

Internet Intelligencer

Tencent vs Qihoo Lawsuit; Softbank to buy Gungho; Tencent eCommerce Consolidation

- Tencent vs Qihoo Lawsuit: Tencent Wins.** The High People's Court of Guangdong Province on Thursday announced that Qihoo has lost the lawsuit that it filed against Tencent over abuse of its dominant market position. The Court said that Qihoo has to pay for all litigation costs totaling Rmb790K, adding that Tencent has not abused its dominant market position because it operates in a global market in which competition exists. On Apr 18, '12, Tencent was accused of abusing its dominant market position in a case filed by Qihoo. Qihoo also accused Tencent of violating the country's anti-monopoly laws by, among other actions, introducing bundle sales to prevent its users from installing Qihoo's software. Having lost the lawsuit, Qihoo announced that the company would likely appeal to the Supreme People's Court, after considering the verdict of the first trial.
- Softbank to Buy Gungho.** Softbank Corp. said Monday it will launch a tender offer to increase its stake in Gungho. Softbank will buy 6.4% of Gungho's total shares in terms of voting rights for 340,276 yen (\$3,580) per share through its mobile phone unit in a tender offer between April 1 and April 26. Softbank will spend a total of ¥25Bn. Softbank's stake in Gungho, including an 18.5% stake held by chief executive Masayoshi Son, will reach 58.5% in terms of voting rights, from the current 33.6%. Gungho is planning a 10-for-1 stock split effective April 1. As a result of the transaction, Gungho will become a Softbank consolidated subsidiary. Softbank will report proceeds of roughly ¥150 billion for the April-June quarter due to a revaluation of its stake in Gungho. In Gungho's latest financial release, sales in February reached ~¥10Bn (US\$106Mn) – up 1,280 % YoY. In January, Gungho, reported sales of just US\$92Mn. That revenue is generated by 9-10 million registered users *Puzzle and Dragons* had in February on both iOS and Android.
- Tencent to Merge QQ Mall with QQ Buy.** Tencent merged its QQ Buy and QQ Mall eCommerce sites into a single platform under the QQ Buy brand on March 26. According to the Tencent spokesperson, the all-new QQ Buy will emphasize "quality and fun." Upgrades to the platform will raise the barriers to entry for merchants in order to streamline the existing merchants. Roughly the top 30% of existing merchants will be retained. The company will connect the backend of its two B2C platforms, QQ Buy and 51Buy in 2H13. Once the platforms are connected, an initial batch of roughly 100,000 products will become available for delivery through 51Buy's self-developed logistics service. By mid-13, Tencent will have implemented seamless interconnectivity between QQ Buy and 51Buy product orders, customer accounts, and payment systems.

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Table 1: Top Picks - Internet and New Media

Ticker	Rating	Price (LC)	Mkt Cap (US\$m)	EPS (LC)			P/E (x)			PEG 13E/14gth	EV/EBITDA (x)			RoE (%)			
				2012	2013E	2014E	2012	2013E	2014E		2012	2013E	2014E	2012	2013E	2014E	
Baidu	BIDU US	OW	87.1	30,438	4.85	5.32	6.85	18.0	16.4	12.7	0.6	13.6	11.8	9.0	49.0	35.4	32.0
Tencent	700 HK	OW	246.8	57,790	9.41	12.59	15.73	26.2	19.6	15.7	0.8	18.4	13.9	11.2	36.9	35.6	32.3
Youku	YOKU US	OW	16.4	2,680	-0.61	-0.27	0.51	NM	NM	31.9	NA	116.5	16.8	8.3	-7.3	-2.5	4.6

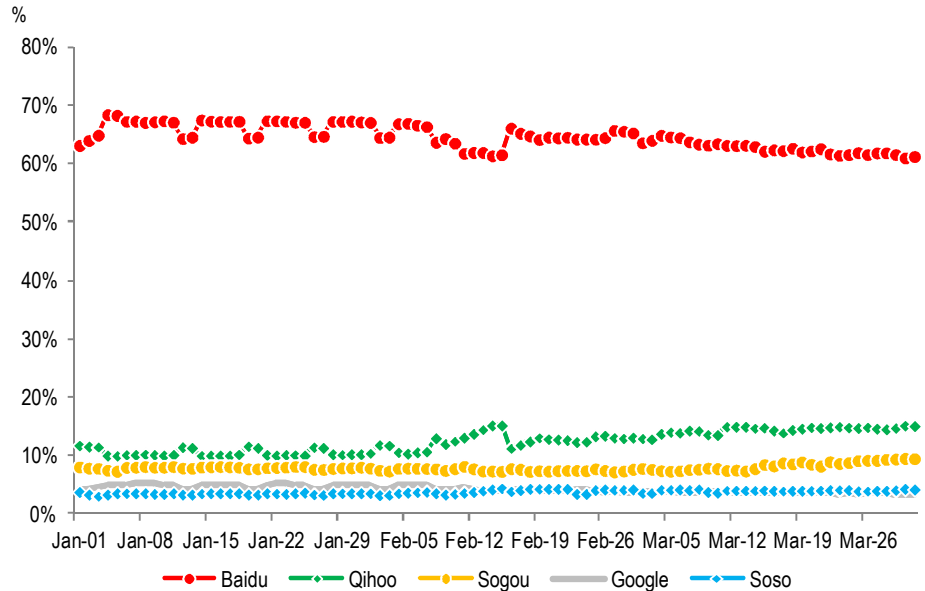
Source: Bloomberg. Prices and valuations are as of Apr 1, 2013.

