

ID ARIZONA CORP.  
Form S-4  
March 31, 2009

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**As filed with the Securities and Exchange Commission on March 31, 2009**  
**Registration Statement No.**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**Form S-4**  
**REGISTRATION STATEMENT**  
**UNDER THE SECURITIES ACT OF 1933**  
**ID Arizona Corp.**  
*(Exact Name of Registrant as Specified in Its Charter)*

<b>Arizona</b> <i>(State or Other Jurisdiction of Incorporation or Organization)</i>	<b>7311</b> <i>(Primary Standard Industrial Classification Code Number)</i>	<b>26-4540870</b> <i>I.R.S. Employee Identification Number</i>
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**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)*

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**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 attached as Annex A 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)

#### CALCULATION OF REGISTRATION FEE

Title of Each Class of Security Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Units, each consisting of one ordinary share, \$0.0001 par value, and one warrant	10,000,000	\$ 7.51(1)	\$ 75,100,000	\$ 4,190.58
Ordinary shares, \$0.0001 par value, included as part of the units	10,000,000			(3)
Warrants, included as part of the units	10,000,000			(3)
Ordinary shares, \$0.0001 par value, underlying the warrants	10,000,000	\$ 6.00(2)	\$ 60,000,000	\$ 3,348
Ordinary shares, \$0.0001 par value	2,500,000 Shares	\$ 7.51(1)	\$ 18,775,000	\$ 1,047.65
Warrants to purchase one ordinary share, \$0.00001 par value	2,400,000 Warrants			(3)
Ordinary shares, \$0.0001 par value, underlying the warrants	2,400,000 Shares	\$ 6.00(2)	\$ 14,400,000	\$ 803.52
Representatives Unit Purchase Option	1 Option	\$ 100(4)	\$ 100	\$ 0.01
Units underlying unit purchase options, each consisting of one ordinary share and one warrant	500,000 Units			(3)
Ordinary shares included as part of the units	500,000 Shares			(3)

Warrants included as part of the units	500,000 Warrants				(3)
Ordinary shares underlying the warrants included as part of the units	500,000 Shares	\$ 7.00(2)	\$ 3,500,000	\$ 195.30	
<b>Total:</b>				<b>\$ 9,585.05</b>	

(1) Based on \$7.51, the average of the high and low prices per share of Ideation Acquisition Corp. common stock on March 27, 2009, as quoted on the NYSE Amex LLC.

(2) Pursuant to Rule 457(i), represents the exercise price for the respective warrants.

(3) No fee pursuant to Rule 457(i).

(4) Pursuant to Rule 457(i), represents the exercise price for the Representatives Unit Purchase Options.

**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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**PRELIMINARY PROXY STATEMENT/PROSPECTUS  
SUBJECT TO COMPLETION**

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

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD           , 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            Eastern standard time on           , 2009, at           , to consider and vote upon certain proposals described below.

On [           ], 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. At the special meeting, Ideation stockholders will be asked to vote on the following proposals:

*Proposal 1.* To approve the corporate reorganization of Ideation that will result in holders of Ideation securities holding securities in a Cayman Islands exempted company rather than a Delaware corporation. The reorganization involves two steps:

First, Ideation will effect a short-form 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 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 reorganization 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. The redomestication will take place only if the Business Combination Proposal (as defined below) is approved.

*Proposal 2.* To approve the business combination between ID Cayman and SM Cayman, pursuant to which:

SM Cayman shareholders will receive 6,865,341 ordinary shares of ID Cayman.

SM Cayman warrant holders will receive warrants to purchase 1,520,034 ordinary shares of ID Cayman.

SM Cayman option holders will receive options to purchase 648,524 ordinary shares of ID Cayman.

SM Cayman holders of restricted share awards will receive 261,166 restricted shares of ID Cayman.

Certain SM Cayman noteholders will receive 1,712,874 ordinary shares of ID Cayman or, in certain circumstances described in this document, 1,712,874 Series A preferred 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. On the

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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 the Redomestication Proposal is approved.

*Proposal 3.* 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, which we refer to as the 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 4.* To approve in ID Cayman's Articles of Association the elimination of the classified board currently authorized in Ideation's Certificate of Incorporation. We refer to this proposal as the Declassification Proposal.

*Proposal 5.* 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 Certificate of Incorporation. We refer to this proposal as the Amendment Proposal.

*Proposal 6.* To approve in ID Cayman's Memorandum of Association the designation of Series A preferred shares with preferences and rights as set forth in ID Cayman's Memorandum of Association or Articles of Association. We refer to this proposal as the Preferred Designation 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 Certificate of Incorporation that provide that stockholders may take action without a meeting 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 stockholders. 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 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 \_\_\_\_\_, 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. The business combination will be consummated only if (1) the Business Combination Proposal is approved by a majority of the shares of common stock issued in connection with Ideation's initial public offering, which we refer to as 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) fewer than 30% of the stockholders

owning IPO Shares vote against the business combination and exercise their conversion rights to have their shares of common stock converted to cash.

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

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vote in person at the special meeting. If your shares are held in an account at 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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**PROXY STATEMENT FOR SPECIAL MEETING OF  
STOCKHOLDERS OF IDEATION ACQUISITION CORP.**

**PROSPECTUS OF ID ARIZONA CORP.**

This document is both a proxy statement containing information about the special meeting of the Ideation stockholders and a prospectus of ID Arizona with respect to the securities to be issued to Ideation stockholders in the redomestication of Ideation from Delaware to Arizona. Following Ideation's redomestication to Arizona, ID Arizona will convert into a Cayman Islands exempted company named SearchMedia Holdings Limited, or ID Cayman.

The security holders of Ideation immediately before the redomestication will hold the same type and amount of registered securities of ID Cayman upon the consummation of the redomestication. This prospectus covers the following ID Cayman securities that will be outstanding upon the completion of the redomestication:

An aggregate of 12,500,000 ordinary shares 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 IPO and (b) the 2,500,000 shares of Ideation common stock issued to the founders of Ideation upon its formation.

An aggregate of 12,400,000 warrants issued to the holders of (a) the 10,000,000 warrants issued 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 prospectus also covers 12,400,000 ordinary shares issuable upon the exercise of those warrants. A portion of the Ideation common stock and warrants may be held as units, which are also covered by this prospectus.

An option to purchase 500,000 units, consisting of 500,000 ordinary shares and 500,000 warrants, and the ordinary shares issuable upon exercise of the option to purchase the units (500,000 ordinary shares) and the exercise of the warrants in those units (500,000 ordinary shares), issuable to the representatives of the underwriters of Ideation's IPO, which hold identical options from Ideation.

Upon the completion of the merger of Ideation and ID Arizona and the conversion and continuation under Arizona and Cayman Islands law:

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

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

The holders of the Ideation option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, will be entitled to receive one option of ID Arizona 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 receiving one option to purchase 500,000 units, consisting of 500,000 ordinary shares and 500,000 warrants of ID Cayman.

No ID Cayman securities to be issued in connection with the business combination with SM Cayman are covered by this prospectus. All of the securities to be outstanding upon completion of the redomestication and the business combination will be securities of ID Cayman.

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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. 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 requirements for continued listing.

**YOU SHOULD CAREFULLY CONSIDER THE RISK FACTORS BEGINNING ON PAGE [18].**

**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 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 that date.

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

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**SUMMARY MATERIAL TERMS OF THE TRANSACTION**

Ideation, ID Arizona, SM Cayman, Jingli Shanghai, and certain other parties including shareholders and warrant holders of SM Cayman have entered into a share exchange agreement, dated \_\_\_\_\_, 2009. The share exchange agreement provides for two primary transactions: (1) the reorganization and 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:

- (1) Ideation will effect a short-form merger pursuant to which it will merge with and into ID Arizona, with ID Arizona surviving the merger.
- (2) 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.

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 entitled to receive one ID Arizona unit for each Ideation unit held at the time of the merger, which, upon the conversion and continuation of ID Arizona to the Cayman Islands, will result in such holders receiving one ID Cayman unit for each ID Arizona unit held at the time of the conversion.

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

The holders of the Ideation option to purchase 500,000 units, consisting of 500,000 shares of common stock and 500,000 warrants, will be entitled to receive one option of ID Arizona 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 receiving one option to purchase 500,000 units, consisting of 500,000 ordinary shares and 500,000 warrants of ID Cayman.

The redomestication of Ideation as described above 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 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 101,652,369 ordinary shares of SM Cayman, representing 100% of SM Cayman shares in issue.

SM Cayman shareholders will receive 6,865,341 ordinary shares of ID Cayman.

SM Cayman warrant holders will receive warrants to purchase 1,520,034 ordinary shares of ID Cayman.

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SM Cayman option holders will receive options to purchase 648,524 ordinary shares of ID Cayman.

SM Cayman holders of restricted share awards will receive 261,166 restricted shares of ID Cayman.

Certain holders of SM Cayman promissory notes will receive 1,712,874 ordinary shares of ID Cayman or, in certain circumstances described in this document, 1,712,874 Series A preferred shares of ID Cayman and warrants to purchase 428,219 ordinary shares of ID Cayman.

On the closing of the business combination, SM Cayman will be the wholly owned subsidiary of ID Cayman.

The business combination between ID Cayman and SM Cayman is being submitted to the vote of Ideation stockholders. The vote to approve the Business Combination Proposal will take place only if the Redomestication Proposal is approved. The business combination will be consummated only if (1) the Business Combination Proposal is approved by a majority of the shares of common stock issued in connection with Ideation's initial public offering, which we refer to as 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) fewer than 30% of stockholders owning IPO Shares vote against the business combination and 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 of each party of various conditions as set forth in the share exchange agreement.

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

**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 shall require the prior approval of the SM Cayman shareholders' representatives, not to be unreasonably withheld or delayed. Any purchases other than ordinary course purchases shall require the prior approval of the SM Cayman shareholders' representatives, not to be unreasonably withheld or delayed. If such consent is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases (discussed below) shall 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. Any contracts related to such purchases 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 stockholders meeting, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into contracts, which we refer to as forward contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in (i) an

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amount equal to the lesser of an aggregate expenditure of \$18.25 million and (ii) an amount that, when combined with certain purchases by Ideation, and proxies delivered by Ideation stockholders approving the business combination, would result in the adoption and approval of the share exchange agreement and that would result in ID Cayman having at least \$18.25 million in its trust account immediately after the closing of the business combination (before payment of expenses). Such purchases will be conducted in compliance with the Securities Act of 1933, as amended (the Securities Act), and the Securities Exchange Act of 1934, as amended (the Exchange Act), and will be disclosed to Ideation stockholders in an appropriate SEC filing one business day before the meeting of Ideation stockholders. To the extent that The Frost Group, LLC, through itself, its affiliates or others, is unable to satisfy its commitment, 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 remedy such shortfall.

**ID Cayman Preferred Shares**

If less than \$55,170,500 remain in the ID Cayman trust account after the closing of the forward contracts occurs and the payments to the ID Cayman shareholders who have exercised their rights to convert their ID Cayman ordinary shares have been made, each Ideation share purchased by The Frost Group, LLC and its affiliates and other non-affiliates as discussed above shall be repurchased by ID Cayman in exchange for one ID Cayman Series A preferred share and a warrant to purchase twenty-five percent (25%) of an ordinary share of ID Cayman. Such repurchase shall occur immediately before the closing of the business combination, subject to the holder executing and delivering a repurchase agreement including customary registration rights. The exercise price of such warrants shall be \$7.8815.

**Conversion Rights**

Ideation's proposed business combination with SearchMedia qualifies as a business combination under Ideation's Certificate of Incorporation. The 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, the stockholders would receive \$7.8815 per share. If the business combination is completed, stockholders who properly demand to convert their shares would be entitled to receive \$7.8815 per share.

To exercise their conversion rights, stockholders must affirmatively vote against the business combination and follow other procedures set forth in the section titled The Ideation Special Meeting Conversion Rights. Stockholders who vote **FOR** the business combination, abstain or do not vote, as well as stockholders who vote **AGAINST** the business combination but do not properly exercise their conversion rights, will forfeit their conversion rights.

**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; the senior management and a majority of the board of directors of SearchMedia will continue to serve as the senior management and majority of the board of directors 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 6,865,341 ordinary shares of ID Cayman and 1,520,034 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

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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. These lock-up agreements provide that parties bound to such agreements may not sell or otherwise transfer any of the ordinary shares or warrants of ID Cayman held by them or received in 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 institutional shareholders are bound to such lock-up restrictions with respect to 100% of the shares for a period of 6 months from the closing date and, with respect to 75% of the shares for a period of 12 months from the closing date. Linden Ventures, however, will have a lock-up period of only 6 months. The management shareholders and the ID Cayman directors designated by the SM Cayman shareholders are subject to such lock-up restrictions for 12 months from the closing date;

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 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 REDOMESTICATION, THE BUSINESS COMBINATION  
AND THE IDEATION SPECIAL MEETING**

These 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. What is Being Voted On?**

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

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 in ID Cayman's Memorandum of Association, as compared to 51,000,000 shares of capital stock currently authorized in Ideation's 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 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 Certificate of Incorporation. We refer to this proposal as the Amendment Proposal.

