

China Technology & Telecom M&A Quarterly

2nd Quarter 2008

Highlights

- **Warburg Pincus invested US\$71.4 million into Beijing Tianyu**

The funding will be used by the mobile phone manufacturer for R&D and product development as Tianyu looks to better compete with foreign players.

- **Maxscend Technologies raised US\$8.0 million from Infotech Pacific and Sequoia China**

The DTV IC solutions provider will use the proceeds for product development to strengthen its chipset offering.

- **GSR Ventures invested US\$10.0 million in Times Energy Ltd.**

Times Energy will utilize the new funding towards research and development of new LED related products.

- **Xinhua Finance sold US-based Mergent Inc. and UK-based Kinetic Information System**

The US\$93.5 million divestitures are part of Xinhua's strategy to focus on providing information to China's financial sector.

- **Newauto Video raised US\$50.0 million from a consortium in its series A round**

Newauto will invest the proceeds in technology development and acquisitions of other players in the video system integration vertical.

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 200040, China
T +86 (21) 6288 6555
F +86 (21) 6288 6585

Introduction

Cowen Latitude Asia, the wholly-owned Asia subsidiary of Cowen Group, Inc. (NASDAQ: COWN), is Asia's leading growth sector focused investment bank providing 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, Telecom and Aerospace & Defense.

The purpose of this report is to provide a summary of Technology & Telecom M&A and private placement activities in the second quarter of 2008, highlighting notable selected transactions that are relevant to venture capital, private equity, and strategic buyers/investors. We focus on both financial and strategic buyers/investors acquiring China assets and Chinese corporations acquiring overseas targets. Our review is broken down into the following seven major Technology & Telecom sectors:

- ◆ Semiconductor
- ◆ Network Equipment
- ◆ Telecom Equipment
- ◆ PCs, Terminals & Electronics
- ◆ Software & Solutions
- ◆ Outsourcing / Offshoring
- ◆ Telecom Services & Solutions
- ◆ IT Services

However, during the first quarter of 2008, there were no notable transactions in the Network Equipment, and Outsourcing / Offshoring sectors.

Semiconductor

Maxscend Technologies Inc., a leading DTV/mobile DTV chip solution provider, raised US\$8.0 million from Infotech Pacific Ventures and Sequoia Capital China. The proceeds will be mainly used for product development to strengthen Maxscend's chipset offering in the fast-growing terrestrial DTV industry in China.

China Electronics Corporation Holdings Co., Ltd., a 75.0%-owned unit of Chinese state-owned China Electronics Corp (CEC), acquired 100% stake of CEC Huada Electronic Design Co., Ltd. for US\$159.0 million. CEC Huada Electronic Design is a smart card IC manufacturer and wholesaler, from China Huada Integrated Circuit Design (Group) Co., Ltd. and Beijing Shoufa Xinan Data System Technology Co., Ltd.

Times Energy Ltd., a Beijing-based start-up engaged in the manufacture of light-emitting diodes (LEDs), raised US\$10.0 from GSR Ventures. The funding will be mainly used for product development.

Selected Semiconductor Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 30, 2008	Jiangsu Dagang Co., Ltd. [SZSE:002077]	Zhenjiang Dacheng Silicon Technology Co., Ltd.	3.4	25.0	13.4	Manufactures silicon wafer
Jun 27, 2008	Sichuan Tianyi Science & Technology [SHSE:600378]	LED Operational Assets of Xiamen San'an Electronics Co., Ltd.	117.1	100.0	117.1	LED Chip manufacturing assets located in Xiamen
Jun 23, 2008	Infotech Pacific Ventures, Sequoia Capital China	Maxscend Technologies Inc.	8.0	NA	NA	Develops and markets DTV and mobile DTV IC chip solutions
Jun 20, 2008	China Electronics Corporation Holdings Co., Ltd. [SEHK:85]	CEC Huada Electronic Design Co., Ltd.	159.0	100.0	159.0	Manufactures and markets smart card chips
Apr 7, 2008	GSR Ventures	Times Energy Ltd.	10.0	NA	NA	Produces light-emitting diodes (LEDs)

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

Telecom Equipment

Oki Electric Industry Co., Ltd. bought out its joint venture partner Changzhou OKI-GEG Telecoms Ltd. The joint venture was established in 1997 by OKI and Jiangsu Guoguang Electronic Information Technology Co., Ltd (GEG). Through the acquisition, OKI will be able to consolidate its telecommunication hardware equipment business, covering design and production through to sales.

