



China Technology Quarterly Update

4th Quarter 2009

Quarter in Review

- In the 4th quarter of 2009, China hardware & equipment companies raised over US\$400.0 million through 6 IPOs and over US\$50.0 million through 4 follow-on transactions
- Similarly, China software & services companies raised over US\$161.6 million through 5 IPOs and over US\$276.1 million through 7 follow-on offerings
- The buoyant IPO activity was to a large part due to the newly-established Shenzhen ChiNext in late October 2009. All listings surged on the first day, with returns ranging from 120.0% to 226.0% compared to their respective IPO prices

Sector Highlights

- AsiaInfo Holdings Inc. and Linkage Technologies International Holdings Ltd. announced that they will merge to form AsiaInfo-Linkage, Inc. Post transaction, the merged entity is expected to have a market cap in excess of US\$1.8 billion and over 8,000 employees
- Longtop Financial Technologies, a leading software solutions provider for the financial industry in China, raised US\$132.8 million through its NYSE follow-on offering
- II-VI acquired Photop Technologies, a provider of optoelectronics devices, for US\$95.3 million. Photop Technologies was valued at approximately 2.2x LTM revenue and the transaction is expected to be accretive to II-VI's earnings in the fiscal year 2011
- MOBI Development, a leading antenna supplier, raised US\$84.6 million through its IPO on the Hong Kong Stock Exchange. The shares were priced at approximately 14.7 times MOBI's 2010 forecast net income
- Intersil acquired Rock Semiconductor, a fabless IC design company in the integrated power management sector. The acquisition will enable Intersil to expand its product portfolio and penetrate into the burgeoning local Chinese market

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Hardware & Equipment

Selected M&A/Private Placements in Q4 2009

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Semiconductor						
Dec 31	M&A	ASAT Limited	United Test and Assembly Center Ltd.	44.6	100.0	Provides semiconductor package design, assembly and test services
Dec 15	M&A	United LED Corporation	United Microelectronics Corporation (TSEC:2303)	16.0	100.0	Manufactures and sells Light Emitting Diodes (LED) chips
Dec 15	M&A	Rock Semiconductor Co., Ltd.	Intersil Corporation (Nasdaq:ISIL)	NA	100.0	Provides audio codecs, power amplifiers and power management ICs for multimedia consumer electronics
Nov 12	Private Placement	Hangzhou SMIC Microelectronics Co., Ltd.	Hangzhou Rigen Venture Capital Co., Ltd.	NA	NA	Provides long-distance RFID products
Nov 3	Private Placement	VeriSilicon Holdings Co., Ltd.	NA	NA	NA	Provides semiconductor ASIC design services
Aug 17 ⁽¹⁾	Private Placement	Analogix Semiconductor Inc.	Keytone Ventures, Woodside, DCM, Globespan Capital, JAIC	10.0	NA	Provides IC solutions for DisplayPort and the next-generation digital interconnect
Network Equipment						
Dec 28	M&A	Photop Technologies, Inc.	II-VI Inc. (Nasdaq:IIVI)	95.3	100.0	Provides optoelectronics devices, modules and systems for fiber optic communications
Dec 1	Private Placement	Arcadyan Technology (Shanghai) Corp	NA	4.9	NA	Provides network cards, hubs and switches for computer network systems
Oct 26	Private Placement	Space Star Technology Co., Ltd.	China Spacesat Technology Co., Ltd. (SHSE:600118)	4.3	NA	Provides communication, remote sensing and navigation satellite ground application systems
Telecom Equipment						
Dec 29	Private Placement	Datang Telecom Technology Holding Co., Ltd.	National Council For Social Security Fund Ltd.	NA	NA	Provides telecommunication equipments and systems
Nov 18	M&A	Zhejiang Tean Telecom and Appliance Co., Ltd.	Molex Inc. (Nasdaq:MOLX)	NA	NA	Manufactures RF and microwave products for the telecom and base station/wireless markets
PCs, Terminals & Electronics						
Dec 18	Private Placement	Shanghai Bird Electronics Co., Ltd.	Fenghua Investment Co., Ltd.	8.8	NA	Manufactures and sells mobile phones
Dec 15	M&A	Huapu Information Technology Co., Ltd.	Shanghai East-China Computer Co., Ltd.	3.1	33.3	Provides computer hardware for HP UNIX work stations
Dec 8	Private Placement	Inventronics (Hangzhou) Co., Ltd.	Sinwisdom Capital, Vangoo Investment Partners	NA	NA	Manufactures and sells LED drivers and adapters
Nov 16	Private Placement	TPK Holdings Ltd.	Yuanta Venture Capital Corp	NA	NA	Manufactures and sells touch screens for mobile phones
Nov 11	Private Placement	Fuhujie Industrial (Shenzhen) Co., Ltd.	Hon Hai Precision Industry Co., Ltd. (TSEC:2317)	80.0	NA	Manufactures and sells printers and computer components
Nov 11	Private Placement	Fuyu Electronical Technology (Huaian) Co., Ltd.	Foxconn (Far East) Ltd.	40.0	NA	Manufactures and sells computer components
Oct 28	M&A	Darwin Precisions Corp.	Jochu Technology Co., Ltd. (GTSM:3543)	10.3	6.8	Manufactures and sells backlight modules
Oct 22	M&A	Shanghai Mobell Technology Co., Ltd.	Longcheer Technology (Shanghai), Co., Ltd.	2.2	100.0	Manufactures and sells mobile phones
Oct 20	Private Placement	Tencho Technology Co., Ltd.	Legend Capital	14.7	NA	Manufactures and sells computer peripherals, network communication products, and electronic products

