

# China Technology Quarterly Update

1st Quarter 2011

## Quarter in Review

- In the 1<sup>st</sup> quarter of 2011, China Hardware & Equipment companies raised over \$1.07 billion through 5 IPOs and 5 follow-ons, 68.9% of which was raised domestically through the Shenzhen Stock Exchange. Out of the 10 transactions, 3 were in the semiconductor sector, 2 in the Network Equipment sector, and 5 in the PCs, Terminals and Electronics sector.
- China Software & Services companies, by contrast, raised over \$1.25 billion through 8 IPOs and 3 follow-ons, 73.7% of which was raised domestically.

## Sector Highlights

- BCD Semiconductor Manufacturing Ltd., a Shanghai-based designer and manufacturer of analog semiconductor products, raised \$70 million through its NASDAQ IPO
- Cavium Networks, Inc. acquired 100% of Celestial Semiconductor (Beijing) Co., Ltd. for \$65 million. Celestial Semiconductor provides system-on-chip and software solutions for DTV, IPTV, Internet TV and mobile media applications
- Sony (China) Ltd. acquired 100% of Suzhou Epson Co., Ltd., a LCD display manufacturer, for \$118 million
- Live By Touch Holding Ltd., provider of biometric-based payment systems, closed its series A financing round and raised \$75 million from Legend Capital, CDH China Holdings and CICC
- Qihoo 360 Technology Co. Ltd.\*, provider of Internet and mobile security software programs, raised \$202 million through its NYSE IPO
- Trunkbow International Holdings Ltd, a provider of mobile payments and value-added service applications, raised \$20 million in its NASDAQ IPO
- Lenovo Group Ltd., a leading computer manufacturer, raised \$263 million through a follow-on offering
- Alibaba.com Limited acquired 25% of Sinosoft Technology plc, a provider of export tax, e-government and information integration software, for \$26 million
- 21 Vianet Group, Inc. closed its series C round and raised \$35 million from a consortium

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\*Cowen underwritten offering