See page 9 for analyst certification and important disclosures, including non-US analyst disclosures.

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Key Charts

Figure 1: Search Market Share by UV - CNZZ.com (Mar-31)



Source: CNZZ.com

Regional Internet Newsflow

Mobile Internet

- [Taxi Booking App Developer: No Investment from Tencent](#): *Marbridge Daily*
- [Taobao Mobile Client to Display Third-Party Content](#): *Marbridge Daily*
- [China Mobile: Let the Market Decide How to Charge Tencent for WeChat](#): *Tech in Asia*
- [China Mobile to Integrate Fetion, Fei Liao](#): *Marbridge Daily*
- [Beijing Unicom Tracks Customer "WeChat" Mobile Data Use](#): *Marbridge Daily*
- [QQ, China's Top IM, Launches As a Facebook App](#): *Tech in Asia*
- [China to Issue "3-Year Triple-Play Convergence Plan" in Mid-2013](#): *Marbridge Daily*
- [Umeng: China's 2012 Active Android Users Reach 160 Mln](#): *Marbridge Daily*

Online Advertising

- [Baidu in Talks with PPS over Possible Takeover, Term Sheet Sent](#): *Caijing*
- [Tencent Vs Qihoo 360 Lawsuit: Tencent Wins](#): *CRI English*

eCommerce

- [Nongshim to sell products on Chinese online shopping mall](#): *MK Business News*
- [MNC and Rakuten: Why the Sudden Break Up?](#): *Tech in Asia*
- [Tencent E-Commerce to Merge QQ Mall with QQ Buy](#): *Marbridge Daily*
- [Macy's to Roll out Online Sales Platform in China](#): *SinoCast*
- [Alibaba Repositions AliExpress as "International Taobao"](#): *Marbridge Daily*

Social Network / Social Media

- [LeTV Starts STB C1S Pre-orders on Sina Microblog Platform](#): *Marbridge Daily*
- [Sina Microblog May Test E-Commerce Ad Product](#): *Marbridge Daily*

Online Gaming

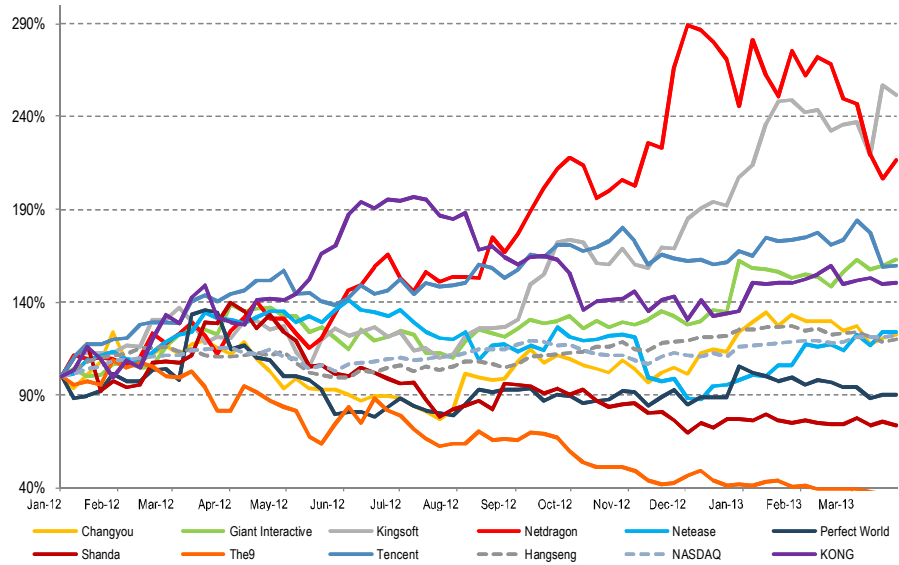
- [Softbank To Buy Gungho Online Entertainment Via Tender Offer](#): *Nikkei*
- [China's Teen Gamers Revealed, From In-Depth Demographics to Deepest Desires](#): *Tech in Asia*
- [Gungho's 'Puzzle and Dragons' Probably Made Up to \\$86 Million In Sales Last Month](#): *Tech in Asia*
- [NetEase Youdao Dictionary Reaches over 300Mn user and MAU of over 50Mn](#): *Sina Tech*

Other Media / Online Services

- [Focus Media Reports Fourth Quarter and Full Year 2012 Results](#): *Company Press Release*

