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AMERICAN VS. CHINESE TECH INITIAL PUBLIC OFFERINGS  
A Comparison of American Tech IPOs and U.S.-Listed Chinese Tech IPOs

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## **Abstract**

The number of Chinese technology firms choosing against the largest IPO markets of the world – the Hong Kong and Shanghai Markets – is rapidly increasing. Rather than holding an initial public offering in, perhaps, one of these more sensible locations, young Chinese tech firms are electing to raise funds in the United States. By year 2007, the number of U.S.-listed Chinese tech firms is substantial enough for investors to take notice. How these tech firms relate to comparable American tech firms is an important factor in overall understanding of the tech industry. Using a combination of stock price returns, historical price-to-earnings ratios, and price-to-sales ratios, the following study determines that U.S.-listed Chinese tech stocks are not always worth the investment.

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## **Introduction**

Valuing the initial public offering of any company seeking to list on a U.S. stock exchange is never an easy feat. Revenues are not proven consistent; financial data may be inaccurate or inflated; a consistent stream of investors has yet to be established. This idea is only made more complicated when such a company operates in a foreign country, especially a country as renowned as China.

We can price a Chinese initial public offering in U.S. markets – commonly referred to as a U.S.-listed IPO – any number of ways, but the uncertainty of these valuations remains a crucial debate among investment bankers. Of course, as with any start-up company, a discounted cash flow analysis is likely not the best method due to the ambiguity in forecasting future cash flows. In the same regard, calculating a forecasted price-to-earnings ratio is also probably not a suitable method.

For Chinese companies, going public on a U.S. stock exchange is appealing because it is a way to attract international investors in an already strong economy. By removing the continental barrier, young Chinese companies seek investment dollars that they might not receive if they were to list in China. Furthermore, many of these Chinese companies are so new in their existence that their earnings do not even qualify them for listing on the Hong Kong, Shanghai, or Shenzhen Markets.

According to Simon Fong, president of Snowball Finance (China's largest online forum for investors of U.S.-listed Chinese stock), for a company to IPO in China it must have positive earnings equaling at least 30 million RMB in its three most recent fiscal years. Mr. Fong, citing the Chinese company that sparked this U.S. IPO trend as an example, describes how Baidu (NASDAQ: BIDU) was only profitable for two years prior

to its U.S. IPO in 2005, with a meager 2.4 million RMB as its most recent quarterly earnings at the time. Not only do these companies often not meet fiscal requirements, but they tend to shy away from the lengthy registration process that precedes an IPO in China; a precaution of the People's Republic of China to protect current state-owned enterprises from a diversion of investment capital (Fong).

Reasoning aside, it is imperative for researchers and investors to uncover consistencies in the pricing behaviors of these U.S.-listed Chinese companies due to the never-ending growth in the technology industry. It can be expected that pricing discrepancies of Chinese firms will arise from the American fear of misappropriation, notoriously weak corporate governance practices, and unimpressive historical financial data. However, the underlying notion of investors that any growth company linked to the word "China" is a superior investment could have a greater impact on pricing and long-run performance than the previously mentioned, negative factors. The allure posed by Chinese growth companies is often undeniable.

In the following text, I will uncover the relationship between Chinese tech IPOs on U.S. stock exchanges and comparable American tech IPOs, ultimately determining the stronger investment. I will also conclude whether or not these types of securities are worthwhile long-term investments, or if the characteristics surrounding foreign issuers combined with the volatility of the tech industry leaves little justification for a buy-and-hold strategy. My analysis will center primarily on stock price returns, historical price-to-earnings ratios, and price-to-sales ratios.

## **Literature Review**

An abundance of research exists regarding Chinese IPO behavior and both short and long-run performance. Interestingly enough, this wealth of knowledge ceases in the area of U.S.-listed Chinese companies and how these companies compare to comparable American companies. Regarding IPOs in general, several scholarly articles are especially important to consider.

A piece titled, “Corporate Governance and Market Valuation in China,” written by five faculty members at The University of Hong Kong, examines the effects of shareholder interest and government mechanisms on the valuation of companies publicly traded in China. In analyzing stock performance of Chinese companies listed on either the Shanghai Stock Exchange or the Hong Kong Stock Exchange between 1999 and 2001, the authors of the piece make a few important discoveries in the valuation of Chinese stocks.

It is determined that a high rate of non-controlling interest in stocks and the issuance of stocks to foreign investors has a positive impact on the valuation of these stocks. This could be for a number of reasons, primarily the belief held by foreign investors that Chinese stocks remain at the forefront of innovation or because weak Chinese governmental regulations can result in skewed financial numbers that are subsequently revealed to outside investors. This is consistent with the following research in that American investors of U.S.-listed Chinese tech stocks hold these companies in high regard, which tends to drive up the price relative to comparable American tech stocks. Contrarily, the researchers find that a high rate of controlling interest, such as

CEOs, members of the board of the directors, or the Chinese government has a negative effect on the valuation of stocks listed on the Chinese markets.

Skepticism surrounding Chinese financial information and forecasts disclosed in company prospectuses has existed for a number of years, driven by numerous class action lawsuits against U.S.-listed Chinese companies for false or misleading prospectus financials. However, a study titled, “Accuracy of forecast information disclosed in the IPO prospectuses of Hong Kong companies,” by Bikki Jaggi of Rutgers University, reveals that forecasts listed in IPO prospectuses of Hong Kong companies from 1990 to 1994 were surprisingly accurate. IPO forecasts by Hong Kong companies and corporations in the outskirts of this geographic region are rarely overestimated. In fact, Dr. Jaggi found that in more cases these Chinese companies underestimated their earnings forecasts.

