

China Technology Quarterly Update

3rd Quarter 2011

Quarter in Review

- In the 3rd quarter of 2011, China Hardware & Equipment companies raised over US\$841.2 million through 12 IPOs, 2 follow-ons and 1 PIPE. 89.0% of which was raised domestically through the Shenzhen and Shanghai Stock Exchange. Out of the 15 transactions, 3 were in the semiconductor sector, 4 in the Network Equipment sector, and 8 in the PCs, Terminals and Electronics sector.
- China Software & Services companies, by contrast, raised over US\$543.0 million through 6 IPOs, 3 follow-ons and 2 PIPEs of which 62.6% was raised domestically.

Sector Highlights

- Tudou Holdings Ltd., an online video company, raised US\$174.0 million through its Nasdaq IPO in August, 2011.
- Jilin Yongda Group Co., Ltd, a magnetic switch and high-low voltage switch manufacturer, raised US\$119.2 million through its China domestic IPO (Shenzhen) in September, 2011.
- China Resources (Holdings) Co., Ltd. made a proposal to acquire approximately 39.3% stake in China Resources Microelectronics Limited (SEHK: 597) for HK\$1.6 billion (US\$213.5 million) in cash and stock via a scheme of arrangement on July 18, 2011. The shareholders will receive from China Resources (Holdings) either a cash alternative HK\$0.48 for every share held or one new share in China Resources (Holdings) for every share held in China Resources Microelectronics.
- Zheng Ding Technology Holding Ltd. and two other companies agreed to sell a 42.9% stake in Honghuasheng Precision Electronics (Yantai) Co., Ltd. for approximately CNY 700 million (US\$109.2 million) on August 29, 2011. Hon Hai Precision Industry Co., Ltd. is a shareholder of Zheng Ding Technology Holding Ltd. and other sellers.

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Hardware & Equipment

Selected M&A/Private Placements in Q3 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Semiconductor						
8/29/2011	M&A	HongHuaSheng Precision Electronics (YanTai) Co	Hon Hai Precision Industry Co Ltd	109.2	NA	Manufactures and distributes printed circuit board
8/16/2011	M&A	Shenzhen Dongfang Hualian Technology Co Ltd	China TMK Battery Systems Inc	16.7	100.0	Designs, manufactures and sells lithium batteries
8/11/2011	M&A	WuJiang GuangQiao Optic Electronics Co Ltd	Hannspirit (BVI) Holding Ltd	8.6	57.0	Engages in manufacturing of back-light modules and light transmitting board modules
7/18/2011	M&A	China Resources Microelectronics Limited	China Resources (Holdings) Co Ltd	213.5	39.4	Engages in the open foundry, integrated circuits (IC) and wafers design, IC testing and packaging and discrete device businesses
Network Equipment						
8/17/2011	M&A	Hangzhou Motorola Cellular Equipment Co Ltd	Nokia Siemens Networks Co Ltd	NA	51.0	Develops, manufactures and sells mobile communication products
PCs, Terminals & Electronics						
9/28/2011	M&A	Holley South Electronics Technology Co Ltd	Sichuan Jiahong Magnetic Materials Co Ltd	6.0	45.0	Engages in the development, production and sale of electric metering products
9/06/2011	M&A	Ether Precision (Soochow) Inc	Asia Optical Co Inc	19.2	40.0	Designs and manufactures AGM miniature lens for CCD/CMOS-based IT peripherals and mega pixel cameras
8/29/2011	Private Placement	Tianjin Funa Yuanchuang Science & Technology Co Ltd	Foxconn (Far East) Ltd	17.0	NA	Supplies carbon nano touch screen to consumer electronics such as cell phones, e-books, and laptops
8/29/2011	Private Placement	Hongfujin Precision Electronics (Tianjin) Co Ltd	Foxconn (Far East) Ltd	20.0	NA	Manufactures servers, storages, EMC storages and routers of HP, IBM and Dell
8/08/2011	M&A	Shenzhen Hailiang Storage Products Co Ltd	Hitachi Global Storage Technologies Netherlands B.V.	18.7	20.0	Manufactures head gimbal assembly (HGA) for hard disk drives in servers, desktop and laptop PCs, and other consumer electronics devices
7/04/2011	Private Placement	Fuding Electrical Technology (Jiashan) Co Ltd	Best Behaviour Holdings Limited	70.0	NA	Engaged in connector related business
7/04/2011	Private Placement	FuHonYang Precision Industrial (Shenzhen) Co Ltd	Foxconn (Far East) Ltd	5.0	NA	Manufactures and markets computer and computer components
7/04/2011	Private Placement	Best Behaviour Holdings Limited	Futaihua Industrial (Shenzhen) Co Ltd	50.0	NA	Manufactures mobile telephones

