

China

Enterprises IPO

China Enterprises IPO Report Q2 2007



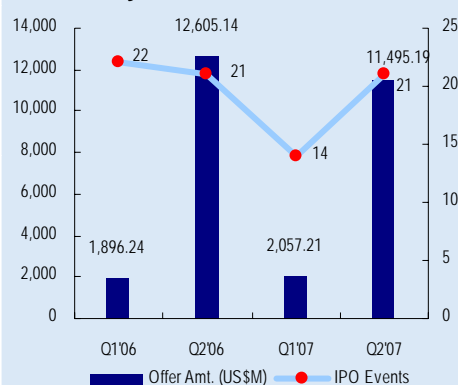
Chapter 2 Statistics of Chinese Enterprises Overseas IPOs

2.1 Overall Review

In Q2, 21 Chinese enterprises offered a combined US\$11.50B overseas, increased by US\$9.44B quarter-on-quarter but decreased by US\$1.11B year-on-year. Excluding the mega IPO offered by HKMB-listed Bank of China with US\$11.16B in Q2'06, the offer amount in Q2'07 was higher than that in the year-ago quarter. In the perspective of IPO events, this quarter had seven more IPOs quarter-on-quarter.

Overall, 35 Chinese enterprises offered US\$13.56B overseas in H1'07, a slight decrease from US\$14.50B by 43 IPOs of the same period last year (See Table2.1.1 and Figure2.1.1).

Figure 2.1.1 IPO Events and Offer Amount by Quarter



Source: Zero2IPO Research Center

Table 2.1.1 IPO Events and Offer Amount by Quarter

Quarter	Offer Amt. (US\$M)	IPO Events	Average (US\$M)
Q1'06	1,896.24	22	86.19
Q2'06	12,605.14	21	600.24
Q1'07	2,057.21	14	148.94
Q2'07	11,495.19	21	547.39

Source: Zero2IPO Research Center

Chapter 5 VC/PE-backed IPOs in H1'07

5.1 Broad IT

Case 1

Company Name	Listing Date	Market	Core Business	Offer Price	Offer Amt. (US\$M)	VC/PE Funds	Return (X)	P/E
Shenzhen Laibao Hi-tech	Jan. 12, 2007	Shenzhen SME Board	LCD	20.00	126.26	Zhejiang Paradise Silicon-valley Venture Capital (VC), Zhejiang Paradise Silicon-valley Sunshine Venture Capital (VC)	8.0	18.7

Shenzhen Laibao High-technology Co., Ltd. (SLC), founded in Oct. 2000 and evolved from its predecessor-Shenzhen Laibao Vacuum Technology Co., Ltd., specializes in the research and development of the upstream materials for the liquid crystal display industry (LCD). Its core products include ITO conductive glass and middle and small-sized color filters. SLC is the first domestic enterprise with the independent intellectual property in STN ITO conductive glass, color filters and coating and lithography on flat panel display. Zhejiang Paradise

Note: The offer price shown here adopts the currency of the listing market. For instance, RMB is denominated as the offer price for listings on Shenzhen GEM.
(Investment) return multiple (X) = issuing price*the number of shares before IPO/initial investment amount before IPO
P/E ratio refers to the fully diluted price per share.

Chapter 6 Case Analysis: Analysis of the First Chinese TV Direct Selling Company Listed Overseas

On May 3, 2007 (US Eastern Time), Acorn International debuted on NYSE, becoming the first Chinese TV direct selling company listed in the US. The share was warmly welcomed by investors, with the first-day return reaching 38.7%, which was also the highest among all NYSE-listed shares from the beginning of this year to May 3, 2007. Thus, the disputes over the Acorn listing, its "fraudulent product advertisement", "sudden huge profits", and even the creditability of the companies engaged in TV direct selling came to an end temporarily. The pusher behind such well-known brands as Ozing, Babaka, and Youngleda came up to the stage in the end.