This study also revealed that the level of accuracy of the forecasts relates most to the number of years that the company has existed. The greater the number of historical figures, the more accurate the forecasts of future years; of course, this is something that is already widely accepted. Perhaps, this is the difference between Chinese companies of old and Chinese companies of today. Chinese corporations today might choose to go public and face the scrutiny of the American stock market regulators far too young in their existence, and rather than direct misrepresentation of forecasted earnings, they simply do not have the business experience to accurately predict earnings.

Likewise, “Earnings forecast errors in IPO prospectuses and their associations with initial stock returns,” by Gongmeng Chen, Michael Firth, and Gopal Krishnan of The Hong Kong Polytechnic University, encounters the same phenomenon. Using a

sample of Chinese companies and financials forecasted in the prospectus, the authors analyze the margin of error over actual and forecasted earnings. The abstract of the study states, “In general, forecasts appear to be quite accurate and they are far better than the predictions derived from simple time series models.” Simply put, a traditional linear regression based on historical earnings is less accurate than the internal methods used by Chinese corporations.

Another study titled, “IPO underpricing in China’s new stock markets,” again completed by Gongmeng Chen, Michael Firth, and Jeong-Bon Kim of The Hong Kong Polytechnic University, investigates the pricing of Chinese companies listed on Chinese stock exchanges at their initial public offerings. The sample of companies includes 701 A-share IPOs sold to domestic investors and 117 B-share IPOs sold to foreign investors all between the years 1992 and 1997. The study reveals that the A-shares sold to domestic investors realized an initial median return of 145%, which exhibits severe underpricing, while the B-shares sold to foreign investors experienced median underpricing of only 10% through the initial returns.

Certainly, some differences in the underpricing are caused by the makeup of the companies themselves. For instance, a tech company IPO in 1995 sold to domestic investors will experience a greater instance of underpricing versus an energy company IPO in 1997 sold to foreign investors. Naturally, the industry of the company undergoing an IPO has an effect on the underpricing, but nevertheless, B-share IPOs experienced a considerable lower initial return in comparison to A-share IPOs. Perhaps the most important verdict of this study is that “underpricing is a positive function of the relative price-to-book ratio and the relative price-to-earnings multiple.”



The most pertinent scholarly dissertation to my own research is “The performance and long-run characteristics of the Chinese IPO market,” by Carol Padgett and Jing Chi, and published in the *Pacific Economic Review*, Volume 10, Issue 4. Similar to the previous piece, this study also used a sample of Chinese IPOs from years 1996 and 1997. A total of 340 IPOs were used to analyze the short-run performance, while 409 IPOs were used for the long-run. Chi and Padgett found that the average initial underpricing across the entire sample was 127.3%, while the first sample of firms experienced average 3-year returns of 10.3% and the second sample a slight increase to 10.7%. Surprisingly, the study concluded that lower initial returns yield a better performance in the long-run. This is a discovery that I will note in my own sample of U.S.-listed Chinese tech IPOs.

One discrepancy I noticed among former dissertations is the use of either averages or medians to quantify results. Although “IPO underpricing in China’s new stock markets” utilizes medians, the authors of “The performance and long-run characteristics of the Chinese IPO market” seek stronger results with the use of averages. Consequently, I use both medians and averages in my own sample of companies to account for any outliers in either the upper or lower ranges of returns or valuation multiples.

After reviewing various other scholarly articles regarding Chinese IPO behavior, it is evident that the study of U.S.-listed Chinese tech IPOs is uncharted territory. Undoubtedly, this field will draw more attention as time passes and younger Chinese tech firms seek capital from U.S. investors. For now, it is important to utilize the methods and discoveries of past research to formulate my own conclusions based on the following research.

## **Background**

In recent years, an obvious trend has occurred in which Chinese tech corporations are more confident raising funds through the markets of the United States rather than the exchanges of Hong Kong, Shanghai, or Shenzhen. Pre-dot-com bubble, the phenomenon known as U.S.-listed Chinese corporations was almost non-existent in the technology industry. Slowly, Chinese tech corporations began to gain more faith raising funds in America versus their homeland, and by 2005 the trend began to emerge. “Starting in 2005 with the initial public offering of search engine Baidu (NASDAQ: BIDU), Chinese IPOs represented innovative and growing companies that reflected China’s emergence from a developing economy to a broad-based, post-modern society,” states a Renaissance Capital report.

Despite this newfound interest in the NASDAQ and NYSE for Chinese tech firms, it was not until 2007 that a significant sample of Chinese IPOs occurred on American stock exchanges. In 2007, the American markets realized a total of nine Chinese tech IPOs versus only three in the year prior. And, as stated, in the years preceding 2007 the number of Chinese tech firms choosing to raise funds in America was hit-or-miss.

Back at home, however, Chinese markets experienced great growth throughout the same period. By 2010, after trailing the United States for so many years in the race to be the proverbial IPO king, China had solidified its position as IPO frontrunner. In 2010, the Greater China area saw a record number of IPO deals in both quantity and proceeds raised. In 2008, 2009, and 2010, China held 157, 208, and a staggering 502 IPOs,

respectively. This is in contrast to the U.S. markets, which saw a mere 57, 69, and 168 IPOs across the same years (Gehsmann).

In the little IPO activity that the U.S. did experience, China played an active role. According to Renaissance Capital's 2010 annual IPO report, Chinese corporations comprised a substantial 27% of total U.S. IPO volume in 2010 as well as 18% and 13% in the preceding years. Renaissance Capital describes the 2010 U.S. IPO trend as follows:

“Most Chinese IPOs relating to infrastructure and basic materials were routed to the Hong Kong Exchange, whereas most growth companies opted for a U.S. listing. Catering to U.S. investors' demand for fast-growing companies, these U.S.-traded Chinese IPOs tended to be relatively new companies, some barely past the start-up phase.”

