

China Media Quarterly Update

2nd Quarter 2011

Quarter in Review

- In the second quarter of 2011, China's new media companies raised \$1,924.4 million through seven IPOs and there were no capital market transactions in Q2 2011 in the traditional media sector.
- Five M&A transactions and three private placement transactions were announced in the second quarter of 2011 in the traditional media sector whereas 11 M&A transactions and 56 private placement transactions were announced in the new media sector.

Sector Highlights

- Lashou.com, a B2C website specializing in discount offers for group purchases, obtained \$111.0 million from Richemont Group, Milestone Capital, Remgro and GSR Ventures through its Series C round of fundraising.
- Dianping.com, a Web 2.0 based local search and city portal, obtained \$100.0 million from Trustbridge Partners, Sequoia Capital China, Qiming Venture Partners and Lightspeed Venture Partners through its Series C round of fundraising.
- Qunar.com, a search engine for travel, obtained \$306.0 million from Baidu.com, Inc. through its Series D round of fundraising.
- Tencent Inc., an Internet value-added service provider in China and Expedia, an online travel company in the U.S., acquired 16% and 8% respectively of elong Inc., an online travel service provider in China.
- Renren Inc., a company that operates Internet social networking platforms, issued its IPO on the New York Stock Exchange and raised \$743.4 million.
- Phoenix New Media Ltd., a media company that provides premium content on an integrated platform across Internet, mobile and TV channels, issued its IPO on the New York Stock Exchange and raised \$161.0 million.
- Youku.com Inc., a video sharing website, issued its follow-on offering on the New York Stock Exchange and raised \$593.1 million.

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Traditional Media

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Advertising						
4/11/2011	M&A	Phoenix Metropolis Media Holdings Limited	Phoenix Satellite Television (B.V.I.) Holding Ltd.	8.3	25%	Engages in the outdoor media business in China by providing outdoor advertising services on giant-sized light emitting diode (LED) panels
5/18/2011	Private Placement	Beijing Ceci Advertising (Beijing) Ltd.	Beijing Media Corp Ltd. (SEHK: 1000)	8.5	NA	Operates advertising of female trendy magazines
5/19/2011	M&A	Sinofocus Media (Holdings) Ltd.	DVN holding Ltd. (SEHK: 500)	10.6	100%	Provides TV advertising services
6/21/2011	M&A	Genedigi Group	Publicis Groupe S.A. (PINK: PUBGY)	NA	NA	Provides public relations services
Newspaper / Magazine / Book Publishing						
5/30/2011	Private Placement	Beijing Fonghong Media Co., Ltd.	Wanda Group, Phoenix Publishing and Media Group	>15.4	NA	Engages in book publishing and distribution
6/15/2011	M&A	East Asia Satellite Television Ltd.	eSun Holdings Ltd. (SEHK: 571)	84.5	33%	Offers entertainment production services
Production and Broadcasting						
4/12/2011	Private Placement	Kubeiland Co. Ltd.	Shanghai NewMargin Ventures Co. Ltd.	NA	NA	Operates indoor children playground chain
5/18/2011	M&A	4 Cinemas	Bingo Group Holdings Ltd.	>5.5	NA	Cinema

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

There is no capital markets transaction in Q2 2011 in the traditional media sector.