Warburg Pincus, a US-based private equity fund, invested US\$71.4 million into Beijing Tianyu Communication Equipment Co., Ltd., one of major mobile phone manufactures in China. The funding will be used for product design and development to help the company compete with foreign players. In 2007, Beijing Tianyu recorded sales of 17 million handsets.

Selected Telecom Equipment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 14, 2008	Jiangsu Sainty Co., Ltd. [SHSE:600287]	Jiangsu Dongqiang Co., Ltd.	3.2	12.0	26.8	Manufactures communication cables in China
May 19, 2008	Oki Electric Industry Co., Ltd. [TSE:6703]	Changzhou OKI-GEG Telecoms Ltd.	NA	30.0	NA	Manufactures, sells and provides maintenance for telephone systems, PBX, power supplies and other telecom equipment
May 6, 2008	Ye Tianyun, Ye Li Hong, Liu Wei	Zhejiang Adison Information and Technology Co., Ltd.	8.5	100.0	8.5	Manufactures and sells telecommunications electronics related products
Apr 12, 2008	Shanghai Posts & Telecommunications Equipment Co., Ltd. [SHSE:900930]	Shanghai Putian Marconi Network Technology Co., Ltd.	2.3	44.0	5.2	Manufactures telephone equipment
May 22, 2008	Warburg Pincus	Beijing Tianyu Communication Equipment Co., Ltd.	71.4	NA	NA	Develops, manufactures and sells mobile phones

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

PCs, Terminals & Electronics

SVA Electron Co., Ltd. acquired 81.3% stake of Shanghai SVA Optronics Co., Ltd. for US\$377.1 million. On completion of the acquisition, SVA Electron will own 75% of the fifth-generation SVA-NEC line and 20% of an LCD panel glass joint venture.

Selected PCs, Terminals & Electronics Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 17, 2008	SVA Electron Co., Ltd.	Shanghai SVA Optronics Co., Ltd.	377.1	81.3	463.8	Manufactures TFT-LCD panels for computers and TVs

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

Software & Solutions

Xinhua Finance Ltd. announced that it has agreed to sell US-based Mergent Inc. and UK-based Kinetic Information System Services Ltd. to Carousel Capital Partners for US\$93.5 million. The transaction represents the first step of Xinhua Finance's overall corporate strategy to focus its core business on providing information to China's financial sector.

e-Future Information Technology Ltd. acquired 100.0% of Proadvancer Systems Inc for US\$10.0 million, which is consistent with e-Future's strategy to diversify its revenue base from software sales and maintenance. This transaction enables e-Future to distribute its existing software solution to Proadvancer's extensive client network and broadens e-Future's service offerings through integration of Proadvancer's supply chain management solutions. This acquisition is expected to close by August and will be accretive to FY2008 earnings.

Selected Software & Solutions Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 25, 2008	Carousel Capital Partners	Mergent, Inc. & Kinetic Information System Services Ltd.	93.5	100.0	93.5	Mergent provides business and financial data on public companies, indices, and exchanges; Kinetic provides index calculation and portfolio software solutions
May 19, 2008	China VoIP & Digital Telecom, Inc. [OTCBB: CVDT]	Beijing Power & Unique Technologies Co., Ltd.	NA	80.0	NA	Develops encrypted software enterprise application and digital identity management systems
Apr 22, 2008	Lenovo Security Technologies (Beijing), Inc.	Beijing Xpass Tech. Co., Ltd.	NA	100.0	NA	Develops Internet security and access management software applications
Apr 8, 2008	e-Future Information Technology Inc. [Nasdaq: EFUT]	Proadvancer Systems Inc.	10.0	100.0	10.0	Provides logistics software solutions for department stores and supermarkets in China
Apr 7, 2008	CDC Software Corporation	Tenly Software Incorporated	NA	22.0	NA	Offers "Markway Analysis Systems", a business intelligence solution based on statistical analysis and data mining

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

Telecom Services & Solutions

Tata Communications signed an equity joint venture agreement to acquire 50.0% equity interest in China Enterprise Communications Ltd for an undisclosed amount. The joint venture will focus on the development and provision of networking services to MNCs and China domestic enterprises.