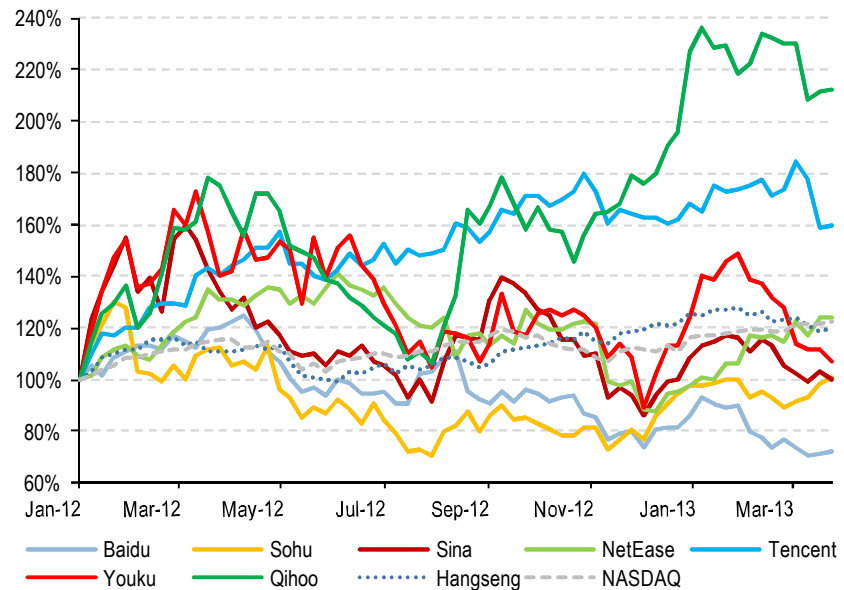
Stock Performance

Figure 2: Relative Performance – Jan.12 to Mar.13 – China Online Gaming



Source: Bloomberg.

Figure 3: Relative Performance – Jan.12 to Mar.13 – China Online Ads



Source: Bloomberg.

Table 2: Price Performance – China and Korea Internet Stocks

Company Name	Ticker	Price 1 Apr 2013	Price Change		
			1 Wk Chg.	1 Mth Chg.	YTD
Mecox Lane	MCOX	3.34	72.2%	35.8%	21.5%
Jiayuan	DATE	5.39	11.8%	-1.6%	-2.9%
NHN	035420 KS	294000.00	8.7%	6.9%	29.5%
Taomee	TAOM	4.12	7.0%	2.0%	15.4%
Vipshop	VIPS	29.85	4.5%	17.5%	67.3%
Giant Interactive	GA	6.73	4.3%	7.2%	24.4%
DangDang	DANG	4.14	4.3%	9.8%	-0.2%
Neowiz Games	095660 KS	20100.00	3.1%	-2.0%	-19.6%
Tencent	700 HK	246.80	2.5%	-10.0%	-0.9%
Baidu	BIDU	87.05	2.0%	-3.6%	-13.2%
Daum Communication	035720 KS	92900.00	1.3%	-1.8%	2.0%
The9	NCTY	2.60	1.2%	-6.1%	-11.9%
Netdragon	777 HK	8.88	1.0%	-11.9%	-19.9%
Changyou	CYOU	28.89	0.6%	0.3%	9.7%
KongZhong	KONG	6.11	0.5%	-6.0%	11.5%
51job	JOBS	59.32	0.4%	6.7%	26.9%
Focus Media	FMCN	26.75	0.3%	6.4%	4.2%
Netease	NTES	55.08	0.1%	5.9%	29.5%
NCSOFT	036570 KS	158500.00	0.0%	8.9%	5.3%
AirMedia	AMCN	1.80	0.0%	-15.9%	-6.2%
eLong	LONG	14.85	-0.7%	-7.2%	0.1%
BitAuto	BITA	9.87	-0.7%	10.0%	35.2%
Ctrip	CTRP	21.19	-1.1%	9.9%	-6.5%
Kingsoft	3888 HK	7.14	-1.2%	8.3%	30.8%
YY	YY	16.99	-1.4%	-10.3%	19.1%
AutoNavi	AMAP	10.64	-1.6%	5.1%	-6.2%
Qihoo	QIHU	29.98	-1.7%	-8.5%	1.0%
Sohu	SOHU	48.12	-2.1%	10.3%	1.6%
China Finance Online	JRJC	1.33	-2.2%	-3.1%	16.7%
Sina	SINA	48.18	-2.7%	-3.2%	-4.1%
VisionChina	VISN	3.57	-3.0%	-6.1%	17.0%
E-House	EJ	4.55	-3.6%	5.8%	11.0%
Shanda Games	GAME	2.94	-3.6%	-2.0%	-3.3%
NetQin	NQ	8.84	-3.9%	9.5%	46.4%
Sofun	SFUN	25.47	-4.1%	8.3%	1.9%
Perfect World	PWRD	10.46	-4.6%	-6.9%	-2.1%
Global Sources	GSOL	7.17	-4.7%	-9.1%	10.6%
Youku Tudou	YOKU	16.35	-5.1%	-14.0%	-10.4%
Renren	RENN	2.76	-6.4%	-6.4%	-20.0%
Linktone	LTON	2.77	-7.0%	-1.8%	8.2%
Charm	CHRM	4.72	-10.8%	-17.9%	16.8%
Dow Jones	INDU Index	14,573	0.9%	3.2%	11.2%
Hang Seng	HSI Index	22,300	0.2%	-1.1%	-1.6%
NASDAQ	CCMP Index	3,239	0.1%	1.8%	7.3%
S&P 500	SPX Index	1,562	0.7%	2.4%	9.5%

Source: Bloomberg. 1 week close is based on Mar 25, 2013 closing price. 1 Month change is based on Mar 4, 2013 closing price.

