GAO Yingrui

Co-CEO of Sequel Media Inc..

9th Floor Tower B, CEC Plaza,

No.3 Dan Ling Street, Hai Dian District, Beijing 100080, China

LIU Qinghua

Co-CEO of Sequel Media Inc.

9th Floor Tower B, CEC Plaza,

No.3 Dan Ling Street, Hai Dian District, Beijing 100080, China

June \_\_\_\_, 2014

Tim Chen

Telstra Holdings Pty Ltd. (“Telstra”)

Director

Floor 24, China World Tower 1

No. 1, Jian Guo Men Wai Avenue, Chaoyang District

Beijing 100004, China

Dear Tim:

Qinghua and I (the “Buyer” or “Buyers”) are very interested in the business of Sequel Media Inc. (the “Company”) and in acquiring all of the issued share capital of the Company and/or its affiliates from Telstra. This letter will confirm our understanding with respect to the proposed acquisition by us or our controlled entities.

The proposed acquisition is based upon the terms and subject to the conditions set forth below:

1. Purchase Price. The Company is valued at RMB30,000,000 on a no-cash no-debt basis. The Buyers have an understanding that as of the completion of the transaction contemplated hereunder, the Company shall have a cash balance of at least RMB20,000,000. The Buyers will acquire fifty-five percent (55%) of the issued and outstanding shares of the Company from Telstra for an aggregate purchase price of RMB27,500,000 or its equivalent in US dollars (the “Purchase Price”), all in cash. Each Buyer will pay fifty percent (50%) of the total Purchase Price in two installments, the first no later than August 31, 2014 and the second no later than January 31, 2015. Upon mutual consent, the Buyers are willing to accept any purchase price adjustment mechanism as may be required by the Sellers the details of which will be provided in the definitive agreement.
2. Acquisition Agreement; Closing. The proposed transaction is subject to the execution of a definitive agreement by the Buyers, Telstra and all the other existing shareholders of the Company (the “Shareholders”). The proposed transaction would be completed in accordance with terms and conditions to be set forth in a definitive acquisition agreement governing the transaction, which shall be satisfactory in form and substance to the Buyers and the Company and would include representations and warranties, closing conditions, covenants and indemnities customary in transactions of this type (the “Acquisition Agreement”). Because the Buyers hold executive management position in the Company and have full access to the books and records of the Company, the closing conditions to the Buyers’ obligations in the Acquisition Agreement will not include satisfactory completion of any due diligence review, no occurrence of material adverse effect, retention of key employees, delivery of any legal opinions from the counsel to the Company or the Buyers, letter of non-compete from Telstra, etc that may be required by a third party buyer.
3. Equity Incentive. The Buyers can cause the Company to grant options under the adopted incentive plan before the completion of the proposed transaction. The Buyers will have the right at their own discretion to adopt any form of equity incentive plan thereafter.
4. Publicity. Except as required by law or stock exchange regulation, none of the Buyers, the Company and their respective representatives will publicly disclose the existence of this letter or make known publicly any facts related to the proposed transaction without the prior consent of the other party.
5. No Solicitation. Each party hereto shall not for a period of 60 days after acceptance by Telstra of this letter of intent (i) solicit, initiate, encourage, enter into, conduct, engage in or continue, any discussions, or enter into any agreement or understanding, with any other person or entity regarding the transfer, directly or indirectly, of any share capital or any other interest in the Company or any material portion of its assets (including by way of a license), or (ii) disclose any nonpublic information relating to the Company or afford access to the properties, books or records of the Company to any other person or entity that may be considering acquiring, or has acquired, an interest in the Company, unless, in either case, such discussion or disclosure has occurred prior to the date hereof.
6. Costs. Each party to this letter agreement shall bear its own costs related to the proposed transaction, including the fees and expenses of its financial advisors, lawyers and accountants.
7. Letter of Intent Only. This document is an expression of the intent of the parties only, and nothing herein shall create any legally binding obligation (except as to those matters referred to in paragraphs 3 through 6, which shall be binding). No obligations, other than under paragraphs 3 through 6, shall arise unless and until mutually satisfactory definitive agreements concerning the proposed transaction described herein shall have been entered into by the Buyers, Telstra and the Shareholders.

If the foregoing accurately summarizes our understanding with respect to the proposed transaction, please date and execute the duplicate original of this letter that is enclosed and return the same to the undersigned.

Yours sincerely,

By:

Name: GAO Yingrui

Title: co-CEO

By:

Name: LIU Qinghua

Title: co-CEO

Accepted and agreed as of

\_\_\_\_\_\_\_\_\_\_\_, 2014

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

for and on behalf of Telstra Holdings Pty Ltd.

Name: Tim Chen

Title: Director