The approval of the designation of Series A preferred shares in ID Cayman's Memorandum of Association with preferences and rights as set forth in ID Cayman's Memorandum of Association or Articles of Association. We refer to this proposal as the Preferred Designation 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 Certificate of Incorporation that provide that stockholders may take action without a meeting 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 stockholders. 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 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 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?**

- A. As substantially all of the business operations of SearchMedia are conducted outside the United States, Ideation and SearchMedia determined to complete the redomestication as part of the business combination. See The Redomestication Proposal below.

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**Q. Why is Ideation proposing the business combination?**

A. Ideation was organized to effect a business combination with an operating business. After the consummation of the redomestication and 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 its stockholders the amount in the trust account, with any remaining net assets being distributed to its common stockholders. See [The Business Combination Proposal](#) below.

**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 Certificate of Incorporation requires that the majority of the Ideation shares of common stock approve its business combination with SearchMedia and since the business combination will not take effect unless and until Ideation's corporate domicile becomes the Cayman Islands.

**Q. Why is Ideation proposing the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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 Preferred Designation Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal as ID Cayman's Memorandum of Association and Articles of Association includes provisions that are materially different from Ideation's 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 to approve an adjournment or postponement of the special meeting?**

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. Does the Ideation board of directors recommend voting in favor of the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal and the Adjournment Proposal for the purpose of soliciting additional proxies?**



- 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 the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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. In reaching its decision with

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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.

Ideation board of directors recommends that Ideation stockholders vote:

FOR the Redomestication Proposal;

FOR the Business Combination Proposal;

FOR the Share Increase Proposal;

FOR the Declassification Proposal;

FOR the Amendment Proposal;

FOR the Preferred Designation Proposal;

FOR the Shareholder Consent Proposal;

FOR the Corporate Existence Proposal;

FOR the Share Incentive Plan Proposal; and

FOR the Adjournment Proposal.

See Summary 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 those of yours 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, have indicated that they intend to vote all of their common stock in favor of all the proposals. However, some of the insiders' shares were issued before Ideation's IPO and are contractually obligated to be voted in accordance with the majority of the IPO Shares.

**Q. How much of ID Cayman will existing Ideation stockholders own after the business combination?**

A. After the business combination, if no Ideation stockholder demands that Ideation convert its shares of common stock into a *pro rata* portion of the funds available in the trust account, and if the 10,150,352 ordinary shares subject to the earn-out provision are earned, then existing Ideation stockholders, excluding the SearchMedia shareholders that own shares of Ideation, are expected to beneficially own approximately 40% of the outstanding ordinary shares of ID Cayman, excluding shares that may be acquired upon the exercise of outstanding warrants. Existing Ideation stockholders would own less than that percentage of shares if one or more Ideation stockholders voted against the business combination proposal and demanded conversion of their shares into a *pro rata* portion of the funds available in the trust account, and would own more than that percentage if not all of the shares subject to the earn-out provision were issued to the SearchMedia shareholders.

**Q. Will Ideation or others purchase shares before the vote of Ideation stockholders?**

- A. 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, 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) shall terminate. An ordinary course purchase is a forward purchase between

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Ideation and a non-affiliate Ideation stockholder in which Ideation will purchase some or all of such stockholders shares of Ideation after closing. Any contracts related to such purchases 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 stockholders meeting, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into binding contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in (i) an amount equal to the lesser of an aggregate expenditure of \$18.25 million and (ii) an amount that, when combined with certain purchases by Ideation, and proxies delivered by Ideation stockholders approving the business combination, would result in the adoption and approval of the share exchange agreement and that would result in ID Cayman having at least \$18.25 million in its trust account immediately after the closing of the business combination (before payment of expenses). Such purchases will be conducted in compliance with the Securities Act of 1933, as amended (the Securities Act ), and the Securities Exchange Act of 1934, as amended (the Exchange Act ), and will be disclosed to Ideation stockholders in an appropriate SEC filing one business day before the meeting of Ideation stockholders. To the extent that The Frost Group, LLC, through itself, its affiliates or others, is unable to satisfy its commitment, 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 remedy such shortfall.

### **Q. How much dilution will I experience?**

- A. Currently there are 12,500,000 shares of Ideation common stock issued and outstanding. At least 6,865,341 ordinary shares will be issued to SearchMedia shareholders upon the consummation of the business combination. As a result, immediately following the business combination, current stockholders of Ideation are expected to beneficially own approximately 59% of the outstanding ordinary shares of ID Cayman, excluding shares that may be acquired upon the exercise of outstanding warrants, which represents significant dilution of ownership. If up to 10,150,352 additional ordinary shares representing additional consideration are issued to the SearchMedia shareholders upon achieving certain adjusted net income targets and to the extent outstanding warrants are exercised after the business combination, the current stockholders of Ideation 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 have an established share incentive plan under which it may grant shares or warrants to qualified employees in an amount up to 8% of its total outstanding shares, which would likely vest over a period of three to four years. 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. How will the redomestication be accomplished?**

- A. Ideation will effect a short-form merger pursuant to which it will merge with and into ID Arizona, a 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. This procedure will result in you becoming a shareholder in ID Cayman

instead of Ideation.

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

A. Delaware law would require approval by 100% of Ideation's common stockholders to change its place of incorporation to the Cayman Islands by conversion or continuation. Because Ideation's common stock

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is publicly traded, obtaining 100% approval is impractical. By using an Arizona subsidiary in an intermediate step, Ideation is only required to obtain approval of a majority of its outstanding common stock for the redomestication.

**Q. What will I receive in the redomestication?**

- A. First, each outstanding share of common stock will automatically be converted into one common share of ID Arizona, and each outstanding warrant of Ideation will be assumed by ID Arizona and entitle the holder to purchase an equivalent number and type of security in ID Arizona. Second, each outstanding share of common stock of ID Arizona will automatically be converted to one ordinary share of ID Cayman, and each outstanding warrant of ID Arizona will be assumed by ID Cayman and entitle the holder to purchase the equivalent number of ordinary shares in ID Cayman.

**Q. What happens post-business combination to the funds deposited in the trust account?**

- 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 utilized for payments to be made in connection with forward contracts, acquisitions and operating capital subsequent to the closing of the business combination.

**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 prior to November 19, 2009, Ideation will be forced to liquidate and distribute to its stockholders their *pro rata* portion of the amount of the funds available in the trust account, with any remaining net assets being distributed to its common stockholders. 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, will be distributed *pro rata* to Ideation's common stockholders, with any remaining out-of-trust net assets being distributed to Ideation's common stockholders.

**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. Do Ideation stockholders have conversion rights?**

- A. If you hold shares of common stock acquired in Ideation's IPO, then you have the right to vote against the Business Combination Proposal and demand that Ideation convert these shares into a *pro rata* portion of the funds available in the trust account. These rights to vote against the Business Combination Proposal and to demand conversion of the shares of common stock into a *pro rata* portion of the funds available in the trust account are sometimes referred to as conversion rights. Holders of warrants issued by Ideation do not have any conversion rights.

Pursuant to the arrangements established at the time of Ideation's IPO, all of the Ideation stockholders who acquired shares in Ideation's IPO are entitled to elect conversion of their shares of common stock in the event they

vote against the business combination and tender their shares as described in the section titled "The Ideation Special Meeting - Conversion Procedures." However, the business combination will not be consummated if the holders of 30% or more of the common stock issued in connection with Ideation's IPO exercise their conversion rights in connection with the business combination.

**Q. If I have conversion rights, how do I exercise them?**

- A. If you wish to exercise your conversion rights, you must vote against the Business Combination Proposal and demand that Ideation convert your shares into cash in accordance with the procedures set

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forth in the section below titled The Ideation Special Meeting Conversion Rights. If, notwithstanding your vote, the business combination is completed, then you will be entitled to receive a *pro rata* portion of the funds available in the trust account, including any interest earned thereon (net of taxes payable) through the record date, less the portion of such interest previously paid to Ideation.

If you elect to convert your shares, you must elect either to physically tender your stock certificates to Ideation's transfer agent prior to the vote taken with respect to the proposed business combination or to deliver your shares electronically to the transfer agent using The Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System prior to the vote taken with respect to the proposed business combination.

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

A. It is anticipated that the business combination will be completed promptly following the Ideation special meeting on \_\_\_\_\_, 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.

**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. No. If you hold your securities in Ideation in certificate form, as opposed to holding them through your broker, you do not need to exchange them for certificates issued by ID Cayman. 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 to Continental Stock Transfer & Trust Company.

**Q. Who can help answer my questions?**

A. If you have questions, you may write or call:

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

A. The meeting will be held at \_\_\_\_\_ Eastern standard time on \_\_\_\_\_, 2009 at \_\_\_\_\_.





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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 that vote against the business combination and exercise their conversion rights. The remaining proceeds will be used for acquisitions and working capital. 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 its stockholders the amount in its trust account, less interest previously paid to Ideation, and will distribute to its common stockholders 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 an exempted Cayman Islands 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 each of the principal executive offices for Ideation, ID Arizona, and ID Cayman 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 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 which 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 largest and 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 portfolios are complemented by its subway advertising platform, which together provide multi-platform, one-stop shop services for its local, national and international advertising clients that numbered more than 700 cumulatively since its inception.

Targeting the rapidly growing number of urban and increasingly affluent Chinese consumers, SearchMedia deploys its advertising network across select media platforms consisting primarily of outdoor billboards, elevators and subway stations:

*Outdoor billboard platform.* SearchMedia operates a network of over 1,500 high-impact billboards with over 500,000 square feet of surface 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 180,000 printed and digital poster frames delivers targeted advertising messages inside elevators to captive audiences in high-rise residential and office buildings in 59 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 over 1,200 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 the wholly owned subsidiary of ID Cayman. This will be accomplished through an exchange of all the issued and outstanding shares, restricted share awards, options and warrants of SM Cayman for ordinary shares, restricted share awards, options and warrants 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 Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Share

Incentive Plan Proposal;

the Business Combination Proposal is (1) approved by a majority of the shares of common stock issued in connection with Ideation's initial public offering, or IPO Shares, voted at a duly held stockholders meeting in person or by proxy, (2) approved by a majority of votes cast for the proposal, and (3) fewer

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than 30% of the stockholders owning IPO Shares vote against the business combination and exercise their conversion rights to have their shares of common stock converted to cash; and

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

## **Acquisition Consideration**

The holders of the outstanding ordinary and preferred shares of SM Cayman, immediately before the business combination will receive from ID Cayman 6,865,341 ordinary shares of ID Cayman. Certain holders of SM Cayman promissory notes will receive 1,712,874 ordinary shares of ID Cayman or, in certain circumstances described in this document, 1,712,874 Series A preferred 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 1,520,034 warrants of ID Cayman. Each restricted shares award of SM Cayman that has not fully vested before the business combination will be assumed by ID Cayman and converted into a restricted shares award of ID Cayman. The holder of each such restricted shares award of ID Cayman 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 restricted shares award before the business combination multiplied by (ii) 0.0675374, rounded down to the nearest whole number of shares. 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 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.

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 shares 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 shares 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 charge arising from or in connection with compensation under the SM Cayman incentive plan;

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 and March 12, 2009, (including the issuance of the Linden Note (as defined in the agreement) as amended on September 15, 2008, December 18, 2008 and March 12, 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 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.

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

The difference (if any) between the number of earn-out shares deliverable by ID Cayman in accordance with the formula above and the maximum number of earn-out shares is the unearned portion. If the closing price per ID Cayman ordinary share on the NYSE Amex (or any other public trading market on which the ID Cayman shares are trading at the time) for any thirty (30) consecutive trading days during the period from the date of the public announcement of the execution of the share exchange agreement until April 15, 2010 is equal to or greater than \$11.82, then ID Cayman will issue and deliver to each holder of ordinary shares, Series A, Series B and Series C preferred shares and warrants of SM Cayman an aggregate number of additional earn-out shares equal to the unearned portion.

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 and/or whether the unearned portion has been earned, 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.



**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 an 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. 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

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

## **Management of ID Cayman; Voting Agreement**

Upon the consummation of the business combination, the initial ID Cayman board of directors will consist of nine 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 four directors. Of the five directors and four directors designated by SearchMedia and Ideation respectively, at least four and two, respectively, shall be independent directors as defined in the rules and regulations of the NYSE Amex. Upon the consummation of the business combination, ID Cayman's directors are expected to be Ms. Qinying Liu, Ms. [ ], Mr. [ ], Mr. [ ], Mr. [ ], Mr. [ ], Mr. [ ], Mr. [ ] and Mr. [ ]. Messrs. [ ], [ ], [ ], [ ], and [ ] are expected to be independent directors as such term is defined in Rule 10A-3 of the Exchange Act and the rules of the NYSE Amex. Additionally, Messrs. [ ], [ ] and [ ] are expected to serve on ID Cayman's audit committee.