Acorn International debuted on NYSE, becoming the first Chinese TV direct selling company listed in the US

6.1 Listing profile

Acorn International offered a total of 7.7 million ADRs (American Depository Receipts), with each equaling to three common stocks. Therein, 6.7 million ADRs came from Acorn International, and the rest 1.1 million ones came from selling shareholders. Acorn International won't benefit from the ADRs of selling sharehold-

It raised an aggregate of US\$119.00M successfully

ZERO2IPO RESEARCH CENTER



Zero2IPO-China VentureDatabase

China VentureDatabase, maintained by Zero2IPO Research Center and launched in July 2007, provides most comprehensive information on VC and PE-backed companies and their investors. The Database includes information of China merger and acquisition, private equity, venture capital and IPO. It also provides online search function, integrated analysis and horizontal and vertical comparisons cross deals. Subscribers can access it online anywhere at any time. The database is viewed as the most reliable and complete source in China venture capital industry.

China Venture Capital Research Series



China Venture Capital Research Series includes quarterly, semi-annual and annual reports. Based on the survey of 300 active VC funds in China, the series cover all aspects of China venture capitals, including fund raising, investment, exit, etc. In addition, the series also provide ample description and analysis on highlighted industries and forecast of future stars.

China Private Equity Research Series



China Private Equity Research Series includes quarterly, semi-annual and annual reports launched from 2006. The series reveals activities of private equity funds in fundraising, investment, exit, etc. In addition, they provide detailed studies on hot issues, such as China policy and regulatory environments, privatization of state-owned enterprises, case study and syndication investment of private equity funds. It is the first-ever systematic research on private equity in China.

China Merger and Acquisition Research Series



China Merger and Acquisition Research Series launched in 2006 include quarterly, semi-annual and annual reports. The series traces deals of TMT, Healthcare, Clean Energy and the Cross-Bordered, especially, VC-related deals.

China Enterprises IPO Research Series



IPO Research Series includes quarterly, semi-annual and annual reports focusing on both Chinese Enterprises overseas IPOs and domestic IPOs. Venture capital/private equity-backed companies debuting in global capital markets and Chinese capital markets are especially focused. The series provides comprehensive analysis and statistics on offering terms, backed VC funds and exit information, industry sector, case studies, prospective evens of the next quarter, etc.

Reports on the Performance of China Venture Capital Investment, 1994-2005



The report is jointly initiated by Zero2IPO Research Center and China Venture Capital Association. It is the first research commanding venture capital performance in China across one decade from 1994 to 2005. The report provides in-depth analysis with succinct presentation of 25 thousand words and 70 charts, which suits best for VC professionals, LPs and researchers.

China Venture Capital & Private Equity Directory



China Venture Capital & Private Equity Directory includes 400 foreign and domestic firms operating in China and covers all-around information of these VC funds, such as the capital under management, investment sector, investment stage, portfolio companies and detailed contact information. The directory is updated annually.

Custom Research

Zero2IPO Research Center also provides custom research in areas covering various China industries and companies, government policies and regulations, shareholding restructuring and IPO planning and LP investment consulting services to better serve the diverse needs of relevant professionals.

Research Contact

Michael Kang
Tel: +86(10)8458 4371/0478
E-mail: michaelkang@zero2ipo.com.cn

Sales Contact

Kitty Guan
Tel: +86(10)8458 0476-8035
E-mail: kittyguan@zero2ipo.com.cn



Copyright Declaration

Produced by Zero2IPO Research Center, this report is strictly protected by all relevant copyright laws. Zero2IPO Group reserves final explanation and proprietary rights. Any piece of information contained in the report can only be for reference by the purchaser. Without written consent from Zero2IPO, no copying or translation of the report and/or any piece of information contained in the report is allowed. Legal actions will be taken in case of plagiarism and/or violation of the above statement.

Introduction to Survey and Report Compilation

Zero2IPO Research Center has been launching Zero2IPO China Venture Capital Quarterly Surveys since Q1 2001 by collecting real-time data from 300 local and foreign VC funds operating in Mainland China. The quarterly report is an informative, reliable and up-to-date source for professionals in VC industry to trace the development of China venture capital industry.

The conclusion and data in the report were mainly based on China venture capital quarterly survey. The report presents readers with informative, precise analysis, and objective conclusions. In addition, we continue to use Zero2IPO China Venture Capital Activity Index of Investment (All) for your reference. For more information, please refer to the appendix.

