



China Technology & Telecom M&A Quarterly

2nd Quarter 2009

Quarter in Review

- Transaction activity in the second quarter remained low, especially in hardware related subsectors. The majority of the transactions were acquisitions by strategic investors, generally at small transaction values. The few VC investments that occurred were in the software or IT services subsectors
- There has been significant spending in the Telecom sector as the carriers race to deploy 3G infrastructure following the award of licenses at the beginning of the year. However, the players set to benefit from this are those that have spent the last few years laying the groundwork, including raising capital, and we do not expect 3G roll-out infrastructure in itself to result in increased transaction activity. In the medium term, however, we may see investment in the mobile data/mobile applications areas due to 3G deployment
- A number of market leaders in the software and IT Services sector have made bolt-on acquisitions to broaden product offerings, providing them with an enviable position to capture market recoveries
- For the near future, we expect the low level of transaction activity to continue for this sector

Deal Highlights

- BOE Technology raised US\$1,754.8 million from Southwest Securities. BOE Technology will use the proceeds to construct a plant for manufacturing sixth-generation panels used for larger LCD screens
- UCWEB Technology raised US\$12.0 million from Alibaba Group and returning investors Ceyuan Ventures and Morningside Group. Post transaction, UCWEB will retain control in managing the company and will develop a mobile e-commerce platform with Alibaba
- China Communications Services Corp Ltd. acquired 51.0% of Guoxin Lucent Technologies Co. Ltd. from China Telecom Corp. Ltd. Guoxin Lucent achieved US\$0.3 million of net profit for 2008
- Longtop Financial Technologies Ltd. acquired 100.0% of Sysnet Info-tech Corp. for US\$26.4 million. With this transaction, Longtop will absorb Sysnet's client base, which includes China Life and People's Insurance Company of China. Both of these insurance firms are currently not a client of Longtop
- Paris-based Atos Origin made its first acquisition in Asia Pacific by acquiring 100.0% of Shanghai Covics Business Solution Ltd. for an undisclosed amount. The acquisition will substantially improve Atos Origin's presence in Beijing, Shanghai and Guangzhou and will double it's current number of local SAP consultants

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 200040, 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.

The purpose of this report is to provide a summary of Technology & Telecom M&A and private placement activities in the second quarter of 2009, highlighting notable selected transactions that are relevant to venture capital, private equity, and strategic buyers/investors. We focus on both financial and strategic buyers/investors acquiring China assets and Chinese corporations acquiring overseas targets. Our review is broken down into the following eight major Technology & Telecom sectors:

- ♦ Semiconductor
- ♦ Network Equipment
- ♦ Telecom Equipment
- ♦ PCs, Terminals & Electronics
- ♦ Software & Solutions
- ♦ Outsourcing / Offshoring
- ♦ Telecom Services & Solutions
- ♦ IT Services

There were no notable transactions in the Semiconductor and Outsourcing / Offshoring sectors during the second quarter of 2009.

Network Equipment

Cogo Group, Inc., a provider of customized mobile module solutions, acquired 100.0% of Mega Smart Group Limited, an electric meter provider for industrial applications for US\$18.0 million. Through the transaction, Cogo Group will acquire Mega Smart Group's 20 key sales and engineering specialists to support its developing industrial applications business.

Selected Network Equipment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Apr 14	Cogo Group, Inc. (NasdaqGS: COGO)	Mega Smart Group Limited	18.0	100.0	18.0	Provides customized module and subsystems for the electric grid and smart meter segments
May 13	Cantronic Systems, Inc. (TSXV: CTS)	Shenzhen Huanghe Digital Technology Co., Ltd.	1.0	51.0	1.9	Produces network video server and various other network surveillance devices
Jun 25	NA	Longsung Technology (Shanghai) Co., Ltd.	0.5	80.0	0.6	Designs and distributes wireless modules

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

Telecom Equipment

Zhejiang 8Telecom Co. Ltd., a provider of telecom pipes and towers as well as engineering services, raised US\$9.2 million from 8Telecom International Holdings Co. Ltd. Post transaction, 8Telecom International Holdings will hold 51.0% stake in Zhejiang 8Telecom.

Selected Telecom Equipment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Apr 16	8Telecom International Holdings Co. Ltd. (SGX: E25)	Zhejiang 8telecom Co. Ltd.	9.2	NA	NA	Engages in the production and supply of telecommunications pipes and towers as well as the provision of engineering services

Selected Telecom Equipment Transactions

May 26	Guangdong Communications Services Company Limited	Shenzhen Telecom Engineering Co., Ltd.	NA	100.0	NA	Engages in laying and installation of telecommunications equipment and facilities
--------	---	--	----	-------	----	---

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

PCs, Terminals & Electronics

BOE Technology Group Co. Ltd., a China-based manufacturer of display devices and digital products, raised US\$1,754.8 million from Southwest Securities Co. Ltd. The offer price represents a discount of 48.0% to BOE Technology's closing price before the announcement. BOE Technology will use the proceeds to construct a plant for manufacturing sixth-generation panels used for larger LCD screens.