At the closing of the business combination, China Seed Ventures, L.P., which we refer to as CSV, Qinying Liu, Le Yang, Gentfull Investment Limited, Gavast Estate Limited and Linden Ventures II, each a SearchMedia shareholder and Frost Gamma Investments Trust, Robert Fried, Rao Uppaluri, Steven Rubin and Jane Hsiao (each a voting party) 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 the voting agreement, each party to the voting agreement will agree to vote in favor of the director nominees nominated by the Ideation 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.

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

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, the management shareholders, and the ID Cayman directors designated by the SM Cayman shareholders 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 the.), subject to certain exceptions. In the case of the management shareholders and the ID Cayman directors designated by the SM Cayman shareholders, the lock-up period will be 12 months from the closing date of the business combination. In the case of SM Cayman's non-management shareholders, the lock-up period will be 12 months from the closing date of the business combination. However, 25% of the shares of ID Cayman owned by such SM Cayman's non-management shareholders will be released from the terms of the lock-up after 6 months from the closing date of the business combination. Linden Ventures will have a lock-up period of only 6 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 will enter into a registration rights agreement pursuant to which such SM Cayman shareholders will be entitled to registration rights for their ID Cayman ordinary shares received in connection with the business combination

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(including any ordinary shares issued to them upon exercise of warrants of ID Cayman received in connection with the business combination). Pursuant to the registration rights agreement, SM Cayman shareholders holding at least 50% of the registrable securities then outstanding are entitled to demand that ID Cayman register the ordinary shares held by the SM Cayman shareholders who have registration rights. In addition, the SM Cayman shareholders 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**

If in the process of seeking stockholder approval for the Business Combination Proposal, Ideation believes that holders of 30% or more of the IPO Shares intend to vote against a business combination and seek conversion of their IPO Shares into cash, Ideation, its initial stockholders or their affiliates or other persons may seek to purchase, or enter into forward contracts or other arrangements to purchase, IPO Shares 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, not to be unreasonably withheld or delayed. If such consent is unreasonably withheld or delayed under certain circumstances, the obligation of The Frost Group, LLC to make sponsor purchases (discussed below) shall 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. Any contracts related to such purchases 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.

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 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, for some reason, 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.

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 stockholders meeting, The Frost Group, LLC, through itself, its affiliates or others, will purchase and/or enter into binding contracts to purchase shares of Ideation common stock in the open market or in privately negotiated transactions in (i) an amount equal to the lesser of an aggregate expenditure of \$18.25 million and (ii) an amount that, when combined with certain purchases by Ideation, and proxies delivered by Ideation stockholders approving the business combination, would result in the adoption and approval of the share exchange agreement and that would result in ID Cayman having at least \$18.25 million in its trust account immediately after the closing of the

business combination (before payment of expenses). Such purchases will be conducted in compliance with the Securities Act of 1933, as amended (the Securities Act ), and the Securities Exchange Act of 1934, as amended (the Exchange Act ), and will be disclosed to Ideation stockholders in an appropriate SEC filing one business day before the meeting of Ideation stockholders. To the extent that The Frost Group, LLC, through itself, its affiliates or

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others, is unable to satisfy its commitment, 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 remedy such shortfall.

### **Date, Time and Place of Special Meeting of Ideation Stockholders**

The special meeting of the Ideation stockholders will be held at \_\_\_\_\_, Eastern standard time, on \_\_\_\_\_, 2009, at \_\_\_\_\_, to consider and vote upon the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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 \_\_\_\_\_, 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**

All of the SearchMedia shareholders have approved the transactions contemplated in the share exchange agreement. 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. For purposes of the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation, the Shareholder Consent Proposal, the Corporate Existence Proposal, the Share Incentive Plan Proposal and the Adjournment Proposal, 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. For purposes of the Business Combination Proposal, a quorum will be present at the special meeting if a majority of the outstanding shares of common stock entitled to vote at the special meeting are represented in person or by proxy. Abstentions and broker non-votes will count as present for the purposes of establishing a quorum for all ten proposals.

The approval of the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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 Certificate of Incorporation, and the rules of the NYSE Amex, the business combination will be consummated only if (1) it is approved by a majority of the shares of common stock issued in connection with Ideation's initial public offering, or 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 vote against the business combination and 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.

Abstentions will have the same effect as a vote against the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the

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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 Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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. Please note that you cannot seek conversion of your shares of common stock unless you affirmatively vote against the Business Combination Proposal and specifically seek conversion as discussed under the section titled "The Ideation Special Meeting - Conversion Rights."

## **Relationship of Proposals**

The business combination will not be consummated unless the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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.

## **Conversion Rights**

Pursuant to Ideation's Certificate of Incorporation, a holder of shares of Ideation's common stock may, if the stockholder affirmatively votes against the business combination, demand that Ideation convert such shares of common stock into cash. Demand may be made by checking the box on the proxy card provided for that purpose and returning the proxy card in accordance with the instructions provided, and, at the same time, ensuring your bank or broker complies with the requirements identified in the section titled "The Ideation Special Meeting - Conversion Procedures." If you properly exercise your conversion rights, then you will be irrevocably exchanging your shares of common stock for cash and will no longer own those shares of common stock upon the consummation of the business combination. You will only be entitled to receive cash for these shares of common stock if you continue to hold them through the closing of the business combination.

In connection with tendering your shares for conversion, you must elect either to physically tender your stock certificates to Ideation's transfer agent prior to the vote taken with respect to the proposed business combination or to deliver your shares electronically to the transfer agent using The Depository Trust Company's DWAC (Deposit/Withdrawal At Custodian) System prior to the vote taken with respect to the proposed business combination, which election 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 prior to the vote taken with respect to the proposed business combination ensures that a converting holder's election to convert is irrevocable once the business combination is approved.

Through the DWAC system, this electronic delivery process can be accomplished by the stockholder, whether or not it is a record holder or its shares are held in street name, by contacting the transfer agent or its broker and requesting



delivery of its shares through the DWAC system. Ideation believes that approximately 80% of its shares are currently held in street name. Delivering shares physically may take significantly longer. In order to obtain a physical stock certificate, a stockholder's broker and/or clearing broker, DTC, and Ideation's transfer agent will need to act together to facilitate this request. There is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or

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delivering them through the DWAC system. The transfer agent will typically charge the tendering broker \$35 and the broker would determine whether or not to pass this cost on to the converting holder. It is Ideation's understanding that stockholders should generally allot at least two weeks to obtain physical certificates from the transfer agent. Ideation does not have any control over this process or over the brokers or DTC, and it may take longer than two weeks to obtain a physical stock certificate. Such stockholders will have less time to make their investment decision than those stockholders that do not elect to exercise their conversion rights. Stockholders who request physical stock certificates and wish to convert may be unable to meet the deadline for tendering their shares before exercising their conversion rights and thus will be unable to convert their shares.

Certificates that have not been tendered in accordance with these procedures prior to the vote taken with respect to the proposed business combination will not be converted to cash. In the event that a stockholder tenders its shares of common stock and decides prior to the special meeting that it does not want to convert its shares of common stock, the stockholder may withdraw the tender. In the event that a stockholder tenders shares of common stock and the business combination is not completed, these shares will not be converted to cash and the physical certificates representing these shares of common stock will be returned to the stockholder promptly following the determination that the business combination will not be consummated. Ideation anticipates that a stockholder who tenders shares of common stock for conversion in connection with the vote to approve the business combination would receive payment of the conversion price for such shares of common stock soon after the completion of the business combination. Ideation will hold the certificates of stockholders that elect to convert their shares of common stock into a pro rata portion of the funds available in the trust account until such shares of common stock are converted to cash or returned to such stockholders.

If properly demanded, Ideation will convert each share of common stock into a *pro rata* portion of the funds available in the trust account, calculated as of two business days prior to the anticipated consummation of the business combination. As of the record date, this would amount to approximately \$[ ] per share. If you exercise your conversion rights, you will be exchanging your shares of Ideation common stock for cash and will no longer own the shares upon the consummation of the business combination. You will be entitled to receive cash for these shares only if you affirmatively vote against the business combination, properly demand conversion, and tender your stock certificate to Ideation's transfer agent prior to the vote taken with respect to proposed business combination. If the business combination is not completed, these shares of common stock will not be converted into cash. However, if Ideation is unable to complete the business combination or another business combination by November 19, 2009, it will be forced to liquidate and all holders of shares of common stock will receive a *pro rata* portion of the funds available in the trust account at the time of the liquidation.

The business combination will be consummated only if (1) it is approved by a majority of the shares of common stock issued in connection with Ideation's initial public offering, or 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 the stockholders owning IPO Shares vote against the business combination and exercise their conversion rights to have their shares of common stock converted to cash.

## **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.

**Table of Contents****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 Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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 initial sponsor currently hold 2,681,300 shares of the common stock and 2,400,000 of the warrants. Such common stock and warrants had an aggregate market value of \$ [redacted] based on the last sale price of \$ [redacted] and \$ [redacted], respectively, on the NYSE Amex on [redacted], 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. As of [redacted], Ideation believes that the maximum amount of the indemnity obligation of Ideation's officers and directors is approximately [\$ [redacted]], which is equal to [redacted]. 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 or SearchMedia, 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 [redacted], 2009, the record date, of \$ [redacted], 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 \$ [redacted].

All rights specified in Ideation's 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.

Under certain circumstances, after closing of the business combination, The Frost Group, LLC, an entity controlled by one of Ideation's affiliates, as well as affiliates and other non-affiliates may receive, in exchange for ID Cayman ordinary shares to be issued upon the conversion and continuation, one ID Cayman Series A preferred share and a warrant to purchase twenty-five percent (25%) of an ordinary share of ID Cayman. Series A preferred shares are entitled to receive cumulative dividends prior to ordinary shares or any other series or class of shares and has a liquidation preference over ordinary shares. Accordingly, the interests of The Frost Group, LLC and their affiliates may be different from those of stockholders who will receive ID Cayman ordinary shares as a result of the business combination, particularly with respect to the trust account value

being less than \$55,170,500, which would trigger the issuance of Series A preferred shares and warrant as described.

**Table of Contents****Interests of SearchMedia Officers and Directors in the Business Combination**

When you consider the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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 (who 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:

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 1,392,877 ordinary shares of ID Cayman; (2) hold warrants to purchase 855,739 ordinary shares of ID Cayman; (3) hold certain promissory note the principal amount of which will be converted to, depending on satisfaction of the conditions specified under the share exchange agreement, either (i) 190,320 Series A preferred shares of ID Cayman and 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) or (ii) 190,320 ordinary shares of ID Cayman; 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-month lock-up agreement as described in Summary Lock-Up Agreements. Such persons are expected to beneficially own up to 1,685,973 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 Summary Acquisition Consideration. ID Cayman and the SearchMedia shareholders will also enter into a registration rights 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.

The initial ID Cayman board of directors will consist of nine directors, of which the SearchMedia shareholders will designate five directors to ID Cayman's board and the Ideation representatives as provided in the share exchange agreement will designate four directors. At least five of the nine directors will be non-U.S. citizens or residents. The five SearchMedia designees will include Ms. Qingying Liu and [ ]. Messrs. [ ] are expected to be independent directors. Additionally, Messrs. [ ] are expected to serve on ID Cayman's audit committee.

**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; and (iii) the business combination being approved by a majority of the IPO Shares, voted at a duly held stockholders meeting in person or by proxy, approved by a majority of the votes cast on the proposal and fewer than 30% of the stockholders owning IPO Shares vote against the business combination and 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

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

***SearchMedia's Conditions to Closing of the Share Exchange Agreement***

The obligations of SearchMedia 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, free of any claims for employment compensation in any form, except for any reimbursement of outstanding expenses existing as of the date of such resignation;

SearchMedia shall have received a legal opinion, which is customary for transactions of this nature, from counsel to Ideation;

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.

***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 a legal opinion, which is 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;

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 is 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: (i) if the closing of the share exchange agreement occurs on or prior to June 30, 2009, that the (A) either (x) adjusted net income and EBITDA set forth in the financial statements for the three-month period ended September 30, 2008 shall not be less than \$5,148,000 and \$9,627,000, respectively, and (y) in the financial statements for the three-month period ended December 31, 2008 shall not be less than \$5,805,000 and \$11,109,000, respectively, or (z) and in the financial statements for the 12 month period ended December 31, 2008 shall not be less than \$15,297,000 and \$30,218,000,

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respectively; and (B) in the financial statements for the three-month period ended March 31, 2009 shall not be less than \$5,085,000 and \$9,513,000, respectively; and (ii) if the closing of the share exchange agreement occurs after June 30, 2009, 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.

