolio. SearchMedia's media offerings consist primarily of printed and digital poster frames and billboards carried on its outdoor billboard, in-elevator and subway advertising platforms. In order to enhance SearchMedia's service offerings and capitalize on the increasing prominence of new media forms, it plans to further expand its advertising coverage through the widening adoption of existing media products, such as digital frames. Digital frames not only present the possibilities of creating more memorable advertising messages through story-boarding, they also present opportunities of multiplying SearchMedia's revenues generated from its existing network by increasing the number of displays available for sale in each poster frame. SearchMedia intends to implement a prudent rollout of more digital frames over its network, in tandem with its enhanced efforts of marketing digital frames for wider adoption by higher-end clients that have greater needs for market segmentation. Market conditions permitting, SearchMedia also plans to introduce new and differentiated advertising products that offer its clients more customization opportunities. SearchMedia believes its strategy of diversifying its products will allow it to continue to serve as a one-stop shop media service provider, simultaneously optimize its network and client base, and diversify its revenue and income streams. It also aims to periodically adjust the portfolio of media holdings in its network in order to optimize the portfolio for higher returns.

Continue to implement an integrated sales approach and engage in cross-selling efforts. SearchMedia intends to continue to engage in cross-selling efforts to enable existing and potential advertising clients to take advantage of its multi-platform advertising network, and to help increase the value of its network and the occupancy rate of its offerings. To further implement cross-selling initiatives, SearchMedia plans to adopt an integrated sales approach under which SearchMedia will continue to coordinate and integrate the sales and maintenance teams across platforms and geographic regions and provide them with the proper training and incentive structure to encourage more cohesive and consistent services to its clients and a heightened awareness of opportunities to cross-sell its media offerings while optimizing advertising solutions for its clients. SearchMedia also intends to further consolidate the media and sales resources of the businesses it acquired as a necessary measure to effectively integrate SearchMedia's sales force and engage in cross-selling efforts.

Continue efforts to strengthen brand name. Having expanded its network to 57 cities in China and Hong Kong in less than two years, successfully competed for premium advertising sites and won over

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clients through quality service and attractive media offerings, SearchMedia has built its brand, into a well-known name in the advertising industry. SearchMedia intends to continue to invest in intensive branding efforts and bid for high-profile projects that will bring positive media exposure and lead to greater market acceptance and name recognition. SearchMedia believes its enhanced brand will help obtain repeat businesses from existing clients and a larger share of their marketing budgets, attract new clients to advertise on its network, help convince site managers and owners to cooperate with SearchMedia, and entice other media operators to potentially partner with SearchMedia in mutually beneficial pursuits.

Pursue strategic alliances and acquisitions and integrate acquired businesses. SearchMedia plans to supplement its organic growth and enhance the scale of its operations by identifying, selectively pursuing strategic alliances and acquisitions. SearchMedia will continue to identify and evaluate strategic acquisition opportunities with attractive media products, platforms or client bases that will complement its growth strategy of pursuing operations with low capital requirements and high returns. SearchMedia believes this strategy will further enhance its market leadership position while also providing an attractive return on investment.

Industry Background

China's advertising market has experienced tremendous growth in recent years and is one of the world's largest and fastest growing advertising markets. The growth of China's advertising market is supported by the fast growing Chinese economy and its growing and increasingly affluent urban population.

China's Economy

Large, Fast Growing Chinese Economy. China is the world's most populous country, with a population of 1.3 billion as of the end of 2008 according to the U.S. Census Bureau. China's gross domestic product, or GDP, grew from \$1.8 trillion in 2003 to \$3.2 trillion in 2007, representing a compound annual growth rate, or CAGR, of 16.0%, and is expected to reach \$5.3 trillion in 2011, representing a CAGR of 13.4% from 2007 to 2011, according to ZenithOptimedia.

Urbanization Trend. China has witnessed a growing trend toward urbanization in the past decade. According to the China Statistical Yearbook, the urban population represented approximately 45% of the overall population in China as of December 31, 2007 compared to approximately 29% as of December 31, 1995. Furthermore, according to an article by Xinhua News, the official press agency of China, the urban population will represent approximately 50% of China's total population by the end of 2010 and reach 60% of China's total population by the end of 2020.

Increasingly Affluent Urban Population. The National Bureau of Statistics of China reported that the annual disposable income per capita in urban households increased from RMB8,472 in 2003 to RMB13,786 in 2007, representing a CAGR of 12.9%. In Beijing, Guangzhou, Shanghai and Shenzhen, where SearchMedia has major operations, annual per capita disposable income in 2007 was RMB21,989, RMB22,469, RMB23,623 and RMB24,870, respectively, representing a level significantly above the national average.

China's Advertising Market

Large Size and High Growth. China has the largest advertising market in Asia excluding Japan, and the fifth largest advertising market in the world, as measured by total advertising expenditure. According to ZenithOptimedia, advertising spending in China in 2007 was approximately \$15.4 billion, accounting for 26.4% of the total advertising spending in Asia excluding Japan. ZenithOptimedia also projected that the advertising market in China will be one of the fastest growing advertising markets in the world in the next three

years, growing at a CAGR of 9.4% from 2007 to 2011. By 2011, China is projected to account for 31.1% of the total advertising spending in Asia excluding Japan.

Table of Contents**Advertising expenditures (in billions of U.S. dollars)**

	2004	2005	2006	2007	2008	2009	2010	2011	CAGR 2007-2011
China	9.5	11.1	13.3	15.4	18.3	19.3	20.3	22.1	9.4%
India	2.6	3.0	3.6	4.4	5.2	5.5	6.0	6.9	11.9%
Singapore	1.3	1.2	1.3	1.3	1.4	1.2	1.2	1.2	(2.0)%
Indonesia	1.6	1.8	2.2	2.6	3.0	3.3	3.6	4.1	12.1%
Japan	37.0	40.3	40.7	41.0	39.5	37.5	37.0	37.3	(2.3)%
South Korea	8.3	8.6	9.3	10.0	9.5	7.6	8.4	10.6	1.5%
United Kingdom	22.8	23.5	24.0	25.5	25.0	22.8	23.3	24.4	(1.1)%
Germany	22.2	23.2	24.7	25.8	25.3	23.9	24.4	25.1	(0.7)%
United States	161.5	166.2	174.8	179.3	171.9	156.9	154.3	156.0	(3.4)%
Worldwide	395.2	419.4	449.2	479.4	484.0	450.5	457.2	477.7	(0.1)%

Source : ZenithOptimedia (March 2009)

Room for sustained growth. SearchMedia believes the advertising market in China has the potential for considerable and sustained growth due to the relatively low levels of advertising expenditure per capita and advertising expenditure as a percentage of GDP in China compared to other countries. The following table sets forth the advertising expenditure per capita and as a percentage of GDP in the countries listed below for 2007.

	Advertising Expenditure in 2007	
	Per capita (\$)	% of GDP
China	11.6	0.5
India	3.7	0.4
Singapore	298.9	0.8
Indonesia	11.1	0.6
Japan	320.8	0.9
South Korea	206.7	1.0
United Kingdom	418.8	0.9
Germany	311.8	0.8
United States	586.1	1.3
Worldwide	91.3	0.9

Source : ZenithOptimedia (March 2009)

Urban Concentration. Historically, advertising expenditure in China has been highly concentrated in more economically developed urban areas where income per capita is much higher than in rural areas. This trend is supported by the fact that the annual per capita disposable income in urban households in 2007 was RMB13,786, more than triple of the corresponding statistic for rural households of RMB4,140, according to China's National Bureau of Statistics. Additionally, as of 2006, China has 30 of the 100 largest cities in the

world, based on city proper data from the United Nations Statistics Division.

Table of Contents**20 largest Chinese cities as of 2006**

	Population (In millions)	SearchMedia's Portfolio as of July 31, 2009		
		Billboard	Elevator	Subway
Shanghai	14.3	ü	ü	ü
Beijing	11.5	ü	ü	
Chongqing	9.7	ü	ü	
Guangzhou	8.5	ü	ü	
Wuhan	8.3	ü	ü	
Tianjin	7.5		ü	
Shenzhen	7.0	ü	ü	
Hong Kong	6.9	ü		
Dongguan	6.4		ü	
Shenyang	5.3	ü	ü	
Xi'an	4.5	ü	ü	
Chengdu	4.3	ü	ü	
Nanjing	3.6	ü	ü	
Harbin	3.5	ü		
Dalian	3.2		ü	
Changchun	3.2		ü	
Kunming	3.0		ü	
Ji'nan	3.0	ü	ü	
Guiyang	3.0		ü	
Zibo	2.8		ü	

Population source : United Nations Statistics Division

Out-of-home Advertising in China

Out-of-home advertising, which typically refers to advertising media in public places, such as billboards, in-elevator displays, street furniture and transit area displays, has emerged as an important form of advertising in China, and serves as a key marketing tool for both domestic and international advertisers. In particular, SearchMedia believes out-of-home advertising presents a number of advantages over other forms of advertising, including:

Effective and broad reach. SearchMedia believes out-of-home advertising media is typically difficult for target audiences to interrupt or selectively avoid. When appropriately positioned, out-of-home advertising offers sustained and repetitive reach to a broad audience.

Selective targeting. Out-of-home advertising can effectively target specific demographics and locations. For example, advertisers can choose to target young middle income individuals near bars and restaurants, high income individuals at golf clubs or pedestrians in close proximity to their businesses.

Captures an increasingly mobile audience. In China, factors such as increasing urbanization, increasing disposable income, longer travel time and greater travel frequency are leading to the general population's

spending a larger amount of time away from home. As a result, out-of-home advertising enjoys advantages over other popular traditional advertising, such as television or radio, which are predominantly delivered to homes.

Cost effective advertising. Out-of-home advertising is a lower cost advertising platform compared to many other forms, in particular television, radio and print media. In addition, local businesses that

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cannot afford more costly traditional media favor out-of-home advertising since it offers greater customization on a local and segment basis.

Market size and growth

SearchMedia believes the advantages outlined above have helped the out-of-home advertising market to become one of the fastest growing advertising markets in China. The following table sets forth the estimated advertising expenditure by media for the years indicated. The outdoor advertising market is expected to grow by a CAGR of 11.8% from \$2.6 billion in 2007 to \$4.0 billion in 2011.

Advertising expenditures in China (in millions of U.S. dollars)

	2004	2005	2006	2007	2008	2009	2010	2011	CAGR 2007-2011
Television	3,832	4,670	5,311	5,823	6,871	7,489	8,163	8,571	10.1%
Radio	433	511	752	826	991	1,070	1,124	1,236	10.6%
Newspapers	3,033	3,366	4,109	4,235	4,405	4,184	3,766	3,879	(2.2)%
Magazines	267	327	317	348	383	363	327	360	0.9%
Outdoor	1,626	1,655	1,890	2,574	3,166	3,325	3,491	4,015	11.8%
Internet	308	535	927	1,606	2,490	2,863	3,436	4,054	26.0%
Cinema	19	20	22	26	31	30	30	33	6.1%
Total	9,518	11,084	13,327	15,438	18,336	19,325	20,336	22,148	9.4%

Source : ZenithOptimedia (March 2009)

Moreover, out-of-home advertising represents a significantly larger portion of overall advertising expenditures in China than in other major markets. In 2007, out-of-home advertising represented 16.7% of overall advertising expenditures in China, compared to 3.9% in the United States, 6.5% in the United Kingdom and 7.6% in India, according to ZenithOptimedia.

Market fragmentation.

The out-of-home advertising market is highly fragmented and, based on SearchMedia management estimates, there are more than 50,000 out-of-home advertising service providers operating in the PRC as of December 31, 2008. Most of these companies are small and there are few regional or national players. Due to limited scale and coverage, services from most out-of-home advertising service providers are, consequently, not differentiated. Moreover, large advertisers tend to have sophisticated advertising requirements, such as nationwide coverage, targeted timing, and location and demographics, which most local and small advertising service providers find hard to fulfill.

Outdoor Billboard Advertising in China

Outdoor billboards can reach a large number of motorists and pedestrians, especially when they are placed in commercial centers or other areas of high pedestrian and vehicle traffic. Unlike certain other advertising media, such as television, audiences cannot interrupt or selectively avoid advertisements displayed on outdoor structures. SearchMedia believes the sustained, repetitive viewing of large-format, high-impact outdoor advertising facilitates the delivery of advertising messages and results in higher recall rates. Additionally, outdoor billboard advertising enables advertisers, such as restaurants, entertainment facilities, hotels and other roadside operations, to target motorists or

pedestrians in close proximity to their businesses.

Outdoor billboard advertising is a relatively low cost medium, as compared to other forms of advertising media. As a result, outdoor billboard advertising is often used as a complementary marketing platform for companies implementing a multifaceted media plan across various media. Also, outdoor billboard advertising is often used by local businesses that cannot afford more expensive alternatives.

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Advertising placed on outdoor billboards in popular destinations such as the Shanghai Bund has the potential to attract large groups of locals and tourists. SearchMedia believes this number will continue to increase in the next couple of years due to a variety of factors including major events such as the World Expo 2010 Shanghai.

The outdoor advertising market in China is highly fragmented, with local and regional players dominating small individual markets and no visible nationwide player. SearchMedia believes the fragmented market presents opportunities for consolidation by companies with adequate resources and market standings.

In-Elevator Advertising in China

In-elevator advertising is another popular out-of-home advertising medium. In-elevator advertising involves advertising primarily inside elevators of modern high-rise office and residential buildings. In-elevator advertising is generally in the form of TV broadcasts from LCD screens or commercial images displayed from printed or digital poster frames. In-elevator advertising has gained market acceptance and popularity in recent years.

The growth of in-elevator advertising has benefited from urban development and construction in China. As high-rise buildings with elevators replace older low-rise buildings without elevators, the number of elevators has steadily increased. The growing trend of urbanization and the increasingly affluent urban population have provided the in-elevator advertising market with a growing base of diverse audiences that is highly desired by advertisers.

The appeal of in-elevator advertising stems in part from the site-specific nature of elevators, which provides advertisers opportunities to engage in targeted advertising to select audiences of desired demographics at specific locations. The 24-7, high-frequency contact characterizing the in-elevator medium increases effectiveness of advertising through repeated deliveries of advertising messages to captive audiences of targeted demographics without competing distractions. According to the result of case study for an international fast food chain conducted in Beijing, Shenzhen, Ningbo, Xi an, Foshan, Taiyuan and Shanghai in June 2008, after three weeks of exposure to a particular advertisement, approximately 72% of all respondents surveyed were able to recall the advertisement inside elevators and nearly 70% of them reported favorable reactions.

The in-elevator advertising market in China is still relatively fragmented with local and regional players dominating small individual markets and few nationwide players, offering opportunities for companies with better resources and experiences to consolidate.

Subway Advertising in China

Subway systems, including underground systems and above-ground light rails, are being built at a rapid pace in major cities in China, and many new residential and commercial developments are being built on the outskirts of these cities. These factors, combined with low private vehicle ownership in China and high traffic congestion on Chinese streets and expressways, contribute to the large number of urban Chinese that rely on the dependable and affordable mass subway transportation systems for daily commutes and travels. According to the Metro Authority of Shanghai, in 2008, these subway lines carried an aggregate average daily traffic of approximately three million commuters.

As a result, SearchMedia believes advertising at subway stations or on subway transportation systems will continue to gain popularity. Advertising placed in subway stations, where a large number of people congregate, can reach a large group of consumers in a more cost-effective manner than most mass media advertising. SearchMedia believes advertising in subway stations also allows advertisers to reach their targeted demographics, including younger and upwardly mobile audiences.

According to a March 2009 article in *Barron's*, approximately 250 Chinese cities are planning to build new subway lines by 2015, and as additional subway lines are being constructed in major cities, such as Beijing and Shanghai, the market for subway transportation advertising is expected to continue to grow in China.

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Corporate Organization and Operating History

Corporate Organization

SearchMedia commenced its operations in 2005 through (i) Shanghai Sige Advertising and Media Co., Ltd., or Sige, a Chinese company controlled by Ms. Qinying Liu, SM Cayman's chairman and shareholder, (ii) Shenzhen Dale Advertising Co., Ltd., or Dale, a Chinese company owned by Ms. Le Yang, SM Cayman's director and shareholder, and Mr. Haiyin Yang, brother of Ms. Le Yang, and (iii) Beijing Conghui Advertising Co., Ltd., or Conghui, a company controlled by a minority shareholder of SM Cayman.

In order to facilitate fundraising outside of China, SM Cayman was incorporated in the Cayman Islands on February 9, 2007 and became the holding company of SearchMedia's business. On June 1, 2007, SM Cayman established Jieli Investment Management Consulting (Shanghai) Co., Ltd., or Jieli Consulting, a wholly-owned subsidiary in China.

As operating an advertising network was restricted to PRC entities at the time, SM Cayman, through Jieli Consulting, entered into contractual arrangements on June 4, 2007 with each of Sige, Dale and Conghui. Pursuant to these contractual arrangements, Jieli Consulting became the primary beneficiary, bore all the economic risks and received all the economic benefits of these entities' advertising businesses, and controlled the financing and operating affairs with respect to these businesses. As a result, SearchMedia consolidated the financial statements of these entities beginning on June 4, 2007.

On August 3, 2007, the legal shareholders of Sige and Dale organized Jingli Shanghai, a limited liability company incorporated in China, to assume the business of Sige, Dale and Conghui. On September 10, 2007, Jieli Consulting entered into contractual arrangements with Jingli Shanghai on terms similar to those under previous arrangements with Sige and Dale and Conghui.

On October 31, 2007, Jieli Consulting terminated the contractual arrangements with Conghui due to a difference of views on future business plans and strategies between the management of SearchMedia and Conghui. As a result, SearchMedia deconsolidated Conghui in the 2007 period and views only Sige and Dale as its predecessors.

In the opinion of Commerce & Finance Law Offices, SearchMedia's PRC legal counsel,

the respective ownership structures of Jingli Shanghai and Jieli Consulting are in compliance with current PRC laws and regulations;

each contract under Jieli Consulting's contractual arrangements with Jingli Shanghai and its shareholders, governed by PRC laws, is valid and binding on all parties to these arrangements and do not violate current PRC laws or regulation.

SearchMedia has been advised by its PRC legal counsel, however, that there are uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of SearchMedia's PRC legal counsel. SearchMedia has been further advised by its PRC legal counsel that if the PRC government determines that the agreements that establish the structure for operating its PRC advertising network businesses do not comply with applicable restrictions on foreign investment in the advertising industry, it could be subject to severe penalties including being prohibited from continuing its operation. See Risk Factors Risks Relating to Doing Business in the

People's Republic of China. If the PRC government determines that the contractual arrangements that establish the structure for operating SearchMedia's China business do not comply with applicable PRC laws and regulations, SearchMedia could be subject to severe penalties.

In March 2007, August 2007 and May 2008, SM Cayman conducted Series A, Series B and Series C preferred shares and warrants private placements and received gross proceeds of approximately \$1 million, \$20 million and \$10 million, respectively. The investor in the Series A private placements was CSV. The investors in the Series B private placements were CSV and Deutsche Bank. The investors in SM Cayman's Series C private placements were Gentfull Investment Limited and Gavast Estate Limited.

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Since 2008, SearchMedia has rapidly expanded its advertising network through the acquisition of the following advertising companies in China and Hong Kong:

In January 2008, Jingli Shanghai acquired 100% of the equity interest in Shaanxi Xinshichuang Advertising Planning Co., Ltd., a Chinese company primarily engaged in elevator advertising business;

In January 2008, Jingli Shanghai acquired 100% of the equity interest in Qingdao Kaixiang Advertising Co., Ltd., a Chinese company primarily engaged in outdoor billboard advertising business;

In January 2008, Jingli Shanghai acquired 100% of the equity interest in Shanghai Jincheng Advertising Co., Ltd., a Chinese company operating advertisings in cafeterias of office buildings;

In January 2008, Jingli Shanghai acquired 100% of the equity interest in Beijing Wanshuizhiyuan Advertising Co., Ltd., a Chinese company primarily engaged in outdoor billboard advertising business;

In January 2008, Jingli Shanghai acquired 100% of the advertising business of Shenyang Xicheng Advertising Co., Ltd., a Chinese company primarily engaged in outdoor billboard advertising business. Jingli Shanghai subsequently transferred such business and related assets into Shenyang Jingli Advertising Co., Ltd., a newly incorporated Chinese company;

In February 2008, Jingli Shanghai acquired 100% of the equity interest in Shanghai Haiya Advertising Co., Ltd., a Chinese company operating rapid transit advertising business;

In April 2008, Jingli Shanghai acquired 100% of the advertising business of Beijing Youluo Advertising Co., Ltd., a Chinese company primarily engaged in outdoor billboard advertising business. Jingli Shanghai subsequently transferred such business and related assets into Shanghai Botang Advertising Co., Ltd., a newly incorporated Chinese company;

In April 2008, Jingli Shanghai acquired 100% of the equity interest in Tianjin Shengshitongda Advertising Creativity Co., Ltd., a Chinese company operating elevator advertising business;

In April 2008, SM Cayman acquired 100% of the equity interest in Ad-Icon Company Limited, a Hong Kong company operating outdoor billboard advertising business;

In July 2008, Jingli Shanghai acquired 100% of the equity interest in Changsha Jingli Advertising Co., Ltd., a Chinese company operating elevator advertising business;

In July 2008, Jingli Shanghai acquired 100% of the equity interest in Wenzhou Rigao Advertising Co., Ltd., a Chinese company operating elevator advertising business; and

In July 2008, Jingli Shanghai acquired 100% of the equity interest in Wuxi Ruizhong Advertising Co., Ltd., a Chinese company operating elevator advertising business.

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Corporate Ownership Structure

The following diagram illustrates SearchMedia's current corporate structure and the place of formation and affiliation of each of its subsidiaries as of the date of this proxy statement/prospectus.

- (1) Jieli Investment Management Consulting (Shanghai) Co., Ltd., or Jieli Consulting, a Chinese limited liability company, 100% owned by SearchMedia International Limited.

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- (2) Jieli Network Technology Development (Shanghai) Co., Ltd, or Jieli Network, a Chinese limited liability company, 100% owned by SearchMedia International Limited.
- (3) Shanghai Jingli Advertising Co., Ltd, or Jingli Shanghai, a Chinese limited liability company, 60% owned by Ms. Qinying Liu, a Chinese citizen, and 40% owned by Ms. Le Yang, a Chinese citizen.
- (4) Shanghai Botang Advertising Co., Ltd, or Shanghai Botang, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (5) Shanghai Haiya Advertising Co., Ltd, or Shanghai Haiya, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (6) Shanghai Jincheng Advertising Co., Ltd, or Shanghai Jincheng, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (7) Beijing Wanshuizhiyuan Advertising Co., Ltd, or Beijing Wanshuizhiyuan , a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (8) Tianjin Shengshitongda Advertising Creativity Co., Ltd, or Tianjin Shengshitongda, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (9) Shenyang Jingli Advertising Co., Ltd., or Shenyang Jingli, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (10) Shaanxi Xinshichuang Advertising Planning Co., Ltd., or Shaan Xi Xinshichuang, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (11) Changsha Jingli Advertising Co., Ltd., or Changsha Jingli, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (12) Qingdao Kaixiang Advertising Co., Ltd., or Qingdao Kaixiang, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (13) Wenzhou Rigao Advertising Co., Ltd., or Wenzhou Rigao, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (14) Wuxi Ruizhong Advertising Co., Ltd., or Wuxi Ruizhong, a Chinese limited liability company, 100% owned by Jingli Shanghai.
- (15) Great Talent Holdings Limited, or Great Talent, a company incorporated under the laws of Hong Kong, 100% owned by SearchMedia International Limited.
- (16) Ad-Icon Company Limited, or Ad-Icon, a company incorporated under the laws of Hong Kong, 100% owned by SearchMedia International Limited.

Contractual Arrangements with Jingli Shanghai and its Shareholders

Jieli Consulting's relationships with Jingli Shanghai and its shareholders are governed by a series of contractual arrangements. Under PRC laws, each of Jingli Shanghai and Jieli Consulting is an independent legal person and neither of them is exposed to liabilities incurred by the other party. Other than pursuant to the contractual arrangements between Jingli Shanghai and Jieli Consulting, Jingli Shanghai is not required to transfer any other funds generated from its operations to Jieli Consulting. On September 10, 2007, Jieli Consulting entered into contractual arrangements as follows:

Agreements That Provide Effective Control over SearchMedia's Affiliated Entities

Loan Agreement. Pursuant to the loan agreement between Jieli Consulting and the shareholders of Jingli Shanghai, namely Ms. Qinying Liu and Ms. Le Yang, Jieli Consulting granted an interest-free loan to each shareholder. The principal amounts of the loans to Ms. Qinying Liu and Ms. Le Yang were \$6.7 million and \$4.5 million, respectively, in proportion with their respective original capital contributions to Jingli Shanghai. The term of the loan agreement is 10 years and may be extended for another ten years automatically unless Jieli Consulting terminates the agreement in a written form three months before the expiration date of the agreement. The loan can be repaid only with the proceeds from the transfer of the shareholder's equity interest in Jingli Shanghai to Jieli Consulting or another person designated by Jieli

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Consulting at the minimum price permitted by then applicable PRC law. Jieli Consulting may accelerate the loan repayment upon certain events, including if a shareholder dies, loses action capacity, no longer works for Jingli Shanghai or any affiliate of Jingli Shanghai, or commits a crime, or if Jieli Consulting so informs a shareholder as permitted by then applicable PRC law.

Equity Pledge Agreement. Pursuant to the equity pledge agreement among Jieli Consulting, Jingli Shanghai and the shareholders of Jingli Shanghai, namely Ms. Qinying Liu and Ms. Le Yang, each shareholder has pledged all of her equity interest in Jingli Shanghai to Jieli Consulting to guarantee the performance of the shareholders and Jingli Shanghai's obligations under the loan agreement, the exclusive call option agreement and the exclusive technical consulting and service agreement. If Jingli Shanghai or any of its shareholders breaches its respective contractual obligations under these agreements, Jieli Consulting, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests. The shareholders agreed not to transfer, sell, pledge, dispose of or otherwise create any new encumbrance on their equity interest in Jingli Shanghai without the prior written consent of Jieli Consulting. The equity pledge agreement will expire after Jingli Shanghai and its shareholders fully perform their respective obligations under the loan agreement, the exclusive call option agreement and the exclusive technical consulting and service agreement.

Exclusive Call Option Agreement. Under the exclusive call option agreement among Jingli Shanghai, the shareholders of Jingli Shanghai and Jieli Consulting, Jingli Shanghai and its shareholders irrevocably granted Jieli Consulting or its designated person an exclusive option to purchase, when and to the extent permitted under then applicable PRC law, all or part of the equity interests in Jingli Shanghai. The exercise price for all of the equity interests of Jingli Shanghai is the minimum price permitted by then applicable PRC law or a higher price determined by Jieli Consulting. Unless this exclusive call option agreement is terminated on an earlier date as agreed upon by the parties to the agreement, the term of the agreement is ten years and may be extended for another ten years automatically unless Jieli Consulting terminates the agreement in writing three months before the expiration date of the agreement. Pursuant to this call option agreement,

The shareholders of Jingli Shanghai may not change the articles of association, bylaws, registered capital or shareholding structure of Jingli Shanghai, without the prior written consent of Jieli Consulting;

Jingli Shanghai may not acquire or merge with any third parties, or invest in any third parties, without the prior written consent of Jieli Consulting;

Jingli Shanghai may not generate, delegate, guarantee for, or allow existing any indebtedness without the prior consent or confirmation of Jieli Consulting, except in the ordinary courses of business;

Jingli Shanghai may not enter into any material contracts with the contractual price exceeding RMB1.0 million without the prior written consent of Jieli Consulting, except in the ordinary courses of business;

Jingli Shanghai may not grant loans or guaranties to any third parties, without the prior written consent of Jieli Consulting;

Jingli Shanghai may not transfer, pledge, have caused any encumbrances, or otherwise dispose of any shares of Jingli Shanghai, without the prior written consent of Jieli Consulting;

Jingli Shanghai may not declare or pay any dividends without the prior written consent of Jieli Consulting; upon the request of Jieli Consulting, Jingli Shanghai shall declare and pay all distributable dividends to its shareholders; and

The shareholders of Jingli Shanghai may only appoint the persons nominated by Jieli Consulting as directors of Jingli Shanghai, upon request of Jieli Consulting.

Power of Attorney. The shareholders of Jingli Shanghai have executed a power of attorney to Mr. Guojun Liang, which irrevocably authorizes Mr. Liang (who is the husband of Ms. Qinying Liu and a vice president of SearchMedia, and who otherwise has no relationship with any of the parties to this transaction) to

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vote as such shareholders attorney-in-fact on all of the matters of Jingli Shanghai requiring shareholder approval.

Agreements That Transfer Economic Benefits to Jieli Consulting

Exclusive Technical Consulting and Service Agreement. Pursuant to the exclusive technical consulting and service agreement between Jingli Shanghai and Jieli Consulting, Jieli Consulting has the exclusive and irrevocable right to provide to Jingli Shanghai technical consulting services related to the business operations of Jingli Shanghai. Jingli Shanghai agrees to pay annual technical service fees to Jieli Consulting based on the actual services provided by Jieli Consulting. If Jingli Shanghai does not generate net profits in a fiscal year, Jieli Shanghai agrees not to charge services for that year. The term of this agreement is 10 years commencing on September 10, 2007 and may be extended automatically for another 10 years unless Jieli Consulting terminates the agreement by a written notice three months before the expiration date.

Advertising Network

SearchMedia is one of the largest operators of integrated outdoor billboard and in-elevator advertising networks in China. It ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities, according to the Nielsen Report. SearchMedia has coverage of 57 cities, including first-tier cities such as Hong Kong, Shanghai, Beijing, Guangzhou and Shenzhen, and high growth cities such as Chongqing, Dalian, Hangzhou and Nanjing. As of July 31, 2009, SearchMedia's advertising network included over 1,500 high-impact billboards, neon signs and light boxes with over 500,000 square feet of surface display area in its outdoor billboard platform, over 175,000 poster frames located in commercial and residential buildings, and a network of light boxes in Shanghai subway stations.

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SearchMedia is headquartered in Shanghai, with 29 offices in 24 cities across China (including Hong Kong, through its wholly owned subsidiary, Ad-Icon). The following map illustrates the geographic coverage of SearchMedia's advertising network in 57 cities in China and Hong Kong as of July 31, 2009:

* *The dots on the map indicate the 57 cities covered by SearchMedia's network of media products.*

Media Products

SearchMedia's core outdoor billboard and in-elevator portfolios are complemented by its subway advertising platform, which together create an attractive multi-platform, one-stop shop service for its local, national and international advertising clients that numbered more than 780 cumulatively from its inception to July 31, 2009.

Outdoor Billboard Platform

SearchMedia operates a network of high-impact billboards primarily through the companies it acquired, including Qingdao Kaixiang, Beijing Wanshuizhiyuan, Shenyang Jingli, Shanghai Botang and Ad-Icon. As of July 31, 2009, SearchMedia had over 1,500 high-impact billboards with over 500,000 square feet of surface display area in 15 cities, including Beijing, Hong Kong, Qingdao, Shanghai, Shenyang, Shenzhen, Guangzhou, Chongqing and Chengdu. Its billboards are mostly large format billboards deployed in commercial centers and other desirable areas with heavy vehicle and/or foot traffic.

SearchMedia's target audiences for these advertisements are mid- to high-income shoppers, pedestrians and car-driving consumers. SearchMedia believes its billboard advertisements effectively increase its advertising clients' brand awareness. SearchMedia intends to continue to bid for high-profile projects that will bring positive media exposure, leading to greater market acceptance and brand recognition for SearchMedia. SearchMedia has demonstrated its ability to acquire high-profile billboard contracts with its success in securing the billboard advertising rights in one of the most famous tourist destinations in Shanghai, the

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Shanghai Bund, in September 2007. Management plans to continue to build its nationwide portfolio of traditional outdoor billboard properties through organic expansion and strategic acquisitions.

In-Elevator Platform

SearchMedia installs poster frames primarily on the inside of elevators of modern high-rise buildings in 57 cities across 28 provinces in China and Hong Kong, including Shanghai, Beijing, Guangzhou and Shenzhen. SearchMedia typically installs two to three poster frames in each elevator. The in-elevator platform targets the affluent urban population that is highly desired by advertisers and is characterized by its low cost structure and minimal capital requirements, which quickly generate attractive returns. As of July 31, 2009, SearchMedia's elevator advertising network consisted of over 175,000 poster frames covering approximately 56,000 elevators. According to the Nielsen Report, SearchMedia ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities. The in-building advertising platform allows SearchMedia to target captive audiences comprised of middle- and high-end businesses and consumer groups.

Poster frames may take the following forms:

Printed Poster Frames. SearchMedia specializes in high impact printed poster frames which are made of several materials in various sizes suitable for a wide range of display messages. SearchMedia's printed poster frames mainly include paper, elevator door and illuminated poster frames;

Paper poster frames are conventional poster frames made of paper with a visual size of 540mm by 390mm; and

Illuminated poster frames are posters encased in thin metal boxes and illuminated by LED optical fiber. The visual size of such posters is typically 540mm by 390mm.

Digital poster frames. These poster frames are LCD screens with memory card slots that allow the screens to change images at regular intervals. SearchMedia's digital poster frames change images in loops, with typically six images within each 60-second loop. The visual size of the screens is typically 405mm by 305mm.

SearchMedia sells advertising space on its poster frame network on a per display basis. For each frame that is upgraded from printed poster frame to digital frame, up to six multiple digital images can now be displayed inside each physical frame and SearchMedia increases its available advertising inventory and opportunities for revenue.

SearchMedia installs different types of poster frames in different elevators based on client demands, targeted demographics and restrictions placed by site managers or owners. For instance, SearchMedia typically targets advertisers in the consumer product industry for printed poster frames in residential buildings, as these frames are more suitable for clients who want a continuous display of their advertisement content. Digital frames, on the other hand, offer high definition images and create attractive story boards. These frames tend to be deployed in high-end commercial buildings with typical advertisers including resort hotels and luxury brands.

Subway Advertising Platform

Upon SearchMedia's acquisition of Shanghai Haiya in February 2008, SearchMedia took over a network of light boxes with a size ranging from 1.5m by 1.75m to 1.5m by 3.5m in the Shanghai subway system.

According to a March 2009 article in *Barron's*, approximately 250 Chinese cities are planning to build new subway lines by 2015, including those under construction in Chengdu, Hangzhou, Shenyang and Xi'an, and others in planning

in Harbin and Qingdao. SearchMedia believes these will present expansion opportunities for its subway advertising platform.

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Advertising Clients

With coverage in 57 cities and a broad range of media offerings, SearchMedia has attracted a large and diverse base of local, national and international advertisers. As of July 31, 2009, more than 780 advertisers had purchased advertising space on its network since its inception. SearchMedia has a highly diversified advertising base of national and international clients, in addition to a broad client list of local advertisers. These advertising clients are from diverse industries ranging from telecommunications, insurance and banking, to automobiles, real estate, electronics and fast-moving consumer goods. In 2008, approximately 40% of SearchMedia's contracts were entered into with advertising agencies representing these brands.

SearchMedia enters into most of its advertising contracts with direct advertisers. SearchMedia also enters into a portion of advertising contracts with advertising agencies. SearchMedia's top five advertising clients in aggregate accounted for approximately 18.0% of its advertising service revenues for the year ended March 31, 2009.

In a typical advertising contract, SearchMedia usually specifies the duration, site location, types and number of advertising placements, price and payment terms with its advertising clients. Before placing an advertisement, SearchMedia typically reviews the advertisement content to be displayed, the relevant approvals for displaying the content, the registered trademark of the client and other materials required of SearchMedia by then applicable laws.

SearchMedia's minimum advertising period is 14 days. The contract terms generally range from one to six months for elevator advertisements, six months to 24 months for billboards and one to three months for subway advertisements. In general, SearchMedia bases its listed price on a number of factors, including locations, quantity of displays, scale, types of audience, nature of communities and duration of clients' advertising campaigns. SearchMedia increases its listed prices from time to time to reflect changes in market prices. Based on SearchMedia's industry knowledge, its services are competitive with market prices.

Relationships with Site Managers and Owners

SearchMedia leases spaces in prime office or middle- and high- end residential buildings, subway stations and other high traffic commercial areas to install poster frames, billboards, neon signs and light boxes. Establishing and maintaining long-term relationships with site managers and owners are critical aspects of SearchMedia's business. In each city where it operates, SearchMedia has a team of site relationship personnel that are exclusively responsible for identifying desirable locations, negotiating display placement agreements and maintaining relationships with site owners and managers.

SearchMedia leases billboard locations from managers of commercial centers and other desirable areas of heavy vehicle and/or foot traffic, such as outside walls of commercial buildings, bus stops and main roads. The term of a location leasing contract is generally one to five years. SearchMedia is responsible for periodic monitoring, maintenance and repair of frames. Under most of the leasing contracts, SearchMedia is granted a right of first refusal with respect to renewals. The rental terms and fees under SearchMedia's location leasing contracts vary considerably depending on the city, location, and number of billboards that may be installed.

SearchMedia leases elevators in high traffic high-rise buildings from property developers, property management companies or homeowner associations. SearchMedia targets both high-rise residential buildings and office buildings. As of July 31, 2009, approximately 80% of the buildings SearchMedia carried were residential buildings and 20% were office buildings. The term of an elevator leasing contract is generally one to three years. Upon entering into a leasing contract, SearchMedia can install the pre-agreed poster frames in the elevator area usually in three days. SearchMedia is responsible for periodic maintenance and repair of elevator poster frames. Under a typical lease agreement, a lessor is not allowed to move, remove, damage or hide from view SearchMedia's poster frames, and is

required to inform SearchMedia in the event of any damage to its poster frames. The rental terms and fees under SearchMedia's elevator leasing contracts vary considerably depending on the city, location and size of the building and number of flat-panel poster frames that may be installed.

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SearchMedia has entered into lease contracts for advertising at the stations of eight major subway lines in Shanghai through its acquisition of Shanghai Haiya. Under these lease contracts, SearchMedia is responsible for obtaining approvals from relevant authorities for all the advertisements it places, and for liabilities arising from the advertisements it places. Since SearchMedia does not display any advertising unless the relevant approvals for the advertisement are obtained, it believes the risk of it incurring these liabilities is low.

SearchMedia believes it has established good working relationships with site managers and owners as a result of its track record of contract execution and quality services. For 2008, 85% of its leases were renewed.

Sales and Marketing

Sales Efforts

As of July 31, 2009, SearchMedia's sales efforts were spearheaded by a team of approximately 150 advertising sales personnel in 24 cities. SearchMedia's sales personnel generally have prior sales experience in China's advertising industry and, once hired, receive training to gain a deeper understanding of the elevator advertising market, SearchMedia's advertising network, its competitive strengths and the value propositions SearchMedia offers its advertising clients. Training programs are prepared in-house and accompanied by SearchMedia's proprietary sales manuals. SearchMedia also provides its sales personnel with current data that measures the effectiveness of its advertising network and case studies of successful campaigns conducted on its network. SearchMedia's sales personnel typically earn commissions on sales, in addition to base salaries.

SearchMedia supplements its sales efforts by providing value-added advisory services to some of its clients, especially small-size local clients. Each sale starts with a thorough understanding of a client's advertising needs that leads to tailored solutions that optimize advertising spending on SearchMedia's network. In these services, SearchMedia assesses clients' media needs and budgets, assists in allocating media resources across the various media platforms and assists with the creative process in the design and placement of the poster frames.

Marketing Efforts

SearchMedia actively promotes its brand name and its advertising solutions, in addition to conscientiously maintaining its corporate image, through a variety of channels. SearchMedia actively upholds its image and markets its advertising services with a consistent presence in various trade and financial journals as well as proud displays of SearchMedia's name and logo on all of its elevator and billboard frames. Additionally, SearchMedia diligently tends to its long-standing relationships with site managers and owners, senior management with 4A agencies and major clients, establishing a record for quality services, sound value propositions and credibility so that it can continue to capitalize on its valued word-of-mouth advertising network. SearchMedia's success at winning the Bund bid and its subsequent marketing events surrounding the coveted space have also enhanced its brand name and market presence.

Client Services, Network Management and Maintenance

SearchMedia supports its advertising clients with its sales, maintenance and site relationship personnel located in 29 offices in 24 cities in China. SearchMedia has one designated sales person that serves as a single point of contact for each client so as to establish a clear line of communication and assignment of responsibility, while building deeper client relationship so that its clients may enjoy the hassle-free service of having a single point of contact throughout the sales and client service process. Under arrangements with its advertising clients, SearchMedia's sales teams monitor and verify the placement of its clients' advertisements on its network during the time periods and at the locations specified by its clients. All sales personnel have real-time access to and feedback from SearchMedia's automated scheduling system that manages advertising orders and its growing number of media location inventories

with the help of its IT team. If desired by its clients, SearchMedia can engage at the clients' expense third party companies to conduct consumer surveys regarding effects of advertising on its network. Based on SearchMedia's past experiences, these surveys generally report positive increases in sales right after the advertisements.

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SearchMedia generally relies on its own employees to monitor, maintain and repair its displays. As part of SearchMedia's advertising services, its maintenance team routinely inspects its display installations, typically twice a week and more often for new display installations. Any issues with site managers or owners are addressed quickly by SearchMedia's dedicated site relationship personnel. So far, SearchMedia has not experienced any material negative incidents at its network sites.

SearchMedia believes its focus on clients' needs will strengthen its relationship with its clients and contribute to the development of a conscientious corporate culture essential to a fast-growing organization.

Information Systems

SearchMedia jointly developed its Resource Management System with a third party developer. SearchMedia uses the system to track the availability, scheduling and utilization of its media inventory. SearchMedia's sales personnel can help clients plan their media purchase by searching for available advertising spaces with suitable attributes on its system. They can also use the system to generate new client leads or new placements from existing clients, and to provide after-sale services. As SearchMedia further integrates the inventories from different platforms onto the same system, its sales personnel will increasingly be able to track its media resources across platforms and generate new sales through cross-selling media products across different platforms. SearchMedia's management team may also use this system for sales team management, client relationship management and vendor relationship management. SearchMedia believes it has greatly improved its service delivery capability and management effectiveness.

Equipment Supplies

The primary hardware required for the operation of SearchMedia's network consists of plastic and digital displays that it uses for poster frames in SearchMedia's in-elevator media network. The hardware required for SearchMedia's network operation includes plastic frames it uses for paper poster, illuminated panels that it uses for illuminated poster frames, as well as digital display panels it uses in its media network. SearchMedia's digital displays consist of high-definition flat-panel screens, typically including LCD screens of 405mm by 305mm in size, and other components. SearchMedia also develops and installs software in its flat-panel displays to assist with the configuration, editing and operation of its advertising content cycles. In 2008, SearchMedia paid approximately RMB7.8 million to SearchMedia's biggest supplier, Shanghai Xinyi Digital Technology Co., Ltd. for digital displays and the software SearchMedia used in these displays, and RMB7.0 million to ZhangXingBaiSheng Co. Ltd. for the plastic poster frames.

SearchMedia believes it does not depend on any one vendor since it can easily find replacement vendors at minimal switching cost. Maintaining a steady supply of equipment is important to its operations and the growth of its network. It is SearchMedia's policy to evaluate the quality and delivery record of each vendor on a periodic basis and adjust the quantity purchased from the vendor accordingly. So far, SearchMedia has not experienced any significant delay or interruption in the supply of its network components.

Competition

As a multi-platform media company with presence in 57 cities in China and Hong Kong, SearchMedia competes with different players across its platforms and cities of operation. SearchMedia competes for advertising clients generally on the basis of network coverage, service quality, technology, media offerings, services and brand name. SearchMedia has built its competitive position primarily on its nationwide coverage, leading market share, and its ability to offer broad geographic coverage, diverse media platforms and quality services.

Outdoor billboard platform. As the outdoor billboard market in China is largely fragmented with no clear nationwide leader, SearchMedia competes primarily with other local or regional outdoor billboard owners and operators. SearchMedia also competes with operators of other forms of outdoor media, including digital outdoor displays and street furniture advertising. SearchMedia does not compete with resellers of outdoor billboard advertising slots, such as Time Share Media, as these resellers also purchase advertising services from its network from time to time.

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In-elevator platform. SearchMedia competes primarily with other nationwide operators of in-elevator poster frame advertising, such as Framedia. SearchMedia may face competition in individual cities from local and regional players and new entrants into the local and regional market from time to time. SearchMedia believes these local and regional operators do not have the scale and resources to pose challenge to its market position. SearchMedia believes they could be acquisition targets in SearchMedia's expansion. SearchMedia believes that advertisers do not view SearchMedia as direct competitors of operators of other in-elevator media, such as video LCD displays.

Subway advertising platform. SearchMedia competes with other operators of subway advertising, such as JCDecaux. SearchMedia believes that advertisers do not view SearchMedia as direct competitors of operators of other subway media, such as in-train LCD screens.

SearchMedia also competes for the advertising budget of advertisers with other operators of out-of-home advertising, such as Focus Media, and operators of other advertising media including television, radio, newspapers, magazines and the Internet.

Employees

As of July 31, 2009, SearchMedia had 469 employees, including 83 development personnel, 147 sales and marketing personnel, 112 maintenance personnel, 41 finance and 86 administrative personnel. None of SearchMedia's employees are covered by any collective bargaining agreement. SearchMedia manages its own staff recruitment. SearchMedia considers its relations with its employees to be generally good.

SearchMedia is required by applicable PRC regulations to contribute for its employees certain amounts, based on its employees' aggregate salaries, to a defined contribution pension plan, a medical insurance plan, a housing fund, an unemployment insurance plan, a personal injury insurance plan and a maternity insurance plan. SearchMedia has made the required payments in compliance with the applicable laws and regulations since its inception.

Intellectual Property

The SearchMedia brand and SearchMedia's other intellectual property rights contribute to its competitive advantage in the elevator advertising market in China. To protect its brands and its other intellectual property, SearchMedia relies on a combination of trademark, trade secret and copyright laws in China as well as imposing procedural and contractual confidentiality and invention assignment obligations on its employees, consultants and others.

SearchMedia has applied for registered trademarks through Jingli Shanghai, including the *or* . SearchMedia has registered its domain name: www.imedia-cn.com. The Internet addresses provided in this proxy statement/prospectus are not intended to function as hyperlinks and information obtained at these addresses is not and should not be considered part of this proxy statement/prospectus and is not incorporated by reference in this proxy statement/prospectus.

While SearchMedia cannot assure you that its efforts will deter others from misappropriating its intellectual properties, it will continue to create and protect its intellectual property rights in order to maintain its competitive position.

Regulatory Matters

SearchMedia operates its 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 State Administration for Industry and Commerce, or SAIC, which regulates the advertising industry.

PRC Advertising Law was promulgated in 1994. In addition, the State Council, SAIC and other ministries and agencies have issued regulations that regulate SearchMedia's business as discussed below.

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Restrictions 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 (2007);

The Administrative Regulations on Foreign-invested Advertising Enterprises (2004), as amended in 2008; and

The Notice Regarding Investment in the Advertising Industry by Foreign Investors Through Equity Acquisitions (2006).

These regulations require foreign entities that directly invest in the advertising industry in China to have at least two years of direct operations in the advertising industry outside of China. Since December 10, 2005, foreign investors that have operated in the advertising industry outside of China as their main business for at least three years have been permitted to directly own a 100% interest in advertising companies in China.

PRC laws and regulations prohibit the transfer of any approvals, licenses or permits, including business licenses containing a scope of business that permits engaging in the advertising industry. Therefore, in the event SearchMedia is permitted to acquire the equity interest of its consolidated PRC variable interest entities under the rules allowing for complete foreign ownership, SearchMedia's consolidated PRC variable interest entities would continue to hold the required advertising licenses consistent with current regulatory requirements.

Since SearchMedia has not been involved in advertising outside of China for the required number of years, its PRC operating subsidiaries are currently ineligible to apply for the required advertising services licenses in China. SearchMedia's advertising business in China is currently provided through its contractual arrangements with its consolidated PRC variable interest entities, namely, Shanghai Jingli, and its subsidiaries. SearchMedia's consolidated PRC variable interest entities hold the requisite licenses to provide advertising services in China. SearchMedia's subsidiary, Jieli Consulting, has entered into a series of contractual arrangements with Shanghai Jingli and its subsidiaries and shareholders under which:

SearchMedia is able to exert effective control over its consolidated PRC variable interest entities;

a substantial portion of the economic benefits of its consolidated PRC variable interest entities are transferred to SearchMedia; and

SearchMedia has an exclusive option to purchase all or part of the equity interests in its consolidated PRC variable interest entities in each case when, and to the extent, permitted by PRC law.

See Information about SearchMedia Corporate Ownership Structure Contractual Arrangements with Jingli Shanghai and its Shareholders and Certain Relationships and Related Party Transactions SearchMedia Related Party Transactions.

In the opinion of Commerce & Finance Law Offices, SearchMedia's PRC legal counsel:

the respective ownership structures of Jieli Consulting and Jingli Shanghai are in compliance with existing PRC laws and regulations; and

each contract under Jieli Consulting's contractual arrangements with Jingli Shanghai and its shareholders, in each case governed by PRC law, is valid, binding and enforceable, and will not result in any violation of PRC

laws or regulations currently in effect.

SearchMedia has been advised by its PRC legal counsel, however, that there are 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 will not in the future take a view that is contrary to the opinion of SearchMedia's PRC legal counsel. SearchMedia has been further advised by its PRC legal counsel that if the PRC government determines that the agreements establishing the structure for operating its PRC advertising business do not comply with PRC government restrictions on foreign investment in the advertising industry, SearchMedia could be subject to severe penalties. See Risk Factors Risks Related to Doing

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Business in the People's Republic of China If the PRC government determines that the contractual arrangements that establish the structure for operating SearchMedia's China business do not comply with applicable PRC laws and regulations, SearchMedia could be subject to severe penalties.

Regulation of Advertising Services

The principal regulations governing advertising businesses in China include:

PRC Advertising Law (1994);

The Advertising Administrative Regulations (1987); and

The Implementing Rules for the Advertising Administrative Regulations (2004).

Business License for Advertising Companies

PRC advertising laws and regulations stipulate that companies engaging in advertising activities must obtain from the SAIC or its local branch a business license that specifically includes operation of an advertising business in its scope of business. Furthermore, if a company sets up a new site outside of the location where it is registered to conduct advertising business, the company shall register with the local SAIC where the site is located to obtain a branch business license for the site. Companies and branches conducting advertising activities without such licenses may be subject to penalties, including fines, confiscation of advertising income, orders to cease advertising operations, and revocation of their business license or other licenses. 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. Shanghai Jingli and its subsidiaries and branches have obtained such business licenses from the local branch of the SAIC as required by the existing PRC regulations. SearchMedia currently does not expect to have difficulties in maintaining its business licenses.

Advertising Content

PRC advertising laws and regulations set forth certain content requirements for advertisements in China, which include prohibitions on misleading content, superlative wording, socially destabilizing content or content involving obscenities, superstition, violence, discrimination or infringement of the public interest, among others. Advertisements for anesthetic, psychotropic, toxic or radioactive drugs are also prohibited. The dissemination of tobacco advertisements via media is prohibited, as is 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 out-of-home, radio, film, television, print 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. SearchMedia does not believe that advertisements containing content subject to such restriction or censorship comprise a material portion of the advertisements displayed on its media format.

PRC advertising laws and regulations require advertisers, advertising operators and advertising distributors 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 products that 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

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correcting the misleading information. In circumstances involving serious violations, the SAIC or its local branch may revoke the violator's 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.

Print Advertising

SearchMedia operates a network of advertising poster frames placed primarily in elevators of high-rise residential and office buildings. The advertisements shown on its poster frame network are defined as normal print advertisements under the Print Advertisements Administrative Regulations promulgated by the SAIC on January 13, 2000, amended on November 30, 2004, or the Print Advertisements Regulations. Under these regulations, placement of print advertisement must not impede public policies, social production or people's lives, nor be placed in areas prohibited by law or regulation. Violation of these regulations may result in penalties, including fines and orders to cease the placement. In addition, these regulations stipulate that print advertisements on poster frames shall have a mark on them indicating that they are an advertisement and shall identify the name and address of the producers, distributors of products (services), printers and/or advertisement operators.

Outdoor Advertising

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

- utilize traffic safety facilities or traffic signs;

- impede the use of public facilities, traffic safety facilities or traffic signs;

- obstruct commercial or public activities or create an eyesore 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 PRC Advertising Law, the SAIC promulgated the Outdoor Advertising Registration Administrative Regulations on December 8, 1995, as amended on December 3, 1998 and May 22, 2006, respectively, which govern 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. If the 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 and shall not be changed without approval. After the outdoor advertisement is registered, if it is not displayed within three months, an application shall be filed with the original registration authorities for cancellation. Outdoor advertising facilities must be safely installed and should be maintained on a regular basis to ensure safety and neatness. Advertising content must be true and lawful and not contain any misleading statements.

