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Dina Liu

Beating the Market Trend: The VisionChina Media Success Story

Before taking on the role of Chief Financial Officer (CFO) for VisionChina Media (NASDAQ: VISN), Dina Liu (Chinese name: Liu Dan) was the youngest member of the Ernst & Young China partnership. Dina Liu's stellar performance at Ernst & Young China attracted the attention of many early on. While many internationally respected companies have extended her the position of CFO, she never took up any of these offers. Shortly after her promotion to an Ernst & Young China partner, however, she snatched up VisionChina's CFO job offer and began her tenure there on June 1, 2007. One can only speculate on the amount of pay VisionChina has had to dish out in order to lure Dina Liu from the security of Ernst & Young.

Judging from VisionChina's capital market performance, however, one can say that VisionChina's gamble appears to be paying off. In just a few months, Dina Liu has proven herself to be a highly competent and valuable investment.

Owing to a feeble U.S. economy, many Chinese enterprises wishing to enter the U.S. capital market have had to postpone their business plans. Yet VisionChina was able to flawlessly execute its plans to be listed according to their initial schedule. Remarkably, Dina Liu has been able to secure breakthroughs for VisionChina even amid adverse market conditions. VisionChina has so far won the trust and praise of Wall Street investors. They have become the best performing Chinese company that entered the U.S. market after August 2007.

The most exciting news from VisionChina after that was the company's initial public offering (IPO) roadshow in early December 2007. VisionChina's stocks rose 11.1% even as the Nasdaq fell 2.6%.

Credit Suisse Board Member Jason Lam is very liberal with his praise of Dina Liu. "Dina is a master communicator. Given that investors always seek greater corporate transparency when market conditions are difficult, her skills are especially important in the present climate. Her exceptional understanding of U.S. accounting and reporting rules that govern financial control and planning has earned her many investors' trust."

Beating the Odds

While at Ernst & Young China, Dina Liu serviced the Chinese branch offices of more than twenty U.S. companies in industries such as high technology, media and entertainment. She oversaw the first time entrances of many Chinese companies into overseas capital markets. Years of experience has given Dina Liu an excellent sense of judgment. When VisionChina Media CEO Li Limin first told Dina Liu of VisionChina's business plan, Dina Liu was attracted to the company's prospects immediately.

Established in April 2005, VisionChina Media now owns China's largest outdoor digital TV advertising network. By October 2007, VisionChina was servicing China's 26 most economically influential cities. The company's 95,000 TV terminals cover a population of 270 million and broadcast to roughly 80 million urban dwellers every day. Fifteen cities are fully covered by VisionChina's network of 33,000 TV terminals. Most digital TVs are installed in

public buses, subway trains or light rail vehicles. The vast majority of the company's revenues come from sales of advertising time.

What makes VisionChina attractive to Dina Liu is the company's business model. Dina Liu's success resides in her ability to translate her approval of VisionChina's business model into investors' approval.

Focus Media attracted international attention when it successfully entered the Nasdaq two years ago. Investors now have higher expectations for Chinese companies. Unlike two years ago, however, the capital market today is a lot weaker, and investors have become very wary about which companies they should invest in. Such market developments present many challenges for new media companies wishing to gain a foothold in the international capital market. Convincing people to invest in VisionChina is a huge challenge for both VisionChina and Dina Liu.

In her first week at VisionChina, Dina Liu identified attributes that make VisionChina an attractive company to invest in by talking to other VisionChina officers. She helped the company clarify its plans and strategic goals and prepared a story on VisionChina's entrance into the capital market for underwriters. She is very confident that investors will recognize VisionChina's value. "China's largest advertising market is TV advertising. VisionChina is the only media provider who can compete with traditional TV networks in China's TV advertising market. Working with local TV channels, we offer real-time contents such as news, weather forecast and stock prices. One can say that we have liberated TV from its traditional space. We have been able to reach people who don't normally have time to watch TV. We make TV into something that is everywhere."

VisionChina Media CFO Dina Liu

Award Comments

In textbook perfect fashion, VisionChina Media CFO Dina Liu guided her company into the Nasdaq within two and a half years of the company's founding. Her abilities are well-recognized by the international capital market.

VisionChina's core mission is to integrate the outdoor digital TV advertising markets of China's most economically influential cities into a national outdoor digital TV advertising network. "VisionChina's performance in the capital market has proven that U.S. investors agree with my initial approval of VisionChina's business model."