Looking closely into the structure of Chinese and American corporations, a difference in the annual filings becomes apparent. While we are most familiar with the 10-K report, as required by the U.S. Securities & Exchange Commission, Chinese corporations offer a similar financial report called the 20-F. Contrary to what some investors believe, Chinese corporations are mandated by the same guidelines and regulations as American companies, outlined by the SEC. Any intentional discrepancies in Chinese 20-F reports are subject to the same severe penalty as any other company listed in the United States; however, Chinese corporations are notorious for disclosing the bare minimum requirements.

By definition, the 10-K is the “annual report pursuant to section 13 and 15(d),” while the 20-F is the “annual and transition report of foreign private issuers pursuant to sections 13 or 15(d).” The only variance in definition is that the 20-F is used solely by

foreign issuers. Sections 13 and 15(d) refer to the disclosure requirements of the Securities Exchange Act of 1934 (SEC “Filer Manual”).

Other differences in the reports, aside from the name, stem from the SEC’s attempt to ease the transition of Chinese companies from their own governmental policies to that of the U.S. SEC. For instance, interim reports for U.S. companies are required on a quarterly basis in the form of the 10-Q, while interim reports of U.S.-listed Chinese companies remain pursuant to Chinese law. These interim reports, called 6-Fs, are sometimes filed less frequently than the 10-Qs (semiannually), though most seem to file quarterly, regardless (Higgins).

Additionally, the 20-F report of Chinese companies was previously subject to a filing deadline of six months following the most recent fiscal year, versus a tighter three months for American companies and the 10-K. This was likely to facilitate accurate Chinese reporting, understanding that U.S. requirements vary from the requirements in Hong Kong or Shanghai. The reporting lag drew some concern considering timely financial reports help drive accurate trading (Higgins).

The SEC made several adjustments to the laws governing foreign issuers on December 5, 2008. Effective the first fiscal year following December 15, 2011, over a three year transition period, foreign companies are now required to accelerate their 20-F filing to four months following the fiscal year end. The SEC determined that the old deadline was obsolete, citing the shorter filing periods of other world markets like Canada and Europe. Further changes include additional corporate governance disclosure and the inclusion of segment data in financial statements according to U.S. GAAP. The

positive or negative impact of these changes has yet to be realized (SEC “Foreign Issuer”).

One last, considerable difference between U.S.-listed Chinese and American companies is the fundamental equity security that is traded. Of course, a share of equity interest in an American entity is the common or preferred share, itself; but, because Chinese companies may IPO first in America with future intentions of secondary offerings back in China, their U.S. shares are referred to as American Depository Shares. An American Depository Share, long for ADS, is a “U.S. dollar denominated form of equity ownership in a non-U.S. company” (“Definition”). American Depository Receipts are often mentioned interchangeably with ADSs, although an ADR is a certificate representing a specific purchase of ADSs, which embody common shares.

One ADS can represent underlying common shares of a foreign issuer at a simple 1:1 ratio, but based on the Chinese companies used in this study, one ADS regularly represents multiple common shares. In the case of Taomee Holdings, who held an IPO in 2010, a single ADS encompasses twenty underlying common shares. In the sale of Chinese equity securities, the motive behind either a large number of common shares – or one single common share – per ADS is unclear. Though, there is a noticeable difference in the ADS ratio between the historical 2007 sample of Chinese companies and the recent 2010 and 2011 samples. Chinese tech IPOs in 2007 have an ADS ratio of 1:1 50% of the time, and the remaining companies sold ADSs at low ratios such as 1:3 and 1:5. This contrasts 2010 and 2011 Chinese IPOs that have an ADS ratio of 1:1 less than 10% of the time, while some companies have ADS ratios like 1:20, 1:19, 1:18, and 1:16. This data is summarized in Table 1 on the following page.

**Table 1:**

2007		2010		2011	
Chinese Company	CS per ADS	Chinese Company	CS per ADS	Chinese Company	CS per ADS
Vanceinfo Technology	1	iSoftStone Holdings Limited	10	Tudou Holdings	4
China Digital TV Holdings	1	Sky-mobi Limited	8	Taomee Holdings	20
Perfect World	5	SemiLEDs	-	Phoenix New Media	8
Spreadtrum Communications	3	Youku.com	18	Jiayuan.com International	1.5
Yingli Green Energy	1	Bitauto Holdings Limited	1	NetQin Mobile	5
LDK Solar	1	RDA Microelectronics	6	RenRen	3
China Sunergy	6	Daqo New Energy	5	21Vianet Group	6
Qiao Xing Mobile	-	ChinaCache International	16	Qihoo 360 Technology	1.5
JA Solar Holdings	3	SouFun Holdings Limited	4	Trunkbow International	-
		Camelot Information Systems	4	BCD Semiconductor	6
		AutoNavi Holdings	4		
		HiSoft Technology	19		
		Kingtone Wireless Solution	1		
<b>Average:</b>	<b>2.63</b>		<b>8.00</b>		<b>6.11</b>

*This table shows the smaller ratio of common shares per ADS in the 2007 sample compared to the corresponding 2010 and 2011 samples.*

Important to note in Table 1 is that three Chinese companies – Qiao Xing Mobile, SemiLEDs, and Trunkbow International – offer their common shares directly on the U.S. exchanges. The reason they are able to avoid the issuance of ADSs is likely due to their founding business locations prior to years of mergers, acquisitions, and restructuring. According to their prospectuses, a subsidiary of Qiao Xing Mobile originated in the Virgin Islands; SemiLEDs began its practice in Delaware; and, Trunkbow International launched in Nevada. Now, each of these companies is headquartered in different parts of China, although portions of their businesses remain in the U.S.

