



China Technology Quarterly Update

2nd Quarter 2010

Quarter in Review

- In the 2nd quarter of 2010, China Hardware & Equipment companies were very active in the capital markets, raising over US\$3,195.3 million through 19 IPOs. Significantly, over 90% of this amount was raised domestically through the Shenzhen Stock Exchange, with only 1 IPO outside of China, in Hong Kong. M&A and private placement activity consisted mainly of transactions amongst affiliated companies.
- China software & services companies raised US\$488 million through 6 IPOs. High-tech listings on NASDAQ have picked up momentum while deal flows at Chinext remain robust.

Sector Highlights

- Zoom Technologies acquired 100.0% of Nollec Wireless, a Beijing-based mobile phone and wireless communication design company, for US\$10.9 million, in order to broaden its domestic and international customer base.
- O-Net Communications, a leading passive optical networking component supplier, raised US\$72.2 million through its IPO on the Hong Kong Stock Exchange. The shares were priced at the high end of the filing price range and the stock traded up 37.6% on its first day trading on the Hong Kong Stock Exchange.
- NetQin Mobile Inc., a Beijing-based provider of mobile security solutions, successfully closed its series-C fund raising round and raised US\$20 million from GSR Ventures, Sequoia Capital, Ceyuan Fund and Fidelity Asia.
- Operator of 51tes.net, Zhejiang Workonline Technology Co., Ltd., raised US\$65 million from Ruidian Capital Group and Zhongding Investment.

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 200041, China
T +86 (21) 6288 6555
F +86 (21) 6288 6585

About Cowen Latitude Asia

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 directly, or through its affiliates, 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 and Telecom.

Hardware & Equipment

Selected M&A/Private Placements in Q2 2010

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Semiconductor						
Jun 29	Private Placement	ASE (China) Limited	ASE Test Limited	100.0	NA	Engages in manufacturing and distribution of digital integrated circuits
Jun 24	Private Placement	VeriSilicon Holdings Co., Ltd.	NA	8.0	NA	Provides IC design services
May 28	Merger/Acquisition	Hynix-Numonyx Semiconductor Ltd.	Hynix Semiconductor Inc. (KOSE:A000660)	436.7	20.7	Manufactures and sells NAND flash memory devices
Network Equipment						
May 18	Merger/Acquisition	KeAn Yuanjing Technologies Development Co. Ltd.	Bluestar Secutech Inc (AIM:BSST)	1.0	100.0	Engages in the development, installation, and inspection of digital video surveillance networks for the banking sector
Network Equipment						
May 25	Private Placement	HTC Communication Co., Ltd.	High Tech Computer Asia Pacific Pte. Ltd.	19.5	NA	Designs, manufactures, and distributes wireless handheld devices
May 25	Private Placement	HTC Electronics (Shanghai) Co., Ltd.	High Tech Computer Asia Pacific Pte. Ltd.	45.0	NA	Engages in research, development, design, manufacture and sale of computers and personal digital assistant (PDA) handsets
Apr 28	Merger/Acquisition	Nollec Wireless Company, Ltd.	ZOOM Technologies, Inc. (NasdaqCM:ZOOM)	10.9	100.0	Designs mobile phone and wireless communication instruments
PCs, Terminals & Electronics						
Jun 25	Private Placement	Ritpower Company Ltd.	Max Online Ltd.	29.5	NA	Manufactures and distributes photovoltaic modules
Jun 24	Private Placement	Beijing Tecsun Venus Technology Limited	NA	2.7	NA	Manufactures and markets smart cards
Jun 22	Private Placement	Zhejiang BOE Display Technology Co., Ltd	BOE Technology Group Co. Ltd. (SZSE:200725)	586.9	NA	Engages in the manufacture of VFD products
Jun 15	Private Placement	Evertop (Fujian) optoelectronics Co., Ltd	Epistar Corp. (TSEC:2448); Top Victory Investments Limited	25.0	NA	Manufactures LED related components and modules
Jun 03	Private Placement	Epicrystal (Changzhou) Co., Ltd	Lite-On Technology Corp. (TSEC:2301)	35.2	NA	Engages in manufacturing and distribution of LED products
May 07	Merger/Acquisition	Changzhou Ao Si Te Dayou Electronics Company Limited	Hai Te Wei Company Limited	8.0	100.0	Produces automated chip aluminum electrolytic capacitors
May 04	Merger/Acquisition	Xiamen Elite Electric Co. Ltd	International Elite Limited (SEHK:1328)	257.6	100.0	Engages in research and development to exploit the RF-SIM technology and to develop new RF-SIM products
Apr 26	Private Placement	Fuding Electronical Technology (Jiashan) Co., Ltd.	Foxconn (Far East) Ltd.	78.0	NA	Engaged in connector related business