New Media

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Ecommerce / Search / Portals						
4/6/2011	Private Placement	HongKong Milanoo Co., Ltd.	Sequoia Capital China	NA	NA	A Ecommerce website that supplies clothing and accessories
4/7/2011	Private Placement	Zhubajie.com.cn	IDG Technology Venture Investments, LLC	10.0	NA	A website that provides users with shared knowledge and business ideas
4/7/2011	Private Placement	Chengdu le Dong Co Ltd.	Shanda Interactive Entertainment Ltd. (Nasdaq: SNDA)	15.0	NA	Online fitness social networking website
4/11/2011	Private Placement	Lashou.com	Reinet Investments S.C.A. (BDL: 038381229), GSR Ventures, Milestone Capital Management Limited	111.0	NA	B2C website specializing in discount offer for group purchases
4/12/2011	Private Placement	Tuniu.com	Rakuten, Inc. (JASDAQ: 4755), Highland Capital Partners, LLC, Sequoia Capital China, Doll Capital Management	50.0	NA	Offers online travel agent services, providing online travel booking services
4/14/2011	Private Placement	Jiuxian.com	NA	20.0	NA	B2C online alcohol retail platform
4/16/2011	Private Placement	Lang Tao Jin Co., Ltd.	Matrix Management Corporation	NA	NA	Internet performance advertising platform
4/19/2011	Private Placement	BLOVES Inc.	Yonghua Capital	15.0	NA	Online wedding accessories and jewelry retailer
4/20/2011	Private Placement	Fclub	IDG Capital Partners	10.0	NA	Online flash sales clothing retailer
4/22/2011	Private Placement	Hers.com.cn	Matrix Management Corporation	NA	NA	Fashion community of online shopping information shared by females
4/26/2011	Private Placement	Dianping.com	Trustbridge Partners, Sequoia Capital China, Qiming Venture Partners, Lightspeed Venture Partners	100.0	NA	Web 2.0 based local search and city portal that enables consumers to share their experiences on lifestyle opinions
4/26/2011	Private Placement	Tiantian.com	SAIF Partners	NA	NA	A website that sells cosmetics
4/27/2011	M&A	SNK	BlueFocus Communication Group Co., Ltd. (SHSE: 300058)	>15.1	41%	Provides Internet gaming advertising services
4/29/2011	Private Placement	Shantuan.cn	Lmobile Group	NA	NA	Online group buying service provider
5/3/2011	Private Placement	1858.com	NA	NA	NA	Online distribution service platform
5/4/2011	Private Placement	1000tuan.com	Xiaoping Xu	NA	NA	Group buying portal
5/5/2011	M&A	CNZZ.com, Inc.	Alibaba Group Holding Ltd.	NA	NA	Provides Internet statistics monitoring, technical research on statistics analysis, and product development and application services
5/5/2011	Private Placement	Yoo-E	Legend Holdings Ltd., China Merchants Technology Holdings Co., Ltd	NA	NA	Provides Internet security and virtual goods trade products
5/7/2011	Private Placement	Yesmywine.com	Zero2IPO, Mandra Capital Ltd, Doll Capital Management	40.0	NA	Online retail market place for imported wine
5/9/2011	Private Placement	Vipshop.com	Doll Capital Management, Sequoia Capital China	50.0	NA	Provides online retail services for brand name apparel, accessories, cosmetics, and designer household items
5/9/2011	Private Placement	58.com	Recruit Co., Ltd.	NA	NA	Provides online classified advertising services
5/12/2011	Private Placement	DocIn.com Inc.	NA	5.0	NA	Document sharing website
5/13/2001	M&A	Yihaodian.com	Wal-Mart Stores, Inc. (NYSE: WMT)	NA	NA	B2C Ecommerce website that sells clothes, grocery products, and consumer electronics
5/16/2011	M&A	Alipay (China) Internet Technology Co., Ltd.	Alibaba Group Zhejiang	50.8	100%	Third-party online payment solutions provider
5/17/2011	M&A	eLong Inc. (Nasdaq: LONG)	Expedia (Nasdaq: EXPE), Tencent Holdings Ltd. (SEHK: 700)	>105.0	24%	Online travel service provider
5/18/2011	Private Placement	Shanghai MediaV Advertising Co., Ltd.	Quantum Fund	50.0	NA	Provides Internet advertising services
5/23/2011	Private Placement	LaMiu China	Doll Capital Management	40.0	NA	Female underwear B2C website
5/30/2011	Private Placement	Ushi	NA	5.0	NA	Professional social website connecting China's white collar professionals and entrepreneurs via mobile phones and PCs
5/30/2011	Private Placement	Beijing Xin Yu Brothers Internet Technology Co.	JAFCO Investment (Asia Pacific) Ltd., Ventech	NA	NA	Provides online browser based games
6/1/2011	Private Placement	Fineex.com	Shanghai Vstone Investment Consulting Co., Ltd.	NA	NA	Provides logistic services for Ecommerce companies
6/7/2011	Private Placement	OMP	Shanghai xuhui venture capital Ltd.	>1.5	NA	Provides Internet advertising services
6/7/2011	Private Placement	Yoopay.cn	Sequoia Capital	100.0	NA	Operates a money collecting platform
6/13/2011	Private Placement	Shanghai Yuantianxin Travel Products Manufacturing Co., Ltd.	Shenzhen Capital Group Co., Ltd	>1.5	NA	Operates a portal for the retail of clothes, footwear, and tools for outdoor activities
6/14/2011	Private Placement	Kela Corporation	Tencent Holdings Ltd. (SEHK: 700)	>10.0	NA	Provides Ecommerce services for diamond and gold-related products
6/15/2011	Private Placement	Xoyin.com	Shikee.com	>1.5	NA	A C2B Ecommerce platform
6/17/2011	M&A	ClickPro Inc.	Charm Communications Inc. (Nasdaq: CHRM)	NA	60%	Provides performance and search engine marketing services