Local authorities have also issued detailed regulations on operation of outdoor advertising that may prohibit outdoor advertisements in certain areas or through certain facilities or may require that concession rights be obtained through a bidding process for public spaces. In cities where SearchMedia bases its operations, including Shanghai, Qingdao and Shenyang, the placement and installation of outdoor advertising facilities are subject to municipal zoning requirements

and governmental approvals. Each outdoor advertising facility requires a license for placement and installation with specific terms of use for a certain number of years.

Regulations on the Broadcast of Programming Content

In December 2007, the State Administration of Radio, Film, and Television, or SARFT, issued a notice to provincial level SARFT branches regarding the strengthening of the administration of public media platforms.

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According to this notice, broadcasting of certain programming content on public platforms via radio and television, the Internet or other information networks, is subject to prior approval by SARFT. The SARFT notice also explicitly requires that broadcasting on advertising platforms through compact flash cards or DVDs may only consist of advertisements and may not contain any programming content. Entities that begun broadcasting programming content on advertising platforms prior to the issuance of this notice must cease such broadcasts.

Regulations on Dividend Distribution

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

The Company Law of the PRC (1993), as amended in 2005;

Wholly Foreign-Owned Enterprise Law (1986), as amended in 2000; and

Wholly Foreign-Owned Enterprise Law Implementing Rules (1990), as amended in 2001.

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, a wholly foreign-owned company is required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its reserve fund until the accumulated amount of such fund reaches 50% of its registered capital. At the discretion of a wholly foreign-owned company, it may allocate a portion of its after-tax profits, based on PRC accounting standards, to its staff welfare and bonus fund. The reserve fund and staff welfare and bonus fund are not distributable as cash dividends. Under the relevant PRC law, no net assets other than the accumulated after-tax profits can be distributed as dividends.

Trademarks

The PRC Trademark Law and the PRC Trademark Implementing Regulations provide the basic legal framework for the regulation of trademarks in China, and the SAIC is responsible for the registration and administration of trademarks throughout the country. The PRC has adopted a first-to-file principle with respect to trademarks.

PRC law provides that each of the following acts constitutes infringement of the exclusive right to use a registered trademark:

use of a trademark that is identical with or similar to a registered trademark in respect of the same or similar commodities without the authorization of the trademark registrant;

sale of commodities infringing upon the exclusive right to use the trademark;

counterfeiting or making, without authorization, representations of a registered trademark of another person, or sale of such representations of a registered trademark;

changing a registered trademark and selling products on which the altered registered trademark is used without the consent of the trademark registrant; and

otherwise infringing upon the exclusive right of another person to use a registered trademark.

In the PRC, a trademark owner who believes the trademark is being infringed has three options:

Option 1: The trademark owner can provide his trademark registration certificate and other relevant evidence to the SAIC or its local branches, which can, in its discretion, launch an investigation. The SAIC may take actions such as ordering the infringer to immediately cease the infringing behavior, seizing and destroying any infringing products and representations of the trademark in question, closing the facilities used to manufacture the infringing products or imposing a fine. If the trademark owner is dissatisfied with the SAIC's decision, he may, within 15 days of receiving such decision, institute civil proceedings in court.

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Option 2: The trademark owner may institute civil proceedings directly in court. Civil remedies for trademark infringement include:

injunctions;

requiring the infringer to take steps to mitigate the damage (i.e., publish notices in newspapers); and

damages which are measured by either the gains acquired by the infringer from the infringement, or the losses suffered by the trademark owner, including expenses incurred by the trademark owner to claim and litigate such infringement. If it is difficult to determine the gains acquired by the infringer from the infringement, or the losses suffered by the trademark owner, the court may elect to award compensation of not more than RMB500,000.

Option 3: If the trademark infringement is so serious as to constitute a crime, the trademark owner may file a complaint with the police, and the infringer is subject to investigation for criminal liability in accordance with PRC laws.

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

On October 21, 2005, the SAFE issued a titled entitled Circular on several issues concerning foreign exchange regulation of corporate finance and roundtrip investments by PRC residents through special purpose companies incorporated overseas, or Circular No. 75, which became effective as of November 1, 2005.

According to Circular No. 75:

prior to establishing or assuming control of an offshore company for the purpose of financing that offshore company with assets or equity interests in an onshore enterprise in the PRC, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch;

an amendment to the registration with the local SAFE branch is required to be filed by any PRC resident that directly or indirectly holds interests in that offshore company upon either (1) the injection of equity interests or assets of an onshore enterprise to the offshore company, or (2) the completion of any overseas fund raising by such offshore company; and

an amendment to the registration with the local SAFE branch is also required to be filed by such PRC resident when there is any material change involving a change in the capital of the offshore company, such as (1) an increase or decrease in its capital, (2) a transfer or swap of shares, (3) a merger or division, (4) a long term equity or debt investment, or (5) the creation of any security interests over the relevant assets located in China.

Moreover, Circular No. 75 applies retroactively. As a result, PRC residents who have established or acquired control of offshore companies that have made onshore investments in the PRC before issuance of Circular No. 75 are required to complete the relevant overseas investment foreign exchange registration procedures by March 31, 2006. Failure to comply with the foreign exchange registration procedures may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate and the capital inflow from the offshore entity, and may also subject relevant PRC residents and onshore company to penalties under PRC foreign exchange administration regulations.

On January 5, 2007, the SAFE issued the Implementing Rules of the Administrative Measures for Individual Foreign Exchange, or the Individual Foreign Exchange Rule, which, among other things, specifies approval requirements for a PRC citizen's participation in the employee stock holding plans or stock option plans of an overseas publicly-listed company. On March 28, 2007, the SAFE issued the Processing Guidance on Foreign Exchange Administration of Domestic Individuals Participating in Employee Stock Holding Plan or Stock Option Plan of Overseas Listed Company, or the Stock Option Rule.

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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 must, among others things, file, on behalf of such individual, an application with the SAFE to obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with stock purchase or stock option exercise as PRC domestic individuals may not directly use overseas funds to purchase stocks or exercise stock options. Such PRC individuals' foreign exchange income received from the sale of stocks and dividends distributed by the overseas listed company and any other income shall be fully remitted into a collective foreign currency account in PRC opened and managed by the PRC subsidiary of the overseas listed company or the PRC agent before distributing them to such individuals.

SearchMedia's PRC citizen employees who will be granted stock options, restricted share awards of ID Cayman, or PRC optionees, will be subject to the Stock Option Rule upon the completion of the business combination. If SearchMedia or its PRC optionees fail to comply with the Individual Foreign Exchange Rule and the Stock Option Rule, SearchMedia and/or its PRC optionees may be subject to fines and other legal sanctions and ID Cayman and/or SearchMedia may be prevented from granting additional options or other awards of ID Cayman to SearchMedia's PRC employees.

In addition, the General Administration of Taxation has issued certain circulars concerning employee stock options. Pursuant to these circulars, SearchMedia's employees working in China who exercise stock options will be subject to PRC individual income tax. SearchMedia's 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 SearchMedia's employees fail to pay and SearchMedia fails to withhold their income taxes, SearchMedia may face sanctions imposed by tax authorities or any other PRC government authorities.

Regulation on Overseas Listing

In August 2006, six PRC regulatory agencies promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, regulating the mergers and acquisitions of domestic enterprises by foreign investors. The M&A Rules became effective in September 2006, and the rules, among other things, purport to require that an offshore special purpose vehicle, or SPV, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange, especially in the event that the SPV acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies. On September 21, 2006, the CSRC issued a clarification that sets forth the criteria and process for obtaining any required approval from the CSRC.

To date, the application of this new M&A rule is unclear. SearchMedia's PRC legal counsel, Commerce & Finance Law Offices, has advised SearchMedia that:

the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like SearchMedia's under this proxy statement/prospectus are subject to CSRC approval procedures; and

despite the above, prior approval from CSRC is not required under the new regulations for the listing and trading of ID Cayman's shares, on NYSE Amex, unless such approval is clearly required by subsequent rules of the CSRC, because (i) SM Cayman or its wholly foreign-owned enterprise incorporated in China, Jieli Consulting, have not acquired any equity or assets of a PRC domestic company and (ii) Jieli Consulting has entered into contractual arrangements with Jingli Shanghai and its shareholders because current PRC laws and regulations require foreign investors in advertising businesses to meet certain qualifications, and SM Cayman currently does not operate a foreign-invested enterprise which is approved by competent PRC authorities to engage in advertising businesses.

There is still uncertainty as to how the new regulations will be interpreted or implemented. See Risk Factors Risk Related to Doing Business in the People s Republic of China The approval of the China Securities Regulatory Commission, or the CSRC, may be required in connection with this transaction under a

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recently adopted PRC regulation. The regulation also establishes more complex procedures for acquisitions conducted by foreign investors that could make it more difficult for SearchMedia to grow through acquisitions.

Facilities

SearchMedia's headquarters are located in Shanghai, China, where it leases approximately 1,110 square meters of office space. As of July 31, 2009, SearchMedia's offices in 24 cities occupy an aggregate of 7,120 square meters of leased space.

Legal Proceedings

From time to time, SearchMedia may be subject to legal proceedings, investigations and claims incidental to the conduct of its business. SearchMedia is not currently a party to any legal proceeding or investigation that, in the opinion of its management, is likely to have a material adverse effect on its business or financial condition.

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

You should read the following discussion and analysis of the financial condition and results of operations of SearchMedia and its predecessors in conjunction with SearchMedia's consolidated financial statements and related notes and the predecessors' respective financial statements and related notes included elsewhere in this proxy statement/prospectus. This discussion may contain forward-looking statements based on current expectations involving risks and uncertainties. SearchMedia's 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 proxy statement/prospectus.

Overview

SearchMedia is a leading nationwide multi-platform media company and one of the largest operators of integrated outdoor billboard and in-elevator advertising networks in China. It ranked first in market share of in-elevator advertising displays in 13 out of the 26 most affluent cities in China and ranked second in an additional nine of these cities, according to Nielsen Media Research, an independent research company, in its July 2008 report commissioned by SearchMedia, or the Nielsen Report.

SearchMedia deploys its advertising network across the following media platforms to provide multi-platform, one-stop shop services for its clients:

Outdoor billboard platform. SearchMedia operates a network of over 1,500 high-impact billboards with over 500,000 square feet of surface display area in 15 cities, including Beijing, Hong Kong, Qingdao, Shanghai, Shenyang, Shenzhen, Guangzhou, Chongqing and Chengdu. Its billboards are mostly large-format billboards deployed in commercial centers and other desirable areas with heavy vehicle and/or foot traffic.

In-elevator platform. SearchMedia's network of over 175,000 printed and digital poster frames delivers targeted advertising messages inside elevators to captive audiences in high-rise residential and office buildings in 57 major cities in China.

Subway advertising platform. SearchMedia operates a network of large-format light boxes in concourses of eight major subway lines in Shanghai. According to the Metro Authority of Shanghai, in 2008, these subway lines carried an aggregate average daily traffic of approximately three million commuters.

Since SearchMedia entered the out-of-home advertising industry through its predecessors in 2005, it has achieved significant growth through acquisitions and organic expansion. From 2005 to July 31, 2009, SearchMedia expanded its network to over 175,000 poster frames and over 500,000 square feet of billboard space. SearchMedia's revenues, operating income and net income were \$7.8 million, \$2.2 million and \$1.2 million, respectively, for the period from its inception on February 9, 2007 to December 31, 2007, or the 2007 period, and \$88.6 million, \$22.8 million and \$4.3 million, respectively, for the year ended December 31, 2008.

SearchMedia's Predecessors and Acquisitions

SearchMedia commenced its operations in 2005 through (i) Shanghai Sige Advertising and Media Co., Ltd., or Sige, a Chinese company controlled by Ms. Qinying Liu, SM Cayman's chairman and shareholder, (ii) Shenzhen Dale Advertising Co., Ltd., or Dale, a Chinese company owned by Ms. Le Yang, SM Cayman's

director and shareholder, and Mr. Haiyin Yang, brother of Ms. Le Yang, and (iii) Beijing Conghui Advertising Co., Ltd., or Conghui, a Chinese company controlled by a minority shareholder of SM Cayman.

On February 9, 2007, SM Cayman was incorporated in the Cayman Islands as a holding company. On June 1, 2007, SM Cayman incorporated Jieli Investment Management Consulting (Shanghai) Co., Ltd., or Jieli Consulting, as its wholly-owned subsidiary in China.

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As operating an advertising network was restricted to PRC entities at the time, SM Cayman, through Jieli Consulting, entered into contractual arrangements on June 4, 2007 with each of Sige, Dale and Conghui. Pursuant to these contractual arrangements, Jieli Consulting became the primary beneficiary, bore all the economic risks and received all the economic benefits of these entities' advertising businesses, and controlled the financing and operating affairs with respect to these businesses. In accordance with Financial Accounting Standards Board Interpretation No. 46(R) Consolidation of Variable Interest Entities, SearchMedia consolidated the financial statements of these entities effective from June 4, 2007.

On August 3, 2007, the legal shareholders of Sige and Dale organized Jingli Shanghai, a limited liability company incorporated in China, to assume the business of Sige, Dale and Conghui. On September 10, 2007, Jieli Consulting entered into contractual arrangements with Jingli Shanghai on terms similar to those under previous arrangements with Sige and Dale and Conghui.

On October 31, 2007, Jieli Consulting terminated the contractual arrangements with Conghui due to a difference of views on future business plans and strategies between the management of SearchMedia and Conghui. As a result, SearchMedia deconsolidated Conghui in the 2007 period and views only Sige and Dale as its predecessors.

In January, February, April, and July of 2008, SearchMedia acquired the advertising businesses of 12 entities. See Information about SearchMedia Corporate Organization and Operating History.

Factors Affecting SearchMedia's Results of Operations

Factors affecting out-of-home advertising industry in China

SearchMedia's operating results are affected by these factors that impact the out-of-home advertising industry in China:

Growth of the PRC economy and the advertising industry. The growth of the PRC economy affects the size and growth rate of the advertising industry in China. As the advertising industry is typically sensitive to the general economic conditions, any slowdown in the economy, such as the recent worldwide economic downturn, could directly and adversely affect the overall advertising spending in China by multinational and domestic advertisers. The amount and timing of collection of advertising fees from advertisers may also be negatively impacted as a result, which could in turn affect SearchMedia's liquidity and its results of operations.

Advertising spending and budget cycle of advertisers. Advertising spending and budget cycle of advertisers will affect the amount and timing of demand for SearchMedia's service offerings. In a contracted economy, the budget size for advertising may be reduced. Advertisers may have shorter budget cycles, may contract for shorter-term advertising promotions and may seek media platform with higher average returns on their advertising spending.

Growth of out-of-home advertising as advertisers' marketing strategy and budget. SearchMedia's revenues depend on advertising spending budgeted by its clients for out-of-home advertising, including offerings through SearchMedia's outdoor billboard, in-elevator and subway advertising platforms. The level of acceptance of SearchMedia's platforms by advertisers and the value of its advertising network relative to its low cost, as perceived by SearchMedia's advertisers, affect SearchMedia's business growth.

Competition and pricing pressure. The level of competition in the out-of-home advertising market from existing operators and new market entrants for clients and for media assets could affect opportunities for growth, influence prices that SearchMedia could charge for its advertising services, and affect the leasing cost of advertising space.

Seasonality and One-Time Events. Advertising spending is affected by holidays and one-time events, such as the Beijing Olympic Games and the Shanghai Expo. Advertising spending for outdoor media

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generally decreases during the Chinese New Year, which occurs in the first calendar quarter of each year, and increases in the last calendar quarter.

Laws regulating advertising in the PRC. A change in PRC law or government practice regulating the advertising industry in general and SearchMedia's service platforms in particular could affect SearchMedia's results of operations, in terms of compliance costs and scope of advertising services offered to clients.

Factors Affecting SearchMedia's Operations Specifically

SearchMedia's operating results are also directly affected by company-specific factors, including the following:

Ability to maintain market position and expand into new cities. The market for out-of-home advertising services is relatively new and rapidly evolving, and as a multi-platform media company with a presence in 57 cities in China and Hong Kong, SearchMedia competes with different players across its platforms and cities of operation. For its in-elevator advertising platform, SearchMedia competes primarily against large regional operators and other nationwide operators. For its billboard advertising platform, SearchMedia competes against mostly local or regional outdoor billboard owners and operators, as the outdoor billboard market in China is largely fragmented. For its subway advertising platform, SearchMedia competes against other seasoned operators such as JCDecaux. See *Information About SearchMedia's Competition*. SearchMedia's continued ability to maintain its market position is central to its ability to attract new clients, expand relationships with site owners and managers and increase its revenues.

Ability to expand client base and increase the number of advertising contracts and average revenues per contract. SearchMedia's ability to expand client base and increase the number of advertising contracts and average revenues per contract is a key driver of its revenue growth. See *Revenues*. SearchMedia believes its extensive advertising network across multiple media platforms allows it to act as a one-stop shop for advertising clients that seek nationwide distribution of advertising content across multiple advertising channels, including outdoor billboards, elevators and subway stations.

Ability to sign and extend site leases for lower rentals. SearchMedia's ability to generate revenues and increase profitability from advertising sales depends largely on its ability to provide a large network of its media products across media platforms at desirable locations on commercially advantageous terms. The effectiveness of SearchMedia's network also depends on the cooperation of site owners and managers to allow it to install the desired types of poster frames at the desired spots on their properties and, for in-elevator advertising, to keep the elevators in operation and accessible to the viewing public.

Ability to integrate acquired companies. SearchMedia acquired a number of advertising businesses in 2008. SearchMedia has since been integrating and centralizing the accounting, legal, human resource and administrative functions of the acquired companies. The extent to which SearchMedia will successfully integrate the acquired companies into its business, in terms of sales and marketing, client service, growth strategy and corporate culture, could impact its results of operations.

Ability to shorten accounts receivable collection period. As is consistent with the payment terms and collection practice of the advertising industry in China, the collection period of SearchMedia's accounts receivable is relatively long, which generally range from three months to six months from the invoicing date. Relative to direct advertising clients, the collection period is longer for accounts receivable from advertising agency clients. Collections tend to concentrate at the end of calendar years. SearchMedia expects such practice to continue in the foreseeable future. The onset and deepening of recent global financial and economic crises could negatively impact the cash flows of its multinational and local clients and, in turn, the amount and timing

of collection of accounts receivable from them.

Ability to cross-sell. SearchMedia's ability to increase revenues by effectively leveraging its multi-platform advertising network will be determined by its ability to integrate its sales efforts and successfully implement cross-selling sales initiatives.

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Ability to retain key employees and sales people. Recruiting and retaining a team of senior executives, key employees and sales team with industry knowledge and experience is essential to SearchMedia's continued success.

Revenues

SearchMedia derives its revenues from providing advertising services. During the period from the date of its inception on February 9, 2007 to December 31, 2007, or the 2007 period, and the year ended December 31, 2008, SearchMedia generated revenues of \$7.8 million and \$88.6 million, respectively. For the 2007 period, SearchMedia's revenues equal the revenues recognized from June 4, 2007, the date on which the financial statements of SearchMedia's variable interest entities were initially consolidated, to December 31, 2007.

SearchMedia generates its revenues from providing advertising services over its network that consists primarily of the following platforms:

Outdoor billboard platform. SearchMedia typically signs advertising contracts with terms ranging from six to 24 months for billboard advertisements. Each contract will specify the billboard location, measurement and the price. The contract price varies substantially from contract to contract, based on the location and measurement of the billboard. Deposits or progress payments are typically required at various stages of the contract performance, such as signing of contract, confirmation of content and completion of service period.

In-elevator platform. SearchMedia typically signs advertising contracts with terms ranging from one to six months for in-elevator advertisements. Typically, SearchMedia negotiates for a contract price for covering a set of cities or districts within cities. SearchMedia may sometimes help certain clients design a detailed plan, based on the contract price and targeted demographics, with particular buildings where the advertisements will be displayed within the cities or districts specified under the contract. Progress payments are typically required at various stages of the contract performance.

Subway advertising platform. SearchMedia typically signs advertising contracts with terms ranging from one to three months for subway advertisements. The price typically consists of advertising fees and production fees for subway advertisements. Typically, the contracts specify a certain combination of subway stations and SearchMedia has the discretion to assign specific light boxes for each contract. Service payments are typically required at pre-specified dates prior to the completion of the contract.

SearchMedia recognizes advertising service revenues on a straight-line basis over the period in which the advertisement is required to be displayed, starting from the date SearchMedia first displays the advertisement. SearchMedia only recognizes revenue if the collectibility of the service fee is probable. The amount of advertising service revenues recognized is net of business taxes and surcharges ranging between 5% and 9%.

Revenue from the provision of advertising services includes revenue from barter transactions, which represents exchange of SearchMedia's advertising services for goods, non-advertising services or dissimilar advertising services provided by third parties. Dissimilar advertising services represent placing advertisements on other media such as television channels, newspapers or magazines for SearchMedia. Revenues and expenses are recognized from an advertising barter transaction only if the fair value of the advertising surrendered in the transaction is determinable. If the fair value of the advertising surrendered in the barter transaction is not determinable, the barter transaction is recorded based on the carrying amount of the advertising surrendered, which is generally nil. For the 2007 period and the year ended December 31, 2008, revenue recognized from barter transactions amounted to \$563,000 and \$2.7 million respectively.

SearchMedia's revenue generation is affected by the number of advertising contracts it enters into with clients and the average revenues per contract.

The table below sets forth the number of contracts and average revenues per contract for the period indicated.

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	For the Period from February 9, 2007 to December 31, 2007	For the Year Ended December 31, 2008
Number of contracts*	202	1,493
Average revenues per contract	\$ 38,752	\$ 59,368

* Number of contracts includes total number of contracts under which revenues were generated for the respective periods.

Number of contracts. The number of advertising contracts SearchMedia enters into during any period is influenced by its market position and reputation. It is affected by its sales, marketing and services efforts to develop new clients and cross-sell and bundle its solutions across multiple platforms, and provide one-stop shop, quality and value-added services to its clients. It is also affected by the addition of network coverage, media platforms and number of displays or billboards to its network, and the introduction of new products such as the digital frames that effectively expanded the network capacity. SearchMedia believes that an increased client base, better services and expanded networks will directly affect the number of its advertising contracts. The number of SearchMedia's advertising contracts is also driven by client-specific factors such as timing of introduction of new advertising campaigns, seasonality of clients' operations and growth of business sectors in which its clients operate. Depending on client demand, the number of SearchMedia's service contracts with its clients varies from period to period. The loss of, or significant reduction in, business from any major client without replacement clients could adversely impact its operating results. Conversely, the addition of a major advertising service contracts may significantly increase its revenues.

Average advertising service revenues per contract. SearchMedia's revenues per contract are affected by factors affecting out-of-home advertising service providers generally and factors affecting SearchMedia specifically. See Factors Affecting SearchMedia's Results of Operations. As SearchMedia typically negotiates for the overall contract amount before providing an advertising plan with specific display locations, average revenues per contract are particularly affected by the acceptance of SearchMedia's platforms as part of the marketing strategies and budgets of its clients. Average advertising services revenues per contract are also affected by its pricing policy, which is in turn affected by the level of competition, the costs that SearchMedia incurred in providing its services to the advertising clients, the quality of SearchMedia's services, and, particularly, the perceived attractiveness or effectiveness of its media portfolio.

Cost of Revenues and Operating Expenses*Cost of Revenues*

The following table sets forth the amount of SearchMedia's cost of revenues and as a percentage of total revenues for the periods indicated:

	For the Period from February 9, 2007 to December 31, 2007	For the Year Ended December 31, 2008
	\$ %	\$ %

(In thousands except percentages)

Total revenues	7,828	100.0	88,637	100.0
Cost of revenues	(2,451)	31.3	(46,674)	52.7
Gross profit	5,377	68.7	41,963	47.3

SearchMedia's cost of revenues consists primarily of operating lease cost of advertising space for displaying advertisements, depreciation of advertisement display equipment, amortization of intangible assets relating to lease agreements and direct staff and material costs associated with production and installation of advertisement content. SearchMedia's operating lease cost represents a significant portion of its cost of revenues. In the 2007 period and the year ended December 31, 2008, SearchMedia's operating lease cost

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accounted for 55.9% and 80.9%, respectively, of its cost of revenues. For the same periods, such operating lease cost accounted for 17.5% and 42.6%, respectively, of its total revenues.

Outdoor billboard location cost. SearchMedia leases billboard locations from managers of commercial centers and other desirable areas of heavy vehicle and/or foot traffic. The term of a location leasing contract is generally one to five years. Under most of the leasing contracts, SearchMedia is granted a right of first refusal with respect to renewals, provided that the terms offered by SearchMedia are no less favorable than those offered by competing bidders. The lease payment periods under these contracts vary, from those on a monthly or quarterly basis to those on a semi-annual or annual basis. The lease payment for a period is typically due at the beginning of the period.

In-elevator platform location cost. SearchMedia leases elevators in both residential and commercial high-rise buildings from property developers, property management companies or homeowner associations. As of July 31, 2009, approximately 80% of the buildings in which SearchMedia had installed its poster frames were residential buildings and 20% were office buildings. SearchMedia typically enters into leasing contracts for terms from one to three years, and is usually granted a right of first refusal with respect to renewals of the contracts, provided that the terms offered by SearchMedia are no less favorable than those offered by competing bidders. SearchMedia typically makes lease payments on a quarterly basis under these contracts, with the lease payment for each quarter due at the beginning of the quarter.

Subway advertising platform location cost. Upon SearchMedia's acquisition of Shanghai Haiya in February 2008, SearchMedia took over the operation rights for a network of light boxes in the Shanghai subway system. The payment terms for the lease contracts vary, from those on a quarterly or installment basis to those on an annual basis. The lease payment for a period is typically due at the beginning of the period.

SearchMedia believes that it will likely be able to renew these leases if it chooses to renew them, based on its current assessment of its relationships with the site owners or managers and historical experience of renewal. SearchMedia believes that, as a result of inflation, competition, loss of bargaining power or otherwise, it may in the future need to pay higher lease payments in order to renew existing leases, obtain new and desirable locations, or secure exclusivity and other favorable terms.

Operating Expenses

The following table sets forth a breakdown of SearchMedia's operating expenses, both in terms of amount and as a percentage of total revenues, for the periods indicated:

	For the Period from February 9, 2007 to December 31, 2007		For the Year Ended December 31, 2008	
	\$	%	\$	%
	(In thousands except percentages)			
Total revenues	7,828	100.0	88,637	100.0
Operating expenses:				
Sales and marketing expenses	(293)	3.8	(7,397)	8.4
General and administrative expenses	(2,555)	32.6	(11,727)	13.2
Loss on deconsolidation of a variable interest entity	(358)	4.6		

Total operating expenses	(3,206)	41.0	(19,124)	21.6
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SearchMedia's operating expenses accounted for 41.0% and 21.6%, respectively, of its total revenues for the 2007 period and the year ended December 31, 2008. SearchMedia's operating expenses consist mainly of sales and marketing expenses and general and administrative expenses.

Sales and marketing expenses. These consist primarily of salary, benefits and commissions for SearchMedia's sales and marketing personnel, amortization of intangible assets related to customer

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relationship, advertising and promotion expenses, entertainment expenses, traveling expenses and share-based compensation expenses for sales and marketing personnel. SearchMedia's selling expenses generally correspond to the fluctuations in SearchMedia's revenues as the sales personnel's compensations are closely tied to their performance. SearchMedia expects to continue to incur share-based compensation expenses as it grants share options and/or restricted share awards to sales and marketing personnel. In addition, SearchMedia expects to incur substantial amounts of amortization expenses in the foreseeable future. See Amortization Expenses.

General and administrative expenses. These consist primarily of share-based compensation expenses, salary and benefits for its management and administrative personnel, office rental and utility expenses, legal and professional expenses and miscellaneous office expenses. SearchMedia expects that its general and administrative expenses will increase in absolute amount as it adds additional personnel and incur additional costs related to the growth of its business. It also expects to incur additional general and administrative expenses as a result of this business combination and its becoming a subsidiary of a listed public company in the U.S. upon completion of this transaction. SearchMedia expects to continue to incur share-based compensation expenses as it grants share options and restricted share awards to its management and administrative personnel.

Share-Based Compensation

SM Cayman adopted a 2008 share incentive plan on January 1, 2008. As amended, up to 29,400,000 ordinary shares have been reserved for issuance under the plan. As of the date of this proxy statement/prospectus, SM Cayman's management personnel hold outstanding options to purchase a total of 11,395,000 ordinary shares, with a weighted average exercise price per share of \$0.73. SM Cayman also granted restricted share awards under the plan to senior management personnel of SearchMedia. For a description of the share options and restricted share awards granted, including the exercise prices and vesting terms thereof, see Certain Relationships and Related Party Transactions SearchMedia Related Party Transactions Share Incentives Historical Award Grants.

The table below sets forth certain information concerning share options granted to SearchMedia's executives, consultants and employees on the dates indicated.

Grant Date	Number of Options	Number of Restricted Share Awards	Purchase Price/ Exercise Price (\$)	Fair Value of Option/ Restricted Share Awards at Grant Date (\$)	Fair Value of Ordinary Shares		Type of Valuation	
					Shares	Intrinsic Value (\$)		
January 2008	4,880,000		0.001-2.63	0.08 to 0.43	0.43	0	0.43	Retrospective
February 2008	40,000		2.63	0.15	0.48	0	0	Retrospective
April 2008	3,020,000		0.0001-3.0	0.13 to 0.39	0.39	0	0.39	Retrospective
July 2008	900,000		2.63-3.0	0.12 to 0.13	0.41	0	0	Retrospective
July 2009	1,650,000		0.5323	0.13 to 0.15	0.26	0	0	Retrospective
January 2008		1,054,000		0.38	0.43	0.43	0.43	Retrospective
February 2008		1,460,000		0.40	0.48	0.48	0.48	Retrospective
April 2008		49,000		0.32	0.39	0.39	0.39	Retrospective

July 2008	1,304,000	0.33 to 0.35	0.41	0.41	Retrospective
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SM Cayman has adopted Statement of Financial Accounting Standard, or SFAS, No. 123 (revised 2004), Share-Based Payment, or SFAS No. 123R, under which it generally recognizes share-based compensation expenses based on the grant-date fair value over the period during which an employee is required to provide service in exchange for the award. The amount of compensation expenses recognized for SearchMedia's share options was \$1.6 million for the year ended December 31, 2008, of which \$56,000, \$68,000 and \$1.5 million was charged to cost of revenues, sales and marketing expenses and general and administrative expenses, respectively. As of December 31, 2008, unrecognized share-based compensation cost in respect of granted share options amounted to \$1.0 million.

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SM Cayman determined the estimated grant-date fair value of share options based on the Binomial Tree option-pricing model. The determination of fair value of equity awards such as share options requires making complex and subjective judgments about the fair value of underlying shares since these shares are not public traded, the projected financial and operating results of the subject company. It also requires making certain assumptions such as cost of capital, general market and macroeconomic conditions, industry trends, comparable companies, share price volatility of the subject company, expected lives of options and discount rates. These assumptions are inherently uncertain.

SM Cayman's analysis of the ordinary shares underlying the options used the guideline companies approach, which incorporates certain assumptions including the market performance of listed companies with comparable business and operating primarily in one country, as well as its financial results and growth trends, to derive its total equity value. The fair value of the ordinary shares underlying the options was determined by considering a number of factors, including the expected volatility, which was based on the weighted average volatility of several comparable U.S. listed companies in the advertising industry with operations in China. Because SM Cayman was a private company at the time the options were issued, SM Cayman estimated the potential volatility of its ordinary share price by referring to the weighted average volatility of these comparable companies as SearchMedia's management believes that the weighted average volatility of such companies is a reasonable benchmark to use in estimating the expected volatility of SM Cayman's ordinary shares.

The fair value of the share options were estimated on the date of grant using the following assumptions:

	January 2008	February 2008	April 2008	July 2008	July 2009
Risk-free rate of return	5.31%	5.02%	5.27%	5.59%	4.49%
	7.7 to		6.5 to	8.3 to 8.5	6.0 to
Expected term	10.0 years	8.0 years	10.0 years	years	6.1 years
Expected volatility	44.69%	58.75%	59.63%	57.77%	72.82%
Expected dividend yield	0%	0%	0%	0%	0%

In determining SearchMedia's fair value of its ordinary shares at each grant date, SM Cayman first calculated its equity value by using the income approach, i.e., the discounted cash flow method. Under the income approach, SM Cayman utilized a discounted cash flow analysis based on its projected cash flows from 2008 through 2012. SM Cayman used a weighted average cost of capital, or WACC, of 15.0% as of January 1, 2008, 14.9% as of February 1, 2008, 15.0% as of April 1, 2008, 16.0% as of July 1, 2008 and 16.2% as of July 1, 2009, based on the WACC of the guideline companies. SM Cayman also applied a discount for lack of marketability, or DLOM, of 18.0% as of January 1, 2008, 18.0% as of February 1, 2008, 20.8% as of April 1, 2008, 22.5% as of July 1, 2008 and 15.8% as of July 1, 2009 to reflect the fact that there is no ready market for shares in such a closely held company.

SM Cayman also considered the guidance prescribed by the AICPA Audit and Accounting Practice Aid Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or Practice Aid. The stand-alone fair value ordinary share was determined based on a retrospective valuation using Black-Scholes Options Pricing Model. Since SM Cayman's capital structure is comprised of preferred shares and ordinary shares at each measurement date, SM Cayman allocated its equity value between each class of equity using an option pricing method. The option pricing method treats ordinary shares and preferred shares as call options on the equity value, with exercise prices based on the liquidation preference of the preferred shares to reach the fair value of ordinary share at each measurement date.

Because SM Cayman's share options have certain characteristics that are significantly different from traded options, and because any deviation from the subjective assumptions can materially affect the estimated value, SM Cayman believes that the existing valuation model may not provide an accurate measure of the fair value of SM Cayman's share options. Although the fair value of the share options is determined in accordance with SFAS No. 123R, using an option-pricing method, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

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In January 2008, February 2008, April 2008 and July 2008, SM Cayman granted restricted share awards under the 2008 share incentive plan with the number of such units and their vesting contingent upon the performance levels of certain of SearchMedia's operating entities.

As SearchMedia's management determined that it was probable that certain performance levels would be achieved, SearchMedia recognized compensation cost for the pro rata portion of services rendered of \$705,000 for these restricted share awards for the year ended December 31, 2008, all of which cost was charged to SearchMedia's general and administrative expenses. If the performance levels are not achieved, all or a portion of the recognized compensation cost will be reversed. These restricted share awards have a grant-date fair value of \$1,450,000. As of December 31, 2008, none of these restricted share awards was vested and the unrecognized share-based compensation cost in respect of granted restricted share awards amounted to US\$745,000. This cost is expected to be recognized over a weighted average period of 17 months.

SearchMedia determined the estimated grant-date fair value of these restricted share awards as the sum of fair value of common shares and a short put option value on the lock-up period. The fair value of the put option is determined based on the Asian option-pricing model to calculate the indicated value of the lock-up period which used inputs that are the same as those in relation to estimating the fair value of the share options.

If different assumptions were used, the share-based compensation expenses and net income could have been significantly different.

Amortization Expenses

In connection with the acquisitions completed in the year ended December 31, 2008, SearchMedia recognized intangible assets (other than goodwill) related to customer relationship and lease agreements and recorded amortization expenses of intangible assets in the amount of \$3.5 million for the period. Out of the \$3.5 million, \$1.8 million and \$1.7 million were included in cost of revenues and the sales and marketing expenses, respectively, based on the nature of the intangibles.

As of December 31, 2008, SearchMedia expected to incur amortization expenses relating to existing intangible assets as follows:

2009	\$ 2,974,000
2010	\$ 1,735,000
2011	\$ 505,000
2012	\$ 21,000

Taxation

SM Cayman, its Hong Kong and PRC subsidiaries and its consolidated variable interest entities file separate income tax returns.

The Cayman Islands and Hong Kong

Under the current laws of the Cayman Islands, SM Cayman is not subject to income or capital gains taxes. In addition, dividend payments are not subject to withholding tax. There are no other taxes likely to be material to SearchMedia levied by the government of the Cayman Islands, except for stamp duties that may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not a

party to any double taxation treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

SearchMedia's subsidiaries incorporated in Hong Kong, Ad-Icon Company Limited and Great Talent Holdings Limited, are subject to a profits tax rate of 16.5% of their assessable profits for the tax year 2008. Payment of dividends is not subject to withholding tax in Hong Kong. Interest derived from deposits placed in Hong Kong with authorized institutions is exempted from the Hong Kong profits tax.

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Pursuant to the applicable PRC tax laws, prior to January 1, 2008, companies established in China were generally subject to a state and local enterprise income tax, or EIT, at statutory rates of 30% and 3%, respectively. During the tax year ended December 31, 2007, Jieli Consulting and Jingli Shanghai were subject to an income tax rate of 33%.

During the tax year ended December 31, 2007, Sige was subject to income tax rate on a special concessionary rate of 3.3% of its advertising revenues (less approved deductions), Dale was subject to income tax at a preferential tax rate of 15% on its assessable profits, and Conghui was subject to income tax at 33% on its assessable profits.

On March 16, 2007, the National People's Congress adopted the new PRC Enterprise Income Tax Law, or the EIT Law, which became effective from January 1, 2008 and replaced the separate income tax laws for domestic enterprises and foreign-invested enterprises by adopting a unified income tax rate of 25% for most enterprises. In addition, on December 6, 2007, the State Council issued the Implementation Rules for the EIT Law, which became effective simultaneously with the EIT Law. On December 26, 2007, the State Council issued the Notice on Implementation of Enterprise Income Tax Transition Preferential Policy under the EIT Law, or the Transition Preferential Policy Circular, which became effective upon promulgation. Under these regulations, the PRC government revoked many of the then existing tax exemption, reduction and preferential treatments, but permit companies to continue to enjoy their existing preferential tax treatments for the remainder of the preferential periods, subject to transitional rules as stipulated in the Transition Preferential Policy Circular. Since January 1, 2008, SearchMedia's PRC subsidiaries, Jieli Consulting and Jieli Network, and Jingli Shanghai and its subsidiaries have been subject to an income tax rate of 25%, except that the applicable tax rates for Shenzhen Dale, which was taxed at the preferential rate of 15% in the tax year ended December 31, 2007, is 18%, 20%, 22%, 24% and 25% for the tax years ended December 31, 2008, 2009, 2010, 2011 and 2012, respectively.

Critical Accounting Policies

SearchMedia prepares its consolidated financial statements in accordance with U.S. GAAP, which requires SearchMedia to make judgments, estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) disclosure of contingent assets and liabilities at the end of each reporting period and (iii) the reported amounts of revenues and expenses during each reporting period. SearchMedia continually evaluates these estimates and assumptions based on historical experience, knowledge and assessment of current business and other conditions, expectations regarding the future based on available information and reasonable assumptions, which together form a basis for making judgments about matters not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates. Some of SearchMedia's accounting policies require higher degrees of judgment than others in their application. SearchMedia considers the policies discussed below to be critical to an understanding of its financial statements as their application places the most significant demands on the judgment of SearchMedia's management.

Significant Factors, Assumptions and Methodologies Used In Determining the Fair Value of Series A, Series B and Series C Preferred Shares and Related Detachable Warrants

In June 2007, SM Cayman issued 10,000,000 Series A convertible preferred shares, or Series A Shares, and warrants to purchase 10,000,000 additional Series A convertible preferred shares at an exercise price of \$0.10 per share to a third party investor for a total cash consideration of \$1 million. The gross proceeds of \$1 million were allocated to the Series A convertible preferred shares and Series A Warrants on a relative fair value basis. In August 2007, SM Cayman issued 36,363,635 Series B redeemable convertible preferred shares, or Series B Shares, and warrants to purchase 5,000,000 ordinary shares of SM Cayman at an exercise price of \$0.55 per share, or Series B Warrants, to two investors (one being an existing Series A preferred shareholder) for a total cash consideration of \$20 million. The

gross proceeds of \$20 million were allocated to the Series B redeemable convertible preferred shares and Series B Warrants on a relative fair value basis. In May 2008, SM

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Cayman issued 3,802,281 Series C redeemable convertible preferred shares, or Series C Shares, to two third party investors for a total cash consideration of \$10 million.

SearchMedia determined that there was no embedded beneficial conversion feature attributable to any of the Series A Shares, Series B Shares and Series C Shares at the respective commitment dates, since the respective effective conversion price of the Series A Shares, Series B Shares and Series C Shares was greater than the estimated fair value of SM Cayman's ordinary shares as of each commitment date.

In determining the fair value of the preferred shares, ordinary shares and detachable warrants, SM Cayman considered the guidance prescribed by the AICPA Audit and Accounting Practice Aid Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or Practice Aid. The stand-alone fair value of Series A and Series B preferred shares that were issued with detachable warrants was determined based on a retrospective valuation using Black-Scholes Options Pricing Model with the assistance of an independent valuation firm, Jones Lang LaSalle Sallmanns. The following describes the methodology and major assumptions used by SM Cayman for such valuation.

Since SM Cayman's capital structure is comprised of preferred shares and ordinary shares at each measurement date, SM Cayman allocated its equity value between each class of equity using an option pricing method. The option pricing method treats ordinary shares and preferred shares as call options on the equity value, with exercise prices based on the liquidation preference of the preferred shares.

In determining SearchMedia's equity value at each measurement date, it calculated SM Cayman's equity value by using the income approach, i.e., discounted cash flow method. Under the income approach, SM Cayman utilized a discounted cash flow analysis based on its projected cash flows from 2008 through 2012. SM Cayman used a weighted average cost of capital, or WACC, of 23.4%, 14.2% and 14.7% as of the respective measurement date of Series A Shares, Series B Shares and Series C Shares, based on the WACC of the guideline companies. SM Cayman also applied DLOM of 11.6%, 22.2% and 17.7% as of the respective measurement date of Series A Shares, Series B Shares and Series C Shares to reflect the fact that there is no ready market for shares in a closely held company such as SearchMedia. The expected volatility and the expected initial public offering, or IPO, date are key assumptions in determining the DLOM. Because ownership interests in closely held companies are typically not readily marketable compared to similar public companies, SearchMedia's management believes a share in a privately held company is usually worth less than an otherwise comparable share in a publicly held company and therefore applied a DLOM of the privately held shares. When determining the DLOM, the Black-Scholes option model was used. Under option pricing method, the cost of the put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the DLOM. The option pricing method was used because this method takes into account certain company-specific factors, including the size of SearchMedia's business and volatility of the share price of comparable companies engaged in the same industry. The fair value of the Series A Shares, Series B Shares and Series C Shares will increase along with a decrease in WACC, DLOM and the expected volatility, and the fair value of such shares will decrease when the expected IPO date is further away from the measurement date.

Significant Factors, Assumptions and Methodologies Used In Determining the Fair Value of Convertible Notes and Warrants

In March 2008, SM Cayman issued convertible promissory notes, or the Notes, to two investors (one being an existing Series A preferred shareholder) for a total cash consideration of \$12 million. The investors of the Notes had the right to convert the principal amount of the Notes plus any accrued and unpaid interest into SM Cayman's equity securities issued and sold before maturity of the Notes, or the Next Equity Financing, at a conversion price equals to 80% of the Next Equity Financing issue price.

SM Cayman also granted the Notes investors warrants to purchase SM Cayman's equity securities issued at the Next Equity Financing at an exercise price of 80% of the Next Equity Financing issue price, or the Note Warrants. The Note Warrants have an exercise period of three years commencing March 17, 2008. The number of equity securities issuable under the Note Warrants is equal to (a) 25% of the original principal amount of the Notes issued, or \$3 million, divided by (b) 80% of the actual purchase price per share of the

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Next Equity Financing of SM Cayman subsequent to the issuance of convertible notes and warrants. Since Series C Shares, with an issuance price of \$2.63 per share, were issued subsequent to the issuance of the convertible notes and warrants, the purchase price has been determined to be \$2.104 per share. The gross proceeds of \$12 million were first allocated to the fair value of the Note Warrants amounting to \$2.1 million, which is recorded in accrued expenses and other payables. The remaining balance of gross proceeds of \$9.9 million was credited to the Notes as a liability. Subsequent to the initial recognition, the Notes' beneficial conversion feature of \$5.1 million was recognized as an additional Note discount with a corresponding credit to additional paid-in capital on May 30, 2008, the date of issuance of Series C Shares.

The fair value of the Notes, its Notes' beneficial conversion feature and the Note Warrants are measured by using Binomial Tree option-pricing model. The key assumptions and parameters include risk free interest rate, volatility and dividend yield. The fair value of convertible notes and warrants will increase along with an increase in risk free interest rate and expected volatility and a decrease in expected dividend yield.

Significant Factors, Assumptions and Methodologies Used In Determining the Fair Value of Share Options and Restricted Share Awards

SM Cayman accounts for share-based compensation in accordance with SFAS No. 123R, under which it is required to measure the fair value of employees share options on the date of the option grant, and recognize share-based compensation expense in its consolidated income statements over the period during which an employee is required to provide service in exchange for the award, which is generally the vesting period. See Share-Based Compensation.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in SearchMedia's existing accounts receivable. Management determines the allowance based on historical write-off experience and analysis of customer specific facts and circumstances, including any known or potential collection issues. If circumstances relating to specific customer change, management's estimate of the recoverability of accounts receivable could be further adjusted.

	For the Period from February 9, 2007 to December 31, 2007	For the Year Ended December 31, 2008
	(\$ in thousands)	
Beginning allowance for doubtful accounts		160
Additions charged to bad debt expense	160	1,309
Uncollectible amounts written off		
Ending allowance for doubtful accounts	160	1,469

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, SearchMedia first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various techniques including discounted cash flow model, quoted market values and third-party independent appraisals, as considered necessary. No impairment of long-lived assets was recognized for the period from February 9, 2007 (date of inception) through December 31, 2007 or for the year ended December 31, 2008.

Goodwill is tested annually for impairment on each fiscal year end date, and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. In performing the goodwill impairment test, SearchMedia determines the fair value of each reporting unit using a discounted

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cash flow analysis, which requires significant judgment relating to forecast of revenues, operating costs and applicable discount rates. SearchMedia uses all readily available information and considers historical trends in determining the amount that is considered to be reasonable approximation of revenues and operating costs for the forecast periods. No impairment of goodwill was recognized for the period from February 9, 2007 (date of inception) through December 31, 2007 or for the year ended December 31, 2008.

Depreciation and Amortization

SearchMedia's long-lived assets include property and equipment, intangible assets such as customer relationships and lease agreements, and goodwill. Except for goodwill, SearchMedia amortizes its long-lived assets using the straight-line method over the estimated useful lives of the assets. SearchMedia estimates the useful lives of property and equipment (including the salvage values) and intangibles, in order to determine the amount of depreciation and amortization expense to be recorded during any reporting period. SearchMedia estimates the useful lives at the time the Company acquires the assets based on historical experience with similar assets as well as anticipated technological or other changes. There was no change to the estimated useful lives and salvage values in the period from February 9, 2007 (date of inception) through December 31, 2007 and the year ended December 31, 2008.

Results of Operations

The following table sets forth a summary of SearchMedia's consolidated statements of income and its predecessors' respective statements of income for the periods indicated. The historical results presented below are not necessarily indicative of the results that may be expected for any other future period. In SearchMedia's consolidated financial statements, the assets and liabilities of Sige and Dale were adjusted to their fair value upon initial consolidation. The resulting fair value adjustment and recognition and amortization of intangible assets caused incomparability of the predecessors' results of operations to those of SearchMedia.

	Sige		Dale		SearchMedia	
	January 1, 2006 to December 31, 2006	January 1, 2007 to June 3, 2007	January 1, 2006 to December 31, 2006	January 1, 2007 to June 3, 2007	February 9, 2007 to December 31, 2007	January 1, 2008 to December 31, 2008
	(\$ in thousands)					
Advertising service revenues	1,424	599	1,104	745	7,828	88,637
Cost of revenues(1)(2)	(622)	(369)	(387)	(214)	(2,451)	(46,674)
Gross profit	802	230	717	531	5,377	41,963
Operating expenses:						
Sales and marketing(1)(2)	(36)	(25)	(176)	(105)	(293)	(7,397)
General and administrative(2)	(145)	(129)	(172)	(140)	(2,555)	(11,727)
Loss on deconsolidation of variable interest entity					(358)	
Total operating expenses	(181)	(154)	(348)	(245)	(3,206)	(19,124)
Income from operations	621	76	369	286	2,171	22,839
Interest income					5	131
Interest expense					(43)	(8,922)

Decrease in fair value of note warrant liability						482
Loss on extinguishment of notes						(3,218)
Foreign currency exchange loss, net					(35)	(167)
Income before income taxes	621	76	369	286	2,098	11,145
Income taxes expenses	(15)	(21)	(36)	(43)	(850)	(6,802)
Net income (loss)	606	55	333	243	1,248	4,343

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Sales and marketing expenses. The sales and marketing expenses increased from \$0.3 million, or 9.1% of total operating expenses, for the period from February 9, 2007 to December 31, 2007, to \$7.4 million, or 38.7% of the total operating expenses for the year ended December 31, 2008. The \$0.3 million in sales and marketing expense for the period from February 9, 2007 to December 31, 2007 primarily consisted of amortization of intangible assets relating to lease agreements of \$0.1 million, and expenses of \$0.1 million for marketing and promotion, whereas the \$7.4 million in

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sales and marketing expense for the year ended December 31, 2008 primarily consisted of expenses of \$2.9 million for marketing and promotion, amortization of intangible assets relating to customer relationship of \$1.7 million and sales commissions of \$1.1 million. Thus, the increase in sales and marketing expenses was primarily due to increased staff costs associated with the expansion of SearchMedia's sales force as its markets and revenues grew.

General and administrative expenses. The general and administrative expenses increased from \$2.6 million, or 79.7% of total operating expenses for the period from February 9, 2007 to December 31, 2007, to \$11.7 million, or 61.3% of the total operating expenses for the year ended December 31, 2008. The \$2.6 million in general and administrative expense for the period from February 9, 2007 to December 31, 2007 primarily consisted of salaries and benefits for the management and administrative personnel of \$1.2 million, traveling and entertainment expenses of \$0.6 million and bad debt expense of \$0.3 million, whereas the \$11.7 million in general and administrative expense for the year ended December 31, 2008 primarily consisted of salaries and benefits for the management and administrative personnel of \$3.1 million, share-based compensation of \$2.2 million, rental and utility expenses of \$1.7 million and bad debt expense of \$1.3 million. Thus, the increase was primarily as a result of increased staff costs associated with new hire of senior administrative managers and also share-based compensation granted to management and administrative personnel.

Loss on deconsolidation of a variable interest entity. There was a loss on deconsolidation of a variable interest entity of \$0.4 million for the period from February 9, 2007 to December 31, 2007, compared to \$nil for the year ended December 31, 2008. This loss was recorded as a result of termination of the contractual arrangements between Jieli Consulting and Conghui in October 2007, and represented the carrying value of net assets deconsolidated.

Interest expense. The interest expense increased substantially from \$43,000 for the period from February 9, 2007 to December 31, 2007 to \$8.9 million for the year ended December 31, 2008. The \$43,000 interest expense comprised bank loan interest whereas the \$8.9 million interest expense largely comprised the \$7.2 million amortization of convertible promissory notes discount and \$720,000 convertible promissory notes interest.

Loss on extinguishment of the notes. On September 17, 2008, certain convertible promissory notes issued by SearchMedia in March 2008 were cancelled by the holder. The notes, with a principal sum of \$10 million plus accrued interest of \$600,000 and all the related conversion rights, were cancelled in exchange for a new promissory note with a principal sum of \$15 million, which bears interest at 12% per annum and has no conversion right. As a result of the cancellation of the convertible promissory notes in exchange for the new promissory note, the intrinsic value of the contingent beneficial conversion feature of the convertible promissory notes of \$1.2 million was charged to additional paid-in capital and a loss on extinguishment of the convertible promissory notes of \$3.2 million was recognized in the statement of income for the year ended December 31, 2008, which represented the difference between the carrying value of the new promissory note of \$15 million and the sum of the carrying value of the convertible promissory notes of \$10 million, related accrued interest of \$0.6 million and the intrinsic value of the contingent beneficial conversion feature of the convertible promissory notes of \$1.2 million. There was no extinguishment of notes for the period from February 9, 2007 to December 31, 2007.

Income tax expense. The income tax expense increased substantially from \$0.9 million for the period from February 9, 2007 to December 31, 2007 to \$6.8 million for the year ended December 31, 2008. For the period from February 9, 2007 to December 31, 2007, the effective tax rate was 40.5%, compared to the effective tax rate and PRC statutory tax rate of 33%, primarily due to the deferred tax assets in respect of tax loss carryforward of a subsidiary, and non-deductible loss on deconsolidation of Conghui and other non-deductible operating expenses. For the year ended December 31, 2008, the effective tax rate was 61.0%, compared to the PRC statutory tax rate of 25%, primarily

due to the fact that SM Cayman's administrative and interest expenses and certain operating expenses of its consolidated variable interest entities were not deductible for income tax purposes.