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

Zoom Technologies, Inc. acquired 100.0% of Nollec Wireless Company Ltd., a Beijing-based mobile phone and wireless communication design company, for US\$10.9 million. Through the acquisition, Zoom Technologies will broaden its customer base with a number of additional domestic and international mobile phone manufacturers, including Philips, Lenovo, Sonim, Gionee and Borqs.

Selected Capital Markets Transactions in Q2 2010

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
Jun 22	IPO	Shenzhen	Guangdong Shenglu Telecommunication Tech Co Ltd	Telecom Equipment	68.2	2.62	17.6	2.63	266.8	Communication antennas and RF products manufacturer
May 28	IPO	Shenzhen	Beijing Venustech Inc	Network Equipment	91.5	3.66	28.3	5.37	530.2	Network security products and security management platform developer
May 28	IPO	Shenzhen	Fujian Star-net Communication Co Ltd	Network Equipment	149.5	3.40	33.8	3.94	692.7	Provider of network and communication products
May 25	IPO	Shenzhen	Shenzhen Fastprint Circuit Tech Co Ltd	PCs, Terminals & Electronics	149.2	5.34	1.2	4.51	504.0	Manufacturer of prototypes and small-volume PCBs in China
May 21	IPO	Shenzhen	Shenzhen MTC Co Ltd	PCs, Terminals & Electronics	246.0	4.39	10.0	3.38	1,599.9	LCD TVs, digital set-top boxes, vide disc players and multi-media audio systems manufacturer
May 11	IPO	Shenzhen	GuangZhou Echom Science & Technology Co Ltd	PCs, Terminals & Electronics	127.4	2.02	7.0	1.69	680.0	TV body and structural parts manufacturer
May 07	IPO	Shenzhen	Jiangsu Changfa Refrigeration Co Ltd	PCs, Terminals & Electronics	97.6	2.64	15.9	2.41	354.4	Manufacturer of evaporator and condenser for refrigerator and air conditioner
May 07	IPO	Shenzhen	Hangzhou Hik-Vision Digital Technology Co Ltd	Network Equipment	498.0	9.96	20.5	10.21	5,109.6	Manufacture security monitoring systems
May 07	IPO	Shenzhen	Shenzhen Aisidi Co Ltd	PCs, Terminals & Electronics	329.5	6.59	-2.4	5.81	2,868.3	Consumer electronics integrated service provider
Apr 27	IPO	ChiNext	Janus (Dongguan) Precision Components Co Ltd	PCs, Terminals & Electronics	131.9	5.27	-5.7	4.19	419.5	Mobile phone, 3G data card, MP3/MP4 players and other high-precision electronics module manufacturer
Apr 20	IPO	Shenzhen	Shenzhen H&T Intelligent Control Co Ltd	Semiconductor	85.6	5.13	34.7	4.83	322.6	Microcontroller chip manufacturer
Apr 19	IPO	Hong Kong	O-Net Communications (Group) Ltd	Telecom Equipment	72.2	0.37	37.6	0.45	346.5	Supplier of passive optical networking subcomponents, components, modules and subsystems used in high-speed telecommunications and data communications networks
Apr 16	IPO	Shenzhen	Shanghai Communications Technology Development Co Ltd	Network Equipment	51.4	3.87	70.5	5.18	275.9	Engaged in development of intelligent transportation system and mobile communication technologies
Apr 13	IPO	ChiNext	Ningbo GQY Video & Telecom Joint-Stock Co Ltd	PCs, Terminals & Electronics	131.0	9.60	5.0	7.95	421.7	Manufacturer of large video displays
Apr 13	IPO	ChiNext	Sumavision Technologies Co Ltd	PCs, Terminals & Electronics	247.7	8.85	4.0	7.22	808.6	Develops hardware and software for the encoding of digitalized television broadcasts
Apr 13	IPO	ChiNext	Hangzhou Century Co Ltd	PCs, Terminals & Electronics	145.6	8.57	10.4	10.30	690.4	Electronic surveillance system developer and manufacturer company
Apr 13	IPO	ChiNext	Nationz Technologies Inc	Semiconductor	351.5	12.92	79.8	17.21	1,873.1	Integrated device manufacturer
Apr 12	IPO	ChiNext	Wuhu Token Science Co Ltd	PCs, Terminals & Electronics	110.8	3.52	50.5	4.19	525.6	LCD screen manufacturer