About Zero2IPO Research Center

Established in Nov. 2001, Zero2IPO Research Center aims to provide professional research reports and custom researches for relevant professionals in the Greater China Region. Our research ranges from venture capital, private equity, IPO, M&A to industries. Today, Zero2IPO Research Center has been regarded as the most accurate, complete and compelling information source on investment, exit, fundraising and VC/PE-backed deals by many investment bankers, venture capital and private equity funds, consulting firms, ventures and media.

In addition, Zero2IPO has launched the first China VentureDatabase in July 2007. China VentureDatabase provides most comprehensive information on VC and PE-backed companies and their investors. The Database includes information of China merger and acquisition, private equity, venture capital and IPO. It also provides online search function, integrated analysis and horizontal and vertical comparisons cross deals. Subscribers can access it online anywhere at any time. The Database is viewed as the most reliable and complete source in China venture capital industry.

About Zero2IPO Group

Founded in 1999, Zero2IPO is a leading integrated service provider in the China venture capital and private equity industry. Over the past seven years, Zero2IPO has become an unbeatable dealflow and networking source in China.

Zero2IPO's mission is to be the preferred service provider to businesses in the venture capital and private equity industry by offering an unparalleled knowledge and expertise to our clients and partners. To ensure this, Zero2IPO provides a broad and deep array of services enabling entrepreneurs and investors to reach the next level of success.

What We Do

Financial Advisory Services: Financial Advisory Services (FAS) represents China startups seeking venture capital or private equity funding. Through its extensive network of investors worldwide, FAS channels over \$US100M to startups each year. These startups are distributed across a broad spectrum of industries, including biotechnology, health care services, telecommunications, media, education, Internet and e-commerce.

Financial Information Services: Financial Information Services (FIS) releases annual, quarterly, and customized research reports covering China venture capital, private equity, M&A, and IPOs. Also known as the Zero2IPO Research Center, FIS is viewed as the most trustworthy information source in the industry. FIS reports are used by investors, LPs, investment banks, auditing firms, law firms and entrepreneurs worldwide. Each year, FIS publishes the China venture capital ranking results which are widely accepted and quoted among these professionals.

Media & Network Services: Media & Network Services (MNS) strives to provide a networking platform for entrepreneurs and investors. Since 2001, MNS has organized twelve China Venture Capital Forums and over fifty Z-Club activities. Each year, over 4000 participants attend these conferences and club events held in Beijing, Shanghai, Tokyo, London, and Silicon Valley. Together, the China Venture Capital Forum (CVCF) and Z-Club events constitute the largest networking platform for investors and entrepreneurs in China.

Zero2IPO Capital: Formed in late 2006, the Zero2IPO Capital is a venture capital arm targeted at high-potential, early-stage China startups. Leveraging Zero2IPO's vast network in China, Zero2IPO Capital does not compete with other venture funds, but rather assists companies in the early stages of product development and market feasibility until a formal round of venture funding is required. Since most China venture capital firms focus on larger, later-stage deals, Zero2IPO Capital enables the most promising early-stage companies reach a later stage of venture capital funding.

Zero2IPO Group is headquartered in Beijing with offices in Shanghai, Shenzhen, Hong Kong, and Silicon Valley.

China Enterprises IPO Report Q2 2007

Beijing

Add: Suite1203, Tower A, Eagle Run Plaza, No. 26 Xiaoyun Road,
Chaoyang District, Beijing 100016, P.R. China
Tel: + 86 10 84580476, 62588680 Fax: + 86 10 84580480

Shanghai

Add: 5E, Crystal Century Tower, No. 567, Weihai Road,
Jingan District, Shanghai, 200041, China
Tel: + 86 21 62889090, 62886707 Fax: + 86 21 62886716

Hong Kong

Add: 2101, 21/F, Westlands Center, 20 Westlands
Road, Quarry Bay, Hong Kong.
Tel: + 852 2960 4611 Fax: + 852 2960 0185

Silicon Valley

Add: 100 Hamilton Ave, Suite 100,
Palo Alto, CA94301
Tel: + 1 650 461 8100 Fax: + 1 650 461 8101

Email: Service@zero2ipo.com.cn
URL: www.zero2ipo.com.cn www.zero2ipo.com.cn/en