Table 3: China Internet Comps

Ticker	Rating	Price (LC)	Mkt Cap (US\$M)	EV (US\$M)	EPS (LC)			P/E (x)			PEG	EV/EBITDA (x)			RoE (%)			Sales (US\$MM)			
					2012	2013E	2014E	2012	2013E	2014E		13E/14gth	2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E
China: Online Platform																					
Tencent	700 HK	OW	246.8	57,790	55,268	9.41	12.59	15.73	26.2	19.6	15.7	0.8	18.4	13.9	11.2	36.9	35.6	32.3	6,952	8,816	11,035
Qihoo 360	QIHU US	NC	30.0	3,578	3,197	0.73	0.86	1.52	40.8	34.7	19.8	0.4	41.4	25.3	13.8	14.2	17.7	25.2	320	537	766
YY	YY US	NC	17.0	924	1,213	0.51	0.80	1.40	33.1	21.3	12.1	0.3	49.3	24.5	13.1	9.5	15.2	23.2	127	227	373
Renren	RENN US	NC	2.8	1,038	133	-0.18	-0.17	-0.10	NM	NM	NM	NA	NM	NM	NM	-6.1	-5.1	-2.8	174	256	350
							Median		33.1	21.3	15.7	0.4	41.4	24.5	13.1						
China: Online Ad - Portal																					
Bitauto	BITA US	NC	9.9	411	329	0.49	0.84	1.09	20.1	11.8	9.1	0.4	13.9	8.1	6.0	13.8	26.4	NA	162	238	311
Sina	SINA US	OW	48.2	3,211	2,506	0.59	0.50	1.22	81.0	95.6	39.6	0.7	122.0	32.9	17.2	3.4	3.2	7.4	510	563	665
Sofun	SFUN US	NC	25.5	2,047	2,253	1.80	2.34	2.74	14.2	10.9	9.3	0.6	11.3	8.9	7.7	134.8	65.4	40.2	423	536	618
People.cn	603000 CH	NC	36.7	1,637	1,331	0.69	0.98	1.35	53.3	37.6	27.2	1.0	54.8	39.2	28.9	11.7	12.4	14.4	120	167	226
Sohu	SOHU US	OW	48.1	1,836	1,338	2.43	3.80	4.94	19.8	12.7	9.7	0.4	4.7	3.5	2.8	7.6	11.4	12.8	1,059	1,234	1,428
iFeng	FENG US	NC	4.2	325	140	0.20	0.28	0.39	21.4	15.4	10.8	0.4	9.0	6.3	4.2	7.4	8.9	11.6	174	207	239
China Fin Online	JRJC US	NC	1.3	29	-27	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
							Median		20.8	14.0	10.3	0.5	12.6	8.5	6.8						
China: Online Ad - Video																					
Youku	YOKU US	OW	16.4	2,680	2,074	-0.61	-0.27	0.51	NM	NM	31.9	NA	116.5	16.8	8.3	-7.3	-2.5	4.6	283	507	700
LeTV	300104 CH	NC	27.4	1,760	1,918	0.49	0.71	1.10	56.2	38.6	24.9	0.7	20.4	13.0	9.5	16.3	19.2	21.4	185	287	398
Ku6	KUTV US	NC	1.00	50	27	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
							Median		56.2	38.6	28.4	0.7	68.5	14.9	8.9						
China: Online Ad - Search																					
Baidu	BIDU US	OW	87.1	30,438	27,312	4.85	5.32	6.85	18.0	16.4	12.7	0.6	13.6	11.8	9.0	49.0	35.4	32.0	3,546	4,870	6,355
China: eCommerce																					
VIPShop	VIPS US	OW	29.9	1,646	1,436	-0.12	0.62	1.29	NM	47.9	23.2	0.4	NM	28.7	13.2	-26.2	41.6	51.5	651	1,422	2,092
Ctrip	CTRP US	NC	21.2	3,039	2,531	1.14	1.13	1.44	18.5	18.7	14.7	0.7	15.6	15.9	12.7	10.3	11.0	11.4	663	794	935
eLong	LONG US	NC	14.9	509	204	0.18	0.25	0.43	82.5	60.1	34.3	0.8	NM	86.7	21.0	NA	1.7	3.0	123	160	217
Global Sources	GSOL US	NC	7.2	242	154	0.93	NA	NA	7.7	NM	NM	NA	3.4	4.6	NM	NA	NA	NA	230	201	NA
Mecox Lane	MCOX US	NC	3.34	38	-22	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
Dangdang	DANG US	N	4.14	332	135	-0.86	-0.65	-0.29	NM	NM	NM	NA	NM	NM	NM	-45.6	-53.7	-35.6	826	1,010	1,234
TTG	TUP AU	NC	1.6	1,129	NM	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
							Median		18.5	47.9	23.2	0.7	9.5	22.3	13.2						
China: Online Games																					
Changyou	CYOU US	NC	28.9	1,532	1,353	5.33	5.94	6.65	5.4	4.9	4.3	0.4	3.7	3.2	2.9	47.2	41.0	31.0	619	740	828
Giant Interactive	GA US	NC	6.73	1,610	1,144	0.85	0.93	1.00	7.9	7.3	6.7	0.9	5.1	4.4	4.0	42.0	38.5	32.6	344	401	443
NetEase	NTES US	OW	55.1	7,198	4,668	4.26	4.48	4.72	12.9	12.3	11.7	2.2	7.2	6.3	5.7	23.9	20.9	18.5	1,268	1,407	1,590
Perfect World	PWRD US	NC	10.5	506	282	2.17	1.65	1.94	4.8	6.3	5.4	0.4	2.3	2.8	2.4	14.8	11.0	14.1	444	446	495
Shanda Games	GAME US	N	2.94	805	447	0.67	0.66	0.71	4.4	4.5	4.1	0.5	1.7	1.7	1.5	24.2	17.4	16.2	740	739	821
The9	NCTY US	NC	2.6	64	-107	-2.82	-1.65	NA	NM	NM	NM	NA	NM	NM	NM	-41.2	NA	NA	38	94	NA
KongZhong	KONG US	NC	6.11	254	116	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
Taomee	TAOM US	NC	4.12	151	32	0.22	0.22	0.19	18.6	18.9	21.3	NM	8.2	7.5	6.0	4.5	6.2	6.4	40	39	43
							Median		6.7	6.8	6.1	0.5	4.4	3.8	3.5						
China: Online Services																					
51jobs	JOBS US	NC	59.3	1,714	1,308	2.61	3.16	3.78	22.7	18.8	15.7	0.9	16.0	13.6	11.0	20.5	18.2	19.3	230	262	304
Jiayuan	DATE US	NC	5.4	168	99	0.29	0.31	0.42	18.6	17.4	12.8	0.5	9.4	7.9	6.3	8.5	11.1	9.0	65	79	92
E-House	EJ US	NC	4.6	537	373	-0.11	0.35	0.52	NM	13.1	8.8	0.3	NM	22.5	7.4	-4.9	6.9	7.8	454	550	630
							Median		20.7	17.4	12.8	0.5	12.7	13.6	7.4						

