
China Technology Quarterly Update

4th Quarter 2010

Quarter in Review

- In the 4th quarter of 2010, China Hardware & Equipment companies were very active in the capital markets, raising over US\$2.16 billion through 9 IPOs and 9 follow-ons. Half of these transactions were in the semiconductor sector, whether ICs or Solar cells. Significantly, over 63.7% of this amount was raised domestically through the Shanghai Stock Exchange and the Shenzhen Stock Exchange
- By contrast, China software & services companies raised just US\$870m through 2 IPOs and 6 follow-ons. Only 21.8% of this amount was raised domestically

Sector Highlights

- Foxconn Technology Group, Taiwan's contract manufacturing giant, through its subsidiaries Best Behavior Holdings Ltd and Foxconn Advanced Technology Inc, announced its initial US\$90 million greenfield investment in western China
- RDA Microelectronics, a fabless semiconductor design company specializing in RF ICs for mobile phones, raised US\$73 million in its NASDAQ IPO
- China Mining Resources Group Ltd signed an agreement to acquire a 70% stake in Beijing Nian Yue Technology Co Ltd from Ho Ping Tanya, Wong Chiu Fung and other shareholders for US\$188.6 million in cash, stock and convertible preferred stock
- Lattice Power Corporation announced a \$55.5 million new financing led by IFC, a member of the World Bank Group

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About Cowen Latitude Asia

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Hardware & Equipment

Selected M&A/Private Placements in Q4 2010

| Date Announced | Transaction Type | Target Name | Acquirer/Investor Name | Transaction Value (US\$ MM) | % | Target Description |
|---|-----------------------|--|--|-----------------------------|------|--|
| Semiconductor | | | | | | |
| 12/08 | Private Placement | Lattice Power Corporation | IFC, GSR Venture, HydePark Capital, etc | 55.5 | NA | Manufactures high brightness LEDs chips |
| 12/07 | Private Placement | ZhenJiang Dacheng New Energy Co Ltd | Jiangsu Dagang Co Ltd | 17.7 | NA | Manufactures and distributes silicon chips |
| 11/12 | Private Placement | Realsil Microelectronics (Suzhou) Co Ltd | Realtek Semiconductor Corp | 30.0 | NA | Develops and tests hardware and software for communications network products, computer peripheral products, multimedia products and consumer electronic products |
| 11/09 | M&A | Shanghai Changfeng Intelligent Card Co Ltd | Shanghai Yidian Holding (Group) Co Ltd | 7.3 | 26.6 | Develops, manufactures and markets micro-modules and smart cards for chip designers, semiconductor suppliers and smart card system integrators |
| 10/25 | Private Placement | Mediatek (Beijing) Inc | Gaintech Co Ltd | 75.4 | NA | A fabless semiconductor company for wireless communications and digital multimedia solutions |
| 10/04 | Private Placement | KFES Lighting (Xiamen) Co Ltd | Epistar Corp | 70.0 | NA | Manufactures and markets LED silicon wafers and chips |
| Network Equipment | | | | | | |
| 12/01 | M&A | Guangdong Nortel Telecommunications Equipment Co Ltd | Ericsson (China) Communications Co Ltd | 50.0 | 100 | Produces and markets Nortel Networks DMS family of digital telephone switching equipment |
| PCs, Terminals & Electronics | | | | | | |
| 10/26 | M&A | CPTF Optronics Co Ltd | Fuzhou Huaying Video Co Ltd | 26.5 | 8.9 | Manufactures and sells color cathode ray tubes and electron guns |
| 10/20 | Private Placement | Asia Innovative Technology Co Ltd | TECO Electric & Machinery Co Ltd | 6.2 | NA | Produces and distributes LCD monitors and televisions |
| 10/19 | Greenfield Investment | Hongfujin Precision Electronics (Zhengzhou), Hongfujin Precision Electronics (Chengdu), Futaihua Precision Electronics (Zhengzhou) | Best Behavior Holdings Ltd | 80.0 | NA | Offer 3G and new generation cell phones, base station systems, core network equipment, metal and non-metal moulds, computer and set-top boxes |
| 10/19 | Greenfield Investment | HongHengSheng Electrical Technology (Huailian) Co Ltd | Foxconn Advanced Technology Inc | 10.7 | NA | Manufactures and markets printed circuit boards |
| 10/18 | M&A | TC Interconnect Holdings Ltd | AV Concept Holdings Ltd.; Central Asset Investments; Value Partners Group Ltd; CSOP Asset Management Ltd; MCL Asset Ltd; VL Asset Management Ltd, Investment Arm | 8.7 | 7.6 | Manufactures and trades printed circuit boards |
| 10/05 | Private Placement | Revo-Round Ltd | NA | 69.0 | NA | Manufactures and distributes the Roundtop laptop computer |
| 10/05 | M&A | IDT Holdings Singapore Ltd | IDT International Holdings (BVI) Ltd | 16.0 | 22.1 | Assembles LCD consumer electronic products |