The ability present a compelling story is of course not enough. The ideal execution of a company's plan relies on the company's solid operation and organization. Having serviced such eminent U.S. companies as Intel, HP, and Oracle, Dina Liu has witnessed up-close the administrative structures of many world-class corporations. "During my second week at VisionChina, I began to help other company officers streamline operations and administrative processes. I began to put in place a financial support and warning system. A Nasdaq-listed company without a financial support or warning system is a disaster waiting to happen."

All efforts would be lost if VisionChina could not enter the capital market before the market slumped. Jason Lam has revealed to the media that, if VisionChina entered the capital market at a slightly later time, the market conditions would give the company only two options: canceling its IPO or continuing to lower share prices. VisionChina definitely did not

want to see either scenario. Entering the capital market on an earlier date, therefore, became paramount in VisionChina's agenda.

“Not every audit partner has the ability pull off the role of a CFO. Dina Liu has exactly the right combination of skills to do it: expert knowledge, broad vision and a talent for conducting seamless transitions. I am very glad to have the chance to work with her.”

– Jay Harrison, Partner in Deloitte & Touche's Asian Operations

With many companies planning to enter the capital market, competition within new media industries is very stiff. The sooner a company gets listed, the better the position the company would be in to play a leading role in integrating the industry. VisionChina has proven that being listed in the capital market has pulled the company even farther ahead of its competitors in such terms as financial resources, brand recognition and talent pool.

Dina Liu played a critical role in VisionChina's entrance into the capital market before the market slump. Most companies take about eight months to file for IPO. The process took VisionChina less than six months, and it was during those six months that Dina Liu first joined VisionChina.

Dina Liu displayed her extraordinary adaptability and managing ability on her very first day at VisionChina. Within her first week at VisionChina, she had already selected the underwriters and lawyers and drafted plans that would oversee the company's IPO. After one month at VisionChina, she had begun the steps that would guide VisionChina into the capital market and had set the date of market entrance to be December 6, 2007, which turned out to be the exact date on which VisionChina entered the public trading market. Such precision is rare even among American companies. VisionChina also established another record by becoming the fastest Chinese company to achieve public trading status. The company took only two and a half years from creation to becoming a publicly traded company.

Completing the IPO process within six months requires expertise in many areas of the market. As Jason Lam points out, “During VisionChina's IPO, Dina Liu was leading task groups in all areas and displayed her detail oriented leadership talent. She has an amazing ability to quickly identify and solve problems. Her energy and especially her expert knowledge in accounting and auditing and her experience in operating international financial capital were what made VisionChina's speedy entry into the public trading market possible. Her abilities were what made VisionChina's entry into the market before the market slump possible.”

“The report we filed to the auditor was the final draft. We did not need to make any modification.” Dina Liu's professionalism was what guaranteed VisionChina's smooth entrance into the capital market.

The day VisionChina entered the market, the company ended the day at USD \$8 even, which was not a bad start for a newly traded company. At one point, VisionChina shares fell as low as USD \$5 as a result of unfavorable market conditions, but prices went up against after VisionChina issued its first market financial report.

Such developments contributed toward VisionChina's better-than-expected fourth quarter financial data. Dina Liu forcefully pushes for such developments and never passes on any

opportunity to communicate with investors. After VisionChina's fourth quarter market financial report came out, she immediately arranged for the report to become transparent. VisionChina shares went up 14.72% on that very same day. Shortly after, she asked underwriter Credit Suisse to arrange a five-day IPO roadshow. VisionChina shares went up 11.1% that day even though the Nasdaq dropped 2.6%.

Jason Lam said that he has never seen any CFO who can use a single quarterly report to raise a company's shares by more than 10%, but Dina Liu did it. Investors modified VisionChina's valuation from 1:14 to 1:23. Dina Liu's ultimate goal is to raise VisionChina's valuation to 1:30 or 1:40.

Stunning Transition from Auditor to CFO

Major Internet companies (Google, Baidu, Sogou and Yahoo) have become an important breeding ground for private enterprise CFOs. Among these ranks include Baidu CFO Shawn Wang (Chinese name: Wang Zhansheng) and Alibaba CFO Maggie Wu (Chinese name: Wu Wei).

Parachuting in new high-level officers rarely produces positive results for private enterprises. CFOs are a rare exception. Officers from established companies transitioning to the role of CFO tend to be a win-win scenario to both individuals and their new management teams.

Private enterprises, especially those planning to be publicly traded, need professional talents with the knowledge and skills relating to entering the financial market. Auditors for major companies also need a broader platform to better showcase their talents. CFOs with experience in established companies and private enterprises eyeing the capital market make for a perfect marriage. These CFOs form an important channel of communication between Chinese enterprises and investors and help more investors understand the value of Chinese enterprises.