⁽¹⁾ the transaction was announced in the 3rd quarter of 2009

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

ASAT Holdings Limited, a global provider of semiconductor package design, assembly and test services, sold all the shares in its wholly owned subsidiary, ASAT Limited, to Singapore-based United Test and Assembly Center Ltd for US\$44.6 million. As part of the transaction, a subsidiary of ASAT Limited that issued US\$150.0 million in notes guaranteed by ASAT Holdings was transferred to ASAT Holdings. The transaction valued ASAT Ltd. at approximately 2.3x LTM EBITDA.

Intersil Corporation, a global leader in the design and manufacture of high-performance analog and mixed-signal semiconductors, acquired 100.0% of Rock Semiconductor, a fabless IC design company specializing in the integrated power management sector. The acquisition will enable Intersil to expand its power management product portfolio and penetrate into the burgeoning local Chinese market.

II-VI, a worldwide leader in engineered materials and components, acquired 100.0% of Photop Technologies, a provider of optoelectronics devices, modules and systems for fiber optic communication applications, for US\$95.3 million. Photop Technologies was valued at approximately 2.2x LTM revenue and the transaction is expected to be accretive to II-VI's earnings in the fiscal year ending June 30, 2011.

Tencho Technology, which manufactures and sells IT products, raised US\$14.7 million from Legend Capital. The proceeds will be used to open retail chain stores in China.

Selected Capital Markets Transactions in Q4 2009

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/ (Discount) to Market ⁽¹⁾	Price as of Dec 31	Market Cap as of Dec 31 (US\$ MM)	Company Description
Dec 24	Follow-on	Hong Kong	Sinotronics Holdings Ltd.	Semiconductor	6.5	0.02	-51.4	0.05	48.7	Manufactures rigid and flexible PCBs as well as provides PCB assembly and service mount technology processing services
Dec 16	IPO	Hong Kong	MOBI Development Co., Ltd.	Telecom Equipment	84.6	0.44	-	0.42	304.1	Provides wireless communication antennas and base station radio frequency subsystem
Dec 11	Follow-on	Hong Kong	Sandmartin Holdings Ltd.	PCs, Terminals & Electronics	36.7	0.25	-	0.29	194.3	Manufactures digital television reception products
Nov 26	IPO	Shenzhen	Shenzhen Keybridge Communications Co., Ltd.	Network Equipment	82.6	2.75	-	4.58	549.4	Manufactures digital video broadcasting receivers