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## Hardware & Equipment

### Selected M&A/Private Placements in Q1 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Semiconductor</b>						
3/18/2011	Private Placement	Hua Ying Technology (Chongqing) Co., Ltd.	Walsin Technology Corp. (TSEC:2492)	\$ 30.1	NA	Manufactures and markets multilayer ceramic capacitors and chip resistors
3/16/2011	M&A	Xian Walsin United Technology Co., Ltd.	Market Pilot Limited	100.0	100.0%	Manufactures LED lighting equipment
3/14/2011	Private Placement	United LED Corporation	NA	14.8	NA	Designs, manufactures, and sells LED chips
3/16/2011	M&A	HeJian Technology (Suzhou) Co. Ltd.	United Microelectronics Corporation (TSEC:2303)	87.0	30.0	Provides foundry services to the semiconductor industry, including front-end design, mask, prototype, assembly, test and chip shuttle services
2/14/2011	Private Placement	Shenzhen Wuzhu Circuit Board Co., Ltd.	Junsan Capital	5.5	NA	Manufactures and offers double-sided and multi-layer printed circuit boards
1/31/2011	M&A	Celestial Semiconductor (Beijing) Co., Ltd.	Cavium Networks, Inc. (NASDAQ:CAVM)	65.0	100.0	Provides system-on-chip and software solutions for DTV, IPTV, Internet TV and mobile media applications
1/24/2011	M&A	SI-EN Technology Ltd.	Integrated Silicon Solution Inc. (NASDAQ:ISSI)	20.0	100.0	Develops and markets analog and mixed-signal integrated circuits
1/13/2011	M&A	Kunshan Xitai Microelectronics Technology Co., Ltd	Tianshui Huatian Technology Co., Ltd. (SZSE:002185)	33.3	35.0	Manufactures miniature camera modules and other optoelectronic devices used in cell phones, laptops and automotive imaging systems
1/04/2011	Private Placement	Giantec Semiconductor, Inc.	SuperSolutions Corporation, Shanghai Pudong Science and Technology Investment Co., Ltd.	4.0	NA	Develops, manufactures and markets non-volatile memory semiconductors and smart card chips for use in energy meters and home electronic products
1/03/2011	M&A	Selected business lines of Vimicro Intl. (NASDAQ: VIMC)	Dave Yang, Director of Vimicro Intl.	1.6	95.0	Selected business lines include analog integrated circuit, MP4, advanced multimedia and Bluetooth
<b>Network Equipment</b>						
3/07/2011	Private Placement	Joy Technology (Shenzhen) Co., Ltd.	Accton Technology Corp. (TSEC:2345)	\$ 17.0	NA	Manufactures and provides after-sale services of LAN-related products
2/10/2011	Private Placement	Xueren Network (Shenzhen) Co., Ltd.	TLC Capital Co., Ltd.	16.0	NA	Develops network hardware and software
<b>PCs, Terminals &amp; Electronics</b>						
3/29/2011	Private Placement	IRICO Display Devices Co. Ltd. (SHSE:600707)	IRICO Group Electronics Co. Ltd. (SEHK:438), IRICO Group Corporation, Foshan Shunde Chengshun Assets Mgmt. Co. Ltd.	\$ 928.2	NA	Researches, manufactures and sells color picture tubes for flat square and pure flat screens
3/22/2011	M&A	PDager Mobility Inc.	AutoNavi Holdings Limited (NASDAQ:AMAP)	8.3	80.0%	Develops GPS products for the mobile telecom and logistics industry
3/21/2011	Private Placement	Dongguan Masstop Liquid Crystal Display Co. Ltd.	Wintek Corp. (TSEC:2384)	60.0	NA	Manufactures and sells liquid crystal modules
3/18/2011	M&A	Foxconn Precision Electronics (Taiyuan) Co., Ltd.	Prime Rich Holdings Limited	70.5	100.0	Manufactures mobile handsets
3/04/2011	Private Placement	Contel Corp Ltd (SGX:F75)	NA	NA	10.3	Operates as an ODM and OEM for electronic products and gaming peripherals in Shenzhen
2/25/2011	M&A	BriView (Xiamen) Corp.	Darwin Precisions Corp.	NA	100.0	Manufactures and sells LCD displays and related parts and components
2/02/2011	M&A	Suzhou Epson Co., Ltd.	Sony (China) Limited	118.2	100.0	Produces liquid crystal displays, HTPS-TFT panels for liquid crystal displays projectors, crystal units, crystal oscillators, and optical and electronic devices
1/28/2011	M&A	Avy Precision Electroplating (Suzhou) Co., Ltd.	Unihan Corporation	10.3	NA	Manufactures and sells computer components, electronic parts and camera parts
1/26/2011	Private Placement	Ri-Teng Computer (Shanghai) Limited	AsusPower Investment Ltd., Asustek Investment Ltd., ASUS Investment Co., Ltd.	45.0	NA	Manufactures metal mechanical parts and equipment for notebook computer, tablet personal computer, e-reader, desktop computer and monitor
1/17/2011	M&A	Giga-World Industry Company Limited	Tech Pro Technology Development Ltd (SEHK:3823)	41.2	50.0	Manufactures, assembles, installs and maintains LED street lamps and wind and solar powered products
1/12/2011	Private Placement	Live By Touch Holdings Ltd.	Legend Capital, CDH China Holdings, China International Capital	75.6	NA	Provides biometric-based payment systems
1/10/2011	M&A	SVA Information Industry Co., Ltd. (SHSE:600637)	Shanghai Media Group Inc.	299.9	36.6	Manufactures, supplies and services household electrical appliances and electronic information products
1/04/2011	Private Placement	Feigeda Electronic Technology, Inc.	NA	4.6	NA	Designs, produces and sells small to medium sized liquid crystal display modules

