

## China Media Quarterly Update

2nd Quarter 2010

### Quarter in Review

- In the 2nd quarter of 2010, China traditional media companies raised \$604.0 million through 3 IPOs and over \$89.2 million through 2 follow-ons whereas there was no capital market transactions in the new media sector.
- 3 M&A transactions and 4 private placement transactions were announced in the 2nd quarter of 2010 in the traditional media sector whereas 10 M&A transactions and 28 private placement transactions were announced in the new media sector.

### Sector Highlights

- Bulk shopping websites became the hottest investment targets in the 2nd quarter of 2010 as 7 websites obtained funds from angel investors and venture capital investors.
- Sichuan Xinhua Winshare Chainstore Co., Ltd. (SEHK:811), a retailer of books and audio-visual products and distributor of textbooks and supplementary materials in China, acquired 100% shareholdings of Sichuan Publishing Group Co., Ltd., a Chinese company that publishes newspapers, books, and produces audio products, for a total consideration of \$183.7 million.
- Imagi international holdings Ltd. (SEHK:585), a Hong Kong based company that develops and produces computer graphics (CG) animation pictures such as *Astro Boy (2009)* obtained \$50.8 million in a private placement transaction.
- Guangdong Advertising, a Shanghai based company that provides advertising services issued its IPO on the Growth Enterprise Market (GEM) of the Shenzhen Stock Exchange and raised \$482.2 million. The Company provides integrated media services, mainly including brand management, media agency, and private media.
- Charm Communications, a Beijing based company that provides integrated television advertising services with CCTV as its major supplier, issued its IPO on NASDAQ and raised \$76.3 million. Charm became the third major overseas listed CCTV advertising agency after SinoMedia Holding Ltd. (SEHK:623) and China Mass Media Corp. (NYSE:CMM).
- Shanda Interactive Entertainment Limited (NASDAQ:SNDA), a leading interactive entertainment media company in China and Hurray! Holding Co., Ltd. (NASDAQ:HRAY), a leader in online video portal operations, artist development, music production, wireless music distribution, and other wireless value-added services in China, entered into a definitive agreement under which Hurray! will acquire an online audio business of Shanda for a total consideration of \$13.5 million and Shanda will acquire the recorded music and wireless value-added services businesses of Hurray! for a total consideration of \$36.9 million.
- Huayi Brothers Media Group (SZSE:300027), a company that produces and distributes film and television programs in China, acquired 22% shareholdings of Beijing Ourpalm Co. Ltd., a Beijing based company that develops mobile phone games, for a total consideration of \$21.8 million.

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#### About Cowen Latitude Asia

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## Traditional Media

### Selected M&A/Private Placements in Q2 2010

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Advertising</b>						
3-May-2010	Private Placement	Great China Media	NA	5.5	19%	Provides market research and advertising tracking services
<b>Newspaper / Magazine / Book Publishing</b>						
23-Jun-2010	M & A	Sichuan Publishing Group Co., Ltd	Sichuan Xinhua Winshare Chainstore Co., Ltd. (SEHK:811)	183.7	100%	Publishes newspapers, books, and produces audio products
<b>Production and Broadcasting</b>						
25-Jun-2010	Private Placement	Zhongnan Animation	Zhejiang Tianyue Venture Capital	0.4	5%	Produces 3-Dimensional animation, television and movie special effects, computer education software and games
15-May-2010	M & A	Huayi Brothers Music Co., Ltd	Huayi Brother Media Group (SZSE:300027)	5.0	51%	Provides audio products and develops digital audio technology
11-May-2010	Private Placement	Imagi international holdings Ltd. (SEHK:585)	NA	50.8	18%	Develops and produces computer graphics (CG) animation pictures
26-Apr-2010	M & A	Photon	SMI Corporation	4.5	80%	Develops and produces special effects for movies and animation
23-Apr-2010	Private Placement	Guangzhou Image and Log Culture Communication Co., Ltd	Guangdong Chigo Air Conditioning Co., Ltd (SEHK:449)	NA	100%	Manufactures and sells DVD discs, digital electronics, and television and broadcasting products

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

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### Selected Capital Markets Transactions in Q2 2010

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/ (Discount) to Market <sup>(1)</sup>	Price as of Jun 30	Market Cap as of Jun 30 (US\$ MM)	Company Description
29-Jun-2010	FO	Shanghai	Times Publishing & Media (SHSE:600551)	Publishing	76.3	2.5	(8.1%)	2.4	1,022.5	Engages in publishing of books and is based in China
24-Jun-2010	FO	NASDAQ	VisionChina Media (NASDAQ:VISN)	Advertising	12.9	3.2	0.3%	3.0	216.4	Operates out of home advertising network using real-time mobile digital television broadcasts
4-May-2010	IPO	NASDAQ	Charm Communications (NASDAQ: CHRM)	Advertising	74.2	9.5	NA	7.56	236.3	An integrated television advertising services provider, with CCTV as major supplier
23-Apr-2010	IPO	Shenzhen	GuangDong Advertising (SZSE: 2400)	Advertising	482.2	5.8	NA	5.2	428.7	Provides advertising services, founded in 1979 and based in Shanghai
7-Apr-2010	IPO	Chinext	Spearhead Integrated Marketing Communication (SZSE:300071)	Marketing	47.6	3.7	NA	4.4	227.9	Engages in sales and marketing services