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Net income. As a result of the foregoing, SearchMedia had a net income of \$4.3 million for the year ended December 31, 2008, compared to a net income of \$1.2 million for the period from February 9, 2007 to December 31, 2007.

Due to a lack of comparable periods, the following discussions and analyses of Sige and Dale compare these entities' results of operations for the period from January 1, 2007 to June 3, 2007 against those for the year ended December 31, 2006. Due to a difference in length of the comparing period, the financial performance of Sige and Dale for the periods indicated may not be comparable.

Comparison of Sige's Results of Operations For the Period from January 1, 2007 to June 3, 2007 Against the Year Ended December 31, 2006

Revenues. Sige's advertising service revenues decreased from \$1.4 million in 2006 to \$0.6 million for the period from January 1, 2007 to June 3, 2007. This decrease was primarily due to the shorter duration of the period in 2007.

Cost of revenues. Sige's cost of revenues decreased from \$0.6 million in 2006 to \$0.4 million for the period from January 1, 2007 to June 3, 2007. Cost of revenues as a percentage of its revenues increased from 43.7% in 2006 to 61.6% for the period from January 1, 2007 to June 3, 2007. This increase in cost of revenues as a percentage of its revenues was primarily due to increased operating lease costs associated with network expansion in the 2007 period.

Operating expenses. Sige's total operating expenses, which comprise sales and marketing expenses and general and administrative expenses, decreased from \$181,000 in 2006 to \$154,000 for the period from January 1, 2007 to June 3, 2007:

Sales and marketing expenses. Sige's sales and marketing expenses decreased from \$36,000, or 19.9% as a percentage of total operating expenses in 2006, to \$25,000, or 16.2% as a percentage of total operating expenses for the period from January 1, 2007 to June 3, 2007. The decrease in sales and marketing expenses as a percentage of total operating expenses was mainly due to less promotion expenses in the 2007 period.

General and administrative expenses. Sige's general and administrative expenses decreased from \$145,000 in 2006 to \$129,000 for the period from January 1, 2007 to June 3, 2007. General and administrative expenses as a percentage of total operating expenses increased from 80.1% in 2006 to 83.8% for the period from January 1, 2007 to June 3, 2007. This increase in general and administrative expenses as a percentage of total operating expenses was mainly due to increased staff costs associated with recruitment of administrative personnel in the 2007 period.

Income tax expense. Despite a decrease in revenues from 2006 to the period from January 1, 2007 to June 3, 2007, Sige's income tax expense increased from \$15,000 in 2006 to \$21,000 for the period from January 1, 2007 to June 3, 2007, and its effective tax rate increased from 2.4% in 2006 to 27.6% for the period from January 1, 2007 to June 3, 2007. This increase in effective tax rate was attributable to fewer approved deductions for the period from January 1, 2007 to June 3, 2007 since Sige was subject to PRC enterprise income at a special concessionary tax rate of 3.3% of its advertising revenues less approved deductions.

Net income. As a result of the foregoing, Sige had a net income of \$55,000 for the period from January 1, 2007 to June 3, 2007, decreased from \$0.6 million in 2006.

Comparison of Dale's Results of Operations For the Period from January 1, 2007 to June 3, 2007 Against the Year Ended December 31, 2006

Revenues. Dale's advertising service revenues decreased from \$1.1 million in 2006 to \$0.7 million for the period from January 1, 2007 to June 3, 2007. This decrease was primarily due to the shorter duration of the period in 2007.

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Cost of revenues. Dale's cost of revenues decreased from \$0.4 million, or 35.1% as a percentage of its revenues in 2006, to \$0.2 million, or 28.7% as a percentage of its revenues for the period from January 1, 2007 to June 3, 2007. The decrease in cost of revenues as a percentage of its revenues was primarily due to the higher average revenues per contract in the 2007 period.

Operating expenses. Dale's total operating expenses, which comprise sales and marketing expenses and general and administrative expenses, decreased from \$348,000 in 2006 to \$245,000 for the period from January 1, 2007 to June 3, 2007:

Sales and marketing expenses. Dale's sales and marketing expenses decreased from \$176,000, or 50.6% as a percentage of total operating expenses in 2006, to \$105,000, or 42.9% as a percentage of total operating expenses for the period from January 1, 2007 to June 3, 2007. The decrease in sales and marketing expenses as a percentage of total operating expenses was mainly due to less promotion expenses in the 2007 period.

General and administrative expenses. Dale's general and administrative expenses decreased from \$172,000 in 2006 to \$140,000 for the period from January 1, 2007 to June 3, 2007. General and administrative expenses as a percentage of total operating expenses increased from 49.4% in 2006 to 57.1% for the period from January 1, 2007 to June 3, 2007. This increase in general and administrative expenses as a percentage of total operating expenses was mainly due to increased staff costs associated with recruitment of administrative personnel in the 2007 period.

Income tax expense. Despite a decrease in operating income from 2006 to the period from January 1, 2007 to June 3, 2007, Dale's income tax expenses increased from \$36,000 in 2006 to \$43,000 for the period from January 1, 2007 to June 3, 2007, and its effective tax rate increased from 9.8% in 2006 to 15.0% for the period from January 1, 2007 to June 3, 2007. The lower effective tax rate in 2006 was due to the effect of an income tax holiday of \$28,000 in 2006, offset by the non-deductible entertainment expenses of \$10,000 in 2006.

Net income. As a result of the foregoing, Dale had a net income of \$243,000 for the period from January 1, 2007 to June 3, 2007, decreased from \$333,000 in 2006.

Liquidity and Capital Resources

SearchMedia's cash and cash equivalents consist of cash on hand and bank deposits placed with banks and other financial institutions primarily within China. The following table sets forth a summary of SearchMedia's consolidated cash flows for the periods indicated:

	For the period from February 9, 2007 to December 31, 2007	For the Year Ended December 31, 2008
	(\$ in thousands)	
Net cash used in operating activities	(1,665)	(3,722)
Net cash used in investing activities	(6,370)	(22,286)
Net cash provided by financing activities	14,365	25,033
Net increase (decrease) in cash	6,333	(618)

Cash at beginning of period		6,333
Cash at end of period	6,333	5,715

The principal sources of liquidity of SearchMedia have been cash generated from financing activities, which consisted of private placements and debt financing. SearchMedia requires cash to fund its ongoing business needs, particularly earn-out payments for past acquisitions in 2008. On March 19, 2009, SearchMedia received interim financing of \$1.75 million from Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, and others, and interim financing of \$1.75 million from CSV and members of SearchMedia's management team. In addition, since March 2009, the sellers of eight of the ten acquired businesses that account for over 95% of all the expected earn-out amounts to be paid by SearchMedia have signed agreements to permit SearchMedia to make the earn-out payments for the year 2010 in such amounts and at such time as permitted

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by SearchMedia's working capital position, provided that, as of the original due date of any such earn-out payment, (1) the reverse capitalization transaction has been completed with the combined entity's securities trading on a U.S. stock exchange, (2) SearchMedia has made the earn-out payments for the year 2009 on a timely basis, and (3) the proceeds received by SearchMedia or ID Cayman from the reverse capitalization transaction are below \$40 million. SearchMedia believes that its current cash and cash equivalents, anticipated cash flow from operations and net proceeds from this merger transaction will be sufficient to meet its anticipated cash needs for working capital and capital expenditures, including the earn-out payments due and payable, for at least the next twelve months. However, SearchMedia's liquidity position and its ability to continue as a going concern are dependent upon many events outside of its direct control, including, among other things, its ability to successfully complete the business combination with Ideation with sufficient cash in the trust account after the business combination, obtain additional financing from investors, or successfully negotiate an extended payment term of the promissory notes if the business combination is not completed.

If the business combination with Ideation were to be significantly delayed or terminated, or if the cash available to the combined entity in the trust account is nil or limited, SearchMedia would need to resort to alternative form of financing, which may not be available. The audit report covering the consolidated financial statements of SearchMedia as of December 31, 2007 and 2008, and for the period from February 9, 2007 (inception) to December 31, 2007 and the year ended December 31, 2008 contains an explanatory paragraph that states that SearchMedia's inability to generate sufficient cash flows to meet its payment obligations due to the uncertainty of the approval of a business combination, and the uncertainty of raising additional capital, among other things, raises substantial doubt about its ability to continue as a going concern. The accompanying financial statements of SearchMedia do not include any adjustments that might result from the outcome of this uncertainty.

In assessing net proceeds from this transaction, SearchMedia has considered that the balance of the trust account may be as low as \$18.25 million after giving effect to (x) the disbursement of approximately \$23.6 million to Ideation stockholders upon the exercise of their conversion rights (assuming the maximum exercise of such conversion rights), and (y) the settlement of contracts to purchase shares of Ideation common stock entered into prior to the closing of the business combination by Ideation or its affiliates. SearchMedia has also considered that the net amount of the trust account that is available to fund ID Cayman's working capital requirements will be further reduced by additional payments at or shortly after the closing of the business combination, including: (i) the payment in cash of \$5.0 million of the principal amount outstanding under the promissory note issued to Linden Ventures, plus all accrued and unpaid interest on this promissory note and \$20,000 for legal expenses, in accordance with the share exchange agreement, (ii) the payment in cash of all accrued and unpaid interest on certain other SM Cayman promissory notes, in accordance with the share exchange agreement, (iii) the payment of a deferred underwriting fee in the amount of \$2.73 million, and (iv) the payment of other transaction costs incurred by Ideation and SearchMedia in connection with the redomestication and business combination transactions, including accounting, legal, consulting and advisory fees and expenses incurred with respect to printing, filing, and mailing of the proxy statement/prospectus. Finally, SearchMedia has considered its material expected obligations in the first 12 months following the business combination in its calculation of net proceeds from the transaction, including \$26.7 million in operating lease obligations and the estimated \$36.8 million to be paid in the first 12 months following the business combination to the previous owners of the acquired companies as earn-out payments.

The financial crisis and economic downturns that began in 2008 could adversely affect SearchMedia's liquidity position: SearchMedia may not succeed if it desires to seek additional financing from investors, banks or the capital market as a result of the tight credit market and volatile capital market under the current market conditions. Its cash from operations could also be adversely affected by lower advertising spending or longer collection periods of accounts receivable from its advertising clients whose liquidity positions may be similarly negatively impacted by the financial and economic crises.

Operating Activities

SearchMedia's operating cash flows are primarily affected by the timing difference between the payment of leasing cost for the advertising locations and other operating costs and the cash generated from the displays at these locations. SearchMedia significantly expanded its advertising network during the period since its

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inception in February 2007. When it enters into a new geographic market, it generally does not start providing advertising services and generate advertising revenues until it has leased a sufficient number of display locations in the market. Under many leasing contracts, SearchMedia is either required to pay a deposit or pay annual, semi-annual or quarterly lease payments up front, before it generates revenues. The mismatch between the cash outflows and inflows from operations contributed to the net cash outflows from operations since SearchMedia's inception.

Net cash used in operating activities was \$3.7 million for the year ended December 31, 2008, and was primarily attributable to:

- (i) an increase of accounts receivable of \$30.0 million as a result of increased sales during the period that had not been collected by the end of the period,
- (ii) \$11.5 million due from related parties, which included (x) \$7.1 million due from previous shareholders of the acquired companies that had collected accounts receivable on behalf of SearchMedia, and (y) \$3.7 million receivable from the acquired companies for advertising service provided by SearchMedia. By June 30, 2009, 75% of the outstanding balance of customer payments collected on behalf of SearchMedia has been repaid to SearchMedia, and
- (iii) an increase in prepaid expenses, rental deposits and other current assets of \$7.7 million as a result of the increase in the number of leasing contracts signed in connection with the network expansion during the period, as partially offset by (x) an increase in accrued expenses and payables of \$8.5 million as a result of the increase in business tax and surcharges and accrued payroll which were in line with SearchMedia's revenue growth and staff headcount growth, (y) an increase in income taxes payable of \$8.0 million as a result of an increase in SearchMedia's taxable income, and (z) an increase in accounts payable of \$7.2 million as a result of the increase in the lease rental commitment as SearchMedia's network rapidly expanded.

Net cash used in operating activities was \$1.7 million for the period from February 9, 2007 to December 31, 2007, and was primarily attributable to (i) an increase in accounts receivable balance of \$4.2 million as a result of increased sales, and (ii) an increase in prepaid expenses, rental deposits and other current assets of \$1.5 million as a result of the increase in the number of leasing contracts signed in connection with the network expansion, as partially offset by a net income of \$1.2 million for the period.

Investing Activities

Net cash used in investing activities was \$22.3 million for the year ended December 31, 2008 and related to (i) a payment of \$18.7 million in connection with SearchMedia's acquisition of 12 advertising companies in China and Hong Kong, and (ii) a payment of \$3.4 million for the purchase of property and equipment in connection with SearchMedia's purchase of digital display equipment.

Net cash used in investing activities was \$6.4 million for the period from February 9, 2007 to December 31, 2007 and primarily related to (i) a payment of \$4.3 million in connection with SearchMedia's purchase of digital advertising display equipment, and (ii) a payment of \$2.3 million in cash deposits in connection with SearchMedia's acquisitions.

Financing Activities

Net cash provided by financing activities was \$25.0 million for the year ended December 31, 2008, and was primarily attributable to (i) the proceeds of \$9.3 million and \$12.0 million from the issuance of Series C redeemable convertible preferred shares and convertible promissory notes and warrants, respectively, and (ii) the release of \$4.0 million from the amount of restricted cash which was used as collateral for bank loans.

Net cash provided by financing activities totaled \$14.4 million for the period from February 9, 2007 to December 31, 2007 and was primarily attributable to (i) the proceeds from the issuance of Series A Shares and Series B Shares and warrants of \$0.9 million and \$18.5 million, respectively, and (ii) proceeds from bank loans in the amount of \$3.4 million, as partially offset by (x) increase of \$4.0 million in restricted cash that was used as collateral for bank loans, and (y) \$3.1 million used in a repurchase of ordinary shares.

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The following table sets forth SearchMedia's contractual obligations as of December 31, 2008:

	Total	Payment Due by Period			More than 5 Years
		Less than 1 Year	1-3 Years	3-5 Years	
			(\$ in thousands)		
Short-term debt obligations (including interest obligations)(1)	16,856	16,856			
Operating lease obligations(2)	43,795	26,717	17,051	27	
Purchase obligations(3)	903	903			
Total	61,554	44,476	17,051	27	

(1) As of December 31, 2008, the short-term debt obligation was primarily attributed to a short-term bank loan of US\$36,000, unsecured promissory notes of US\$16,700,000 and an unsecured loan of US\$120,000 .

(2) Includes lease obligations for SearchMedia's office premises and display locations.

(3) Includes obligations to purchase advertising display equipment.

Since 2008, SearchMedia has rapidly expanded its advertising network through the acquisition of the advertising companies in China and Hong Kong. See Information about SearchMedia Corporate Organization and Operating History Corporate Organization. Under the acquisition agreements with the previous owners of the acquired companies, SearchMedia is obligated to pay earn-out payments over the next two to three years. As of the date of this proxy statement/prospectus, SearchMedia had made payment of approximately \$28.7 million to previous owners of the acquired companies. SearchMedia estimates that the aggregate amount of the earn-out payments will range from \$40 million to \$42 million in the next twelve months from the date of this proxy statement/prospectus and from \$30 million to \$58 million over the following two to three years, based on the performance of the acquired companies to date and forecast for the rest of the earn-out period. Pursuant to the acquisition agreements, the actual earn-out payments to be made by SearchMedia depend on the financial results achieved by the acquired companies.

As of the date of this proxy statement/prospectus, SearchMedia's aggregate indebtedness includes \$18.5 million, plus accrued and unpaid interest of \$2.12 million, in promissory notes issued to Linden Ventures, Frost Gamma Investment Trust and certain other related investors, certain management shareholders and China Seed Ventures, L.P. The maturity dates of these loans are subject to adjustments upon the occurrence of certain events, including the closing of this transaction, and, in any event, will be prior to October 30, 2009. The repayment of these loans can be made in the form of ID Cayman shares upon the closing of this transaction, provided that \$5.0 million will be repaid to Linden in cash upon closing of this transaction, plus interest accrued on the full amount of promissory note to Linden.

As of the date of this proxy statement/prospectus, SearchMedia's aggregate indebtedness also includes \$1.8 million, plus accrued and unpaid interest of \$311,700, in demand notes issued to China Seed Ventures, L.P. and one of its affiliates. These notes are subordinated to the above promissory notes and will not be repaid prior to the repayment in full of the promissory notes.

Off-Balance Sheet Commitments and Arrangements

SearchMedia does not have any outstanding off-balance sheet guarantees, interest rate swap transactions or foreign currency forward contracts. SearchMedia does not engage in trading activities involving non-exchange traded contracts. In its ongoing business, SearchMedia does not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Holding Company Structure

SM Cayman is a holding company with no business operations of its own. SM Cayman conducts its operations primarily through its Hong Kong and PRC subsidiaries and consolidated variable interest entities in

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China. SM Cayman has access to the cash and cash equivalents, and future earnings of these consolidated variable interest entities through agreements that provide SM Cayman with effective control of these entities. It receives semi-annual fees from these entities in exchange for certain consulting and other services provided by Jieli Consulting, SM Cayman's wholly owned subsidiary in the PRC. See Information about SearchMedia's Corporate Organization and Operating History Contractual Agreements with Jingli Shanghai and its Shareholders. Under PRC law, each of SearchMedia's PRC subsidiaries and consolidated variable interest entities is required to set aside at least 10% of its after-tax profits based on PRC accounting standards each year, if any, to a statutory reserve until such reserve reached 50% of its registered capital, and each of SearchMedia's subsidiaries with foreign investment is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund at the discretion of the board. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation of these entities.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange Risk

The value of the Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions. Since July 2005, the Renminbi has no longer been pegged to the U.S. dollar. Although currently the Renminbi exchange rate versus the U.S. dollar is permitted to fluctuate within a narrow band against a basket of certain foreign currencies, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in the Renminbi exchange rate and lessen intervention in the foreign exchange market.

Because substantially all of SearchMedia's earnings and cash assets are denominated in Renminbi and the net proceeds from this transaction will be denominated in U.S. dollars, fluctuations in the exchange rate between the U.S. dollar and the Renminbi will affect the relative purchasing power of these proceeds and SearchMedia's balance sheet and earnings per share in U.S. dollars following this offering. In addition, appreciation or depreciation in the value of the Renminbi relative to the U.S. dollar would affect SearchMedia's financial results reported in U.S. dollar terms without giving effect to any underlying change in SearchMedia's business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend SearchMedia issues after this offering that will be exchanged into U.S. dollars and earnings from, and the value of, any U.S. dollar-denominated investments SearchMedia makes in the future.

SearchMedia does not believe that it currently has any significant foreign currency exchange risk and SearchMedia has not entered into any hedging transactions in an effort to reduce SearchMedia's exposure to foreign currency exchange risk.

Interest Rate Risk

SearchMedia's exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. If SearchMedia borrows money in future periods, SearchMedia may be exposed to interest rate risk. SearchMedia does not have any derivative financial instruments and believe its exposure to interest rate risk and other relevant market risks is not material.

Inflation

In recent years, China has not experienced significant inflation, and therefore inflation has not had a significant effect on SearchMedia's business. According to the National Bureau of Statistics of China, the change in the Consumer Price Index in China was 1.5%, 4.8% and 5.9% in 2006, 2007 and 2008 respectively. If inflation continues to rise, it may materially and adversely affect our business.

Table of Contents***Recently Issued Accounting Standards***

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value, provides a framework for measuring fair value, and expands the disclosures required for fair value measurements. SFAS No. 157 applies to other accounting pronouncements that require fair value measurements and does not require any new fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Group is required to adopt SFAS No. 157 beginning on January 1, 2008. SFAS No. 157 is required to be applied prospectively, except for certain financial instruments. Any transition adjustment will be recognized as an adjustment to opening retained earnings in the year of adoption. In November 2007, the FASB proposed a one-year deferral of SFAS No. 157's fair value on a recurring basis. SearchMedia does not expect the adoption of SFAS No. 157 will have a material impact on its consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115* permits companies to measure certain financial instruments and certain other items at fair value. It requires that unrealized gains and losses on items for which the fair value option has been elected be reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 30, 2007. SearchMedia has elected not to adopt the fair value option as permitted under SFAS No. 159.

In December 2007, the FASB issued SFAS No. 141 (Revised) *Business Combinations* and Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements* an amendment to ARB No. 51. SFAS No. 141R and SFAS No. 160 require most identifiable assets, liabilities, noncontrolling interests and goodwill acquired in a business combination to be recorded at full fair value and require noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both statements are effective for periods beginning on or after December 15, 2008, and earlier adoption is prohibited. SFAS No. 141R will be applied to business combinations occurring after the effective date. SFAS No. 160 will be applied prospectively to all noncontrolling interests, including any that arose before the effective date. SearchMedia does not expect adoption of SFAS No. 160 to have a material impact on its consolidated financial statements.

In April 2008, the FASB issued FSP FAS No. 142-3 *Determination of the Useful Life of Intangible Assets*. FSP FAS No. 142-3 amends the guidance in FASB Statement No. 142 about estimating the useful lives of recognized intangible assets, and requires additional disclosure related to renewing or extending the terms of recognized intangible assets. In estimating the useful life of a recognized intangible asset, this FSP requires companies to consider their historical experience in renewing or extending similar arrangements together with the asset's intended use, regardless of whether the arrangements have explicit renewal or extension provisions. In the absence of historical experience, companies should consider the assumptions market participants would use about renewal or extension consistent with the highest and best use of the asset. However, market participant assumptions should be adjusted for entity-specific factors. FSP FAS No. 142-3 is effective for fiscal years beginning after December 15, 2008. Early adoption is prohibited. SearchMedia does not expect adoption of FSP FAS No. 142-3 to have a material impact on its consolidated financial statements.

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INFORMATION ABOUT IDEATION

Ideation's History and Business Plans. Ideation Acquisition Corp. is a Delaware corporation that was incorporated on June 1, 2007 to serve as a vehicle for the acquisition of an operating business through a merger, capital stock exchange, asset or stock acquisition, or other similar business combination. To date, Ideation's efforts have been limited to organizational activities, completion of its IPO and the evaluation of possible business combinations. Ideation does not currently have any operations.

The IPO and Trust Account. The funds held in the trust account are not to be released until the earlier of the consummation of a business combination or liquidation of Ideation. The trust account contained approximately \$78.8 million as of December 31, 2008. If the acquisition is consummated, the trust account, reduced by amounts paid to Ideation stockholders who elect to convert their shares of common stock into their *pro rata* share of the net funds in the trust account, will be released to ID Cayman and will be utilized for acquisitions and operating capital subsequent to the closing of the business combination.

Fair Market Value of Target Business. Pursuant to Ideation's Amended and Restated Certificate of Incorporation, the target business that Ideation acquires or merges with must have a fair market value equal to at least 80% of Ideation's net assets at the time of such acquisition/merger, determined by the Ideation board of directors based on standards generally accepted by the financial community, such as actual and potential sales, earnings, cash flow and book value. Ideation is not required to obtain, and does not intend to obtain, an opinion from an investment banking firm as to fair market value, as its board of directors has independently determined that the target business has sufficient fair market value to meet the 80% test.

Limited Ability to Evaluate the Target Business Management. Although Ideation closely examined the management of SearchMedia, Ideation cannot assure you that its assessment of SearchMedia's management will prove to be correct, or that future management will have the necessary skills, qualifications or abilities to manage its business successfully. SearchMedia's current management is expected to remain with the combined company, and for the most part is expected to run its day-to-day operations.

Stockholder Approval of Business Combination. Provided that a quorum exists and the Redomestication Proposal, Share Increase Proposal, Declassification Proposal, Amendment Proposal, Shareholder Consent Proposal, Corporate Existence Proposal and Share Incentive Plan Proposal are each approved in accordance with applicable law, Ideation will proceed with the business combination only if (1) it is approved by a majority of the shares of common stock issued in connection with the IPO Shares, voted at a duly held stockholders meeting in person or by proxy, (2) it is approved by a majority of the votes cast on the proposal, and (3) stockholders owning less than 30% of the IPO Shares both (a) vote against the business combination and (b) exercise their conversion rights to have their shares of common stock converted to cash. Both of the Charter Amendment Proposal and the Redomestication Proposal must be approved in order to complete the business combination and, as such, the vote to approve the business combination will not occur unless both the Charter Amendment Proposal and the Redomestication Proposal are approved.

Conversion Rights. Ideation's proposed business combination with SearchMedia qualifies as a business combination under Ideation's Amended and Restated Certificate of Incorporation. If the business combination is approved and completed, any stockholder holding IPO Shares who properly demands conversion of those shares will be entitled to convert those shares to cash, whether such stockholder voted for or against the Business Combination Proposal. Stockholders who properly demand conversion of their IPO Shares will receive \$7.8815 per share, which represents the trust conversion value at June 30, 2009.

To properly demand conversion of IPO Shares, a stockholder holding IPO Shares must:

- (1) vote those shares either for or against the business combination;
- (2) affirmatively request conversion of those shares; and
- (3) follow the other conversion procedures set forth in the section titled The Ideation Special Meeting Conversion Procedures.

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Stockholders holding IPO Shares who abstain or do not vote their IPO Shares on the business combination will forfeit their right to convert those shares if the business combination is approved. If the business combination is not approved and completed, then no conversion rights will be available at this time.

If the Business Combination is Not Consummated. If Ideation does not redomesticate and acquire SearchMedia in the business combination, and is unable to consummate an alternate business combination prior to November 19, 2009, Ideation will be forced to liquidate and distribute to the holders of IPO Shares their *pro rata* portion of the amount of the funds available in the trust account, which amount at June 30, 2009 was \$7.8815 per share, plus any other net assets not used or reserved to pay obligations and claims or such other corporate expenses relating to or arising from the plan of dissolution and distribution. Following liquidation, Ideation would no longer exist as a corporation.

Competition. If the merger is completed, Ideation will become subject to competition from competitors of SearchMedia. For more information of the competition SearchMedia faces, please see the section titled, Information About SearchMedia Competition elsewhere in this document.

Facilities. Ideation maintains executive offices in the United States at 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025. The cost for these facilities is included in the aggregate fee of \$7,500 per-month. Ideation considers its current office space adequate for its current operation.

Employees. Ideation has three executive officers. These individuals are not obligated to devote any specific number of hours to Ideation's matters and intend to devote only as much time as they deem necessary to Ideation's affairs. The amount of time they will devote in any time period will vary based on the availability of suitable target businesses to investigate, the course of negotiations with target businesses, and the due diligence preceding and accompanying a possible business combination. Accordingly, once management locates a suitable target business to acquire, they will spend more time investigating such target business and negotiating and processing the business combination (and consequently spend more time on Ideation's affairs) than they would prior to locating a suitable target business. Ideation does not intend to have any full time employees prior to the consummation of a business combination.

Periodic Reporting and Audited Financial Statements. Ideation has registered its securities under the Exchange Act and has reporting obligations, including the requirement to file annual and quarterly reports with the SEC. In accordance with the requirements of the Exchange Act, Ideation's annual report contains financial statements audited and reported on by Ideation's independent accountants.

Legal Proceedings. Ideation is not currently a party to any pending material legal proceedings.

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

The following discussion should be read in conjunction with Ideation's Financial Statements and footnotes thereto contained in this proxy statement/prospectus.

Overview

Ideation is a blank check company organized under the laws of the State of Delaware on June 1, 2007. Ideation was formed for the purpose of acquiring, through a merger, capital stock exchange, asset acquisition or other similar business combination, one or more businesses.

The registration statement (File No. 333-144218) for its IPO of 10,000,000 units, each unit consisting of one share of common stock, par value \$0.0001 per share, and one warrant exercisable for an additional share of common stock, which we refer to as a Warrant, was declared effective by the Securities and Exchange Commission, which we refer to as the SEC, on November 19, 2007. On November 26, 2007, Ideation completed its IPO at a price of \$8.00 per unit.

Each Warrant entitles the holder to purchase one share of its common stock at a price of \$6.00 exercisable on the later of its consummation of a business combination or November 19, 2008, provided in

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each case that there is an effective registration statement covering the shares of common stock underlying the warrants in effect. The Warrants expire on November 19, 2011, unless earlier redeemed. Additionally, its initial stockholders purchased an aggregate of 2,400,000 warrants at a price of \$1.00 per warrant (\$2.4 million in the aggregate) in a private placement transaction, which we refer to as the Private Placement, that occurred immediately before its IPO. Upon the closing of its IPO, on November 26, 2007, Ideation sold and issued an option for \$100 to purchase up to 500,000 units, at an exercise price of \$10.00 per unit, to the representatives of the underwriters in its IPO.

Ideation received net proceeds of approximately \$79.1 million from the IPO and the Private Placement. Of those net proceeds, approximately \$2.73 million is attributable to the portion of the underwriters' discount which has been deferred until its consummation of a business combination. Of these net proceeds, \$78.8 million was deposited into a trust account maintained at Continental Stock Transfer & Trust Company (the Trust Account) and will be held in trust and not released until the earlier to occur of (i) the completion of a business combination or (ii) its liquidation, in which case such proceeds will be distributed to its public stockholders. For a more complete discussion of its financial information, see the section appearing in this proxy statement/prospectus titled Selected Summary Historical Financial Information.

Ideation intends to utilize cash derived from the proceeds of its IPO, its capital stock, debt or a combination of cash, capital stock and debt, in effecting a business combination. The issuance of additional shares of its capital stock in a business combination:

may significantly reduce the equity interest of its stockholders;

may subordinate the rights of holders of common stock if Ideation issues preferred stock with rights senior to those afforded to its common stock;

will likely cause a change in control if a substantial number of its shares of common stock are issued, which may affect, among other things, its ability to use its net operating loss carry forwards, if any, and most likely will also result in the resignation or removal of its present officers and directors; and

may adversely affect prevailing market prices for its common stock.

Similarly, if Ideation issues debt securities, it could result in:

default and foreclosure on its assets if its operating revenues after a business combination are insufficient to pay its debt obligations;

acceleration of its obligations to repay the indebtedness even if Ideation has made all principal and interest payments when due if the debt security contains covenants that required the maintenance of certain financial ratios or reserves and Ideation breaches any such covenant without a waiver or renegotiation of that covenant;

its immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand; and

its inability to obtain additional financing, if necessary, if the debt security contains covenants restricting its ability to obtain additional financing while such security is outstanding.

On March 25, 2009, Ideation incorporated a wholly owned subsidiary, ID Arizona, for the purpose of accomplishing a business combination with SearchMedia, as described in this proxy statement/prospectus.

Results of Operations

Through June 30, 2009, Ideation's efforts have been limited to organizational activities related to its IPO, activities related to identifying and evaluating prospective acquisition candidates, and activities related to general corporate matters. Ideation has neither engaged in any operations nor generated any revenues, other than interest income earned on the proceeds of its private placement and IPO.

Net income attributable to common stockholders for the period from June 1, 2007 (inception) to December 31, 2008, was approximately \$378,626, which consisted of \$1,956,364 in interest income offset by

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\$1,382,687 in formation and operating expenses and \$195,051 in income taxes. Net income attributable to common stockholders for the period from June 1, 2007 (inception) to December 31, 2007, was approximately \$144,120, which consisted of \$340,417 in interest income offset by \$100,877 in formation and operating expenses and \$95,420 in income taxes.

Net income attributable to common stockholders for the year ended December 31, 2008 was approximately \$234,506, which consisted of \$1,615,947 in interest income offset by \$1,281,810 in formation and operating expenses and \$99,631 in income taxes.

Net (loss) income attributable to common stockholders for the period from June 1, 2007 (inception) to June 30, 2009, was approximately \$(1,011,000), which consisted of \$1,987,000 in interest income offset by \$2,765,000 in formation and operating expenses and \$233,000 in income taxes.

Net (loss) income attributable to common stockholders for the six months ended June 30, 2009 was approximately \$(1,389,000) which consisted of approximately \$30,000 in interest income offset by \$1,382,000 in formation and operating expenses and \$37,000 in income taxes. Net income attributable to common stockholders for the six months ended June 30, 2008 was approximately \$504,000 which consisted of \$1,124,000 in interest income partially offset by \$286,000 in formation and operating expenses and \$334,000 in income taxes. We will pay any taxes resulting from interest accrued on the funds held in the Trust Account out of the interest earned on the funds held in the Trust Account.

As of December 31, 2008 and 2007, Ideation has \$203,720 and \$75,457, respectively, of unrestricted cash and \$105,154 and \$340,517, respectively, of additional interest earned on the funds held in the Trust Account available to it for its activities in connection with identifying and conducting due diligence of a suitable business combination, and for general corporate matters. The following table shows the total funds held in the Trust Account through December 31, 2008.

JP Morgan, Treasury money market fund, held in trust	\$ 23,821,673
Treasury bills, maturing January 8, 2009, held in trust, FMV	\$ 54,993,327
Total interest received to date	\$ 1,955,154
Less total interest disbursed to it for working capital through December 31, 2008	\$ (882,663)
Less total taxes paid through December 31, 2008	\$ (967,337)
Total funds held in Trust Account at FMV at December 31, 2008	\$ 78,920,154

As of June 30, 2009, Ideation has approximately \$78,815,000 in the Trust Account.

At Ideation's instructions, on February 13, 2008, April 8, 2008, June 6, 2008, September 3, 2008, October 22, 2008 and March 26, 2009, the Trustee transferred \$300,000, \$400,000, \$400,000, \$400,000, \$350,000 and \$100,000 respectively, of interest earned on the Trust Account into Ideation's operating cash account for the purposes of paying taxes on the aggregate amount of interest earned on the funds held in the Trust Account and to cover Ideation's operating expenses.

Ideation received a report from its independent auditors for the year ended December 31, 2008, that includes an explanatory paragraph describing the substantial uncertainty as to its ability to continue as a going concern. The ability of Ideation to continue as a going concern is dependent upon its ability to successfully complete a business combination by November 19, 2009. The accompanying financial statements do not include any adjustments that might be necessary if Ideation is unable to continue as a going concern and is required to liquidate.

Liquidity and Capital Resources

Ideation intends to use substantially all of the net proceeds from its offering and private placement, including the funds held in the Trust Account (excluding deferred underwriting discounts and commissions), to acquire a target business and to pay its expenses relating thereto. To the extent that its capital stock is used in whole or in part as consideration to effect a business combination, the proceeds held in the Trust Account that are not used to consummate a business combination will be disbursed to the combined company and will, along with any other net proceeds not expended, be used as working capital to finance the operations of the

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acquired business or businesses. Such working capital funds could be used in a variety of ways, including, without limitation, for maintenance or expansion of the operations of an acquired business or businesses, the payment of principal or interest due on indebtedness incurred in consummating its business combination, to fund strategic acquisitions and for marketing, research and development of existing or new products. Such funds could also be used to repay any operating expenses or finders' fees which Ideation had incurred prior to the completion of its business combination if the funds available to it outside of the Trust Account were insufficient to cover such expenses.

As of June 30, 2009, Ideation had \$96,000 in funds available to it outside of the Trust Account. Ideation believes that these funds, together with up to \$1,700,000 of interest earned on the Trust Account balance, net of taxes payable on such interest, that may be released to it to fund its expenses relating to investigating and selecting a target business and other working capital requirements, will be sufficient to allow it to operate until November 19, 2009, assuming that a business combination is not consummated during that time. However, Ideation cannot guarantee that its estimates will be accurate. Ideation may request the release of such funds for a number of purposes that may not ultimately lead to a business combination. For instance, Ideation could use a portion of the funds available to it to pay fees to consultants to assist it with its search for a target business. Ideation could also use a portion of the funds as a down payment with respect to a particular proposed business combination, or enter into a letter of intent where Ideation pays for the right to receive exclusivity from a target business, where Ideation may be required to forfeit funds (whether as a result of its breach or otherwise). In any of these cases, or in other situations where Ideation expends the funds available to it outside of the Trust Account for purposes that do not result in a business combination, Ideation may not have sufficient remaining funds to continue searching for, or to conduct due diligence with respect to, a target business, in which case Ideation would be forced to obtain alternative financing or liquidate. Ideation will be using these funds for identifying and evaluating prospective acquisition candidates, performing business due diligence on prospective target businesses, traveling to and from the offices, plants or similar locations of prospective target businesses, reviewing corporate documents and material agreements of prospective target businesses, selecting the target business to acquire and structuring, negotiating and consummating the business combination.

The amount of available proceeds is based on management's estimates of the costs needed to fund its operations until November 19, 2009 and consummate a business combination. Ideation does not believe it will need to raise additional funds following its IPO in order to meet the expenditures required for operating its business.

However, Ideation may need to raise additional funds through a private offering of debt or equity securities, if such funds are required to consummate a business combination that is presented to it, although Ideation has not entered into any such arrangement and have no current intention of doing so. Subject to compliance with applicable securities laws, Ideation would only consummate such financing simultaneously with the consummation of a business combination.

Ideation is obligated to pay to Spirit SMX LLC a monthly fee of approximately \$7,500 for office space and administrative and support services. Robert N. Fried, Ideation's Chief Executive Officer and one of its initial shareholders, is the founder and Chief Executive Officer of Spirit SMX LLC.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS 141R, Business Combinations. SFAS 141R provides companies with principles and requirements on how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any non-controlling interest in the acquiree as well as the recognition and measurement of goodwill acquired in a business combination. Under SFAS 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141R will change the accounting treatment historically used for certain specific items, including:

Acquisition costs will be generally expensed as incurred;

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Noncontrolling interests (formerly known as minority interests see SFAS 160 discussion below) will be valued at fair value at the acquisition date;

Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies;

In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date;

Restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date; and

Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect future income tax expense.

SFAS 141R also requires certain disclosures to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Acquisition costs associated with the business combination will generally be expensed as incurred. SFAS 141R is effective for business combinations occurring in fiscal years beginning after December 15, 2008, which will require it to adopt these provisions for business combinations occurring in fiscal 2009 and thereafter. Early adoption of SFAS 141R is not permitted. Ideation anticipates that SFAS 141R will have a significant impact on its business.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements An Amendment of ARB No. 51*. SFAS No. 160 requires reporting entities to present noncontrolling (minority) interests as equity as opposed to as a liability or mezzanine equity and provides guidance on the accounting for transactions between an entity and noncontrolling interests. SFAS No. 160 is effective the first fiscal year beginning after December 15, 2008, and interim periods within that fiscal year. SFAS No. 160 applies prospectively as of the beginning of the fiscal year SFAS No. 160 is initially applied, except for the presentation and disclosure requirements which are applied retrospectively for all periods presented subsequent to adoption. The adoption of SFAS No. 160 will not have a material impact on the financial statements; however, it could impact future transactions entered into by Ideation.

In December 2007, the SEC issued SAB No. 110, *Share-Based Payment* (SAB 110). SAB 110 establishes the continued use of the simplified method for estimating the expected term of equity based compensation. The simplified method was intended to be eliminated for any equity based compensation arrangements granted after December 31, 2007. SAB 110 is being published to help companies that may not have adequate exercise history to estimate expected terms for future grants. The adoption of SAB 110 has not had a material effect on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities An Amendment to FASB Statement No. 133*. SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption

encouraged. The adoption of this statement is not expected to have a material effect on Ideation's financial statements.

In April 2009, the FASB issued three related FASB Staff Positions: (i) FSP SFAS No. 115-2 and SFAS No. 124-2, Recognition of Presentation of Other-Than-Temporary Impairments (FSP SFAS 115-2 and SFAS 124-2), (ii) FSP SFAS No. 107-1 and APB No. 28-1, Interim Disclosures about Fair Value of Financial Instruments (FSP SFAS 107-1 and APB 28-1), and (iii) FSP SFAS No. 157-4, Determining the Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP SFAS 157-4), which are effective for interim and

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annual reporting periods ending after June 15, 2009. FSP SFAS 115-2 and SFAS 124-2 modifies the requirement for recognizing other-than-temporary impairments, changes the existing impairment model, and modifies the presentation and frequency of related disclosures. FSP SFAS 107-1 and APB 28-1 requires disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. FSP SFAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS No. 157, Fair Value Measurements. The adoption of these FASB Staff Positions did not have a material impact on Ideation's financial condition, results of operations or cash flows.

In May 2009, the FASB issued Statement of Financial Accounting Standards No. 165, Subsequent Events (SFAS 165) [ASC 855-10-05], which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 also requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. SFAS 165 is effective for interim and annual periods ending after June 15, 2009, and accordingly, Ideation adopted this Standard during the second quarter of 2009. SFAS 165 requires that public entities evaluate subsequent events through the date that the financial statements are issued. The adoption of SFAS 165 did not have material impact on Ideation's condensed consolidated financial statements.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 166, Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140 (SFAS 166) [ASC 860], which requires entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the entity has continuing exposure to the risks related to transferred financial assets. SFAS 166 eliminates the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets and requires additional disclosures. SFAS 166 is effective for fiscal years beginning after November 15, 2009. Ideation does not believe this will have a material impact on its financial condition, results of operations or cash flows.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 167, Amendments to FASB Interpretation No. 46(R) (SFAS 167) [ASC 810-10], which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. SFAS 167 clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance. SFAS 167 requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. SFAS 167 also requires additional disclosures about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. SFAS 167 is effective for fiscal years beginning after November 15, 2009. Ideation does not believe this will have a material impact on its financial condition, results of operations or cash flows.

In June 2009, the FASB issued Statement of Financial Accounting Standards No. 168, The FASB Accounting Standards Codification[™] and the Hierarchy of Generally Accepted Accounting Principles a Replacement of FASB Statement No. 162 (SFAS 168). This Standard establishes the FASB Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009, and as of the effective date, all existing accounting standard documents will be superseded. The Codification is effective for Ideation in the third quarter of 2009, and accordingly, Ideation's Quarterly Report on Form 10-Q for the quarter ending September 26, 2009 and all subsequent public filings will reference the Codification as the sole source of authoritative literature.

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Redeemable Common Stock

Ideation accounts for redeemable common stock in accordance with Emerging Issue Task Force D-98 Classification and Measurement of Redeemable Securities. Securities that are redeemable for cash or other assets are classified outside of permanent equity if they are redeemable at the option of the holder. In addition, if the redemption causes a redemption event, the redeemable securities should not be classified outside of permanent equity. As further described above, Ideation will only consummate a business combination if a majority of the shares of common stock voted by the public stockholders owning shares sold in its IPO vote in favor of the business combination and public stockholders holding less than 30% (2,999,999) of common shares sold in its IPO exercise their conversion rights. As further discussed above, if a business combination is not consummated by November 19, 2009, Ideation will liquidate. Accordingly, 2,999,999 shares have been classified outside of permanent equity at redemption value. Ideation recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the redeemable common stock to equal its redemption value at the end of each reporting period.

Critical Accounting Policies

Basis of Presentation

Ideation's financial statements are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The condensed consolidated financial statements for the six months ended June 30, 2009 reflect the operations of Ideation and its wholly owned subsidiary, ID Arizona, incorporated on March 25, 2009. Prior period financial statements reflect the operations solely of Ideation.

Development Stage Company

Ideation complies with the reporting requirements of SFAS No. 7, Accounting and Reporting by Development Stage Enterprises.

Concentration of Credit Risk

Financial instruments that potentially subject Ideation to a significant concentration of credit risk consist primarily of cash. Ideation maintains deposits in federally insured financial institutions within federal insurance limits. Management believes Ideation is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Fair Value of Financial Instruments

The fair values of Ideation's assets and liabilities that qualify as financial instruments under SFAS No. 107, Disclosures about Fair Value of Financial Instrument, approximate their carrying amounts presented in the accompanying balance sheet.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and investments that have a maturity at date of purchase of three months or less.

Preferred Stock

Ideation is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. There were no preferred shares issued as of December 31, 2008.

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Net Income per Common Share

Ideation complies with SFAS No. 128, *Earnings Per Share*, which requires dual presentation of basic and diluted earnings per share on the face of the statement of operations. Basic net income per share is computed by dividing net income by the weighted average common shares outstanding for the period. Diluted net income per share reflects the potential dilution that could occur if warrants were to be exercised or converted or otherwise resulted in the issuance of common stock that then shared in the earnings of the entity.

Ideation's statement of operations includes a presentation of earnings per share for common stock subject to possible redemption in a manner similar to the two-class method of earnings per share. Basic and diluted net income per share for the maximum number of shares subject to possible redemption is calculated by dividing the net interest attributable to common shares subject to possible redemption by the weighted average number of shares subject to possible redemption. Basic and diluted net income per share amount for the shares outstanding not subject to possible redemption is calculated by dividing the net income exclusive of the net interest income attributable to common shares subject to redemption by the weighted average number of shares not subject to possible redemption.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Ideation complies with SFAS 109, *Accounting for Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Ideation also complies with the provisions of the Financial Accounting Standards Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transitions. There were no unrecognized tax benefits as of December 31, 2008 and 2007. Ideation would recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at December 31, 2008 and 2007. Management is currently unaware of any issues under review that could result in significant payments, accruals, or material deviations from its position. Ideation adopted FIN 48 effective June 1, 2007 (date of inception) and has determined that the adoption did not have an impact on the financial position, results of operations, or cash flows.

Table of Contents**DIRECTORS AND EXECUTIVE OFFICERS**

Upon consummation of the redomestication and business combination, the board of directors, executive officers and significant employees of ID Cayman shall be as follows:

Directors and Executive Officers	Age	Position/Title
Qinying Liu	46	Chairman
Robert Fried	48	Executive Director
Steven D. Rubin	49	Executive Director
Earl Yen	42	Independent Director
Jianzhong Qu	34	Independent Director
Larry Lu	48	Independent Director
Glenn Halpryn	48	Independent Director
Chi-Chuan Chen	51	Independent Director
Garbo Lee	51	President
Jennifer Huang	34	Chief Operating Officer
Andrew Gormley	35	Executive Vice President

Executive Directors

Ms. Qinying Liu will serve as chairman of the board of ID Cayman after consummation of the business combination. Ms. Liu is a co-founder of Jieli Consulting and has been the chairman of SM Cayman since its founding in February 2007. She has also been the general manager of Shanghai Lifang Trading Co., Ltd since 2004, a Chinese trading company. Before the founding of Jieli Consulting, she was chairman of Sige from 2004 to November 2007 and Shanghai Qinjun from 2003 to June 2008. She also served as chief representative of the Shanghai Office of GETA Company, a Germany special power tools manufactory from 1993 to 2000. Ms. Liu received her master's degree in media and communication from Renmin University of China. She obtained her bachelor's degree in chemistry from East China University of Science and Technology.

Mr. Robert Fried is the President and Chief Executive Officer and a member of the board of directors of Ideation. Mr. Fried is a digital media entrepreneur and accomplished film producer. Since 1990, Mr. Fried has served as President of Fried Films, a motion picture production company he founded in 1990. Mr. Fried has produced or served as executive producer for 15 films, including Rudy, The Boondock Saints, Man of the Year and Collateral. Mr. Fried won an Academy Award for the Live Action Short Film Session Man. Mr. Fried has founded several digital media companies including Spirit EMX, parent of spiritclips.com, a popular internet-based inspirational content company for which Mr. Fried presently serves as CEO; and WhatsHotNow.com. for which Mr. Fried served as Chief Executive Officer from July 1999 until June 2001. From December 1994 until June 1996, Mr. Fried was President and Chief Executive Officer of Savoy Pictures, a unit of Savoy Pictures Entertainment, Inc. Savoy Pictures Entertainment was sold to Silver King Communications, which is now a part of InterActive Corp, in 1996. From 1983 to 1990, Mr. Fried held several executive positions including Executive Vice President in charge of Production for Columbia Pictures, Director of Film Finance and Special Projects for Columbia Pictures and Director of Business Development at Twentieth Century Fox. Mr. Fried holds an M.S. from Cornell University and an M.B.A. from the Columbia University Graduate School of Business.

Mr. Steven D. Rubin is the Secretary of Ideation. Mr. Rubin has served as Executive Vice President-Administration and as a director of Opko Health, Inc. since March 2007. He is also a member of The Frost Group. Mr. Rubin served as the Senior Vice President, General Counsel and Secretary of IVAX Corporation from August 2001 until September 2006. Before joining IVAX, from January 2000 to August 2001, Mr. Rubin served as the Senior Vice President, General Counsel and Secretary of privately-held Telergy, Inc., a provider of business telecommunications and diverse optical network solutions. He was with the Miami law firm of Stearns Weaver Miller Weissler Alhadeff & Sitterson from 1986 until 2000, in the Corporate and Securities Department. Mr. Rubin was a shareholder of that firm from 1991 until 2000 and a director from 1998 until

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2000. Mr. Rubin currently serves on the board of directors of Dreams, Inc., a vertically-integrated sports products company, Modigene Inc., a development stage biopharmaceutical company, Safe Stitch Medical, Inc., a medical device company, Kidville, Inc., which operates large, upscale facilities catering to newborns through five-year old children and their families and offers a wide range of developmental classes for newborns-5 year olds, Non-Invasive Monitoring Systems, Inc., a medical device company, Cardo Medical, Inc., an early-stage orthopedic medical device company specializing in designing, developing and marketing reconstructive joint devices and spinal surgical devices, and Castle Brands, Inc., a NYSE Amex-listed developer and marketer of premium brand spirits. Mr. Rubin holds a B.A. in Economics from Tulane University and a J.D. from the University of Florida.

Independent Directors

Mr. Earl Yen is the vice chairman of the board of SM Cayman. He is the founder and managing director of CSV Capital Partners, a China-focused private equity firm he co-founded in 2004. He currently also serves on the boards of CDP Group, Tidalwave Technology, and Woodcycling. Prior to founding CSV, Mr. Yen was an investment banker with Citigroup from 2002 to 2004, and with Bear Stearns from 1988 to 1991 and 1994 to 2000. He previously worked at HarbourVest Partners, an alternative investment management firm, from 1991 to 1994. Mr. Yen received a master's degree in management science from the MIT Sloan School of Management and bachelor's degrees in electrical engineering and management from the Massachusetts Institute of Technology.

Mr. Jianzhong Qu will serve as our independent director upon consummation of the business combination. He is a principal of CSV Capital Partners, where he has worked since 2005 and is responsible for sourcing and managing private equity investments in the technology, media, retail, services, and telecommunications sectors of China. He currently also serves as a director of Imagine Games. From 1997 to 1999, Mr. Qu worked as an engineer at the Department of Engineering of Shanghai Posts and Telecommunications Administration. Mr. Qu holds a Master in Operations Research from Georgia Institute of Technology and a Bachelor in Engineer from Shanghai Jiaotong University.

Dr. Larry Lu will serve as our independent director upon consummation of the business combination. From 2004 to 2008, Dr. Lu was a director of China Investment Banking at Citigroup. From 2001 to 2004, he worked as a senior analyst of the Research Department at Guotai Junan Securities. From 2000 to 2001, he was the managing director of the International Business Department at the same company. From 1999 to 2000, Dr. Lu worked as an economic analyst at Lehman Brothers Inc. in New York. Earlier in his career, from 1987 to 1990, Dr. Lu worked as an economist at the State Information Center of the State Planning Commission of the PRC. Dr. Lu holds a Ph.D. in Management from Queen's University of Canada, a Master of Arts in Economics from York University of Canada, another Master of Arts in Economics Modeling from People's University of China and a Bachelor of Science in Mathematics and Statistics from Peking University of China.

Mr. Glenn Halpryn is a member of the board of directors of Ideation. Mr. Halpryn served as a director of Ivax Diagnostics, Inc., a publicly held corporation from October 2002 until October 10, 2008. Mr. Halpryn has been the Chairman of the Board and Chief Executive Officer of QuikByte Software, Inc., a publicly held shell corporation, since July 2008. Mr. Halpryn was Chairman of the Board and Chief Executive Officer of Orthodontix, Inc., a publicly held corporation, from April 2001 until Orthodontix merged with Protalix BioTherapeutics, Inc. in December 2006. Mr. Halpryn also serves as a director of Getting Ready Corporation, a public shell company that completed a merger with Winston Laboratories, Inc. Mr. Halpryn served as the Chairman of the Board and Chief Executive Officer of Getting Ready from December 2006 until its merger with Winston Laboratories in September 2008. Mr. Halpryn served as the Chairman of the Board, Chief Executive Officer and President of clickNsettle.com, Inc., a publicly held shell corporation, from October 2007 until September 2008, following its merger with Cardo Medical, LLC. Mr. Halpryn was the President and Secretary and a director of Longfoot Communications Corp., a publicly held shell corporation, from March 2008 until its merger with Kidville Holdings, LLC in August 2008. Mr. Halpryn is also

Chief Executive Officer and a director of Transworld Investment Corporation, or TIC, serving in such capacity since June 2001. From 1984 to June 2001, Mr. Halpryn served as Vice President/Treasurer of TIC. Since 2000, Mr. Halpryn has been an investor and the managing member of investor groups that were joint venture

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partners in 26 land acquisition and development projects with one of the largest home builders in the country. In addition, since 1984, Mr. Halpryn has been engaged in real estate investment and development activities. From April 1988 through June 1998, Mr. Halpryn was Vice Chairman of Central Bank, a Florida state-chartered bank. Since June 1987, Mr. Halpryn has been the President of and beneficial holder of stock of United Security Corporation, a broker-dealer registered with FINRA. From June 1992 through May 1994, Mr. Halpryn served as the Vice President, Secretary-Treasurer of Frost Hanna Halpryn Capital Group, Inc., a blank check company whose business combination was effected in May 1994 with Sterling Healthcare Group, Inc. From June 1995 through October 1996, Mr. Halpryn served as a member of the Board of Directors of Sterling Healthcare Group, Inc.