Because ADSs represent a specific number of a Chinese company’s common shares, financial data and valuation metrics must be converted to a common share basis before an accurate comparison can be made between Chinese and American tech performance. For example, shares outstanding of these Chinese companies are technically listed as ADSs outstanding via the WRDS database. This number must be multiplied by the number of common shares that each ADS signifies in order to find the measure of “shares outstanding” that we are familiar with. Likewise, offer and closing prices are

listed per ADS, which is divided by the ADS ratio to find the prices per common share. Then, accurate earnings per share and revenue per share can be calculated, followed by the calculation of P/E and P/S ratios.

## Procedure

Due to the nature of this study and that only a specific number of Chinese tech firms choose to IPO in the United States, my sample size is a given number. I am constrained by the exact number of Chinese tech IPOs that did in fact occur over a given year, and vice versa for a comparable sample of American tech IPOs. Being that the NASDAQ and NYSE are home to American tech companies, it is inevitable that the American sample size is consistently larger than the sample size of U.S.-listed Chinese companies. The important fact here is that *all* American and Chinese tech IPOs in a specified year are included, so I am comparing the samples of Chinese tech companies and American tech companies as wholes.

I choose to limit my research to the tech industry for two important reasons. Firstly, although the number of U.S.-listed Chinese tech IPOs is small relative to American tech IPOs, this is the industry with the greatest influx of Chinese firms going public in the United States. This phenomenon is also experienced in Chinese consumer product and energy firms, but on a much smaller scale; too small to generate an efficient sample. Secondly, private investors view the tech industry as a lucrative investment opportunity, given the volatility of the market, which makes the industry especially exciting to study.

It is crucial to note that in conducting this research, I use Yahoo Finance's tech industry classification – which encompasses sub-industries like software design, semiconductors, logistics, *and* internet companies – to help define my sample of “tech” companies. With the enormous IPO of LinkedIn and the anticipation of a Facebook IPO in the near future, our minds have been trained to associate the tech industry with Internet



start-up companies, specifically social networking websites. While the Chinese sample does include the latter, such as RenRen and Jiayuan, it also includes companies like Qihoo 360 specializing in security software. Ultimately, my sample is of companies that are classified as “tech” on paper, rather than just society’s perception of “tech.”

I begin my research with a sample of IPOs in the most recent year, 2011. I do this because I want to learn how these IPOs currently behave with the familiar market conditions and economy that surround us at this point in time. Of course, only a limited amount of knowledge is determined by a sample of companies that IPO in the most recent year. Long-run performance cannot be determined, nor can the effects of the market specific to 2011. Naturally, a similar sample is created for the year 2010 because I view this sample as, essentially, an extension of 2011. Generally, an economic trend or factor exists for longer than a year’s time, so by including the year 2010 in my research I widened my sample of “recent” tech IPOs. View the full list of Chinese and American tech IPOs in 2010 and 2011 in Table 2 and Table 3, respectively.

**Table 2:**

<b>2011 Sample</b>					
	<u>American Company</u>	<u>Ticker</u>		<u>Chinese Company</u>	<u>Ticker</u>
1	Zynga	ZNGA	1	Tudou Holdings	TUDO
2	Jive Software	JIVE	2	Taomee Holdings	TAOM
3	Intermolecular	IMI	3	Phoenix New Media	FENG
4	InvenSense	INVN	4	Jiayuan.com International	DATE
5	Imperva	IMPV	5	NetQin Mobile	NQ
6	Carbonite	CARB	6	RenRen	RENN
7	Tangoe	TNGO	7	21Vianet Group	VNET
8	HomeAway	AWAY	8	Qihoo 360 Technology	QIHU
9	Pandora Media	P	9	Trunkbow International	TBOW
10	Fusion-io	FIO	10	BCD Semiconductor	BCDS
11	Freescale Semiconductor	FSL			
12	Active Network (The)	ACTV			
13	LinkedIn	LNKD			
14	FriendFinder Networks	FFN			
15	Boingo Wireless	WIFI			
16	Responsys	MKTG			
17	Ellie Mae	ELLI			
18	Cornerstone OnDemand	CSOD			
19	Fluidigm	FLDM			
20	NeoPhotonics	NPTN			
21	Demand Media	DMD			

*Above is the sample of American and U.S.-listed Chinese tech IPOs in 2011.*

**Table 3:**

<b>2010 Sample</b>				
	<u>American Company</u>	<u>Ticker</u>	<u>Chinese Company</u>	<u>Ticker</u>
1	Aeroflex Holdings	ARX	iSoftStone Holdings Limited	ISS
2	Inphi	IPHI	Sky-mobi Limited	MOBI
3	The KEYW Holdings	KEYW	SemiLEDs	LEDS
4	SciQuest	SQI	Youku.com	YOKU
5	RealPage	RP	Bitauto Holdings Limited	BITA
6	Intralink Holdings	IL	RDA Microelectronics	RDA
7	Qlink Technologies	QLIK	Daqo New Energy	DQ
8	Motricity	MOTR	ChinaCache International	CCIH
9	BroadSoft	BSFT	SouFun Holdings Limited	SFUN
10	TeleNav	TNAV	Camelot Information Systems	CIS
11	Convio	CNVO	AutoNavi Holdings	AMAP
12	DynaVox	DVOX	HiSoft Technology	HSFT
13	Meru Networks	MERU	Kingtone Wireless Solution	KONE
14	SS&C Technologies Holdings	SSNC		
15	MaxLinear	MXL		
16	Calix Networks	CALX		

*Above is the sample of American and U.S.-listed Chinese tech IPOs in 2010.*

Understandably, reviewing tech IPO trends in only the short run will not provide a good indication of tech IPO behavior as a whole, and most importantly the differences between U.S.-listed Chinese tech companies and comparable American tech companies. To accommodate the long-run performance, I also choose to research 2007 IPOs. In assessing the number of IPOs in historic years, 2007 was the first year with an adequate number – nine in total – of Chinese tech companies holding an IPO in the United States.