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

Selected Capital Markets Transactions in Q4 2010

| 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 |
|--------------|------------------|-----------|---|------------------------------|------------------|---------------|---|--------------------|-----------------------------------|--|
| 11/15 | Follow-on | Hong Kong | Lenovo Group Ltd | PCs, Terminals & Electronics | 198.50 | 0.70 | (1.45) | 0.63 | 6,149.67 | Develops, manufactures and markets technology products and services globally |
| 12/31 | IPO | Chinext | Ledman Optoelectronic Co Ltd | Semiconductor | 96.40 | 5.67 | NA | 6.30 | 422.10 | Offers LEDs for lighting, high-power LEDs, display LEDs and SMD LEDs |
| 12/14 | IPO | Shenzhen | Shenzhen Infinova Ltd | PCs, Terminals & Electronics | 299.07 | 8.03 | NA | 7.69 | 1,130.80 | Engages in the research, development, design, production and distribution of electronic security products |
| 11/26 | Follow-on | Taiwan | Z-Obee Holdings Ltd | PCs, Terminals & Electronics | 26.49 | 0.35 | NA | 0.38 | 240.51 | Engages in distribution and marketing, solution, and assembly of mobile handsets and components |
| 11/19 | Follow-on | Shenzhen | Nantong Fujitsu Microelectronics Co Ltd | Semiconductor | 150.53 | 2.53 | (6.77) | 2.66 | 923.70 | Engages in the packaging and testing of ICs |
| 11/18 | Follow-on | Hong Kong | IRICO Group Electronics Co Ltd | PCs, Terminals & Electronics | 15.77 | 0.16 | (7.35) | 0.17 | 370.38 | Engages in the manufacturing and trading of CPTs for colored television sets and related components, trading and assembly of glass related products and the development of other advanced glass products |
| 11/15 | IPO | Hong Kong | HL Technology Group Ltd | PCs, Terminals & Electronics | 65.02 | 0.36 | NA | 0.28 | 199.38 | Focuses on the design, research and development, manufacture and sale of signal cable assembly, power cord assembly, wire & cable (primarily for signal transmission purpose) and connector products |
| 11/10 | Follow-on | NASDAQ | Solarfun Power Holdings Co Ltd | Semiconductor | 82.80 | 9.00 | (11.15) | 8.17 | 475.00 | A manufacturer of silicon ingots, PV cells and PV modules |
| 11/09 | IPO | NASDAQ | RDA Microelectronics Inc | Semiconductor | 73.33 | 9.00 | NA | 14.61 | 620.34 | Designs, develops, and markets radio-frequency and mixed-signal semiconductors for cellular, broadcast, and connectivity applications |
| 11/05 | IPO | Shenzhen | Jiangsu Dongguang Micro-electronics Co Ltd | Semiconductor | 64.72 | 2.39 | NA | 4.01 | 428.80 | Engages in the development, design, manufacturing and distribution of semiconductor discrete devices and ICs |
| 11/05 | IPO | Shenzhen | Shanghai Chaori Solar Energy Science & Technology Co Ltd | Semiconductor | 355.96 | 5.37 | NA | 6.64 | 1,751.17 | Engages in the research, development, manufacture and distribution of solar cell components |
| 11/04 | Follow-on | NYSE | JinkoSolar Holding Co Ltd | Semiconductor | 126.00 | 36.00 | (4.05) | 20.12 | 1,749.03 | A vertically integrated solar product value chain from recovered silicon materials to solar modules |
| 11/01 | Follow-on | Hong Kong | O-Net Communications (Group) Ltd | Network Equipmer | 81.81 | 0.71 | (5.66) | 0.70 | 541.17 | A supplier of passive optical networking subcomponents, components, modules and subsystems used in high-speed telecommunications and data communications networks |
| 10/29 | IPO | Chinext | Beijing Fuxing Xiaocheng Electronic Technology Stock Co Ltd | Semiconductor | 128.18 | 9.33 | NA | 10.87 | 595.44 | Engages in the design, development and market application of IC products |
| 10/27 | Follow-on | Shenzhen | Beijing BDStar Navigation Co Ltd | PCs, Terminals & Electronics | 44.35 | 4.81 | (31.91) | 6.52 | 593.35 | Engages in research, development, manufacture, distribution and services of satellite navigation positioning products |
| 10/22 | Follow-on | Shanghai | Jiangsu Changjiang Electronics Technology Co Ltd | Semiconductor | 92.35 | 0.85 | (55.55) | 1.65 | 1,330.88 | Involves in packaging and testing of ICs, as well as distribution of discrete components and chips |
| 10/08 | IPO | Shenzhen | Jiangsu Tongding Optic-Electronic Stock Co Ltd | Network Equipmer | 145.18 | 2.16 | NA | 3.11 | 831.78 | Engages in the manufacture and distribution of cables, optical cables and railway signal cables |
| 10/07 | IPO | Hong Kong | Sun King Power Electronics Group Ltd | PCs, Terminals & Electronics | 117.26 | 0.25 | NA | 0.28 | 384.65 | A manufacturer of high-end, specialized power electronic components and systems |

