



## China Media Quarterly Update

4th Quarter 2009

### Quarter in Review

- China Media M&A and investment activity picked up significantly in the fourth quarter of 2009, with more than twice as many M&A and Private Placement deals (48 compared to 22 deals) than were reported in the third quarter; and 30 total deals a year ago in the fourth quarter of 2008
- New Media sectors saw the majority of activity, accounting for 40 of the 48 deals in the quarter. Sub-sector areas of interest were:
  - Online eCommerce retail verticals across the board such as travel, clothing, electronics, automobiles (8)
  - Online gaming developers and operators (10)
  - Mobile application and gaming developers (8)
- Traditional media sector activity also increased (from 3 to 8 deals) over the previous quarter, with China's film industry continuing to draw investor attention
- Going forward, we will also including public transactions in this report. The fourth quarter saw IPO fund raisings in both the New Media as well as Traditional Media sectors on mainland Chinese exchanges

### Sector Highlights

- VisionChina Media (NASDAQ: VISN), acquired Digital Media Group (DMG), for a total consideration of USD160.0 million
- Huayi Brothers Media Co Ltd (SZSE: 300027) raised more than US\$200.0 million its IPO on the ChiNext Board on the Shenzhen Stock Exchange on October 15, 2009
- Phoenix New Media (including iFeng.com) obtained US\$25.0 million from Morningside Ventures, Intel Capital and Bertelsmann Asia Investment Funds through its series A fund raising
- China Real Estate Information (NASDAQ: CRIC) went public on October 16, 2009, raising US\$226.4 million

#### 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

#### About Cowen Latitude Asia

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 directly, or through its affiliates, 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.

## Traditional Media

### Selected M&A/Private Placements in Q4 2009

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Advertising</b>						
15-Oct-2009	M & A	Digital Media Group (DMG)	VisionChina Media (NASDAQ: VISN)	160.0	100.0%	Operates digital media networks inside subway systems
20-Oct-2009	Private Placement	Beijing Herun Detang Media & Advertising	Shenzhen Co-power Venture Capital	20.0	33.0%	Provides brand marketing and advertising solution, specializing in product placement in tele-series
<b>Newspaper / Magazine / Book Publishing</b>						
<b>Production and Broadcasting</b>						
12-Oct-2009	M & A	Xiang Shan TV & Film	Xiangshan County Tourism Development	24.1	100.0%	Offers TV and film city operation services in Ningbo
21-Oct-2009	M & A	Beijing Chengtian Zhihong Film & TV Production Co. Ltd. & CT Contracts	Orange Sky Golden Harvest Entertainment (SEHK: 1132)	11.7	100.0%	Produces Chinese films and tele-series, operates film theaters and is based in China
2-Nov-2009	Private Placement	China Mandarin (SEHK: 9)	NA	5.2	8.2%	Engages in the production, distribution and licensing of films
3-Nov-2009	M & A	DVN Holdings Ltd. (SEHK: 500)'s set top box business	Cisco Systems Inc. (NASDAQ: CSCO)	44.5	100.0%	Provider of set top boxes, smart cards, conditional access systems, digital broadcasting systems, and related software
17-Nov-2009	Private Placement	Media China Corporation Limited (SEHK: 419)	Richard Li, IDG Capital, CBC China Media	61.4	32.6%	Operates as a media company, satellite channel operator, and entertainment content provider
21-Dec-2009	Private Placement	Emperor Entertainment Group (SEHK: 8078)	Shikumen Special Situations Fund	4.8	NA	Engages in the film and television program production, distribution, and licensing business

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

VisionChina Media (NASDAQ: VISN), China's leading outdoor digital mobile television advertising operator, acquired Digital Media Group (DMG), China's largest subway television advertising operator, for a total consideration of US\$160 million. The number of VisionChina Media's own terminals will reach over 160,000 by the closing of this transaction, accounting for over 70% of the total mobile television terminals in China.

DVN Holdings Ltd. (SEHK: 500) sold its set top box business to Cisco System Inc. (NASDAQ: CSCO). Listed in Hong Kong with major operations in China, DVN is a market and technology leader in digital cable solutions in China and shares Cisco's vision of a high-performance, scalable and services-rich cable interactive platform extending into every home.