On her first day at Ernst & Young Canada, Dina Liu set the goal of becoming an Ernst & Young partner. She was able to realize that goal in her ninth year at Ernst & Young, a timeframe two to three years shorter than the period of time it would normally take for most people to achieve that role. "My Chinese cultural background, Western educational background and experience as an analyst in Ernst & Young Canada and U.S. firms have given me a solid foundation. I was able to pass the three day-long Ernst & Young reviewing process without too much effort. Since Ernst & Young is a large international company, all the questions and interviews were in English. I was able to take advantage of my language skills."

Shortly after Dina Liu became an Ernst & Young partner, she received a call from VisionChina CEO Li Limin. The call was a pleasant surprise for Dina, who at first thought she was being solicited for clients or business.

Li Limin flew to Beijing from Shenzhen the very next day and surprised Dina Liu with his CFO job offer. "CEO Li showed me the VisionChina Media brochure. He said he hoped to see my photo in the brochure soon." Li Limin's straightforward style left a good first impression on Dina Liu. She was also highly optimistic about VisionChina's market prospects. This first meeting was a good one for both sides. Dina Liu has revealed to the media that Li Limin immediately agreed to her salary request.

According to Dina Liu, the most important reason for her to join VisionChina was that, as a core member of the Baidu auditing team, she participated in Baidu's entrance into the

capital market. She also saw Baidu CFO Shawn Wang's successful transition from auditor and witnessed Baidu's transformation from a private enterprise to a publicly traded company in the U.S.

The examples of Shawn Wang and Baidu gave Dina Liu a lot of confidence. She became motivated toward the same goals. "My personality prefers challenging work," is how Dina Liu describes herself.

The decision to leave Ernst & Young, however, was a difficult one for Dina Liu. Very few partner-level Ernst & Young associates leave the company. She points out two things that made parting with Ernst & Young difficult. "I really liked Ernst & Young and its people-centered corporate culture. I joined Ernst & Young Canada when I graduated from University. Then I joined Ernst & Young USA in Beijing. I received world-class professional and corporate spirit training at Ernst & Young. The values of Ernst & Young are a part of me now. I have many friends and mentors there. It was very difficult for me to part with them. My home is also in Beijing, which made me a little hesitant about moving to Shenzhen to work."

Upon learning Dina Liu's decision to leave the company, Ernst & Young China Chairman flew to Beijing to talk to her. Seeing that Dina Liu had already made her decision, he said to her, "Chase your dreams! The doors of Ernst & Young are always open for you!"

With these words of encouragement, a challenge-seeking Dina Liu arrived in Shenzhen with her three suitcases two months later on June 1, 2007. Half a year later, as we have seen, Dina Liu successfully launched VisionChina's IPO. Afterward, she pursued every opportunity to communicate with investors and helped VisionChina achieve its outstanding performance in the capital market.

Jason Lam's assessment of Dina Liu goes as follows: "Dina Liu's personal and professional integrity, expert knowledge and hard-won experience have proven to be immensely valuable to VisionChina."

"Not every audit partner has the ability to pull off the role of a CFO. Dina Liu has exactly the right combination of skills to do it: expert knowledge, broad vision and a talent for conducting seamless transitions. I am very glad to have the chance to work with her," Deloitte & Touche's Asian Operations Partner Jay Harrison also gives Dina Liu high praise.

As mentioned by these partners, the key to Dina Liu's successful career transition resides in the fact that she is able to apply her professional training from established companies to role of a private enterprise CFO. She can offer an outsider's perspective on why investors should invest in a company while offering constructive criticisms with the eye of an internal auditor. She can help the company develop investor relations and internal stability.

Upon mentioning the difference between being an internal auditor and taking on the role of an enterprise CFO, Dina Liu states the difficulties of working at a private enterprise. "Established companies enjoy a well-run system of operation. When anyone runs into any problems, he or she can rely on support from other departments. But things are very different at a private enterprise. The problems are broad and different everyday. They pose challenges to a CFO's sense of judgment and creativity. The CFO has to know how to go about solving a problem and where to find help. Healthy relationships with external lawyers and auditors, for example, are very important, as is knowing how to make the best decisions by relying on outside help."

Dina Liu says she understands the role of an auditor very well because of her experience in established companies. Internal auditors tend to hold the most conservative views. "But I am able to easily and effectively communicate with internal auditors from a professional auditor's point of view and reach a consensus with them on how to best solve a problem."

Dina Liu reveals that an even more important quality of a CFO is the courage to deliver sober news. Especially in a company as young as VisionChina, company members tend to be very enthusiastic about the future. The CFO needs stay rational and analyze things from a higher vantage point. It is only then that the company and its organization can weather the test of as vigilant and mature a trading ground as the US capital market.