Selected Capital Markets Transactions in Q2 2010

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
Apr 12	Follow-on	Hong Kong	Skyworth Digital Holdings Ltd	PCs, Terminals & Electronics	116.0	1.16	3.2	0.67	1,695.0	Designs, manufactures and sells colour television sets and digital audio products in China
Apr 06	IPO	ChiNext	Beijing eGOVA Co Ltd	Network Equipment	110.8	7.91	25.9	7.03	448.0	GIS applications and government electronic platform developer

⁽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, PRNewswire and ECM Analytics.

In the 2nd quarter of 2010, China Hardware & Equipment companies raised over US\$3,195.3 million through 19 IPOs. Over US\$72.2 million was raised through 1 IPO on the Hong Kong Stock Exchange, US\$3,123.1 million through 18 IPOs on the Shenzhen Stock Exchange, 7 of which were on the Shenzhen ChiNext board raising US\$1,229.2 million.

The lone Hong Kong IPO was O-Net Communications (Group) Ltd., a Shenzhen based passive optical networking component supplier. O-Net raised US\$72.2 million through its IPO on the Hong Kong Stock Exchange. The shares were priced at US\$0.37 per share, which is the high end of the filing price range, and the stock traded up 37.6% on its first day trading on the Hong Kong Stock Exchange.

In addition, Hong Kong Stock Exchange listed Skyworth Digital Holdings raised a total of US\$116.0 million through a follow-on offering.

Software & Services

Selected M&A/Private Placements in Q2 2010						
Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Software & Solutions						
Jun-10	M&A	Shenzhen FirstSoft Technology Development Co., Ltd.	Kingdee International Software Group Co. Ltd. (SEHK:268)	1.5	100.0	Develops collaborative, file management, decision support and data exchange solutions for government agencies, manufacturing, utilities and consumer sectors
Jun-6	M&A	ShapeWriter, Inc.	Nuance Communications, Inc. (NASDAQ:NUAN)	6.6	100.0	Designs and develops touch-screen writing software for iPhone, Android and Windows-based mobile devices
May-31	M&A	National Fundamental Software of China Ltd.	UIFDA Software Co. Ltd. (SHSE:600588)	0.4	4.8	Researches and develops security software solutions and related tools
May-10	M&A	Everdow Software (Beijing) Inc.	Zamage Digital Art Imaging, Inc. (OTCPK:ZMGD)	NA	100.0	Offers on-demand CRM applications for sales force management, analytics and forecasting
Apr-27	Private Placement	NetQin Mobile Inc.	GSR Ventures, Sequoia Capital, Ceyuan Fund, Fidelity Asia	20.0	NA	Beijing-based provider of mobile anti-virus, anti-spam and other security solutions
Apr-20	Private Placement	Shanghai Gsuo Information Technology Co., Ltd.	HTC Corporation (NYSE:2498)	9.0	10.0	Provides electronic map and route information and offers location-based services
Apr-19	Private Placement	Best Logistics Technology Co., Ltd.	CDH China Holdings Management Co., Ltd. Walden International	NA	NA	Offers GPS / GIS monitoring, transportation, warehousing and other logistics management solutions
Apr-9	Private Placement	Gvitech Technologies Co., Ltd.	Beijing Zhicheng Shenjin Venture Capital Co., Ltd., Shenzhen Fortune Venture Capital Management	8.8	NA	Beijing-based provider of visualization application software and related hardware
Outsourcing / Offshoring						
Apr-30	M&A	Shenzhen Zhongbokechuang Information Technology Co., Ltd.	Longtop Financial Technologies Ltd. (NYSE:LFT)	NA	100.0	Provides IT outsourcing services to the Huawei Group in China
Apr-20	M&A	Dalian Hi-Think Computer Technology	Beijing Ultrapower Software (SZSE:300002)	10.8	8.0	Offers software design, development, testing, implementation and consulting services
Telecom Services & Solutions						
May-18	Private Placement	Zhejiang WorkOnLine Technology Co., Ltd.	Zhongding Capital, Ruidian Capital	65.0	NA	Operates a mobile software platform that sends coupon to members via SMS
Apr-7	M&A	Guoxin Lucent Technologies Network Technologies Co., Ltd.	China Communications Services Corp. Ltd. (SEHK:552)	6.0	49.0	Offers communication network resource management software
IT Services						
Apr-13	M&A	MDCL-Frontline (China) Ltd.	Beijing Teamsun Technology (SHSE:600410), Teamsun Technology (HK)	9.9	100.0	Provides Chinese software development, systems integration and consulting services
Apr-12	PIPE	Vision Values Holdings (SEHK:862)	Consortium	10.0	16.7	Provides data networking and infrastructure installation services
Apr-9	Private Placement	Shenzhen Jucheng Enterprise Management Consulting Co., Ltd.	Beijing Hejun Consulting Co., Ltd., Legend Capital	14.6	60.0	Shenzhen-based provider of enterprise management consulting and training solutions