## **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 and Termination Fee**

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 the parties;

either Ideation or the SM Cayman shareholders' representatives, if the closing has not occurred by (a) September 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 and the violation or breach has not been waived by such representatives or cured by Ideation within 30 days after written notice from the SearchMedia 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, 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 the IPO Shares 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.

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, no party shall have any right against the other party, and each party shall bear its own costs and expenses.

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

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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 withdrawing or modifying its recommendation and approval of the share exchange agreement and the transactions contemplated under the share exchange agreement, then the SearchMedia parties will be entitled to reimbursement of its costs and expenses up to \$3,000,000 immediately upon termination as liquidated damages and not as a penalty amount, provided that 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 SM Cayman terminates due to a material, intentional breach by The Frost Group, LLC of its share purchase commitment, and Ideation enters into an agreement for another business combination within 6 months of the termination, SM Cayman will be reimbursed for fees and expenses up to \$3,000,000 by The Frost Group, LLC (to the extent such fees and expenses were not reimbursed by Ideation) 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 as liquidated damages and not as a penalty amount. However, if such termination relates to an intentional breach by any SM Cayman party and any SM Cayman entity enters into an agreement for another business combination (subject to certain exceptions) or private equity financing with gross proceeds of \$15,000,000 or more within 6 months of 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 a definitive agreement.

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

## **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 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 requirements for continued listing.

## **Indemnification**

### ***Indemnification by the SearchMedia Shareholders***

The SearchMedia shareholders have agreed, on a *pro rata* basis, to indemnify Ideation from any damages arising from: (a) any breach by any SearchMedia entity of any of its representation or warranty, 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 under the share exchange agreement,

and/or the transfer of any SearchMedia shares by him or the ownership or transfer of any shares of the shareholder of SM Cayman that did not sign 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 relating to the transfer or exchange of the restricted shares under the share exchange agreement; or (e) the

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failure of any SM Cayman entity to pay its registered capital in full to the appropriate governmental authority. Notwithstanding the foregoing, however, the representations, warranties, covenants and obligations that relate specifically and solely to a particular SearchMedia shareholder are the obligations of that particular SearchMedia shareholder only.

The amount of damages suffered by Ideation may be paid in cash, or, at the option of the SearchMedia shareholders, may be recovered by the surrender by ID Cayman of a specified number of ID Cayman shares owned by the SearchMedia shareholders. If the SearchMedia shareholders opt to deliver shares instead of cash, the number of shares to be returned by the SearchMedia shareholders shall be equal to the aggregate amount of the damages agreed to be paid by the SearchMedia shareholders, divided by \$7.8815.

### ***Indemnification by Ideation***

Ideation has agreed to indemnify each of the SearchMedia shareholders from any damages arising from: (a) any breach of any representation or warranty made by Ideation; or (b) any breach by Ideation of its covenants or obligations in the share exchange agreement.

The amount of damages suffered by the SearchMedia shareholders shall be paid in newly issued ID Cayman shares. The number of ID Cayman shares to be issued to the SearchMedia shareholders shall be equal to the aggregate amount of the damages agreed to be paid by Ideation, divided by \$7.8815.

### ***Limitations on Indemnity***

Subject to limited exceptions, neither party will be entitled to indemnification for breaches of representations or warranties unless the aggregate amount of damages to such party exceeds \$750,000, and then only to the extent such damages exceed \$750,000; provided that the aggregate amount of damages payable by the indemnifying party to the indemnified party 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 Securities Exchange Act of 1934, as amended, or 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 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.

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**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 Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal, Corporate Existence Proposal and the Share Incentive Plan Proposal are approved, Ideation, the current Delaware corporation, will effect a short-form 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. An ID Cayman shareholder who exchanges ordinary shares of ID Cayman for Series A preferred shares and warrants to purchase ordinary shares immediately after the repatriation also should not recognize gain or loss for U.S. federal income tax purposes as a result of such exchange. Series A preferred shares may be Section 306 Stock for U.S. federal income tax purposes, which means some or all of the amount realized in a subsequent sale or redemption of such Series A preferred shares could be treated as dividend income to the holder thereof. 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 domestic enterprises and foreign-invested enterprises by adopting a unified income tax rate of 25% for most

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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. According to these regulations, the PRC government has revoked many of then existing tax exemption, reduction and preferential treatment, but permit companies to continue enjoying their existing preferential tax treatments, 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 exempted 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 have 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 is treated as a resident enterprise for PRC tax purposes, SearchMedia will be subject to PRC tax on its worldwide income at the 25% uniform tax rate. For these purposes, the dividends distributed from its PRC subsidiary to SearchMedia is exempt income. If SearchMedia was considered a PRC resident enterprise, it is also possible that the EIT Law and its Implementation Rules would cause dividends paid by SearchMedia to its non-PRC shareholders to be subject to a withholding tax. In addition, under the EIT Law, SearchMedia's non-PRC shareholders could become subject to a 10% income tax on any gains they realize from the transfer of their shares, if such income is regarded as income from sources 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, the senior management and a majority of the board of directors of SearchMedia will continue to serve as the senior management and majority of the board of directors 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 capitalization, initially SM Cayman will be deemed to have undergone a recapitalization, whereby its outstanding ordinary shares and warrants will be converted into 6,865,341 ordinary shares of ID Cayman and 1,520,034 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**

Your proxy is being solicited by the board of directors of Ideation on each of the ten proposals being presented to the stockholders at the special meeting.

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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. 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**

***Deteriorations of economic conditions and a resulting decrease in demand for advertising services would materially and adversely affect its 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 recent financial services 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.

***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. 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.

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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 does not 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 accesses 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 its elevator leases are terminated and SearchMedia 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.

***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 the first six months of 2008, SearchMedia's operating lease cost accounted for 55.9% and 80.9%, respectively, of its cost of revenues and 17.5% and 45.0%, respectively, of its total revenues. In the future, SearchMedia may need to pay

higher amounts in order to renew existing leases, obtain



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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.

***There may be unknown risks inherent in SearchMedia's past and future acquisitions and investments, which could result in a material adverse effect on its business and growth prospects and cause SearchMedia to not realize the anticipated benefits of these acquisitions and investments.***

SearchMedia acquired a number of advertising businesses in 2008. SearchMedia may make additional acquisitions as part of its growth strategy. 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 the targets of such acquisitions. Any discovery of adverse information concerning the acquired entities could have a material adverse effect on its business, financial condition and results of operations. While SearchMedia is entitled to seek indemnification in certain circumstances, successfully asserting indemnification or enforcing such indemnification could be costly and time consuming or 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 will need 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 entities 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 synergy and fully realize the benefits of the acquisitions.

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 its existing business relationships with its advertisers; and
- loss of key employees, clients or distribution partners of acquired businesses.

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 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 SearchMedia's 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 may need to pay more earn-out payments than the currently estimated amount, which could adversely affect its liquidity.***

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. Based on the performance of the companies acquired by SearchMedia in 2008, it estimates that the aggregate amount for the remainder of the earn-out payments will range from \$70 million to \$100 million. 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.

***SearchMedia may need additional financing and it may not be able to obtain it at acceptable terms, or at all, which could adversely affect its liquidity and financial position.***

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 acquired companies. SearchMedia may continue to seek financing through credit facilities or equity or debt securities for these and other reasons, such as facilitating future acquisitions or other business opportunities. SearchMedia may not succeed when it seeks to obtain additional financing from investors, banks or the capital market, especially in a tight credit market or a volatile capital market, such as the credit and capital markets that resulted from the current global financial crisis and economic downturns. If SearchMedia could not obtain additional financing in time to satisfy its cash requirements, or at all, SearchMedia's cash position, results of operation and its business and prospectus would be materially and adversely impacted.

***Although it has achieved profitability, it 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 losses in the future for these and other reasons discussed in other risk factors and risks that it cannot foresee.

***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

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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 advertising, billboards and subway platform. 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 strategy 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 new media products or platforms it may offer. It is also difficult to 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 strategy 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 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.

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***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 its 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 its displays are shut down by site managers within a short time period, SearchMedia 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 right, 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.

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.



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***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, 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.

***Failure to maintain an effective system of internal controls 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 for the period from February 9 to December 31, 2007, 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

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procedures; and (5) insufficient documentation of Board of Directors meetings and resolutions and oversight of management.

Following the identification of these control deficiencies, SearchMedia undertook certain remedial steps to address them, including hiring additional accounting staff and training its new and existing accounting staff and conducting due diligence on companies with which it has businesses to identify related parties. In addition, the Board of Directors of SearchMedia has increased its level of management oversight and documented its approvals of all transactions requiring its approval. SearchMedia is in the process of setting up an internal audit team to plan and implement Sarbanes-Oxley Act 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 SearchMedia has not yet concluded that these control deficiencies have been fully 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, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, 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 controls over financial reporting are necessary for ID Cayman to produce reliable financial reports and are important to help prevent fraud. As a result, any failure to achieve and maintain effective internal controls 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.

***All participants of the employee share incentive plan who are PRC citizens may be required to obtain approval of the SAFE. SearchMedia may also face regulatory uncertainties that could restrict its ability to adopt additional employee share incentive plan 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 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.

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SearchMedia's PRC citizen employees who will be granted stock options, restricted shares or restricted share units 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 the capital contribution of \$29 million towards the registered capital of Jieli Network by January 16, 2009. However, \$10 million of the contribution of Jieli Network has not been made. According to relevant PRC laws and regulations, if the shareholder delays its capital contribution to a wholly foreign owned enterprise like Jieli Network for more than 30 days, the Administration of Industry and Commerce is entitled to revoke the business license of the enterprise. Jieli Network has not conducted the licensed business since its incorporation on January 16, 2008. According to PRC laws and regulations, a company's business license may be revoked by its registration authority if it does not commence its business six months after its establishment without a reasonable cause. If the business license of Jieli Network is revoked, it will need to be dissolved and repatriate the capital contributions outside China. If SearchMedia is unsuccessful in 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

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Jingli Shanghai and each of the shareholders of Jingli Shanghai which provide it with a substantial ability to control 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;

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 Organization and Operating History 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 its, his or her 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, then 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.



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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.

***Contractual arrangements SearchMedia has entered into among SearchMedia's subsidiary and Jingli Shanghai may be subject to scrutiny by the PRC tax authorities, and a finding that SearchMedia or Jingli Shanghai owe additional taxes could substantially reduce its net income and the value of your investment.***

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. SearchMedia could face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements between its wholly-owned subsidiary in China and Jingli Shanghai do not represent an arm's-length price and adjust Jingli Shanghai's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by Jingli Shanghai, which could in turn increase its tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties on SearchMedia's affiliated entity for underpaid taxes. SearchMedia's results of operations may be materially and adversely affected if SearchMedia's affiliated entity's tax liabilities increase or if it is found to be subject to late payment fees or other penalties.

***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 is in the process of registering 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

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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 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.

***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.

***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

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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 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.

Under the New EIT law, effective January 1, 2008, an enterprise established outside of the PRC with de facto management bodies within the PRC is considered a resident enterprise and will be subject to the EIT at the rate of 25% on its global income. The implementing rules of the New 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. Currently, no official interpretation or application of this new resident enterprise classification is available, therefore it is unclear how tax authorities will determine tax residency based on the facts of each case. If the PRC tax authorities subsequently determine that SearchMedia should be classified as a resident enterprise, then its global income including the dividends it receives from Jieli Consulting and Jieli Network will be subject to the EIT at the rate of 25%, which would have a material adverse effect on its business, financial condition and results of operations.

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 new EIT law and the Implementing Rules which 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 dividends distributed between qualified resident enterprises will be exempted 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 exempted from the EIT. Given the lack of detailed implementation rules, there can be no assurance that SearchMedia will qualify for any tax exemptions or reductions under the new PRC tax law. If the income tax is levied on the dividends SearchMedia obtains from Jieli Consulting and Jieli Network, its business, financial condition and results of operations could be materially and adversely affected as a result.

***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

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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 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



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may restrict the ability of its PRC subsidiaries and 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 shall be used within the business scope as approved by the examination and approval department of the government, and shall not 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 shall also be submitted for the settlement of the foreign currency. SearchMedia used to provide loans to Jingli Shanghai by RMB settled from foreign currency capital of Jieli Consulting and Jieli Network. With the strengthened administration on settlement of foreign currency, the previous loan arrangement may not be feasible anymore. 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.