### Selected Capital Markets Transactions in Q4 2009

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing (US\$)	Premium/Discount to Market % <sup>(1)</sup>	Price as of 12/31/09 (US\$)	Market Cap as of 12/31/09 (US\$ MM)	Company Description
15-Oct-2009	IPO	Shenzhen ChiNext	Huayi Brothers Media Corp (SZSE: 300027)	Film Production	91.2	4.2	NA	8.2	201.4	Largest privately owned film company in China
15-Oct-2009	IPO	Shenzhen ChiNext	Chengdu Geeya Technology (SZSE: 300028)	Digital TV	57.8	1.7	NA	4.6	98.7	Digital TV system front end and back end software and hardware provider
31-Dec-2009	IPO	Shanghai	Anhui Xinhua Media (SHSE: 601801)	Newspaper / Publishing	190.9	1.7	NA	NA	NA	Engages in the distribution of textbooks and supplementary materials

<sup>(1)</sup> 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, Investide.cn, Yahoo! Finance News and PRNewswire

On October 15, 2009, Huayi Brothers Media Co Ltd (SZSE: 300027), the largest movie studio in China, priced its IPO on the ChiNext Board on the Shenzhen Stock Exchange, becoming one of the first companies to trade on China's NASDAQ-style board.

On December 31, 2009, Anhui Xinhua Media (SHSE: 601801) priced its IPO on the Shanghai Stock Exchange. The Company is the former Anhui Xinhua Distribution Group Co. Ltd. It engages in the distribution of textbooks and supplementary materials.

**New Media**

**Selected M&A/Private Placements in Q4 2009**

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Ecommerce / Search / Portals</b>						
21-Oct-2009	Private Placement	Shanghai Jusheng Wanhe	Lightspeed Venture Partners	3.0	NA	Online advertising service provider
30-Oct-2009	M & A	Kooxoo.com	TripAdvisor (Expedia)	15.0	100.0%	Lifestyle search engine
31-Oct-2009	Private Placement	Eptok.com	Sequoia Capital China	NA	NA	Online payment application and service provider
6-Nov-2009	Private Placement	Mymyti	CTC	3.0	NA	Offers B2B service to FMCG and chain stores
9-Nov-2009	Private Placement	Phoenix New Media	Intel Capital, Morningside, Bertelsmann Capital Investment	25.0	NA	Operates Internet portals which provide news and entertainment content
9-Nov-2009	Private Placement	Qunar.com	NA	10.0	NA	Operates a multi-language price comparison search engine
12-Nov-2009	M & A	Zhulang.Com	Kongzhong (NASDAQ: KONG)	NA	100.0%	Literature portal
17-Nov-2009	Private Placement	Xgo.com.cn	NA	1.5	NA	Vertical portal of automobile review
19-Nov-2009	Private Placement	Job36.com	IER Venture Capital, Shenzhen Capital Group, Shenzhen Fortune Venture Capital, Shenzhen OFC Investment Management	NA	NA	Online recruitment service provider
19-Nov-2009	Private Placement	66good.com	Jiahong International	1.5	NA	Operates a B2B platform to make companies' official website to have Ecommerce function
19-Nov-2009	Private Placement	Itour.cn	CAGP (Carlyle)	NA	NA	B2B, B2C, B2B2C travel service provider
25-Nov-2009	Private Placement	Okaybuy.com.cn	Sequoia Capital China	10.1	NA	Online branded sport shoes retailer
30-Nov-2009	Private Placement	Quwan.com	Matrix	2.0	30.0%	Online B2C platform for lifestyle creative products and services
8-Dec-2009	Private Placement	Duowan.com Inc.	GGV	11.0	NA	Online gaming portal, providing game handbooks, tips and other information
14-Dec-2009	M & A	Beijing Eversun Technology	Qiao Xing Mobile Communication (NYSE: QXM)	91.5	40.0%	Engages in online and offline retail of mobile handheld devices
17-Dec-2009	Private Placement	360buy.com	Tiger Global Management LLP	150.0	NA	B2C IT products online marketplace
24-Dec-2009	M & A	Rongshuxia.com	Shanda Literature Limited	NA	51.0%	Literature portal
31-Dec-2009	Private Placement	Douban.com	Ceyuan Ventures, Trustbridge Partners	10.0	NA	Social networking website, specializing in book review, film review and music review
<b>Online Entertainment</b>						
1-Oct-2009	Private Placement	Shanghai Storm Information Technology	Shenzhen Capital Group	20.0	NA	Online gaming provider
16-Oct-2009	M & A	Dragon Joyce	VODone Limited (SEHK: 82)	24.7	70.0%	Develops and provides mobile gaming and mobile and Internet Value-added services
5-Nov-2009	Private Placement	Soco Soft	Green Pine Capital	3.0	NA	Develops, operates and distributes web games
30-Nov-2009	M & A	NuCom Online International	Xinhua Sports & Entertainment (NASDAQ: XSEL)	16.0	100.0%	Offers online videos of various sports programs, including live show of matches, sports stars talk shows and online sports games
30-Nov-2009	M & A	Ku6.com	Hurray! Holding (NASDAQ: HRAY)	36.9	100.0%	Online video platform
2-Dec-2009	Private Placement	PPLive	DFJ, BlueRun, SAIF, Shanghai Government Endowment Arm	14.6	NA	Develops P2P television network software
7-Dec-2009	Private Placement	BaitianInfo	Sequoia Capital China	4.4	NA	Provides an online social and gaming community for children aged 6 to 14
14-Dec-2009	M & A	Shanghai ConnGame	China Architectural Engineering (NASDAQ: CAEI)	32.5	60.0%	Designs and develops MMORPGs game titles
15-Dec-2009	M & A	Shanghai Dacheng Network Technology	Kongzhong (NASDAQ: KONG)	80.0	100.0%	Operates as a three-dimensional online game developer
17-Dec-2009	Private Placement	9wee.com	Shanghai Zijiang Venture Capital Corporation Limited	22.1	NA	Web game developer based in Shanghai
17-Dec-2009	Private Placement	Rekoo.com	Infinity Venture Partners	1.5	NA	Social game developer
20-Dec-2009	Private Placement	FIVE minutes	DFJ	3.5	NA	The developer of the most popular social game "Happy Farm"
21-Dec-2009	Private Placement	Youku.com	Brookside Capital, Maverick Capital, Sutter Hill Ventures, Chengwei Ventures	40.0	NA	Online video provider
21-Dec-2009	Private Placement	Fantasy Age	NA	43.9	NA	Develops Xiyou Tianxia Online, an oriental myth-theme based online game
<b>Wireless Value-Added Services ("WVAS")</b>						
12-Oct-2009	M & A	Dragon Joyce	VODone	27.3	70.0%	Develops mobile game and related value added services
13-Oct-2009	Private Placement	Pearl-In-Palm	DT Capital, CBC	NA	NA	Develops, operates and distributes mobile games
14-Oct-2009	Private Placement	Bedo Technologies	Qualcom, Suzhou Ventures, Mustang, CSV	NA	NA	Provides cell phone social networking services
4-Nov-2009	Private Placement	Soco Software Co., Ltd.	Green Pine Capital Partners	2.9	NA	Mobile game developer
16-Nov-2009	Private Placement	Orsh Soft Technology	Jfasset Management	5.1	NA	Mobile game developer
18-Nov-2009	Private Placement	Shenzhen Montnets Technology	Green Pine Capital Partners, Tiantu Capital	5.1	NA	Provides mobile data technology and comprehensive application, all network ICP
1-Dec-2009	Private Placement	Byread Technologies (Nanjing) Inc.	Media Chinese International Limited, Morningside Ventures	3.0	27.3%	Provides mobile reading and social networking service
21-Dec-2009	M & A	Youline Technology	China Vision Media Group (SEHK: 1060)	NA	100.0%	A mobile phone service provider that offers personalized information and entertainment services to mobile handset users via the Internet and other modern telecom technologies