Mr. Chi-Chuan Chen is a Vice President and Special Assistant to the Chief Executive Officer at Ruentex Group. He has served in the Investment Management Department at Ruentex Group since 1987. Mr. Chen holds a B.S. in chemical engineering and an MBA from National Taiwan University.

Executive Officers

Ms. Garbo Lee has served as the president of SM Cayman since March 2009. Prior to that, she was the chief operating officer of SM Cayman. Ms. Lee has over 24 years of experience in the advertising industry. Prior to joining SearchMedia, Ms. Lee was a general manager of Sony BMG Music Entertainment (PRC) Inc., a Chinese music marketing and distribution company under Sony BMG Music Entertainment, a global recorded music joint venture headquartered in the New York City, from 2005 to 2007. She served as general manager of Coming Age Communication Co. Ltd., a China-based integrated marketing company, from 2002 to 2004. From 2000 to 2002, she worked as managing director and vice president of Doyle Dane Bernbach (DDB) Shanghai, an advertising and integrated marketing company under Omnicom Group in China. From 1984 to 2000, Ms. Lee worked for various companies under WPP Group. Ms. Lee received her bachelor's degree in arts from International Christian University in Tokyo, Japan.

Ms. Jennifer Huang was promoted to the role of chief operating officer of SM Cayman in July 2009. Prior to that, Ms. Huang had been the chief financial officer of SM Cayman since April 2008. Prior to joining SM Cayman, Ms. Huang served as vice president in the corporate finance department of Lehman Brothers Asia Ltd. from 2007 to 2008. From 2005 to 2007, she was an associate at Merrill Lynch Asia Pacific Ltd. She worked at PricewaterhouseCoopers Shanghai office from 1996 to 2003, where she was promoted to the position of audit manager. Ms. Huang is a member of The Chinese Institute of Certified Public Account. Ms. Huang received her master's degree of business administration from the Harvard Business School, and her bachelor's degree in engineering from Shanghai Jiao Tong University, China.

Mr. Andrew Gormley joined SM Cayman as an executive vice president in July 2009. Prior to joining SM Cayman, Mr. Gormley served as a vice president in the Media investment banking group of Deutsche Bank in Hong Kong and London from 2006 to 2009. In Hong Kong, Mr. Gormley advised Chinese companies on capital raisings and cross-border mergers and acquisitions. From 2005 to 2006, he was a senior associate in the Media & Entertainment investment banking group at Dresdner Kleinwort in New York. He worked at Laureate Education, at the time a Nasdaq-listed company, from 2001 to 2005, as an executive director responsible for leading M&A transactions. From 1997 to 2001, he was an associate and analyst at Banc of America Securities where he executed M&A transactions and covered media and entertainment companies. Mr. Gormley received his master's degree of business administration from Columbia Business School with Beta Gamma Sigma honors, and his bachelor's degree in economics from Vanderbilt University.

Voting Agreement

Upon consummation of the business combination, the initial ID Cayman board of directors will consist of eight directors, of which the representatives of the SearchMedia shareholders will designate four directors to ID Cayman's board and the Ideation representative will designate four directors, as provided in the share exchange agreement.

At the closing of the business combination, China Seed Ventures, L.P., which we refer to as CSV, Qinying Liu, Le Yang, Vervain Equity Investment Limited, Sun Hing Associates Limited, and Linden

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Ventures, each a SearchMedia shareholder or warrant holder and Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, Steven Rubin and Jane Hsiao and ID Cayman will enter into a voting agreement. The voting agreement provides, among other things, that, for a period commencing on the closing of the business combination and ending on the third anniversary of the date of such closing, each party to the voting agreement will agree to vote in favor of the director nominees nominated by the Ideation representative and the SM Cayman shareholders' representatives as provided in the share exchange agreement. The voting agreement is attached as Annex F hereto. We encourage you to read the voting agreement in its entirety.

Independence of Directors

ID Cayman expects to comply with the rules of NYSE Amex in determining whether a director is independent. Under the relevant standards, an independent director means a person other than an executive officer or employee of the company, and no director qualifies as independent unless the issuer's board of directors affirmatively determines that the director does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. NYSE Amex requires that a majority of the board of directors of a company be independent.

Consistent with these considerations, the board of directors of ID Cayman has determined that, upon the appointment to the board of directors of ID Cayman on the closing of the share exchange agreement, Messrs. Yen, Qu, Lu, Halpryn and Chen will serve as independent directors of ID Cayman for the ensuing year.

Board Committees

Audit Committee

Ideation has established an audit committee of the board of directors, which consists of Thomas E. Beier, David H. Moskowitz and Glenn Halpryn. Currently, all members of Ideation's audit committee are independent.

The responsibilities of ID Cayman's audit committee include:

- reviewing and discussing with management and the independent auditor the annual audited financial statements, and recommending to the board whether the audited financial statements should be included in its Form 10-K;

- discussing with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of its financial statements;

- discussing with management major risk assessments and risk management policies;

- monitoring the independence of the independent auditor;

- verifying the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law;

- reviewing and approving all related-party transactions in its business combination;

- inquiring and discussing with management our compliance with applicable laws and regulations;

pre-approving all audit services and permitted non-audit services to be performed by its independent auditor, including the fees and terms of the services to be performed;

appointing or replacing the independent auditor;

determining the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work; and

establishing procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or reports which raise material issues regarding our financial statements or accounting policies.

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Financial Experts on Audit Committee

Each member of Ideation's audit committee is financially sophisticated. In addition, the board of directors has determined that Mr. Beier qualifies as an audit committee financial expert, as defined under the applicable rules of the SEC. It is expected that upon the consummation of the business combination, the board of directors of ID Cayman will determine the members of the audit committee.

Nominating and Corporate Governance Committee

Ideation has established a nominating and corporate governance committee of the board of directors, which consists of Shawn Gold, David H. Moskowitz and Glenn Halpryn. Currently, all members of Ideation's nominating and corporate governance committee are independent. Upon the consummation of the business combination, the board of directors of ID Cayman will determine the members of the nominating and corporate governance committee of ID Cayman. The nominating and corporate governance committee is responsible for overseeing the selection of persons to be nominated to serve on the company's board of directors. The nominating and corporate governance committee will consider persons identified by its members, management, stockholders, investment bankers and others.

Guidelines for Selecting Director Nominees

The nominating and corporate governance committee will consider a number of qualifications relating to management, leadership experience, background, integrity and professionalism in evaluating a person's candidacy for membership on the board of directors. The nominating and corporate governance committee may require certain skills or attributes, such as financial or accounting experience, to meet specific board needs that arise from time to time. The nominating and corporate governance committee will not distinguish among nominees recommended by stockholders and other persons.

Code of Ethics

Ideation has adopted a code of ethics that applies to all of its executive officers, directors and employees. The code of ethics codifies the business and ethical principles that govern all aspects of its business.

Compensation of Officers and Directors

Compensation of Officers and Directors of Ideation

No executive officer of Ideation has received any cash compensation for services rendered to Ideation. No compensation of any kind, including finder's, consulting or other similar fees, will be paid to any of Ideation's initial stockholders, officers, directors or special advisors, or any of their affiliates, for any services rendered prior to or in connection with the consummation of a business combination, other than the monthly fee of \$7,500 for office space and administrative and support services payable to Clarity Partners, L.P., a potential finder's or success fee to Ladenburg Thalmann & Co. Inc., an affiliate of Dr. Frost, to the extent Ideation enters into an agreement with such company in connection with our search for a target business, and repayment of non-interest bearing loans of \$200,000 in the aggregate made by certain of its initial stockholders. However, such individuals will be reimbursed for any out-of-pocket expenses incurred in connection with activities on the company's behalf such as identifying potential target businesses and performing due diligence on suitable business combinations. ID Cayman's audit committee will review and approve all reimbursements made to the company's initial stockholders, officers, directors or their affiliates, and any reimbursements made to members of the audit committee will be reviewed and approved by the

company's board of directors, with any interested director abstaining from such review and approval. Such review will encompass an analysis of the corporate purposes advanced by such expenses and their reasonableness as compared to similar services or products that could have been procured from an independent third party source. There is no limit on the total amount of these out-of-pocket expenses reimbursable by ID Cayman, provided that members of its management team will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount held outside of the Trust Account (initially, approximately \$250,000) and interest income on the Trust Account balance, net of

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taxes payable on such interest, of up to \$1,700,000 that may be released to Ideation to fund its expenses relating to investigating and selecting a target business and other working capital requirements, unless a business combination is consummated. There will be no review of the reasonableness of the expenses other than by the audit committee and, in some cases, by the board of directors as described above, or if such reimbursement is challenged, by a court of competent jurisdiction.

ID Cayman's officers, directors and special advisors may be paid consulting, management or other fees from the combined company with any and all amounts being fully disclosed to stockholders, to the extent then known, in the proxy solicitation materials furnished to the company's stockholders. It is unlikely, however, that the amount of such compensation will be known at the time of a stockholder meeting held to consider a business combination, as it will be up to the directors of the post-combination business to determine executive and director compensation.

For nine months during the fiscal year ended December 31, 2008, Ideation paid an affiliated company of one of its officers and directors \$7,500 per month for office space in Los Angeles, California.

Compensation of Officers and Directors of SearchMedia

For the year ended December 31, 2008, SearchMedia paid its senior executive officers and directors an aggregate of approximately \$69,600 in cash, and granted them 8,840,000 stock options and 3,867,000 restricted share awards. For additional information on the option and restricted share award grants to its officers and directors, see [Certain Relationships and Related Party Transactions](#) [SearchMedia Related Party Transactions](#) [Share Incentives](#) [Historical Award Grants](#).

Employment Agreements with Executive Officers

SearchMedia has entered into employment agreements with each of its executive officers. SearchMedia may terminate an executive officer's employment for cause, at any time, without prior notice or remuneration, for certain acts of the officer, including, but not limited to, a conviction or plea of guilty to a felony, negligent or dishonest acts to SearchMedia's detriment or misconduct or a failure to perform agreed duties. An executive officer may, upon advance written notice, terminate his or her employment if there is a material and substantial reduction in his or her authority, duties and responsibilities and such resignation is approved by SearchMedia's board of directors. Each executive officer is entitled to certain benefits upon termination, including severance pay, if SearchMedia terminates the employment without cause or if he or she resigns upon the approval of SearchMedia's board of directors. SearchMedia will indemnify an executive officer for his or her losses based on or related to his or her acts and decisions made in the course of his or her performance of duties within the scope of his or her employment.

Each executive officer has agreed to hold in strict confidence any trade secrets or confidential information of SearchMedia. Each officer also agrees to faithfully and diligently serve SearchMedia in accordance with the employment agreement and the guidelines, policies and procedures of SearchMedia approved from time to time by SearchMedia's board of directors.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Ideation Related Party Transactions

On June 12, 2007, in connection with the formation of Ideation, it issued 2,500,000 shares of its common stock to its initial stockholders for \$0.01 per share or a total of \$25,000. Additionally, Ideation's initial stockholders purchased warrants exercisable for 2,400,000 shares of its common stock, for \$1.00 per warrant or a total of \$2,400,000, in a private placement transaction that occurred simultaneously with the

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consummation of its IPO. The table below sets forth the number of initial shares purchased and the number of insider warrants to be purchased by each of Ideation's initial stockholders.

Name	Number of Initial Shares	Number of Insider Warrants
Frost Gamma Investments Trust(1)	1,359,000	1,320,000
Robert N. Fried	617,500	550,000
Rao Uppaluri	154,500	150,000
Steven D. Rubin	154,500	150,000
Jane Hsiao	154,500	150,000
Thomas E. Beier	10,000	5,000
Shawn Gold	10,000	5,000
David H. Moskowitz	10,000	5,000
Thomas H. Baer	10,000	5,000
Jarl Mohn	10,000	30,000
Nautilus Trust dtd 9/10/99(2)	10,000	30,000
Total	2,500,000	2,400,000

(1) The beneficiary of Frost Gamma Investments Trust is an entity controlled by Dr. Phillip Frost, M.D.

(2) Nautilus Trust dtd 9/10/99 is the grantor trust of Barry A. Porter.

The proceeds from the sale of the insider warrants were deposited in the Trust Account pending the completion of a business combination. The insider warrants are identical to the warrants included in the units being offered in an IPO except that if Ideation calls the warrants for redemption, the insider warrants will be exercisable on a cashless basis so long as such warrants are held by Ideation's initial stockholders or their affiliates. Ideation's initial stockholders have agreed that the insider warrants will not be sold or transferred by them until 90 days after it has completed a business combination, provided however that transfers can be made to certain permitted transferees who agree in writing to be bound by such transfer restrictions. Accordingly, the insider warrants were placed in escrow and will not be released until 90 days after the completion of a business combination.

The initial Ideation stockholders are entitled to registration rights pursuant to an agreement signed on November 19, 2007. The holders of the majority of these securities will be entitled to make up to two demands that Ideation registers such securities. As the initial shares will be released from escrow one year after the consummation of a business combination, Ideation's initial stockholders will be able to make a demand for registration of the resale of their initial shares at any time commencing nine months after the consummation of a business combination. Additionally, Ideation's initial stockholders will be able to elect to exercise these registration rights with respect to the insider warrants (and underlying securities) at any time after it consummates a business combination. In addition, the holders will have certain piggy-back registration rights with respect to registration statements filed subsequent to Ideation's consummation of a business combination. Ideation will bear the expenses incurred in connection with the filing of any such registration statements.

Ideation had agreed to pay Clarity Partners, L.P. a monthly fee of \$7,500 for office space and administrative and support services. Barry A. Porter, one of Ideation's special advisors, is a co-founder and Managing General Partner of

Clarity Partners, L.P., and the grantor trust of Mr. Porter, Nautilus Trust dtd 9/10/99, is one of Ideation's initial stockholders. Effective April 1, 2008, Ideation moved its principal offices to 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025. Ideation subleased space and pays \$7,500 per month for office space and related services to Spirit SMX LLC. Robert N. Fried, Ideation's Chief Executive Officer and one of Ideation's initial shareholders, is the founder and Chief Executive Officer of Spirit SMX LLC. Ideation believes, based on rents and fees for similar services in the Los Angeles, California area, that the fee charged by Spirit SMX LLC is at least as favorable as the company could have obtained from any unaffiliated person. Ideation's audit committee approved the sub-leasing and administrative and

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support services agreement with Spirit SMX LLC on March 20, 2008. Ideation terminated its agreement with Clarity Partners, L.P. effective March 31, 2008.

In January 2009, Ideation moved its principal offices to 1105 N Market Street, Suite 1300, Wilmington, Delaware 19801.

Frost Gamma Investments Trust, Robert N. Fried, Rao Uppaluri, Steven D. Rubin and Jane Hsiao loaned a total of \$200,000 to Ideation for the payment of offering expenses. The loans were non-interest bearing and were repaid on November 26, 2007 out of the proceeds of Ideation's IPO available to it for payment of offering expenses.

Ideation will reimburse its officers and directors for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on Ideation's behalf such as identifying and investigating possible target businesses and business combinations. Ideation's audit committee will review and approve all reimbursements made to its initial stockholders, officers, directors or their affiliates, and any reimbursements made to members of its audit committee will be reviewed and approved by the Ideation board of directors, with any interested director abstaining from such review and approval. Such review will encompass an analysis of the corporate purposes advanced by such expenses and their reasonableness as compared to similar services or products that could have been procured from an independent third party source. There is no limit on the total amount of out-of-pocket expenses reimbursable by Ideation, provided that members of Ideation's management team will not receive reimbursement for any out-of-pocket expenses incurred by them to the extent that such expenses exceed the amount held outside of the Trust Account (initially, approximately \$250,000) and interest income on the Trust Account balance, net of taxes payable on such interest, of up to \$1,700,000 that may be released to Ideation to fund its expenses relating to investigating and selecting a target business and other working capital requirements, unless a business combination is consummated. Additionally, there will be no review of the reasonableness of the expenses other than by Ideation's audit committee and, in some cases, by the Ideation board of directors as described above, or if such reimbursement is challenged, by a court of competent jurisdiction.

No compensation of any kind, including finder's, consulting or other similar fees, will be paid to any of Ideation's initial stockholders, officers, directors or special advisors, or any of their affiliates, for any services rendered prior to or in connection with the consummation of a business combination, other than the monthly fee of \$7,500 for office space and administrative and support services referred to above, a potential finder's or success fee to Ladenburg Thalmann & Co. Inc., an affiliate of Dr. Frost, to the extent Ideation enters into an agreement with such company in connection with Ideation's search for a target business, and repayment of non-interest bearing loans of \$200,000 in the aggregate made by certain of Ideation's initial stockholders.

All ongoing and future transactions between Ideation and any of its officers and directors or their respective affiliates, including loans by Ideation's officers and directors, will be on terms believed by Ideation to be no less favorable to it than are available from unaffiliated third parties. Such transactions or loans, including any forgiveness of loans, will require prior approval by a majority of Ideation's disinterested independent directors or the members of Ideation's board who do not have an interest in the transaction, in either case who had access, at Ideation's expense, to Ideation's attorneys or independent legal counsel. Ideation will not enter into any such transaction unless its disinterested independent directors determine that the terms of such transaction are no less favorable to the company than those that would be available to the company with respect to such a transaction from unaffiliated third parties.

Other Conflicts of Interest

Potential investors should be aware of the following potential conflicts of interest:

None of Ideation's officers and directors are required to commit any specified amount of time to the company's affairs and, accordingly, they may have conflicts of interest in allocating their time among various business activities.

Members of Ideation's management team and its directors may become aware of business opportunities that may be appropriate for presentation to Ideation as well as the other entities with which they are or

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may be affiliated. Due to affiliations with other companies, members of Ideation's management team and its directors may have fiduciary obligations to present potential business opportunities to those entities prior to presenting them to Ideation which could cause conflicts of interest. Accordingly, members of Ideation's management team and Ideation's directors may have conflicts of interest in determining to which entity a particular business opportunity should be presented. For example, Dr. Frost, Dr. Uppaluri and Mr. Rubin have fiduciary obligations that arise as a result of their affiliation with The Frost Group and Opko Health, Inc. While neither The Frost Group nor Opko Health, Inc. presently intends to make acquisitions in the digital media sector, to the extent that Ideation considers a business combination outside of the digital media sector, it may compete with The Frost Group or Opko Health, Inc. in pursuing a business combination. Additionally, Dr. Frost owns an equity interest in the general partner and in the limited partnership of Peregrine VC Investments II, a private venture capital fund based in Israel that invests primarily in early-stage Israeli technology companies, The Florida Value Fund LLLP, a private equity fund focused on mid-market companies in the State of Florida, and Calix Equity Partners, LP, an equity fund with a value orientation. The investment focus of Peregrine VC Investments II is on acquiring non-controlling interests of companies, and the targeted aggregate capital of such fund is \$20 million. The investments of The Florida Value Fund LLLP range between \$1 million and \$4 million per company in the form of either equity or mezzanine debt. The investment focus of Calix Equity Partners, L.P. is to maximize total returns by taking long and short non-controlling positions in primarily equity securities of U.S. and foreign public companies. Accordingly, based on the investment criteria of Peregrine VC Investments II, The Florida Value Fund LLLP and Calix Equity Partners, LP, Ideation does not expect to compete with those funds in our search for a target business or businesses. In addition, Mr. Fried has fiduciary duties to Fried Films. Fried Films only acquires motion picture screenplays, and, as a result, Ideation does not expect to compete with such company in its search for a target business or businesses. For a description of the existing affiliations of Ideation's management team and its directors, please see the section of Ideation's latest Annual Report on Form 10-K titled "Directors, Executive Officers and Corporate Governance."

Ideation's officers, directors and special advisors may in the future become affiliated with entities, including other blank check companies, engaged in business activities similar to those intended to be conducted by Ideation. Additionally, Ideation's officers, directors and special advisors may organize, promote or become involved with other blank check companies, including blank check companies with a focus on the digital media sector, either before or after Ideation's consummation of a business combination.

The initial shares and insider warrants owned by Ideation's initial stockholders, which includes our officers, directors and special advisors, will be released from escrow only if a business combination is successfully completed. In addition, the insider warrants purchased by Ideation's initial stockholders and any warrants which Ideation's initial stockholders may purchase in this offering or in the aftermarket will expire worthless if an initial business combination is not consummated. Additionally, Ideation's initial stockholders will not receive liquidation distributions with respect to any of their initial shares. For the foregoing reasons, the Ideation board of directors may have a conflict of interest in determining whether a particular target business is appropriate for Ideation and its stockholders.

Ideation's officers and directors may have a conflict of interest with respect to evaluating a particular business combination if the retention or resignation of any such officers and directors were included by a target business as a condition to any agreement with respect to an initial business combination. Additionally, Ideation's officers and directors may enter into employment or consulting agreements with Ideation in connection with a business combination pursuant to which they may be entitled to compensation for any services provided following such business combination. The personal and financial interests of Ideation's officers and directors may influence their motivation in identifying and selecting a target business.

The ability of the holders of Ideation's insider warrants to exercise the insider warrants on a cashless basis if Ideation calls such warrants for redemption may cause a conflict of interest in determining when to call the warrants for redemption as they would potentially be able to avoid any negative price

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pressure on the price of the warrants and common stock due to the redemption through a cashless exercise.

Ideation's initial stockholders, officers, directors and special advisors may purchase shares of common stock in the open market. If they did, they would be entitled to vote such shares as they choose on a proposal to approve a business combination.

Ideation's special advisors have no fiduciary obligations to Ideation. Therefore, they have no obligation to present business opportunities to Ideation at all and will only do so if they believe it will not violate any fiduciary obligations they have.

Immediately prior to the closing of the business combination, The Frost Group, LLC and its affiliates and other non-affiliates who acquired (or will acquire at or after the closing) shares in satisfaction of the Sponsor Purchase Commitment Amount shall be issued a warrant to purchase 0.25 of an ID Cayman share for each such share purchased. The exercise price per whole ID Cayman share underlying such warrants shall be \$7.8815, and the aggregate number of shares underlying such warrants issued to any one holder shall be rounded up to the nearest whole share. Such issuance shall be conditioned upon the execution and delivery by such holder of a purchase agreement including customary registration rights.

On March 19, 2009, SearchMedia received interim financing of \$1.75 million from Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, and others, and interim financing of \$1.75 million from CSV and members of SearchMedia's management team. This financing was requested by SearchMedia in order to fund working capital until the closing of the transactions contemplated by the share exchange agreement. The affiliates of Ideation set forth above participated in such financing in order to show support for the transactions contemplated by the share exchange agreement. Each interim note accrues interest at a rate of 12% per annum, which rate shall increase to 20% per annum after the maturity date of such note. Each note shall mature upon the earliest of: (i) the closing of a Series D financing by SM Cayman, (ii) the closing of the transactions contemplated by the share exchange agreement, and (iii) the termination of the share exchange agreement. At the closing of the business combination, the principal amount outstanding under certain promissory notes issued to each of Frost Gamma Investments Trust and certain other investors shall be converted into (1) a number of ordinary shares of ID Cayman calculated by dividing such holder's outstanding principal amount by \$7.8815, rounding up to the nearest whole share, and (2) a number of warrants to purchase 0.25 of an ordinary share of ID Cayman, at an exercise price per such ordinary share of \$7.8815, equal to such number of ID Cayman ordinary shares, rounded up to the nearest whole share.

Ideation has entered into a letter agreement with the Converting Noteholders and The Frost Group, LLC. Pursuant to the letter agreement, if at any time during the two years following the closing of the business combination, ID Cayman issues any preferred shares or other equity securities (including securities convertible into or exchangeable for preferred shares or other equity securities), the parties to the letter agreement will have the right to exchange, for such securities, any ordinary shares of ID Cayman acquired by them as a result of:

- (1) conversion of an interim note from SM Cayman or the Linden Note;
- (2) warrant exercises to satisfy the Sponsor Purchase Commitment Amount; or
- (3) open market purchases or new issuances of Ideation shares to satisfy the Sponsor Purchase Commitment Amount,

up to the amount of such issuance by ID Cayman. The valuation of the exchanged ordinary shares will be \$7.8815 per share. Ideation will enter into the same letter agreement with any other person or entity that purchases Ideation shares in satisfaction of the Sponsor Purchase Commitment Amount after the date hereof.

In general, officers and directors of a corporation incorporated under the laws of the State of Delaware are required to present business opportunities to a corporation if:

The corporation could financially undertake the opportunity;

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the opportunity is within the corporation's line of business; and

it would not be fair to the corporation and its stockholders for the opportunity not to be brought to the attention of the corporation.

Accordingly, as a result of multiple business affiliations, Ideation's officers and directors may have similar legal obligations relating to presenting business opportunities to multiple entities. In addition, conflicts of interest may arise when Ideation's board evaluates a particular business opportunity. Ideation cannot assure you that any of the above mentioned conflicts will be resolved in its favor.

Each of Ideation's officers, directors and special advisors has, or may come to have, to a certain degree, other fiduciary obligations. Members of Ideation's management team, Ideation's directors and its special advisors have fiduciary obligations to other companies on whose board of directors they presently sit, or may have obligations to companies whose board of directors they may join in the future. To the extent that they identify business opportunities that may be suitable for Ideation or other companies on whose board of directors they may sit, Ideation's officers, directors and special advisors will honor those fiduciary obligations. Accordingly, they may not present opportunities to Ideation that come to their attention in the performance of their duties as directors of such other entities unless the other companies have declined to accept such opportunities or clearly lack the resources to take advantage of such opportunities.

In order to minimize potential conflicts of interest which may arise from multiple corporate affiliations, each of Ideation's officers and directors has agreed, until the earliest of a business combination, our liquidation or such time as he ceases to be an officer or a director, to present to Ideation for our consideration, prior to presentation to any other entity, any business opportunity which may reasonably be required to be presented to Ideation under Delaware law, subject to any pre-existing fiduciary or contractual obligations he might have.

In connection with the vote required for any business combination, all of Ideation's initial stockholders, which includes Ideation's officers, directors and special advisors, have agreed to vote their respective shares of common stock which were owned prior to this offering in accordance with the vote of the public stockholders owning a majority of the shares of our common stock sold in this offering. In addition, they have agreed to waive their respective rights to participate in any liquidation distribution with respect to their initial shares. Any common stock acquired by Ideation's initial stockholders in the offering or aftermarket will be considered part of the holdings of the public stockholders. Except with respect to the conversion rights afforded to public stockholders, these initial stockholders will have the same rights as other public stockholders with respect to such shares, including voting rights in connection with a potential business combination. Accordingly, they may vote such shares on a proposed business combination any way they choose.

In the event Ideation considers a target business affiliated with a member of the Ideation board of directors, Ideation would establish a special committee consisting of disinterested members of its board of directors to oversee the negotiations with such affiliated entity and evaluate and vote upon the business combination. To further minimize potential conflicts of interest, Ideation has agreed not to consummate a business combination with an entity which is affiliated with any of its initial stockholders, which includes its officers, directors and special advisors, unless we obtain an opinion from an unaffiliated, independent investment banking firm that the business combination is fair to Ideation stockholders from a financial perspective. Accordingly, to the extent any of our initial stockholders are affiliated with an entity that is a portfolio company of, or that has received a financial investment from, any company that is affiliated with Ideation's initial stockholders, Ideation would not consummate a business combination with such entity unless it obtained an opinion from an unaffiliated, independent investment banking firm that the business combination is fair to Ideation stockholders from a financial perspective. Ideation currently does not anticipate

entering into a business combination with an entity affiliated with its management team or its initial stockholders.

SearchMedia Related Party Transactions

Contractual Arrangements with Jingli Shanghai and its Shareholders

The PRC government currently restricts foreign ownership of companies that provide advertising services and require any foreign entities that invest in the advertising services industry to have at least two years of direct

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operations in the advertising industry outside of China. SearchMedia has not directly operated an advertising business outside of China and cannot qualify under PRC regulations any time earlier than two years after SearchMedia commences any such operations outside of China or until SearchMedia acquires a company that has directly operated an advertising business outside of China for the required period of time. SM Cayman is a Cayman Islands corporation and a foreign legal person under Chinese laws. Accordingly, SearchMedia's subsidiary, Jieli Consulting, is currently ineligible to apply for the required licenses for providing advertising services in China. SearchMedia's advertising business is currently provided through SearchMedia's contractual arrangements with its consolidated variable interest entity in China, Jingli Shanghai. Jingli Shanghai holds the requisite licenses to provide advertising services in China. Jingli Shanghai directly operates SearchMedia's advertising network, enters into display placement agreements and sells advertising time slots to its clients. SearchMedia has been and is expected to continue to be dependent on Jingli Shanghai to operate SearchMedia's advertising business. SearchMedia does not have any equity interest in Jingli Shanghai but receives the economic benefits and absorbs the risk of it through the contractual arrangements and certain corporate governance and shareholder rights matters. In addition, SearchMedia has entered into agreements with Jingli Shanghai and each of the shareholders of Jingli Shanghai which provide SearchMedia with a substantial ability to control Jingli Shanghai. For a description of these contractual arrangements, see Information about SearchMedia Corporate Organization and Operating History Contractual Arrangements with Jingli Shanghai and its Shareholders.

Contractual Arrangements with Each of Sige, Dale and Conghui and their Respective Shareholders

On June 4, 2007, SM Cayman, through Jieli Consulting, entered into contractual arrangements with each of Sige, Dale and Conghui, similar to those subsequently entered into with Jingli Shanghai, which was formed on August 3, 2007 by the legal shareholders of Sige and Dale, Ms. Qinying Liu and Ms. Le Yang. On October 31, 2007, Jieli Consulting terminated the contractual arrangements with Conghui due to a difference of views on future business plans and strategies between the management of SearchMedia and Conghui. SearchMedia therefore deconsolidated Conghui in the 2007 period and views Sige and Dale as its predecessors.

Transactions with SearchMedia's Shareholders, Senior Management Personnel and Affiliated Entities of Companies Acquired by Shanghai Jingli

For the year ended December 31, 2008, revenue of \$7.0 million was recorded, which represents amounts received or receivable from affiliated entities of senior management personnel of certain companies acquired by Shanghai Jingli for SearchMedia's provision of advertising services to such affiliated entities. As of December 31, 2008, \$3.7 million was receivable by SearchMedia from such affiliated companies of certain companies acquired by Shanghai Jingli for SearchMedia's provision of advertising services to these companies. For the year ended December 31, 2008, expenses for leases of advertising space of \$4.1 million were recorded, which represent amounts paid or payable by SearchMedia to the affiliated entities of senior management personnel of certain companies acquired by Shanghai Jingli for leases of advertising space from these affiliated entities.

As of December 31, 2007, there were amounts due from related parties that primarily comprised customer payments collected on behalf of SearchMedia by its shareholders and senior management personnel of Shanghai Jingli's acquired subsidiaries. As of December 31, 2008, \$7.4 million was due from SearchMedia's shareholders and senior management personnel of Shanghai Jingli's acquired subsidiaries as payments collected on behalf of, but not yet remitted to, SearchMedia. As of December 31, 2008, \$337,000 was payable to SearchMedia as advances made by SearchMedia to the senior management personnel of certain companies acquired by Shanghai Jingli, and \$227,000 and \$490,000 were payable by SearchMedia to the senior management personnel of certain companies acquired by Shanghai Jingli as operating expenses paid on behalf of SearchMedia by such personnel and to affiliated companies of certain companies acquired by Shanghai Jingli for leases of advertising space, respectively.

On June 23, 2009 pursuant to a repayment agreement between them and SM Cayman, or Repayment Agreement, Ms. Qinying Liu and Ms. Le Yang jointly and severally irrevocably agreed to repay certain amounts owing by each of them to SM Cayman, together with any other amounts which SM Cayman and its independent accountants determine are owing by them to SM Cayman after the date of the Repayment

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Agreement, in cash or immediately available funds on or prior to the date that is ten business days before the closing of the business combination. As of the date of the Repayment Agreement, the amount payable by Ms. Liu to SM Cayman was RMB2,545,962 and the amount payable by Ms. Yang to SM Cayman was RMB1,739,927.

In the event either of them fails to satisfy their respective repayment obligations, SM Cayman will be entitled to repurchase shares in accordance with the Repayment Agreement. The aggregate number of shares SM Cayman may repurchase will be equal to the quotient of (i) the outstanding payables and other amounts owing under the Repayment Agreement and (ii) US\$0.5331.

Issuance of promissory notes to affiliates of Ideation and SearchMedia

In March 2009, in connection with the interim financings provided to SearchMedia by certain affiliates of Ideation and SearchMedia and other related parties, SM Cayman issued the following promissory notes: the promissory note dated March 19, 2009 in the principal amount of US\$1,575,000 to FGIT, the promissory note dated March 19, 2009 in the principal amount of US\$25,000 to Chardan Securities LLC, the promissory note dated March 19, 2009 in the principal amount of US\$25,000 to Robert Fried, the promissory note dated March 19, 2009 in the principal amount of US\$100,000 to Rao Uppaluri, the promissory note dated March 18, 2009 in the principal amount of US\$1,500,000 to Halpryn Capital Partners, LLC, the promissory note dated March 18, 2009 in the principal amount of US\$50,000 to China Seed Ventures, L.P., the promissory note dated March 18, 2009 in the principal amount of US\$50,000 to Qinying Liu, the promissory note dated March 18, 2009 in the principal amount of US\$50,000 to Le Yang, the promissory note dated March 18, 2009 in the principal amount of US\$50,000 to Xuebao Yang, the promissory note dated March 18, 2009 in the principal amount of US\$50,000 to Jianhai Huang and the promissory note dated March 18, 2009 in the principal amount of US\$50,000 to Min Wu. SM Cayman also issued warrants to certain of these lenders in connection to the interim financing.

Shareholders Agreement

In connection with SM Cayman's sale of Series C preferred shares, SM Cayman, its subsidiaries and its shareholders, including the purchasers of the Series C preferred shares, entered into an amended and restated shareholders agreement. Under this shareholders agreement, SM Cayman's board of directors shall comprise of eight directors, including: one director designated by holders of its Series C preferred shares, two directors designated by Deutsche Bank as long as it and/or its affiliates continue to hold at least 25% of the Series B preferred shares, one director designated by CSV as long as it and/or its affiliates continue to hold at least 25% of the Series A preferred shares, two directors as designated by holders of at least a majority of SM Cayman's ordinary shares and two independent directors, who are nominated by holders of a majority of SM Cayman's ordinary shares and approved by holders of a majority of SM Cayman's preferred shares voting on an as-converted basis. The shareholders agreement also imposes certain restrictions on transfer of shares by SM Cayman's ordinary shareholders and preferred shareholders, and grants redemption rights to each holder of SM Cayman's Series B and Series C preferred shares in the event a qualified IPO as defined in this shareholders agreement does not occur on or after 18 months after the respective original issue date of Series B and Series C preferred shares and again on or after 24 months after the respective original issue date of Series B and Series C preferred shares, subject to certain acceleration conditions. SM Cayman and its shareholders each have certain rights of first refusal and co-sale rights with respect to any proposed share transfers by any of its existing shareholders. The preferred shareholders also have a right of participation with respect to the issuance of certain new securities. Under this shareholders agreement, holders of SM Cayman's preferred shares and ordinary shares converted from SM Cayman's preferred shares are also entitled to certain registration rights, including demand registration, piggyback registration and Form F-3 registration. In addition, at any time after February 28, 2010, if shareholders holding at least 67% of SM Cayman's outstanding ordinary shares and preferred shares agree to transfer all its shares held by them, or vote for a merger or consolidation of the company into, or sell all or substantially all assets of the company to, a purchaser, to the extent Deutsche Bank agrees to such sale in a prior written consent, each

selling shareholder shall have the right to require each shareholder to vote in favor of such sale. The shareholders agreement also provides certain protective provisions whereby the directors appointed by the preferred shareholders must approve certain actions of SM Cayman before such actions can be

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taken. Such rights, and other rights and obligations of each of the SearchMedia shareholders under the shareholders agreement, will terminate upon the completion of a qualified IPO or the consummation of the business combination.

Share Incentives

2008 Employee Stock Incentive Plan. SM Cayman has adopted a 2008 share incentive plan, or the plan, to attract and retain the best available personnel, provide additional incentives to employees, directors and consultants, and promote the success of its business. The plan took effect on January 1, 2008, the date it was approved by SM Cayman's shareholders. As amended, up to 29,400,000 ordinary shares have been reserved for issuance under the plan. As of the date of this proxy statement/prospectus, SM Cayman's management personnel hold options and restricted share awards to purchase a total of 15,262,241 ordinary shares.

Plan Administration. SM Cayman's board of directors, or a committee designated by the 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 award grant.

Types of Awards. The types of awards SM Cayman may grant under the plan include the following.

options to purchase SM Cayman's ordinary shares;

restricted shares, which represent non-transferable ordinary shares, that may be subject to forfeiture, restrictions on transferability and other restrictions; and

restricted share units, which represent the right to receive SM Cayman's ordinary shares at a specified date in the future, which may be subject to forfeiture.

Award Document. Awards granted under SM Cayman's plan are each evidenced by an award document that sets forth the terms, conditions and limitations for each grant, including the exercise price, the number of shares to which the award pertains, the conditions upon which an option will become vested and exercisable and other customary provisions.

Eligibility. SM Cayman may grant awards to (i) its employees, directors and consultants, and (ii) employees, directors and consultants of any of its parents or subsidiaries and of any entity in which SM Cayman or any of its parents or subsidiaries holds a substantial ownership interest. Incentive share options may be granted to employees of SM Cayman, or any of its parents or subsidiaries, and may not be granted to employees of a related entity or to independent directors or consultants.

Acceleration of Awards upon Change of Control and Corporate Transactions. Unless otherwise provided in the award agreement: 1) the outstanding awards will accelerate by one year upon occurrence of a change-of-control transaction where the successor entity does not convert, assume or replace SM Cayman's outstanding awards under the plan; 2) in the event of a corporate transaction as defined in the plan, including certain amalgamations, arrangements, consolidations or schemes of arrangement and the transfer of all or substantially all of the company's assets, each outstanding award that is not assumed or replaced by the successor entity will become fully vested and immediately exercisable provided that the related grantee's continuous service with SM Cayman shall not be terminated before that date; and 3) furthermore, in the event of a corporate transaction, each outstanding award that is assumed or replaced by the successor entity will become fully vested and immediately exercisable immediately upon termination of the participant's employment or service within twelve (12) months of the Corporate Transaction without cause.

Term of the Awards. The term of each award grant shall be stated in the award agreement, provided that the term for an option shall not exceed ten years from the date of the grant, unless shareholder approval is obtained for amending the plan to extend the exercise period for an option beyond ten years from the date of the grant.

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

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Transfer Restrictions. Except as otherwise provided by the committee that administers the plan, awards granted under the plan may not be assigned, transferred or otherwise disposed of by the award holders other than by will or the laws of descent and distribution.

Termination and Amendment of the Plan. Unless terminated earlier, the plan will expire on, and no award may be granted pursuant to the plan after, the tenth anniversary of its effective date. With the approval of SM Cayman's board of directors, the committee that administers the plan may amend or terminate the plan, except that shareholder approval shall be obtained to the extent necessary or desirable to comply with applicable laws or stock exchange rules, or for amendments to the plan that increase the number of shares available under the plan, permit the committee to extend the term of the plan or the exercise price of an option beyond ten years from the date of grant or result in a material increase in benefits or a change in eligibility requirements.

Historical Award Grants. As of the date of this proxy statement/prospectus, the number of ordinary shares that may be issued upon the exercise of outstanding options and restricted share awards granted under the Plan is 12,262,241, including options to purchase 8,395,000 ordinary shares and 3,867,241 restricted share awards. Of these, a total of options to purchase 8,840,000 ordinary shares were issued to SM Cayman's management personnel in 2008, 95,000 of which were subsequently cancelled in July 2009 and 2,000,000 were cancelled in September 2009. Additional options to purchase 1,650,000 ordinary shares were issued to SM Cayman's management personnel from January 2009 to July 2009. The 3,867,000 restricted share awards were issued to SM Cayman's management personnel in 2008. The outstanding stock options granted in 2008 have exercise prices ranging from \$0.0001 to \$3 per share, vesting periods of three to four years and a term of 10 years from the date of grant. On the other hand, the 4,650,000 stock options granted from January 2009 to September 2009 have an exercise price of \$0.5323 per share, a vesting period of three to four years and a term of 10 years from the date of grant. Out of the 3,867,000 restricted share awards granted in 2008, 2,667,241 restricted share awards will vest contingent upon the achievement of certain performance goals, and the remaining restricted share awards will vest 50% after the first year of service and ratably each month over the remaining 12 months.

Share Exchange Agreement and Related Documents

SearchMedia's officers and directors have certain interests in the share exchange agreement and related transaction documents. See *Interests of Ideation Officers and Directors in the Business Combination*.

Review, Approval, and Ratification of Related Party Transactions

To date, SearchMedia's board of directors has not adopted any written procedures for reviewing such transactions or any standards of approval, but instead evaluates each transaction on a case-by-case basis.

Following consummation of the business combination, ID Cayman will neither directly nor indirectly nor through any subsidiary make loans, extend credit, maintain credit or arrange for the extension of credit or renew an extension of credit in the form of a personal loan to or for any director or executive officer of ID Cayman, in compliance with the provisions of the Sarbanes Oxley Act of 2002. In addition, ID Cayman expects to adopt an audit committee charter that will require the audit committee to review and approve all related party transactions, assure compliance with ID Cayman's code of ethics and monitor and discuss with the auditors and outside counsel policies and compliance with applicable accounting and legal standards and requirements.

For a discussion of the interests of the SearchMedia executive officers and directors in the business combination, see *Interests of SearchMedia Officers and Directors in the Business Combination*.

Table of Contents**BENEFICIAL OWNERSHIP OF SECURITIES****Security Ownership of Ideation**

The following table sets forth information regarding the beneficial ownership of our common stock as of September 28, 2009, by:

each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;

each of our officers and directors; and

all our officers and directors as a group.

As of October 2, 2009, the record date, we had 12,500,000 shares of common stock issued and outstanding. Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

In January 2009, we moved our principal offices to 1105 N. Market Street, Suite 1300, Wilmington, Delaware 19801.

Name and Address of Beneficial Owner(2)	Amount and Nature of Beneficial Ownership(1)(3)	Approximate Percentage of Outstanding Common Stock
<u>Executive Officers and Directors</u>		
Dr. Phillip Frost, M.D.(4)(5)	2,034,900	16.3%
Robert N. Fried(5)	620,500	5.0%
Rao Uppaluri(5)	159,500	1.3%
Steven D. Rubin(5)	157,500	1.3%
Thomas E. Beier(5)	10,000	*
Shawn Gold(5)	10,000	*
David H. Moskowitz(5)	10,000	*
Glenn Halpryn(5)	0	*
All executive officers and directors as a group (8 individuals)	3,002,400	24.0%
<u>5% Holders</u>		
Frost Gamma Investments Trust(6)	2,034,900	16.3%
HBK Investments L.P.(7)	1,249,984	10.0%
Kenneth J. Abdalla(8)	675,700	5.4%
Jonathan M. Glaser(9)	655,000	5.2%

* less than 1%

(1) Includes shares of common stock which the person has the right to acquire within 60 days of September 28, 2009.

- (2) Unless otherwise noted, the business address of each of the following is 1105 N. Market Street, Suite 1300, Wilmington, DE 19801.
- (3) Does not reflect 2,400,000 shares of common stock issuable upon exercise of warrants held by certain of our initial stockholders, and additional warrants accumulated by initial stockholders in open market purchases, which are not exercisable until the completion of a business combination.
- (4) The number of shares beneficially owned by Dr. Frost includes shares of common stock beneficially owned by Frost Gamma Investments Trust, of which Frost Gamma Limited Partnership is the sole and exclusive beneficiary. Dr. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma, Inc. and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation.

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- (5) Includes additional common shares accumulated by initial stockholders in open market purchases; however, warrants accumulated in open market purchases have been excluded.
- (6) The business address of Frost Gamma Investments Trust is 4400 Biscayne Blvd., Suite 1500, Miami, Florida 33137. Frost Gamma Limited Partnership is the sole and exclusive beneficiary of Frost Gamma Investments Trust. Dr. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma, Inc. and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Dr. Frost is also the sole shareholder of Frost-Nevada Corporation.
- (7) HBK Investments L.P. has delegated discretion to vote and dispose of the securities to HBK Services LLC, or HBK Services. HBK Services may, from time to time, delegate discretion to vote and dispose of certain of the securities to HBK New York LLC, a Delaware limited liability company, HBK Virginia LLC, a Delaware limited liability company, HBK Europe Management LLP, a limited liability partnership organized under the laws of the United Kingdom, and/or HBK Hong Kong Ltd., a corporation organized under the laws of Hong Kong, or collectively, the Subadvisors. Each of HBK Services and the Subadvisors is under common control with HBK Investments L.P. The Subadvisors expressly declare that the filing of this statement on Schedule 13G shall not be construed as an admission that they are, for the purpose of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, beneficial owners of the securities.

Jamiel A. Akhtar, Richard L. Booth, David C. Haley, Lawrence H. Lebowitz and William E. Rose are each managing members, or collectively, the Members, of HBK Management LLC. The Members expressly declare that the filing of this statement on Schedule 13G shall not be construed as an admission that they are, for the purpose of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, beneficial owners of the securities.

The business address of HBK Investments L.P. is 300 Crescent Court, Suite 700, Dallas, Texas 75201.

The foregoing information is derived from a Schedule 13G/A filed with the SEC on January 18, 2008.

- (8) Based on Schedule 13D filed with the SEC on May 15, 2009, the aggregate amount of common stock beneficially owned by the reporting person includes: (a) 371,500 shares held by Malibu Partners LLC and (b) 304,200 shares held by Broad Beach Partners LLC. Kenneth J. Abdalla is the managing member of Malibu Partners LLC and has voting and dispositive power with respect to all the shares. The address of this reporting person is 15332 Antioch Street #528, Pacific Palisades, CA 90272.
- (9) Pacific Asset Management, LLC, or PAM, and JMG Capital Management, LLC, or JMG LLC, are investment advisers whose clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the common stock. No client separately holds more than five percent of the outstanding common stock. PAM is the investment adviser to an investment fund and Pacific Capital Management, Inc., or PCM, is a member of PAM. Mr. Glaser, Mr. David and Mr. Richter are control persons of PCM and PAM. JMG LLC is the investment adviser and general partner of an investment limited partnership and JMG Capital Management, Inc., or JMG Inc., is a member of JMG LLC. Mr. Glaser is the control person of JMG Inc. and JMG LLC.

The business address of JMG LLC, JMG Inc. and Mr. Glaser is 11601 Wilshire Boulevard, Suite 2180, Los Angeles, CA 90025. The business address of PAM, PCM, Mr. David and Mr. Richter is 100 Drakes Landing, Suite 207, Greenbrae, CA 94904. The foregoing information is derived from a Schedule 13G filed with the SEC on February 17, 2009.

Table of Contents**Security Ownership of SearchMedia**

The following table sets forth certain information regarding the beneficial ownership of SM Cayman's ordinary shares as of September 21, 2009 by (i) each person or group of affiliated persons known to beneficially own more than five percent of SM Cayman's ordinary shares, (ii) each named executive officer or director of SM Cayman and (iii) all current officers and directors of SM Cayman as a group.

Beneficial Owner(1)	Ordinary Shares Beneficially Owned	Percentage of Class of Ordinary Shares Beneficially Owned (%) (2)
Executive Officers and Directors		
Qinying Liu(3)	14,224,653	14.4%
Le Yang(4)	14,224,653	14.4%
Earl Yen(5)	20,010,307	20.3%
Tommy Cheung		
Garbo Lee(6)	*	*
Jennifer Huang(7)	*	*
Andrew Gormley		
All Executive Officers and Directors as a Group	48,459,613	49.1%
Principal Shareholders:		
Deutsche Bank A.G., HK Branch(8)	31,753,771	32.2%
China Seed Ventures, L.P.(5)	20,010,307	20.3%
Qinying Liu(3)	14,224,653	14.4%
Le Yang(4)	14,224,653	14.4%
Sun Hing Associates Limited(9)	12,348,688	12.5%
Vervain Equity Investment(10)	5,292,293	5.4%

* Less than 1%.

- (1) Except as otherwise indicated or in cases in which spouses share authority under applicable law, SM Cayman believes that each shareholder identified in the table directly owns, and has sole voting and investment power with respect to, all ordinary shares shown as beneficially owned by such shareholder. Beneficial ownership is calculated pursuant to Rule 13d-3(d)(1) under the Exchange Act.
- (2) Applicable percentage ownership is based on 98,652,365 ordinary shares of SM Cayman outstanding as of July 14, 2009.
- (3) Excludes 600,000 ordinary shares issuable upon exercise of options held by Mr. Guojun Liang, Ms. Liu's husband. The business address of Ms. Liu is 4B, Ying Long Building 1358 Yan An Road West, Shanghai 200052, People's Republic of China.

- (4) The business address of Ms. Yang is 4B, Ying Long Building 1358 Yan An Road West, Shanghai 200052, People's Republic of China.
- (5) Represents 1,386,528 ordinary shares, and 18,623,779 ordinary shares issuable upon conversion of all the 10,000,000 Series A, 909,091 Series B and 7,714,688 Series C preferred shares, held by China Seed Venture Management Limited as the general partner for and on behalf of China Seed Ventures, L.P., a Cayman Islands exempted limited partnership, with the business address at Room 104 Building 18, No. 800 Huashan Road, Shanghai, China. China Seed Ventures Management Limited is a Cayman Islands limited company. China Seed Ventures Management Limited, is controlled by Earl Yen, Ralph Ungermann, and Michael Liao. Accordingly, Mr. Yen has shared voting and dispositive power over all the shares held by China Seed Ventures Management Limited as the general partner of China Seed Ventures, L.P. As a result of the foregoing, Mr. Yen is deemed to be the beneficial owner of 20,010,307 ordinary shares of SM Cayman. Mr. Yen disclaims beneficial ownership of these 20,010,307 ordinary shares except to the extent of his pecuniary interest therein. The address for these management is

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Offshore Incorporations (Cayman) Limited, Scotia Centre, 4th Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands.

- (6) Represents ordinary shares issuable upon exercise of options held by Ms. Garbo Lee within 60 days after the date of this proxy statement/prospectus. The Business address of Ms. Lee is 4B, Ying Long Building 1358 Yan An Road West, Shanghai 200052, People's Republic of China.
- (7) Represents ordinary shares issuable upon exercise of restricted share awards held by Ms. Jennifer Huang within 60 days after the date of this proxy statement/prospectus. The business address of Ms. Huang is 4B, Ying Long Building 1358 Yan An Road West, Shanghai 200052, People's Republic of China.
- (8) Represents ordinary shares issuable upon conversion of all of the 31,753,771 Series B preferred shares held by Deutsche Bank A.G., acting through its Hong Kong Branch, with its registered office at 48/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong. Deutsche Bank AG is listed on the New York Stock Exchange.
- (9) Represents 12,348,688 ordinary shares issuable upon conversion of all the 12,348,688 Series C preferred shares, held by Sun Hing Associates Limited, a limited liability company incorporated in British Virgin Islands, with the registered address at PO Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Sun Hing Associates Limited is wholly owned and controlled by Chen Ding Hwa.
- (10) Represents 5,292,293 ordinary shares issuable upon conversion of all the 5,292,293 Series C preferred shares, held by Vervain Equity Investment Limited, a limited liability company incorporated in British Virgin Islands, with the registered address at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands. Vervain Equity Investment Limited is wholly owned and controlled by Chen Wei Wei Vivian.

Security Ownership of the Combined Company after the Redomestication and Business Combination

The following table sets forth information with respect to the beneficial ownership of the ID Cayman ordinary shares immediately after the consummation of the redomestication and business combination by each person who is expected to beneficially own more than 5% of ID Cayman's ordinary shares and each post-business combination officer, each post-business combination director and all post-business combination officers and directors as a group. Immediately after the consummation of the redomestication and the business combination, assuming that no Ideation stockholders exercise their conversion rights, ID Cayman will have 21,078,215 ordinary shares issued and outstanding. In addition, ID Cayman has agreed to issue to the SearchMedia shareholders up to 10,150,352 additional ID Cayman ordinary shares pursuant to an earn-out provision in the share exchange agreement based on the adjusted net income of the combined company during the fiscal year ending December 31, 2009. For purposes of this table, ID Cayman has assumed that no Ideation stockholders exercise their conversion rights.