***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 is a PRC resident 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

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with the acquisition of shares in ID Cayman pursuant to the share exchange 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 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 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 RMB may have a material adverse effect on the value of your investment.***

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the new policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an approximately 17.6% appreciation of the RMB against the U.S. dollar between July 21, 2005 and December 31, 2008. While the international reaction to the RMB revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the RMB against the U.S. dollar. Substantially all of SearchMedia's revenues and costs are denominated in the RMB, and a significant portion of its financial assets are also denominated in RMB. SearchMedia principally relies on dividends and other distributions paid to it by its subsidiaries and affiliated entities in China. Any significant revaluation of the RMB may materially and adversely affect its cash flows, revenues, earnings and financial position. Any fluctuations of the exchange rate between the RMB and the U.S. dollar could also result in foreign currency 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 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 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 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 Regulation 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 retroactively that SearchMedia or ID Cayman obtain an approval from the CSRC in connection with this transaction. If this were to occur, SearchMedia's or ID Cayman's failure to obtain or 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. ID Cayman may grow its business in part by acquiring other advertising 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, severe acute respiratory syndrome, or SARS, or another epidemic. In recent years, there have been reports on the occurrences of avian influenza in various parts of China, including a few confirmed human cases and deaths. Any prolonged recurrence of avian influenza, 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 seriously impaired.

## **Risks Relating to the Redomestication and the Business Combination**

***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 of Association and Articles of Association, and subject at all times to the Companies Law (2007 Revision) 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. In particular, the Cayman Islands has a less developed body of securities law compared to the United States, and some states (such as Delaware) have more fully developed and judicially interpreted bodies of corporate law, which could negatively affect your shareholder rights and protections.

***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 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 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.

***The combined company's working capital could be reduced if stockholders exercise their conversion rights 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.***

Pursuant to Ideation's Certificate of Incorporation, holders of common stock may vote against the business combination and demand that Ideation convert their shares of common stock into their *pro rata* portion of the funds available in the trust account as of the record date. Ideation and SearchMedia will not consummate the business combination if holders of 30% or more shares of common stock exercise these conversion rights. To the extent the business combination is consummated and holders have demanded to so convert their shares, 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 the business combination is approved, the maximum amount of funds that could be disbursed to Ideation stockholders upon the exercise of their conversion rights is approximately \$23,644,500.

Additionally, Ideation or its affiliates, to the extent permitted by law, may enter into contracts to acquire Ideation shares of common stock in the future from existing institutional and other investors in a limited number of 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. This reduction will be dependent 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, such reduction of trust account proceeds is likely to be material.

***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.***

At any time prior to the special meeting, during a period when they are not then aware of any material nonpublic information regarding Ideation or its securities, Ideation or its affiliates, existing Ideation stockholders or their affiliates or others may purchase shares from institutional and other investors, or execute agreements to purchase such shares from them in the future, or they or Ideation may enter into transactions with such persons and others to provide them with incentives to acquire shares of Ideation's common stock and vote the acquired shares in favor of the business combination proposal. The purpose of such share purchases and other transactions 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 the business combination proposal at the meeting vote in its favor and that holders of fewer than 30% of the IPO Shares vote against the business combination proposal and demand conversion of their IPO Shares into cash where it appears that such requirements would otherwise not be met. Entering into any such arrangements may have an adverse impact on the trading price of Ideation's common stock. See the section titled *Summary of the Proxy Statement/Prospectus - Actions That May Be Taken to Secure Approval of Ideation Stockholders* .

*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*

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***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 initial public offering 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 initial public offering are entitled to demand that the company 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 6,865,341 ordinary shares in the business combination, as well as 1,520,034 warrants, are entitled to demand that the company 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 money 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, provided that 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 combination and not liquidate the trust account or render their securities worthless.

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 Summary Interests of Ideation Officers and Directors in the Business Combination.

*Under certain circumstances, after closing of the business combination, The Frost Group, LLC, its affiliates and other non-affiliates may receive ID Cayman Series A preferred shares and warrants in lieu*

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***of ID Cayman ordinary shares, and accordingly their interests may be different from those of stockholders who will receive ID Cayman ordinary shares.***

Under certain circumstances, after closing of the business combination, The Frost Group, LLC, an entity controlled by one of Ideation's affiliates, as well as affiliates and other non-affiliates may receive, in exchange for ID Cayman ordinary shares to be issued upon the conversion and continuation, one ID Cayman Series A preferred share and a warrant to purchase twenty-five percent (25%) of an ordinary share of ID Cayman. Series A preferred shares are entitled to receive cumulative dividends prior to ordinary shares or any other series or class of shares and has a liquidation preference over ordinary shares. The issuance of Series A preferred shares would be triggered by the aggregate proceeds in the trust account being less than \$55,170,500 after taking into account reductions for the conversion of IPO Shares into cash by shareholders seeking conversion and the settlement from trust account proceeds of purchases made by Ideation or its affiliates of shares of Ideation's common stock from institutional or other investors in attempting to procure the requisite stockholder vote in favor of the Business Combination Proposal. Accordingly, the interests of The Frost Group, LLC and their affiliates may be different from those of stockholders who will receive ID Cayman ordinary shares as a result of 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. Post-merger, 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, and 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 \_\_\_\_\_% 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 or its affiliates of additional shares of Ideation's shares of common stock prior to closing.

***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. ID Cayman cannot assure that it will meet the requirements for continued listing on NYSE Amex.

In addition, on February 10, 2009, we received a letter from NYSE Amex, indicating that we were not in compliance with Section 704 of NYSE Amex's Company Guide (the Company Guide), for failure to hold an

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annual meeting of our stockholders in 2008. The notification from NYSE Amex indicates that we had until March 10, 2009 to submit a plan advising NYSE Amex of action it has taken, or will take, that would bring Ideation into compliance with all continued listing standards by August 11, 2009. Upon receipt of our plan, which we timely filed with NYSE Amex on March 10, 2009, NYSE Amex will evaluate the plan and make a determination as to whether we have made a reasonable demonstration in the plan of an ability to regain compliance with the continued listing standards, in which case the plan will be accepted. If accepted, we will be able to continue our listing, during which time we will be subject to continued periodic review by NYSE Amex's staff. If our plan is not accepted, NYSE Amex could initiate delisting procedures against us.

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

- a limited availability of market quotations for our securities;

- a reduced liquidity with respect to our securities;

- a determination that our common stock is a penny stock which will require brokers trading in our common stock to adhere to more stringent rules, possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock;

- a limited amount of news and analyst coverage for our 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. If Series A preferred shares of ID Cayman are issued, including to former ID Arizona shareholders, these shares may be more valuable than the ordinary shares that would otherwise have been issued to the holders thereof and could make it more likely that the 80% threshold will be reached. In addition, the shares underlying any warrants issued to former ID Arizona shareholders along with their Series A preferred shares would count as shares owned by such former ID Arizona shareholders for purposes of applying the 80% test. 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



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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.

***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 Ordinary 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 (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 Ordinary 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.

***Series A preferred shares could be Section 306 Stock for U.S. federal income tax purposes.***

If former ID Arizona shareholders receive Series A preferred shares with respect to some, but not all, of their ordinary shares of ID Cayman immediately after the repatriation, the Series A preferred shares may be Section 306 stock for U.S. federal income tax purposes. If the stock is Section 306 stock, then, subject to

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certain exceptions, when the Series A preferred shares are redeemed or sold, some or all of the amount realized in the sale could be treated as dividend income. In addition, if such rules apply, no tax loss would be permitted to be recognized in such redemption or sale.

### **Risks Relating to Ideation Stockholders and Warrantholders**

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

Subject to there being a current prospectus under the Securities Act of 1933, as amended, 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 warrant holders 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;

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 initial public offering 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.

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***If holders of 30% or more of the shares of Ideation's common stock decide to vote against the business combination and opt to have their shares converted 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.***

Under its Certificate of Incorporation as currently in effect, if Ideation does not complete a business combination by November 19, 2009, Ideation will dissolve and distribute to its stockholders their *pro rata* portion of the funds available in the trust account with any remaining net assets going to the common stockholders. Following dissolution, Ideation would no longer exist as a corporation. Under the terms of Ideation's Certificate of Incorporation, if holders of 30% or more of the shares of Ideation's common stock decide to vote against the acquisition and opt to have their shares converted into cash, Ideation would ultimately be forced to dissolve and liquidate.

In any liquidation, the net proceeds of Ideation's initial public offering 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 Ideation's common stock. Based on the conversion price per share in Ideation's trust account as of December 31, 2008, 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 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. Ideation cannot assure you that the actual per-share liquidation price will not be less than \$7.8815, due to claims of creditors. Furthermore, there will be no distribution with respect to Ideation's outstanding common stock or warrants and, accordingly, the common stock and warrants will expire and become worthless.

***Current difficult conditions in the global financial markets and the economy generally may materially adversely affect our ability to consummate a business combination and may adversely affect our business operations and trading price in the event we do consummate a business combination.***

Our 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. We do 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 us.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus contains forward-looking statements that involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this proxy statement/prospectus regarding ID Cayman's, SearchMedia's and Ideation's strategy, future operations, future financial position, future revenues, projected costs, prospects, plans and objectives of management are forward-looking statements. The words anticipate, believe, estimate, expect, intend, may, plan, predict, project, will, would and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

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

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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 voting against 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 also contains estimates, projections and statistical data related to the advertising industry in several countries, including China. This industry data, including data from the Nielsen report and ZenithOptimedia, speaks as of the date it was published and includes projections that are based on a number of assumptions and are not representations of fact. Nielsen Information reflects estimates of market conditions based on samples, and is prepared primarily as a marketing research tool for certain industry segments.

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.

<b><u>Balance Sheet Data:</u></b>	<b><u>December 31,</u></b> <b><u>2008</u></b>
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 June 30, 2008 and for the period from February 9, 2007 (inception) to June 30, 2007 and the six months ended June 30, 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 for the period from February 9, 2007 (inception) to December 31, 2007 has been derived from SearchMedia's audited consolidated financial statements as of December 31, 2007 and for the period from February 9, 2007 (inception) to December 31, 2007. The selected historical financial data of SearchMedia as of June 30, 2008, and for the period from February 9, 2007 (inception) to June 30, 2007 and the six months ended June 30, 2008 has been derived from SearchMedia's unaudited condensed consolidated interim financial statements as of June 30, 2008 and for the period from February 9, 2007 (inception) to June 30, 2007 and six months ended June 30, 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 and unaudited 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.

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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 predecessor's results of operations to those of SearchMedia.

	Predecessors				SearchMedia				
	Sige		Dale		Sige		Dale		SearchMedia
	June 8, 2005 to December 31, 2005	January 1, 2006 to December 31, 2007	January 1, 2005 to December 31, 2005	April 28, 2005 to December 31, 2005	January 1, 2006 to December 31, 2006	January 1, 2007 to June 3, 2007	February 9, 2007 to December 31, 2007	February 9, 2007 to June 30, 2007	January 1, 2008 to June 30, 2008
	(\$ in thousands)				(\$ in thousands)		(\$ in thousands)		

**Selected Income Statement Data**

Advertising service revenues	952	1,424	599	324	1,104	745	7,828	513	31,346
Cost of revenues(1)(2)	(522)	(622)	(369)	(159)	(387)	(214)	(2,451)	(258)	(17,427)
Gross profit	430	802	230	165	717	531	5,377	255	13,919
Operating expenses:									
Sales and marketing(1)(2)	(40)	(36)	(25)	(38)	(176)	(105)	(293)	(93)	(2,869)
General and administrative(2)	(151)	(145)	(129)	(57)	(172)	(140)	(2,555)	(288)	(4,602)
Loss on deconsolidation of variable interest entity							(358)		
Total operating expenses	(191)	(181)	(154)	(95)	(348)	(245)	(3,206)	(381)	(7,471)
Income from operations	239	621	76	70	369	286	2,171	(126)	6,448
Interest income							5	1	119
Interest expense							(43)		(2,599)
									229

Decrease in fair value of note warrant liability									
Foreign currency exchange loss, net							(35)		(40)
Income before income taxes	239	621	76	70	369	286	2,098	(125)	4,157
Income taxes expenses	(1)	(15)	(21)		(36)	(43)	(850)	(33)	(2,149)
Net income (loss)	238	606	55	70	333	243	1,248	(158)	2,008

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

(1) Include amortization expenses of intangibles as follows

Cost of revenues 132 20 733

Sales and marketing 86 15 662

(2) Include share-based compensation expenses as follows

Cost of revenues 27

Sales and marketing 31

General and administrative 1,042

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Selected Balance Sheet Data	Predecessors				SearchMedia	
	Sige		Dale		As of December 31, 2007	As of June 30, 2008
	As of December 31, 2005	As of December 31, 2006	As of December 31, 2005	As of December 31, 2006		
	(\$ in thousands)		(\$ in thousands)		(\$ in thousands)	
Current assets	336	88	346	570	16,862	43,444
Total assets	361	108	353	582	24,235	67,315
Current liabilities	408	248	218	330	5,173	27,786
Series B redeemable convertible preferred shares					19,734	22,170
Series C redeemable convertible preferred shares						9,309
Total Shareholders equity/(deficit)	(47)	(140)	135	252	(691)	6,370

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

The following unaudited pro forma combined financial statements give effect to the transactions described in Share Exchange Agreement dated March 31, 2009 (the Transaction) based on the assumptions and adjustments set forth in the accompanying notes.