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

Phoenix New Media obtained US\$25.0 million from Morningside Ventures, Intel Capital and Bertelsmann Asia Investment Funds through its series A fund raising. Phoenix TV media group (SEHK: 2008) remains the controlling shareholder upon the success of the financing. Phoenix New Media focuses primarily on 100 million mainstream netizens, providing valuable information through integrated communication platforms ifeng.com and wap.ifeng.com.

360Buy, an online shopping mall that markets and distributes communication, computer and consumer electronics, secured its Series C round of funding from Tiger Global Management. This is the largest VC investment in China's Internet market since the outbreak of the global financial crisis.

Selected Capital Markets Transactions in Q4 2009

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing (US\$)	Premium/Discount to Market % <sup>(1)</sup>	Price as of 12/31/09 (US\$)	Market Cap as of 12/31/09 (US\$ MM)	Company Description
16-Oct-2009	IPO	NASDAQ	China Real Estate Information (NASDAQ: CRIC)	Internet	216.0	12.0	NA	11.0	226.4	Online real estate information provider
9-Dec-2009	IPO	Shenzhen	Focus Technology (SZSE: 2315)	Internet	181.5	6.2	NA	10.2	175.8	B2B Ecommerce platform, specializing in international trade
14-Dec-2009	IPO	Shenzhen ChiNext	Hexin Flush Information (SZSE: 300033)	Internet	130.4	7.8	NA	10.4	103.0	Provides online financial data, data analysis software and other financial software system
10-Dec-2009	IPO	Shenzhen ChiNext	Shanghai Wangsu Science & Technology (SZSE: 300017)	Internet	81.2	3.5	NA	6.3	83.8	Provides online business solutions, Content Delivery Network (CDN) and Internet Data Centers (IDC)

<sup>(1)</sup> 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, Investide.cn, Yahoo! Finance News and PRNewswire

China Real Estate Information (NASDAQ: CRIC), a spin-off of E-House China's (NYSE: EJ) real estate information and consulting business went public on October 16, 2009. After the IPO, CRIC acquired the online real estate business operated by SINA Corporation (NASDAQ: SINA), a leading online media company in China.

**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 2010 Cowen Latitude Asia. All rights reserved.*