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Ecommerce / Search / Portals						
6/20/2011	Private Placement	Mamacn.com	Tencent Holdings Ltd. (SEHK: 700)	7.6	NA	Provides childcare social networking service which targets pregnant women and new mothers
6/21/2011	Private Placement	Pinwine.cn	Cowin Capital	3.8	NA	An online retailer for wine
6/21/2011	M&A	Beijing Leftbrain Network Technology Co., Ltd.	Baidu.com, Inc. (Nasdaq: BIDU)	0.5	29%	Operates mobile phone and auto vertical portals
6/23/2011	Private Placement	Ihush.com	Matrix Management Corporation, Capital Today Group	43.0	NA	Ecommerce website, focus on famous brands discount sale
6/23/2011	Private Placement	Douguo.com	Shanda Interactive Entertainment Ltd. (Nasdaq: SNDA)	>1.5	NA	Operates an online community for discovery, sharing, and exchanging of food recipes
6/27/2011	Private Placement	Qinqin.net	NA	NA	NA	Ecommerce website that sells cosmetics
6/28/2011	Private Placement	Qunar.com Information Technology Co. Ltd.	Baidu.com, Inc. (Nasdaq: BIDU)	306.0	NA	Search engine for travel
6/28/2011	Private Placement	Manzuo.com	KPCB China, J.P. Morgan Chase & Co.	>50.0	NA	A group buying company
6/29/2011	Private Placement	99times.cn	Sequoia Capital China, Haitong Securities Co., Ltd.	>1.5	NA	A shopping portal healthcare products and services
6/29/2011	Private Placement	Comparison Ventures Inc.	Alibaba Group	NA	NA	An online data feed platform that enables small and medium sized retailers to submit, manage, and optimize product listings on shopping sites
6/30/2011	M&A	Jobs DB Inc.	Consolidated Media Holdings Limited (ASX: CMJ), Macquarie Investment Management Limited; SEEK Limited (ASX: SEK), Tiger Global Management LLC	77.5	20%	Operates an online recruitment platform
6/30/2011	Private Placement	Snowball Finance Ltd.	Sequoia Capital China	3.1	NA	Operates online platforms that provide stocks quotes, business news and analysis for Chinese companies listed in the United States
6/30/2011	Private Placement	Focus Media Network Limited	NA	7.6	NA	Provides Internet advertising services
Online Entertainment						
4/7/2011	Private Placement	Tudou Holdings Ltd.	Yunnan PanLong YunHai Pharmaceutical Co., Ltd.	4.6	NA	Operates Tudou.com allowing users to upload, share, watch, rate and comment on videos
4/18/2011	Private Placement	Ixinyou	Innovation Works, Kaifu Lee	NA	NA	Develops online games
4/25/2011	M&A	Shenzhen 7road Technology Co., Ltd.	Changyou.com Ltd. (Nasdaq: CYOU)	68.3-101.0	68%	Develops online games
5/17/2011	Private Placement	Giant interactive group Inc. (NYSE: GA)	Shanghai media group, Inc.	NA	NA	Develops and operates MMO games
5/24/2011	Private Placement	CrowdStar, Inc.	AOL LLC, The9 Ltd. (Nasdaq: NCTY), Intel Capital Corporation	23.0	NA	Develops and markets Web based games and applications under the name Happy Aquarium and Happy Island
5/25/2011	Private Placement	CINS Technology Ltd.	NA	7.2	NA	Designs and develops MMORPG
5/31/2011	M&A	Cryptic Studios, Inc.	Perfect world (Nasdaq: PWRD)	50.2	100%	Develops and markets MMO games
6/2/2011	Private Placement	XY Brothers Inc.	Ventech	NA	NA	Operates a browser based online game platform
6/9/2011	M&A	Rojam Entertainment Holdings Ltd. (SEHK: 8075)	eSun Holdings Ltd. (SEHK: 571)	11.1	31%	An all-round entertainment company engaged in a wide range of music and entertainment related operations focused on content distribution
Wireless Value-Added Services ("WVAS")						
4/1/2011	Private Placement	Papaya Mobile	KEYTONE Ventures, Doll Capital Management	18.0	NA	Operates a social gaming network on mobile phones
4/6/2011	Private Placement	Shenzhen EASOU Technology Co., Ltd.	UMC, Shanda Interactive Entertainment Ltd. (Nasdaq: SNDA), Ventech, Softbank China Venture Capital	20.5	NA	A mobile search engine that offers information services to mobile phone users
5/4/2011	Private Placement	Mzpai.com	Feng Wang	NA	NA	Provides photograph sharing service on mobile phones
6/14/2011	Private Placement	Goapk.com	Shanda Interactive Entertainment Ltd. (Nasdaq: SNDA)	1.5	NA	Operates platforms for mobile software downloading under Android operating system
6/14/2011	Private Placement	Beijing Moca World Technology Co., Ltd.	NA	>10.0	NA	Develops MMO mobile games
6/21/2011	Private Placement	Beijing Index Interactive Information Technology Co., Ltd	SINA Corporation (Nasdaq: SINA)	>1.5	NA	Provides comics readings service on mobile devices
6/23/2011	Private Placement	Vpon Inc.	Trustbridge Partners	7.0	NA	Provides location-based advertising services on mobile networks
6/24/2011	Private Placement	Yicifang	NA	NA	NA	Develops MMO mobile games
6/29/2011	Private Placement	YHET entertainment	Wuhan Kehua Insight Venturing Investment Co., Ltd	0.8	NA	Operates an entertainment platform and offers 3G cellular phone applications