The unaudited pro forma combined balance sheet is derived from the historical balance sheets of Ideation as of June 30, 2008 and SearchMedia as of June 30, 2008, giving effect to the Transaction, which is being accounted for as a reverse recapitalization as if it had occurred on June 30, 2008.

The following unaudited pro forma condensed statement of income for the six months ended June 30, 2008 is derived from the respective historical unaudited statements of income of Ideation and SearchMedia for the six months ended June 30, 2008, giving effect to the Transaction as if it had occurred on January 1, 2008. The following unaudited pro forma condensed statement of income for the fiscal year ended December 31, 2007 is derived from the historical audited statements of income of Ideation for the period from June 1, 2007 (inception date) to December 31, 2007 and SearchMedia for period from February 9, 2007 (inception date) to December 31, 2007, giving effect to the Transaction as if it had occurred on February 9, 2007.

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 effective 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 the majority of 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 6,865,341 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 to the SearchMedia shareholders and SearchMedia warrant holders, if the combined entity's FY2009 Adjusted Net Income (as defined in the Share Exchange Agreement) equals or 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.

$$\text{Earn-Out Shares} = (\text{FY 2009 Adjusted Net Income} - \$25.7 \text{ million}) \times 10,150,352 \text{ Shares}$$

$$\text{\$12.7 million}$$

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 effect of issuance of ID Cayman Series A preferred shares if certain circumstances described in this document occur is not reflected in these pro forma financial statements as the probability of such circumstances occurring could not be reasonably assessed.

The following unaudited pro forma combined financial statements have been prepared using two different levels of approval of the Transaction by the Ideation stockholders, as follows:

Assuming Maximum Approval: This presentation assumes that 100% of Ideation stockholders approve the Transaction; and

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Assuming Minimum Approval: This presentation assumes that holders of less than 30% of the IPO Shares both vote against the Transaction and exercise their conversion rights, leaving no less than 70% of Ideation IPO Shares outstanding. No more than 29.99% of the IPO Shares can be converted for the Transaction to be approved.

We are providing this information to aid you in your analysis of the financial aspects of the Transaction. The unaudited pro forma combined 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, 2008**

	<b>Maximum Approval Assumption</b>				<b>Minimum Approval Assumption</b>			
	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	
<b>Ideation historical</b>	<b>SearchMedia historical</b>	<b>Forma Adjustments</b>	<b>Note</b>	<b>Forma Combined</b>	<b>Forma Adjustments</b>	<b>Note</b>	<b>Forma Combined</b>	
<b>(US dollars in thousands)</b>								
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	394	11,486	78,815 (2,730) (12,200) (5,000)	(a) (c2) (f) (h)	70,765	(23,640)  (352)	(d1)  (d2)	46,773
Accounts receivable, net		16,438			16,438			16,438
Amounts due from related parties		6,179			6,179			6,179
Prepaid expenses and other current assets	322	9,341			9,663			9,663
<b>Total current assets</b>	<b>716</b>	<b>43,444</b>			<b>103,045</b>			<b>79,053</b>
Cash and cash equivalents held in trust	78,815		(78,815)	(a)				
Rental deposits		316			316			316
Property and equipment, net		7,437			7,437			7,437
Deposits for acquisitions		6,133			6,133			6,133
Intangible assets, net		6,784			6,784			6,784
Goodwill		3,196			3,196			3,196
Deferred tax assets	135	5			140			140
<b>Total assets</b>	<b>79,666</b>	<b>67,315</b>			<b>127,051</b>			<b>103,059</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>								
Current liabilities:								
Short-term bank loan		87			87			87
Convertible notes		6,957	(5,000) (1,957)	(h) (b1)				
Accounts payable		4,590			4,590			4,590
Accrued expenses and other payable	51	9,212	(1,871)	(e1)	7,392			7,392
Amounts due to related parties		986			986			986



Deferred revenue		1,642		1,642	1,642
Income taxes payable		4,312		4,312	4,312
<b>Total current liabilities</b>	<b>51</b>	<b>27,786</b>		<b>19,009</b>	<b>19,009</b>
Long-term liability:					
Deferred tax liabilities		1,680		1,680	1,680
Deferred underwriters fee	2,730		(2,730)	(c2)	
<b>Total liabilities</b>	<b>2,781</b>	<b>29,466</b>		<b>20,689</b>	<b>20,689</b>

See Notes to Unaudited Pro Forma Adjustments

**Table of Contents****Ideation Acquisition Corp.****Unaudited Pro Forma Condensed Balance Sheet  
As of June 30, 2008**

	Maximum Approval Assumption			Minimum Approval Assumption				
	Ideation historical	SearchMedia historical	Pro Forma Adjustments (US dollars in thousands)	Note	Pro Forma Combined	Pro Forma Adjustments	Note	Pro Forma Combined
Redeemable common stock								
Ideation Common stock subject to possible redemption (2,999,999 shares at June 30, 2008 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 June 30, 2008, respectively (Redemption value US\$32,364)		22,170	(22,170)	(b1)				
Series C redeemable convertible preferred shares; US\$0.0001 par value; 40,000,000 shares authorized, 3,802,281 shares issued and outstanding as of June 30, 2008 (Redemption value US\$13,975)		9,309	(9,309)	(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, 2008

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, 2008

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  
June 30, 2008

SearchMedia  
Ordinary shares:  
US\$0.0001 par  
value;  
443,636,365 shares  
authorized,  
32,119,500 shares  
issued and  
outstanding as of  
June 30, 2008

ID Cayman ordinary  
shares

Additional paid-in  
capital

1.250		(1.250)	(b3)				
	722	(722)	(b1)				
	3	(3)	(b1)				
		1.250	(b3)	2.063			2.063
		0.813	(b1)				
52,595	3,576	34,160.187	(b1)	104,291.187	(23,640)	(d1)	80,299.187
		649	(b2)		(352)	(d2)	
		23,640	(c1)				
		1,871	(e1)				

		(12,200)	(f)	
Income accumulated during the development stage	649	(649)	(b2)	
Accumulated other comprehensive income		1,786		1,786
Retained earnings		283		283
<b>Total stockholders equity</b>	<b>53,245</b>	<b>6,370</b>		<b>106,362</b>
<b>Total liabilities and stockholders equity</b>	<b>79,666</b>	<b>67,315</b>		<b>127,051</b>
				<b>82,370</b>
				<b>103,059</b>

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, 2007**

	Maximum Approval Assumption			Minimum Approval Assumption		Pro Forma Combined
	Ideation SearchMedia historical	Pro Forma Adjustments	Note	Pro Forma Adjustments	Note	
						(US dollars in thousands)
Net revenues		7,828		7,828		7,828
Cost of revenues		(2,451)		(2,451)		(2,451)
Gross profit		<b>5,377</b>		<b>5,377</b>		<b>5,377</b>
Sales and distribution expenses		(293)		(293)		(293)
General and administrative expenses	(101)	(2,555)		(2,656)		(2,656)
Loss on deconsolidation of a variable interest entity		(358)		(358)		(358)
Income (loss) from operations	<b>(101)</b>	<b>2,171</b>		<b>2,070</b>		<b>2,070</b>
Interest income	341	5		346	(82) (d3)	264
Interest expense		(43)		(43)		(43)
Foreign currency exchange loss, net		(35)		(35)		(35)
Income before income taxes	<b>240</b>	<b>2,098</b>		<b>2,338</b>		<b>2,256</b>
Income tax expense	(96)	(850)		(946)		(946)
Net income	<b>144</b>	<b>1,248</b>		<b>1,392</b>		<b>1,310</b>
Net income per share basic				0.07		0.07
Net income per share diluted				0.06		0.06
Weighted average share basic			(g)	20,634,137	(g)	17,634,138
Weighted average share diluted			(g)	23,927,454	(g)	20,927,455

See Notes to Unaudited Pro Forma Adjustments

**Table of Contents****Ideation Acquisition Corp.****Unaudited Pro Forma Condensed Statement of Income  
For the Six Months Ended June 30, 2008**

	<b>Maximum Approval Assumption</b>				<b>Minimum Approval Assumption</b>			
	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	<b>Pro</b>	
	<b>Ideation historical</b>	<b>SearchMedia historical</b>	<b>Forma Adjustments</b>	<b>Note</b>	<b>Forma Combined</b>	<b>Forma Adjustments</b>	<b>Note</b>	<b>Forma Combined</b>
	<b>(US dollars in thousands)</b>							
Net revenues		31,346			31,346			31,346
Cost of revenues		(17,427)			(17,427)			(17,427)
Gross profit		<b>13,919</b>			<b>13,919</b>			<b>13,919</b>
Selling and distribution expenses		(2,869)			(2,869)			(2,869)
General and administrative expenses	(286)	(4,602)			(4,888)			(4,888)
Income (loss) from operations	<b>(286)</b>	<b>6,448</b>			<b>6,162</b>			<b>6,162</b>
Interest expense		(2,599)	2,565	(e2)	(34)			(34)
Interest income	1,124	119			1,243	(270)	(d3)	973
Decrease in fair value of note warrant liability		229	(229)	(e2)				
Foreign currency exchange loss, net		(40)			(40)			(40)
Income before income taxes	<b>838</b>	<b>4,157</b>			<b>7,331</b>			<b>7,061</b>
Income tax expense	(334)	(2,149)			(2,483)			(2,483)
Net income	<b>504</b>	<b>2,008</b>			<b>4,848</b>			<b>4,578</b>
Net income per share basic								
Net income per share diluted					0.23			0.26
					0.20			0.21
Weighted average share basic					20,634,137			17,634,138
Weighted average share diluted					24,472,034			21,472,035

See Notes to Unaudited Pro Forma Adjustments

**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 8,578,215 common stock of ID Cayman in exchange of outstanding SearchMedia ordinary shares, preferred shares, convertible notes, excluding 444,078 ID Cayman shares issuable from the conversion of US\$3.5 million SearchMedia promissory notes issued subsequent to June 30, 2008 as described in note (i) below ; (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 maximum approval: (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 minimum approval: (d1) To record payment to dissenting shareholders based on common stock subject to conversion at US\$7.8815 per share; (d2) To record payment of accrued interest on cash held in trust to dissenting shareholders; (d3) To adjust for interest income that would not have been recognized in respect of cash payment to dissenting 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.
- (f) 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.
- (g) 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:

	<b>Six Months Ended June 30, 2008</b>		<b>Fiscal Year Ended December 31, 2007</b>	
	<b>Assuming Maximum Approval (100%)</b>	<b>Assuming Minimum Approval (70%)</b>	<b>Assuming Maximum Approval (100%)</b>	<b>Assuming Minimum Approval (70%)</b>
Shares issued in the Transaction	8,134,137	8,134,137	8,134,137	8,134,137
Ideation weighted average shares	12,500,000	9,500,001	12,500,000	9,500,001
Basic shares	20,634,137	17,634,138	20,634,137	17,634,138
SearchMedia options and restricted shares*	235,316	235,316		
Warrants**	3,602,581	3,602,581	3,293,317	3,293,317
Diluted shares	24,472,034	21,472,035	23,927,454	20,927,455

- \* 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 warrants include incremental shares of 2,960,173 from potential exercise of ID Cayman warrants converted from 12,400,000 Ideation warrants; and incremental shares of 642,408 from potential exercises of ID Cayman warrants converted from 1,520,034 SearchMedia warrants upon the Transaction.



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**NOTES TO UNAUDITED PRO FORMA ADJUSTMENTS**

- (h) To reflect cash settlement of US\$5 million of the convertible notes, or Linden promissory notes. The pro forma adjustment has not reflected the cash payment of interest on the US\$15 million Linden promissory notes which has accrued from September 17, 2008 to the closing date of the Transaction at the rate of 12% per annum.
- (i) 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.
- (j) In March 2009, SearchMedia issued US\$3.5 million promissory notes as described in the Contractual Obligation section, to a third party investor, an existing Series A preferred shareholder and certain management personnel. The promissory notes will be converted into 444,078 ID Cayman ordinary shares upon the consummation of the Transaction. The pro forma financial statements have not considered the effect of the issuance of such promissory notes and the conversion of such notes into 444,078 ID Cayman shares. The pro forma financial statements have not reflected the cash payment of interest on the US\$3.5 million promissory notes which is accrued from March 19, 2009 to the closing date of the Transaction at the rate of 12% per annum.

**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, for ID Cayman on a pro forma basis, and for ID Cayman on a pro forma basis per equivalent Ideation share and per equivalent SearchMedia share. The pro forma information is set forth assuming both no additional conversion ( 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, (iii) the Selected Unaudited Pro Forma Combined Condensed Financial Data of ID Cayman, and (iv) the Unaudited Combined Condensed Pro Forma 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.

