
China Media Quarterly Update

3rd Quarter 2010

Quarter in Review

- In the third quarter of 2010, China's media companies raised \$353.1 million through 2 IPOs and 1 follow-on in the equity capital market.
- 5 M&A transactions and 9 private placement transactions were announced in the third quarter of 2010 in the traditional media sector whereas 10 M&A transactions and 16 private placement transactions were announced in the new media sector.

Sector Highlights

- Perfect World Co., Ltd. (Nasdaq:PWRD), a leading online game developer and operator in China, acquired the controlling shareholdings of the Shanghai based Baohong Film & TV and the Beijing based Xinbaoyuan Film Investment, two companies that produce and distribute TV dramas, for a total consideration of \$30.2 million, to strengthen its film and TV production and distribution business.
- Silver Lake Partners, a private equity firm, acquired 62% shareholdings of Allyes Online Media Holding Ltd, a leading online advertising service provider in China, from Focus Media Holding Ltd. (Nasdaq:FMCN), a leading multi-platform digital media and out-of-home advertising company in China, for a total consideration of \$124.0 million.
- Leshi Internet Information & Technology Corp, an online streaming television programs and movies Operator in China, issued its IPO on the Chinext market of Shenzhen Stock Exchange and raised \$107.7 million.
- tudou.com, a leading online video provider, obtained \$50.0 million from Temasek, EZ Capital, General Catalyst, IDG China and GGV through its Series E round of fund raising.
- SouFun Holdings Ltd, a leading real estate and home furnishing and improvement website in China, issued its IPO on New York Stock Exchange and raised \$143.4 million. Concurrently, through a private placement, Telstra International sold its 42.8% shareholdings to General Atlantic, Apax Partners, Next Decade and Digital Link for a total consideration of \$336.6 million.

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Traditional Media

Selected M&A/Private Placements in Q3 2010

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Advertising						
7/8/2010	Private Placement	Beijing CCID Media Investment Co., Ltd. (SZSE:000504)	Hunan Government Investment	11.6	25.6%	Operates in the media business and also provides storage products and manages properties
7/12/2010	Private Placement	Blue Ocean Network Ltd.	CDH Venture Partners	10.0	NA	Operates an English language television broadcasting station
7/12/2010	M & A	Publicis G4	Publicis Groupe SA (ENXTPA:PUB)	NA	100.0%	Offers advertising and marketing services
7/20/2010	Private Placement	Herun Media	Shenzhen Co-power VC, Shenzhen Hwaloilee, Shenzhen GTJA	9.1	NA	Mainly provides TV drama based brand advertising service
7/24/2010	Private Placement	AdCall	Mezabay International, Inc. (OTCBB:MZBY); Legend Venture Pte Ltd	NA	NA	Operates as a mobile telecom advertising service provider
7/30/2010	M & A	Allyes Online Media Holding Ltd	Silver Lake Partners	124.0	62.0%	A subsidiary of Focus Media (Nasdaq:FMCN) that provides online advertising services
8/20/2010	Private Placement	MediaV	GGV, Lightspeed	NA	NA	Provides online advertising
9/13/2010	Private Placement	360 Financial Online Corporation Limited	WI Harper Group	NA	NA	Operates as a computer telephone integration-based insurance marketing agency
Newspaper / Magazine / Book Publishing						
8/10/2010	M & A	Green Team Culture Asset Limited	Qin Jia Yuan Media Services Co. Ltd. (SEHK:2366)	22.9	100.0%	Provides publication services including novels, romance novels and classic martial arts novels
9/20/2010	Private Placement	Shanghai 4Space Culture & Media Co., Ltd.	Fortune Venture Capital; Yijin Investment	5.8	NA	Engages in advertising, printing, publishing, logistics and field
Production and Broadcasting						
7/27/2010	M & A	Baohong Film & TV and Xinbaoyuan Film Investment	Perfect World Co., Ltd. (Nasdaq:PWRD)	30.2	>51.0%	Produces and distributes TV dramas
8/9/2010	M & A	Xing Kong International, Channel [V] Mainland & Fortune Star Movie	China Media Capital	NA	>51.0%	Xing Kong and Xing Kong International are general entertainment channels. Channel [V] Mainland Channel is a popular music brand among the youth audiences. Fortune Star Chinese movie has a total of 757 Chinese-language titles, a number of which have worldwide perpetual rights
8/23/2010	Private Placement	Media China Corporation Limited (SEHK:419)	NA	58.5	12.2%	Operates as a media company, operating satellite channel and providing entertainment content
9/27/2010	Private Placement	Legend Film	Orange Sky Golden Harvest Entertainment Holdings Limited (SEHK:1132)	25.0	NA	Founded in 2007, engages in film and TV production

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

Selected Capital Markets Transactions in Q3 2010

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$MM)	Final Pricing (US\$)	Premium/ (Discount) to Market ⁽¹⁾	Price as of Sep 30 (US\$)	Market Cap as of Sep 30 (US\$MM)	Company Description
9/7/2010	FO	Nasdaq	Focus Media Holding Ltd	Advertising	102.0	19.25	(3.85)	24.25	3,472.4	Operates an out-of-home advertising network in China using audiovisual television displays instead of traditional billboards