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

Selected Capital Markets Transactions in Q2 2011

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$M)	Final Pricing (US\$)	Premium/ (Discount) to Market ⁽¹⁾	Price as of Jun 30 (US\$)	Market Cap as of Jun 30 (US\$MM)	Company Description
4/20/2011	IPO	Nasdaq	21Vianet Group Inc	IDC	195.0	15.00	NA	13.74	738.6	Carrier-neutral Internet data center services provider
5/4/2011	IPO	NYSE	Renren Inc.	SNS	743.4	14.00	NA	8.85	3,468.6	Operates a social networking Internet platform
5/4/2011	IPO	NYSE	NetQin Mobile Inc	WVAS	89.1	11.50	NA	5.50	252.0	Software-as-a-service provider of consumer-centric mobile Internet services focusing on security and productivity
5/11/2011	IPO	Nasdaq	Jiayuan.com International Ltd	Vertical Portal	78.1	11.00	NA	11.43	357.3	Online dating platform
5/11/2011	IPO	NYSE	Phoenix New Media Limited ⁽²⁾	Portal	140.4	11.00	NA	8.97	677.8	Provides content on an integrated platform across Internet, mobile, and TV channels
5/20/2011	Follow on	NYSE	Youku.com Inc	Online video	593.1	48.18	2.9%	34.35	3,907.8	Online video website
6/10/2011	IPO	NYSE	Taomee Holdings Ltd	Online Gaming	64.7	9.00	NA	10.24	370.3	Operates a children's entertainment and media platform

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

⁽²⁾ Cowen and Company Acted as the Co-Manager for Phoenix New Media Limited on the Transaction

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

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