The occurrence of certain events could impact the security ownership of the combined company following the redomestication and business combination. To the extent Ideation makes purchases of Ideation common stock either in the open market or in privately-negotiated transactions as described above, such purchases would increase the ownership of current SM Cayman shareholders and current Ideation stockholders that do not sell shares to Ideation proportionately to each stockholder or shareholder's ownership. To the extent that The Frost Group, LLC purchases Ideation common stock either in the open market or in privately-negotiated transactions as described above, there would be no effect on the security ownership by current SM Cayman shareholders or to current Ideation shareholders that do not sell shares to The Frost Group, LLC, other than to The Frost Group, LLC, which security ownership would increase by the amount purchased.

Finally, the issuance by SM Cayman of Series D preferred shares as described in this proxy statement/prospectus would reduce the ownership of current SM Cayman shareholders and current Ideation stockholders proportionately to each stockholder or shareholder's ownership.

Ordinary shares which an individual or group has a right to acquire within 60 days pursuant to the exercise or conversion of options, warrants or other similar convertible or derivative securities are deemed to be outstanding for the purpose of computing the percentage ownership of such individual or group, but are not

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deemed to be outstanding for the purpose of computing the percentage ownership of any other person shown in the table.

Beneficial Owner	Ordinary Shares Beneficially Owned-Assuming No	Percentage of Class of Ordinary Shares Beneficially Owned-Assuming No	Ordinary Shares Beneficially Owned-Assuming All	Percentage of Class of Ordinary Shares Beneficially Owned-Assuming All
	Earn-Out Shares Issued	Earn-Out Shares Issued (%)	Earn-Out Shares Issued(4)	Earn-Out Shares Issued (%)
Officers and Directors				
Dr. Phillip Frost, M.D.(1)	2,256,939	26.9%	2,256,939	12.2%
Robert N. Fried	620,500	7.4%	620,500	3.3%
Qinying Liu(2)(3)	967,040	11.5%	2,161,641	11.7%
Le Yang(3)	967,040	11.5%	2,161,641	11.7%
Rao Uppaluri	159,500	1.9%	159,500	*
Steven D. Rubin	157,500	1.9%	157,500	*
Xuebao Yang(3)	6,344	*	9,121	*
Jianhai Huang(3)	6,344	*	9,121	
Jianxun Wang	53,895	*	53,895	*
Min Wu(3)	6,344	*	9,121	*
All directors and officers as a group (8 persons)	5,201,446	61.2%	7,598,979	38.9%
5% Holders				
Dr. Phillip Frost, M.D.	2,256,939	26.9%	2,256,939	12.2%
Deutsche Bank AG, HK Branch	2,144,568	25.6%	5,121,963	27.6%
China Seed Ventures, L.P.(3)	1,541,765	18.4%	4,279,961	23.1%
HBK Investments	1,249,984	14.9%	1,249,984	6.7%
Linden Ventures II(3)	1,268,795	15.1%	1,761,091	9.5%
Qinying Liu(2)(3)	967,040	11.5%	2,161,641	11.7%
Le Yang(3)	967,040	11.5%	2,161,641	11.7%
Sun Hing Associates Ltd	833,999	10.0%	1,868,644	10.1%

Note: SearchMedia shareholders excludes options and restricted shares with the exception of Mrs. Liu.

* The person beneficially owns less than 1% of ID Cayman's outstanding common shares

(1) Includes ordinary shares issuable upon conversion of the interim notes.

(2) Excludes 600,000 ordinary shares issuable to Mrs. Liu's husband converted at the exchange ratio (0.0675374).

- (3) Includes shares issuable upon conversion of the interim notes.
- (4) Earn-out shares based upon fully diluted ownership, inclusive of warrants.

DESCRIPTION OF IDEATION S SECURITIES

General

Ideation is authorized to issue 50,000,000 shares of common stock, par value \$0.0001 and 1,000,000 shares of preferred stock, par value \$0.0001.

Units

Each unit consists of one share of common stock and one warrant. Each warrant entitles the holder to purchase one share of common stock.

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Common Stock

Ideation stockholders of record are entitled to one vote for each share held on all matters to be voted on by stockholders. In connection with the vote required for any business combination, all of Ideation's initial stockholders, which includes its officers, directors and special advisors, have agreed to vote their respective shares of common stock owned by them immediately prior to Ideation's IPO in accordance with the majority of the shares of the common stock voted by its public stockholders. This voting arrangement shall not apply to shares included in units purchased in Ideation's IPO or purchased following the offering in the open market by any of its initial stockholders, officers and directors. Additionally, the initial stockholders, officers and directors will vote all of their shares in any manner they determine, in their sole discretion, with respect to any other items that come before a vote of the stockholders.

Ideation will proceed with the business combination only if a majority of the shares of common stock voted by the public stockholders are voted in favor of the business combination and public stockholders owning less than 30% of the shares sold in Ideation's IPO both exercise their conversion rights discussed below and vote against the business combination.

The Ideation board of directors is divided into three classes, each of which will generally serve for a term of three years with only one class of directors being elected in each year. There is no cumulative voting with respect to the election of directors, with the result that the holders of more than 50% of the shares eligible to vote for the election of directors can elect all of the directors.

As required by Ideation's Amended and Restated Certificate of Incorporation, if Ideation does not consummate a business combination by November 19, 2009, its corporate existence will cease except for the purposes of winding up its affairs and liquidating. If Ideation is forced to liquidate prior to a business combination, the holders of IPO Shares are entitled to share ratably in the aggregate amount then on deposit in the trust account, before payment of deferred underwriting discounts and commissions and including any interest earned on their pro rata portion of the trust account, net of taxes payable on such interest, and net of interest income, net of taxes payable on such interest, of up to \$1,700,000 of the interest income on the trust account balance released to the company as described above to fund its working capital requirements and pay any of its tax obligations, plus any other net assets not used or reserved to pay obligations and claims or such other corporate expenses relating to or arising from the plan of dissolution and distribution. Ideation's initial stockholders have waived their rights to participate in any liquidation distribution with respect to their initial shares.

Ideation stockholders have no conversion, preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to the common stock, except that public stockholders have the right to have their shares of common stock converted to cash equal to their pro rata share of the trust account if they vote against the business combination and the business combination is approved and completed. Public stockholders who convert their stock into their share of the trust account still have the right to exercise the warrants that they received as part of the units.

Preferred Stock

Ideation's Amended and Restated Certificate of Incorporation authorizes the issuance of 1,000,000 shares of blank check preferred stock with such designation, rights and preferences as may be determined from time to time by its board of directors. Accordingly, the Ideation board of directors is empowered, without stockholder approval, to issue preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of common stock. However, the underwriting agreement of its IPO Shares

prohibits Ideation, prior to a business combination, from issuing preferred stock which participates in any manner in the proceeds of the trust account, or which votes as a class with the common stock on a business combination. The preferred stock could be utilized as a method of discouraging, delaying or preventing a change in control of Ideation. Although Ideation does not currently intend to issue any shares of preferred stock, it cannot assure you that it will not do so in the future.

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Warrants

There are currently 12,400,000 warrants outstanding.

Each warrant entitles the registered holder to purchase one share of Ideation's common stock at a price of \$6.00 per share, subject to adjustment as discussed below, at any time commencing on the completion of a business combination.

The warrants will expire four years from November 19, 2007 at 5:00 p.m., New York City time.

Once the warrants become exercisable, Ideation may call the warrants for redemption (including any of the insider warrants and any outstanding warrants issued upon exercise of the unit purchase option issued to the underwriters of Ideation's IPO), without the consent of the underwriters for Ideation's IPO:

in whole and not in part,

at a price of \$0.01 per warrant,

upon not less than 30 days' prior written notice of redemption, and

if, and only if, the last sale price of the common stock equals or exceeds \$11.50 per share (appropriately adjusted for any stock split, reverse stock split, stock dividend or other reclassification or combination of the common stock) for any 20 trading days within a 30 trading day period ending three business days before Ideation sends the notice of redemption,

provided, that, Ideation has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available throughout the 30 day notice of redemption period.

The right to exercise will be forfeited unless they are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of a warrant will have no further rights except to receive the redemption price for such holder's warrant upon surrender of such warrant.

The redemption criteria for Ideation's warrants have been established at a price which is intended to provide warrant holders a reasonable premium to the initial exercise price and provide a sufficient degree of liquidity to cushion the market reaction to Ideation's redemption call.

If Ideation calls the warrants for redemption as described above, it has agreed to allow its initial stockholders, or their affiliates, to exercise the insider warrants on a cashless basis. If the holders take advantage of this option, they would pay the exercise price by surrendering their insider warrants for the net value of the warrants in shares of common stock based on the fair market value of the common stock. For purposes of the cashless exercise feature, fair market value means the average reported last sale price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to holders of warrants. Accordingly, if a holder surrendered insider warrants exercisable for 100 shares of the common stock at an exercise price of \$6.00 per share, and the fair market value of the common stock was \$10.00, then the net value of the warrants would be \$400 (the difference between the fair market value and the exercise price multiplied by the number of shares underlying the warrants), and such holder would receive 40 shares (the net value of the warrants divided by the fair market value of

the common stock). The reason that Ideation has agreed that the insider warrants will be exercisable on a cashless basis so long as they are held by its initial stockholders or their affiliates is because it is not known at this time whether they will be affiliated with the company following a business combination. If they are, their ability to sell Ideation's securities in the open market will be significantly limited. If they remain insiders, Ideation will have policies in place that prohibit insiders from selling its securities except during specific periods of time. Even during such periods of time, an insider of Ideation cannot trade in its securities if he is in possession of material non-public information. Accordingly, unlike public stockholders who could exercise their warrants and sell the shares of common stock received upon such exercise freely in the open market in order to recoup the cost of such exercise, the insiders could be significantly restricted from selling such securities. As a result, Ideation believes that allowing the holders to exercise such warrants on a cashless basis is appropriate.

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The warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and Ideation. You should review a copy of the warrant agreement, which has been filed as an exhibit to Ideation's registration statement on Form S-1, for a complete description of the terms and conditions applicable to the warrants.

The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below their respective exercise prices.

The warrants may be exercised at any time after they become exercisable upon surrender of the warrant certificate on or prior to the expiration date at the offices of the warrant agent, with the exercise form on the reverse side of the warrant certificate completed and executed as indicated, accompanied by full payment of the exercise price, in cash or by certified or official bank check payable to Ideation, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of common stock and any voting rights until they exercise their warrants and receive shares of common stock. After the issuance of shares of common stock upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No warrants will be exercisable and Ideation will not be obligated to issue shares of common stock unless, at the time a holder seeks to exercise such warrant, a prospectus relating to the common stock issuable upon exercise of the warrants is current and the common stock has been registered or qualified or deemed to be exempt under the securities laws of the state of residence of the holder of the warrants. Under the terms of the warrant agreement, Ideation has agreed to use its best efforts to meet these conditions and to maintain a current prospectus relating to the common stock issuable upon exercise of the warrants until the expiration of the warrants. However, Ideation cannot assure you that it will be able to do so and, if it does not maintain a current prospectus relating to the common stock issuable upon exercise of the warrants, holders will be unable to exercise their warrants and Ideation will not be required to settle any such warrant exercise. If the prospectus relating to the common stock issuable upon the exercise of the warrants is not current or if the common stock is not qualified or exempt from qualification in the jurisdictions in which the holders of the warrants reside, Ideation will not be required to net cash settle or cash settle the warrant exercise, the warrants may have no value, the market for the warrants may be limited and the warrants may expire worthless. If the warrants expire worthless, this would mean that a person who paid \$8.00 for a unit in Ideation's IPO and who did not sell the warrants included in the unit would have effectively paid \$8.00 for one ordinary share. Because the warrants will not be exercisable without an effective registration statement covering the shares underlying the warrants, Ideation will not call the warrants for redemption unless there is an effective registration statement in place.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, Ideation will, upon exercise, round up or down to the nearest whole number the number of shares of common stock to be issued to the warrant holders.

The insider warrants purchased by Ideation's initial stockholders are identical to the warrants included in the units offered in Ideation's IPO, except that if Ideation calls the warrants for redemption, the insider warrants will be exercisable on a cashless basis so long as they are still held by Ideation's initial stockholders or their affiliates. The insider warrants will be purchased separately and not in combination with the common stock or in the form of units. Ideation's initial stockholders have agreed that the insider warrants will not be sold or transferred by them until 90 days after Ideation has completed a business combination, provided however that transfers can be made to certain permitted transferees who agree in writing to be bound by such transfer restrictions. Accordingly, the insider warrants will be placed in escrow and will not be released until 90 days after the completion of a business combination.

The proceeds from the sale of the insider warrants have been added to the proceeds from Ideation's IPO and held in the trust account pending its completion of one or more business combinations. If Ideation does not complete one or more business combinations that meet the criteria described in the prospectus of its IPO,

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then the \$2,400,000 purchase price of the insider warrants will become part of the liquidating distribution to Ideation's public stockholders, and the insider warrants will expire worthless.

DESCRIPTION OF ID CAYMAN'S SECURITIES FOLLOWING THE BUSINESS COMBINATION

The following description of the material terms of ID Cayman's shares and warrants following the business combination includes a summary of specified provisions of the Memorandum of Association and Articles of Association of ID Cayman that will be in effect upon completion of the redomestication. This description is qualified by reference to the Memorandum and Articles of Association of ID Cayman, copies of which are attached to this proxy statement/prospectus and incorporated herein by reference. You are encouraged to read the relevant provisions of Cayman Islands law as they relate to the following summary.

General

ID Cayman is authorized to issue 1,000,000,000 ordinary shares, par value \$0.0001, and 10,000,000 preferred shares, par value \$0.0001 per share.

Rights, Preferences and Restrictions of ID Cayman's Ordinary Shares

Dividends. Subject to any rights and restrictions of any other class or series of shares, the ID Cayman board of directors may, from time to time, declare dividends on the shares issued and authorize payment of the dividends out of ID Cayman's lawfully available funds.

Voting Rights. The holders of ID Cayman's ordinary shares will be entitled to one vote per share, including the election of directors. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by ID Cayman's chairman or one or more shareholders present in person or by proxy. A quorum required for a meeting of shareholders consists of shareholders who hold at least fifty percent (50%) of ID Cayman's shares in issue.

Any ordinary resolution to be made by the shareholders requires the affirmative vote of a simple majority of the votes on an as-if converted basis cast in person or by proxy at a general meeting, while a special resolution passed at a meeting requires the affirmative vote of no less than two-thirds of the votes cast in person or by proxy at such meeting. Under Cayman Islands law, some matters, like altering the memorandum or the articles, or changing the name of ID Cayman, require approval of shareholders by a special resolution.

Winding Up; Liquidation. Upon the winding up of ID Cayman, after the full amount that creditors or holders of any issued shares ranking senior to the ordinary shares as to distribution on liquidation or winding up are entitled to receive has been paid or set aside for payment, the holders of ID Cayman's ordinary shares are entitled to receive any remaining assets of ID Cayman available for distribution as determined by the liquidator. The assets received by the holders of ID Cayman ordinary shares in a liquidation may consist in whole or in part of property, which is not required to be of the same kind for all shareholders.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares. ID Cayman's board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. Any ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares. ID Cayman may issue shares that are, or at its option or at the option of the holders are, subject to redemption on such terms and in such manner as it may, before the issue of the shares, determine.

No Preemptive Rights. Holders of ordinary shares will have no preemptive or preferential right to purchase any securities of ID Cayman.

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Warrants

Upon completion of the business combination, ID Cayman will have 13,920,034 warrants outstanding, which includes 1,519,186 warrants issued to the SearchMedia shareholders or warrant holders in the business combination. The terms of the existing warrants will not change as a result of the business combination.

Each warrant issued to an SM Cayman shareholder or warrant holder in the business combination entitles the registered holder to purchase one share of ID Cayman's common stock at a price ranging from \$0.0001 to \$8.14 per share, subject to adjustment as discussed below, at any time.

The warrants will expire three years from the date of issuance of such warrant.

Certain warrant holders may also exercise this warrant on a cashless basis. If the holders take advantage of this option, they would pay the exercise price by surrendering their warrants for the net value of the warrants in shares of common stock based on the fair market value of the common stock. For purposes of the cashless exercise feature, fair market value means the average of the closing prices over a 30 day period ending on the third trading day prior to the date of calculation.

The exercise price and number of ordinary shares issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of ordinary shares at a price below their respective exercise prices.

The warrants may be exercised at any time after they become exercisable upon surrender of the warrant on or prior to the expiration date at the offices of ID Cayman, accompanied by full payment of the exercise price, in cash, by wire transfer, or by check payable to Ideation, or by cashless or net exercise, for the number of warrants being exercised. The warrant holders do not have the rights or privileges of holders of ordinary shares and any voting rights until they exercise their warrants and receive ordinary shares. After the issuance of ordinary shares upon exercise of the warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

No fractional shares will be issued upon exercise of the warrants. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share, ID Cayman will, upon exercise, pay cash equal to the product of such fraction multiplied by the fair market value of one ordinary share.

General Meetings of Shareholders

At least 5 calendar days' notice is required for the convening of the annual general meeting and other shareholders meetings. No business shall be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business. Shareholders holding not less than an aggregate of 50% of all voting share capital present in person or by proxy shall be a quorum for all purposes. A person may participate at a general meeting by 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.

Transfers of shares

Transfers of shares in ID Cayman are subject to the restrictions that may be set out from time to time in the articles of association of ID Cayman, including, without limitation, the receipt of an instrument of transfer in such form as the directors may in their absolute discretion approve and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

Inspection of books and records

Other than a statutory right to inspect the register of mortgages and changes of ID Cayman, ID Cayman's shareholders do not have the right to inspect ID Cayman's books and records. Such inspection by shareholders is at the sole discretion of ID Cayman's board of directors.

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Transfer Agent

The transfer agent for ID Cayman's securities and warrant agent for its warrants is Continental Stock Transfer and Trust Company, located at 17 Battery Place, New York, New York 10004. The transfer agent's telephone number is (212) 509-4000. Its facsimile number is (212) 509-5150.

STOCKHOLDER PROPOSALS

If the business combination is not consummated, Ideation does not anticipate having sufficient time to hold an annual meeting of stockholders for the year 2009 before its liquidation on November 19, 2009.

LEGAL MATTERS

Snell & Wilmer L.L.P. will pass upon the validity of ID Arizona's securities to be issued in connection with the redomestication. A form of their opinion is filed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

Richards, Layton & Finger P.A. has passed upon certain matters related to the proposed charter amendment. A form of their opinion is filed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

Jun He Law Offices has passed upon certain PRC law matters related to this proxy statement/prospectus. A form of their opinion is filed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

Akerman Senterfitt has passed upon certain U.S. federal income tax matters related to this proxy statement/prospectus. A form of their opinion is filed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

EXPERTS

The consolidated financial statements of SearchMedia International Limited as of December 31, 2007 and 2008, and for the period from February 9, 2007 (inception) to December 31, 2007 and the year ended December 31, 2008, included in this registration statement of which this proxy statement/prospectus forms a part have been audited by KPMG, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The audit report covering the consolidated financial statements of SearchMedia International Limited as of December 31, 2007 and 2008, and for the period from February 9, 2007 (inception) to December 31, 2007 and the year ended December 31, 2008 contains an explanatory paragraph that states that SearchMedia's inability to generate sufficient cash flows to meet its payment obligations raises substantial doubt about its ability to continue as a going concern.

The financial statements of Shanghai Sige Advertising and Media Co., Ltd. as of December 31, 2006 and June 3, 2007, and for the year ended December 3, 2006 and the period from January 1, 2007 through June 3, 2007, included in this registration statement of which this proxy statement/prospectus forms a part have been audited by KPMG, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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The financial statements of Shenzhen Dale Advertising Co., Ltd. as of December 31, 2006 and June 3, 2007, and for the year ended December 3, 2006 and the period from January 1, 2007 through June 3, 2007, included in this registration statement of which this proxy statement/prospectus forms a part have been audited by KPMG, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of Ideation as of December 31, 2007 and 2008, for the period from June 1, 2007 (inception) to December 31, 2007 and 2008 and for the year ended December 31, 2008 included in this proxy statement/prospectus and in the registration statement of which this proxy statement/prospectus forms a part have been audited by Rothstein, Kass & Company, P.C., an independent registered public accounting firm, to the extent set forth in their report appearing elsewhere in this proxy statement/prospectus and in the registration statement of which this proxy statement/prospectus forms a part and are included herein in reliance upon the authority of Rothstein, Kass & Company, P.C. as experts in accounting and auditing.

DELIVERY OF DOCUMENTS TO STOCKHOLDERS

Pursuant to the rules of the SEC, Ideation and its agents that deliver communications to its stockholders are permitted to deliver to two or more stockholders sharing the same address a single copy of Ideation's proxy statement/prospectus. Upon written or oral request, Ideation will deliver a separate copy of the proxy statement/prospectus to any stockholder at a shared address who wishes to receive separate copies of such documents in the future. Stockholders receiving multiple copies of such documents may likewise request that Ideation deliver single copies of such documents in the future. Stockholders may notify Ideation of their requests by calling or writing Ideation at Ideation's principal executive offices at 1105 N. Market Street, Suite 1300, Wilmington, Delaware 19801, (310) 694-8150.

WHERE YOU CAN FIND MORE INFORMATION

Ideation files reports, proxy statements and other information with the SEC as required by the Exchange Act. You may read and copy reports, proxy statements and other information filed by Ideation with the SEC at its public reference room located at 100 F Street, N.E., Washington, D.C. 20549-1004. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also obtain copies of the materials described above at prescribed rates by writing to the SEC, Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549-1004. Ideation files its reports, proxy statements and other information electronically with the SEC. You may access information on Ideation at the SEC web site containing reports, proxy statements and other information at <http://www.sec.gov>. This proxy statement/prospectus describes the material elements of relevant contracts, exhibits and other information attached as annexes or exhibits to this proxy statement/prospectus. Information and statements contained in this proxy statement/prospectus are qualified in all respects by reference to the copy of the relevant contract or other document included as an annex or exhibit to this document.

All information contained in this proxy statement/prospectus relating to Ideation has been supplied by Ideation, and all such information relating to SearchMedia has been supplied by SearchMedia.

This proxy statement/prospectus contains important business and financial information about us that is not included in or delivered with this document. You may obtain this additional information, or additional copies

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of this proxy statement/prospectus, at no cost, and you may ask any questions you may have about the business combination by contacting us at the following address or telephone number:

Ideation Acquisition Corp.
1105 N. Market Street, Suite 1300
Wilmington, DE 19801
(310) 694-8150
invest@ideationacquisition.com

In order to receive timely delivery of the documents in advance of the special meeting, you must make your request for information no later than .

Neither Ideation nor SearchMedia has authorized anyone to give any information or make any representation about the business combination or the two companies that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that have been incorporated by reference into this proxy statement/prospectus. Therefore, if anyone gives you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this proxy statement/prospectus or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this proxy statement/prospectus does not extend to you. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

After consummation of the business combination, ID Cayman expects to file annual reports on Form 20-F, periodic filings on Form 6-K and other information with the SEC as required for a foreign private issuer under the Exchange Act.

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(a development stage company)**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Ideation Acquisition Corp.

We have audited the accompanying balance sheets of Ideation Acquisition Corp. (a corporation in the development stage) (the Company) as of December 31, 2008 and 2007, and the related statements of operations and cash flows for the year ended December 31, 2008 and the periods from June 1, 2007 (Inception) to December 31, 2008 and 2007, and stockholders' equity from June 1, 2007 (Inception) through December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit 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 Company'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 audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that Ideation Acquisition Corp. will continue as a going concern. As discussed in Note 9 to the financial statements, Ideation Acquisition Corp. will face a mandatory liquidation if a business combination is not consummated by November 19, 2009, which raises substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ideation Acquisition Corp. (a corporation in the development stage) as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the year ended December 31, 2008 and the periods from June 1, 2007 (Inception) to December 31, 2008 and 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ Rothstein, Kass & Company,
P.C. Roseland, New Jersey

March 19, 2009

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

Balance Sheets

	December 31, 2008	December 31, 2007
Assets		
Current Assets:		
Cash and cash equivalents	\$ 308,874	\$ 124,139
Interest receivable	1,208	291,835
Income taxes receivable	124,191	
Franchise taxes receivable	121,000	
Other current assets	41,699	49,256
Total current assets	596,972	465,230
Investments held in Trust Account Restricted		
U. S. Treasury Securities, at amortized cost	54,993,327	
Money Market Funds, at fair value	23,821,673	78,815,000
Deferred tax asset	440,759	
Total assets	\$ 79,852,731	\$ 79,280,230
Liabilities and Stockholders Equity		
Current liabilities:		
Accrued expenses	\$ 507,626	\$ 26,721
Income taxes payable		74,244
Franchise taxes payable		68,666
Total current liabilities	507,626	169,631
Long-term liability		
Deferred underwriters fee	2,730,000	2,730,000
Common stock subject to possible redemption (2,999,999 shares at December 31, 2008 and 2007 at redemption value of \$7.88 per share)	23,639,992	23,639,992
Commitments and contingencies		
Stockholders equity:		
Preferred Stock, \$0.0001 par value, 1,000,000 shares authorized; none issued		
Common Stock, \$0.0001 par value, 50,000,000 shares authorized, 12,500,000 shares issued and outstanding including 2,999,999 shares subject to possible redemption, at December 31, 2008 and 2007	1,250	1,250
Additional paid-in capital	52,595,237	52,595,237
Income accumulated during the development stage	378,626	144,120
Total stockholders equity	52,975,113	52,740,607
Total liabilities and stockholders equity	\$ 79,852,731	\$ 79,280,230

(See accompanying notes to financial statements)

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

Statements of Operations

	For The Year Ended December 31, 2008	Period from June 1, 2007 (Inception) to December 31, 2007	Period from June 1, 2007 (Inception) to December 31, 2008
Revenue	\$	\$	\$
Formation and operating costs	1,281,810	100,877	1,382,687
Loss from operations	(1,281,810)	(100,877)	(1,382,687)
Interest income	1,615,947	340,417	1,956,364
Income before provision for income taxes	334,137	239,540	573,677
Provision (benefit) for income taxes			
Current	540,390	95,420	635,810
Deferred	(440,759)		(440,759)
Total provision (benefit) for income taxes	99,631	95,420	195,051
Net income	\$ 234,506	\$ 144,120	\$ 378,626
Maximum number of share subject to possible redemption:			
Weighted average number of shares, basic and diluted	2,999,999	522,000	2,104,711
Income per share amount, basic and diluted	\$	\$	\$
Weighted average number of common share outstanding (not subject to possible redemption):			
Basic	9,500,001	3,664,000	7,351,725
Diluted	11,559,332	3,897,000	9,405,885
Income per share amount:			
Basic	\$ 0.03	\$ 0.04	\$ 0.05
Diluted	\$ 0.02	\$ 0.04	\$ 0.04

(See accompanying notes to financial statements)

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

**Statements of Stockholders Equity for the Period from
June 1, 2007 (Inception) to December 31, 2008**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Income Accumulated During the Development Stage	Total Stockholders Equity
Common shares issued to founders on June 1, 2007 at \$.01 per share	2,500,000	\$ 250	\$ 24,750	\$	\$ 25,000
Sale of 2,400,000 warrants at \$1 per warrant to initial stockholders			2,400,000		2,400,000
Sale of 10,000,000 units through public offering, net of underwriter's discount and offering expenses, at \$8 per unit (including 2,999,999 shares subject to possible redemption)	10,000,000	1,000	73,810,479		73,811,479
Proceeds subject to possible redemption, 2,999,999 shares			(23,639,992)		(23,639,992)
Net income for the period				144,120	144,120
Balances at December 31, 2007	12,500,000	\$ 1,250	\$ 52,595,237	\$ 144,120	\$ 52,740,607
Net income				234,506	234,506
Balances at December 31, 2008	\$ 12,500,000	\$ 1,250	\$ 52,595,237	\$ 378,626	\$ 52,975,113

(See accompanying notes to financial statements)

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

Statements of Cash Flows

	For The Year Ended December 31, 2008	Period from June 1, 2007 (Inception) to December 31, 2007	Period from June 1, 2007 (Inception) to December 31, 2008
Cash flows from operating activities:			
Net income	\$ 234,506	\$ 144,120	\$ 378,626
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Deferred income tax benefit	(440,759)		(440,759)
Change in operating assets and liabilities:			
Interest receivable	290,627	(291,835)	(1,208)
Income taxes receivable	(124,191)		(124,191)
Franchise taxes receivable	(121,000)		(121,000)
Other current assets	7,557	(49,256)	(41,699)
Accrued expenses	480,905	26,721	507,626
Income taxes payable	(74,244)	74,244	
Franchise taxes payable	(68,666)	68,666	
Net cash provided by (used in) operating activities	184,735	(27,340)	157,395
Net cash used in investing activities:			
Investments in Trust Account- Restricted		(78,815,000)	(78,815,000)
Cash flows from financing activities:			
Proceeds from notes payable to stockholders		200,000	200,000
Proceeds from common shares issued to founders		25,000	25,000
Proceeds from public offering		80,000,000	80,000,000
Proceeds from issuance of insider warrants		2,400,000	2,400,000
Repayment of notes payable to stockholders		(200,000)	(200,000)
Payment of underwriters discount and offering costs		(3,458,521)	(3,458,521)
Net cash provided by financing activities		78,966,479	78,966,479
Net increase in cash and cash equivalents	184,735	124,139	308,874
Cash and cash equivalents, beginning of period	124,139		
Cash and cash equivalents, end of period	\$ 308,874	\$ 124,139	\$ 308,874
Supplemental disclosure of non-cash financing activities:			

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Deferred offering costs	\$		\$	2,730,000	\$	2,730,000
Supplemental disclosure of cash paid during the year for:						
Income taxes	\$	967,337	\$		\$	967,337

(See accompanying notes to financial statements)

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO FINANCIAL STATEMENTS

Note 1 Organization and Nature of Business Operations

Ideation Acquisition Corp. (a corporation in the development stage) (the Company) was incorporated in Delaware on June 1, 2007. The Company was formed to acquire through a merger, stock exchange, asset acquisition or similar business combination a currently unidentified business or businesses. The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards (SFAS) No. 7, Accounting and Reporting By Development Stage Enterprises, and is subject to the risks associated with activities of development stage companies. All activity from the period June 1, 2007 (Inception) through December 31, 2008 relates to the Company's formation, capital raising, and its initial public offering as described below. The Company selected December 31st as its fiscal year end.

The registration statement for the Company's initial public offering (Offering) was declared effective on November 19, 2007. The Company consummated the Offering on November 26, 2007. The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering of Units although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a business combination with (or acquisition of) a Target Business (Business Combination). As used herein, Target Business shall mean one or more businesses that at the time of the Company's initial Business Combination has a fair market value of at least 80% of the Company's net assets (all of the Company's assets, including the funds then held in the Trust Account, less the Company's liabilities (excluding deferred underwriting discounts and commissions of approximately \$2.73 million). Furthermore, there is no assurance that the Company will be able to successfully affect a Business Combination.

Upon closing of the Offering, \$78,815,000 was placed in a trust account and invested in United States government debt securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, as amended (Investment Company Act), having a maturity of 180 days or less, or in money market funds selected by the Company meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act, until the earlier of (i) the consummation of the Company's first Business Combination or (ii) the liquidation of the Company. The amounts placed in the Trust Account consists of the proceeds of our IPO (see Note 3) and the issuance of Insider Warrants (see Note 4) and \$2.73 million of the gross proceeds representing deferred underwriting discounts and commissions that will be released to the underwriters on completion of a Business Combination. The remaining proceeds outside of the Trust Account, along with the interest income of up to \$1.7 million earned on the Trust Account that may be released to the Company, may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company will seek stockholder approval before it will affect any Business Combination, even if the Business Combination would not ordinarily require stockholder approval under applicable state law. In connection with the stockholder vote required to approve any Business Combination, all of the Company's existing stockholders (Initial Stockholders) have agreed to vote the shares of common stock owned by them immediately before the Company's IPO in accordance with the majority of the shares of common stock voted by the Public Stockholders. Public Stockholders is defined as the holders of common stock sold as part of the Units in the Offering or in the aftermarket. The Company will proceed with a Business Combination only if a majority of the shares of common stock voted by the Public Stockholders are voted in favor of the Business Combination and Public Stockholders owning less than 30% of the shares sold in the Public Offering both vote against The Business Combination and exercise their conversion rights. If

a majority of the shares of common stock voted by the Public Stockholders are not voted in favor of a proposed initial Business Combination, but 24 months has not yet passed since closing of the Offering, the Company may combine with another Target Business meeting the fair market value criterion described above.

If the Business Combination is approved, Public Stockholders voting either for or against a Business Combination will be entitled to convert their stock into a pro rata share of the total amount on deposit in the

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**IDEATION ACQUISITION CORP.
(a corporation in the development stage)**

NOTES TO FINANCIAL STATEMENTS (Continued)

Trust Account, before payment of underwriting discounts and commissions and including any interest earned on their portion of the Trust Account net of income taxes payable thereon, and net of any interest income of up to \$1.7 million on the balance of the Trust Account previously released to the Company, if a Business Combination is approved and completed.

The Company's Certificate of Incorporation was amended prior to the closing of the Offering to provide that the Company will continue in existence only until 24 months from the effective date. If the Company has not completed a Business Combination by such date, its corporate existence will cease except for the purposes of winding up its affairs and it will liquidate. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per share in the Offering (assuming no value is attributed to the Warrants contained in the Units to be offered in the Offering discussed in Note 3).

The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents. The Company earned approximately \$1,616,000 and \$340,000, respectively, of interest income on the Trust Account for the year ended December 31, 2008 and for the period from June 1, 2007 (Inception) to December 31, 2007.

Note 2 Summary of Significant Accounting Policies

Basis of presentation

The financial statements of the Company are presented in U.S. dollars in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and pursuant to the accounting and disclosure rules and regulations of the United States Securities and Exchange Commission (SEC).

Development stage company

The Company complies with the reporting requirements of SFAS No. 7, Accounting and Reporting by Development Stage Enterprises.

Concentration of credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. From time to time, the Company may maintain deposits in federally insured financial institutions in excess of federally insured limits. However, management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held and currently maintains deposits below Federally insured limits.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and investments that have a maturity at date of purchase of three months or less.

Income per common share

The Company complies with SFAS No. 128, Earnings Per Share, which requires dual presentation of basic and diluted earnings per share on the face of the statement of operations. Basic net income per share is computed by dividing net income by the weighted average common shares outstanding for the period. Diluted net income per share reflects the potential dilution that could occur if warrants were to be exercised or converted into common stock that would result in the issuance of common shares.

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

The Company's statement of operations includes a presentation of earnings per share for common stock subject to possible redemption in a manner similar to the two-class method of earnings per share. Basic and diluted income per share amount for the maximum number of shares subject to possible redemption is calculated by dividing the net interest attributable to common shares subject to possible redemption by the weighted average number of shares subject to possible redemption. Basic and diluted income per share amount for the shares outstanding not subject to possible redemption is calculated by dividing the net income exclusive of the net interest income attributable to common shares subject to redemption by the weighted average number of shares not subject to possible redemption.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

The Company complies with SFAS 109, *Accounting for Income Taxes*, which requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The Company also complies with the provisions of the Financial Accounting Standards Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). FIN 48 prescribes a recognition threshold and measurement process for recording in the financial statements uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transitions. There were no unrecognized tax benefits as of December 31, 2008 and 2007. The Company would recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at December 31, 2008. Management is currently unaware of any issues under review that could result in significant payments, accruals, or material deviations from its position. The Company adopted FIN 48 effective June 1, 2007 (date of inception) and has determined that the adoption did not have an impact on the Company's financial position, results of operations, or cash flows.

Securities held in trust

Investment securities consist of United States Treasury securities. The Company classifies its securities as held-to-maturity in accordance with SFAS No. 115, *Accounting for Certain Debt and Equity Securities*. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost and adjusted for the amortization or accretion of premiums or discounts.

A decline in the market value of held-to-maturity securities below cost that is deemed to be other than temporary, results in an impairment that reduces the carrying costs to such securities fair value. The impairment is charged to earnings and a new cost basis for the security is established. To determine whether an impairment is other than temporary, the Company considers whether it has the ability and intent to hold the investment until a market price recovery and considers whether evidence indicating the cost of the investment

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**IDEATION ACQUISITION CORP.
(a corporation in the development stage)**

NOTES TO FINANCIAL STATEMENTS (Continued)

is recoverable outweighs evidence to the contrary. Evidence considered in this assessment includes the reasons for the impairment, the severity and the duration of the impairment, changes in value subsequent to year-end, forecasted performance of the investee, and the general market condition in the geographic area or industry the investee operates in.

Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective-interest method. Such amortization and accretion is included in the interest income line item in the statement of operations. Interest income is recognized when earned.

Fair value of financial instruments

The Company does not enter into financial instruments or derivative contracts for trading or speculative purposes. The carrying amounts of the Company's assets and liabilities, which qualify as financial instruments under SFAS No. 107, Disclosure About Fair Value of Financial Instruments, approximates their fair value represented in the accompanying condensed balance sheets.

Redeemable common stock

The Company accounts for redeemable common stock in accordance with Emerging Issue Task Force D-98 Classification and Measurement of Redeemable Securities. Securities that are redeemable for cash or other assets are classified outside of permanent equity if they are redeemable at the option of the holder. In addition, if the redemption causes a redemption event, the redeemable securities should not be classified outside of permanent equity. As discussed in Note 1, the Business Combination will only be consummated if a majority of the shares of common stock voted by the Public Stockholders are voted in favor of the Business Combination and Public Stockholders holding less than 30% (2,999,999) of common shares sold in the Offering exercise their conversion rights. As further discussed in Note 1, if a Business Combination is not consummated within 24 months, the Company will liquidate. Accordingly, 2,999,999 shares have been classified outside of permanent equity at redemption value. The Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the redeemable common stock to equal its redemption value at the end of each reporting period.

New Accounting Pronouncements

In December 2007, the FASB issued SFAS 141(R), Business Combinations. SFAS 141(R) provides companies with principles and requirements on how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any non-controlling interest in the acquiree as well as the recognition and measurement of goodwill acquired in a business combination. Under SFAS 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141R will change the accounting treatment historically used for certain specific items, including:

Acquisition costs will be generally expensed as incurred;

Noncontrolling interests (formerly known as minority interests see SFAS 160 discussion below) will be valued at fair value at the acquisition date;

Acquired contingent liabilities will be recorded at fair value at the acquisition date and subsequently measured at either the higher of such amount or the amount determined under existing guidance for non-acquired contingencies;

In-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date;

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

Restructuring costs associated with a business combination will be generally expensed subsequent to the acquisition date; and

Changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect future income tax expense.

For the Company, SFAS No. 141R is effective for business combinations occurring after December 31, 2008. The Company is currently evaluating the future impacts and disclosures of this standard.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements An Amendment of ARB No. 51*. SFAS No. 160 requires reporting entities to present noncontrolling (minority) interests as equity as opposed to as a liability or mezzanine equity and provides guidance on the accounting for transactions between an entity and noncontrolling interests. SFAS No. 160 is effective the first fiscal year beginning after December 15, 2008, and interim periods within that fiscal year. SFAS No. 160 applies prospectively as of the beginning of the fiscal year SFAS No. 160 is initially applied, except for the presentation and disclosure requirements which are applied retrospectively for all periods presented subsequent to adoption. The adoption of SFAS No. 160 will not have a material impact on the financial statements; however, it could impact future transactions entered into by the Company.

In December 2007, the SEC issued SAB No. 110, *Share-Based Payment* (SAB 110). SAB 110 establishes the continued use of the simplified method for estimating the expected term of equity based compensation. The simplified method was intended to be eliminated for any equity based compensation arrangements granted after December 31, 2007. SAB 110 is being published to help companies that may not have adequate exercise history to estimate expected terms for future grants. The adoption of SAB 110 has not had a material effect on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities An Amendment to FASB Statement No. 133*. SFAS No. 161 is intended to improve financial standards for derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand their effects on an entity's financial position, financial performance, and cash flows. Entities are required to provide enhanced disclosures about: (a) how and why an entity uses derivative instruments; (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations; and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. It is effective for financial statements issued for fiscal years beginning after November 15, 2008, with early adoption encouraged. The adoption of this statement is not expected to have a material effect on the Company's financial statements.

Note 3 Initial Public Offering

In its initial public offering effective November 19, 2007 (consummated November 26, 2007), the Company sold 10,000,000 units (Units) at a price of \$8.00 per unit. Proceeds from the initial public offering totaled \$73,811,479 which was net of \$3,458,521 in underwriting and other expenses and \$2,730,000 of deferred underwriting fees. Each

Unit consists of one share of the Company's common stock, \$0.0001 par value, and one Redeemable Common Stock Purchase Warrant (Warrant). Each Warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of \$6.00 commencing on the later of the completion of a Business Combination with a Target Business and November 19, 2008 and expiring November 19, 2011, unless earlier redeemed. The Warrants will be redeemable at a price of \$0.01 per Warrant upon 30 days' notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is sent. In accordance with the warrant agreement, the Company is only required to use its best efforts to maintain the effectiveness of the

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the Warrants may expire unexercised and unredeemed.

Proceeds held in the Trust Account will not be available for the Company's use for any purpose, except to pay any income taxes and up to \$1.7 million can be taken from the interest earned on the Trust Account to fund the Company's working capital. These proceeds will be used to pay for business, legal, and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. As of December 31, 2008, the Company included approximately \$105,000 of these proceeds in their cash balance as they plan on withdrawing the cash as needed for operations. From June 1, 2007 (inception) to December 31, 2008, the company has transferred approximately \$1.9 million from the Trust Account, of which approximately \$0.8 million has been used to fund the company's working capital requirements and \$1.0 million has been used for the payment of income taxes.

Note 4 Related Party Transactions

In June 2007, the Company issued 2,500,000 shares (Initial Shares) of common stock to the Initial Stockholders for \$0.01 per share or a total of \$25,000. The Initial Stockholders also purchased 250,000 units for \$2,000,000 in the IPO.

The Company issued unsecured promissory notes totaling \$200,000 to its Initial Stockholders, on June 12, 2007. The notes were non-interest bearing and were repaid from the proceeds of the Offering by the Company.

The Company paid approximately \$13,000 from inception to December 31, 2008 for office space and general and administrative services, leased from Clarity Partners, L.P. Barry A. Porter, one of our special advisors, is a co-founder and Managing General Partner of Clarity Partners, L.P., and the grantor trust of Mr. Porter, Nautilus Trust dtd 9/10/99, is one of our initial stockholders. Services commenced on November 19, 2007 and will terminate upon the earlier of (i) the consummation of a Business Combination or (ii) the liquidation of the Company. The Company terminated its agreement with Clarity Partners, L.P. effective March 31, 2008.

On March 20, 2008, the Audit Committee of Ideation Acquisition Corp approved a new sub-leasing and administrative and support services agreement. Effective April 1, 2008, the Company has moved its principal offices to 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025. It subleases the space and pays approximately \$7,500 per month for office space and related services to Spirit EMX LLC. Robert N. Fried, our Chief Executive Officer and one of our initial shareholders, is the founder and Chief Executive Officer of Spirit EMX LLC. The Company incurred approximately \$65,000 from April 1, 2008 to December 31, 2008 for office space and administrative services and paid approximately \$58,000 to Sprint EMX LLC. In January 2009, the Company moved its principal offices to 1105 N Market Street, Suite 1300, Wilmington, Delaware 19801, while maintaining an office at 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025.

The Initial Stockholders purchased warrants (Insider Warrants) exercisable for 2,400,000 shares of common stock at a purchase price of \$1.00 per warrant concurrently with the closing of the Offering at a price of \$1.00 per Insider

Warrant directly from the Company and not as part of the Offering. All of the proceeds from this private placement have been placed in a trust account until a business combination has been consummated. The Insider Warrants are identical to the Warrants included in the Units sold in the Offering except that if the Company calls the Warrants for redemption, the Insider Warrants may be exercisable on a

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

cashless basis so long as such securities are held by the Initial Stockholders or their affiliates. Additionally, our Initial Stockholders have agreed that the Insider Warrants will not be sold or transferred by them until after the Company has completed a Business Combination. The Company believes based on a review of the trading prices of the public warrants of other blank check companies similar to the Company, that the purchase price of \$1.00 per Insider Warrant is not less than the approximate fair value of such warrants on the date of issuance. Therefore, the Company has not recorded stock-based compensation expense upon the sale of the Insider Warrants.

The holders of the Initial Shares, as well as the holders of the Insider Warrants (and underlying securities), will be entitled to registration rights pursuant to an agreement signed on November 19, 2007. The holders of a majority of these securities will be entitled to make up to two demands that we register such securities. The holders of a majority of the Initial Shares will be able to make a demand for registration of the resale of their Initial Shares at any time commencing nine months after the consummation of a business combination. The holders of a majority of the Insider Warrants (or underlying securities) will be able to elect to exercise these registration rights with respect to the Insider Warrants (or underlying securities) at any time after the Company consummates a business combination. In addition, such holders will have certain piggy-back registration rights on registration statements filed subsequent to the date on which such securities are released from escrow. All our Initial Stockholders placed the initial shares and the insider warrants into an escrow account maintained by Continental Stock Transfer & Trust Company, acting as escrow agent. The Initial Shares will not be released from escrow until one year after the consummation of a Business Combination, or earlier if, following a Business Combination, the Company engages in a subsequent transaction resulting in the Company's stockholders having the right to exchange their shares for cash or other securities or if the Company liquidates and dissolves. The Insider Warrants will not be released from escrow until 90 days after the completion of a Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

We reimburse Dr. Frost for Company-related use by Dr. Frost and our other executives of an airplane owned by a company that is beneficially owned by Dr. Frost. We reimburse Dr. Frost in an amount equal to the cost of a first class airline ticket between the travel cities for each executive, including Dr. Frost, traveling on the airplane for Company-related business. We do not reimburse Dr. Frost for personal use of the airplane by Dr. Frost or any other executive; nor do we pay for any other fixed or variable operating costs of the airplane. For the fiscal year ending December 31, 2008, we reimbursed Dr. Frost approximately \$16,000 for Company-related travel by Dr. Frost and other Ideation executives.

Note 5 Income taxes

Deferred income taxes are provided for the differences between the bases of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce the deferred tax assets to the amount expected to be realized. The Company recorded a deferred income tax asset of \$440,759 for the tax effect of temporary differences during the period. Temporary differences during the period from June 1, 2007 (Inception) to December 31, 2008 and during the year ended December 31, 2008 consist of start up costs and organizational expenses, which are not deductible for Federal Income Tax purposes.

The Company's provision for income taxes reflects the application of federal and state statutory rates to the Company's income before taxes. The Company's effective tax rate was approximately 34% for the periods from June 1, 2007

(Inception) to December 31, 2008, 29.8% for the year ended December 31, 2008. Prior to the third quarter of 2008, the Company believed that it was liable for state incomes taxes and accordingly was recording a state tax provision and making quarterly estimated payments. Based on a review of facts and circumstances during the third quarter of 2008, the Company believes that it is not liable for state income

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO FINANCIAL STATEMENTS (Continued)

taxes and accordingly, eliminated its state tax provision and recorded a receivable for the return of its estimated tax payments from the state.

Components of the current and deferred provision for income taxes are approximately as follows:

	For The Year Ended December 31, 2008	Period from June 1, 2007 (Inception) to December 31, 2007	Period from June 1, 2007 (Inception) to December 31, 2008
Current Tax Provision			
Federal	\$ 561,565	\$ 74,245	\$ 635,810
State	(21,175)	21,175	
Total Current	540,390	95,420	635,810
Deferred Tax Provision:			
Federal	(440,759)		(440,759)
State			
Total Deferred	\$ (440,759)	\$	\$ (440,759)
Total provision for income taxes	\$ 99,631	\$ 95,420	\$ 195,051

The following reconciles the (provision) benefit for income taxes for all periods computed using the U.S. statutory rate of 34% to the (provision) benefit for income taxes from operations as reflected in the financial statements:

	For The Year Ended December 31, 2008	Period from June 1, 2007 (Inception) to December 31, 2007	Period from June 1, 2007 (Inception) to December 31, 2008
Provision at statutory rate	\$ 120,806	\$ 74,245	\$ 195,051
State tax refund and other	(21,175)	21,175	
Provision for income taxes	\$ 99,631	\$ 95,420	\$ 195,051

Note 6 Investment in Trust Account; Marketable Securities

Since the closing of the Offering, net proceeds from the offering have been held in a trust account (Trust Account). The Trust Account may be invested in U.S. government debt securities, defined as any Treasury Bill or equivalent securities issued by the United States government having a maturity of one hundred and eighty (180) days or less or money market funds meeting the conditions specified in Rule 2a-7 under the Investment Company Act of 1940, until the earlier of (i) the consummation of its first Business Combination or (ii) the distribution of the Trust Account as described below. The proceeds in the Trust Account includes \$2,730,000 of the gross proceeds representing deferred underwriting discounts and commissions that will be released to the underwriters on completion of a Business Combination.

As of December 31, 2008, investment securities in the Company s Trust Account consist of (a) approximately \$55 million in United States Treasury Bills and (b) approximately \$24 million in a mutual fund that invests in United States Treasury securities. The Company classifies its United States Treasury and equivalent securities as held-to-maturity in accordance with SFAS No. 115, Accounting for Certain Debt and Equity Securities. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost on the accompanying balance sheets and adjusted for the amortization or accretion of premiums or discounts. The Company s investment in the United States Treasury mutual fund account is recorded at fair value (Note 7).

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IDEATION ACQUISITION CORP.
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NOTES TO FINANCIAL STATEMENTS (Continued)

The carrying amount, including accrued interest, gross unrealized holding gains, and fair value of held-to-maturity securities at December 31, 2008 were as follows:

	Carrying amount	Gross unrealized holding gains	Fair value
Held-to-maturity:			
U. S. Treasury securities	\$ 54,993,327	\$ 6,673	\$ 55,000,000

Note 7 Fair Value Measurements

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standard No. 157, *Fair Value Measurement*, or SFAS 157, for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. In accordance with the provisions of FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157*, the Company has elected to defer implementation of SFAS 157 as it relates to its non-financial assets and non-financial liabilities that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis until January 1, 2009. The Company is evaluating the impact, if any, this standard will have on its non-financial assets and liabilities.

The adoption of SFAS 157 to the Company's financial assets and liabilities did not have an impact on the Company's financial results.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2008, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability (in millions):

Description	Fair Value at December 31, 2008	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:	23.8	23.8		

Money Market funds held in the
Trust Account

Total	\$	23.8	\$	23.8	\$	\$
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The fair values of the Company's money market funds and cash and cash equivalents held in the Trust Account are determined through market, observable and corroborated sources.

Note 8 Commitments and contingencies

At the closing of the Offering, the Company paid a fee of 3.5% of the gross offering proceeds, excluding the proceeds received from the founding shareholders purchase of IPO Units, excluding the proceeds received from the founding shareholders purchase of IPO units. In addition, the Company has committed to pay a deferred fee of 3.5% of the gross proceeds, less the fees not paid on the founding shareholders purchase of IPO units, to the underwriters on the completion of an initial business combination by the Company.

The Company has entered into a contingent fee arrangement with Akerman Senterfitt by which legal services related to potential acquisitions will be considered earned and paid upon the close of a business

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**IDEATION ACQUISITION CORP.
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NOTES TO FINANCIAL STATEMENTS (Continued)

combination by the required date. Fees, once earned will be paid out of closing costs. Per the arrangement, fees for services performed will not be due to Akerman Senterfitt unless an acquisition is successfully completed. The estimated contingent legal fees to be paid on the close of an acquisition are approximately \$479,000.

In addition to the previously described fees, Lazard Capital Markets LLC was granted a 45-day option to purchase up to 1,500,000 Units (over and above the 10,000,000 Units referred to above) solely to cover over-allotments, if any. The over-allotment option was not used and expired on January 3, 2008.

The Company has sold to the underwriters in the Offering for \$100, as additional compensation, an option to purchase up to a total of 500,000 Units for \$10.00 per Unit. The Units issuable upon exercise of this option are identical to those offered in the Offering; however the Warrants will entitle the holder to purchase from the Company one share of common stock at an exercise price of \$7.00 per share. The purchase option and its underlying securities have been registered under the registration statement which was effective on November 19, 2007.

The sale of this option has been accounted for as an equity transaction. Accordingly, there was no net effect on the Company's financial position or results of operations, except for the recording of the \$100 proceeds from the sale. The Company has determined, based upon a Black-Scholes model, that the most recent fair market value of the option is approximately \$2.54 million, using an expected life of five years from the Initial Public Offering date, volatility of 92.4% and a risk-free interest rate of 0.19%. Because the units do not have a trading history, the volatility factor is based on information currently available to management. The volatility factor of 92.4% is the average volatility of seven sample blank check companies that have completed a business combination and have at least two years of trading history. The Company's management believes that this volatility is a reasonable benchmark, given the uncertainty of the industry of the target business, to use in estimating the expected volatility for its common stock.

