

China Technology Quarterly Update

2nd Quarter 2011

Quarter in Review

- In the 2nd quarter of 2011, China Hardware & Equipment companies raised over \$1.05 billion through 10 IPOs and 1 follow-on, 94.6% of which was raised domestically through the Shenzhen Stock Exchange. Out of the 11 transactions, 2 were in the semiconductor sector, 3 in the Network Equipment sector, and 6 in the PCs, Terminals and Electronics sector.
- China Software & Services companies, by contrast, raised over \$2.22 billion through 9 IPOs and 2 follow-ons, of which 16.7% was raised domestically.

Sector Highlights

- Renren Inc., a social networking internet platform, raised \$854.9 million through its NYSE IPO in May, 2011.
- Youku.com Inc, a video sharing website, raised \$593.1 million through its NYSE IPO in May, 2011.
- 21Vianet Group Inc, a carrier-neutral Internet data center services provide, raised \$224.3 million through its Nasdaq IPO in Apr, 2011.
- BYD Co Ltd, a manufacturer, distributor and retailer of rechargeable batteries, raised \$219.7 million through its Shenzhen Stock Exchange IPO in Jun, 2011.
- Hytera Communications Corp. Ltd., a manufacturer of wireless telecommunication equipments, raised \$214.4 million through its Shenzhen Stock Exchange IPO in May, 2011.
- Ningbo Sanxing Electric Co Ltd, a manufacturer of energy meters, transformers, switch gears, etc., and a developer and wholesaler of software, raised \$206.8 million through its Shanghai Stock Exchange IPO in Jun, 2011.
- Schneider Electric S.A. (ENXTPA: SU) signed an agreement to acquire Leader Harvest Power Technologies Holdings Limited from Affinity Equity Partners, Affinity Asia Pacific Fund III, L.P. and Uitas Capital for approximately \$650 million on June 9, 2011. The purchase price is subject to certain adjustments.
- China Great Wall Computer Shenzhen Co Ltd. (SZSE: 000066) entered into a share purchase agreement to acquire an additional 10.74% stake in TPV Technology Ltd. (SEHK: 903) from CEIEC (H.K.) Limited for HKD 1.4 billion (\$175.1 million) on May 11, 2011. Under the terms of the agreement, China Great Wall will acquire approximately 250 million shares of TPV.

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Hardware & Equipment

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	% Target	Description
Semiconductor						
5/30/2011	M&A	Shine Link Technology Limited	Energy First International Limited	\$33.4	100.0%	Engages in research and production of semiconductor parts and accessories of lamps
6/9/2011	M&A	Shanghai Mobilepeak Semiconductor Co., Ltd.	Spreadtrum Communications Inc. (NasdaqGS:SPRD)	32.6	48.4%	Designs and manufactures baseband and radio frequency semiconductor chipsets for wireless communication networks
Network Equipment						
4/26/2011	M&A	Shenzhen Sense Technology Co., Ltd.	Shenzhen Haoningda Electronic Meter Manufacturing Co., Ltd. (SZSE:002356)	6.6	52.5%	Develops and builds industrial level integrated radio frequency identification (RFID) readers
6/8/2011	Private Placement	Shaanxi Haitong Antenna Co., Ltd.	Guangzhou Haige Communications Group Inc. (SZSE:002465)	6.2	NA	Manufactures and sells military communications antennas
PCs, Terminals & Electronics						
4/28/2011	M&A	DVN Holdings Ltd. (SEHK:500)	-	12.4	15.4%	Engages in the design, development, integration and sale of digital set top boxes, smart cards, conditional access systems, digital broadcasting systems and related software
5/4/2011	Private Placement	Tpo Displays (nanjing) Ltd.	Chimei Innolux Corporation (TSEC:3481)	150.0	NA	Engages in the production of LCD modules (LCMs)
5/11/2011	M&A	TPV Technology Ltd. (SEHK:903)	China Great Wall Computer Shenzhen Co Ltd. (SZSE:000066)	175.1	10.7%	Engages in the design, manufacture and sale of personal computer monitors, liquid crystal display televisions and flat television products
5/17/2011	M&A	Shanghai Pujiang Smart Card Systems Co., Ltd.	Shanghai Yidian Holding (Group) Co., Ltd.	7.2	75.0%	Engages in printing, packaging, testing, personalizing and servicing smart cards
5/30/2011	Private Placement	Perlos (Guangzhou) Electronic Components Co.,Ltd.	Lite-On Mobile Pte. Ltd.	35.0	NA	Manufactures and markets mobile phone precision tools
6/21/2011	Private Placement	Access	Walden International	30.0	NA	Produces components for integrated circuits
6/29/2011	Private Placement	Hannspree Display (Najing) Inc.	Hannspirit (BVI) Holding Ltd.	8.0	NA	Manufactures and markets touch panel modules