Reasoning for excluding year 2008 and 2009 IPOs from my research is that these years are significant outliers from years 2007, 2010, 2011 in terms of IPO activity. The 2008 financial crisis – and its subsequent recovery in 2009 – is considered the worst since the Great Depression and not a viable period for any company advancement. View the full list of Chinese and American tech IPOs in 2007 in Table 4 on the following page.

**Table 4:**

		<b>2007 Sample</b>			
	<u>American Company</u>	<u>Ticker</u>		<u>Chinese Company</u>	<u>Ticker</u>
1	NetSuite	N	1	Vanceinfo Technology	VIT
2	Orion Energy Systems	OESX	2	China Digital TV Holdings	STV
3	MEMSIC	MEMS	3	Perfect World	PWRD
4	MedAssets	MDAS	4	Spreadtrum Communications	SPRD
5	Entropic Communications	ENTR	5	Yingli Green Energy	YGE
6	SuccessFactors	SFSF	6	LDK Solar	LDK
7	Rubicon Technology	RBCN	7	China Sunergy	CSUN
8	MSCI	MSCI	8	Qiao Xing Mobile	QXM
9	Neutral Tandem	TNDM	9	JA Solar Holdings	JASO
10	Deltek	PROJ			
11	VMware	VMW			
12	DemandTec	DMAN			
13	Virtusa	VRTU			
14	Monotype Imaging Holdings	TYPE			
15	ShoreTel	SHOR			
16	PROS Holdings	PRO			
17	AuthenTec	AUTH			
18	Infinera	INFN			
19	TechTarget	TTGT			
20	Solera Holdings	SLH			
21	Cavium	CAVM			
22	MetroPCS Communications	PCS			
23	Comverge	COMV			
24	Super Micro Computer	SMCI			
25	GSI Technology	GSIT			
26	Aruba Networks	ARUN			
27	Glu Mobile	GLUU			
28	Sourcefire	FIRE			
29	Clearwire	CLWR			
30	Opnext	OPXT			
31	PositiveID	PSID			

*Above is the sample of American and U.S.-listed Chinese tech IPOs in 2007.*

The 2007 sample has a much stronger presence of American firms than Chinese firms, but again, I believe that the idea here is that I am comparing a “whole” against a “whole.” With 2007 IPOs at hand, I initially determine first-day price changes from the offer price to the closing price, as I did with both the 2010 and 2011 samples. Also included in the short-run indicators were 3-month and 6-month price changes. Where this sample becomes different and more valuable than the two more recent year samples is tracking 1-year through 4-year price changes, along with price-to-earnings ratios and price-to-sales ratios.

Being that the historical sample of IPOs begins in 2007, these firms have endured market fluctuations that are worth considering. Primarily, the 2008 financial crisis is sure to have had an effect on the performance of the companies, which is considered in the

results of my research. Additionally, I analyze any differences in the severity of the financial crisis and its impact on both the American and Chinese corporations. Knowing that the core business function of the Chinese tech companies thrives in their homeland, a less severe impact on the Chinese firms is anticipated. This is in contrast to American tech firms whose investment dollars are derived in the U.S. in addition to the products that are marketed and sold here.

The tools found most helpful in conducting research of American versus U.S.-listed Chinese tech companies are the following:

- **Microsoft Excel** is the primary program for business professionals who seek a common source of data entry and various mathematical and statistical functions. I rely on Excel to store all of the data accumulated from online resources and to format this information into comprehensible tables and charts.
- **Hoovers** is an online database that contains an abundance of company background information and financial data. Hoovers serves as a secondary source to confirm revenues and profits and to research the business and origin of companies used in my samples.
- **Yahoo Finance** is a necessary tool for opening and closing share prices. To find the price of company's stock on any particular date, I use Yahoo Finance.
- **EDGAR Online** is operated by the Securities & Exchange Commission and contains all public company SEC filings. Perhaps the most essential of all resources, I use EDGAR to analyze company prospectuses and annual financial reports.

- **IPOScoop** is a tool for investors who track IPOs. This website also includes an archive of all IPOs sorted by industry and dating back to the year 2000. In conjunction with searching the internet, IPOScoop is the starting point in discovering both American and Chinese tech IPOs.
- **WRDS** is the Wharton Research Data Services founded by the University of Pennsylvania, Wharton School of Business. This service is most helpful in discovering the number of company shares outstanding at any date in time.

Company revenues and earnings are tracked over time using annual financial reports; in the case of the American companies, the 10-K, and in the case of the Chinese companies, the 20-F. These numbers are necessary in calculating the price-to-earnings and price-to-sales ratios used to help value a particular stock. Moreover, I find the number of shares outstanding at a date in time relative to the date of the IPO in order to convert these financials to a per-share basis.

Despite the temporal mismatch in using a historical price-to-earnings ratio opposed to a forecasted price-to-earnings ratio, I believe that using historic earnings is a better valuation measure in this case due to the uncertainty involving forecasts. Ideally, forecasted earnings are used as a better indication of where a firm is heading, but with the risk of inaccurate forecasts, I do not want to have any doubt regarding the results of my research. Across all samples, I use historical earnings to calculate price-to-earnings ratios.