The purchase option may be exercised for cash or on a cashless basis, at the holder's option, such that the holder may use the appreciated value of the purchase option (the difference between the exercise prices of the purchase option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the purchase option without the payment of any cash. The Company will have no obligation to net cash settle the exercise of the purchase option or the Warrants underlying the purchase option. The holder of the purchase option will not be entitled to exercise the purchase option or the Warrants underlying the purchase option unless a registration statement covering the securities underlying the purchase option is effective or an exemption from a registration is available. If the holder is unable to exercise the purchase option or the underlying Warrants, the purchase option or Warrants, as applicable, will expire worthless.

Note 9 Going concern issues arising from the requirements of our certificate of incorporation

The ability of the Company to continue as a going concern is dependent upon its ability to successfully complete a business combination by November 19, 2009. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern and is required to liquidate.

Our Amended and Restated Certificate of Incorporation provides that the Company will continue in existence only until November 19, 2009. If the Company has not completed a business combination by such date, its corporate existence will cease except for the purposes of winding up our affairs and liquidating, pursuant to Section 278 of the

Delaware General Corporation Law. This has the same effect as if its Board of Directors and Stockholders had formally voted to approve its dissolution pursuant to Section 275 of the Delaware General Corporation Law. The Company views the provision terminating its corporate life by

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**IDEATION ACQUISITION CORP.
(a corporation in the development stage)**

NOTES TO FINANCIAL STATEMENTS (Continued)

November 19, 2009 as an obligation to its stockholders. This provision will be amended only in connection with, and upon consummation of, its initial business combination by such date.

Note 10 Preferred stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. There were no preferred shares issued as of December 31, 2008.

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

Condensed Consolidated Balance Sheets

	June 30, 2009 (Unaudited)	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 96,489	\$ 308,874
Interest receivable		1,208
Income taxes receivable	19,805	124,191
Franchise taxes receivable	121,000	121,000
Other current assets	53,309	41,699
Total current assets	290,603	596,972
Investments held in Trust Account Restricted		
U. S. Treasury Securities, at amortized cost	75,016,874	54,993,327
U.S. Treasury Mutual Funds, at fair value	3,798,126	23,821,673
Deferred tax asset	387,570	440,759
Total assets	\$ 79,493,173	\$ 79,852,731
Liabilities and Stockholders Equity		
Current liabilities, accrued expenses	\$ 1,537,296	\$ 507,626
Long-term liability deferred underwriters fee	2,730,000	2,730,000
Common stock subject to possible redemption (2,999,999 shares at June 30, 2009 and December 31, 2008, respectively, at redemption value of \$7.88 per share)	23,639,992	23,639,992
Commitments and contingencies		
Stockholders Equity:		
Preferred Stock, \$0.0001 par value, 1,000,000 shares authorized; none issued		
Common Stock, \$0.0001 par value, 50,000,000 shares authorized, 12,500,000 shares issued and outstanding including 2,999,999 shares subject to possible redemption, at June 30, 2009 and December 31, 2008, respectively	1,250	1,250
Additional paid-in capital	52,595,237	52,595,237
Retained earnings (deficit, accumulated during the development stage)	(1,010,602)	378,626
Total stockholders equity	51,585,885	52,975,113
Total liabilities and stockholders equity	\$ 79,493,173	\$ 79,852,731

See accompanying notes to condensed consolidated interim financial statements

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

Condensed Consolidated Statements of Operations

	For The Three Months Ended June 30, 2009	For The Three Months Ended June 30, 2008	For The Six Months Ended June 30, 2009 (Unaudited)	For The Six Months Ended June 30, 2008	For The Period June 1, 2007 (Inception) to June 30, 2009
Revenue	\$	\$	\$	\$	\$
Formation and operating costs	474,295	114,306	1,381,860	286,079	2,764,547
Loss from operations	(474,295)	(114,306)	(1,381,860)	(286,079)	(2,764,547)
Interest income	19,052	438,450	30,207	1,124,459	1,986,571
(Loss) income before (benefit) provision for income taxes	(455,243)	324,144	(1,351,653)	838,380	(777,976)
Provision (benefit) for income taxes					
Current	(4,606)	174,654	(15,614)	469,188	620,196
Deferred	(49,371)	(45,533)	53,189	(135,224)	(387,570)
Total provision (benefit) for income taxes	(53,977)	129,121	37,575	333,964	232,626
Net income (loss)	\$ (401,266)	\$ 195,023	\$ (1,389,228)	\$ 504,416	\$ (1,010,602)
Maximum number of share subject to possible redemption:					
Weighted average number of shares, basic and diluted	2,999,999	2,999,999	2,999,999	2,999,999	2,319,628
Earnings (loss) per share amount, basic and diluted	\$ (0)	\$ 0	\$ (0)	\$ 0	\$ (0)
Weighted average number of common share outstanding (not subject to possible redemption):					
Basic	9,500,001	9,500,001	9,500,001	9,500,001	7,862,681

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Diluted	9,500,001	11,623,758	9,500,001	11,559,844	7,862,681
Earnings (loss) per share amount:					
Basic	\$ (0.04)	\$ 0.02	\$ (0.15)	\$ 0.05	\$ (0.13)
Diluted	\$ (0.04)	\$ 0.02	\$ (0.15)	\$ 0.04	\$ (0.13)

See accompanying notes to condensed consolidated interim financial statements

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

Condensed Consolidated Statements of Stockholders' Equity
For the Period June 1, 2007 (Inception) to June 30, 2009

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholders
			Capital	(Deficit- Accumulated During the Development Stage)	Equity
Common shares issued to founders on June 1, 2007 at \$.01 per share	2,500,000	\$ 250	\$ 24,750	\$	\$ 25,000
Sale of 2,400,000 warrants at \$1 per warrant to initial stockholders			2,400,000		2,400,000
Sale of 10,000,000 units through public offering, net of underwriter's discount and offering expenses, at \$8 per unit (including 2,999,999 shares subject to possible redemption)	10,000,000	1,000	73,810,479		73,811,479
Proceeds subject to possible redemption, 2,999,999 shares			(23,639,992)		(23,639,992)
Net income for the period				144,120	144,120
Balances at December 31, 2007	\$ 12,500,000	\$ 1,250	\$ 52,595,237	\$ 144,120	\$ 52,740,607
Net income for the period				234,506	234,506
Balances at December 31, 2008	\$ 12,500,000	\$ 1,250	\$ 52,595,237	\$ 378,626	\$ 52,975,113
Net loss for the period (unaudited)				(1,389,228)	(1,389,228)
Balances at June 30, 2009 (unaudited)	\$ 12,500,000	\$ 1,250	\$ 52,595,237	\$ (1,010,602)	\$ 51,585,885

See accompanying notes to condensed consolidated interim financial statements

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

Condensed Consolidated Statements of Cash Flows

	For The Six Months Ended June 30, 2009	For The Six Months Ended June 30, 2008 (Unaudited)	For The Period June 1, 2007 (Inception) to June 30, 2009
Cash flows from operating activities:			
Net income (loss)	\$ (1,389,228)	\$ 504,416	\$ (1,010,602)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Deferred income tax (benefit)	53,189	(135,224)	(387,570)
Change in operating assets and liabilities:			
Interest receivable		155,560	
Income taxes receivable	104,386	(92,690)	(19,805)
Franchise taxes receivable		(30,702)	(121,000)
Other current assets	(11,610)	(12,384)	(53,309)
Accrued expenses	1,029,670	24,036	1,537,296
Income taxes payable		(74,244)	
Franchise taxes payable		(68,666)	
Net cash provided by (used in) operating activities	(212,385)	270,102	(54,990)
Cash used in investing activities:			
Investments in Trust Account Restricted			(78,815,000)
Cash flows from financing activities:			
Proceeds from notes payable to stockholders			200,000
Proceeds from common shares issued to founders			25,000
Proceeds from public offering			80,000,000
Proceeds from issuance of insider warrants			2,400,000
Repayment of notes payable to stockholders			(200,000)
Payment of underwriters discount and offering costs			(3,458,521)
Net cash provided by financing			78,966,479
Net (decrease) increase in cash and cash equivalents	(212,385)	270,102	96,489
Cash and cash equivalents, beginning of period	308,874	124,139	
Cash and cash equivalents, end of period	\$ 96,489	\$ 394,241	\$ 96,489
Supplemental disclosure of cash flow information:			

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Cash paid for income and franchise taxes	\$ 76,133	\$ 685,000	\$ 1,078,470
Cash refund received for income taxes	\$ (120,000)	\$	\$ (155,000)
Supplemental schedule of non-cash financing activities:			
Deferred offering costs	\$	\$	\$ 2,730,000

See accompanying notes to condensed consolidated interim financial statements

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**IDEATION ACQUISITION CORP.
(a corporation in the development stage)**

**NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(unaudited)**

Note 1 Organization and Nature of Business Operations

Ideation Acquisition Corp. (a corporation in the development stage) (the Company) was incorporated in Delaware on June 1, 2007. The Company was formed to acquire through a merger, stock exchange, asset acquisition or similar business combination with an unidentified business or businesses. The Company is considered to be in the development stage as defined in Statement of Financial Accounting Standards (SFAS) No. 7, Accounting and Reporting By Development Stage Enterprises, and is subject to the risks associated with activities of development stage companies. All activity from the period June 1, 2007 (Inception) through June 30, 2009 relates to the Company's formation, capital raising, and its initial public offering as described below. On March 25, 2009, the Company incorporated a wholly owned subsidiary, ID Arizona Corp. (ID Arizona) for the purpose of accomplishing the merger described herein (Note 10).

The registration statement for the Company's initial public offering (Offering) was declared effective on November 19, 2007. The Company consummated the Offering on November 26, 2007. The Company's management has broad discretion with respect to the specific application of the net proceeds of the Offering of Units although substantially all of the net proceeds of the Offering are intended to be generally applied toward consummating a business combination with (or acquisition of) a Target Business (Business Combination). As used herein, Target Business shall mean one or more businesses that at the time of the Company's initial Business Combination has a fair market value of at least 80% of the Company's net assets (all of the Company's assets, including the funds then held in the Trust Account (as defined below), less the Company's liabilities (excluding deferred underwriting discounts and commissions of approximately \$2.73 million). Furthermore, there is no assurance that the Company will be able to successfully affect a Business Combination.

Upon closing of the Offering, \$78,815,000 was placed in a trust account maintained at Continental Stock Transfer & Trust Co. (the Trust Account) and invested in United States government securities within the meaning of Section 2(a)(16) of the Investment Company Act of 1940, as amended (Investment Company Act), having a maturity of 180 days or less, or in money market funds selected by the Company meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act, until the earlier of (i) the consummation of the Company's first Business Combination or (ii) the liquidation of the Company. The amounts placed in the Trust Account consists of the proceeds of our IPO (see Note 3) and the issuance of Insider Warrants (see Note 4) and \$2.73 million of the gross proceeds representing deferred underwriting discounts and commissions that will be released to the underwriters on completion of a Business Combination. The remaining proceeds outside of the Trust Account, along with the interest income of up to \$1.7 million earned on the Trust Account that may be released to the Company, may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses.

The Company will seek stockholder approval before it will affect any Business Combination, even if the Business Combination would not ordinarily require stockholder approval under applicable state law. In connection with the stockholder vote required to approve any Business Combination, all of the Company's stockholders before the initial public offering (Initial Stockholders) have agreed to vote the shares of common stock owned by them immediately before the Company's IPO in accordance with the majority of the shares of common stock voted by the Public Stockholders. Public Stockholders is defined as the holders of common stock sold as part of the Units in the Offering or in the aftermarket. The Company will proceed with a Business Combination only if a majority of the shares of

common stock voted by the Public Stockholders are voted in favor of the Business Combination and Public Stockholders owning less than 30% of the shares sold in the Public Offering both vote against the Business Combination and exercise their conversion rights. If a majority of the shares of common stock voted by the Public Stockholders are not voted in favor of a

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
(unaudited)

proposed initial Business Combination, but 24 months has not yet passed since closing of the Offering, the Company may combine with another Target Business meeting the fair market value criterion described above.

If the Business Combination is approved, Public Stockholders voting either for or against a Business Combination will be entitled to convert their stock into a pro rata share of the total amount on deposit in the Trust Account, before payment of underwriting discounts and commissions and including any interest earned on their portion of the Trust Account net of income taxes payable thereon, and net of any interest income of up to \$1.7 million on the balance of the Trust Account previously released to the Company, if a Business Combination is approved and completed.

The Company's Certificate of Incorporation was amended prior to the closing of the Offering to provide that the Company will continue in existence only until 24 months from the effective date. If the Company has not completed a Business Combination by such date, its corporate existence will cease except for the purposes of winding up its affairs and it will liquidate. In the event of liquidation, it is likely that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be less than the initial public offering price per share in the Offering (assuming no value is attributed to the Warrants contained in the Units to be offered in the Offering discussed in Note 3).

The Company will not generate any operating revenues until after the completion of its initial Business Combination, at the earliest. The Company will generate non-operating income in the form of interest income on cash and cash equivalents. The Trust Account assets are invested in United States government debt securities defined as any Treasury Bill or equivalent securities or money market funds meeting the conditions specified in Rule 2a-7 under the Investment Company of 1940. As of June 30, 2009, the Trust Account assets include \$75,020,000 face value US Treasury T-Bills purchased on June 18, 2009 and maturing on July 16, 2009 (CUSIP 912795N23). The balance of the Trust are held in JP Morgan 100% US Treasury Money Market Fund. As of June 30, 2009, the Company has earned approximately \$1,987,000 of interest income on the trust from inception including approximately \$19,000 earned during the quarter.

The accompanying unaudited condensed consolidated interim financial statements of the Company as of June 30, 2009 and December 31, 2008 and for the three month periods ended June 30, 2009 and 2008, for the six month periods ended June 30, 2009 and 2008 and for the period from inception (June 1, 2007) to June 30, 2009, reflect all adjustments of a normal and recurring nature to present fairly the financial position, results of operations and cash flows for the interim period. These unaudited condensed consolidated interim financial statements have been prepared by the Company pursuant to the instructions to Form 10-Q and Article 10 of Regulation S-X. Pursuant to such instructions, certain financial information and footnote disclosures normally included in such financial statements have been condensed or omitted.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company and notes thereto, together with management's discussion and analysis or plan of operations, contained in the Company's annual report on Form 10-K for the year ended December 31, 2008. The results of operations for the three and six months ended June 30, 2009 are not necessarily indicative of the results that may occur for the year ended December 31, 2009.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The condensed consolidated financial statements for the three and six months ended June 30, 2009 reflect the operations of Ideation Acquisition Corporation and its wholly owned subsidiary, ID Arizona Corp., incorporated on March 25, 2009. Prior period s financial statements reflect the operations solely of the Company. These financial statements are presented in conformity with accounting principles generally

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accepted in the United States of America (U.S. GAAP) and the rules and regulations of the U.S. Securities and Exchange Commission (SEC).

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company maintains deposits in federally insured financial institutions within federal insurance limits. Management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and investments that have a maturity at date of purchase of three months or less.

Earnings (loss) per Common Share

The Company complies with Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share, which requires dual presentation of basic and diluted earnings per share on the face of the statement of operations. Basic net income per share is computed by dividing net income by the weighted average common shares outstanding for the period. Diluted net income per share reflects the potential dilution that could occur if warrants were to be exercised or converted or otherwise resulted in the issuance of common stock that then shared in the earnings of the entity.

The Company's condensed consolidated statements of operations includes a presentation of earnings per share for common stock subject to possible redemption in a manner similar to the two-class method of earnings per share. Basic and diluted net income per share amount for the maximum number of shares subject to possible redemption is calculated by dividing the net interest attributable to common shares subject to possible redemption by the weighted average number of shares subject to possible redemption. Basic and diluted net income per share amount for the shares outstanding not subject to possible redemption is calculated by dividing the net income exclusive of the net interest income attributable to common shares subject to redemption by the weighted average number of shares not subject to possible redemption. The weighted average number of incremental common shares representing the potential dilution attributable to the outstanding warrants to purchase common stock on an as if converted basis are 2,557,300 for the six months ended June 30, 2009, 2,031,376 for the three and six months ended June 30, 2008 and 2,217,163 for the period June 1, 2007 (Inception) to June 30, 2009. For the six months ended June 30, 2009 and for the period June 1, 2007 (Inception) to June 30, 2009, the basic shares were used due to the anti-dilutive effect of the additional shares mentioned above. The Company has paid \$0 in dividends for the period June 1, 2007 (Inception) to June 30, 2009.

Redeemable common stock

The Company accounts for redeemable common stock in accordance with Financial Accounting Standards Board (FASB) Emerging Issue Task Force (EITF) D-98 Classification and Measurement of Redeemable Securities . Securities that are redeemable for cash or other assets are classified outside of permanent equity if they are redeemable at the option of the holder. In addition, if the redemption causes a redemption event, the redeemable securities should not be classified outside of permanent equity. As discussed in Note 1, the Business Combination will only be consummated if a majority of the shares of common stock voted by the Public Stockholders are voted in favor of the Business Combination and Public Stockholders holding less than 30% (2,999,999) of common shares sold in the Offering exercise their conversion rights. As

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further discussed in Note 1, if a Business Combination is not consummated within 24 months, the Company will liquidate. Accordingly, 2,999,999 shares have been classified outside of permanent equity at redemption value. The Company recognizes changes in the redemption value immediately as they occur and adjusts the carrying value of the redeemable common stock to equal its redemption value at the end of each reporting period.

Newly Issued and Adopted Accounting Pronouncements

In December 2007, the FASB issued Statement of Financial Accounting Standard (SFAS) 141(R), *Business Combinations*. SFAS 141(R) provides companies with principles and requirements on how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, liabilities assumed, and any non-controlling interest in the acquiree as well as the recognition and measurement of goodwill acquired in a business combination. SFAS 141(R) also requires certain disclosures to enable users of the financial statements to evaluate the nature and financial effects of the business combination. Acquisition costs associated with the business combination will generally be expensed as incurred. SFAS 141(R) is effective for business combinations occurring in fiscal years beginning after December 15, 2008, which requires the Company to adopt these provisions for business combinations occurring in fiscal 2009 and thereafter. Early adoption of SFAS 141(R) is not permitted.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements An Amendment of ARB No. 51*. SFAS No. 160 requires reporting entities to present noncontrolling (minority) interests as equity as opposed to as a liability or mezzanine equity and provides guidance on the accounting for transactions between an entity and noncontrolling interests. SFAS No. 160 is effective the first fiscal year beginning after December 15, 2008, and interim periods within that fiscal year. SFAS No. 160 applies prospectively as of the beginning of the fiscal year SFAS No. 160 is initially applied, except for the presentation and disclosure requirements, which are applied retrospectively for all periods presented subsequent to adoption. The adoption of SFAS No. 160 will not have a material impact on the consolidated financial statements; however, it could impact future transactions entered into by the Company.

In April 2009, the FASB issued three related FASB Staff Positions: (i) FSP SFAS No. 115-2 and SFAS No. 124-2, *Recognition of Presentation of Other-Than-Temporary Impairments* (FSP SFAS 115-2 and SFAS 124-2), (ii) FSP SFAS No. 107-1 and APB No. 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP SFAS 107-1 and APB 28-1), and (iii) FSP SFAS No. 157-4, *Determining the Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (FSP SFAS 157-4), which are effective for interim and annual reporting periods ending after June 15, 2009. FSP SFAS 115-2 and SFAS 124-2 modifies the requirement for recognizing other-than-temporary impairments, changes the existing impairment model, and modifies the presentation and frequency of related disclosures. FSP SFAS 107-1 and APB 28-1 requires disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial statements. FSP SFAS 157-4 provides additional guidance for estimating fair value in accordance with SFAS No. 157, *Fair Value Measurements*. The adoption of these FASB Staff Positions did not have a material impact on our financial condition, results of operations or cash flows.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events* (SFAS 165), which provides guidance to establish general standards of accounting for and disclosures of events that occur after the balance sheet date but before

financial statements are issued or are available to be issued. SFAS 165 also requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected. SFAS 165 is effective for interim and annual periods ending after June 15, 2009, and

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accordingly, we adopted this Standard during the second quarter of 2009. The adoption of SFAS 165 did not have material impact on our condensed consolidated financial statements.

In June 2009, the FASB issued SFAS No. 166, Accounting for Transfers of Financial Assets – an amendment of FASB Statement No. 140 (SFAS 166), which requires entities to provide more information regarding sales of securitized financial assets and similar transactions, particularly if the entity has continuing exposure to the risks related to transferred financial assets. SFAS 166 eliminates the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets and requires additional disclosures. SFAS 166 is effective for fiscal years beginning after November 15, 2009. We do not believe this will have a material impact on our financial condition, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 167, Amendments to FASB Interpretation No. 46(R) (SFAS 167), which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. SFAS 167 clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity’s purpose and design and a company’s ability to direct the activities of the entity that most significantly impact the entity’s economic performance. SFAS 167 requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. SFAS 167 also requires additional disclosures about a company’s involvement in variable interest entities and any significant changes in risk exposure due to that involvement. SFAS 167 is effective for fiscal years beginning after November 15, 2009. We do not believe this will have a material impact on our financial condition, results of operations or cash flows.

In June 2009, the FASB issued SFAS No. 168, The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles a Replacement of FASB Statement No. 162 (SFAS 168). This Standard establishes the FASB Accounting Standards Codification™ (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. The Codification does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all the authoritative literature related to a particular topic in one place. The Codification is effective for interim and annual periods ending after September 15, 2009, and as of the effective date, all existing accounting standard documents will be superseded. The Codification is effective for us in the third quarter of 2009, and accordingly, our Quarterly Report on Form 10-Q for the quarter ending September 26, 2009 and all subsequent public filings will reference the Codification as the sole source of authoritative literature.

Fair value of financial instruments

The Company does not enter into financial instruments or derivative contracts for trading or speculative purposes. The carrying amounts of the Company’s assets and liabilities, which qualify as financial instruments under SFAS No. 107, Disclosure About Fair Value of Financial Instruments, approximates their fair value represented in the accompanying condensed consolidated balance sheets.

Subsequent Events

These condensed consolidated interim financial statements were approved by management and were issued on August 12, 2009. Subsequent events have been evaluated through this date.

Note 3 Initial Public Offering

In its initial public offering, effective November 19, 2007 (consummated November 26, 2007), the Company sold 10,000,000 units (Units) at a price of \$8.00 per unit. Proceeds from the initial public offering

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totaled \$73,811,479, which was net of \$3,458,521 in underwriting and other expenses and \$2,730,000 of deferred underwriting fees. Each Unit consists of one share of the Company's common stock, \$0.0001 par value, and one Redeemable Common Stock Purchase Warrant ("Warrant"). Each Warrant will entitle the holder to purchase from the Company one share of common stock at an exercise price of \$6.00 commencing on the later of the completion of a Business Combination with a Target Business and November 19, 2008 and expiring November 19, 2011, unless earlier redeemed. The Warrants will be redeemable at a price of \$0.01 per Warrant upon 30 days' notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is sent. In accordance with the warrant agreement, the Company is only required to use its best efforts to maintain the effectiveness of the registration statement covering the Warrants. The Company will not be obligated to deliver securities, and there are no contractual penalties for failure to deliver securities, if a registration statement is not effective at the time of exercise. Additionally, in the event that a registration is not effective at the time of exercise, the holder of such Warrant shall not be entitled to exercise such Warrant and in no event (whether in the case of a registration statement not being effective or otherwise) will the Company be required to net cash settle the warrant exercise. Consequently, the Warrants may expire unexercised and unredeemed.

Proceeds held in the Trust Account will not be available for the Company's use for any purpose, except to pay any income taxes and up to \$1.7 million can be taken from the interest earned on the Trust Account to fund the Company's working capital. These proceeds will be used to pay for business, legal, and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. As of June 30, 2009, the Company includes approximately \$37,000 of these proceeds in their cash balance as they plan on withdrawing the cash as needed for operations. From June 1, 2007 (inception) to June 30, 2009, the Company has transferred approximately \$2.0 million from the Trust Account, of which approximately \$1.1 million has been used to fund the Company's working capital requirements, and \$0.9 million has been for the payment of taxes.

Note 4 Related Party Transactions

In June 2007, the Company issued 2,500,000 shares ("Initial Shares") of common stock to the Initial Stockholders for \$0.01 per share for a total of \$25,000. The Initial Stockholders also purchased 250,000 units for \$2,000,000 in the IPO.

The Company issued unsecured promissory notes totaling \$200,000 to its Initial Stockholders on June 12, 2007. The notes were non-interest bearing and were repaid from the proceeds of the Offering by the Company.

The Company paid approximately \$13,000 from June 1, 2007 (inception) to March 31, 2008 for office space and general and administrative services, leased from Clarity Partners, L.P. Barry A. Porter, one of our special advisors, is a co-founder and Managing General Partner of Clarity Partners, L.P., and the grantor trust of Mr. Porter, Nautilus Trust dtd 9/10/99, is one of our initial stockholders. Services commenced on November 19, 2007 and will terminate upon the earlier of (i) the consummation of a Business Combination or (ii) the liquidation of the Company. The Company terminated its agreement with Clarity Partners, L.P. effective March 31, 2008.

On March 20, 2008, the audit committee of Ideation Acquisition Corp. approved a new sub-leasing and administrative and support services agreement. Effective April 1, 2008, the Company has moved its principal offices to 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025. It subleases the space and pays approximately \$7,500 per month for office space and related services to Spirit EMX LLC. Robert N. Fried, our Chief Executive Officer and one of our initial shareholders, is the founder and Chief Executive Officer of Spirit EMX LLC. The Company incurred approximately \$108,000 from April 1, 2008 to June 30, 2009 for

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office space and administrative services and paid approximately \$87,000 to Sprint EMX LLC. In January 2009, the Company moved its principal offices to 1105 N. Market Street, Suite 1300, Wilmington, Delaware 19801, while maintaining an office at 1990 S. Bundy Boulevard, Suite 620, Los Angeles, CA 90025. The Company has incurred approximately \$2,000 from January 1, 2009 to June 30, 2009 for office space and administration services and paid approximately \$2,000 to Wilmington Trust SP Services.

The Initial Stockholders purchased warrants (Insider Warrants) exercisable for 2,400,000 shares of common stock at a purchase price of \$1.00 per warrant concurrently with the closing of the Offering at a price of \$1.00 per Insider Warrant directly from the Company and not as part of the Offering. All of the proceeds from this private placement have been placed in a Trust Account until a business combination has been consummated. The Insider Warrants are identical to the Warrants included in the Units sold in the Offering except that if the Company calls the Warrants for redemption, the Insider Warrants may be exercisable on a cashless basis so long as such securities are held by the Initial Stockholders or their affiliates. Additionally, our Initial Stockholders have agreed that the Insider Warrants will not be sold or transferred by them until after the Company has completed a Business Combination. The Company believes based on a review of the trading prices of the public warrants of other blank check companies similar to the Company, that the purchase price of \$1.00 per Insider Warrant is not less than the approximate fair value of such warrants on the date of issuance. Therefore, the Company has not recorded stock-based compensation expense upon the sale of the Insider Warrants.

The holders of the Initial Shares, as well as the holders of the Insider Warrants (and underlying securities), will be entitled to registration rights pursuant to an agreement signed on November 19, 2007. The holders of a majority of these securities will be entitled to make up to two demands that we register such securities. The holders of a majority of the Initial Shares will be able to make a demand for registration of the resale of their Initial Shares at any time commencing nine months after the consummation of a business combination. The holders of a majority of the Insider Warrants (or underlying securities) will be able to elect to exercise these registration rights with respect to the Insider Warrants (or underlying securities) at any time after the Company consummates a business combination. In addition, such holders will have certain piggy-back registration rights on registration statements filed subsequent to the date on which such securities are released from escrow. All our Initial Stockholders placed the initial shares and the insider warrants into an escrow account maintained by Continental Stock Transfer & Trust Company, acting as escrow agent. The Initial Shares will not be released from escrow until one year after the consummation of a Business Combination, or earlier if, following a Business Combination, the Company engages in a subsequent transaction resulting in the Company's stockholders having the right to exchange their shares for cash or other securities or if the Company liquidates and dissolves. The Insider Warrants will not be released from escrow until 90 days after the completion of a Business Combination. The Company will continue to bear expenses incurred in connection with the filing of any such registration statements.

We reimburse Dr. Frost for Company-related use by Dr. Frost and our other executives of an airplane owned by a company that is beneficially owned by Dr. Frost. We reimburse Dr. Frost in an amount equal to the cost of a first class airline ticket between the travel cities for each executive, including Dr. Frost, traveling on the airplane for Company-related business. We do not reimburse Dr. Frost for personal use of the airplane by Dr. Frost or any other executive; nor do we pay for any other fixed or variable operating costs of the airplane. For the six months ending June 30, 2008 and June 30, 2009, we reimbursed Dr. Frost approximately \$11,000 and \$5,000, respectively for

Company-related travel by Dr. Frost and other Ideation executives. For the period from June 1, 2007 (Inception) to June 30, 2009, we reimbursed Dr. Frost approximately \$21,000 for company related travel.

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Note 5 Income taxes

Deferred income taxes are provided for the differences between the basis of assets and liabilities for financial reporting and income tax purposes. A valuation allowance is established when necessary to reduce the deferred tax assets to the amount expected to be realized. The Company recorded a deferred income tax asset of \$440,759 and \$387,570 on December 31, 2008 and June 30, 2009, respectively, for the tax effect of temporary differences during the period from June 1, 2007 (Inception) to December 31, 2008, and during the six month period ended June 30, 2009. Temporary differences during the period from June 1, 2007 (Inception) to December 31, 2008 and during the six month period ended June 30, 2009 consist of start up costs and organizational expenses.

The Company's provision for income taxes reflects the application of federal and state statutory rates to the Company's income before taxes. The Company's effective tax rate was approximately (29.9%) for the periods from June 1, 2007 (Inception) to June 30, 2009, 2.8% for the six months ended June 30, 2009, 11.9%, for the three month period ended June 30, 2009, and 39.8% for the three and six month periods ended June 30, 2008. Prior to the third quarter of 2008, the Company believed that it was liable for state income taxes and accordingly was recording a state tax provision and making quarterly estimated payments. Based on a review of facts and circumstances during the third quarter of 2008, the Company believes that it is not liable for state income taxes and accordingly, eliminated its state tax provision and recorded a receivable for the return of its estimated tax payments from the state. Permanent differences during the period June 1, 2007 (Inception) to June 30, 2009 constitute accrued contingent legal fees of \$1,462,165, which will be paid only upon the completion of an acquisition by the Company. These fees will be capitalized as part of the cost of the acquisition and will not be deductible in determining current Federal taxable income. For financial statements purposes, these are expensed as incurred under the provision of Statement of Financial Accounting Standards (SFAS) No. 141R Business Combinations.

Effective January 1, 2007, the Company adopted the provisions of the Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109 (FIN 48). There were no unrecognized tax benefits as of June 30, 2009. FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at June 30, 2009. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviation from its position.

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Components of the current and deferred (benefit) provision for income taxes (unaudited) are approximately as follows:

	For The Three Months Ended June 30, 2009	For The Three Months Ended June 30, 2008	For The Six Months Ended June 30, 2009	For The Six Months Ended June 30, 2008	For The Period June 1, 2007 (Inception) to June 30, 2009
Current Tax (Benefit) Provision					
Federal	\$ (4,606)	\$ 135,895	\$ (15,615)	\$ 365,066	\$ 620,196
State		38,759		104,122	
Total Current	(4,606)	174,654	(15,615)	469,188	620,196
Deferred Tax (Benefit) Provision:					
Federal	(49,371)	(35,428)	53,189	(105,215)	(387,570)
State		(10,105)		(30,009)	
Total Deferred	\$ (49,371)	\$ (45,533)	\$ 53,189	\$ (135,224)	\$ (387,570)
Total Provision	\$ (53,977)	\$ 129,121	\$ 37,574	\$ 333,964	\$ 232,626

The following table reconciles the (benefit) provision for income taxes (unaudited) for all periods computed using the U.S. statutory rate of 34% to the (benefit) provision for income taxes from operations as reflected in the financial statements:

	For The Three Months Ended June 30, 2009	For The Three Months Ended June 30, 2008	For The Six Months Ended June 30, 2009	For The Six Months Ended June 30, 2008	For The Period June 1, 2007 (Inception) to June 30, 2009
(Benefit) Provision at statutory rate	\$ (154,783)	\$ 100,467	\$ (459,562)	\$ 259,851	\$ (264,510)
Permanent Differences	100,806		497,136		497,136

State taxes, net of federal benefit		28,654		74,113						
(Benefit) Provision for income taxes	\$	(53,977)	\$	129,121	\$	37,574	\$	333,964	\$	232,626

Note 6 Investment held in Trust Account; U.S. Treasury Securities

Since the closing of the Offering, net proceeds from the offering have been held in a trust account (Trust Account). The Trust Account may be invested in U.S. government debt securities, defined as any Treasury Bill or equivalent securities issued by the United States government having a maturity of one hundred and eighty (180) days or less or money market funds meeting the conditions specified in Rule 2a-7 under the Investment Company Act of 1940, until the earlier of (i) the consummation of its first Business Combination or (ii) the distribution of the Trust Account as described below. The proceeds in the Trust Account includes \$2,730,000 of the gross proceeds representing deferred underwriting discounts and commissions that will be released to the underwriters on completion of a Business Combination.

As of June 30, 2009, investment securities in the Company s Trust Account consist of (a) approximately \$75 million in United States Treasury Bills and (b) approximately \$4 million in a mutual fund that invests in

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United States Treasury securities. The Company classifies its United States Treasury and equivalent securities as held-to-maturity in accordance with SFAS No. 115, Accounting for Certain Debt and Equity Securities. Held-to-maturity securities are those securities, which the Company has the ability and intent to hold until maturity. Held-to-maturity treasury securities are recorded at amortized cost on the accompanying balance sheets and adjusted for the amortization or accretion of premiums or discounts. The Company's investment in the United States Treasury mutual fund account is recorded at fair value. (Note 7)

The carrying amount, including accrued interest, gross unrealized holding gains, and fair value of held-to-maturity securities at June 30, 2009 were as follows:

	Carrying amount	Gross unrealized holding gains (Losses)	Fair value
Held-to-maturity:			
U.S. Treasury securities held in Trust Account	\$ 75,016,874	\$ (625)	\$ 75,016,249

The carrying amount, including accrued interest, gross unrealized holding gains, and fair value of held-to-maturity securities at December 31, 2008 were as follows:

	Carrying amount	Gross unrealized holding gains (Losses)	Fair value
Held-to-maturity:			
U.S. Treasury securities held in Trust Account	\$ 54,993,327	\$ 6,673	\$ 55,000,000

Note 7 Fair Value Measurements

Effective January 1, 2008, the Company adopted Statement of Financial Accounting Standard No. 157, *Fair Value Measurements*, or SFAS 157, for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. In accordance with the provisions of FSP No. SFAS 157-2, *Effective Date of FASB Statement No. 157*, the Company elected to defer implementation of SFAS 157 as it relates to its non-financial assets and non-financial liabilities that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis until January 1, 2009. FSP No. 157-3 clarifies the application of FASB 157 in a market that is not active. FSP No. 157-3 is effective upon issuance. FSP SFAS No. 157-4, provides additional guidance for estimating fair value in accordance with SFAS No. 157.

The adoption of SFAS 157 to the Company's financial assets and liabilities did not have an impact on the Company's consolidated financial results.

The following table presents information about the Company's assets that are measured at fair value on a recurring basis as of June 30, 2009 and December 31, 2008, and indicates the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves.

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Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability (in millions):

Description	June 30, 2009 (Unaudited)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Treasury Mutual Funds, at fair value, held in Trust Account	\$ 3.8	\$ 3.8	\$	\$

Description	December 31, 2008	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Treasury Mutual Funds, a fair value, held in Trust Account	\$ 23.8	\$ 23.8	\$	\$

The fair values of the Company's cash and cash equivalents held in the Trust Account are determined through market, observable and corroborated sources.

Note 8 Commitments and contingencies

At the closing of the Offering, the Company paid a fee of 3.5% of the gross offering proceeds, excluding the proceeds received from the founding shareholders purchase of IPO Units. In addition, the Company has committed to pay a deferred fee of 3.5% of the gross proceeds, less the fees not paid on the founding shareholders purchase of IPO units, to the underwriters on the completion of an initial business combination by the Company.

In addition to the previously described fee, Lazard Capital Markets LLC was granted a 45-day option to purchase up to 1,500,000 Units (over and above the 10,000,000 Units referred to above) solely to cover over-allotments, if any.

The over-allotment option was not used and expired on January 3, 2008.

The Company has entered into a contingent fee arrangement with its law firm by which legal services related to potential acquisitions will be considered earned and paid upon the close of a business combination by the required date. Fees, once earned will be paid out of closing costs. Per the arrangement, fees for services performed will not be due to its law firm unless an acquisition is successfully completed. As of June 30, 2009 the estimated contingent legal fees to be paid on the close of an acquisition are approximately \$1.5 million.

The Company has sold to the underwriters in the Offering for \$100, as additional compensation, an option to purchase up to a total of 500,000 Units for \$10.00 per Unit. The Units issuable upon exercise of this option are identical to those offered in the Offering; however the Warrants will entitle the holder to purchase from the Company one share of common stock at an exercise price of \$7.00 per share. The purchase option and its underlying securities have been registered under the registration statement, which was effective on November 19, 2007.

The sale of this option has been accounted for as an equity transaction. Accordingly, there was no net effect on the Company's financial position or results of operations, except for the recording of the \$100 proceeds from the sale. The Company has determined, based upon a Black-Scholes model, that the most recent fair market value of the option is approximately \$2.5 million, using an expected life of five years from

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IDEATION ACQUISITION CORP.
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the date of the IPO, volatility of 137.3% and a risk-free interest rate of 0.19%. Because the units do not have a trading history, the volatility factor is based on information currently available to management. The volatility factor of 137.3% is the average volatility of various sample blank check companies that have completed a business combination and have at least two years of trading history. The Company's management believes that this volatility is a reasonable benchmark, given the uncertainty of the industry of the target business, to use in estimating the expected volatility for its common stock.

The purchase option may be exercised for cash or on a cashless basis, at the holder's option, such that the holder may use the appreciated value of the purchase option (the difference between the exercise prices of the purchase option and the underlying Warrants and the market price of the Units and underlying securities) to exercise the purchase option without the payment of any cash. The Company will have no obligation to net cash settle the exercise of the purchase option or the Warrants underlying the purchase option. The holder of the purchase option will not be entitled to exercise the purchase option or the Warrants underlying the purchase option unless a registration statement covering the securities underlying the purchase option is effective or an exemption from a registration is available. If the holder is unable to exercise the purchase option or the underlying Warrants, the purchase option or Warrants, as applicable, will expire worthless.

Note 9 Preferred stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors. There were no preferred shares issued and outstanding as of June 30, 2009.

Note 10 Agreement and Plan of Merger

On March 31, 2009, the Company entered into an Agreement and Plan of Merger, Conversion and Share Exchange (the Share Exchange Agreement) with ID Arizona Corp., an Arizona corporation and wholly owned subsidiary of Ideation (ID Arizona), SearchMedia International Limited, an exempted company incorporated with limited liability in the Cayman Islands (SM Cayman or SearchMedia), the subsidiaries of SM Cayman, and Shanghai Jingli Advertising Co. Ltd. (Jingli Shanghai; and together with SM Cayman and its subsidiaries, the SearchMedia entities or SM entities), and certain shareholders and warrant holders of SM Cayman, among others (such shareholders, warrant holders and other parties, together with the SM entities, the SearchMedia parties).

The Share Exchange Agreement provides that, upon the terms and subject to the conditions set forth in the Share Exchange Agreement and following receipt of stockholder approval by the Company, the Company will complete a corporate reorganization that would result in holders of the Company's securities holding securities in SearchMedia Holdings Limited (ID Cayman), a Cayman Islands company, rather than in the Company, a Delaware corporation. The reorganization involves two steps. First, the Company will effect a merger, pursuant to which it will merge with and into ID Arizona, with ID Arizona surviving the merger. Second, after the merger, ID Arizona will become ID Cayman, a Cayman Islands company, pursuant to a conversion and continuation procedure under Arizona and Cayman Islands law. The reorganization will change the Company's place of incorporation from Delaware to the Cayman Islands. We refer to the entire two-step transaction as the redomestication. The redomestication will result in

all of the Company issued and outstanding shares of common stock immediately prior to the redomestication converting into ordinary shares of ID Cayman, and all units, warrants and other rights to purchase the Company's common stock immediately prior to the redomestication being exchanged for substantially equivalent securities of ID Cayman.

On May 27, 2009, the Company entered into an amendment (the First Amendment) to the Share Exchange Agreement with Earl Yen, Tommy Cheung, Stephen Lau and Qinying Liu, as the SM Cayman

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IDEATION ACQUISITION CORP.
(a corporation in the development stage)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
(unaudited)

shareholders' representatives. The First Amendment amends the Share Exchange Agreement to provide that the consent of Linden Ventures will be required in the event of any amendment to or waiver of any provision contained in certain sections of the Share Exchange Agreement that directly affect Linden Ventures or if any amendment or waiver disproportionately affects Linden Ventures relative to other SM Cayman security holders.

In addition, the First Amendment provides for an amendment to the Memorandum and Articles of Association of ID Cayman following completion of the Business Combination to provide that the Series A preferred shares of ID Cayman shall be convertible, at the option of the holder, at any time after six months, rather than eighteen months, following the original issue date.

Immediately following the redomestication, ID Cayman will complete the business combination with the SearchMedia parties (the Business Combination) pursuant to which (i) after giving effect to conversion of the preferred shares of SM Cayman, at closing, ID Cayman will acquire 98,652,365 ordinary shares of SM Cayman, representing 100% of the SM Cayman shares in issue; (ii) SM Cayman shareholders will receive 6,662,727 ordinary shares of ID Cayman; (iii) SM Cayman warrant holders will receive warrants to purchase 1,519,186 ordinary shares of ID Cayman; (iv) SM Cayman option holders will receive options to purchase 566,939 ordinary shares of ID Cayman; (v) SM Cayman holders of restricted share awards will receive 261,179 restricted shares of ID Cayman; and (vi) certain holders of SM Cayman promissory notes will receive 1,712,874 ordinary shares of ID Cayman or, in certain circumstances described in the Company's proxy statement/prospectus, 1,712,874 Series A preferred shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman. In addition, SM Cayman shareholders and warrant holders may receive up to an additional 10,150,352 ordinary shares pursuant to an earn-out provision in the Share Exchange Agreement. On the closing of the Business Combination, SM Cayman will be a wholly owned subsidiary of ID Cayman.

Note 11 Going concern issues arising from the requirements of our certificate of incorporation

The ability of the Company to continue as a going concern is dependent upon its ability to successfully complete a business combination by November 19, 2009. The accompanying condensed consolidated interim financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern and is required to liquidate.

Our Amended and Restated Certificate of Incorporation provides that the Company will continue in existence only until November 19, 2009. If the Company has not completed a business combination by such date, its corporate existence will cease except for the purposes of winding up our affairs and liquidating, pursuant to Section 278 of the Delaware General Corporation Law. This has the same effect as if it's Board of Directors and Stockholders had formally voted to approve its dissolution pursuant to Section 275 of the Delaware General Corporation Law. The Company views the provision terminating its corporate life by November 19, 2009 as an obligation to its stockholders. This provision will be amended only in connection with, and upon consummation of, its initial business combination by such date.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of
SearchMedia International Limited:

We have audited the accompanying consolidated balance sheets of SearchMedia International Limited and subsidiaries as of December 31, 2007 and 2008 and the related consolidated statements of income, shareholders deficit/equity and comprehensive income, and cash flows for the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of SearchMedia International Limited and subsidiaries as of December 31, 2007 and 2008, and the results of their operations and their cash flows for the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008 in conformity with U.S. generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 1(b) to the consolidated financial statements, the Company's inability to generate sufficient cash flows to meet its payment obligations raises substantial doubt about its ability to continue as a going concern. Management's plans with regard to these matters are also described in note 1(b). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KPMG
Hong Kong, China

July 14, 2009

Table of Contents**SearchMedia International Limited****Consolidated Balance Sheets**
(Amounts in thousands, except share data)

	Note	December 31, 2007 US\$	December 31, 2008 US\$
Assets			
<i>Current assets:</i>			
Cash		6,333	5,715
Restricted bank deposit	2(d)	4,000	
Accounts receivable, net of allowance for doubtful accounts	4	4,820	37,008
Amounts due from related parties	11	311	11,493
Prepaid expenses and other current assets	5	1,398	11,944
Deferred tax assets	15		580
Total current assets		16,862	66,740
Rental deposits		163	169
Property and equipment, net	6	4,389	7,255
Deposits for acquisitions		2,290	6,229
Intangible assets, net	7	81	5,235
Goodwill	7	444	26,148
Deferred tax assets	15	6	
Total assets		24,235	111,776
Liabilities, redeemable convertible preferred shares and shareholders (deficit)/equity			
<i>Current liabilities:</i>			
Short-term borrowings	8	2,084	1,856
Promissory notes	9		15,000
Accounts payable		499	8,701
Accrued expenses and other payables	10	1,383	13,218
Acquisition consideration payable			15,203
Amounts due to related parties	11		717
Deferred revenue		236	3,301
Income taxes payable		971	9,787
Total current liabilities		5,173	67,783
Deferred tax liabilities	15	19	1,297
Total liabilities		5,192	69,080
Series B redeemable convertible preferred shares: US\$0.0001 par value; 36,363,635 shares authorized, issued and outstanding as of December 31, 2007 and 2008 (Redemption value US\$32,364)	12(b)	19,734	24,906

Series C redeemable convertible preferred shares: US\$0.0001 par value; nil share authorized, issued and outstanding as of December 31, 2007 and 40,000,000 shares authorized, 4,845,276 shares issued and outstanding as of December 31, 2008 (Redemption value US\$13,975)	9 , 12(c)		12,918
<i>Shareholders (deficit)/equity:</i>			
Series A convertible preferred shares: US\$0.0001 par value; 20,000,000 shares authorized, 10,000,000 shares issued and outstanding as of December 31, 2007 and 2008	12(a)	722	722
Ordinary shares: US\$0.0001 par value; 443,636,365 shares authorized, 32,119,500 shares issued and outstanding as of December 31, 2007 and 2008	13	3	3
Additional paid-in capital			2,083
Accumulated other comprehensive income		309	2,064
(Accumulated deficit)/retained earnings		(1,725)	
Total shareholders (deficit)/equity		(691)	4,872
Commitments and contingencies	18		
Total liabilities, redeemable convertible preferred shares and shareholders (deficit)/equity		24,235	111,776

See accompanying notes to consolidated financial statements.

Table of Contents**SearchMedia International Limited****Consolidated Statements of Income**
(Amounts in thousands)

	Note	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Advertising service revenues	11(a)	7,828	88,637
Cost of revenues		(2,451)	(46,674)
Gross profit		5,377	41,963
Sales and marketing expenses		(293)	(7,397)
General and administrative expenses		(2,555)	(11,727)
Loss on deconsolidation of a variable interest entity	1(b)	(358)	
Income from operations		2,171	22,839
Interest income		5	131
Interest expense	14	(43)	(8,922)
Decrease in fair value of Note Warrant liability	9		482
Loss on extinguishment of the Notes	9		(3,218)
Foreign currency exchange loss, net		(35)	(167)
Income before income taxes		2,098	11,145
Income tax expense	15	(850)	(6,802)
Net income		1,248	4,343

See accompanying notes to consolidated financial statements.

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SearchMedia International Limited

Consolidated Statements of Shareholders (Deficit)/Equity and Comprehensive Income
(Amounts in thousands, except share data)

Note	Ordinary shares		Series A convertible preferred shares		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit/retained earnings	Total shareholder (deficit)/equity	Total Comprehensive income
	Number of shares	Amount US\$	Number of shares	Amount US\$					
	1(b)	39,900,000	4		1,205		1,248	1,209	
						309		309	
Comprehensive income									
13		(7,780,500)	(1)		(235)		(2,876)	(3,112)	
12(a)			10,000,000	722	193			915	
12(b)					386			386	
12(b)					(1,549)		(97)	(1,646)	
		32,119,500	3	10,000,000	722		309	(1,725)	(691)
							4,343	4,343	
						1,755		1,755	
Comprehensive income									

convertible note beneficial conversion feature	9				5,100		5,100
relinquishment of the	9				(1,182)		(1,182)
contribution to Series B convertible preferred shares							
carrying value	12(b)				(2,554)	(2,618)	(5,172)
contribution to Series C convertible preferred shares							
carrying value	12(c)				(1,635)		(1,635)
employee-based compensation	16				2,354		2,354
Balance as of December 31, 2008		32,119,500	3	10,000,000	722	2,083	2,064
							4,872

See accompanying notes to consolidated financial statements.

Table of Contents**SearchMedia International Limited****Consolidated Statements of Cash Flows**
(Amounts in thousands)

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Net income	1,248	4,343
<i>Adjustments to reconcile net income to net cash used in operating activities:</i>		
Depreciation and amortization of property and equipment	108	1,188
Amortization of intangible assets	218	3,465
Share-based compensation		2,354
Amortization of discount on convertible promissory notes		7,200
Deferred tax benefit	(65)	(1,414)
Loss on deconsolidation of a variable interest entity	358	
Decrease in fair value of Note Warrant liability		(482)
Loss on extinguishment of the Notes		3,218
<i>Changes in operating assets and liabilities, net of effect of consolidation of Sige, Dale and Conghui and deconsolidation of Conghui for 2007 and net of effect of acquisitions for 2008:</i>		
Accounts receivable	(4,165)	(30,026)
Prepaid expenses, rental deposits and other current assets	(1,476)	(7,713)
Amounts due from related parties	13	(11,472)
Accounts payable	357	7,171
Accrued expenses and other payables	793	8,548
Amounts due to related parties		(44)
Deferred revenue	124	1,977
Income taxes payable	822	7,965
Net cash used in operating activities	(1,665)	(3,722)
Cash flows from investing activities		
Purchase of property and equipment	(4,328)	(3,410)
Amounts due from related parties		(195)
Cash acquired upon the consolidation of Sige, Dale and Conghui	328	
Cash disposed upon the deconsolidation of Conghui	(80)	
Cash paid for acquisitions, net of cash acquired	(2,290)	(18,681)
Net cash used in investing activities	(6,370)	(22,286)
Cash flows from financing activities		

(Increase)/decrease in restricted bank deposit	(4,000)	4,000
Proceeds from short-term borrowings	3,428	1,856
Repayment of short-term borrowings	(1,344)	(2,084)
Proceeds from issuance of ordinary shares	4	
Payment for repurchase of ordinary shares	(3,112)	
Proceeds from issuance of Series A convertible preferred shares and warrants, net of issuance costs of US\$85 paid	915	
Proceeds from issuance of Series B redeemable convertible preferred shares and warrants, net of issuance costs of US\$1,526 paid	18,474	
Proceeds from issuance of Series C redeemable convertible preferred shares, net of issuance costs of US\$739 paid		9,261
Proceeds from issuance of convertible promissory notes and warrants		12,000
Net cash provided by financing activities	14,365	25,033
Effect of foreign currency exchange rate changes on cash	3	357
Net increase/(decrease) in cash	6,333	(618)
Cash at beginning of period/year		6,333
Cash at end of period/year	6,333	5,715
Supplemental cash flow information:		
Interest paid	20	57
Income tax paid	14	251
Non-cash investing transactions:		
Acquisition consideration payable		15,203
Payable in connection with purchase of property and equipment		44
Non-cash financing transactions:		
Issuance costs payable in respect of Series C redeemable convertible preferred shares		98

See accompanying notes to consolidated financial statements.

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SearchMedia International Limited

Notes to Consolidated Financial Statements

(Amounts in thousands, except share data)

1. Principal activities, organization and basis of presentation

(a) Principal activities

SearchMedia International Limited (the Company) is a holding company and, through its subsidiaries and consolidated variable interest entities (VIEs) (collectively the Group), is principally engaged in the provision of advertising services using primarily poster and digital frames that are placed inside elevators in residential and commercial buildings, light boxes and outdoor billboards primarily in the People's Republic of China (PRC).

(b) Organization and basis of presentation

During the period from February 9, 2007 (date of inception) to October 31, 2007, the Company's consolidated VIEs consisted of Shanghai Sige Advertising and Media Co. Ltd. (Sige), Shenzhen Dale Advertising Co., Ltd. (Dale), Beijing Conghui Advertising Co., Ltd. (Conghui) and Shanghai Jingli Advertising Co., Ltd. (Jingli). Sige was incorporated in Shanghai Municipality of the PRC on June 8, 2005. Dale was incorporated in Shenzhen city of the PRC on April 28, 2005. Conghui was incorporated in Beijing Municipality of the PRC on December 23, 2002.

