

China Media M&A Quarterly

2nd Quarter 2008

Highlights

- **Advision Media, Shanghai-based outdoor advertising company raised US\$30 million from SAIF Partners**

The investment is expected to accelerate the expansion of the Shanghai company's outdoor digital media network and set up around 35 new outdoor LED screens across more than 20 large cities in 2008

- **Telstra Corp. acquired 55% of two Chinese internet businesses with leading positions in the fast-growing online auto and digital device advertising sectors**

Norstar, founded by Chairman Mr. Lan Jiang, operates the popular auto site Che168.com and leading digital device site IT168.com. Autohome/PCPop, founded by successful Chinese entrepreneur Mr. Li Xiang, operates the leading auto site Autohome.com and popular digital device site PCPop.com

- **Youku.com raised US\$30 million equity financing and a US\$10 million equipment loan**

Youku.com has attracted over 100 million unique visitors per month and each user spends about 300 minutes per month on its site. This round was led by Maverick Capital and followed by existing investors

- **Oak Pacific Interactive Corp. raised US\$430 million from Softbank, Joho Capital and SBI, accounting for 35% of its total shares**

As the leading provider of Web 2.0 communities in China, Oak Pacific operates Xiaonei.com, China's largest college students social-networking site, Mop.com, the largest entertainment portal, and Donews.com, one of the leading IT blogging services in China

Hong Kong

Suite 3518 Jardine House
One Connaught Place
Central, Hong Kong
T +852 3752 2333
F +852 2295 3979

Beijing

Room 705, East Tower
Twin Towers
B12 Jianguomenwai Avenue
Chaoyang District
Beijing 100022, China
T +86 (10) 8447 7398
F +86 (10) 8447 7396

Shanghai

5F Crystal Century Tower
567 Weihai Road, Jingan District
Shanghai 200040, China
T +86 (21) 6288 6555
F +86 (21) 6288 6585

Introduction

Cowen Latitude Asia, the wholly-owned Asia subsidiary of Cowen Group, Inc. (NASDAQ: COWN), is Asia's leading growth sector focused investment bank providing a full range of capital markets, M&A advisory and private placement services. The Firm specializes in the growth sectors of Alternative Energy, Consumer, Health Care, Industrial, Media, Technology, Telecom and Aerospace & Defense.

We are pleased to present our quarterly review of cross-border China M&A activity in Media-related industries, focusing on both financial and strategic buyers/investors acquiring China assets and Chinese corporations acquiring overseas targets.

The purpose of this report is to provide a summary of China cross-border Media-related M&A and private placement activities in the second quarter of 2008, highlighting selected notable transactions that are relevant to venture capital firms, private equity firms, and strategic buyers/investors. Our review is broken down into two broad categories, (i) Traditional Media and (ii) New Media, with specific focus on the following six major sectors:

TRADITIONAL MEDIA

- ◆ Indoor / Outdoor Advertising
- ◆ Newspaper / Magazine / Book Publishing
- ◆ Television Production and Broadcasting

NEW MEDIA

- ◆ Ecommerce / Search / Portals
- ◆ Online Entertainment
- ◆ Wireless Value-Added Services ("WVAS")

Traditional Media

Indoor / Outdoor Advertising

In the Indoor / Outdoor Advertising sector, Clarity China has committed US\$30 million to Buytime Media, a publisher and distributor of magazines and maps in hotels to travelers. Buytime Media will use the proceeds to prepare itself for its initial public offering, which is expected to take place in the first half of 2009.

In another transaction during the quarter, Advision Media Holdings, a leading outdoor digital media operator received US\$30.0 million from SAIF Partners. Advision has placed outdoor LED advertisement screens in many key places in the CBD, airports and expressways of major cities. After it received this investment from SAIF Partners, Advision will finish deployment and build around 35 outdoor LED advertisement screens in over 20 large cities nationwide.

Selected Indoor / Outdoor Advertising Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 20	Clarity China	Buytime Media	30.0	NA	NA	Hotel advertising media company
May 28	BlueRun Ventures	GoodMedia	10.0	NA	NA	Media provider of advertising in fitness clubs
Apr 16	Frame Media	Sports Media	NA	100	NA	Advertising agency developing and providing advertising opportunity in fitness centers
Apr 15	Health Media (Impel Media (China) Co., Ltd.)	DaSheng Media	NA	100	NA	Guangzhou-based media chain in hospitals
Apr 1	SAIF Partners	Advision Media Holdings Limited	30.0	NA	NA	Outdoor LED media advertisement operator in China

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

Newspaper / Magazine / Book Publishing

In the Newspaper / Magazine / Book Publishing sector, an investor group, comprised of Chengdu Dr. Peng Technology, Shenzhen Pengbo Industrial Group, Beijing Tonglingtong Telecommunication Technology and Shenzhen Ruisong Investment, agreed to acquire a 70% stake in Beijing Dollun Media Advertising Co., Ltd., an advertising services provider.