Source: For non-covered companies (Indicated as NC) estimates are taken from Bloomberg. Rated names are J.P. Morgan estimates. *Note: Prices and valuations are as of Apr 1, 2013.

Table 4: China Internet Comps

Ticker	Rating	Price (LC)	Mkt Cap (US\$M)	EV (US\$M)	EPS (LC)			P/E (x)			PEG 13E/14gth	EV/EBITDA (x)			RoE (%)			Sales (US\$MM)			
					2012	2013E	2014E	2012	2013E	2014E		2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	
China: Mobile Internet																					
NetDragon	777 HK	NC	8.9	585	414	0.62	0.85	1.07	14.4	10.5	8.3	0.4	6.1	4.1	3.3	14.8	19.3	21.0	176	227	274
Kingsoft	3888 HK	NC	7.14	1,121	861	0.46	0.56	0.67	15.4	12.8	10.6	0.6	11.9	9.0	7.3	17.4	17.1	17.8	209	293	345
AutoNavi	AMAP US	NC	10.64	529	332	0.97	0.90	1.00	11.0	11.8	10.7	1.1	7.1	7.7	6.6	14.6	13.5	12.7	156	172	193
NQ Mobile	NQ US	NC	8.84	428	406	0.59	0.95	1.29	15.0	9.3	6.8	0.3	14.5	7.4	5.6	10.2	17.0	13.5	91	181	257
Ourpalm	300315 CH	NC	38.09	1,011	907	0.52	0.83	1.16	72.7	45.7	32.9	1.2	62.8	28.8	22.8	14.1	11.8	13.7	44	79	104
Sky-mobi	MOBI US	NC	1.80	59	37	0.19	-0.04	0.03	9.4	NM	60.0	NA	3.4	43.2	NM	NA	NA	NA	103	89	72
CMGE	CMGE US	NC	8.75	207	174	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
NavInfo	002405 CH	NC	14.23	1,292	1,001	0.38	0.52	0.64	37.3	27.2	22.1	1.2	29.3	22.5	17.0	9.5	11.3	12.3	123	149	179
								Median	15.0	12.3	10.7	0.8	11.9	9.0	6.9						
China: Internet-related Supplier/Service																					
ePro	8086 HK	NC	0.45	293	279	0.03	0.03	0.04	18.0	15.0	11.0	0.4	13.2	NM	NM	NA	NA	NA	184	NA	320
21Vianet	VNET US	N	9.1	529	506	0.08	0.14	0.17	118.1	66.7	54.7	3.0	17.2	6.9	5.7	5.3	9.7	11.0	247	362	438
ChinaCache	CCIH US	NC	3.6	83	38	0.17	0.31	0.59	21.3	11.7	6.1	0.1	2.6	2.0	1.2	3.3	7.2	12.3	130	166	208
Acquity Group	AQ US	NC	6.7	158	127	0.71	0.47	0.72	9.4	14.2	9.4	0.3	4.3	5.8	4.1	13.0	8.0	11.0	146	153	176
								Median	19.6	14.6	10.2	0.3	8.8	5.8	4.1						

Source: For non-covered companies (Indicated as NC) estimates are taken from Bloomberg, Rated names are J.P. Morgan estimates. *Note: Prices and valuations are as of Apr 1, 2013.