On February 9, 2007, the respective owners of Sige, Dale and Conghui incorporated the Company in the Cayman Islands as part of a series of transactions to effect the reorganization as described below (the Reorganization). The purpose of the Reorganization was to combine the businesses of Sige, Dale and Conghui (the Businesses) into a single entity to facilitate foreign investors to invest in the Company as the current PRC laws do not allow direct foreign investment or ownership in advertising companies in the PRC.

As part of the Reorganization, 16,159,500, 15,162,000 and 8,578,500 ordinary shares were issued at par value to the respective owners of Sige, Dale and Conghui, representing 40.5%, 38.0% and 21.5%, respectively, of the equity interest in the Company in exchange for the control and economic benefits of the Businesses to be transferred to the Company. On June 1, 2007, to complete the transfer of the control of the Businesses, the Company incorporated Jieli Investment Management Consulting (Shanghai) Co., Ltd. (Jieli Consulting), which in turn entered into contractual agreements with each of the respective owners of Sige, Dale, Conghui on June 4, 2007. The terms of these agreements resulted in the Company, through its wholly-owned subsidiary, Jieli Consulting, bearing all the economic risks and receiving all the economic benefits from the Businesses and controlling the financing and operating affairs with respect to the Businesses. In accordance with Financial Accounting Standards Board (FASB) Interpretation No. 46(R), *Consolidation of Variable Interest Entities* (FIN 46R), the financial statements of Sige, Dale, and Conghui were consolidated by the Company in its consolidated financial statements effective from June 4, 2007, being the date the Company first became the primary beneficiary when the contractual arrangements were agreed and signed by all relevant parties.

The fair value of the Company's ordinary shares issued to the respective owners of Sige, Dale and Conghui in exchange for the control of the Businesses was determined to be US\$488, US\$458 and US\$259 respectively, based on a valuation performed on a retrospective basis by an independent valuation firm. The fair value of the net identifiable assets and liabilities of Sige, Dale and Conghui was US\$64, US\$671 and US\$292 respectively, which was based on a valuation performed by an independent valuation firm using the multiple period excess earnings method. Accordingly, goodwill of US\$424 was recognized upon the consolidation of Sige, which relates to the assembled work force of Sige and the leadership of Sige's owner who became the chairperson of the Company, and negative goodwill of US\$213

and US\$33 upon consolidation of Dale and Conghui, respectively, was allocated as a pro rata reduction of the amounts assigned to non-current assets of Dale and Conghui. The goodwill recognized in connection with the consolidation of Sige is not deductible for tax purpose. The goodwill related to Sige is allocated to the Jingli reporting unit. The following table summarizes the fair value of the net identifiable assets and liabilities of Sige, Dale and

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Table of Contents**SearchMedia International Limited****Notes to Consolidated Financial Statements (Continued)**
(Amounts in thousands, except share data)

Conghui as of June 4, 2007. The fair value of the ordinary shares issued was recorded as a credit to additional paid-in capital.

	Sige US\$	Dale US\$	Conghui US\$	Total US\$
Cash	18	147	163	328
Accounts receivable, net of allowance for doubtful accounts	194	335	254	783
Prepaid expenses and other current assets	8	84	416	508
Amounts due from related parties	87	221	281	589
Equipment	18	4	14	36
Customer relationship	52	5	32	89
Lease agreements	160	15	70	245
Deferred tax assets		7		7
Total tangible and intangible assets acquired	537	818	1,230	2,585
Accounts payable	(28)	(81)	(29)	(138)
Accrued expenses and other payables	(284)	(181)	(395)	(860)
Deferred revenue	(80)	(20)	(17)	(117)
Income taxes payable	(16)	(74)	(498)	(588)
Deferred tax liabilities	(65)	(4)	(32)	(101)
Total liabilities assumed	(473)	(360)	(971)	(1,804)
Goodwill	424			424
Fair value of consideration	488	458	259	1,205

As part of the Reorganization, Jingli was incorporated in Shanghai Municipality of the PRC by the legal owners of Sige and Dale on August 3, 2007, which in turn entered into contractual agreements with Jieli Consulting. The terms of the contractual arrangements between Jingli and Jieli Consulting are similar to those between Jieli Consulting and each of Sige, Dale and Conghui. Jingli was incorporated to assume all the advertising business contracts of Sige, Dale and Conghui.

In August 2007, the Company completed the private placement of Series B redeemable convertible preferred shares to foreign investors (see note 12(b)). In connection with the issuance of Series B redeemable convertible preferred shares and as part of the Series B investment terms agreed by the foreign investors, the Company repurchased 7,780,500 ordinary shares previously issued to the owner of Conghui at US\$0.40 per share.

Effective October 31, 2007, Jieli Consulting and the owner of Conghui terminated the contractual agreements entered into on June 4, 2007 because of disagreements between the Company's management team and the owner of Conghui on the Company's future business plans and strategies. As a result, effective October 31, 2007, the Company no longer

was the primary beneficiary of Conghui.

Although the Company could have demanded compensation and consideration from the legal owner of Conghui for the residual returns it originally received through the date of the contract termination, the Company's shareholders and management team decided not to do so having considered that the costs of doing so would be excessive. Accordingly, a loss of US\$358 was recorded in the consolidated statement of income for the period from February 9, 2007 (date of inception) through December 31, 2007 upon the deconsolidation

Table of Contents**SearchMedia International Limited****Notes to Consolidated Financial Statements (Continued)**
(Amounts in thousands, except share data)

of Conghui on October 31, 2007. The assets and liabilities of Conghui as of October 31, 2007 were as follows:

	US\$
Cash	80
Accounts receivable, net of allowance for doubtful accounts	323
Prepaid expenses and other current assets	486
Amounts due from related parties	282
Equipment, net	11
Customer relationship	5
Lease agreements	40
Accounts payable	(29)
Accrued expenses and other payables	(329)
Deferred revenue	(17)
Income taxes payable	(481)
Deferred tax liabilities	(13)
Net assets deconsolidated	358

On January 16, 2008, the Company incorporated Jieli Network Technology Development (Shanghai) Co., Ltd. (Jieli Network) as a wholly-owned subsidiary in the PRC. On April 9, 2008, the Company incorporated Great Talent Holdings Limited (Great Talent) as a wholly-owned subsidiary in the Hong Kong Special Administrative Region of the PRC (HKSAR). Jieli Network provides technical advisory services to the Group's consolidated variable interest entities. Great Talent has not had business operation since its inception.

During the year ended December 31, 2008, the Group expanded its advertising services and locations by acquiring 100% equity interest of the following advertising businesses.

Name of entity	Place of incorporation
Shanghai Jincheng Advertising Co., Ltd.	PRC
Shaanxi Xinshichuang Advertising Planning Co., Ltd.	PRC
Beijing Wanshuizhiyuan Advertising Co., Ltd.	PRC
Shenyang Xicheng Advertising Co., Ltd.	PRC
Qingdao Kaixiang Advertising Co., Ltd.	PRC
Shanghai Haiya Advertising Co., Ltd.	PRC
Tianjin Shengshitongda Advertising Creativity Co., Ltd.	PRC
Beijing Youluo Advertising Co., Ltd.	PRC
Ad-Icon Company Limited	HKSAR
Changsha Jingli Advertising Co., Ltd.	PRC

Wenzhou Rigao Advertising Co., Ltd.
Wuxi Ruizhong Advertising Co., Ltd.

PRC
PRC

Further details of the acquisitions are set out in note 3.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. For the period from February 9, 2007 (date of inception) through December 31,

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SearchMedia International Limited

Notes to Consolidated Financial Statements (Continued)
(Amounts in thousands, except share data)

2007 and for the year ended December 31, 2008, the Company's cash flows used in operating activities were US\$1,665 and US\$3,722, respectively.

Because the Company has been unable to generate net cash from operating activities, it has relied principally on cash provided by financing activities, primarily proceeds from the issuance of Series A convertible preferred shares, Series B redeemable convertible preferred shares, Series C redeemable convertible preferred shares, and convertible and interim promissory notes to fund its working capital requirements, repay its obligations when they become due, including payments for its acquisitions in 2008.

As discussed in note 9, on September 17, 2008, the Company issued a new promissory note of US\$15,000 in exchange for the Notes (see note 9) which matures upon the earlier of (i) the closing of a new equity financing by the Company; (ii) the closing of a reverse recapitalization transaction with a Special Purpose Acquisition Company pursuant to a plan of merger, conversion and share exchange agreement (the "Share Exchange Agreement") and (iii) the termination of the Share Exchange Agreement. Pursuant to the Share Exchange Agreement executed on March 31, 2009, if the reverse recapitalization transaction is approved by the shareholders of the Special Purpose Acquisition Company, US\$10,000 of the outstanding new promissory note shall be converted into either preferred shares or ordinary shares of the Special Purpose Acquisition Company as of the Closing Date (see note 9) and the remaining outstanding balance of US\$5,000 and all accrued and unpaid interest on the principal sum of US\$15,000 as of the Closing Date shall be paid in cash to the investor of the new promissory note. In addition, as discussed in note 21(b), on March 19, 2009, the Company issued interim notes of US\$3,500, which matures upon the earlier of (i) the closing of a new equity financing by the Company; and (ii) the closing of a reverse recapitalization transaction with the Special Purpose Acquisition Company pursuant to the Share Exchange Agreement. Pursuant to the Share Exchange Agreement executed on March 31, 2009, if the reverse recapitalization transaction is approved by the shareholders of the Special Purpose Acquisition Company, the principal amount outstanding under these interim notes as of the Closing Date shall be converted into either preferred shares or ordinary shares of the Special Purpose Acquisition Company. Further, as discussed in note 3, the Company entered into a number of business acquisitions in 2008, many of which require contingent consideration payable in cash based on the acquirees' future earnings. The Company has been in discussions with various investors to raise additional capital through the issuance of equity securities or debt instruments in order to repay the promissory notes, to fund the payment obligations arising from the business acquisitions consummated in 2008 and to fund the operations of its operating VIEs in the PRC. In addition, the Company is undergoing a reverse recapitalization transaction with a Special Purpose Acquisition Company that it believes will provide the necessary financing to repay these obligations.

The Company's ability to continue as a going concern is dependent on many events outside of its direct control, including, among other things, approval of the reverse recapitalization transaction with the Special Purpose Acquisition Company by the shareholders of that entity; obtaining additional financing from investors; and its ability to successfully negotiate an extended payment term of the promissory notes if the reverse recapitalization transaction is not completed. The Company's inability to generate cash flows to meet its obligations due to the uncertainty of the approval of the reverse recapitalization transaction, and the uncertainty of raising additional capital, among other factors, raises substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). This basis of accounting differs in certain material respects from that used for the preparation of the statutory books of the Company s consolidated subsidiaries and VIEs, which are prepared in accordance with the accounting principles and the relevant financial regulations applicable in the place of domicile of the respective entities in

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the Group. The accompanying consolidated financial statements reflect necessary adjustments not recorded in the statutory books of account of the Company's consolidated subsidiaries and VIEs to present them in conformity with U.S. GAAP.

(c) Significant concentrations and risks

For the year ended December 31, 2008, except for an advertising agency customer which contributed 13% of the Group's advertising service revenues, none of the Group's customers individually contributed more than 10% of the Group's advertising service revenues. For the period from February 9, 2007 (date of inception) through December 31, 2007, none of the Group's customers individually contributed more than 10% of the Group's advertising service revenues.

Except for an advertising agency customer which accounted for 13% of the Group's accounts receivable as of December 31, 2008, no individual customer accounted for more than 10% of accounts receivable as of December 31, 2008. None of the Group's customers individually accounted for more than 10% of the Group's accounts receivable as of December 31, 2007.

As of December 31, 2007, 70% of the Group's total cash and bank deposit was placed with a financial institution in the HKSAR which is affiliated with one of the holders of Series B redeemable convertible preferred shares. There is no concentration of cash and bank deposit as of December 31, 2008.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the financial statements of the Company, its subsidiaries and consolidated VIEs. Also, the accompanying consolidated financial statements for the period ended December 31, 2007 included the results of operations of Conghui for the period from June 4, 2007 to October 31, 2007, which is the date the contractual agreements were terminated between Jieli Consulting and Conghui as referred to in note 1(b). For the period from June 4, 2007 to October 31, 2007, the revenues and income from operations of Conghui were US\$604 and US\$147, respectively. All significant intercompany balances and transactions have been eliminated upon consolidation.

(b) Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires the Company's management to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the allowance for doubtful receivables; useful lives and residual values of property and equipment and intangible assets; recoverability of the carrying amount of property and equipment, goodwill and intangible assets; fair values of financial instruments; the fair values of the assets acquired and liabilities assumed upon the consolidation of Sige, Dale and Conghui in 2007 and businesses acquired in 2008; and the assessment of contingent obligations. These

estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

(c) Foreign currency transactions and translation

The Group's reporting currency is the United States dollars (US\$). The functional currency of the Company is the US\$, whereas the functional currency of the Company's subsidiaries and consolidated VIEs in the PRC is the Renminbi (RMB) and the functional currency of the Company's subsidiaries in the HKSAR

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is the Hong Kong Dollars (HK\$), as the PRC and HKSAR are the primary economic environments in which the respective entities operate. Since the RMB is not a fully convertible currency, all foreign exchange transactions involving RMB must take place either through the People's Bank of China (the PBOC) or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC.

Transactions denominated in currencies other than the functional currency are translated into the respective functional currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the functional currency are translated into the functional currency using the applicable exchange rate at each balance sheet date. The resulting exchange differences are recorded in foreign currency exchange loss, net in the consolidated statements of income.

The assets and liabilities of the Company's subsidiaries and consolidated VIEs are translated into the US\$ reporting currency using the exchange rate at each balance sheet date. Revenue and expenses of these entities are translated into US\$ at average rates prevailing during the year. Gains and losses resulting from translation of these entities' financial statements into the US\$ reporting currency are recorded as a separate component of accumulated other comprehensive income within shareholders' deficit/equity.

(d) Cash and restricted bank deposit

Cash consists of cash on hand and cash in bank accounts. Cash that is restricted as to withdrawal for use or pledged as security is disclosed separately on the face of the balance sheet, and is not included in cash in the consolidated statements of cash flows. Restricted deposit of US\$4,000 as of December 31, 2007 represented a bank deposit for securing a short-term bank loan. The restriction on the bank deposit was released upon the repayment of the bank loan in January 2008.

As of December 31, 2007 and 2008, the Group's cash and bank deposit were held in major financial institutions located in the PRC and the HKSAR, which management believes have high credit ratings. Cash and restricted bank deposit held in the PRC and the HKSAR as of December 31, 2007 and 2008 were as follows:

	December 31,			
	2007		2008	
	Original currency	US\$ equivalent	Original currency	US\$ equivalent
Cash held in the PRC	RMB19,152	2,627	RMB37,952	5,553
	US\$ 518	518	US\$ 2	2
Cash held in the HKSAR	US\$ 3,188	3,188	US\$ 17	17
			HK\$ 1,111	143
Restricted bank deposit held in the HKSAR	US\$ 4,000	4,000		

(e) Accounts receivable

Accounts receivable consist of amounts billed and unbilled receivables. Unbilled receivables relate to revenues earned and recognized, but which have not been billed by the Group in accordance with the terms of the advertising service contract. The payment terms of the Group's service contracts with its customers vary and typically require an initial payment to be billed or paid at the commencement of the service period, progress payments to be billed during the service period, and a final payment to be billed after the completion of the service period. None of the Group's accounts receivable bear interest. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in the Group's existing accounts receivable. Management determines the allowance based on historical write-off experience and

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review of customer specific facts and economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Group does not have any off-balance-sheet credit exposure related to its customers.

(f) Long-lived assets*Property and equipment*

Property and equipment are stated at cost, net of accumulated depreciation or amortization. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, taking into consideration the assets' salvage or residual value. The estimated useful lives of property and equipment are as follows:

Leasehold improvements	Over the remaining term of the lease ranging from 1 to 3 years
Advertisement display equipment	3 to 5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

When items of property and equipment are retired or otherwise disposed of, income is charged or credited for the difference between the net book value and proceeds received thereon. Ordinary maintenance and repairs are charged to expense as incurred, and replacements and betterments are capitalized.

Goodwill

Goodwill represents the excess of the consideration over the fair value of the net assets of Sige's advertising business upon consolidation (see note 1(b)) and the aggregate purchase price over the fair value of the net assets acquired in business combinations (see note 3). Goodwill is not amortized, but instead evaluated for impairment at least annually.

Intangible assets

The Group's intangible assets are amortized on a straight line basis over their respective estimated useful lives, which are the periods over which the assets are expected to contribute directly or indirectly to the future cash flows of the Group. The Group's intangible assets represent customer relationship and lease agreements, which have estimated useful lives ranging from 1 to 4 years.

Impairment of long-lived assets

Long-lived assets, such as property and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Group first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various techniques including

discounted cash flow model, quoted market values and other techniques performed by third-party independent appraisers. No impairment of long-lived assets was recognized for the period from February 9, 2007 (date of inception) through December 31, 2007 or for the year ended December 31, 2008.

Goodwill is reviewed for impairment at least annually in accordance with the provisions of FASB Statement No. 142, *Goodwill and Other Intangible Assets*. The impairment determination is made at the reporting unit level and consists of two steps. In the first step, the management determines the fair value of a reporting unit and compares it to its carrying amount, including goodwill. Second, if the carrying amount of a

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reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation, in accordance with FASB Statement No. 141 *Business Combinations* (SFAS No. 141). The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed. No goodwill impairment loss was recorded for the period from February 9, 2007 (date of inception) through December 31, 2007 or for the year ended December 31, 2008.

(g) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates or laws is recognized in income in the period that the change in tax rates or laws is enacted. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion or all of the deferred tax assets will not be realized.

The Group applies FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, an interpretation of Statement of Financial Accounting Standards No. 109* (FIN 48). FIN 48 clarifies the accounting for uncertain tax positions. This interpretation requires that an entity recognizes in the consolidated financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Group's accounting policy is to accrue interest and penalties related to uncertain tax positions, if and when required, as interest expense and a component of general and administrative expenses, respectively, in the consolidated statements of income.

(h) Revenue recognition

The Group recognizes advertising service revenue on a straight-line basis over the period in which the customer advertisement is to be displayed, which typically ranges from 1 month to 2 years, starting from the date the Group first displays the advertisement. Written contracts are entered into between the Group and its customers to specify the price, the period and the location at which the advertisement is to be displayed. Revenue is only recognized if the collectibility of the advertising service fee is probable. Customer payments received in excess of the amount of revenue recognized are recorded as deferred revenue in the balance sheet.

The Group also enters into barter transactions, which represents the exchange of the Group's advertising services for goods, non-advertising services or dissimilar advertising services provided by third parties. Dissimilar advertising services represent placing advertisements on other media such as television channels, newspapers or magazines for the Group. Revenues and expenses are recognized from an advertising barter transaction only if the fair value of the

advertising surrendered in the transaction is determinable based on the Group's own historical practice of receiving cash or other consideration that is readily convertible to a known amount of cash for similar advertising from buyers unrelated to the counterparty in the barter transaction. A period not to exceed six months prior to the date of the barter transaction is used to determine whether a historical experience exists of receiving cash for similar advertising. If the fair value of the advertising

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surrendered in the barter transaction is not determinable, the barter transaction is recorded based on the carrying amount of the advertising surrendered, which is generally nil. For the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008, revenue recognized from barter transactions amounted to US\$563 and US\$2,670, respectively.

The Group is subject to business tax and surcharges on the amount of its advertising service revenues. Revenues are recorded net of business tax and surcharges of US\$671 and US\$5,754, respectively for the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008.

(i) Cost of revenues

Cost of revenues consists primarily of operating lease cost of advertising space for displaying advertisements, depreciation of advertising display equipment, amortization of intangible assets relating to lease agreements and direct staff and material costs associated with production and installation of advertising content.

(j) Operating leases

The Group leases advertising space and office premises under non-cancellable operating leases. Minimum lease payments are expensed on a straight-line basis over the lease term. Under the terms of the lease agreements, the Group has no legal or contractual asset retirement obligation at the end of the lease.

(k) Advertising expenses

Advertising expenses are expensed as incurred and are included in sales and marketing expenses. Advertising expenses for the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008 amounted to US\$91 and US\$2,048, respectively.

(l) Retirement and other postretirement benefits

Pursuant to relevant PRC regulations, the Company's subsidiaries and consolidated VIEs in the PRC are required to make contributions to various defined contribution retirement plans organized by the PRC government. The contributions are made for each qualifying PRC employee at rates ranging from 18% to 20% on a standard salary base as determined by the PRC governmental authority. Contributions to the defined contribution plans are charged to the consolidated statements of income as the related employee service is provided.

The Company's subsidiaries in the HKSAR operate a Mandatory Provident Fund Scheme (the MPF scheme) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer is required to make contributions to the scheme at 5% of the employees' relevant income, subject to an upper limit. Contributions to the scheme vest immediately.

For the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008, contributions to the above defined contribution retirement plans were US\$143 and US\$382

respectively.

The Group has no other obligation for the payment of employee benefits associated with these retirement plans beyond the contributions described above.

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(m) Share-based payments

The Group accounts for share-based payments in accordance with FASB Statement No. 123 (revised 2004), *Share-based payment* (SFAS No. 123R). Under SFAS No. 123R, the Group measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes the costs over the period the employee is required to provide service in exchange for the award, which generally is the vesting period. For awards with performance conditions, the compensation expense is based on the grant-date fair value of the award, the number of shares ultimately expected to vest and the vesting period. Details of the Group's 2008 Share Incentive Plan are set out in note 16.

(n) Commitments and contingencies

In the normal course of business, the Group is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations, customer lawsuit and tax matters. The Group records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

(o) Segment reporting

The Group has one operating segment as defined by FASB Statement No. 131, *Disclosure about Segments of an Enterprise and Related Information* . The Group's advertising service revenues generated from customers outside the PRC is less than 10% of the Group's total consolidated revenues and the Group's total long-lived tangible assets located outside the PRC is less than 10% of the Group's total consolidated long-lived tangible assets. Consequently no geographic information is presented.

(p) Recently issued accounting standards

FASB Statement No. 141(R) (SFAS No. 141(R)) and *FASB Statement No. 160* (SFAS No. 160)

In December 2007, the FASB issued SFAS No. 141 (Revised) *Business Combinations* and Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements - an amendment to ARB No. 51* . SFAS No. 141(R) and SFAS No. 160 require most identifiable assets, liabilities, noncontrolling interests and goodwill acquired in a business combination to be recorded at full fair value and require noncontrolling interests (previously referred to as minority interests) to be reported as a component of equity, which changes the accounting for transactions with noncontrolling interest holders. Both statements are effective for periods beginning on or after December 15, 2008, and earlier adoption is prohibited. SFAS No. 141(R) will be applied to business combinations occurring after the effective date. SFAS No. 160 will be applied prospectively to all noncontrolling interests, including any that arose before the effective date, except that presentation and disclosure requirements will be applied retroactively. Management does not expect adoption of SFAS No. 160 to have a material impact on the Company's consolidated financial statements.

FASB Staff Position FAS 142-3 (FSP FAS No. 142-3)

In April 2008, the FASB issued FSP FAS No. 142-3 Determination of the Useful Life of Intangible Assets . FSP FAS No. 142-3 amends the guidance in FASB Statement No. 142 about estimating the useful lives of recognized intangible assets, and requires additional disclosure related to renewing or extending the terms of recognized intangible assets. In estimating the useful life of a recognized intangible asset, this FSP requires companies to consider their historical experience in renewing or extending similar arrangements together with the asset s intended use, regardless of whether the arrangements have explicit renewal or

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extension provisions. In the absence of historical experience, companies should consider the assumptions market participants would use about renewal or extension consistent with the highest and best use of the asset. However, market participant assumptions should be adjusted for entity-specific factors. FSP FAS No. 142-3 is effective for fiscal years beginning after December 15, 2008. Early adoption is prohibited. Management does not expect adoption of FSP FAS No. 142-3 to have a material impact on the Company's consolidated financial statements.

3. Acquisitions**(a) Shanghai Jincheng Advertising Co., Ltd. (Shanghai Jincheng)**

In January 2008, Jingli acquired the advertising business of Shanghai Jincheng for cash consideration of US\$960 (RMB7,000). Direct transaction cost for this acquisition was immaterial. Shanghai Jincheng is principally engaged in the provision of advertising services using light boxes that are placed in cafeterias and commercial buildings in Shanghai Municipality of the PRC. This acquisition allows the Group to expand its service offerings and advertising locations in Shanghai Municipality of the PRC. The acquisition was recorded using the purchase method of accounting. The fair value of the identifiable assets acquired and liabilities assumed of Shanghai Jincheng was based on a valuation performed by an independent valuation firm using the multiple period excess earnings method and is set out in the table below. Goodwill of US\$1,005 was recorded for the acquisition, which relates to the work force of Shanghai Jincheng and the synergies expected to be achieved from integrating Shanghai Jincheng's advertising locations. The goodwill recognized in connection with the business combination of Shanghai Jincheng is not deductible for tax purpose. The purchase price allocation is as follows:

	US\$
Cash	2
Prepaid expenses and other current assets	12
Equipment	9
Customer relationship (average amortization period: 1 year)	2
Lease agreements (average amortization period: 3 years)	85
Total tangible and intangible assets acquired	110
Accounts payable	(15)
Accrued expenses and other payables	(2)
Deferred revenue	(5)
Income taxes payable	(111)
Deferred tax liabilities	(22)
Total liabilities assumed	(155)
Goodwill	1,005
Total consideration	960

(b) *Shaanxi Xinshichuang Advertising Planning Co., Ltd. (Shaanxi Xinshichuang)*

In January 2008, Jingli acquired the advertising business of Shaanxi Xinshichuang for cash consideration of US\$1,683 (RMB12,270). Direct transaction cost for this acquisition was immaterial. Shaanxi Xinshichuang is primarily engaged in the provision of advertising services using poster frames that are placed inside elevators in residential and commercial buildings in Xi'an city of the PRC. This acquisition allows the Group to expand its advertising business to different locations in the PRC. The acquisition was recorded using the

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purchase method of accounting. The fair value of the identifiable assets acquired and liabilities assumed of Shaanxi Xinshichuang was based on a valuation performed by an independent valuation firm using the multiple period excess earnings method and is set out in the table below. Goodwill of US\$1,560 was recorded for the acquisition, which relates to the work force of Shaanxi Xinshichuang and the synergies expected to be achieved from integrating Shaanxi Xinshichuang's advertising locations. The goodwill recognized in connection with the business combination of Shaanxi Xinshichuang is not deductible for tax purpose. The purchase price allocation is as follows:

	US\$
Cash	57
Accounts receivable, net of allowance for doubtful accounts	193
Prepaid expenses and other current assets	59
Equipment	20
Customer relationship (average amortization period: 1 year)	7
Lease agreements (average amortization period: 2 years)	143
Total tangible and intangible assets acquired	479
Accounts payable	(2)
Accrued expenses and other payables	(57)
Income taxes payable	(260)
Deferred tax liabilities	(37)
Total liabilities assumed	(356)
Goodwill	1,560
Total consideration	1,683

(c) *Beijing Wanshuizhiyuan Advertising Co., Ltd.* (*Beijing Wanshuizhiyuan*), *Shenyang Xicheng Advertising Co., Ltd.* (*Shenyang Xicheng*) and *Qingdao Kaixiang Advertising Co., Ltd.* (*Qingdao Kaixiang*)

In January 2008, Jingli acquired the respective advertising businesses of Beijing Wanshuizhiyuan, Shenyang Xicheng and Qingdao Kaixiang. These acquisitions were unrelated to each other. Aggregate direct transaction cost for these acquisitions was US\$79. These entities are primarily engaged in the provision of advertising services using outdoor billboards in Beijing Municipality, Shenyang city and Qingdao city respectively of the PRC. These acquisitions allow the Group to expand its service offerings and advertising locations in the PRC. The purchase consideration for each acquisition is to be settled in cash and is contingent based on a range of multiples applied to the respective U.S. GAAP net income of Beijing Wanshuizhiyuan, Shenyang Xicheng and Qingdao Kaixiang for each of the 12-month periods in the 2-year earn-out period following the acquisition (earn-out period) ending December 31, 2009. The contingent purchase price consideration for each entity is payable once the audit of the U.S. GAAP net income for each individual 12-month period during the earn-out period is completed. As such, the purchase price allocation cannot be completed until the contingencies are resolved. Because no cash or other assets were distributed or securities issued,

and the contingent consideration was not determinable beyond a reasonable doubt at the date of acquisition, no goodwill was recognized due to the contingent nature of the consideration. However, a liability is recorded for the estimated fair value of identifiable net assets acquired, which represents the amount of negative goodwill upon initial purchase price allocation. Upon resolution of the contingency, adjustment to goodwill or against the identifiable net assets is to be made in accordance with SFAS No. 141.

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The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed by Jingli at the date of acquisition for each of Beijing Wanshuizhiyuan, Shenyang Xicheng and Qingdao Kaixiang, which was based on valuations performed by an independent valuation firm using the multiple period excess earnings method.

	Beijing	Shenyang	Qingdao
	Wanshuizhiyuan	Xicheng	Kaixiang
	US\$	US\$	US\$
Cash	472	190	19
Accounts receivable, net of allowance for doubtful accounts	165	136	430
Prepaid expenses and other current assets	75	24	281
Amounts due from related parties	7	119	4
Equipment		3	72
Customer relationship (average amortization period: 1-3 years)	181	623	122
Lease agreements (average amortization period: 2-3 years)	200	737	239
Accounts payable	(176)	(91)	(246)
Accrued expenses and other payables	(40)	(37)	(3)
Deferred revenue	(323)	(92)	(220)
Amounts due to related parties			(233)
Income taxes payable	(114)	(38)	(21)
Deferred tax liabilities	(95)	(340)	(90)
Fair value of identifiable net assets	352	1,234	354

As of December 31, 2008, the aggregate contingent consideration in connection with the first 12-month earn-out period of Beijing Wanshuizhiyuan, Shenyang Xicheng and Qingdao Kaixiang is determined to be US\$24,966. As such, aggregate goodwill of US\$23,105 was recorded, which relates to the work force and the synergies expected to be achieved from integrating the advertising services and locations of each of Beijing Wanshuizhiyuan, Shenyang Xicheng and Qingdao Kaixiang. The goodwill recognized in connection with the business combination is not deductible for tax purpose.

(d) Shanghai Haiya Advertising Co., Ltd. (Shanghai Haiya)

In February 2008, Jingli acquired the advertising business of Shanghai Haiya. Shanghai Haiya is primarily engaged in the provision of advertising services using light boxes inside metro stations in Shanghai Municipality of the PRC. This acquisition allows the Group to increase its service offerings and advertising locations in Shanghai Municipality of the PRC. The purchase consideration is to be settled in cash and is contingent based on a range of multiples applied to the

U.S. GAAP net income of Shanghai Haiya for each of the 12-month periods in the 2-year earn-out period ending January 31, 2010. The contingent purchase price consideration is payable once the audit of the U.S. GAAP net income for each individual 12-month period during the earn-out period is completed. As such, the purchase price allocation cannot be completed until the contingencies are resolved. Because no cash or other assets were distributed or securities issued, and the contingent consideration was not determinable beyond a reasonable doubt at the date of acquisition, no goodwill was recognized due to the contingent nature of the consideration. However, a liability is recorded for the identifiable net assets acquired, which represents the amount of negative goodwill upon initial purchase

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price allocation. Upon resolution of the contingency, adjustment to goodwill or against the identifiable net assets is to be made in accordance with SFAS No. 141.

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed by Jingli at the date of acquisition of US\$572, which was based on a valuation performed by an independent valuation firm using the multiple period excess earnings method.

	US\$
Cash	12
Accounts receivable, net of allowance for doubtful accounts	77
Prepaid expenses and other current assets	287
Amounts due from related parties	75
Equipment	15
Deferred tax assets	10
Customer relationship (average amortization period: 2 years)	27
Lease agreements (average amortization period: 4 years)	958
Accounts payable	(112)
Accrued expenses and other payables	(10)
Deferred revenue	(103)
Amounts due to related parties	(418)
Deferred tax liabilities	(246)
Fair value of identifiable net assets	572

(e) Tianjin Shengshitongda Advertising Creativity Co., Ltd. (Tianjin Shengshitongda)

In April 2008, Jingli acquired the advertising business of Tianjin Shengshitongda. Tianjin Shengshitongda is primarily engaged in the provision of advertising services using poster frames that are placed inside elevators in residential and commercial buildings in Tianjin Municipality of the PRC. This acquisition allows the Group to expand its advertising business to different locations in the PRC. The purchase consideration is to be settled in cash and is contingent based on a range of multiples applied to the U.S. GAAP net income of Tianjin Shengshitongda for each of the 12-month periods in the 2-year earn-out period ending March 31, 2010. The contingent purchase price consideration is payable once the audit of the U.S. GAAP net income for each individual 12-month period during the earn-out period is completed. As such, the purchase price allocation cannot be completed until the contingencies are resolved. Because no cash or other assets were distributed or securities issued, and the contingent consideration was not determinable beyond a reasonable doubt at the date of acquisition, no goodwill was recognized due to the contingent nature of the consideration. However, a liability is recorded for the identifiable net assets acquired, which represents the amount of negative goodwill upon initial purchase price allocation. Upon resolution of the contingency, adjustment to goodwill or against the identifiable net assets is to be made in accordance with SFAS No. 141.

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(Amounts in thousands, except share data)

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed by Jingli at the date of acquisition of US\$21, which was based on a valuation performed by an independent valuation firm using the multiple period excess earnings method.

	US\$
Cash	19
Prepaid expenses and other current assets	9
Customer relationship (average amortization period: 1 year)	2
Lease agreements (average amortization period: 2 years)	17
Accounts payable	(16)
Accrued expenses and other payables	(5)
Deferred tax liabilities	(5)
Fair value of identifiable net assets	21

(f) Beijing Youluo Advertising Co., Ltd. (Beijing Youluo)

In April 2008, Jingli acquired the advertising business of Beijing Youluo. Beijing Youluo is primarily engaged in the provision of advertising services using outdoor billboards in Beijing Municipality and Shanghai Municipality of the PRC. This acquisition allows the Group to expand its service offerings and advertising locations in Shanghai Municipality and Beijing Municipality of the PRC. The purchase consideration is to be settled in cash and is contingent based on a range of multiples applied to the U.S. GAAP net income of Beijing Youluo for each of the 12-month periods in the 2-year earn-out period ending March 31, 2010. The contingent purchase price consideration is payable once the audit of the U.S. GAAP net income for each individual 12-month period during the earn-out period is completed. As such, the purchase price allocation cannot be completed until the contingencies are resolved. Because no cash or other assets were distributed or securities issued, and the contingent consideration was not determinable beyond a reasonable doubt at the date of acquisition, no goodwill is recognized due to the contingent nature of the consideration. However, a liability is recorded for the identifiable net assets acquired, which represents the amount of negative goodwill upon initial purchase price allocation. Upon resolution of the contingency, adjustment to goodwill or against the identifiable net assets is to be made in accordance with SFAS No. 141.

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed by Jingli at the date of acquisition of US\$3,315, which was based on a valuation performed by an independent valuation firm using the multiple period excess earnings method.

	US\$
Cash	71
Equipment	70
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Customer relationship (average amortization period: 2 years)	1,564
Lease agreements (average amortization period: 3 years)	2,692
Accrued expenses and other payables	(18)
Deferred tax liabilities	(1,064)
Fair value of identifiable net assets	3,315

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Table of Contents**SearchMedia International Limited****Notes to Consolidated Financial Statements (Continued)**
(Amounts in thousands, except share data)**(g) Ad-Icon Company Limited (Ad-Icon)**

In April 2008, the Company acquired the advertising business of Ad-Icon. Ad-Icon is primarily engaged in the provision of advertising services using outdoor billboards in HKSAR. This acquisition allows the Group to expand its service offerings and advertising business to the HKSAR. The purchase consideration is to be settled in cash and is contingent based on a range of multiples applied to the U.S. GAAP net income of Ad-Icon for each of the 12-month periods in the 2-year earn-out period ending March 31, 2010. The contingent purchase price consideration is payable once the audit of the U.S. GAAP net income for each individual 12-month period during the earn-out period is completed. As such, the purchase price allocation cannot be completed until the contingencies are resolved. Because no cash or other assets were distributed or securities issued, and the contingent consideration was not determinable beyond a reasonable doubt at the date of acquisition, no goodwill was recognized due to the contingent nature of the consideration. However, a liability is recorded for the identifiable net assets acquired, which represents the amount of negative goodwill upon initial purchase price allocation. Upon resolution of the contingency, adjustment to goodwill or against the identifiable net assets is to be made in accordance with SFAS No. 141.

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed by SearchMedia at the date of acquisition of US\$219, which was based on a valuation performed by an independent valuation firm using the multiple period excess earnings method.

	US\$
Cash	25
Accounts receivable, net of allowance for doubtful accounts	129
Prepaid expenses and other current assets	227
Amounts due from related parties	70
Equipment	10
Customer relationship (average amortization period: 2 years)	148
Lease agreements (average amortization period: 2 years)	104
Accounts payable	(61)
Accrued expenses and other payables	(2)
Deferred revenue	(143)
Amounts due to related parties	(211)
Income taxes payable	(35)
Deferred tax liabilities	(42)
Fair value of identifiable net assets	219

(h) Changsha Jingli Advertising Co., Ltd. (Changsha Jingli), Wenzhou Rigao Advertising Co., Ltd. (Wenzhou Rigao) and Wuxi Ruizhong Advertising Co., Ltd. (Wuxi Ruizhong)

In July 2008, the Company acquired the respective advertising businesses of Changsha Jingli, Wenzhou Rigao and Wuxi Ruizhong. These entities are primarily engaged in the provision of advertising services using poster frames that are placed inside elevators in residential and commercial buildings in Changsha city, Wenzhou city and Wuxi city respectively of the PRC. These acquisitions allow the Group to expand its advertising business to different locations in the PRC. The purchase consideration for each acquisition is to be settled in cash and is contingent based on a range of multiples applied to the respective U.S. GAAP net income of Changsha Jingli, Wenzhou Rigao and Wuxi Ruizhong for each of the 12-month periods in the 2-year earn-out period ending June 30, 2010. The contingent purchase price consideration for each entity is

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(Amounts in thousands, except share data)

payable once the audit of the U.S. GAAP net income for each individual 12-month period during the earn-out period is completed. As such, the purchase price allocation cannot be completed until the contingencies are resolved. Because no cash or other assets were distributed or securities issued, and the contingent consideration was not determinable beyond a reasonable doubt at the date of acquisition, no goodwill was recognized due to the contingent nature of the consideration. However, a liability is recorded for the identifiable net assets acquired, which represents the amount of negative goodwill upon initial purchase price allocation. Upon resolution of the contingency, adjustment to goodwill or against the identifiable net assets is to be made in accordance with SFAS No. 141.

The following table summarizes the fair value of the identifiable assets acquired and liabilities assumed by Jingli at the date of acquisition for each of Changsha Jingli, Wenzhou Rigao and Wuxi Ruizhong, which was based on valuations performed by an independent valuation firm using the multiple period excess earnings method.

	Changsha Jingli US\$	Wenzhou Rigao US\$	Wuxi Ruizhong US\$
Cash		25	31
Accounts receivable, net of allowance for doubtful accounts	119	36	89
Prepaid expenses and other current assets	73	9	51
Equipment		41	28
Customer relationship (average amortization period: 1 year)	20	98	31
Lease agreements (average amortization period: 2-3 years)	36	144	168
Accounts payable	(12)	(116)	(14)
Amounts due to related parties	(11)		(2)
Accrued expenses and other payables	(6)	(23)	(60)
Deferred revenue		(66)	(44)
Income taxes payable			(46)
Deferred tax liabilities	(14)	(61)	(50)
Fair value of identifiable net assets	205	87	182

(i) Unaudited pro forma financial information

The following unaudited pro forma financial information presents the results of operations of the Group as if the acquisitions of the entities in notes 3(a) to 3(h) had occurred as of the beginning of the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008. These results include the impact of preliminary fair value adjustments on intangible assets and the related adjustments on deferred taxes. The unaudited pro forma financial information is not necessarily indicative of what the Group's consolidated results of operations would actually have been had it completed the acquisitions at the beginning of the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008. In addition, the unaudited pro forma financial information does not attempt to project the future results of operations of the combined

entity.

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(Amounts in thousands, except share data)

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Advertising service revenues	20,030	95,093
Income from operations	900	24,354
Net income	491	5,444

4. Accounts receivable, net of allowance for doubtful accounts

Accounts receivable consist of the following:

	December 31, 2007 US\$	December 31, 2008 US\$
Accounts receivable	4,980	38,477
Less: allowance for doubtful accounts	(160)	(1,469)
Accounts receivable, net	4,820	37,008

As of December 31, 2007 and 2008, the Group's accounts receivable includes amounts earned and recognized as revenues of US\$391 and US\$4,484, respectively but not yet billed (unbilled receivables). Management expects all unbilled receivables to be billed and collected within 12 months of the balance sheet date.

The following table presents the movement of the allowance for doubtful accounts:

	Period from February 9, 2007 (date of inception) through December 31, 2007	Year ended December 31, 2008
--	---	---

	US\$	US\$
Beginning allowance for doubtful accounts		160
Additions charged to bad debt expense	160	1,309
Ending allowance for doubtful accounts	160	1,469

5. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	December 31, 2007 US\$	December 31, 2008 US\$
Prepaid rent	760	7,426
Other prepaid expenses	441	3,224
Rental deposits and other receivables	197	1,294
Total prepaid expenses and other current assets	1,398	11,944

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Table of Contents**SearchMedia International Limited****Notes to Consolidated Financial Statements (Continued)**
(Amounts in thousands, except share data)**6. Property and equipment, net**

Property and equipment, net consist of the following:

	December 31, 2007 US\$	December 31, 2008 US\$
Leasehold improvements	68	216
Advertising display equipment	4,128	6,839
Furniture, fixtures and office equipment	170	979
Motor vehicles	146	563
Total cost of property and equipment	4,512	8,597
Less: accumulated depreciation and amortization	(123)	(1,342)
Total property and equipment, net	4,389	7,255

Depreciation and amortization of property and equipment were allocated to the following categories of cost and expenses:

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Cost of revenues	78	986
General and administrative expenses	30	202
Total amortization	108	1,188

7. Goodwill and other intangible assets

The changes in carrying amount of goodwill are as follow:

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Beginning balance of goodwill		444
Recognized upon consolidation of Sige (note 1(b))	424	
Recognized upon acquisitions of Shanghai Jincheng and Shaanxi Xinshichuang (notes 3(a) and(b))		2,565
Recognized upon resolution of contingent consideration of Beijing Wanshuizhiyuan, Shenyang Xicheng and Qingdao Kaixiang (note 3(c))		23,105
Foreign currency exchange translation	20	34
Ending balance of goodwill	444	26,148

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(Amounts in thousands, except share data)

Intangible assets other than goodwill consist of the following:

	<i>Weighted average amortization period</i>	December 31, 2007 US\$	December 31, 2008 US\$
Gross amount			
Customer relationship	1-3 years	60	2,991
Lease agreements	1-4 years	183	5,927
		243	8,918
Accumulated amortization			
Customer relationship		(60)	(1,795)
Lease agreements		(102)	(1,888)
		(162)	(3,683)
Net intangible assets		81	5,235

Amortization of intangible assets was allocated to the following categories of cost and expenses:

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Cost of revenues	132	1,756
Sales and marketing expenses	86	1,709
Total amortization	218	3,465

Future expected amortization of intangible assets as of December 31, 2008 are as follows:

	US\$
2009	2,974
2010	1,735
2011	505
2012	21
	5,235

8. Short-term borrowings

The Group's short-term borrowing as of December 31, 2007 represented a RMB denominated secured short-term bank loan of US\$2,084 (RMB15,200) which was provided by Deutsche Bank A.G, an affiliated entity of one of the holders of Series B redeemable convertible preferred shares and was secured by US\$4,000 bank deposit. The short-term bank loan did not contain any financial covenants and bore interest at a fixed rate of 5.832% per annum. The loan was fully repaid in January 2008.

The Group's short term borrowings as of December 31, 2008 represent a short-term bank loan of US\$36, unsecured promissory notes of US\$1,700 and an unsecured loan of US\$120.

The short-term bank loan of US\$36 is guaranteed by management personnel of a subsidiary, bears interest at HIBOR minus 1%, has maturity through April 2009 and does not contain any financial covenants.

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On August 29, 2008, the Company issued promissory notes to a third party investor and an existing Series A preferred shareholder for cash of US\$700 and US\$1,000, respectively (First Interim Notes). The First Interim Notes mature at the earlier of (i) the date following six months after the execution of the First Interim Notes (that is, February 28, 2009); and (ii) upon the completion of a next equity financing of the Company subsequent to the issuance of the First Interim Notes. The First Interim Notes are unsecured and bear interest at 15% per annum. On March 27, 2009, the maturity date of the First Interim Notes was extended to September 30, 2009.

On December 19, 2008, the Company obtained a short-term loan of US\$120 from a third party lender. This loan has a maturity date at the earlier of (i) the closing of a reverse recapitalization transaction with a Special Purpose Acquisition Company pursuant to an agreement and plan of merger, conversion and share exchange agreement entered into on March 31, 2009 (see note 9); and (ii) December 17, 2009, is unsecured and bears interest at 15% per annum.

9. Promissory notes and warrants

On March 17, 2008, the Company issued convertible promissory notes (the Notes) to two investors (one being an existing Series A preferred shareholder) for total cash consideration of US\$12,000. The Notes bore interest at 12% per annum and matured on September 17, 2008. The investors of the Notes had the right to convert the principal amount of the Notes plus any accrued and unpaid interest into the Company's equity securities issued and sold before maturity (the Next Equity Financing) at a conversion price equal to 80% of the Next Equity Financing issue price.

The Company also granted the Notes investors warrants to purchase the Company's equity securities issued at the Next Equity Financing at an exercise price of 80% of the Next Equity Financing issue price (Note Warrants). The Note Warrants had an exercise period of three years commencing March 17, 2008. The number of shares issuable under the Note Warrants is equal to (a) 25% of the original principal amount of the Notes (Warrant Coverage), or US\$3,000, divided by (b) 80% of the actual purchase price per share of the Next Equity Financing. Since Series C redeemable convertible preferred shares, with an issuance price of US\$2.63 per share (see note 12(c)), were the Next Equity Financing, the purchase price used to determine the number of shares issuable under the Note Warrants has been determined to be US\$2.104 per share.

The gross proceeds from the issuance the Notes of US\$12,000 were first allocated to the fair value of Note Warrants of US\$2,100, which was presented within accrued expenses and other payables. The Note Warrants were determined to be a liability at inception pursuant to SFAS 150 *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity* because it embodies a conditional obligation that requires the issuer to settle the obligation by transferring a number of its ordinary shares if the holder exercises the Note Warrants and at inception the obligation has a monetary value that is based solely on variations inversely related to changes in the fair value of the issuer's equity shares. The remaining balance of the gross proceeds of US\$9,900 was recorded as promissory notes. Total issuance costs of US\$349 were initially recognized as a separate asset in the consolidated balance sheet. The discount on convertible notes of US\$2,100 and the Notes issuance costs of US\$349 was amortized to interest expense using the effective interest rate method.

Subsequent to initial recognition, the intrinsic value of the contingent beneficial conversion feature of US\$5,100, which was measured as of March 17, 2008, was recognized as an additional Notes discount with a corresponding credit to additional paid-in capital on May 30, 2008, being the date of the triggering event (that is, the issuance of

Next Equity Financing). The additional Notes discount and debt issue costs were fully amortized to interest expense over the term of the Notes from May 30, 2008 to September 17, 2008.

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For the year ended December 31, 2008, the amortization of discount on the Notes was US\$7,200, the interest on the Notes was US\$720, and the amortisation of issuance costs was US\$349, all of which were included in interest expense. The Note Warrant liability was recorded at its fair value of US\$1,618 as of December 31, 2008, with the change in fair value of US\$482 recognized in the consolidated statement of income for the year ended December 31, 2008.

On September 17, 2008, one of the Notes investors converted its Notes with principal sum of US\$2,000 and related accrued interest of US\$120 into 1,042,995 Series C redeemable convertible preferred shares at a conversion price of US\$2.104 per share. On the same date, the other Notes investor cancelled the Notes with principal sum of US\$10,000 plus accrued interest of US\$600 and all the related conversion right in exchange for a new promissory note (the New Note) with principal sum of US\$15,000. The New Note does not have a conversion right, bears interest at 12% per annum and matured on December 17, 2008. The related intrinsic value of the contingent beneficial conversion feature of US\$1,182 at the extinguishment date (that is, September 17, 2008) was charged to additional paid-in capital. A loss on extinguishment of the Notes of US\$3,218 was recognized in the consolidated statement of income for the year ended December 31, 2008.

The principal amount and accrued interest of the New Note was not repaid as of December 17, 2008 and the terms of the New Note were amended through a series of agreements between the New Note investor and the Company. As of December 31, 2008, the interest rate of the New Note remained at 12% per annum and the expiration date of the Note Warrants was extended to December 17, 2013. In connection with the issuance of the New Note, the Company agreed to pledge all of its equity interests (Collateral) in Jieli Consulting, Jieli Network, Great Talent and Ad-Icon (collectively as Guarantors) to guarantee the Company s obligations owed to the New Note investor.

On March 12, 2009, the New Note remained unpaid and the New Note investor agreed with the Company (subject to certain conditions as discussed below) to extend the maturity date of the New Note to a New Maturity Date which is defined as the earlier of (i) the closing of a new equity financing by the Company; (ii) the closing of a reverse recapitalization transaction with a Special Purpose Acquisition Company pursuant to a plan of merger, conversion and share exchange agreement (the Share Exchange Agreement); and (iii) the termination of the Share Exchange Agreement. Further, the effective date for the increase in Warrant Coverage by US\$750 for each month that the New Note remains outstanding, pro-rated by reference to the principal sum of the New Note then outstanding after any partial repayment in proportion to the principal sum of the New Note of US\$15,000, is postponed to the New Maturity Date while the interest rate of the New Note shall remain at 12% per annum until the New Maturity Date after which the interest rate of 20% per annum shall take effect.

In addition, the terms of the Note Warrants were amended such that (i) the Next Equity Financing shall also include the closing of an acquisition or merger of the Company; (ii) equity securities shall also include securities of the acquiring person in an acquisition; and (iii) the exercise price per share shall be equal to 80% of the price per share (on an as-if-converted basis) paid by the investors or the acquiring person. The Note Warrants shall be converted into a warrant to purchase ordinary shares of the Special Purpose Acquisition Company s successor pursuant to the Share Exchange Agreement.

On March 28, 2009, the Company s shareholders and board of directors resolved to amend the exercise price of Note Warrants from US\$2.104 per share to US\$0.44 per share as a result of the re-pricing of Series C redeemable

convertible preferred shares (see note 21(c)).

On March 31, 2009, the Share Exchange Agreement was executed. Pursuant to the Share Exchange Agreement, if the reverse recapitalization transaction is approved by the shareholders of the Special Purpose Acquisition Company, US\$10,000 of the outstanding New Note shall be converted into either preferred shares or ordinary shares of the Special Purpose Acquisition Company as of the closing date of the reverse

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recapitalization transaction with the Special Purpose Acquisition Company (Closing Date). The remaining outstanding balance of US\$5,000 of the New Note plus all accrued and unpaid interest on the principal sum of US\$15,000 of the New Note as of the Closing Date shall be paid in cash to the New Note investor.

10. Accrued expenses and other payables

Accrued expenses and other payables consist of the following:

	December 31, 2007 US\$	December 31, 2008 US\$
Accrued payroll and staff benefits	399	742
Business tax and surcharges payable	805	5,971
Note Warrant liability		1,618
Other accrued liabilities	179	4,887
Total accrued expenses and other payables	1,383	13,218

11. Related party transactions and balances**(a) Related party transactions**

In the ordinary course of business, the Group enters into certain transactions with its related parties. Management believes that these related party transactions were conducted at normal commercial terms. For the periods presented, material related party transactions are summarized as follows:

	Note	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Revenue from provision of advertising services	(i)		7,040
Expenses for leases of advertising space	(ii)		4,148

Note:

- (i) Represents amounts received / receivable from affiliated entities of senior management personnel of certain companies acquired by Jingli (see note 3), for provision of advertising services to these entities. The transactions are conducted on terms comparable to the terms of transactions with third parties.
- (ii) Represents amounts paid / payable to affiliated entities of senior management personnel of certain companies acquired by Jingli (see note 3), for leases of advertising spaces from these entities. The transactions are conducted on terms comparable to the terms of transactions with third parties.