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

**Selected Capital Markets Transactions in Q1 2011**

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/ (Discount) to Market <sup>(1)</sup>	Price as of Mar 31	Market Cap as of Mar 31 (US\$ MM)	Company Description
3/22/2011	Follow-on	Shenzhen	Shenzhen Sunlord Electronics Co Ltd (SZSE:002138)	Semiconductor	\$ 65.4	3.62	(12.34)	3.86	\$ 819.5	Develops, manufactures and sells passive chip components
3/16/2011	Follow-on	Shenzhen	United Mechanical & Electrical Co Ltd (SZSE:000925)	Semiconductor	63.1	2.83	(24.64)	3.58	1,078.7	Researches, manufactures and distributes mono-crystalline silicon and its related products, semiconductor components and related technical services
3/10/2011	Follow-on	Shenzhen	Shenzhen Deren Electronic Co Ltd (SZSE:002055)	PCs, Terminals & Electronics	91.4	3.20	(10.14)	3.15	640.1	Manufactures and distributes electronic apparatus and electronic appliances
2/22/2011	IPO	Shenzhen	Henan Tong Da Cable Co Ltd (SZSE:002560)	PCs, Terminals & Electronics	87.6	4.38	NA	4.75	490.7	Manufactures conductors, welding cables, control cables and rubber insulated cables
2/18/2011	Follow-on	Hong Kong	Lenovo Group Ltd (SEHK:992)	PCs, Terminals & Electronics	263.0	0.60	(3.69)	0.57	5681.6	Manufactures computers and computer peripherals
1/27/2011	IPO	NASDAQ	BCD Semiconductor Manufacturing Ltd (NASDAQ:BCDS)	Semiconductor	70.3	10.50	NA	8.67	159.5	Designs and manufactures analog semiconductor products
1/24/2011	IPO	Shenzhen Chinext	Nanjing Xinlian Electronics Co Ltd (SZSE:002546)	Network Equipment	107.8	5.13	NA	5.83	489.7	Manufactures microwave radio relay communications system equipment and other electronic products
1/18/2011	IPO	Shenzhen	GCI Science & Technology Co Ltd (SZSE:002544)	Network Equipment	93.5	4.25	NA	5.30	911.1	Provides information network construction integrated solutions and related network products
1/17/2011	Follow-on	Shenzhen	Zhejiang East Crystal Electronic Co Ltd (SZSE:002199)	PCs, Terminals & Electronics	46.3	2.15	(20.67)	3.08	389.0	Manufactures electronic components with main focus on quartz crystal units
1/13/2011	IPO	Shenzhen Chinext	Jiangsu Skyray Instrument Co Ltd (SZSE:300165)	PCs, Terminals & Electronics	181.6	9.82	NA	8.36	989.8	Develops, manufactures and sells analytical and testing instruments in spectroscopy, chromatography and mass spectrometry fields

<sup>(1)</sup> 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 Q1 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Software &amp; Solutions</b>						
3/23/2011	Private Placement	Tapas (a.k.a. Dianxin OS)	GSR Ventures Management Co. Ltd.	\$ 10.0	NA	Offers customized Android-based mobile systems to mobile phone manufacturers
3/02/2011	M&A	Xiamen Zhang Tong Information Tech. Co., Ltd.	IMJ Corporation (NASDAQ:4305)	NA	100.0%	Develops websites and mobile sites
2/17/2011	Private Placement	Qihoo 360 Technology Co. Ltd	Highland Capital Partners, CDH China, Sequoia Capital China, TrustBridge Partners	50.1	NA	Provides Internet and mobile security programs
2/16/2011	Private Placement	Adsame Networks Technology Incorporated	Vertex Venture Holdings, SIG Asia Investments, LLLP, Matrix Partners China	20.0	NA	Operates online intelligent platforms for advertisers, publishers, agencies and e-commerce markets that help publishers to improve their ad management capabilities
2/14/2011	Private Placement	Borqs Ltd.	Intel Capital	NA	NA	Develops mobile operating systems and provides developer tools to create widgets
2/14/2011	M&A	Sinosoft Technology plc	Alibaba.com Limited (SEHK:1688)	25.8	25.0	Provides export tax, e-government and information integration software
2/12/2011	Private Placement	DerbySoft (Shanghai) Co., Ltd.	Northern Light Venture Capital, Keytone Ventures	NA	NA	Offers an online hotel distribution infrastructure that connects travel product providers with distributors
1/31/2011	Private Placement	21 Vianet Group, Inc. (NASDAQ:VNET)	MeriTech Capital Partners, Trinity Ventures, WI Harper Group, GGV Capital, iD TechVentures Inc., CBC Capital, Matrix Partners China, Smartpay Company Limited	35.0	NA	Hosts and offers interconnectivity solutions and hardware for customers' servers and networking equipments to enhance the availability and security of their Internet infrastructure
1/31/2011	Private Placement	Shanghai Digital Technology Co., Ltd.	NA	14.0	NA	Develops Chinese character processing software and hardware
1/17/2011	M&A	China ITS (Holdings) Co., Ltd. (SEHK:1900)	C&C Pacific Capital Limited	46.8	4.5	Provides transportation infrastructure technology solutions and services
1/10/2011	M&A	Beijing Rising Information Technology Ltd.	NA	6.2	50.0	Develops anti-virus software programs
1/10/2011	M&A	BesTV Network Television Technology Development Co. Ltd.	Sva Information Industry Co., Ltd. (SHSE:600637)	NA	48.2	Provides IPTV solutions in China, including live channels, CCTV channels, provincial satellite TV channels and vide-on-demand programs, enabling its users to watch TV through broadband Internet
<b>Outsourcing / Offshoring</b>						
2/28/2011	Private Placement	Sinocom Innovative Technology Software Limited	Daiwa Institute Of Research Business Innovation Ltd.	\$ 12.1	40.0%	Provides outsourcing software development and technical support services
<b>Telecom Services &amp; Solutions</b>						
3/28/2011	M&A	China Satellite Mobile Comm. Group Limited	Armarda Group Ltd. (Catalist:5EK)	\$ 71.4	45.0%	Supplies mobile satellite telecommunications products and services, including broadband, maritime and mobile voice that supports dual GSM and satellite mode
1/25/2011	Private Placement	Spreadcomm Technology Corp.	Foxconn International Holdings (SEHK:2038)	7.0	NA	Develops mobile application software and telecommunication end design solutions
1/13/2011	Private Placement	Guomai Technologies, Inc. (SZSE:002093)	Harvest Fund Management Co. Ltd., Shanghai Tian Di Science and Tech., Huashang Fund Management, Dandy Holding Group, Beijing Haocheng Co., Ltd.	75.0	NA	Provides technical support and consulting services to telecommunication service providers to stabilize and optimize the network
<b>IT Services</b>						
1/25/2011	M&A	Beijing Sihai Shangda Technology Development Co., Ltd.	Zhejiang Enjoyor Electronics Co., Ltd. (SZSE:300020)	NA	51.0%	Distributes information technology hardware and software products that caters to medical, manufacturing, tobacco and logistics industries
1/25/2011	M&A	Chinasoft International Ltd. (SEHK:354)	NA	\$ 7.7	2.5	Develops and provides IT systems, IT consulting, training and outsourcing services