Table 5: China New Media Comps

Ticker	Rating	Price (LC)	Mkt Cap (US\$M)	EV (US\$M)	EPS (LC)			P/E (x)			PEG 13E/14gth	EV/EBITDA (x)			RoE (%)			Sales (US\$MM)			
					2012	2013E	2014E	2012	2013E	2014E		2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	
China New Media																					
AirMedia	AMCN US	N	1.80	119	9	-0.41	-0.09	0.03	NM	NM	59.0	NA	NM	0.7	0.4	-11.8	-4.6	-0.5	289	315	355
Clear Media	100 HK	NC	5.35	366	242	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
Focus Media	FMCN US	NR	26.8	3,459	2,867	2.48	2.92	3.39	10.8	9.2	7.9	0.6	6.3	5.3	4.5	23.4	22.9	22.1	979	1,149	1,349
Tom Online	2383 HK	NC	0.84	351	571	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
VisionChina	VISN US	NC	3.57	18	-42	-11.59	-4.41	-2.09	NM	NM	NM	NA	NM	NM	NM	-122.3	-29.7	-20.0	117	129	141
								Median	10.8	9.2	33.5	0.6	6.3	3.0	2.5						

Source: For non-covered companies (Indicated as NC) estimates are taken from Bloomberg, Rated names are J.P. Morgan estimates. *Note: Prices and valuations are as of Apr 1, 2013.

Table 6: Korea Internet Comps

Ticker	Rating	Price (LC)	Mkt Cap (US\$M)	EV (US\$M)	EPS (LC)			P/E (x)			PEG 13E/14gth	EV/EBITDA (x)			RoE (%)			Sales (US\$MM)			
					2012	2013E	2014E	2012	2013E	2014E		2012	2013E	2014E	2012	2013E	2014E	2012	2013E	2014E	
Daum Comm	035720 KS	OW	92,900	1,106	909	7,698	11,071	NA	12.1	8.4	NM	NA	6.4	4.7	NM	21.7	26.8	NA	440	539	NA
NHN	035420 KS	NR	294,000	12,614	12,080	10,807	12,156	NA	27.2	24.2	NM	NA	17.3	15.9	NM	29.8	27.6	NA	2,147	2,352	NA
NCSoft	036570 KS	OW	158,500	3,102	2,696	7,507	21,024	0	21.1	7.5	NM	NA	12.9	4.7	NM	17.4	36.1	NA	675	1,073	NA
Neowiz Games	095660 KS	OW	20,100	383	487	5,014	5,838	0	4.0	3.4	NM	NA	3.3	2.9	NM	28.5	25.3	NA	713	808	NA
Interpark	035080 KS	NC	7890.0	437	520	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
Nexon	3659 JP	NC	906.0	4,273	3,521	73.08	86.14	96.39	12.4	10.5	9.4	0.9	5.6	4.6	4.2	17.0	16.2	15.6	1,163	1,493	1,616
Com2US	078340 KS	NC	52000.0	500	500	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	65	NA	NA
Gamevil	063080 KS	NC	101500.0	556	556	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	30.3	NA	32.1	NA	NA	NA
Wemade	112040 KS	NC	46250.0	716	716	NA	NA	NA	NM	NM	NM	NA	NM	NM	NM	NA	NA	NA	NA	NA	NA
							Median		12.4	8.4	9.4	0.9	6.4	4.7	4.2	25.1	26.8	23.8			

Source: For non-covered companies (Indicated as NC) estimates are taken from Bloomberg, Rated names are J.P. Morgan estimates. *Note: Prices and valuations are as of Apr 1, 2013.

China Social Network/Weibo Data

Table 7: SNS shares as % of total shares

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Jan-13	Feb-13
Sina Weibo	7.99%	8.35%	9.31%	9.42%	9.79%	9.29%	8.04%	8.63%	9.70%	10.06%	13.12%	15.09%
Qzone	12.75%	12.95%	17.12%	13.50%	13.26%	13.59%	11.50%	12.36%	13.97%	17.72%	18.41%	18.91%
Tencent Weibo	6.79%	6.98%	8.00%	8.10%	8.37%	8.12%	6.95%	7.20%	8.06%	9.87%	11.69%	9.19%
Pengyou	1.58%	1.60%	0.00%	1.91%	2.03%	1.99%	1.96%	1.94%	1.64%	1.31%	1.04%	0.78%
Sohu Weibo	1.83%	2.07%	2.11%	2.70%	2.31%	2.33%	2.51%	2.64%	3.35%	4.27%	3.94%	3.40%
NetEase Weibo	1.88%	1.76%	1.75%	2.35%	2.41%	2.24%	2.26%	2.29%	2.49%	3.18%	2.75%	1.86%
Renren	3.72%	3.95%	5.62%	5.33%	4.85%	4.55%	4.40%	4.80%	6.23%	7.16%	7.16%	6.41%
Kaixin001	2.96%	3.08%	3.65%	4.21%	4.28%	3.91%	3.64%	3.94%	6.51%	6.14%	6.29%	5.02%
Baidu Soucang	1.24%	1.60%	3.15%	3.03%	2.25%	1.05%	0.99%	0.99%	0.85%	0.83%	1.11%	0.77%
Baidu Tieba	0.88%	0.90%	0.79%	1.03%	0.74%	0.81%	0.96%	1.03%	1.63%	2.06%	1.71%	2.20%
Baidu Hi	0.76%	0.72%	0.62%	0.85%	0.71%	0.73%	0.78%	0.88%	1.43%	2.36%	1.30%	0.82%