Selected Capital Markets Transactions in Q4 2009

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Nov 23	IPO	Shenzhen	Chengu Santai Electronics Co., Ltd.	PCs, Terminals & Electronics	62.8	4.19	-	6.91	409.3	Manufactures digital surveillance, digital video & audio compression products
Nov 23	IPO	Shenzhen	Sun&Sea Telecommunications Co., Ltd.	Telecom Equipment	90.8	3.63	-	6.00	600.3	Provides communication network physical connection equipments, including Main Distribution Frame (MDF), Digital Distribution Frame (DDF), Optical Distribution Frame (ODF), etc.
Nov 12	Follow-on	Hong Kong	Galaxy Semi-Conductor Holdings Ltd.	Semiconductor	4.7	0.06	-19.6	0.09	44.3	Manufactures and sells various series of semiconductor diodes and transistors
Nov 11	Follow-on	Hong Kong	Tech Pro Technology Development Ltd.	PCs, Terminals & Electronics	2.2	0.02	-17.8	0.10	76.9	Manufactures and sells aluminum electrolytic capacitors
Oct 20	IPO	Nasdaq	ZST Digital Networks Inc.	Network Equipment	25.0	8.00	8.0	8.76	102.5	Provides digital and optical network equipment to cable system operators
Oct 14	IPO	Shenzhen	Chengdu Geeya Technology Co., Ltd.	Network Equipment	61.3	1.66	-	4.57	671.4	Manufactures digital television network equipment

⁽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.

In the 4th quarter of 2009, China hardware & equipment companies raised over US\$400.0 million through 6 IPOs. Over US\$297.5 million was raised through 4 IPOs on the Shenzhen Stock Exchange, US\$84.6 million through 1 IPO on the Hong Kong Stock Exchange as well as US\$25.0 million through 1 IPO on the Nasdaq Stock Exchange.

MOBI Development, a leading antenna supplier for wireless communication applications, raised US\$84.6 million through its IPO on the Hong Kong Stock Exchange. The shares were priced at approximately 14.7 times MOBI's 2010 forecast net income. The proceeds will be used for expansion of production capacity, acquisitions, R&D of 3G technology and as general working capital.

China hardware & equipment companies also raised a total of US\$50.1 million through 4 follow-on transactions on the Hong Kong Stock Exchange.

Software & Services

Selected M&A/Private Placements in Q4 2009

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Software & Solutions						
Oct 28	Private Placement	Primeton Technologies Ltd.	Sinovo Growth Capital Mgmt. Co., Ltd., Tianjin Heguang Equity Fund	14.6	NA	Provides search oriented architecture-based middleware platform for operating web-based enterprise application software
Oct 9	Private Placement	Zhengzhou Xinyihua Software Co., Ltd.	Shenzhen Tiantu Capital	3.7	NA	Offers record and network management solutions to the healthcare sector in urban and rural China
Outsourcing / Offshoring						
Dec 4	M&A	Linkage Technologies Int'l. Holdings Ltd.	AsiaInfo Holdings Inc. (Nasdaq:ASIA)	731.9	100.0	Provides system integration and application development and network management solutions to the telecommunications sector in China
Nov 2	M&A	Sowell	CDC Global Services, Inc.	-	35.0	Provides custom offshore application development, network management and onsite and remote IT support services
Telecom Services & Solutions						
Nov 16	Private Placement	Chengdu Juntong Communication Co., Ltd.	Kunwu Jiuding Capital Co., Ltd.	7.3	NA	Provides third-party managed services to telecom carriers
Nov 3	Private Placement	ASSIA, Inc.	Mingly China Growth Fund, SFR Development, Swisscom Ventures, Stanford University, T-Venture	10.0	NA	Provides Dynamic Spectrum Management technologies to manage and optimize DSL networks
IT Services						
Dec 21	M&A	Beijing Long Cai Sports Mgmt. Co. Ltd.	Emperor Entertainment Group Ltd. (SEHK8078)	11.3	26.1	Provides IT consultancy services and solutions for sports-related gambling in China
Oct 13	M&A	Sino Stride Technology Co., Ltd.	Carrier Asia Ltd.	7.0	19.0	Offers system integration services and software solutions for the construction and healthcare sectors

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

AsiaInfo Holdings Inc. and Linkage Technologies International Holdings Ltd. announced that they will merge to form AsiaInfo-Linkage, Inc. Post transaction, the merged entity is expected to have a market cap in excess of US\$1.8 billion and over 8,000 employees. AsiaInfo will own 64.2% of the new merged entity and the balance will be owned by Linkage. The new entity will leverage on both AsiaInfo and Linkage's complementary businesses and client bases to build and become a dominant telecommunication software solutions and services provider. The transaction is expected to be accretive to the merged entity's 2010 earnings.

