



China Media M&A Quarterly

1st Quarter 2009

Quarter in Review

China Media M&A and investment activity slowed significantly in the first quarter of 2009 with a total of only 17 deals reported across all six sectors, compared to 30 total deals in the fourth quarter of 2008

Traditional media sectors, where a majority of revenues are derived from advertising budgets of consumer facing brands, have been severely affected by decreased advertising spending in the first quarter and reduced visibility into future commitments by clients for the remainder of the year

There were only 3 deals reported in all traditional sectors: Out-of-Home, Newspaper/Magazine/Book Publishing, and Production and Broadcasting; one in each sector

The new media space continued to show activity, albeit somewhat reduced from previous years, with three areas of interest seeing significant dealflow:

- Online eCommerce verticals such as travel
- Online gaming developers
- Mobile application and gaming developers

Deal Highlights

- ◆ Digital Media Group obtained US\$30 million from Oak Investment Partners and Gobi Partners in Series C funding. DMG delivers entertainment, information, advertising and its proprietary Passenger Information System to over 14 million passengers a day through 16,184 digital screens.
- ◆ Beijing-based B2C (business-to-consumer) site Qianxun.com obtained a strategic investment of RMB300 million from South Korea-based telecom operator SK Telecom Co., Ltd. (NYSE: SKM). Qianxun.com is engaged in providing Chinese customers with quality-guaranteed overseas products that are usually not available in the country.
- ◆ VIVA raised US\$10 million from Highland Capital Partners, VENTECH and Mr. Edward Suning Tian, Chairman of China Broadband Capital Partners. VIVA currently has five products including mobile TV, mobile magazine and newspapers booth, mobile clock, mobile car and mobile museum.

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 200041, 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 one of Asia's leading growth sector focused investment banks 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 first quarter of 2009, 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

- ◆ Out-of-Home Advertising
- ◆ Newspaper / Magazine / Book Publishing
- ◆ Production and Broadcasting

NEW MEDIA

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

Traditional Media

Out-of-Home Advertising

In the Out-of-Home Advertising sector, Digital Media Group obtained US\$30 million from Oak Investment Partners and Gobi Partners in Series C funding. DMG delivers entertainment, information, advertising and its proprietary Passenger Information System to over 14 million passengers a day through 16,184 digital screens. DMG's network consists of 30 subway lines in nine cities including Beijing, Chengdu, Chongqing, Guangzhou, Hong Kong, Nanjing, Shanghai, Shenzhen and Tianjin as well as bus shelters in Shanghai. The company recently secured a contract with Shanghai Metro TV giving it exclusive rights to operate in the subway system for the next five years. DMG also exclusively operates the digital screen network for 3,000 bus shelters throughout Shanghai. Combining its subway and bus shelter networks, DMG will reach more than 14.1 million passengers, just in Shanghai, by 2010.

Selected Out-of-Home Advertising Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Feb 24	Oak Investment Partners; Gobi Partners Inc.	Digital Media Group Co. Ltd.	30.0	NA	NA	Operates digital media networks inside subway systems in China

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

Newspaper / Magazine / Book Publishing

Guangzhou Fung Choi Gaozhi Advertising Media Co., Ltd. acquired 90% stake in Shanghai Gaoyu Culture and Broadcasting Co., Ltd. from Guangzhou Gao Zhi Culture And Broadcasting Co., Ltd. for RMB0.2 million in cash on March 5, 2009. Shanghai Gaoyu Culture and Broadcasting Co., Ltd. provides advertising and print media services.

Selected Newspaper / Magazine / Book Publishing

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Mar 5	Guangzhou Fung Choi Gaozhi Advertising Media Co., Ltd.	Shanghai Gaoyu Culture and Broadcasting Co., Ltd.	0.03	90.0	0.03	Provides advertising and print media services

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

Production and Broadcasting

China Broadband, Inc. (OTCBB: CBBB), a provider of cable broadband services and publisher of digital and analog program guides in the Shandong Province of China, has acquired Beijing-based AdNet Media Technologies by stock. Adnet China focused on the delivery of multimedia advertising content to internet cafes in China. The Company projects a target service initiation of over 3,000 cafes during the first quarter of 2009 with a plan to triple that by the end of the year.

Selected Production and Broadcasting Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Feb 16	China Broadband, Inc. (OTCBB:CBBB)	AdNet Media Technologies Co., Ltd.	0.9	100.0	0.9	Provides advertising content to internet cafes

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

New Media

Ecommerce, Search, and Portals

In Ecommerce, Search, and Portals sector, Beijing-based B2C (business-to-consumer) site Qianxun.com has gained a strategic investment of RMB300 million from South Korea-based telecom operator SK Telecom Co., Ltd. (NYSE: SKM). Qianxun.com, founded in December 2008, is engaged in providing Chinese customers with quality-guaranteed overseas products that are usually not available in the country. In 2008, SK Telecom made investments in Chinese companies in various industries such as Shenzhen E-eye High Tech Co., Ltd., Taihe Rye Music Co., Ltd. and Qwd1.com.