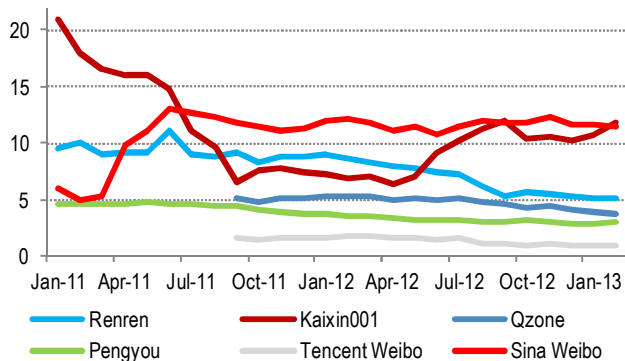
Source: Jiathis.com

Table 8: SNS click back as % of total click back

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Jan-13	Feb-13
Sina Weibo	14.36%	16.88%	15.58%	17.62%	18.44%	30.14%	31.16%	30.56%	30.75%	30.26%	27.68%	26.45%
Qzone	47.35%	47.31%	42.55%	37.12%	47.14%	38.35%	36.82%	35.49%	35.53%	37.03%	35.89%	33.78%
Tencent Weibo	10.30%	13.49%	11.36%	12.96%	11.62%	10.59%	16.39%	15.12%	11.23%	11.77%	10.32%	10.21%
Pengyou	0.71%	0.77%	0.00%	1.29%	2.21%	0.03%	0.06%	0.65%	1.62%	1.17%	1.02%	1.05%
Sohu Weibo	0.25%	0.21%	0.41%	0.59%	0.47%	1.27%	1.18%	0.41%	0.69%	0.78%	0.76%	0.67%
NetEase Weibo	0.31%	0.69%	0.24%	0.64%	0.19%	1.19%	1.15%	0.32%	0.31%	0.55%	0.57%	0.49%
Renren	4.06%	3.17%	2.61%	2.46%	1.89%	3.77%	3.79%	1.77%	1.78%	2.54%	2.12%	2.25%
Baidu Soucang	4.01%	3.15%	2.59%	2.42%	1.82%	1.11%	1.08%	1.70%	1.62%	2.11%	2.03%	2.01%
Baidu Tieba	1.02%	1.30%	1.67%	2.09%	1.97%	0.38%	0.18%	0.71%	0.27%	0.02%	1.04%	1.02%
Baidu Hi	1.49%	1.78%	6.97%	5.03%	0.65%	2.47%	1.65%	1.32%	0.33%	0.43%	0.48%	0.53%

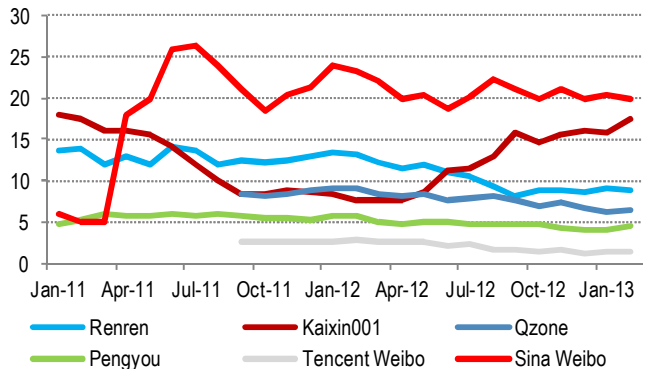
Source: Jiathis.com

Figure 4: Alexa: Daily Pageview per User (1-Mth)



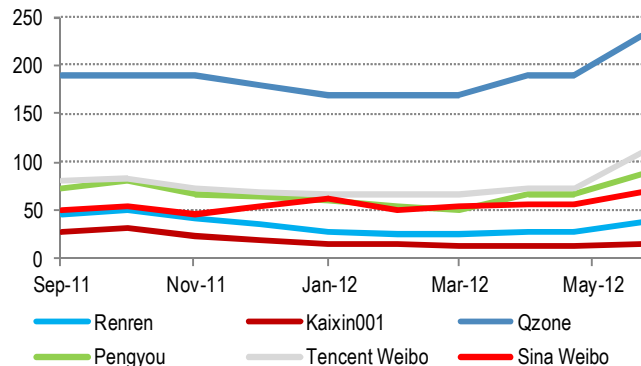
Source: Alexa

Figure 5: Alexa: Time spent on site (in mins, 1-Mth)



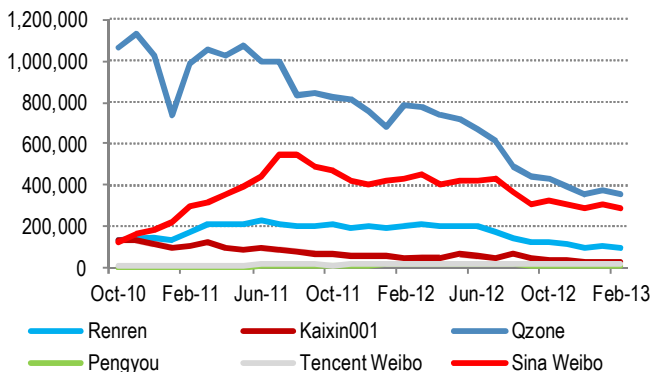
Source: Alexa

Figure 6: Google Ad Planner: UV: China



Source: Google Ad Planner

Figure 7: Baidu Index: Weekly Wtg Freq of Keyword Search



Source: Baidu Index

Companies Recommended in This Report (all prices in this report as of market close on 01 April 2013, unless otherwise indicated)