Following the calculations of returns, price-to-earnings ratios, and price-to-sales ratios, I use means and medians to evaluate and compare the American and Chinese samples. As previously stated, I believe these two statistical measures provide the

greatest insight of the samples in their entirety. In tracking returns over time, I understand that the up and down nature of these figures relies heavily on current market conditions, and for this reason, I consider the S&P 500 Equal Weighted Index returns as an indicator of systematic risk. The S&P 500 Equal Weighted Index is more appropriate than the market capitalization index because the average returns of these samples are not adjusted based on market share. I give all tech firms of any sample equal weight in the calculations of means, thereby requiring equal weight of all firms in the S&P 500.

## Results

During the most recent calendar year, 2011, American tech companies narrowly edged U.S.-listed Chinese tech companies in average first day returns. American tech IPOs experienced first day returns of 20% compared to 17% for Chinese IPOs. This seemingly negligible difference is deceiving because the average return of Chinese firms was sustained solely by the underpricing of Qihoo 360 Technology, whose price rose nearly 135%. Aside from Qihoo's impressive IPO, half of the 2011 U.S.-listed Chinese IPOs were overpriced at IPO and experienced negative first day returns. In fact, the median first day return of Chinese tech IPOs in 2011 was -2%.

The year 2010 provided similar first day results. While Chinese IPOs significantly outperformed American IPOs on average, the median return provides a better indication of true performance in this case. Youki.com supported the 2010 Chinese tech IPO sample with a return of 161%, accompanied by notable returns for ChinaCache and Soufun Holdings. The median return for Chinese companies was significantly less than its average, demonstrating the volatility of the U.S. IPO market for Chinese tech companies. This contrasts the reliability of 2010 American tech IPOs, whose average and median returns were both between 14 and 15%.

When U.S.-listed Chinese IPOs were first gaining traction in 2007, a different story was presented. Though not by much, first day returns of Chinese IPOs in this year were greater than American returns by both average and median. This year was a healthy time for the stock market as a whole, and investors were eager to get their hands on foreign stock. Given the performance of more recent Chinese tech offerings in America,

this era seems defined by a strong market and confidence in growth stocks, rather than an influx of superior Chinese tech companies.

Reverting back to the study titled, “IPO underpricing in China’s new stock markets,” I do not make the same discovery as Gongmeng Chen, Michael Firth, and Jeong-Bon Kim; the discovery that IPO underpricing is a positive function of the P/E ratio at IPO. If an investor chose to invest in the Chinese tech stock with the highest P/E ratio in 2011 (using the offer price and the historical earnings of the prospectus), he or she would have chosen Jiayuan.com International and lost 4.36% of the investment after the first day. In 2010, this investor would have missed the four best first day performers, none of which held any of this highest four P/E ratios at IPO. A summary of first day performance can be found in Table 5, below.

**Table 5:**

Larger Value	1st Day Averages					1st Day Medians				
	IPO Year		Return	P/E	P/S	IPO Year		Return	P/E	P/S
	2011	Chinese:	17.34%	13.09	3.23	2011	Chinese:	-2.18%	10.82	2.75
	American:	19.51%	18.10	1.73		American:	18.42%	11.04	1.37	
2010	Chinese:	32.24%	7.66	2.00	2010	Chinese:	8.00%	8.24	1.24	
	American:	14.35%	14.90	1.02		American:	14.98%	9.80	0.95	
2007	Chinese:	21.47%	11.16	3.77	2007	Chinese:	17.18%	11.55	2.24	
	American:	18.77%	26.39	2.05		American:	16.82%	13.96	1.67	

*Consider the P/E and P/S ratios of the above summary table. At IPO, American companies have higher P/E ratios and lower P/S ratios than Chinese companies across all IPO years. Despite strong growth represented by the P/E ratios, a significant amount of these American companies are not profitable in the historical year, leaving the P/S ratio as a better indicator of pricing. The low P/S ratio shows a fair pricing per unit of company revenue. Note that the American 2011 sample excludes the P/S ratio of Freescale Semiconductor, whose P/S ratio was an outlier at 175.64, due to a RPS value of only \$0.10 per share.*

By the end of the third month relative to the date of IPO, 2011 Chinese tech companies continued to perform poorly. This time, a price drop in Qihoo’s shares leveled its three month return at a more common 34%, which was not enough to negate the poor returns of the remaining Chinese companies over the same length of time. Both average



and median three month returns of the 2011 Chinese companies were negative, unlike the positive (yet small) returns of the American companies.

Surprisingly, three month returns of Chinese companies that held an IPO in 2010 paint an entirely different picture. The American sample performed well in 2010, but the Chinese sample performed even better. With the help of a nearly three-and-a-half time increase in the price of Youku.com's shares, the average return of Chinese companies was 54% and the median return was 50%.

Over three months in 2007, both Chinese and American tech companies continued to perform well, as they did the first day. This comes as no surprise, considering the strong market just before its collapse in 2008. Chinese tech firms experienced a 31% average price increase, with American tech firms trailing slightly at 26%. However, the American average return was bolstered by a 201% return for VMware. View the complete three month results in Table 6.