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

Selected Capital Markets Transactions in Q3 2011

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/ (Discount) to Market ⁽¹⁾	Price as of Sep 30	Market Cap as of Sep 30 (US\$ MM)	Company Description
9/30/2011	IPO	Shenzhen	Jilin Yongda Group Co Ltd	PCs, Terminals & Electronics	119.2	3.14	NA	NA	NA	Magnetic switch and high/low voltage switch manufacturer
9/26/2011	IPO	Shenzhen	OB Telecom Chinext Electronics Co Ltd	Network Equipment	54.5	5.45	NA	NA	NA	A leading supplier of fiber optic transmission products for CCTV and security applications
9/26/2011	IPO	Shenzhen	Chinext Shenzhen Liantronics Co Ltd	PCs, Terminals & Electronics	57.3	3.12	NA	NA	NA	Manufacturer of LED full color display applications
9/19/2011	PIPE	NYSE	LDK Solar Co Ltd	Semiconductor	25.8	5.9	17.92	3.12	458.8	Manufacturer of multicrystalline solar wafers. Provides wafer processing services to solar cell and module manufacturers
9/7/2011	IPO	Shenzhen	Roshow Technology Co Ltd	PCs, Terminals & Electronics	84.6	2.82	NA	2.81	33.7	Manufacturer of electronic magnetic wires
8/5/2011	IPO	Shenzhen	Chinext Zhejiang Firstar Panel Technology Co Ltd	PCs, Terminals & Electronics	81.2	3.25	NA	3.36	336.1	Manufacturer of display screen for computers and mobile phones
7/29/2011	IPO	Shenzhen	Chinext Kingsignal Technology Co Ltd	Network Equipment	67.6	2.51	NA	2.88	310.6	Manufacturer and distributor of RF signal cables
7/22/2011	IPO	Shenzhen	Chinext Hangzhou CNCR-IT Co Ltd	Network Equipment	38.6	3.87	NA	5.69	227.7	Engaged in remote interconnection and access, data transmission equipments manufacturing
7/20/2011	FO	Shanghai	Jiangsu Zhongtian Technologies Co Ltd	Network Equipment	70.6	3.68	(5.22)	2.80	1,097.3	Manufactures and sells fiber optic cables
7/19/2011	IPO	Shenzhen	Chinext Zhengzhou Brand-new CAP Electronics Co Ltd	PCs, Terminals & Electronics	60.0	4.64	NA	4.80	214.2	Manufacturer of IC card readers, finger print authentication terminal, handheld consumer terminal etc
7/8/2011	IPO	Shenzhen	Chinext Guangdong Biolight Meditech Co Ltd	PCs, Terminals & Electronics	40.6	3.87	NA	5.35	217.1	Manufacturer of Multi-parameter monitors, handheld monitors, ECG machines and electronic colposcope
7/7/2011	IPO	Hong Kong	Shunfeng Photovoltaic International Ltd	Semiconductor	55.6	0.14	NA	0.06	90.3	Engaged in the development, manufacture and marketing of monocrystalline solar cells
7/4/2011	FO	Hong Kong	Apu Group Holding Co Ltd	PCs, Terminals & Electronics	11.1	0.11	(2.27)	0.09	94.8	Developer and manufacturer of electronic equipment

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7/1/2011	IPO	Shenzhen	MIG Technology Inc Chinext	PCs, Terminals & Electronics	29.4	1.55	NA	2.26	169.2	Engaged in developing and selling lighting protection products
7/1/2011	IPO	Shenzhen	Shenzhen Refond Chinext Optoelectronics Co Ltd	Semiconductor	45.1	1.67	NA	2.41	257.6	Engaged in researching and developing semiconductor lighting products

⁽¹⁾ 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.com.cn, Yahoo! Finance News and PRNewswire.