⁽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 Q4 2010

| Date Announced | Transaction Type | Target Name | Acquirer/Investor Name | Transaction Value (US\$ MM) | % | Target Description |
|---------------------------------|-------------------|---|---|-----------------------------|-------|---|
| Software & Solutions | | | | | | |
| 12/07 | M&A | Beijing Jinqiao Hengtai Technology Company Ltd | Heng Xin China Holdings Ltd | 15.9 | 7.0 | Provides research, development and manufacturing services for software products, radio frequency identification chips and related systems |
| 12/01 | M&A | China Cyber Port Co Ltd | China Communication Investment Ltd | 18.0 | 75.0 | Develops, operates and distributes computer games and online games |
| 10/28 | Private Placement | Aibang.com | Tencent Holdings Ltd | NA | NA | Location-based searching provider |
| 10/11 | M&A | Shanghai Haicom Telecommunication Corporation Ltd | Jingwei International Ltd | 8.2 | 100.0 | Develops 3G software solutions providing Internet and mobile value added service platform |
| Outsourcing / Offshoring | | | | | | |
| 10/18 | Private Placement | Gridsum Technology | Steamboat Ventures, LLC | NA | NA | Online, cloud-based web analytics services provider |
| IT Services | | | | | | |
| 11/13 | M&A | Beijing Pinzheng Technology Development Company Limited | VODone Ltd | 15.1 | 100.0 | Owns and operates websites that provide lottery information |
| 10/25 | M&A | Beijing Shiji Information Engineering Consulting Co Ltd | Beijing CCID Information Engineering Supervision Co Ltd | 8.1 | 70.0 | Provides IT consultancy services |
| 10/18 | Private Placement | AMT Consulting Group | Fortune Venture Capital | 7.5 | NA | Domestic IT and management consultancy |
| 10/02 | M&A | Beijing Nian Yue Technology Co Ltd | China Mining Resources Group Ltd | 188.6 | 70.0 | Provides technical support and consulting service to China iTV for managing its iTV Business |

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

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|--------------|------------------|-----------|-------------------------------------|------------------------------|------------------|---------------|---|--------------------|-----------------------------------|--|
| 12/24 | IPO | Chinext | LandOcean Energy Services Co Ltd | Software & Solutions | 190.55 | 8.51 | NA | 9.25 | 822.47 | Offers software products for seismic acquisition and processing, stratigraphic and structural interpretation, integrated reservoir characterization, geologic model, and reservoir simulation |
| 12/16 | Follow-on | NASDAQ | HiSoft Technology International Ltd | Outsourcing / Offshoring | 149.50 | 26.00 | (0.57) | 30.20 | 857.08 | A provider of outsourced IT, research and development, and business process outsourcing services, primarily for companies in the United States, Japan and China |
| 12/13 | IPO | NYSE | iSoftStone Holdings Ltd | Outsourcing / Offshoring | 161.96 | 13.00 | NA | 18.17 | 921.04 | A China-based provider of outsourced technology services, including consulting & solutions, IT services and business process outsourcing services |
| 12/09 | Follow-on | NYSE | Camelot Information Systems Inc | IT Services | 160.57 | 19.50 | (2.5) | 23.92 | 1,074.01 | A provider of business solutions and IT services to business corporations and financial institutions in mainland China, Taiwan, Hong Kong, and Japan |
| 11/29 | Follow-on | Hong Kong | Digital China Holdings Ltd | IT Services | 101.19 | 1.92 | (4.58) | 1.86 | 1,898.77 | Engages in the sale and distribution of general information technology products and systems products, and provision of supply chain services and IT services |
| 11/22 | Follow-on | NYSE | VancelInfo Technologies Inc | Outsourcing / Offshoring | 91.54 | 36.18 | (4.49) | 34.54 | 1,416.14 | A IT service provider and an offshore software development company in China |
| 10/20 | Follow-on | Singapore | Sinotel Technologies Ltd | Telecom Services & Solutions | 12.94 | 0.28 | (20.00) | 0.36 | 151.85 | Engages in the provision of network infrastructure solutions to the telecommunication companies |
| 10/18 | Follow-on | GEM | Soluteck Holdings Ltd | Software & Solutions | 5.05 | 0.06 | (7.41) | 0.06 | 40.42 | Engages in the provision of implementation and upgrading of self-service ATM systems and related application hardware and software, technical support and consultancy services to the commercial banks and postal bureaus in China |

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

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