**Table 6:**

Larger Value	3 Month Averages				3 Month Medians			
	IPO Year	Return	P/E	P/S	IPO Year	Return	P/E	P/S
	2011	Chinese: -14.47%	17.65	3.58	2011	Chinese: -14.20%	14.39	2.87
	American: 4.04%	92.55	9.62		American: 5.07%	87.15	6.62	
2010	Chinese: 53.56%	13.68	3.06	2010	Chinese: 49.64%	10.57	1.67	
	American: 31.80%	94.04	5.08		American: 9.58%	60.04	3.37	
2007	Chinese: 31.35%	14.34	6.24	2007	Chinese: 65.38%	10.38	2.56	
	American: 26.37%	72.67	9.64		American: 17.57%	58.34	7.68	

*Strong performance of U.S.-listed Chinese companies in 2007 and 2010 over three months is contrasted by its poor performance in 2011. The P/E and P/S ratios given at the end of the three month period are mostly a reflection of price change, considering historical earnings remain the same, as do shares outstanding (in most cases). Note that the American 2011 sample excludes the P/S ratio of Freescale Semiconductor, whose P/S ratio was an outlier at 597.47, due to a RPS value of only \$0.02 per share.*

Over six months, 2010 Chinese tech IPOs cooled down. Although they maintained a 33% return over offering price, this return dropped from its three month average of 54%. The median return was 28%, demonstrating only little volatility. The continued positive returns following IPO are attributable to several Chinese companies,

rather than just one or two exceptional performers. American firms in 2010 showed increasing returns from their three month performance with a six month average return of 47% and a median return of 30%. The high P/E ratios of American companies seems to be a viable indication of growth and expectations bearing in mind the steady returns over six months.

Similarly, Chinese tech companies experienced the same steady returns over six months in 2007. From 22% average first day returns, to 31% three month returns, and finally to 44% six month returns, Chinese tech IPOs appeared to be practical investments in the short run. The median return, though, is not as stable at only 18%, so particular Chinese companies in which to invest would be deserving of prior scrutiny. The strongest Chinese performers over six months, Yingli Green Energy and JA Solar Holdings, also had the two highest P/E ratios. American tech performance in 2007 was not as excellent, yielding a slight price drop from a 26% average return over three months to a 20% return over six months. Observe six month data in Table 7.

**Table 7:**

Larger Value	6 Month Averages					6 Month Medians				
	IPO Year		Return	P/E	P/S	IPO Year		Return	P/E	P/S
	2010	Chinese:	32.79%	10.04	2.24	2010	Chinese:	27.58%	7.28	1.22
	American:	46.50%	69.37	4.74		American:	29.99%	44.15	4.06	
2007	Chinese:	43.61%	15.22	3.29	2007	Chinese:	18.13%	11.01	4.03	
	American:	19.51%	58.50	9.54		American:	15.70%	54.27	4.92	

*At the conclusion of this study, the majority of the 2011 tech IPO sample had not reached a six month maturity relative to IPO, hence the exclusion of 2011 IPOs from Table 7. Similar to the three month ratios, P/E and P/S over six months mostly reflect price changes. Note that the American 2010 sample excludes the P/E ratio of RealPage, whose P/E ratio was an outlier at over 29,000, due to an EPS value of less than 1 cent per share.*

By the one year mark, the sample of 2010 Chinese tech companies finally succumbed to a familiar pricing trend often experienced by growth companies; a surge in the short run followed by dwindling value in the long run. After a year of market

exposure, 2010 Chinese companies plummeted 26% below offer price on average and 49% using the median. American IPOs in 2010 were still considerably healthy after a year at 42% above offer on average and 36% using the median.

In 2007, for the first time we see American tech IPOs perform poorly. One year average returns were -30% and median returns were -46%. These figures are presented as a very strong exception. The stock market crashed in 2008 and the United States faced a recession almost unprecedented in history. Of course, investors did not pile their salaries into growth stocks during this time. Furthermore, American tech companies struggled to make a profit.

On the other hand, Chinese companies continued their business back home almost unaffected by the U.S. stock market. Their products still sold and their stocks still traded. However, given the caution of investors in the U.S., the one year prices of Chinese tech companies that went public in 2007 did face a slight decrease from their six month level. This cautionary factor is not as impactful as it is for American firms, though, and Chinese companies still maintained an average return of 29% over one year. View Table 8 for the full summary of data.

**Table 8:**

Larger Value	1 Year Averages					1 Year Medians				
	IPO Year		Return	P/E	P/S	IPO Year		Return	P/E	P/S
	2010	Chinese:	-25.88%	5.91	1.36	2010	Chinese:	-49.13%	4.76	0.74
	American:	42.16%	72.58	4.37		American:	35.70%	55.73	3.70	
2007	Chinese:	29.01%	9.86	2.38	2007	Chinese:	29.91%	8.20	1.58	
	American:	-29.52%	42.34	3.73		American:	-45.60%	27.56	3.03	

*2010 Chinese IPOs saw their stock prices fall considerably after one year. This is unlike the sample of 2007 Chinese IPOs that held on to their performance after an entire year. 2007 American IPOs faced the recession in 2008, and were hit much harder during this period than were Chinese firms. P/E and P/S ratios remained higher for American companies. Note that the American 2010 sample excludes the P/E ratio of RealPage, whose P/E ratio was an outlier at over 25,000, due to an EPS value of less than 1 cent per share. The American 2007 sample also excludes the P/E ratio of Cavium, whose P/E ratio was an outlier at 387.06, due to an EPS value of only \$0.05 per share.*

Short-run returns and multiples fail to tell the whole story. To this point, without using risk-adjusted measures, you could make the case for either American or Chinese tech companies as the better investment, provided a specified holding period. An important ratio used to assess risk is the Sharpe Ratio. The Sharpe Ratio “measures the potential impact of return volatility on expected return and the amount of return earned per unit of risk” (“Risk-Adjusted”).

To calculate the Sharpe Ratio, three important figures are needed: the average portfolio return, the risk free rate, and the portfolio standard deviation. The “portfolios” in this case will be the sample of either Chinese or American tech IPOs of a particular year. This measure will help determine the better investment, because the ideal investment will provide greater returns without taking on an immeasurable amount of risk. The risk free rate used in these calculations is the 20-year Treasury Yield, an industry standard.