⁽¹⁾ Premium/Discount to Market is calculated based on the closing price of the day of pricing

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

New Media

Selected M&A/Private Placements in Q3 2010

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Ecommerce / Search / Portals						
7/1/2010	M & A	ICE Entertainment Inc.	Changyou.com Limited (Nasdaq:CYOU)	8.5	NA	Develops online social games
7/15/2010	Private Placement	okaybuy.com.cn	Intel, DFJ, Sequoia	20.0	20.0%	Sports and casual footwear retailer through online platform and catalog
7/22/2010	Private Placement	Shanghai UZAI Travel Service (uzai.com)	Capital Today	5.0	NA	Provides online travel reservation services with office in Shanghai, Beijing, Hangzhou and Shenzhen and 1 million registered users
8/5/2010	M & A	Beijing Globallink Computer Technology Co., Ltd. (ourgame.com)	Wei De Ao Fu Investment and Consulting Co. Ltd.	27.7	50.0%	Offers online chess, fighting, card, and board games. I also provides wireless gaming services to its consumers through mobile phones. It was founded in 1998 and is based in Beijing
8/9/2010	Private Placement	sogou.com	YF Capital	NA	16.0%	Search engine, as subsidiary of Sohu.com (Nasdaq:SOHU)
8/10/2010	Private Placement	manzuo.com	KPCB	1.5	NA	Group shopping website with 100k transactions completed
8/19/2010	Private Placement	Fontbleau	A Zhejiang based Venture Capital Firm	1.2	NA	A Taobao.com based retailer
8/20/2010	M & A	yihaodian.com	Ping An Insurance (Group) Co. of China Ltd. (SEHK: 2318)	NA	80.0%	B2C online supermarket
8/23/2010	Private Placement	BizArk	IDG Capital	10.0	NA	Provides overseas online trade platform for Chinese companies
8/24/2010	M & A	maizuo.com	Tencent Holdings Ltd. (SEHK: 700)	NA	NA	Founded in 2008, provides online sales of movie tickets that covers 37 Tier 1 and Tier 2 cities with more than 1 million users
8/24/2010	Private Placement	quwan.com	Matrix, Trustbridge Partners	10.0	NA	Small articles online shopping platform
8/25/2010	M & A	tingbook.com	Shanda Literature Limited ("SDL")	NA	NA	Website that provides downloading service for mp3, mp4, PDA and mobile phone
9/7/2010	M & A	tuan029.com	ayatuan.com	NA	100.0%	Group shopping website
9/9/2010	M & A	zubunet.com	Shanda Literature Limited ("SDL")	NA	NA	Operates a website for publishing digital periodicals
9/14/2010	Private Placement	tg123.com	China Consumer Information Media Technology	1.0	NA	Group shopping website
9/16/2010	Private Placement	Made-In-China.com	Focus Technology Co., Ltd. (SZSE:002315)	2.2	NA	Operates as a B2B portal, offering online trade platform
9/21/2010	Private Placement	SouFun Holdings Ltd. (NYSE:SFUN)	General Atlantic, Apax Partners, Next Decade and Digital Link	336.6	42.8%	Real estate and home furnishing and improvement website
Online Entertainment						
7/6/2010	Private Placement	Five Minutes	Japan Asia Investment Co. Ltd. (TSE: 8518); CyberAgent Investment, Inc.	NA	NA	Develops and operates online social games
8/3/2010	Private Placement	Ultizen Games Ltd.	JAFCO	8.0	NA	Provide online game development outsourcing services, webpage games development and mobile phone games development
8/5/2010	Private Placement	Ismole Inc.	SIG	8.0	NA	Founded in early 2008, develops and operates social games
8/5/2010	Private Placement	tudou.com	Temasek, EZ Capital, General Catalyst, IDG China, GGV	50.0	NA	Operates an online platform that allows users to upload, share, watch, rate, and comment on videos, founded in 2004 and based in Shanghai
9/14/2010	M & A	eyou.com	35.com	3.9%	70.0%	Provides Internet communication and safety software and solution
9/16/2010	Private Placement	Quyou Game (51play.com)	NA	5.0	NA	Develops and operates web games
9/17/2010	M & A	youxigu.com	Tencent Holdings Ltd. (SEHK: 700)	NA	100%	Founded in 2006, develops and operates webpage
Wireless Value-Added Services ("WVAS")						
7/6/2010	Private Placement	Jiubang Inc. (3g.cn)	IDG Capital, WI Harper, JAFCO Asia, CBC Capital	55.0	NA	Founded in March 2004, operates a free WAP portal with millions of registered users
9/28/2010	M & A	MMIM Technologies Ltd. (pica.com)	Chinasoft International Ltd. (SEHK: 354)	91.2	100.0%	Founded in September 2004, provides wireless communication technology

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

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7/30/2010	IPO	Chinext	Leshi Internet Information & Technology Corp, Beijing	Online Entertainment	107.7	4.31	NA	5.56	555.7	Operator of a website providing streaming television programs and movies
9/16/2010	IPO	NYSE	SouFun Holdings Ltd	Internet Portal	143.4	42.50	NA	65.18	1,210.8	Real estate and home furnishing and improvement website

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