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

Selected Capital Markets Transactions in Q2 2011

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/ (Discount) to Market (1)	Price as of Jun 30	Market Cap as of Jun 30 (US\$ MM)	Company Description
4/1/2011	IPO	Shenzhen Chinext	Liaoning Julong Financial Equipment Corp	Network Equipment	\$72.2	3.41	NA	4.03	\$341.4	Engaged in designing, developing and manufacturing of advanced banking products
4/12/2011	IPO	Shenzhen Chinext	Sunwoda Electronic Co Ltd	PCs, Terminals & Electronics	134.2	2.85	NA	2.42	455.5	Engaged in researching, designing, manufacturing and marketing for Li-ion battery module
4/18/2011	FO	Taiwan	SIM Technology Group Ltd	PCs, Terminals & Electronics	56.7	0.41	(1.17)	0.20	176.0	Handset and wireless module developer
4/19/2011	IPO	Shenzhen	Shenzhen Rapoo Technology Co Ltd	PCs, Terminals & Electronics	186.2	5.82	NA	4.42	566.3	Engaged in manufacturing the global PC users for high-performance, high-quality computer peripheral equipments
4/22/2011	IPO	Shenzhen Chinext	Jiangsu Yitong High tech Co Ltd	Network Equipment	49.4	3.96	NA	4.00	195.5	Engaged in manufacturing cable TV network equipments, network systems integration equipments and products
4/22/2011	IPO	Shenzhen Chinext	Beijing Jiaxun Feihong Electrical Co Ltd	Network Equipment	71.0	3.38	NA	2.72	228.8	Engaged in independent research & development, production and mass sales of new technology and new products in the communication and information fields
4/25/2011	IPO	Shenzhen	Huizhou China Eagle Electronic Technology Co Ltd	Semiconductors	63.7	2.62	NA	2.75	268.2	Engaged in producing and selling high-quality printed circuit boards which are widely applied in computers, cars, communicative devices, consumer goods and other electronic devices
5/17/2011	IPO	Shenzhen	Hytera Communications Corp& Ltd	PCs, Terminals & Electronics	214.4	3.06	NA	2.87	797.4	Manufacturer of wireless telecommunication equipments
5/20/2011	IPO	Shenzhen Chinext	Ingenic Semiconductor Co Ltd	PCs, Terminals & Electronics	134.7	6.73	NA	6.32	505.7	Engaged in manufacturing multimedia processors, embedded devices and consumer electronic products
5/27/2011	IPO	Shenzhen Chinext	Shenzhen Sunshine Laser & Electronics Technology Co Ltd	Semiconductors	34.0	2.00	NA	2.44	163.8	Engaged in circuit board manufacturing business
6/17/2011	IPO	Shenzhen Chinext	Shanghai Sinyang Semiconductor Materials Co Ltd	PCs, Terminals & Electronics	36.7	1.71	NA	2.41	205.3	Manufacturer of semiconductor and other related electronic components

(1) Premium/Discount to Market is calculated based on the closing price of the day of pricing