China's second largest mobile operator, China Unicom, announced that it will acquire 100.0% of China Netcom, a broadband and fixed line operator, for US\$32.7 billion through a share swap arrangement. Separately, China Unicom announced that it has agreed to divest its CDMA business to China Telecom for US\$6.3 billion. The deals represent a Chinese government mandated restructuring of the country's 6 telecom companies into 3 groups in order to promote a more competitive industry and to prevent any dominant operator from monopolizing the market.

Selected Telecom Services & Solutions Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 18, 2008	Tata Communications Ltd [BSE: 500483]	China Enterprise Communications Ltd.	NA	50.0	NA	Provides value added telecom services and integrated IT solutions
Jun 2, 2008	China Unicom Ltd. [SEHK: 762]	China Netcom Group Corp. (HK) Ltd. [SEHK: 906]	32,687.9	100.0	32,687.9	Provides broadband and fixed-line communications services in China
Jun 2, 2008	China Telecommunications Corporation	CDMA Business of China Unicom Ltd. [SEHK: 762]	6,316.7	100.0	6,316.7	Offers wireless CDMA cellular services in 31 provinces in China
Jun 2, 2008	China Eastsea Business Software Ltd. [DB: 3FR]	Infa Hong Kong Group Limited	3.2	100.0	3.2	Provides information technology outsourcing services for the power and telecommunication industries

Selected Telecom Services & Solutions Transactions

Apr 3, 2008	China Communications Services Corp. [SEHK:552]	China International Telecommunication Construction Corp.	72.0	100.0	72.0	Constructs telecom networks comprising elements such as optical fiber cables, copper cables, microwaves and satellite earth stations
-------------	--	--	------	-------	------	--

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

IT Services

Beijing-based Internet security services provider, NetentSec, raised US\$6.0 million in its series A round from Highland Capital Partners and Sumitomo Corporation Equity Asia. NetentSec's solutions enable management of content security and distribution of bandwidth and has emerged as the market leader in China.

Newauto announced that it has raised US\$50.0 million in its series A round from a consortium. The proceeds will be invested on technology development and used for acquisitions. Newauto is currently preparing for an IPO listing, however further details were not disclosed.

Selected IT Services Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US\$ mm)	%	Implied Valuation (US\$ mm)	Description of Target
Jun 10, 2008	Highland Capital Partners, Sumitomo Corp. Equity Asia	NetentSec Inc.	6.0	NA	NA	Markets and implements gateway control appliances to monitor and management Internet security
Jun 3, 2008	GGV, Matrix Partners	21Vianet	40.0	NA	NA	Largest telecom Internet infrastructure and data center supplier in China
May 23, 2008	India China pre-IPO Equity (Mauritius), Intel Capital, IFC, ST Asset Management, Vertex Venture	Newauto Video Ltd.	50.0	NA	NA	One of the largest system integrators of video equipment and network solutions for TV stations China
May 5, 2008	Jiangxi Ganyue Expressway Co. Ltd. [SHSE:600269]	Beijing Tianqiao Beida Jade Bird Sci-Tech Co., Ltd. [SHSE:600657]	1,147.1	NA	NA	Beijing-based provider of IT consulting services

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

* * * * *

The information and statistical data herein has been obtained from sources we believe to be reliable but in no way are warranted by us as to accuracy or completeness. We do not undertake to advise you as to any change of our views. This is not a solicitation or any offer to buy or sell any security referenced herein. Cowen Latitude Asia ("Cowen Latitude") has produced this material for private circulation and informational purposes only. All information and advice is given in good faith but without any warranty. Cowen Latitude, our affiliates or companies or individuals connected with Cowen Latitude, may have used the information set forth herein before publication and may have positions in, may from time to time purchase or sell, or may be materially interested in any of the securities mentioned or related securities.