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(Amounts in thousands, except share data)*(b) Amounts due from / to related parties are analyzed as follows:*

	Note	December 31, 2007 US\$	December 31, 2008 US\$
Customer payments collected on behalf of the Group	(i)	311	7,418
Receivables for provision of advertising services	(ii)		3,738
Advances to senior management personnel	(iii)		337
Due from related parties		311	11,493
Operating expenses paid on behalf of the Group	(iv)		227
Payables for the lease of advertising space	(v)		490
Due to related parties			717

Note:

- (i) Represents customer payments collected by the Company's shareholders and senior management personnel of Jingli's acquired subsidiaries on behalf of the Group companies which had not been remitted to the Group companies as of the balance sheet date. During the year ended December 31, 2008, certain customers remitted cash to individual shareholders of the Company and senior management personnel of certain subsidiaries of the Company to settle the amounts they owed to the Group. The amounts received by the shareholders and the senior management personnel are repaid back to the Group on a periodic basis and 75% of the outstanding balance as of December 31, 2008 has been repaid to the Group by June 30, 2009. The remaining balance is expected to be repaid to the Group within 2009.
- (ii) Represents amount receivable from affiliated companies of certain companies acquired by Jingli (see note 3) for advertising services provided by the Group to these entities as described in note 11(a)(i) above. These amounts are repayable in accordance with normal payment terms with other unrelated customers.
- (iii) Represents the advances made by the Group to the senior management personnel of certain companies acquired by Jingli (see note 3). The amounts are interest free and are expected to be settled within 12 months from the balance sheet date and are secured by the contingent purchase price payable of certain companies acquired by Jingli (see note 3) to the previous owners of the acquired companies.
- (iv) Represents operating expenses paid by the senior management personnel of certain companies acquired by Jingli (see note 3) on behalf of the Group. The amounts are interest free, unsecured and have no fixed terms of repayment. The balance as of December 31, 2008 is expected to be settled within 12 months from the balance

sheet date.

- (v) Represents operating lease payments payable to affiliated companies of certain companies acquired by Jingli (see note 3) for leases of advertising space as described in note 11(a)(ii) above. The amounts are repayable in accordance with normal payment terms with other unrelated advertising space suppliers.

12. Convertible Preferred Shares and Warrants

(a) Series A Convertible Preferred Shares and Warrants

In June 2007, the Company issued 10,000,000 Series A convertible preferred shares, with a par value of US\$0.0001 per share, and warrants to purchase 10,000,000 additional Series A convertible preferred shares at an exercise price of US\$0.10 per share (Series A Warrants) to a third party investor for total cash consideration of US\$1,000. The holders of Series A convertible preferred shares have no redemption right other than in liquidation.

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The gross proceeds of US\$1,000 were allocated to Series A convertible preferred shares and Series A Warrants on a relative fair value basis. The estimated fair values of the Series A convertible preferred shares and Series A Warrants were determined to be US\$818 and US\$219, respectively. Accordingly, the Series A convertible preferred shares are recorded at US\$789 and classified within shareholders' equity and the Series A Warrants are recorded in additional paid-in capital at US\$211. Total direct incremental costs of issuing the securities amounting to US\$85 were charged proportionally against the allocated amounts of Series A convertible preferred shares (US\$67) and Series A Warrants (US\$18) respectively.

Management determined that there was no embedded beneficial conversion feature attributable to the Series A convertible preferred shares at the commitment date since US\$0.0789, the effective conversion price of the Series A convertible preferred shares, was greater than the estimated fair value of the Company's ordinary shares, which was US\$0.0302 as of the commitment date.

The estimated fair values of the Series A convertible preferred shares and the ordinary shares of the Company at the commitment date was determined by management with reference to valuation performed on a retrospective basis by an independent valuation firm which calculated the Company's equity value by using the discounted cash flow method. This method eliminates the variation in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the business. In considering the appropriate discount rate to be applied, the Company has taken into account a number of factors including the current cost of finance and the risk inherent in the business. The estimated fair value of the Series A Warrants is estimated using the Black-Scholes Options Pricing Model.

The significant terms of the Series A convertible preferred shares are as follows:

Conversion

Each Series A convertible preferred share is convertible, at the option of the holder, at any time after the issuance date into the Company's ordinary shares at the ratio of 1:1, subject to certain anti-dilution provisions as provided in the Company's articles of association.

Voting Rights

Series A convertible preferred shares shall carry such number of votes as is equal to the number of votes of ordinary shares then issuable upon conversion. The Series A convertible preferred shares shall vote together with the ordinary shares on an as-converted basis, and not as a separate class, except certain protective provisions as provided in the Company's articles of association, or as required by the applicable law.

Registration Rights

The holders of Series A convertible preferred shares shall be entitled to certain registration rights including demand registration, piggyback registration and Form F-3 registration. Such rights allow the holders of at least 50% of shares having registration rights then outstanding to demand the Company at any time after the closing of a Qualified IPO to file a registration statement covering the offer and sales of their securities, subject to certain restrictions and

conditions. A Qualified IPO means a firm commitment, underwritten initial public offering by the Company of its ordinary shares, on any exchange selected by the Company and agreed by Deutsche Bank A.G., valuation of the Company equal to no less than US\$200,000 immediately prior to the initial public offering and total offering proceeds to the Company of no less than US\$60,000 after deduction of underwriters commissions and expenses.

The Company will pay all expenses relating to such registrations, except broker's commission, underwriting discounts, selling commissions and stock transfer taxes. The Company is to use its best efforts to

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register such shares for resale, however, the Company is not required to provide for any payment or transfer any other consideration to the holder of Series A convertible preferred shares in the event of non-performance.

Dividends

After payment of dividends on the Series C redeemable convertible preferred shares and Series B redeemable convertible preferred shares, holders of the Series A convertible preferred shares shall be entitled to receive dividends out of any funds legally available for this purpose, when and if declared by the Company's board of directors.

Liquidation preference

Upon any liquidation, dissolution or winding up of the Company, assets of the Company available for distribution shall be first distributed to the holders of Series C redeemable convertible preferred shares and the Series B redeemable convertible preferred shares. After such distributions, each Series A convertible preferred share holder shall be entitled to receive, prior and in preference to any distribution to the ordinary shareholders, an amount equal to 150% of the Series A convertible preferred share purchase price plus all declared but unpaid dividends on the Series A convertible preferred shares.

(b) Series B Redeemable Convertible Preferred Shares and Warrants

In August 2007, the Company issued 36,363,635 Series B redeemable convertible preferred shares with a par value of US\$0.0001 per share, and warrants to purchase 5,000,000 ordinary shares of the Company at an exercise price of US\$0.55 per share (Series B Warrants) to two investors (one being an existing holder of Series A convertible preferred shares) for total cash consideration of US\$20,000. The holders of Series B redeemable convertible preferred shares have redemption rights to request the Company to redeem the preferred shares either on February 16, 2010 or May 16, 2011. In addition, the Company shall redeem all outstanding Series B redeemable convertible preferred shares at the Series B redeemable convertible preferred share redemption price (the Redemption Price) on August 16, 2012 (Mandatory Redemption Date), if a Qualified IPO has not occurred before Mandatory Redemption Date. Subject to certain anti-dilution provisions as provided in the Company's articles of association, the Redemption Price shall be equal to the total of (i) any declared but unpaid dividend; (ii) 1.2 times of the Series B redeemable convertible preferred share purchase price; and (iii) interest of 15% compound annually.

The gross proceeds of US\$20,000 were allocated to the Series B redeemable convertible preferred shares and Series B Warrants on a relative fair value basis. The estimated fair values of the Series B redeemable convertible preferred shares and Series B Warrants were determined to be US\$19,848 and US\$426 respectively. Accordingly, the Series B redeemable convertible preferred shares are recorded at US\$19,580 and the Series B Warrants are recorded in additional paid-in capital at US\$420. The Series B redeemable convertible preferred shares have not been classified within shareholders' equity since they are redeemable. Total direct incremental costs of issuing the securities amounting to US\$1,526 were charged proportionally against the allocated amounts of Series B redeemable convertible preferred shares (US\$1,494) and Series B Warrants (US\$32) respectively. The accretion to redemption value of US\$32,364 (which represents the number of Series B redeemable convertible preferred shares multiplied by the Redemption Price) is accreted to February 16, 2010, which is the earliest date that the preferred shares could be redeemed. The accretion to redemption value amounted to US\$1,646 for the period from February 9, 2007 (date of

inception) through December 31, 2007 and was first charged against available additional paid-in capital balance of US\$1,549 in the absence of retained earnings with the remaining amount charged against accumulated deficit of US\$97. The accretion to redemption value amounted to US\$5,172 for the year ended December 31, 2008 and was first

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charged against retained earnings of US\$2,618 with the remaining amount of US\$2,554 charged against available additional paid-in capital in the absence of retained earnings.

Management determined that there was no embedded beneficial conversion feature attributable to the Series B redeemable convertible preferred shares at the commitment date since US\$0.55, the effective conversion price of the Series B redeemable convertible preferred shares, was greater than the estimated fair value of the Company's ordinary shares, which was US\$0.2941 as of the commitment date.

The estimated fair values of the Series B redeemable convertible preferred shares and the ordinary shares of the Company at the commitment date was determined by management with reference to valuation performed on a retrospective basis by an independent valuation firm which calculated the Company's equity value by using the discounted cash flow method. This method eliminates the variation in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the business. In considering the appropriate discount rate to be applied, the Company has taken into account a number of factors including the current cost of finance and the risk inherent in the business. The estimated fair value of the Series B Warrants is estimated using the Black-Scholes Options Pricing Model.

The other significant terms of the Series B redeemable convertible preferred shares are as follows:

Conversion

Each Series B redeemable convertible preferred shares shall be convertible, at the option of the holder, into the Company's ordinary shares at the ratio of 1:1 at any time, subject to certain anti-dilution provisions as provided in the Company's articles of association.

Voting Rights

Series B redeemable convertible preferred shares shall carry such number of votes as is equal to the number of votes of ordinary shares then issuable upon conversion. The Series B redeemable convertible preferred shares shall vote together with the ordinary shares on an as-converted basis, and not as a separate class, except certain projective provisions as provided in the Company's articles of association, or as required by the applicable law.

Registration Rights

The holders of Series B redeemable convertible preferred shares shall be entitled to certain registration rights including demand registration, piggyback registration and Form F-3 registration. Such rights allow the holders of at least 50% of shares having registration rights then outstanding to demand the Company at any time after the closing of a Qualified IPO to file a registration statement covering the offer and sale of their securities, subject to certain restrictions and conditions.

The Company shall pay all expenses relating to any demand, piggy back registrations or Form F-3 registrations, except broker's commission, underwriting discounts, selling commissions and stock transfer taxes. The Company shall use its best efforts to register such shares for resale, however, the Company is not required to provide for any payment

or transfer any other consideration to the holders of Series B redeemable convertible preferred shares in the event of non-performance.

Dividends

After payment of dividends on the Series C redeemable convertible preferred shares, Series B redeemable convertible preferred share holders shall be entitled to receive dividends out of any funds legally available for this purpose, when and if declared by the Company's board of directors.

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Liquidation preference

Upon any liquidation, dissolution or winding up of the Company, assets of the Company available for distribution shall be first distributed to the holders of Series C redeemable convertible preferred shares. After such distribution, holders of Series B redeemable convertible preferred shares shall be entitled to receive an amount equal to 150% of the Series B redeemable convertible preferred share purchase price plus all declared but unpaid dividends and distributions. If the assets available for distribution among the holders of Series B redeemable convertible preferred shares are insufficient to fully pay each holder, then the assets shall be distributed ratably among the Series B redeemable convertible preferred shares.

(c) Series C Redeemable Convertible Preferred Shares

On May 30, 2008, the Company issued a total 3,802,281 Series C redeemable convertible preferred shares (Series C Shares) with a par value of US\$0.0001 per share to two third party investors for total cash consideration of US\$10,000. Total direct incremental costs of issuing the securities amounting to US\$837 were charged against the Series C Shares proceeds. The holders of Series C Shares have redemption rights to request the Company to redeem the preferred shares within 30 days after the date falling eighteen months after the Series C Shares original issue date (that is, November 30, 2009); and on or after the date falling twenty-four months after the Series C Shares original issue date (that is May 30, 2010). In addition, the holders of Series C shares may redeem all outstanding Series C Shares at the Series C Shares redemption price upon the occurrence of an accelerated redemption triggering event such as a change-of-control; de-listing of the Company s shares following a qualified IPO; breach of representations, warranties, or covenants having a material impact on the Company s value; or breach of the Company s debt obligations or other material contracts or obligations. Subject to certain anti-dilution provisions as provided in the Company s articles of association, the redemption price will be equal to the total of (i) any declared but unpaid dividend; (ii) the adjusted Series C redeemable convertible preferred share purchase price; and (iii) interest of 25% compound annually.

As the earliest determinable redemption date that the redemption amount is fixed and determinable on November 30, 2009, the accretion to the redemption value amounted to US\$1,635 for the year ended December 31, 2008 and was charged against available additional paid-in capital in the absence of retained earnings.

Management determined that there was no embedded beneficial conversion feature attributable to the Series C Shares at the commitment date since US\$2.63 per share, the effective conversion price of the Series C Shares, was greater than the estimated fair value of the Company s ordinary shares, which was US\$0.368 as of the commitment date of the Series C Shares.

The estimated fair value of the underlying preferred shares and ordinary shares at the commitment date was determined by management with reference to valuation performed on a retrospective basis by an independent valuation firm which calculated the Company s equity value using the discounted cash flow method. This method eliminates the variation in time value of money by using a discount rate to reflect all business risks including intrinsic and extrinsic uncertainties in relation to the business. In considering the appropriate discount rate to be applied, the Company has taken into account a number of factors including the current cost of finance and the risk inherent in the business.

The other significant terms of the Series C Shares are as follows:

Conversion

Each Series C Share shall be convertible, at the option of the holder, at any time after the date of issuance of such share, into such number of fully-paid and non-assessable ordinary shares as determined by

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dividing the Series C Share purchase price for each of the Series C Shares by its then effective conversion price. The conversion price shall be initially the Series C Share purchase price. The Series C Share conversion price is subject to certain anti-dilution provisions and IPO price adjustment, and also subject to adjustment if the 2008 and 2009 net income targets of the Group are not met. In addition, each Series C Share shall automatically be converted into one ordinary share at the then effective applicable Series C Share conversion price immediately prior to the closing of a Qualified IPO. See note 21(c) for subsequent change in conversion price as approved by the Company's shareholders and board of directors.

Voting Rights

Series C Shares shall carry such number of votes as is equal to the number of votes of ordinary shares then issuable upon conversion. The Series C Shares shall vote together with the ordinary shares on an as-converted basis, and not as a separate class, except certain projective provisions as provided in the Company's articles of association, or as required by the applicable law.

Registration Rights

The holders of Series C Shares shall be entitled to certain registration rights including demand registration, piggyback registration and Form F-3 registration. Such rights allow the holders of at least 50% of shares having registration rights then outstanding to demand the Company at any time after the closing of a Qualified IPO (as defined previously) to file a registration statement covering the offer and sales of their securities, subject to certain restrictions and conditions.

The Company will pay all expenses relating to any demand, piggyback registrations or Form F-3 registrations, except broker's commission, underwriting discounts, selling commissions and stock transfer taxes. The Company is to use its best efforts to register such shares for resale, however, the Company is not required to provide for any payment or transfer any other consideration to the holders of Series C Shares in the event of non-performance.

Dividends

Holders of Series C Shares shall be entitled to first receive dividends out of any funds legally available for this purpose, when and if declared by the Company's board of directors.

Liquidation preference

Upon any liquidation, dissolution or winding up of the Company, each holder of Series C Shares shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of Series B redeemable convertible preferred shares, the holders of Series A convertible preferred shares and ordinary shareholders, an amount equal to (i) the Series C Purchase Price paid by the respective holder for the Series C Shares, subject to adjustment, plus all declared but unpaid dividends and distributions on such Series C Shares and (ii) 20% per annum of the Series C Share purchase price paid by the respective holder for the Series C Shares in respect of the period from the Series C Shares original issue date.

13. Ordinary shares

During the period from inception date of the Company through April 2007, 16,159,500, 15,162,000 and 8,578,500 ordinary shares were issued to the respective owners of Sige, Dale and Conghui at par value in exchange for the control of the Businesses through contractual arrangements (see note 1(b)).

As disclosed in note 1(b), in September 2007, the Company repurchased and cancelled 7,780,500 ordinary shares from a shareholder for cash of US\$3,112. The consideration paid in excess of par value of the

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repurchased shares amounting to US\$3,111 was charged to additional paid-in capital (US\$235) and retained earnings (US\$2,876), respectively.

14. Interest expense

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Bank loan interest	43	35
Convertible promissory notes interest		720
Interest on New Note, First Interim Notes and short-term loan from a third party lender		618
Amortization of convertible promissory notes issuance costs		349
Amortization of convertible promissory notes discount		7,200
Total interest expense	43	8,922

15. Income taxes***Cayman Islands***

Under the current laws of the Cayman Islands, the Company is not subject to tax on its income or capital gains. In addition, upon any payment of dividends by the Company, no withholding tax is imposed.

Peoples Republic of China

The Company's subsidiaries and consolidated VIEs in the PRC are governed by the income tax law of the PRC and file separate income tax returns.

For the period from June 1, 2007 and from August 3, 2007 (incorporation dates of Jieli Consulting and Jingli, respectively) through December 31, 2007, Jieli Consulting and Jingli were subject to PRC enterprise income tax at 33% on their assessable profits. For the year ended December 31, 2007, Sige was subject to PRC enterprise income tax at a special concessionary rate of 3.3% of its advertising service revenues less approved deductions (Special Concessionary Tax Rate) pursuant to a written approval from the tax bureau; Dale was subject to PRC enterprise income tax at a preferential tax rate of 15% on its assessable profits; and Conghui was subject to PRC enterprise income tax at 33% on its assessable profits.

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (new tax law) which became effective on January 1, 2008. According to the new tax law, the enterprise income tax rate for entities other than certain high-tech enterprises or small-scale enterprises that earn small profit , as defined in the new tax law, is 25%. In addition, from January 1, 2008, certain enterprises that were previously taxed at preferential rates are subject to a five-year transition period during which the income tax rate will gradually be increased to the unified rate of 25% (the transition rates). Accordingly, the income tax rate applicable to the assessable profits of Jieli Consulting and Jingli, is reduced from 33% to 25% effective January 1, 2008. The income tax rate applicable to the assessable profits of Sige, which was previously taxed on a Special Concessionary Tax Rate, is 25% effective January 1, 2008. The income tax transition rates applicable to the assessable profits of Dale, which previously was subject to a preferential tax rate of 15%, are 18%, 20%, 22%, 24%, and 25%, for the years

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ending December 31, 2008, 2009, 2010, 2011 and 2012 onwards, respectively. The entities acquired by Jingli in 2008 are subject to PRC enterprise income tax at 25% on their assessable profits.

Under the new tax law and related implementation rules, a withholding tax is applied on the gross amount of dividends received by the Company from its PRC subsidiaries and consolidated VIEs after January 1, 2008; however undistributed earnings prior to January 1, 2008 are exempted from withholding tax. The implementation rules provide that the withholding tax rate is 10% or the applicable rate specified in a tax treaty. The Company has not provided for income taxes on accumulated earnings of its PRC subsidiaries as of December 31, 2008 since these earnings are intended to be reinvested indefinitely in the PRC. It is not practicable to estimate the amount of additional taxes that might be payable on such undistributed earnings.

Hong Kong

Ad-Icon and Great Talent are subject to Hong Kong profits tax at a tax rate of 16.5% on their assessable profits for the tax year ended December 31, 2008.

For the period from February 9, 2007 (date of inception) through December 31, 2007, substantially all of the Group's income before income taxes is derived from the PRC. For the year ended December 31, 2008, except for loss before income taxes of the Company of US\$14,375 and income before income taxes of US\$327 of Ad-Icon, all of the Group's income before income taxes is derived from the PRC. Income tax expense consists of the following:

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Current tax		
- PRC	915	8,146
- HK		70
Deferred tax		
- PRC	(65)	(1,293)
- HK		(121)
Total income tax expense	850	6,802

The actual income tax expense reported in the consolidated statements of income differs from the expected income tax expense computed by applying the PRC statutory tax rate of 33% for the period from

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February 9, 2007 (date of inception) through December 31, 2007 and 25% for the year ended December 31, 2008, respectively to income before income taxes as a result of the following:

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Computed expected tax expense	692	2,787
Tax benefit of Special Concessionary Tax Rate on income of Sige	(198)	
Effect of differential preferential tax rate on income of Dale	(46)	
Effect of differential tax rate on income of Ad-Icon		(28)
Effect of non-PRC entity (the Company) not subject to income tax	5	3,594
Non-deductible loss on deconsolidation of a variable interest entity	118	
Non-deductible expenses (note(i))	126	541
Change in valuation allowance	153	(92)
Actual income tax expense	850	6,802

Note

(i): Non-deductible expenses primarily represent entertainment expenses in excess of statutory limits for tax purpose.

The tax effects of the Group's temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	December 31, 2007 US\$	December 31, 2008 US\$
Deferred tax assets:		
<i>Non-current</i>		
- Property and equipment	6	
- Tax loss carryforwards of a subsidiary	153	61
<i>Current</i>		
- Allowance for doubtful accounts		311

- Accrued expenses		269
Total gross deferred tax assets	159	641
Valuation allowance	(153)	(61)
Deferred tax assets	6	580
Deferred tax liabilities non-current:		
Intangible assets	(19)	(1,297)
Net deferred tax liability	(13)	(717)

The change in valuation allowance for the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008 was an increase of US\$153 and a decrease of US\$92, respectively, which relates to deferred tax assets in respect of tax loss carryforwards of Jieli Consulting. As of December 31, 2008, tax loss carryforwards of Jieli Consulting amounted to US\$244, which will expire in the year ending December 31, 2013.

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The realization of the future tax benefits of a deferred tax asset is dependent on future taxable income against which such tax benefits can be applied or utilized and the consideration of the scheduled reversal of deferred tax liabilities and any available tax planning strategies. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. All available evidence must be considered in the determination of whether sufficient future taxable income will exist since the ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible and tax loss carryforwards are utilized. Such evidence includes, but is not limited to, the financial performance of the entities, the market environment in which these entities operate and the length of relevant carryover periods. Sufficient negative evidence, such as cumulative net losses during a three-year period that includes the current year and the prior two years, may require that a valuation allowance be established against the deferred tax assets. Based on Jieli Consulting's historical operating results and Jieli Consulting's limited history to reasonably project its future taxable income over the periods during which the tax loss can be utilized, management believes that it is more likely than not that Jieli Consulting will not realize the benefits of the tax loss carryforwards and therefore a full valuation allowance has been provided against its deferred tax asset of Jieli Consulting as of December 31, 2007 and 2008.

As of February 9, 2007 (date of inception), for the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008, the Group did not have unrecognized tax benefits, and it does not expect that the amount of unrecognized tax benefits will change significantly within the next 12 months. No interest and penalties related to unrecognized tax benefits were accrued at the date of initial adoption of FIN 48 and as of December 31, 2007 and 2008.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances, where the underpayment of taxes is more than USD15 (RMB 100). In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. The tax returns of the Company's subsidiaries and consolidated VIEs in the PRC for the tax years beginning in 2004 are subject to examination by the relevant tax authorities. The tax returns of the Company's operating subsidiary in the HKSAR for the tax years beginning in 2002 are subject to examination by the relevant tax authorities.

16. Share-based payments

Effective on January 1, 2008, the board of directors and shareholders of the Company approved and adopted the 2008 Share Incentive Plan (the "Share Incentive Plan") which provides for the granting of share options and restricted share units to the eligible employees of the Group to subscribe for ordinary shares of the Company. The shareholders of the Company authorized up to 15,000,000 ordinary shares to be issued upon exercise of awards granted under the Share Incentive Plan.

(a) Share options

In January 2008, February 2008, April 2008 and July 2008, the Company granted 4,880,000, 40,000, 3,020,000 and 900,000 share options respectively to its senior management personnel to acquire ordinary shares of the Company.

These options have exercise prices ranging from US\$0.0001 to US\$3 per share, a vesting period of 4 years and a contractual life of 10 years from the date of grant. 7,640,000 of the share options vest 25% after the first year of service and rateably each month over the remaining 36-month period. The remaining 1,200,000 share options vest 50% after the first year of service and rateably each month over the remaining 24-month period.

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The terms and conditions of the outstanding share options as of December 31, 2008 are as follows:

Grant date	No. of options granted	Grant-date fair value per option	Aggregate fair value	Expected life (years)	Expected volatility	Expected dividend yield	Risk-free interest rate
January 2008	4,880,000	US\$ 0.08 to US\$0.43	US\$ 1,792	7.7 to 10.0	44.69%	0%	5.31%
February 2008	40,000	US\$ 0.15	US\$ 6	8.0	58.75%	0%	5.02%
April 2008	3,020,000	US\$ 0.12 to US\$0.39	US\$ 746	6.5 to 10.0	59.63%	0%	5.27%
July 2008	900,000	US\$ 0.12	US\$ 110	8.3 to 8.5	57.77%	0%	5.59%

The Company determined the estimated grant-date fair value of share options based on the Binomial Tree option-pricing model.

The Company has accounted for these options in accordance with SFAS No. 123 (revised) *Share-based payment* (SFAS No. 123R) by measuring compensation cost based on the grant-date fair value and recognizing the cost over the period during which an employee is required to provide service in exchange for the award. The amount of compensation cost recognized for these share options was US\$1,649 for the year ended December 31, 2008, of which US\$56, US\$68 and US\$1,525 was allocated to cost of revenues, sales and marketing expenses and general and administrative expenses respectively. As of December 31, 2008, unrecognized share-based compensation cost in respect of granted share options amounted to US\$1,005.

The expected volatility in the table above was based on the weighted average volatility of several comparable U.S. listed companies in the advertising industry with operations in the PRC. Since the Company was a private company at the time the options were issued, the Company estimated the potential volatility of its ordinary share price by referring to the weighted average volatility of these comparable companies because management believes that the weighted average volatility of such companies is a reasonable benchmark to use in estimating the expected volatility of the Company's ordinary shares.

Because the Company's share options have certain characteristics that are significantly different from traded options, and because changes in the subjective assumptions can materially affect the estimated value, in management's opinion, the existing valuation model may not provide an accurate measure of the fair value of the Company's share options. Although the fair value of share options is determined in accordance with SFAS No. 123R using an option-pricing model, that value may not be indicative of the fair value observed in a willing buyer/willing seller market transaction.

The option activity during the year ended December 31, 2008 were as follows:

Number of options	Weighted average exercise price per share	Weighted average remaining contractual term
--------------------------	--	--

Balance as of January 1, 2008				
Granted during the year	8,840,000			
Balance as of December 31, 2008	8,840,000	US\$	0.79	9.1 years

None of the outstanding options as of December 31, 2008 was exercisable.

(b) Restricted share units

In January 2008, February 2008, April 2008 and July 2008, the Company granted a total of 2,667,000 restricted share units to certain senior management personnel of the Group under the Share Incentive Plan. The number of restricted share units to which each grantee will receive and the vesting of such units is contingent upon achievement of certain performance goals. The restricted share units contingently vest over a period of 30 months and have a contractual life of 10 years from the date of grant. In addition to the contingently vested restricted share units, in July 2008, the Company issued 1,200,000 restricted share units to

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certain senior management personnel of the Group, which vest 50% after the first year of service and rateably each month over the remaining 12-month period.

Since management believe achievement of the performance goals is probable, the Group recognized compensation cost for these restricted share units of US\$705 for the year ended December 31, 2008, all of which was included in general and administrative expenses. The fair value of the restricted share units was estimated using the Asian option-pricing model and assumes that the performance goals will be achieved. If the performance goals are not met, no compensation cost is recognized and any recognized compensation cost will be reversed. The assumptions used in estimating the fair value of the restricted share units are the same as those related to valuation of share options set out in note 16(a).

The restricted share unit activities during the year ended December 31, 2008 were as follows:

	Number of restricted share unit granted	Grant-date fair value	Weighted average remaining contractual term
Balance as of January 1, 2008			
Granted during the year	3,867,000		
Balance as of December 31, 2008	3,867,000	US\$ 1,450	9.2 years

None of the outstanding restricted share units as of December 31, 2008 was vested.

As of December 31, 2008, unrecognized share-based compensation cost in respect of granted restricted share units amounted to US\$745, which is expected to be recognized over a weighted average period of 17 months.

17. Statutory reserve

The Group's PRC subsidiaries and consolidated VIEs are required under PRC laws to transfer at least 10% of their after tax profits as reported in their PRC statutory financial statements to a statutory surplus reserve. These entities are permitted to discontinue allocations to this reserve if the balance of such reserve has reached 50% of their respective registered capital. The transfer to this reserve must be made before distribution of dividends to equity shareholders. The statutory reserve is not available for distribution to the owners (except in liquidation) and may not be transferred in the form of loans, advances or cash dividends. For the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008, the Group's PRC subsidiaries and consolidated VIEs made appropriations to the statutory reserve funds of US\$56 and US\$337 respectively. The accumulated balance of the statutory reserve funds maintained at these PRC subsidiaries and consolidated VIEs as of December 31, 2007 and 2008 was US\$224 and US\$561 respectively.

18. Commitments and contingencies

(a) Operating lease commitments

The Group leases space primarily inside elevators, light boxes and billboards to display the content of its customers advertisements, and office premises under operating lease arrangements. These operating leases do not contain provisions for contingent rentals.

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Rental expenses under operating leases were allocated to the following categories of cost and expenses:

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Cost of revenues	1,371	37,768
General and administrative expenses	147	1,018
Total rental expenses	1,518	38,786

As of December 31, 2008, future minimum rental payments under non-cancellable operating leases having initial or remaining lease terms of more than one year are as follows:

	US\$
2009	26,717
2010	10,900
2011	4,852
2012	1,299
Thereafter	27
	43,795

(b) Capital commitments

As of December 31, 2008, the Group had contractual commitments of US\$903 for the purchase of advertising display equipment.

19. Fair value of financial instruments

Except for promissory notes, the fair value of the Group's financial assets and liabilities approximate their carrying amount because of the short-term maturity of these instruments. Based on management judgement, the fair value of the promissory notes is not materially different from its carrying value with reference to observable market

transactions between market participants comparative with the Company and promissory note investors which is the best information available in the circumstances.

20. SearchMedia International Limited (Parent Company)

Relevant PRC statutory laws and regulations permit the distribution of dividends by the Group's PRC subsidiaries and consolidated VIEs only out of their retained earnings, if any, as determined in accordance with the PRC accounting standards and regulations.

Under the PRC Law, the Group's PRC subsidiaries and consolidated VIEs are required to allocate at least 10% of their after tax profits, after making good of accumulated losses as reported in their PRC statutory financial statements, to the statutory reserves and are permitted to discontinue allocations to the statutory reserves if the balance of such reserves have reached 50% of their respective registered capital. These statutory reserves are not available for distribution to owners (except in liquidation) and may not be transferred in the form of loans, advances, or cash dividend.

As a result of these PRC laws and regulations, the Group's PRC subsidiaries and consolidated VIEs are restricted in their abilities to transfer an aggregate of US\$6,828 and US\$28,351 of their net assets either in the

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form of dividends, loans and advances, which consist of the paid-in capital and statutory reserves of these entities as of December 31, 2007 and 2008, respectively. For the period from February 9, 2007 (date of inception) through December 31, 2007 and for the year ended December 31, 2008, no cash dividend was paid to SearchMedia International Limited by any of its subsidiaries and consolidated VIEs.

The following presents condensed parent company only financial information of SearchMedia International Limited under U.S. GAAP.

Condensed balance sheets

	December 31, 2007 US\$	December 31, 2008 US\$
Cash	3,696	17
Restricted bank deposit	4,000	
Amounts due from related parties	65	13,425
Prepaid expenses and other current assets	4	1,844
Equity investments	11,278	48,652
Total assets	19,043	63,938
Short-term borrowings		1,820
Promissory notes		15,000
Accrued expenses and other payables		4,422
Total liabilities		21,242
Series B redeemable convertible preferred shares	19,734	24,906
Series C redeemable convertible preferred shares		12,918
Total shareholders (deficit)/equity	(691)	4,872
Liabilities, redeemable convertible preferred shares and shareholders (deficit)/equity	19,043	63,938

Table of Contents**SearchMedia International Limited****Notes to Consolidated Financial Statements (Continued)**
(Amounts in thousands, except share data)***Condensed statements of income***

	Period from February 9, 2007 (date of inception) to December 31, 2007 US\$	Year ended December 31, 2008 US\$
Cost of revenues		(56)
Sales and marketing expenses		(68)
General and administrative expenses	(18)	(2,725)
Interest income	2	97
Interest expense		(8,887)
Decrease in fair value of Note Warrant liability		482
Loss on extinguishment of the Notes		(3,218)
Loss before equity in earnings from subsidiaries and consolidated VIEs	(16)	(14,375)
Equity in earnings of subsidiaries and consolidated VIEs	1,264	18,718
Net income	1,248	4,343

Condensed statements of cash flows

	Period from February 9, 2007 (date of inception) through December 31, 2007 US\$	Year ended December 31, 2008 US\$
Net cash used in operating activities	(84)	(499)
Net cash used in investing activities	(12,500)	(30,261)
Net cash provided by financing activities	16,280	27,081

Net increase/(decrease) in cash	3,696	(3,679)
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21. Subsequent events

(a) *Share incentive plan*

On March 28, 2009, the Company's shareholders and board of directors resolved to increase the number of ordinary shares that are reserved for grants of share options and restricted shares units from 15,000,000 to 25,000,000.

During the period from January 1, 2009 through July 13, 2009, the Company granted 1,650,000 share options to certain management personnel to acquire ordinary shares of the Company. These options have an exercise price of US\$0.5323 per share, vesting periods ranging from 3 to 4 years and a contractual life of 10 years from the date of grant.

(b) *Loan financing in March 2009*

On March 19, 2009, the Company issued promissory notes to a third party investor, an existing Series A preferred shareholder and certain management personnel of the Company for cash of US\$1,750, US\$1,500 and US\$250, respectively (*Second Interim Notes*). The *Second Interim Notes* mature at the earlier of (i) the closing of a new equity financing by the Company; (ii) the closing of a reverse recapitalization transaction

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with a Special Purpose Acquisition Company pursuant to the Share Exchange Agreement; and (iii) March 31, 2009, but only in the event that the Share Exchange Agreement is not executed as of such date. The Second Interim Notes bear interest at 12% per annum until its maturity date after which the interest rate of 20% per annum shall take effect. In connection with the Second Interim Notes, the Company, the New Note investor and the Guarantors mutually agreed to extend the Collateral to guarantee the Company's obligations owed to the Second Interim Notes investors. On March 19, 2009, the Company granted to certain investors of the Second Interim Notes warrants to purchase 442,000 ordinary shares of the Company at an exercise price of US\$0.00001 per share. The warrants are exercisable from the issuance date to May 30, 2011.

On March 31, 2009, the Share Exchange Agreement was executed. Pursuant to the Share Exchange Agreement, if the reverse recapitalization transaction is approved by the shareholders of the Special Purpose Acquisition Company, the principal amount outstanding under the Second Interim Notes as of the Closing Date shall be converted into either preferred shares or ordinary shares of the Special Purpose Acquisition Company.

(c) Amendment of the effective conversion price of Series C Shares and issuance of additional Series C Shares

On March 28, 2009, in contemplation of entering into a reverse recapitalization transaction with a Special Purpose Acquisition Company, the Company's shareholders and board of directors resolved to amend the effective conversion price of the Series C redeemable convertible preferred shares from US\$2.63 per share to US\$0.55 per share. The re-pricing was necessary for the holders of the Series C redeemable convertible preferred shares, which carry certain anti-dilution provisions and preferred liquidation rights, to support the contemplated transaction. As a result of the amendment of the effective conversion price of Series C redeemable convertible preferred shares, the Company issued additional 18,323,955 Series C redeemable convertible preferred shares to the existing holders of Series C redeemable convertible preferred shares. The change in conversion price does not have any impact on the consolidated financial statements since the new conversion price remains higher than the fair value of the Company's ordinary shares as of the commitment date of the Series C redeemable convertible preferred shares.

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Report of Independent Registered Public Accounting Firm

To the Owner of
Shanghai Sige Advertising and Media Co., Ltd.:

We have audited the accompanying balance sheets of Shanghai Sige Advertising and Media Co., Ltd. (the Company) as of December 31, 2006 and June 3, 2007 and the related statements of income, owner's deficit and comprehensive income and cash flows for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, the financial statements referred to above present fairly, in all material respects, the financial position of Shanghai Sige Advertising and Media Co., Ltd. as of December 31, 2006 and June 3, 2007, and the results of its operations and cash flows for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG
Hong Kong, China

March 31, 2009

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Shanghai Sige Advertising and Media Co., Ltd.

Balance Sheets
(Amounts in thousands)

	Note	December 31, 2006 US\$	June 3, 2007 US\$
Assets			
<i>Current assets:</i>			
Cash		15	18
Accounts receivable, net of allowance for doubtful accounts of nil and nil as of December 31, 2006 and June 3, 2007, respectively	3	65	194
Amount due from an affiliated company	7		87
Prepaid expenses and deposits		8	8
Total current assets		88	307
Office equipment, net	4	20	18
Total assets		108	325
Liabilities and owner's equity			
<i>Current liabilities:</i>			
Accounts payable		21	28
Accrued expenses and other payables	5	193	284
Deferred revenue		34	80
Income taxes payable			16
Total liabilities		248	408
<i>Owner's deficit:</i>			
Contributed capital		242	242
Statutory surplus reserve	8	98	98
Accumulated other comprehensive income		13	15
Accumulated deficit		(493)	(438)
Total owner's deficit		(140)	(83)
Commitments and contingencies	9		
Total liabilities and owner's deficit		108	325

See accompanying notes to financial statements.

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Shanghai Sige Advertising and Media Co., Ltd.

Statements of Income
(Amounts in thousands)

	Note	Year Ended December 31, 2006 US\$	Period from January 1, 2007 through June 3, 2007 US\$
Advertising service revenues		1,424	599
Cost of revenues		(622)	(369)
Gross profit		802	230
Sales and marketing expenses		(36)	(25)
General and administrative expenses		(145)	(129)
Income before income taxes		621	76
Income tax expense	6	(15)	(21)
Net income		606	55

See accompanying notes to financial statements.

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Table of Contents**Shanghai Sige Advertising and Media Co., Ltd.****Statements of Owner's Deficit and Comprehensive Income
(Amounts in thousands)**

		Accumulated				
		Statutory	other		Total	Comprehensive
	Contributed	surplus	comprehensive	accumulated	owner's	income
Note	capital	reserve	income	deficit	deficit	income
	US\$	US\$	US\$	US\$	US\$	US\$
Balance as of January 1, 2006	242	40	9	(338)	(47)	
Net income				606	606	606
Foreign currency exchange translation adjustment			4		4	4
Comprehensive income						610
Appropriations to statutory surplus reserve	8	58		(58)		
Distributions to owner				(703)	(703)	
Balance as of December 31, 2006	242	98	13	(493)	(140)	
Net income				55	55	55
Foreign currency exchange translation adjustment			2		2	2
Comprehensive income						57
Balance as of June 3, 2007	242	98	15	(438)	(83)	

See accompanying notes to financial statements.

Table of Contents**Shanghai Sige Advertising and Media Co., Ltd.****Statements of Cash Flows
(Amounts in thousands)**

	Year Ended December 31, 2006 US\$	Period from January 1, 2007 through June 3, 2007 US\$
Net income	606	55
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	5	2
<i>Changes in operating assets and liabilities:</i>		
Accounts receivable	199	(126)
Amount due from owner	62	
Prepaid expenses and deposits	(1)	
Accounts payable	(123)	7
Accrued expenses and other payables	105	88
Deferred revenue	(156)	45
Income taxes payable		17
Net cash provided by operating activities	697	88
Cash flows from investing activities		
Amount due from an affiliated company		(86)
Net cash used in investing activities		(86)
Cash flows from financing activities		
Distributions to owner	(703)	
Net cash used in financing activities	(703)	
Effect of foreign currency exchange rate changes on cash	1	1
Net (decrease) increase in cash	(5)	3
Cash at beginning of year / period	20	15
Cash at end of year / period	15	18

Supplemental cash flow information:

Income tax paid	15	5
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See accompanying notes to financial statements.

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Shanghai Sige Advertising and Media Co., Ltd.

Notes to Financial Statements
(Amounts in thousands)

1. Organization, principal activities and basis of presentation

(a) Organization and principal activities

Shanghai Sige Advertising and Media Co., Ltd. (the Company) was incorporated on June 8, 2005 as a limited liability company in the People's Republic of China (PRC) and is principally engaged in the provision of advertising services whereby it displays customer advertisements on poster frames placed inside elevators of residential and commercial buildings in Shanghai Municipality and Shenzhen city of the PRC.

(b) Basis of presentation

The accompanying financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). This basis of accounting differs in certain material respects from that used for the preparation of the statutory books of the Company, which are prepared in accordance with the accounting principles and the relevant financial regulations established by the Ministry of Finance of the PRC, the accounting standards used in the PRC. The accompanying financial statements reflect necessary adjustments not recorded in the books of account of the Company to present them in conformity with U.S. GAAP.

2. Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management of the Company to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include allowance for doubtful receivables and the assessment of contingent obligations. These estimates are often based on complex judgments and assumptions that management believes to be reasonable but are inherently uncertain and unpredictable. Actual results could differ from these estimates.

(b) Foreign currency transactions and translation

The Company has selected the United States dollars (US\$) as its reporting currency. The functional currency of the Company is the Renminbi (RMB) as the PRC is the primary economic environment in which the Company operates. Since the RMB is not a fully convertible currency, all foreign exchange transactions involving RMB must take place either through the People's Bank of China (the PBOC) or other institutions authorized to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC.

The assets and liabilities of the Company are translated from RMB, the functional currency, into the US\$ reporting currency using the exchange rate at the balance sheet date. Revenue and expenses of the Company are translated into US\$ at the average rate prevailing during the reporting period. Gains and losses resulting from translation of the Company's RMB functional currency financial statements into the US\$ reporting currency are recorded as a separate component of accumulated other comprehensive income within owner's deficit.

(c) Accounts receivable

Accounts receivable consist of amounts billed and unbilled receivables. Unbilled receivables relate to revenues earned and recognized, but which have not been billed by the Company in accordance with the payment terms of the advertising service contract. The payment terms of the Company's service contracts with

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Table of Contents**Shanghai Sige Advertising and Media Co., Ltd.****Notes to Financial Statements (Continued)**

its customers vary and typically require an initial payment to be billed or paid at the commencement of the service period, progress payments to be billed during the service period, and a final payment to be billed after the completion of the service period. None of the Company's accounts receivable bear interest. The allowance for doubtful accounts is management's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. Management determines the allowance based on historical write-off experience and review of customer specific facts and economic conditions. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

(d) Long-lived assets***Office equipment***

Office equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line method (after taking into account respective estimated residual values) over the equipment estimated useful life of 5 years. When items of office equipment are retired or otherwise disposed of, income is charged or credited for the difference between the net book value and proceeds received thereon. Ordinary maintenance and repairs are charged to expense as incurred, and replacements and settlements are capitalized.

Impairment of long-lived assets

Long-lived assets, such as office equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various techniques including discounted cash flow model, quoted market values and third-party independent appraisals, as considered necessary. No impairment of long-lived assets was recognized for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007.

(e) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion or all of the deferred tax assets will not be realized. The effect on deferred tax assets and liabilities of a change in tax rates or laws is recognized in the statement of income in the period that includes the enactment date.

On January 1, 2007, the Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes, and interpretation of Statement of Financial Accounting Standards*

No. 109 (FIN 48). FIN 48 clarifies the accounting for uncertainty in tax positions. This interpretation requires that an entity recognizes in the financial statements the impact of a tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The adoption of FIN 48 on January 1, 2007 did not have any effect on the Company's financial statements. The Company's accounting policy is to accrue interest and penalties related

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Shanghai Sige Advertising and Media Co., Ltd.

Notes to Financial Statements (Continued)

to uncertain tax positions, if and when required, as interest expense and a component of general and administrative expenses, respectively, in the statement of income.

(f) Revenue recognition

The Company recognizes advertising service revenue on a straight-line basis over the period in which the customer advertisement is required to be displayed, which typically ranges from 1 to 6 months, starting from the date the Company first displays the advertisement. Written contracts are entered into between the Company and its customers to specify the price, the period and the location of where the advertisement is to be displayed. Revenue is only recognized if the collectibility of the advertising service fee is probable. Customer payments received in excess of the amount of revenue recognised are recorded as deferred revenue in the balance sheet.

The Company also enters into barter transactions, which represents the exchange of the Company's advertising services for goods or non-advertising services provided by third parties. Revenues and expenses are recognized from an advertising barter transaction only if the fair value of the advertising surrendered in the transaction is determinable based on the Company's own historical practice of receiving cash or other consideration that is readily convertible to a known amount of cash for similar advertising from buyers unrelated to the counterparty in the barter transaction. A period not to exceed six months prior to the date of the barter transaction is used to determine whether a historical experience exists of receiving cash for similar advertising. If the fair value of the advertising surrendered in the barter transaction is not determinable, the barter transaction is recorded based on the carrying amount of the advertising surrendered, which is generally nil. For the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007, revenue from barter transactions amounted to US\$nil and US\$36, respectively.

Revenues for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007 are presented net of the related business tax and surcharges of US\$128 and US\$42, respectively.

(g) Cost of revenues

Cost of revenues consists primarily of operating lease costs of advertising space for displaying advertisements, and direct staff and material costs associated with production and installation of advertising content.

(h) Operating leases

The Company leases advertising space and office premises under non-cancellable operating leases. Minimum lease payments are expensed on a straight-line basis over the lease term. Under the terms of the lease agreements, the Company has no legal or contractual asset retirement obligations at the end of the lease.

(i) Retirement and other post retirement benefits

Pursuant to relevant PRC regulations, the Company is required to make contributions to various defined contribution retirement plans organized by the PRC government. The contributions are made for each qualifying PRC employee at a rate of 20% on a standard salary base as determined by the PRC governmental authority. Contributions to the defined contribution plans are charged to the statement of income as the related employee service is provided. For the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007, contributions to the

defined contribution plans were US\$16 and US\$6, respectively.

The Company has no other obligation for the payment of employee benefits associated with retirement plans beyond the contributions described above.

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Table of Contents**Shanghai Sige Advertising and Media Co., Ltd.****Notes to Financial Statements (Continued)*****(j) Commitments and contingencies***

In the normal course of business, the Company is subject to loss contingencies, such as legal proceedings and claims arising out of its business, that cover a wide range of matters, including, among others, government investigations, customer lawsuit and tax matters. The Company records accruals for such loss contingencies when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated.

3. Accounts receivable, net

As of December 31, 2006 and June 3, 2007, the Company's accounts receivable includes amounts earned and recognized as revenues but not yet billed (unbilled receivables) of US\$7 and US\$22, respectively. Management expects all unbilled receivables to be billed and collected within twelve months of the balance sheet date.

4. Office equipment, net

Office equipment, net consists of the following:

	December 31, 2006 US\$	June 3, 2007 US\$
Cost	28	28
Less: accumulated depreciation	(8)	(10)
Net	20	18

Depreciation expense for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007 amounted to US\$5 and US\$2 respectively and was included in general and administrative expenses.

5. Accrued expenses and other payables

Accrued expenses and other payables consist of the following:

	December 31, 2006 US\$	June 3, 2007 US\$
Accrued payroll and staff benefits	29	34
Business tax and surcharges payable	157	193
Other accrued expenses	7	57

Total accrued expenses and other payables	193	284
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6. Income taxes

The Company is registered in the Chongming District of Shanghai Municipality of the PRC. For the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007, the Company was subject to income tax on a special concessionary rate of 3.3% of its advertising revenue less approved deductions (Special Concessionary Tax Rate) according to written approval from the local tax bureau. The income tax expense for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007 consists solely of current income tax expense in the PRC. As of January 1, 2006, December 31, 2006 and June 3, 2007, the Company had no temporary differences, tax loss and tax credit carryforwards.

On March 16, 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC (new tax law) which became effective on January 1, 2008.

Table of Contents**Shanghai Sige Advertising and Media Co., Ltd.****Notes to Financial Statements (Continued)**

According to the new tax law, the enterprise income tax rate for entities other than certain high-tech enterprises or small-scale enterprises that earn small profit, as defined in the new tax law, is 25%. In addition, from January 1, 2008, certain enterprises that were previously taxed at preferential rates are subject to a five-year transition period during which the income tax rate will gradually be increased to the unified rate of 25%. Accordingly, the income tax rate applicable to assessable profits of the Company, which was previously taxed on a Special Concessionary Tax Rate, is 25% effective January 1, 2008.

All income before income taxes is from PRC sources. The actual income tax expense reported in the statements of income differs from the expected income tax expense computed by applying the PRC statutory tax rate of 33% to income before income taxes as a result of the following:

	Year Ended December 31, 2006 US\$	Period from January 1, 2007 through June 3, 2007 US\$
Computed expected tax expense	205	25
Tax benefit of the Special Concessionary Tax Rate	(190)	(4)
Actual income tax expense	15	21

As of January 1, 2007 and for the period from January 1, 2007 through June 3, 2007, the Company did not have unrecognized tax benefits relating to uncertain tax positions, and it does not expect that the amount of unrecognized tax benefits will increase significantly within the next 12 months. No interest and penalties related to unrecognized tax benefits were accrued at the date of initial adoption of FIN 48 and as of June 3, 2007.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitations is extended to five years under special circumstances where the underpayment of taxes is more than US\$15 (RMB100). In the case of transfer pricing issues, the statute of limitation is ten years. There is no statute of limitation in the case of tax evasion. The income tax returns of the Company for the tax years ended December 31, 2005 through 2007 are subject to examination by relevant tax authorities.

7. Amount due from an affiliated company

Amount due from an affiliated company as of June 3, 2007 represented advance of US\$87 to Jieli Investment Management Consulting (Shanghai) Co., Ltd., an entity under the common control of the owner of the Company, which was fully repaid in July 2008.

8. Statutory surplus reserve

The Company is required under PRC laws to transfer at least 10% of its after tax profits as reported in its PRC statutory financial statements to a statutory surplus reserve. The Company is permitted to discontinue allocations to this reserve if the balance of such reserve has reached 50% of its registered capital. The transfer to this reserve must be made before distribution of dividends to equity shareholders or owners can be made. The statutory reserve is not available for distribution to the owner (except in liquidation) and may not be transferred in the form of loans, advances or cash dividends. As of December 31, 2006 and June 3, 2007, the Company had appropriated US\$98 and US\$98 to the statutory surplus reserve fund, respectively, which is restricted for being distributed to the owner.

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Table of Contents**Shanghai Sige Advertising and Media Co., Ltd.****Notes to Financial Statements (Continued)****9. Operating lease commitments**

The Company leases space primarily inside elevators to display the content of its customers advertisements, and office premises under operating lease arrangements. These operating leases do not contain provisions for contingent rentals.

Rental expenses under operating leases were included in the following expense items:

	Year Ended December 31, 2006 US\$	Period from January 1, 2007 through June 3, 2007 US\$
Cost of revenues	402	337
General and administrative expenses	23	9
Total rental expenses	425	346

As of December 31, 2006 and June 3, 2007, future minimum rental payments under non-cancellable operating leases having initial or remaining lease terms of more than one year are as follows:

	December 31, 2006 US\$	June 3, 2007 US\$
2007	443	212
2008	50	50
2009	4	4
	497	266

10. Subsequent event

On June 4, 2007, SearchMedia International Limited (SearchMedia), through its wholly-owned subsidiary, Jieli Investment Management Consulting (Shanghai) Co., Ltd. (Jieli Consulting), entered into a series of contractual agreements with the Company's owner, including exclusive business cooperation agreement, loan agreement, exclusive option agreement, share pledge arrangement and a power of attorney. The terms of these agreements resulted in Jieli Consulting bearing all the economic risks with respect to and receiving all the economic benefits from the Company and controlling the financing and operating affairs of the Company. In accordance with FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities* , the Company has been consolidated by

SearchMedia in its consolidated financial statements commencing from June 4, 2007, being the date Jieli Consulting first became the primary beneficiary when such contractual arrangements were agreed and signed by both parties.

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Report of Independent Registered Public Accounting Firm

To the Owner of
Shenzhen Dale Advertising Co., Ltd.:

We have audited the accompanying balance sheets of Shenzhen Dale Advertising Co., Ltd. (the Company) as of December 31, 2006 and June 3, 2007 and the related statements of income, owner's equity and comprehensive income and cash flows for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, the financial statements referred to above present fairly, in all material respects, the financial position of Shenzhen Dale Advertising Co., Ltd. as of December 31, 2006 and June 3, 2007, and the results of its operations and cash flows for the year ended December 31, 2006 and for the period from January 1, 2007 through June 3, 2007, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG
Hong Kong, China

March 31, 2009

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Table of Contents**Shenzhen Dale Advertising Co., Ltd.****Balance Sheets**
(Amounts in thousands)

	Note	December 31, 2006 US\$	June 3, 2007 US\$
Assets			
<i>Current assets:</i>			
Cash		187	147
Accounts receivable, net of allowance for doubtful accounts	3	214	335
Amounts due from related parties	7	77	221
Prepaid expenses		92	84