Selected Capital Markets Transactions in Q4 2009

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/ (Discount) to Market ⁽¹⁾	Price as of Dec 31	Market Cap as of Dec 31 (US\$ MM)	Company Description
Dec 17	IPO	Shenzhen	GINSMS Inc.	Telecom Services & Solutions	1.6	\$0.14	-	\$0.14	2.4	Provides inter-operator short messaging services to mobile telecom operators
Dec 12	IPO	Shenzhen	Beijing SuperMap Software Co. Ltd.	Software & Solutions	54.5	2.87	-	5.61	420.8	Provides geographic information system software platform and related application software
Dec 11	Follow-on	Hong Kong	Digital China Holdings Ltd.	IT Services	41.9	1.26	-5.8	1.33	1,356.9	Distributes IT products and offers systems integration services
Dec 8	Follow-on	Hong Kong	ZZNode Technologies Co. Ltd.	Telecom Services & Solutions	5.2	0.26	-5.7	0.24	110.7	Provides operational support systems and system integration services to telecommunication operators
Dec 3	Follow-on	Hong Kong	China Leason Invest. Group Co.	Software & Solutions	2.2	0.02	-19.8	0.03	34.9	Provides securities trading and settlement software
Dec 2	IPO	Hong Kong	Futong Technology Development Holdings Ltd.	IT Services	18.1	0.21	-	0.22	68.5	Distributes enterprise IT products and provides IT technical support services
Nov 24	Follow-on	Hong Kong	Finet Group Ltd.	Software & Solutions	8.1	0.01	-22.2	0.05	16.9	Operates a proprietary software platform to distribute financial information and news to institutional clients
Nov 17	Follow-on	NYSE	Longtop Financial Technologies	Software & Solutions	132.8	31.25	-3.0	37.02	2,080.5	Develops, licenses and supports software solutions and offers system integration services to the financial industry in China
Nov 5	Follow-on	Hong Kong	Kingsoft Corp. Ltd.	Software & Solutions	72.0	0.87	-7.3	0.82	899.7	Offers Internet security solutions, office related application software and online games
Nov 2	Follow-on	Hong Kong	New World Mobile Holdings Ltd. (nka. Vision Values Holdings Ltd.)	Telecom Services & Solutions	7.6	0.39	-16.7	0.59	69.3	Provides data networking and infrastructure installation services
Nov 2	Follow-on	Hong Kong	ZZNode Technologies Co. Ltd.	Telecom Services & Solutions	6.3	0.18	-17.2	0.24	110.7	Provides operational support systems and system integration services to telecommunication operators
Oct 14	IPO	Shenzhen	Zhejiang Enjoyor Electronics Co. Ltd.	Software & Solutions	58.6	2.93	-	5.9	472.0	Provides monitoring and optimization solutions for the transportation, healthcare and construction sectors
Oct 14	IPO	Shenzhen	Hangzhou Huaxing Chuangye Communication Tech. Co., Ltd.	Telecom Services & Solutions	28.8	2.88	-	6.78	271.2	Provides mobile traffic monitoring and optimization solutions and services to mobile operators

⁽¹⁾ Premium/Discount to Market is calculated based on the closing price of the day of pricing
Source: Company announcements, Dealogic, Capital IQ, Zero2IPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

In the 4th quarter of 2009, China software & services companies raised over US\$161.6 million through 5 IPOs. Over US\$143.5 million were raised through 4 IPOs in the Shenzhen Stock Exchange and US\$18.1 million through 1 IPO in the Hong Kong Stock Exchange.

Longtop Financial Technologies, a leading software solutions provider for the financial industry in China, raised US\$132.8 million through its NYSE follow-on offering. The shares were priced at approximately 22.5 times Longtop's 2010 forecasted net income.

China software & services companies were also active in the follow-on market, raising a total of US\$276.1 million. The Hong Kong Stock Exchange led the pack with 7 follow-on transactions and raised a total of US\$143.3 million.

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