Software & Services

Selected M&A/Private Placements in Q3 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Software & Solutions						
9/22/2011	M&A	Shanghai Reliance Information Technology Co Ltd	GoConnect Ltd; Priority One Network Group Ltd	NA	80.0	Engages in gaming, information technology marketing, social networking and customer relationship management
9/21/2011	Private Placement	800APPs(Babaik)Software Technologies Co Ltd	Sierra Ventures; Salesforce.com	2.0	NA	Operates as a software developer and application service provider for customer relationship management (CRM) solutions
9/19/2011	Private Placement	adSage	SIG Asia Investments, LLLP; Meridian Capital (SG) Ltd	20.0	NA	Provides online advertising software and services for advertisers worldwide
9/08/2011	M&A	Beijing Data-Frog Technology Co Ltd	Chengdu Dr Peng Technology Company Ltd; Shanghai Daofeng Investment Co. Ltd	2.5	49.0	A leading data analysis and mining service provider
9/05/2011	M&A	OnCard Payments	AliPay (China) Internet Technology Company Limited	NA	100.0	Provides comprehensive payment services as well as professional industry solutions for various industries such as airlines, travel services, hotels, mail-ordering companies and online commercials
8/30/2011	Private Placement	Ntong Technology Co Ltd	Shenzhen Tianzheng Investment Co Ltd	17.5	12.3	Engages in software development, system integration, cloud computing technology, operation, and maintenance of information technology
8/15/2011	Private Placement	Beijing Digital Grid Technology Co Ltd	Infinity Private Equity Fund	12.0	NA	Provides mobile software such as phone books
8/11/2011	M&A	Ultizen Games Ltd	Gree, Inc	NA	5.1	Operates as a game development and offshore game outsourcing company in China
8/08/2011	Private Placement	Beijing Kylin Network Information Science and Technology Co Ltd	Shenzhen Capital Group Co Ltd; CDH Investments	20.0	NA	Designs and develops web based computer games, offers user registration and online gaming services
8/08/2011	Private Placement	Tianjin Emotte Information Technology Co Ltd	Tiantu Capital Co Ltd	7.8	NA	Engages in research, development, and operation of information integrating platform in family service industry
7/25/2011	Private Placement	Baifendian Information Technology Co Ltd	IDG Capital Partners; Mingly China Growth Fund	7.2	NA	Provides personalized recommendation technology services
7/06/2011	Private Placement	App Annie Limited	IDG Capital Partners	NA	NA	Provides an App care Web service for iPhone App developers and App store publishers
7/05/2011	Private Placement	Share Media (China) Limited	DCM	NA	NA	Operates video ads website
Telecom Services & Solutions						
9/16/2011	Private Placement	XBell Union Communication (Beijing) Co Ltd	Sinotel Technologies Ltd	43.0	NA	Offers customized applications and solutions across the telecommunication value chain
7/27/2011	M&A	Guangzhou Shizhu Software Co Ltd	Beijing Teamsun Technology Co Ltd	6.3	30.0	Provides wireless internet fundamental application service

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9/30/2011	IPO	Shenzhen	Beijing Thunisoft Co Ltd	Software & Solutions	89.3	4.83	NA	NA	NA	Engaged in providing software products, integrated solutions and product development systems
9/19/2011	FO	Hong Kong	Palmpay China (Holdings) Ltd	Software & Solutions	4.0	0.01	(61.24)	0.01	17.8	Provider of telecommunication optic fiber business and payment by deduction business in China
9/7/2011	PIPE	Shanghai	Beijing Teamsun Technology Co Ltd	Telecom Services & Solutions	6.3	2.03	0.86	2.09	1,134.7	Develop and provide information technology, networking services and related software
9/5/2011	IPO	Shenzhen	Avit Ltd	Telecom Services & Solutions	67.2	2.59	NA	2.64	268.8	Satellite television network service provider

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8/29/2011	PIPE	OTC Bulletin Board	Santaro Interactive Entertainment Co	Software & Solutions	2.75	2.00	(50.00)	4.54	195.2	Development stage company focused on developing and marketing online interactive gaming products
8/16/2011	IPO	Nasdaq	Tudou Holdings Ltd	Telecom Services & Solutions	174.0	29.0	NA	13.65	387.1	Online video company
8/4/2011	IPO	Shenzhen	Shanghai Kingstar Winning Software Co Ltd	Software & Solutions	57.4	4.25	NA	4.56	244.0	Healthcare IT solution provider in China
8/4/2011	FO	Hong Kong	China Leason Investment Group Co Ltd	Software & Solutions	18.8	0.08	(13.04)	0.04	143.4	Provider of securities clearing software in China. Formerly known as Shine Science & Technology (Holdings) Ltd
8/2/2011	IPO	Shenzhen	Shenzhen Jieshun Science & Technology Industry Co Ltd	Software & Solutions	67.3	2.24	NA	2.36	280.6	Engaged in supplying channel management equipments and intelligent security system solutions
7/29/2011	FO	Hong Kong	Jian ePayment Systems Ltd	Software & Solutions	3.34	0.02	(2.99)	0.02	21.1	Develops and operates proprietary payment software systems in PRC
7/8/2011	IPO	Shenzhen	Shanghai DragonNet Technology Co Ltd	Software & Solutions	52.6	3.09	NA	4.07	273.0	Engaged in the provision of third party IT services

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