	<b>Historical</b>		<b>ID Cayman</b>	<b>ID Cayman</b>
	<b>Ideation</b>	<b>SearchMedia</b>	<b>Pro Forma</b>	<b>Pro Forma</b>
	<b>Period</b>	<b>Period from</b>	<b>Year Ended</b>	<b>Year Ended</b>
	<b>from</b>	<b>February 9,</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>June 1,</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
	<b>(Inception)</b>	<b>(Inception)</b>		
	<b>to</b>	<b>to</b>	<b>Assuming</b>	<b>Assuming</b>
	<b>December 31,</b>	<b>December 31,</b>	<b>Minimum</b>	<b>Maximum</b>
	<b>2007</b>	<b>2007</b>	<b>Conversion</b>	<b>Conversion</b>
	<b>(Amounts in thousands except for per share and share amounts)</b>			
Net income	\$ 144	\$ 1,248	\$ 1,310	\$ 1,392
Net income per common share basic	\$ 0.04	\$	\$ 0.07	\$ 0.07
Weighted average number of shares used in the calculation of net income per share basic	3,664,000		17,634,138	20,634,137

	<b>Historical</b>		<b>ID Cayman</b>	<b>ID Cayman</b>
	<b>Ideation Six</b>	<b>SearchMedia</b>	<b>Pro Forma</b>	<b>Pro Forma</b>
	<b>Months</b>	<b>Six Months</b>	<b>Six Months</b>	<b>Six Months</b>
	<b>Ended</b>	<b>Ended</b>	<b>Ended June 30,</b>	<b>Ended June 30,</b>
	<b>June 30,</b>	<b>June 30,</b>	<b>2008</b>	<b>2008</b>
	<b>2008</b>	<b>2008</b>	<b>Assuming</b>	<b>Assuming</b>
			<b>Minimum</b>	<b>Maximum</b>
			<b>Conversion</b>	<b>Conversion</b>

**(Amounts in thousands except for per share and share amounts)**

Net income	\$	504	\$	2,008	\$	4,578	\$	4,848
Net income per common share basic	\$	0.05			\$	0.26	\$	0.23
Weighted average number of shares used in the calculation of net income per share basic		9,500,001				17,634,138		20,634,137

		<b>Historical</b>		<b>ID Cayman</b>		<b>ID Cayman</b>		
		<b>Ideation as</b>	<b>SearchMedia</b>	<b>Pro Forma</b>	<b>Pro Forma</b>	<b>Pro Forma</b>		
		<b>of June 30,</b>	<b>as of</b>	<b>as of June 30,</b>	<b>as of June 30,</b>	<b>as of June 30,</b>		
		<b>2008</b>	<b>June 30,</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>		
			<b>2008</b>	<b>Assuming</b>	<b>Assuming</b>	<b>Assuming</b>		
				<b>Minimum</b>	<b>Maximum</b>	<b>Maximum</b>		
				<b>Conversion</b>	<b>Conversion</b>	<b>Conversion</b>		
Total stockholders equity	\$	53,245	\$	6,370	\$	82,370	\$	106,362
Book value per share basic	\$	5.60			\$	4.67	\$	5.15
Weighted average number of shares used in the calculation of book value per share basic		9,500,001				17,634,138		20,634,137

**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 March 30, 2009, the most recent trading day before the date of this proxy statement/prospectus, was \$7.52, \$0.10 and \$7.54, 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
<b>2007</b>						
November 20 through December 31, 2007	\$ 8.01	\$ 7.85	\$ 7.20	\$ 7.20	\$ 0.70	\$ 0.70
<b>2008</b>						
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
<b>2009</b>						
First Quarter (through March 30, 2009)	\$ 7.70	\$ 7.16	\$ 7.55	\$ 7.18	\$ 0.15	\$ 0.03

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 requirements for continued listing.

*Holders of Ideation.* As of \_\_\_\_\_, 2009, the record date, there were, of record, thirteen 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.

**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 \_\_\_\_\_, Eastern standard time, on \_\_\_\_\_, 2009, at \_\_\_\_\_ to vote on the proposals to approve the redomestication, the business combination and an adjournment or postponement of the special meeting.

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

1. *Redomestication Proposal* The common stockholders will be asked to approve the 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 you vote FOR the approval of this proposal, you will be voting as an Ideation stockholder to authorize the short-form 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.
2. *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.
3. *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, as compared to 51,000,000 shares of capital stock currently authorized in Ideation's Certificate of Incorporation, as agreed upon in the share exchange agreement.
4. *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 Certificate of Incorporation, as agreed upon in the share exchange agreement.
5. *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 Certificate of Incorporation.
6. *Preferred Designation Proposal* The common stockholders will be asked to approve in ID Cayman's Memorandum of Association the designation of Series A preferred shares with preferences and rights as set forth in ID Cayman's Memorandum of Association.
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 Certificate of Incorporation that provide that stockholders may take action without a meeting 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 stockholders.
8. *Corporate Existence Proposal* The common stockholders will be asked 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 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 redomestication will not be consummated unless the Business Combination Proposal is also approved. Similarly, the business combination will not take place if each of the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal is not approved.

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The Ideation board of directors has unanimously determined that the redomestication and the business combination 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 Redomestication Proposal, (b) the Business Combination Proposal, (c) the Share Increase Proposal, (d) the Declassification Proposal, (e) the Amendment Proposal, (f) the Preferred Designation 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 Certificate of Incorporation enabling it to consummate the business combination.

The special meeting has been called only to consider approval of the Redomestication Proposal, the Business Combination Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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 \_\_\_\_\_, 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 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 initial public offering 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 Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation 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 that (1) the business combination is approved by a majority of the shares of common stock issued in connection with Ideation's initial public offering, or 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 the stockholders owning IPO Shares vote against the business combination and exercise their conversion rights to have their shares of common stock converted 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 at the meeting or represented by a proxy and entitled to vote thereon.

In addition, 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 Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal be approved by Ideation stockholders. If the Business Combination Proposal is approved, but the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal are not approved, Ideation will not be able to go forward with the business combination with SearchMedia. Conversely, if each of the Redomestication Proposal, the Share Increase Proposal, the Declassification



Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal and the Corporate Existence Proposal is approved, but the Business Combination Proposal is not approved, Ideation will not be able to go forward with the redomestication to the Cayman Islands.

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Ideation's initial stockholders, including its officers and directors, hold in the aggregate 2,681,300 shares of Ideation common stock, which common stock was acquired after Ideation's IPO. These shares represent approximately 21.5% of Ideation's issued and outstanding common stock. Ideation's initial stockholders, including its officers and directors, intend to vote all of their common stock in favor of the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Employee Stock Option Proposal and all of their common stock in favor of the Business Combination Proposal. If Ideation's directors and executive officers and their affiliates decide to purchase additional shares in advance of the special meeting, the decision to purchase 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.

*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 Ideation's Certificate of Incorporation provides 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, but an abstention will have the effect of a vote against the Adjournment Proposal. With respect to the Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Employee Stock Option 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. 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 Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Employee Stock Option Proposal.

*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.* Pursuant to the arrangements established at the time of Ideation's IPO, all Ideation stockholders are entitled to elect conversion of their shares of common stock in the event they vote against the business combination and tender their shares as described in the section below titled "Conversion Procedures."

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However, the business combination will not be consummated if the holders of 30% or more of the common stock exercise their conversion rights in connection with the business combination. If you properly exercise your conversion rights, then you will be irrevocably exchanging your shares of common stock for cash and will no longer own those shares of common stock upon the consummation of the business combination. You may only demand that Ideation convert your shares of common stock by checking the box on the proxy card and, at the same time, ensuring your bank or broker complies with the requirements described in the section below titled *Conversion Procedures*. You will only be entitled to receive cash for those shares of common stock if you continue to hold those shares through the closing date of the business combination.

In connection with tendering your shares for conversion, you must elect either to physically tender your stock certificates to Ideation's transfer agent prior to the vote taken with respect to the proposed business combination or to deliver your shares of common stock to the transfer agent electronically using The Depository Trust Company's DWAC System, which election 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 prior to the vote taken with respect to the proposed business combination ensures that a converting holder's election to convert is irrevocable once the business combination is approved.

Prior to 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 March 30, 2009 was \$7.52 and the amount of cash held in the IPO trust account on December 31, 2008 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.* If you wish to exercise your conversion rights, you must:

affirmatively vote against approval of the Business Combination Proposal;

demand that your shares of Ideation common stock be converted into cash in accordance with the procedures described in the following paragraphs; and

ensure that your bank or broker complies with the procedures described in the following paragraphs.

Through the DWAC system, the electronic delivery process can be accomplished by the stockholder, whether or not it is a record holder or its shares are held in street name, by contacting the transfer agent or its broker and requesting delivery of its shares through the DWAC system. Ideation believes that approximately [80]% of its shares are currently held in street name. Delivering shares physically may take significantly longer. In order to obtain a physical stock certificate, a stockholder's broker and/or clearing broker, DTC, and Ideation's transfer agent will need to act

together to facilitate this request. There is a nominal cost associated with the above-referenced tendering process and the act of certificating the shares or delivering them through the DWAC system. The transfer agent will typically charge the tendering broker \$35 and the broker would determine whether or not to pass this cost on to the converting holder. It is Ideation's understanding that stockholders should generally allot at least two weeks to obtain physical certificates from the transfer agent. Ideation does not have any control over this process or over the brokers or DTC, and it may take longer than two weeks to obtain a physical stock certificate. Such stockholders will have less time to

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make their investment decision than those stockholders that do not elect to exercise their conversion rights. Stockholders who request physical stock certificates and wish to convert may be unable to meet the deadline for tendering their shares before exercising their conversion rights and thus will be unable to convert their shares. Accordingly, Ideation will only require stockholders to deliver their certificates prior to the vote taken with respect to the proposed business combination if the stockholders receive the proxy solicitation materials at least twenty days prior to the special meeting.

Your bank or broker must, prior to the vote taken with respect to the proposed business combination, electronically transfer your shares of common stock using the DWAC system to the DTC account of Continental Stock Transfer & Trust Company, Ideation's stock transfer agent, and provide Continental Stock Transfer & Trust Company with the necessary stock powers. If your bank or broker does not provide each of these documents to Continental Stock Transfer & Trust Company, 17 Battery Place, New York, NY 10004, telephone (212) 509-4000, fax (212) 509-5150, prior to the vote taken with respect to the proposed business combination, your shares will not be converted. Prior to the vote taken with respect to a proposed business combination, your bank or broker also is strongly encouraged to provide Continental Stock Transfer & Trust Company with written instructions that you want to convert your shares of common stock and a written letter addressed to Continental Stock Transfer & Trust Company stating that you were the owner of such shares of common stock as of the record date, you have owned such shares since the record date and you will continue to own such shares of common stock through the closing of the acquisition. Failure to deliver such written instruction letter will not prevent you from converting your shares of common stock; however, it will result in substantial delays in your receiving the *pro rata* portion of the trust account to which you are entitled.

Certificates and shares that have not been tendered in accordance with these procedures prior to the vote taken with respect to the proposed business combination will not be converted to cash. In the event that a stockholder tenders its shares of common stock and decides prior to the special meeting that it does not want to convert its shares of common stock, the stockholder may withdraw the tender. In the event that a stockholder tenders shares of common stock and the business combination is not completed, these shares of common stock will not be converted to cash and the physical certificates representing these shares of common stock will be returned to the stockholder promptly following the determination that the business combination will not be consummated. Ideation anticipates that a stockholder who tenders shares of common stock for conversion in connection with the vote to approve the business combination would receive payment of its conversion price for such shares of common stock promptly after completion of the business combination. Ideation will hold the certificates of stockholders that elect to convert their shares of common stock into a *pro rata* portion of the funds available in the trust account until such shares of common stock are converted to cash or returned to such stockholders.

If you demand conversion of your shares of common stock, and later decide that you do not want to convert such shares of common stock, your bank or broker must make arrangements with Continental Stock Transfer & Trust Company, at the telephone number stated above, to withdraw the conversion. To be effective, withdrawals of shares of common stock previously submitted for conversion must be completed prior to the commencement of the special meeting.

Continental Stock Transfer & Trust Company can assist with this process. Stockholders who may wish to exercise their conversion rights are urged to promptly contact the account executive at the organization holding their account to accomplish these additional procedures. If such stockholders fail to act promptly, they may be unable to timely satisfy the conversion requirements.

Any action that does not include a vote against the Business Combination Proposal will prevent you from exercising your conversion rights.

*Questions About Voting.* Ideation has retained [ ] 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 [ ]. You may also want to consult your financial and other advisors about the vote.