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

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3/29/2011	IPO	NYSE	Qihoo 360 Technology Co Ltd (NYSE: QIHU)	Software & Solutions	\$ 202.0	14.50	NA	29.59	\$ 3,417.6	Provider of Internet and mobile security programs
3/16/2011	Follow-on	NYSE	SinoHub Inc (NYSE: SIHI)	Software & Solutions	11.0	2.30	(10.16)	1.89	63.3	Operates an electronic component supply chain management platform
3/04/2011	IPO	Shenzhen Chinext	Xiamen Meiya Pico Info. Co Ltd (SZSE: 300188)	IT Services	82.2	6.09	NA	7.56	404.5	Provides electronic data information security industry, security forensics, network information technology development, product sales and overall services
2/28/2011	Follow-on	Hong Kong	China Leason Investment Group Co Ltd (SEHK: 8270)	Software & Solutions	9.4	0.03	(19.64)	0.03	86.3	Provides financial securities clearing software in China
2/09/2011	IPO	Shenzhen Chinext	Qingdao Eastsoft Communication Technology Co Ltd (SZSE: 300183)	Software & Solutions	157.9	6.32	NA	6.79	679.0	Develops computer software and related technical services for law courts, logistics and healthcare industries
2/03/2011	IPO	NASDAQ	Trunkbow International Hold. Ltd (NASDAQ: TBOW)	Software & Solutions	20.0	5.00	NA	4.07	148.6	Provides mobile payments and value-added service applications
1/24/2011	IPO	Shanghai	Shanghai Great Wisdom Co Ltd (SHSE: 601519)	Software & Solutions	387.6	3.52	NA	3.43	2,383.9	Develops and produces information technology in financial areas such as financial database, real-time quotes transmission and financial education
1/19/2011	Follow-on	Hong Kong	China Wireless Tech. Ltd (SEHK: 2369)	Telecom Services & Solutions	87.8	0.59	(6.76)	0.37	824.8	Develops, manufactures and sells wireless solutions and mobile handsets under the brand "Coolpad"
1/13/2011	IPO	Shenzhen Chinext	Wonders Information Co Ltd (SZSE: 300168)	Software & Solutions	126.9	4.23	NA	4.04	484.8	Provides software development, system integration, consulting services and outsourcing services
1/13/2011	IPO	Shenzhen Chinext	Shenzhen Dvision Video Communications Co Ltd (SZSE: 300167)	Software & Solutions	86.1	7.75	NA	7.19	479.6	Provides network video communication solutions and related technical services to government, public security and other network users
1/13/2011	IPO	Shenzhen Chinext	Beijing Orient National Comm. Science & Tech. Co Ltd (SZSE: 300166)	Software & Solutions	85.1	8.36	NA	8.29	335.8	Provides complete solutions for enterprise business intelligence systems, including enterprise data platforms and various analysis platforms

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

<sup>(2)</sup> Cowen underwritten offering

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

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