Selected PCs, Terminals & Electronics Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 8	Haitong Securities, Southwest Securities and others	BOE Technology Group Co. Ltd. (SZSE: 200725)	1,754.8	60.4	2,905.3	Offers thin film transistor-liquid crystal display and application special device products

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

Software & Solutions

UCWEB Technology raised US\$12.0 million from Alibaba Group and returning investors Ceyuan Ventures and Morningside Group. Post transaction, UCWEB will retain control in managing the company and will jointly develop a mobile e-commerce platform with Alibaba.

Selected Software & Solutions Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 17, 2009	Shenzhen Fortune Venture Capital	Guangzhou Broad Vision Telecom Sci & Tech Co., Ltd.	2.1	NA	NA	Develops solution and provides network management and security optimization services
Jun 15, 2009	Zheda Lande Scitech Ltd. (SEHK: 8106)	Hangzhou Huaguang Computer Engineering Co., Ltd.	1.5	100.0	1.5	Develops computer software, provides related services and wholesales computers and accessories
Jun 3, 2009	Alibaba Group (SEHK: 1688), Ceyuan Ventures, Morningside Group	UCWEB Technology Ltd.	12.0	NA	NA	Guangzhou-based provider of mobile phone browsing solutions
May 19, 2009	UFIDA Software Co. Ltd. (SHSE: 600588)	Maite Technology	1.0	100.0	1.0	Chongqing-based developer of product data and product lifecycle management software
May 13, 2009	TravelSky Technology Hong Kong Ltd.	Infosky Technology Co., Ltd.	1.1	49.0	2.2	Provides airfreight and related logistics management solutions for the aviation industry in China
May 12, 2009	MediaTek Inc. (TSEC: 2454)	Vogins Technology (Shanghai) Co. Ltd.	2.5	NA	NA	Develops middleware solutions enabling chipset makers, handset manufacturers and content developers to build an interactive ecosystem

Selected Software & Solutions Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
May 11, 2009	Ivy Capital, Sierra Ventures	800APP	17.0	NA	NA	Provides on demand enterprise application software and services to businesses and institutions

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

Telecom Services & Solutions

China Communications Services Corp Ltd. acquired 51.0% of Guoxin Lucent Technologies Co. Ltd. from China Telecom Corp. Ltd. Guoxin Lucent achieved US\$0.3 million net profit for 2008.

Selected Telecom Services & Solutions Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
May 26, 2009	China Communications Services Corp. Ltd. (SEHK:552)	Guoxin Lucent Technologies Network Technologies Co. Ltd.	5.0	51.0	9.8	Offers communication network management software

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

IT Services

Longtop Financial Technologies Ltd. acquired 100.0% of Sysnet Info-tech Corp. for US\$26.4 million. Market research firm, IDC, ranked Sysnet as the 10th largest IT services provider in China's insurance sector in 2007. With this transaction, Longtop will absorb Sysnet's client base, which includes China Life and People's Insurance Company of China. Both of these insurance firms are currently not a client of Longtop.

Paris-based Atos Origin made its first acquisition in Asia Pacific by acquiring 100.0% of Shanghai Covics Business Solution Ltd. for an undisclosed amount. The acquisition will substantially improve Atos Origin's presence in Beijing, Shanghai and Guangzhou and will double it's current number of local SAP consultants.

Selected IT Services Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 30, 2009	China Electric Power Tech. Holdings. Ltd. (SEHK:8053)	Beijing Zhiyiren Info. Tech. Co., Ltd.	13.5	100.0	13.5	Provides IT services for schools in Beijing
Jun 5, 2009	China Computer Software and Technology Service (Hong Kong) Ltd.	Chinasoft International Ltd. (SEHK:354)	5.9	4.6	128.3	Develops and provides IT consulting, training, and outsourcing services
May 5, 2009	Atos Origin SA (ENXTPA:ATO)	Shanghai Covics Business Solution Ltd.	NA	100.0	NA	Leading SAP system consultancy and system integration services provider
Apr 27, 2009	Longtop Financial Technologies Ltd. (NYSE:LFT)	Sysnet Info-tech Corp.	26.4	100.0	26.4	Provides customized IT solutions for property and life insurance companies in China
Apr 24, 2009	Teamsun Technology (HK) Ltd.	Automated Systems Holdings Ltd. (SEHK:771)	33.6	68.4	49.1	Provides consulting, systems integration, support and applications development services

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.