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*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 Redomestication Proposal, the Share Increase Proposal, the Declassification Proposal, the Amendment Proposal, the Preferred Designation Proposal, the Shareholder Consent Proposal, the Corporate Existence Proposal and the Employee Stock Option Proposal but will not have the same effect as a vote against the adoption of the Business Combination Proposal or the Adjournment Proposal. Not voting your shares of common stock will not have the effect of a demand of conversion of your shares of common stock into a pro rata share of the trust account in which a substantial portion of the proceeds of Ideation's IPO are held.*

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

Ideation has retained [ ] 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 [ ] at [ ]. Ideation has agreed to pay [ ] a fee of \$[ ], 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.

## **THE REDOMESTICATION PROPOSAL**

### **General**

In connection with the business combination, Ideation will redomesticate to the Cayman Islands and, in that process, 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

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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 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 of Association 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 of Association and Articles of Association in their entirety.

## **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 Certificate of Incorporation, which prohibits Ideation from amending

its Certificate of Incorporation prior to consummation of a business combination.

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

**The Redomestication**

*The Merger*

The redomestication will involve two steps.

First, Ideation will effect a short-form 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 ( DGCL ) and 10-1107 of the Arizona Revised Statutes. After the merger, Ideation will no longer exist. In the merger:

each outstanding share of Ideation common stock will automatically be converted into one common share of ID Arizona; and

each outstanding warrant or purchase option of Ideation will be assumed by ID Arizona and shall entitle the holder to purchase an equivalent number and type of security in ID Arizona; and

all outstanding shares of ID Arizona owned by Ideation will automatically be canceled.

*The Conversion*

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. In the conversion:

each outstanding share of common stock of ID Arizona will automatically become one ordinary share of ID Cayman; and

each outstanding warrant or purchase option of ID Arizona will be assumed by ID Cayman and shall entitle the holder to purchase an equivalent number of securities in ID Cayman.

As a result of the conversion, ID Arizona will continue its existence without interruption as a Cayman Islands exempted company rather than an Arizona corporation.

Upon the issuance of a certificate of registration by way of continuance by the Cayman Islands Registrar, 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 of Association 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 of Association and Articles of Association are attached to this proxy statement/prospectus as Annex B.

If the Redomestication Proposal is approved, and if the Business Combination Proposal is also approved, the redomestication will become effective promptly following the special meeting, subject to the receipt of all necessary third-party consents and satisfaction or waiver of all of the conditions to the closing of the business combination. 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 issuance of a certificate of merger by the Arizona Secretary of

State 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.

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[After the redomestication, Ideation securities no longer will be eligible to trade on the NYSE Amex ID Cayman's ordinary shares and warrants will be eligible to trade in their place beginning on or about the effective date of the redomestication under new CUSIP numbers and trading symbols.]

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, if they like, submit their stock certificates to our transfer agent, Continental Stock Transfer and Trust Company, 17 Battery Place, New York, New York 10004 (212-509-4000), for new share certificates and entry into the Registrar 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 our transfer agent to have a new certificate issued. You may be requested to post a bond or other security to reimburse us for any damages or costs if the lost certificate is later delivered for sale or transfer.

## **Management of ID Cayman**

At the closing of the business combination, ID Cayman will enter into a voting agreement with CSV, Qinying Liu, Le Yang, Gentfull Investment Limited, Gavast Estate Limited and Linden Ventures II, each a SearchMedia shareholder, 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 and SM Cayman Shareholders' representatives as provided in the share exchange agreement. The voting agreement is attached as Annex E hereto. We encourage you to read the voting agreement in its entirety.

After the consummation of the business combination, the executive officers of ID Cayman will be [        ].

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 of Association 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 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 of Association 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 Certificate of Incorporation and bylaws and

ID Cayman's Memorandum of Association 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 Certificate of Incorporation and bylaws and ID Cayman's Memorandum of Association 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

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DGCL, Ideation's Certificate of Incorporation and bylaws and ID Cayman's Memorandum of Association and Articles of Association. Forms of ID Cayman's Memorandum of Association and Articles of Association are attached to this proxy statement/prospectus as Annex B.

### **Shareholder Approval of Future Business Combinations**

#### **Ideation**

Under the DGCL, 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 shareholders.

Unless the Certificate of Incorporation of the surviving corporation provides otherwise, Delaware law does not require a shareholder 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 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 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 shares of common stock issued in connection with Ideation's IPO in the aggregate exercise their right under the Certificate of Incorporation 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**

Unlike Delaware law, Cayman Islands law does not include a statutory merger procedure. The Companies Law does, however, provide 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 (75%) percent 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 and 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.

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**Special Vote Required for Combinations with Interested Shareholders**

**Ideation**

Section 203 of the DGCL 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 66 $\frac{2}{3}$ % 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 DGCL 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 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 DGCL.

**Appraisal Rights and Compulsory Acquisition**

**Ideation**

Under the DGCL, 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.

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Notwithstanding the above, a shareholder is entitled to appraisal rights in the case of a merger or consolidation effected under certain provisions of the DGCL 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 requirements for continued listing.

### **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.

### **Shareholder Consent to Action Without a Meeting**

#### **Ideation**

Under the DGCL, 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 Certificate of Incorporation does not restrict its shareholders from taking action by written consent.

#### **ID Cayman**

Article 73 of ID Cayman's Articles of Association provide that the shareholders of the company (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.

### **Special Meetings of Shareholders**

#### **Ideation**

Under the DGCL, 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 Certificate of Incorporation provides that a special meeting of shareholders may be called only by a majority of the board of directors of Ideation.



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### **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 DGCL, 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 DGCL 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.

#### **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 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 DGCL, 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 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.

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### **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 DGCL, 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 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 DGCL, because Ideation has a classified board and its 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 resolution of at least two-thirds of the outstanding shareholders.

### **Inspection of Books and Records**

#### **Ideation**

Under the DGCL, 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 DGCL, 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.

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In addition, under the DGCL, 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 Certificate of Incorporation does not provide otherwise. Under the DGCL, 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 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 150 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 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.

### **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.

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Insofar as indemnification for liabilities arising under the Securities Act of 1933 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 145 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.

### **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.

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### **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.

### **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 14 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

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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 Certificate of Incorporation does not provide for cumulative voting for the election of directors.

### **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. The board of directors does not have the power to remove directors. 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 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

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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 ordinary 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 ordinary 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.

**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 short-form 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.

Pursuant to the share exchange agreement, after the redomestication, ID Cayman will acquire all of the outstanding shares of SM Cayman by issuing the SM Cayman shareholders and warrant holders an aggregate of 6,865,341 ID Cayman ordinary shares and 1,520,034 ID Cayman warrants. Using a per share value based on the conversion price per share of \$7.8815, as of December 31, 2008, and excluding the earn-out shares, the agreed consideration represents approximately \$78.5 million. In addition, ID Cayman has agreed to issue to the SM Cayman 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 for the fiscal year ending December 31, 2009. We refer to this transaction as the business combination.

As a result of the business combination, the Ideation stockholders, excluding the SearchMedia shareholders that own shares of Ideation, are expected to beneficially own approximately 59% of the outstanding ordinary shares of ID

Cayman, assuming no conversions of shares into cash from funds available in the trust account, and assuming the earn-out is not achieved. If the earn-out is achieved, then the Ideation

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stockholders are expected to beneficially own approximately 40% of the issued and outstanding ordinary shares of ID Cayman, and the SearchMedia shareholders are expected to beneficially own approximately 60% of the issued outstanding ordinary shares of ID Cayman. None of the foregoing percentages reflects the potential effect of an exercise of either the currently outstanding warrants or the warrants to be issued to the SearchMedia shareholders.

## **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. 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 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 of 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 looking at opportunities in the China region. On October 17, 2008, Ideation engaged Oppenheimer & Co. Inc. (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. 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 which had supported a

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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. No finder's fee was or will be paid by Ideation, SearchMedia or the combined company in connection with this transaction. However, upon consummation of the transaction, Ideation will pay a fee to Oppenheimer for financial advisory services in connection with the transaction. 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 to the execution of the share exchange agreement.

On November 3, 2008, Ideation was presented information on SearchMedia through the introduction of its financial advisor, Oppenheimer.

On November 7, 2008, Ideation signed a confidentiality agreement providing access to extensive non-public information of SearchMedia.

On November 13, 2008, Rao Uppaluri, Steven Rubin and Robert Fried were introduced over a conference call to Jennifer Huang, Chief Financial Officer, and 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 to acquire SearchMedia. The consideration offered by Ideation was based on recent publicly-traded comparable companies.

On November 17, 2008, after discussions with SearchMedia's board and management team primarily concerning valuation methodology of the transaction, Ideation submitted a revised Letter of Intent to acquire SearchMedia.

On November 18, 2008, the revised Letter of Intent was signed by SearchMedia.

On November 24, 2008, Rao Uppaluri and Steven Rubin, and Mr. Robert Fried via telephone, and Akerman Senterfitt, Ideation's legal advisors, met with Earl Yen, a board member of SearchMedia, and Garbo Lee, the President of SearchMedia, at Ideation's offices in Miami, Florida. Jennifer Huang, the chief financial officer of SearchMedia 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.

From December 3, 2008 to December 5, 2008, Messrs. Robert Fried, Rao Uppaluri, Steven Rubin 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.

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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 signed an exclusivity extension with Ideation, pursuant to the Letter of Intent signed on November 18, 2008.

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 February 11, 2009, Ms. Jane Hsiao met with Garbo Lee, President, and Earl Yen, a board member of SearchMedia in Taiwan.

From November 2008 through February 2009, Ideation and Jun He, 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, Robert Fried, Rao Uppaluri and Steve Rubin travelled to New York to meet with its 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.

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 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.

On March 27, 2009, Ideation engaged BDO China Shu Lun Pan Certified Public Accountants ( 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 Oppenheimer conducted telephone interviews with the management of selected subsidiary companies.

On March 31, 2009, the board of directors of Ideation 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 Agreements and other documentation necessary to effect the acquisition. Management of Ideation, along with representatives of Oppenheimer, then reviewed management's financial analysis with respect to SearchMedia and the proposed transaction, as more fully described on pages to of



this proxy statement. After discussing various legal and financial aspects of the proposed acquisition with its legal and financial advisors, the board of directors of Ideation unanimously resolved to approve the proposed acquisition and authorized Ideation's management to execute the share exchange agreement.

On March 31, 2009, following the meeting of the board of directors of Ideation, Ideation and SearchMedia executed the share exchange agreement.

**Table of Contents****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, Preferred Designation Proposal, Shareholder Consent Proposal, Corporate Existence Proposal and Employee Stock Option 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 initial sponsor currently hold [2,681,300] shares of the common stock and 2,400,000 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 , 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. As of [ ], Ideation believes that the maximum amount of the indemnity obligation of Ideation's officers and directors is approximately [\$ ], which is equal to [ ]. 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 or SearchMedia, 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 , 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 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.

**Actions That May Be Taken to Secure Approval of Ideation Stockholders**

If in the process of seeking stockholder approval for the Business Combination Proposal, Ideation believes that holders of 30% or more of the IPO Shares intend to vote against a business combination and seek conversion of their IPO Shares into cash, Ideation, its initial stockholders or their affiliates or other persons may seek to purchase, or enter into arrangements to purchase, IPO Shares either in the open market or in privately negotiated transactions. Any such purchases and arrangements would be entered into 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 or arrangements could involve the incurrence of debt financing, payment of significant fees or interest payments and/or the issuance of additional Ideation securities, provided that any issuance of a senior security of ID Cayman pursuant to such contracts would require the consent of SM Cayman shareholders' representatives. A condition to the closing of such forward 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.

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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 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, for some reason, 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 us 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.

### **Ideation's Reasons for the Business Combination and Recommendation of the Ideation board of directors**

The Ideation board of directors unanimously concluded that the merger agreement 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 merger agreement, the Ideation board of directors derived an 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.

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 merger 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. The price earnings ratio of 6.7x was calculated based upon (a) a numerator of

\$256.7 million, which upon execution of the merger 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 merger agreement, believing that any difference

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between the \$7.52 per share price in the trading market on the date the merger agreement was signed and the cash conversion value of \$7.8815 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.

Ideation based the earn-out targets in the merger agreement on SearchMedia's 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). At the time the merger 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;

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. In determining the earn-out target for the merger 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 a 30% conversion of Ideation shareholders and using the treasury share method, there would be 12.5 million fully diluted shares outstanding prior to the merger, 22.4 million fully diluted shares outstanding at the time of the merger (including all performance related restricted share awards and options) and 32.6 million fully diluted shares outstanding after the merger if SearchMedia achieves the maximum potential earn-out target.

Ideation is submitting the business combination for a vote of Ideation stockholders as required under the merger agreement and Ideation 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 the fact that the underlying projections may not be indicative of future results, should consider voting against the business combination and convert their 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, but, in the view of the Ideation's and SearchMedia's management, 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, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the prospective financial information, including,

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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. 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.

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 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 Strong Potential for Future Expansion***