Selected Ecommerce, Search, and Portals Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Mar 30	Gobi Partners Inc.	Tuniu.com	4.0	30.0	13.3	Offers online travel agent services in China
Mar 17	Et-china.com International Holdings Limited (AIM:ETC)	Yoe.com Ltd	2.0	100.0	2.0	Operates as an online domestic air tickets agency
Mar 10	Alibaba.com Limited (SEHK:1688)	Aigou.com	NA	NA	NA	Owns and operates a pet Website for dog lovers
Feb 24	Tano Capital LLC	TongXue.com	6.0	NA	NA	Operates as an Internet community
Feb 16	SK Telecom Co. Ltd. (KOSE:A017670)	Qianxun.com	43.0	NA	NA	Operates as a B2C e-commerce site and engages in the online sale of clothes and accessories in China
Jan 22	CSV Capital Partners	iTour	NA	NA	NA	Travel service provider

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

Online Entertainment

Manyougu Information Technology raised undisclosed amount of funding from Qiming and Steamboat in March. The Company develops, markets, and operates browser-based Web games in China. It was formerly known as Youxia Network Information Technology and changed its name to Manyougu Information Technology in January 2009. The company was founded in 2006 and is based in Beijing.

Selected Online Entertainment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Mar 30	NA	eWorld Interactive, Inc. (OTCBB:EWIN)	0.3	NA	NA	Develops eworldchina.cn, an online community focused on entertainment content provided by professional content producers, and amateur content produced by users of the Web site
Mar 26	NA	Pomoho International Ltd.	0.9	NA	NA	Owns and operates an online video sharing Internet portal
Mar 26	Suzhou Technodex Co., Ltd.	Shenzhen OYou8 Digital Interactive Co. Ltd.	0.8	33.0	2.4	Develops and publishes online games
Mar 12	Steamboat Ventures, LLC; Qiming Venture Partners	Manyougu Information Technology	NA	NA	NA	Develops, markets, and operates browser-based Web games in China
Feb 17	Blade Games World, Inc.	Vyk Games Inc.	NA	100.0	NA	Offers 2D concept and design, modeling, texture UV, 3D animation, rigging and weighting, flash/flex and casual game development, and UI development services for gaming

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

WVAS

In the WVAS sector, VIVA raised Series A financing of US\$10 million from Highland Capital Partners, VENTECH and Mr. Edward Tian, Chairman of China Broadband Capital Partners. VIVA has found a compelling point of entry between 3G and high-end users. VIVA now has five products including mobile TV, mobile magazine and newspapers booth, mobile clock, mobile car and mobile museum. So far, the number of registered users of VIVA has reached 7.8 million.

Selected WVAS Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Mar 27	NA	WiSTONE Wireless Entertainment Inc.	10.0	NA	NA	Offers mobile games and mobile software
Feb 18	Nokia Growth Partners	Kongzhong Corp. (Nasdaq:KONG)	6.8	NA	NA	Provide wireless interactive entertainment
Jan 20	Highland Capital, Ventech SA	VIVA	10.0	NA	NA	Provides services with mobile TV

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

* * * * *

The material is a product of the Investment Banking Department of Cowen Latitude Asia ("Cowen Latitude"). Unless otherwise specifically stated, any views or opinions expressed herein are solely those of the Investment Banking Department of Cowen Latitude and may differ from the views and opinions expressed by Cowen Latitude's other departments or divisions of Cowen Latitude and its affiliates.

This material is provided for information only and is not intended as a recommendation or trading strategy or an offer or solicitation for the purchase or sale of any security or financial instrument. This material is not intended as a recommendation as to the merits of any proxy solicitation with respect to any transaction referenced herein. Cowen Latitude and its affiliates may have positions (long or short), effect transactions or make markets in securities or financial instruments mentioned herein (or options with respect thereto), or provide advice or loans to, or participate in the underwriting or restructuring of the obligations of, issuers mentioned herein.

The information contained herein is as of the date referenced above and Cowen Latitude does not undertake any obligation to update such information. All market prices data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Past performance is not indicative of future results. The investments discussed may fluctuate in price or value. Cowen Latitude Asia is a member of the Securities and Futures Commission. Copyright 2009 Cowen Latitude Asia. All rights reserved.