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

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**New Media**

Selected M&A/Private Placements in Q2 2010						
Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Ecommerce / Search / Portals</b>						
25-Jun-2010	Private Placement	Moonbasa Ltd.	China Renaissance Capital Investment, GSR Ventures	3.0	NA	Provides E-commerce services for lingerie sales
23-Jun-2010	Private Placement	Ftuan.com	Mitsui Ventures	5.0	NA	Provides 24 hours E-commerce service in bulk shopping in various fields
23-Jun-2010	Private Placement	Vipstore.com	Green Pine Capital Partners Co., Ltd	NA	NA	Operates online luxury merchandise discount sales fairs
21-Jun-2010	Private Placement	Meishij.net	NA	NA	NA	Collects cooking menu and operates food network information service platform
18-Jun-2010	M & A	U-Tuan.com	Cooltuan.com	NA	100%	Provides E-commerce service in bulk shopping in various fields
18-Jun-2010	M & A	Yo2.cn	Blogcn.com	NA	100%	Operates WordPress based blog platform
9-Jun-2010	Private Placement	Cooltuan.com	Wanjia Venture Capital	1.2	NA	Provides E-commerce service in bulk shopping in various fields
8-Jun-2010	Private Placement	Beijing Letao Culture Development Co., Ltd.	DT Capital Partners, Tiger Management LLP	10.0	NA	Provides E-commerce services for toy sales from various countries
7-Jun-2010	M & A	Ouku.com	Light In The Box Ltd.	4.4	100%	Operates B2C shopping website
4-Jun-2010	M & A	Tuanlele.com	Lashou.com	NA	100%	Provides E-commerce service in bulk shopping in various fields
31-May-2010	Private Placement	Ganjil.com	Nokia Growth Partners, BlueRun Ventures	20.0	NA	Operates various information classified sites
27-May-2010	Private Placement	Cooltuan.com	ZheShang Venture Capital	1.5	NA	Provides E-commerce service in bulk shopping in various fields
26-May-2010	Private Placement	24quan.com	NA	NA	NA	Provides 24 hours E-commerce service in bulk shopping in various fields
4-May-2010	Private Placement	Piao.com.cn	Susquehanna Asia Investment, LLLP	15.0	NA	Provides E-commerce services for tickets sales
1-May-2010	Private Placement	99times.cn	Sequoia Capital China	NA	NA	Provides E-commerce services for healthcare products sales
27-Apr-2010	M & A	China Press Release Network	Shunya Communications Group	NA	NA	Operates tool-type website for journalists
22-Apr-2010	Private Placement	Lashou.com	Taishan Invest AG	NA	NA	Provides E-commerce services in bulk purchase
21-Apr-2010	Private Placement	Yiji Network Technology	IDG Capital	NA	NA	Provides E-commerce services
19-Apr-2010	Private Placement	Bloves	Tiantu Capital	4.4	NA	Diamond online trading
12-Apr-2010	Private Placement	58.com	Doll Capital Management, SAIF Partners	15.0	NA	Offers Web 2.0 application and urban information platform
<b>Online Entertainment</b>						
1-Jun-2010	M & A	Online Audio Business of Shanda Interactive Entertainment Limited (NASDAQ: SNDA)	Hurray! Holding Co. Ltd. (NASDAQ: HRAY)	13.5	100%	Offers online audio services
26-May-2010	Private Placement	3DMGAME	178.com	0.7	NA	Translates foreign language (Japanese) in computer games into Chinese
25-May-2010	Private Placement	7k7k.com	Granite Global Ventures L.P.	7.0	NA	Provides leisure game website and mini-games
21-May-2010	Private Placement	Beijing Sntaro Technical Co., Ltd	NA	20.0	NA	Develops online games and provides digital interactive entertainment platform
17-May-2010	Private Placement	Ushi.cn	Taishan Invest AG	NA	NA	Operates business social networking society
13-May-2010	M & A	3DJoy Corporation	China Digital TV Holding (NYSE: STV)	6.0	24%	Provides motion-sensing video game solutions for cable set top boxes, PCs and other computer electronic devices
7-May-2010	Private Placement	FunCity Inc.	NA	6.0	NA	Develops entertainment platform, flash virtual engine, online games and webgames
21-Apr-2010	Private Placement	Yurong Network	NA	NA	NA	Operates network community
19-Apr-2010	M & A	Shenzhen Domain Computer Network	Tencent Holdings Ltd. (SEHK: 700)	20.8	40%	Develops and provides online games
20-Apr-2010	Private Placement	Wowxunyou.com	NA	5.9	20%	Offers online game accelerators
11-Apr-2010	Private Placement	Softstar Entertainment Inc.	Soft-World International Corp.	2.4	7%	Offers online games, console games, mobile games and PC games
<b>Wireless Value-Added Services ("WVAS")</b>						
21-Jun-2010	M & A	Beijing Ourpalm Co. Ltd.	Huayi Brothers Media Group (SZSE: 300027)	21.8	22%	Develops mobile phone games
1-Jun-2010	M & A	Music and Wireless value-added services Business of Hurray! Holding Co. Ltd. (NASDAQ: HRAY)	Shanda Interactive Entertainment Limited (NASDAQ: SNDA)	36.9	100%	Offers music production, wireless music distribution, and other wireless value-added services
24-May-2010	Private Placement	Shanghai Gsuo Information Technology Co	High Technology Computer Corporation	9.0	NA	Provides E-map searching and wireless information services site
6-May-2010	Private Placement	Android	CyberAgent Investment, Ltd.	NA	NA	Provides integrated software development and application service solutions
21-Apr-2010	Private Placement	Play4f.cn	NA	NA	NA	Provides social mobile internet applications on basis of graphical location
6-Apr-2010	Private Placement	SJ.91.com	IDG Capital, Matrix Management Corporation	8.0	NA	Provides relevant services for smart phone
6-Apr-2010	Private Placement	Beijing Moca World Technology Co., Ltd	Infinity Venture Partners	2.0	NA	Develops massively multiplayer online (MMO) mobile games

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

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There were no capital market transaction in the new media area in Q2 2010.

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