Selected Newspaper / Magazine / Book Publishing

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 28	Beijing Tonglingtong Telecommunications Technology Co., Ltd., Chengdu Dr Peng Technology Company Ltd. (SHSE:600804), Shenzhen Peng Bo Group, Shenzhen Ruisong Investment Ltd.	Beijing Dollun Media Advertising Co., Ltd.	22.7	70.0	32.4	Advertising services provider mainly on newspapers
Jun 17	Shenzhen Coship Electronics Co., Ltd. (SZSE:002052)	Chengdu Xingzhou Digital TV Broadcasting Co., Ltd.	3.1	43.0	7.1	Developer and operator of digital TV
May 13	Chengwei Ventures	CEIBS Business Review	5.0	NA	NA	Business journal by CEIBS

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

Television Production and Broadcasting

In the Television Production and Broadcasting sector, TVJ Media & Culture Co., Ltd. received Series A financing from Sequoia Capital. TVJ conducts a wide range of businesses, including film and television planning, production, distribution, advertising and marketing, public relations, new media content production, and performing arts. Sequoia Capital will help to transform the company from an outstanding film and television producer to a new type of cross-media company. After the transformation, TVJ will guide Chinese fashion lifestyles by combining content provision with product development and promotion.

Selected Television Production and Broadcasting Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
May 12	NA	China Cablecom Holdings Ltd. (OTCBB:CCCH.F)	43.2	NA	NA	Cable television services provider in China
Apr 15	Sequoia Capital	TVJ Media & Culture	NA	NA	NA	Television production company focusing on celebrity talk shows and lifestyle content

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

New Media

Ecommerce, Search, and Portals

The most notable transaction in this sector is Telstra Corp.'s majority acquisition of Norstar and Autohome/PCPop. Norstar operates the auto purchase guide website Che168.com and IT equipment information website IT168.com; while Autohome/PCPop operates two similar websites as Autohome.com and PCPop.com.cn. The combined websites were expected to be the No.1 in China for automotive and No.2 for digital devices. Telstra may look at an IPO for the newly acquired businesses in the next two to three years. Telstra already has a presence in the fast growing

Chinese Internet sector through its acquisition of 51% of the SouFun real estate website two years ago for US\$254 million.

In another transaction, Globalmarket.com received US\$30 million investment from JAFCO Asia, NIF SMBC, and three companies publicly traded on overseas capital markets. The Company has reached qualifications and requirements for a listing entity and the next step would be an IPO plan. To differentiate from traditional third-party platforms for B2B enterprises, Globalmarket.com focuses on the high-end customer segment.

Selected Ecommerce, Search, and Portals Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 27	Telstra Corp. Ltd. (ASX: TLS)	Norstar Media and Autohome/PCPop	NA	55.0	NA	Norstar operates the popular auto site Che168.com and leading digital device site IT168.com; Autohome/PCPop operates the leading auto site Autohome.com.cn and popular digital device site PCPop.com
May 23	Google	265.com	NA	100.0	NA	Internet address navigation service provider
May 17	NA	Ganlan.com	3.6	NA	NA	Food ordering website
May 7	General Catalyst, Bessemer Venture Partners, Founders Fund, DN Capital	www.olx.com, edeng.cn	13.5	NA	NA	Free online classifieds site
Apr 26	DT Capital	51auto.com	4.5	NA	NA	Classified automobile information and trading website
Apr 15	JAFCO Asia, NIF SMBC, etc.	GlobalMarket.com	30.0	NA	NA	Online third-party platform for B2B enterprises
Apr 1	JAFCO Asia, Investor Growth Capital	Byecity.com	10.0	NA	NA	Tourism ecommerce website

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

Online Entertainment

In Online Entertainment sector, Oak Pacific Interactive Corp., the leading provider of Web 2.0 communities in China, raised US\$430 million from Softbank, Joho Capital and SBI, accounting for 35% of its total shares. The investment will be used to augment the market leadership of Oak Pacific's Xiaonei.com, China's largest college students social networking site. Oak Pacific Interactive Corp. also owns and operates Mop.com, the largest entertainment portal, and Donews.com, one of the leading IT blogging services in China.