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Software & Services

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Software & Solutions						
5/11/2011	M&A	Beijing Leadsec Technology Co., Ltd	Beijing Venustech Inc. (SZSE:002439)	\$50.9	100.0%	Develops and markets softwares for information security including firewalls, VPN, UTM, IDS, IPS, anti-virus gateways, security isolation gatekeepers and security management systems
5/23/2011	M&A	Fortune Happy Investment Limited	AGTech iGaming Limited	12.3	100.0%	Develops phone and mobile betting solutions including development of an intermediate platform between lottery organizations and telecom operators
5/23/2011	Private Placement	mAPPn Wireless (China) Inc.	CyberAgent Ventures, Inc.	5.0	NA	Develops and provides Android-based platform and application for mobile phone market
5/25/2011	Private Placement	Gexin Interactive Network Technology Co., Ltd.	WI Harper Group	NA	NA	Provides mobile messaging services
6/7/2011	Private Placement	Beijing Centaur Science & Technology Development Co., Ltd.	Sequoia Capital China; Xianfeng Huaxing Venture Capital Limited	-	NA	Offers enterprise resource planning (ERP) software
6/9/2011	Private Placement	ThunderSoft Co., Ltd.	QUALCOMM Incorporated (NasdaqGS:QCOM); ARM Holdings plc (LSE:ARM); Northern Light Venture Capital; CAS Ruiqi Internet of Things Venture Capital Co. Ltd.	15.4	NA	Offers mobile operating system software and solutions
6/20/2011	M&A	Lianbang Software (Nantong) Co., Ltd.	Dalian Synchrasys Virtual Network Technology Co., Ltd.	13.0	60.0%	A developer and wholesaler of software
6/27/2011	Private Placement	Wondershare Software Co., Ltd.	IDG Capital Partners; Sinowisdom Capital	10.0	NA	Develops multimedia software solutions
Telecom Services & Solutions						
4/19/2011	Private Placement	Shanghai Fclub Electronic Commerce Ltd.	IDG Capital Partners; Zero2IPO Ventures	-	NA	Operates as a flash sale service provider

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4/12/2011	IPO	Shenzhen Chinext	Wuhan Tianyu Information Industry Co Ltd	Telecom Services & Solutions	\$121.8	6.12	NA	4.84	\$385.6	Engaged in the smart card application fields, such as mobile telecommunication, identity authentication and information security
4/15/2011	IPO	Shenzhen Chinext	Qingdao Evercontaining Electric Co Ltd	IT Services	66.9	3.82	NA	3.02	211.7	Engaged in designing, producing and selling filtering devices and other core components
4/20/2011	IPO	Nasdaq	21Vianet Group Inc	IT Services	224.3	15.00	NA	13.74	738.6	Carrier-neutral Internet data center services provider
4/22/2011	IPO	Shenzhen Chinext	Beijing E-hualu Info Technology Co Ltd	IT Services	79.5	4.68	NA	4.14	277.2	Engaged in specializing in core software development, data mining, decision support, intelligent transport and professional security products as well as systems integration and operational services
5/4/2011	IPO	NYSE	NetQin Mobile Inc	Software & Solutions	89.1	11.50	NA	5.50	252.0	Software-as-a-service, or SaaS, provider of consumer-centric mobile Internet services focusing on security and productivity
5/4/2011	IPO	NYSE	Renren Inc	IT Services	854.9	14.00	NA	8.85	469.9	Social networking internet platform
5/19/2011	FO	NYSE	Youku.com Inc	IT Services	593.1	48.18	(2.84)	34.35	2359.9	Video sharing website
6/3/2011	IPO	Shenzhen Chinext	Beijing TRS Information Technology Co Ltd	IT Services	69.5	2.32	NA	2.51	301.1	Chinese content management system developer
6/8/2011	IPO	NYSE	Taomee Holdings Ltd	IT Services	64.7	9.00	NA	10.24	370.3	Children's entertainment and media company
6/17/2011	IPO	Shenzhen Chinext	Shenzhen Kingsun Science & Technology Co Ltd	Software & Solutions	33.3	3.02	NA	4.45	195.9	Educational software for primary and secondary school developer
6/20/2011	FO	Hong Kong	Media China Corp Ltd	Telecom Services & Solutions	29.3	0.02	(25.00)	0.02	76.6	Operates satellite TV channels and provide advertising service

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