Baidu.com (BIDU/\$87.05/Overweight), Tencent (0700.HK/HK\$246.80[28 March 2013]/Overweight), Youku Tudou Inc. (YOKU/\$16.35/Overweight)

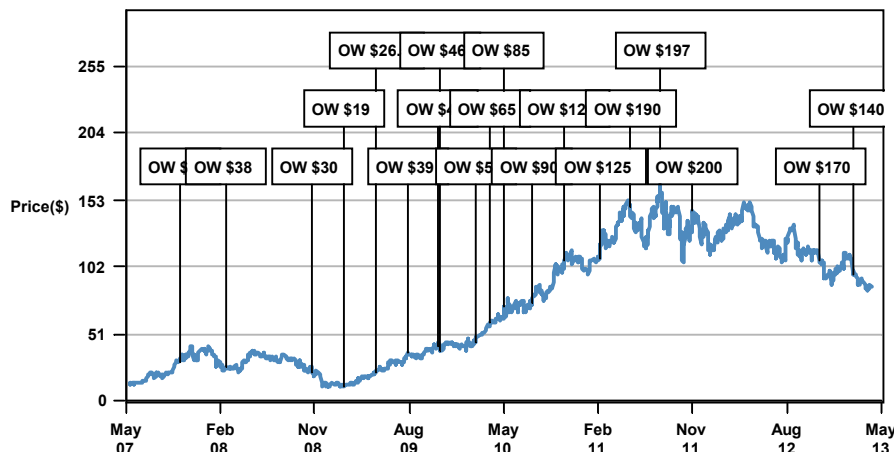
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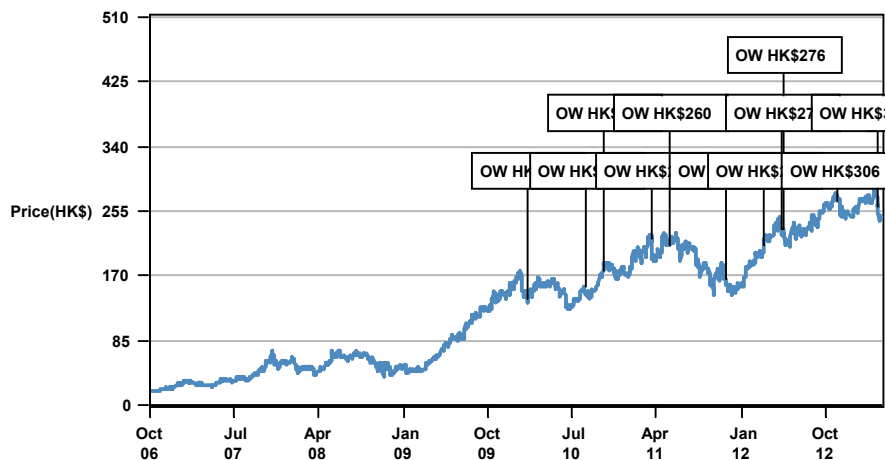
Baidu.com (BIDU, BIDU US) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Oct 02, 2007.

Date	Rating	Share Price (\$)	Price Target (\$)
02-Oct-07	OW	28.48	40.00
14-Feb-08	OW	26.11	38.00
23-Oct-08	OW	21.25	30.00
23-Jan-09	OW	11.25	19.00
23-Apr-09	OW	21.25	26.50
24-Jul-09	OW	35.81	39.00
22-Oct-09	OW	41.56	48.00
27-Oct-09	OW	38.37	46.00
10-Feb-10	OW	43.50	54.00
23-Mar-10	OW	59.49	65.00
29-Apr-10	OW	70.99	85.00
22-Jul-10	OW	74.45	90.00
22-Oct-10	OW	107.28	120.00
02-Feb-11	OW	108.63	125.00
28-Apr-11	OW	148.25	190.00
26-Jul-11	OW	164.36	197.00
28-Oct-11	OW	144.62	200.00
30-Oct-12	OW	106.73	170.00
05-Feb-13	OW	96.37	140.00

Tencent (0700.HK, 700 HK) Price Chart



Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Feb 07, 2010.

Date	Rating	Share Price (HK\$)	Price Target (HK\$)
07-Feb-10	OW	138.40	180.00
12-Aug-10	OW	155.00	175.00
10-Oct-10	OW	176.10	205.00
17-Mar-11	OW	216.80	240.00
12-May-11	OW	209.80	260.00
10-Nov-11	OW	166.50	230.00
15-Mar-12	OW	208.80	240.00
08-May-12	OW	231.20	275.00
17-May-12	OW	230.00	276.00
10-Nov-12	OW	267.00	306.00
21-Mar-13	OW	259.20	300.00

Youku Tudou Inc. (YOKU, YOKU US) Price Chart



Date	Rating	Share Price (\$)	Price Target (\$)
09-Jul-12	OW	20.09	30.00
01-Dec-12	OW	17.06	25.00

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jul 09, 2012.

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IB clients*	74%	64%	57%

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