Following Tudou's fourth round financing of US\$57 million from IDG, Granite Global Ventures and General Catalyst Partners, Youku, another leading online video website in China, has raised US\$30 million in private equity funding led by Maverick Capital, and secured a US\$10 million equipment loan, provided by Western Technology Investment. Youku will pay back its equipment loan within three to five years.

Selected Online Entertainment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 30	Brookside Capital Management, Chengwei Ventures, Farallon Capital Management, Maverick Capital,	Youku.com	30.0	NA	NA	Internet video sharing website

Selected Online Entertainment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
	Sutter Hill Ventures					
Jun 26	NA	HeySpace.com	20.0	NA	NA	Social network services and virtual community service provider in China
Jun 18	NA	Sunny Multimedia (Shanghai) Co., Ltd.	23.0	NA	NA	Developer of 3D virtual world
Jun 17	KPCB, Paalink, iDTech Ventures	Nubb.com	10.0	NA	NA	Domestic content provider of original videos and an interactive marketing platform for the community
Jun 17	CNET Networks (Nasdaq: CNET)	55BBS.com	NA	100.0	NA	A lifestyle and shopping community
Jun 11	MonArc Corporation (OTCPK: MONA)	PP365.com	NA	NA	NA	Provider of P2P instant messaging, downloading and information search services
Jun 6	SAIF Partners	58.com	5.7	NA	NA	Online classified information website
Jun 2	Redpoint Ventures, Intel Capital, SIG, Sequoia Capital	51.com	12.0	NA	NA	Social networking site
May 30	GSR Ventures, Mayfield China	AdChina, Inc.	10.0	NA	NA	Shanghai-based online advertising network
May 27	Chengdu Kingsoft Interactive Entertainment Co., Ltd	Dalian Kingsoft Interactive Entertainment Co., Ltd.	4.3	29.4	14.7	Developer of casual online and 3D graphics shooter games
May 15	SK Telecom Co. Ltd. (KOSE: A017670)	Shanghai Magic Grids Networks Co. Ltd.	7.8	30.0	26.0	Shanghai-based online game company
May 12	Northern Light Venture Capital, NEA	Linekong Online (Beijing) Entertainment Tech Co., Ltd. r	25.0	NA	NA	Online gaming and entertainment company
Apr 30	SOFTBANK Corp. (TSE: 9984), Joho Capital, SBI	Oak Pacific Interactive Corp.	430.0	35.0	1,228.6	Internet platform that provides web 2.0 communities, content creation and distribution, and integrated communication
Apr 24	Intel Capital, LianWei Investment, etc.	cga.com.cn	NA	NA	NA	Online competition game platform
Apr 23	The9 Limited (Nasdaq: NCTY)	G10 Entertainment Korea Corp.	38.0	NA	NA	Online game developer
Apr 23	KTB Investments, Morningside, Xandu	ddmap.com	NA	NA	NA	Online mapping service/solutions provider
Apr 22	Perfect World Co., Ltd. (Nasdaq: PWRD)	Chengdu Seasky Digital Entertainment Co., Ltd.	3.0	NA	NA	Designer and developer of massive multiplayer online games
Apr 17	Sequoia Capital	51wan.com	NA	NA	NA	Developer and operator of web-based games
Apr 11	Intel Capital	Holdfast Online Technology	NA	NA	NA	Developer of a server platform and network technology that hosts console games and LAN-based games

Selected Online Entertainment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Apr 10	Intel Capital	Shanghai Media Group Broad Band	12.0	NA	NA	Operator of audio and visual programs over the Internet

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

WVAS

In WVAS sector, WI Harper and Steamboat Ventures injected its second round investment in Beijing Troodon Interactive Information Technology. Some of the investment proceeds will be used to update Troodon's cell network game product line. Founded in 2002, Troodon is the leading developer and operator of mobile Massive Multiplayer Online Games (MMOG) in China. The Company currently operates several mobile MMO Role Playing Game franchises. The number of online users of Troodon's two network games exceeds 35,000, accounting for 70% of the whole segmented market; the number of online users of its cell chess and card product line exceeds 9,000.

Selected WVAS Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
May 30	WI Harper, Steamboat Ventures	Beijing Troodon Interactive Information Technology	10.0	NA	NA	Developer of game and entertainment platform for the mobile phone
Apr 30	Velti Plc (AIM:VEL)	Cellphone Ads Serving E-Exchange	3.0	33.0	9.1	Mobile advertising company
Apr 25	NA	wap.tsou.cn	7.1	NA	NA	Mobile advertising and marketing company

Source: Company announcements, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

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