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

NetQin Mobile Inc., a Beijing-based provider of mobile security solutions, successfully closed its series-C fund raising round and raised US\$20 million from GSR Ventures, Sequoia Capital, Ceyuan Fund and Fidelity Asia. To date the company has raised an aggregate of US\$35 million. NetQin plans to use the new proceed to accelerate its overseas expansion. NetQin delivers mobile security solutions to more than 55 million users across 200 countries and regions worldwide, to protect them against mobile security threats which will result in financial loss and privacy compromise. According to Frost & Sullivan's 1H2010 China Mobile Security Market Research Report, NetQin currently holds approximately 64.8% of the Chinese mobile security market share.

Operator of 51tes.net, Zhejiang Workonline Technology Co., Ltd., raised US\$65 million from Ruidian Capital Group and Zhongding Investment. 51tes.net is a mobile software platform that notifies and sends members discount coupons via SMS. The platform's promotion coverage includes food, clothing, real estate, travel and entertainment.

Selected Capital Markets Transactions in Q2 2010										
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
Jun-30	IPO	NASDAQ	AutoNavi Holdings Ltd.	Software & Solutions	124.0	12.50	8.0	12.50	570.0	Develops and provides digital maps, in-dash navigation systems and location-based solutions in China
Jun-29	IPO	NASDAQ	HiSoft Technology International Ltd.	Outsourcing / Offshoring	85.1	10.00	4.0	10.40	289.1	Provides outsourced application development, testing and maintenance services
Jun-4	IPO	Shenzhen	Beijing Venustech Inc.	Software & Solutions	91.5	3.66	28.3	5.33	526.7	Develops and markets network security management solutions
May-14	IPO	NASDAQ	Kingtone Wirelessinfo Solution Holding Ltd.	Software & Solutions	16.0	4.00	-1.5	2.56	35.8	Develops and provides mobile enterprise resource planning, supply chain and customer relationship management solutions

May-12	IPO	Chinext	Shenzhen InfoTech Technologies Co. Ltd.	Software & Solutions	61.5	4.10	10.4	4.07	244.2	Develops and markets bank seal recognition and management software
Apr-13	IPO	Chinext	Beijing eGOVA Co. Ltd.	Software & Solutions	110.8	7.90	25.9	6.98	390.7	Develops and markets GIS platform, digital urban and government affairs planning management software

⁽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, PRNewswire and ECM Analytics.

In the 2nd quarter of 2010, China software & services companies raised US\$488 million through 6 IPOs. US\$225 million were raised through 3 NASDAQ IPOs, US\$172 million through 2 Chinext IPOs and US\$92 million through 1 Shenzhen Stock Exchange IPO. High-tech listings on NASDAQ have picked up momentum while deal flows at Chinext remain robust.

AutoNavi Holdings Ltd., a provider of digital maps and in-dash navigation system, priced at the high-end of its initial pricing range of US\$10.50 to US\$12.50 and raised US\$124 million. Share price closed 8.0% and 8.7% higher at the end of the first day and first week of trading respectively.

HiSoft Technology International Ltd., an outsource application software developer, priced below its initial pricing range of US\$11.00 to US\$13.00 and raised US\$85 million. Share price closed 4.0% and 5.7% higher at the end of the first day and first week of trading respectively, and the stock continued to show strong performance since listed.

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 2010 Cowen Latitude Asia. All rights reserved.