Knowing that the higher the Sharpe Ratio, the more return that is offered for the amount of risk taken, we can quickly see that the American tech companies provide superior risk-adjusted returns. When the Sharpe Ratio is calculated at the end of the first day following an IPO, American companies had a Sharpe ratio of 0.58 in 2011; 0.70 in 2010; and, 0.64 in 2007. Chinese companies had ratios of 0.30, 0.55, and 0.62, respectively. The only year that the first day Sharpe Ratios were similar between Chinese and American companies was year 2007, a considerably healthy year for the entire market. View the Sharp Ratio calculations in Table 9 on the following page.

**Table 9:**

Sharpe Ratios							
		2011 IPO		2010 IPO		2007 IPO	
		Chinese	American	Chinese	American	Chinese	American
<b>Day 1:</b>	Return	17.34	19.51	32.24	14.35	21.47	18.77
	Rf Rate	3.62	3.62	4.03	4.03	4.91	4.91
	St. Dev.	45.13	27.18	51.10	14.79	26.64	21.78
	Sharpe Ratio	<b>0.30</b>	<b>0.58</b>	<b>0.55</b>	<b>0.70</b>	<b>0.62</b>	<b>0.64</b>
<b>1 Year:</b>	Return			-25.88	42.16	21.47	18.77
	Rf Rate			3.62	3.62	4.36	4.36
	St. Dev.			46.56	90.34	90.51	40.71
	Sharpe Ratio			<b>-0.63</b>	<b>0.43</b>	<b>0.19</b>	<b>0.35</b>
Average Chinese Sharpe Ratio (at Day 1):				<b>0.49</b>			
Average American Sharpe Ratio (at Day 1):				<b>0.64</b>			
Average Chinese Sharpe Ratio (at 1 Year):				<b>-0.22</b>			
Average American Sharpe Ratio (at 1 Year):				<b>0.39</b>			

Risk free rates for years 2007, 2008, 2010, and 2011 were 4.91%, 4.36%, 4.03%, and 3.62%, respectively. These rates were pulled from the U.S. Department of the Treasury website. Note that the average Sharpe Ratio at 1 Year for Chinese firms is a negative number. This indicates that investors would have been better served by investing in a risk free security.

In general, short-run performance is especially hard to predict in this industry.

Averages smooth the volatility (often giving a generous view of the entire sample), while medians can pinpoint an unhelpful figure when performed in such small sample sizes.

Ultimately, a similar amount of American and Chinese firms comprise the industry's best and worst performers over the first day in 2007, 2010, and 2011. By three months, slightly more American firms bring home the biggest returns, while the lowest returns are still a mixed batch between the two countries. Consider Table 10.

**Table 10:**

	1st Day						3 Month						
	2011	Return	2010	Return	2007	Return	2011	Return	2010	Return	2007	Return	
<b>Best Performers</b>	1	Qihoo 360	134.48	Youku.com	161.25	VMware	75.86	LinkedIn	75.62	Youku.com	245.70	VMware	200.59
	2	LinkedIn	109.44	ChinaCache	95.32	China Digital	75.00	Tangoe	38.50	RealPage	174.27	Comverge	98.94
	3	HomeAway	48.93	Soufun Holdings	72.94	Orion Energy	64.69	Cornerstone	34.54	HiSoft	145.90	LDK Solar	90.96
	4	Cornerstone	46.69	SemiLEDs	51.53	Infinaera	51.62	Qihoo 360	33.86	Qlik	130.30	Rubicon	88.07
	5	Phoenix New Media	34.09	Max Linear	33.57	China Sunergy	50.55	Responsys	32.83	Inphi	102.67	Aruba Networks	81.36
<b>Worst Performers</b>	1	FriendFinder	-21.50	Sky-Mobi	-25.00	Virtusa	-15.29	FriendFinder	-63.30	Kingtone Wireless	-43.50	MEMSIC	-35.50
	2	NetQin Mobile	-19.13	BroadSoft	-7.78	DemandTec	-15.09	Tudou Holdings	-53.72	TeleNav	-38.75	China Sunergy	-34.82
	3	Tudou Holdings	-11.86	Motricity	-7.40	AuthenTec	-9.09	RenRen	-42.50	Meru Networks	-20.93	Qiao Xing Mobile	-34.42
	4	Boingo Wireless	-10.37	Camelot	-3.18	Qiao Xing Mobile	-5.75	Freescall	-39.72	Motricity	-15.20	Deltek	-28.06
	5	Trunkbow	-5.20	Kingtone Wireless	-1.50	Yingli Green Energy	-4.55	NetQin Mobile	-38.26	Bitauto Holdings	-14.67	Vanceinfo	-27.88

*U.S.-listed Chinese firms are often the biggest winners and losers of the tech industry.*

Long-run performance is observed by calculating the rolling returns over 1-year, 2-year, 3-year, and 4-year periods relative to the date of IPO. Rolling returns are helpful indicators of the superior investment when a buy-and-hold strategy is used. The idea is that if a Chinese-oriented investor were to buy and hold a majority of these Chinese tech growth stocks from IPO and on, would he or she beat an American-oriented growth investor with the same strategy? If this investor of Chinese stocks does outperform the investor of American stocks for some time, when is his or her optimal time to sell?

Based on the accumulated data of 2007 IPOs, it would not be wise to buy U.S.-listed Chinese tech stocks at IPO and hold for longer than a year's time. After a year from IPO, the Chinese sample was up 29% from offer price while the American sample was down 30%. As previously stated, this is not a fair comparison due to the economy crash, which clearly hit American firms greater than Chinese firms. After this point, the price of Chinese stocks took a dive, down 19% after two years, then slightly up again by the third year, and finally facing eternal demise by the fourth year. There is no reason to believe that this sample of Chinese stocks will ever achieve the returns over offer price that it did in the short term. It is important to mention that zero Chinese firms have delisted by the end of 2011, but that does not imply internal operations are running smoothly.

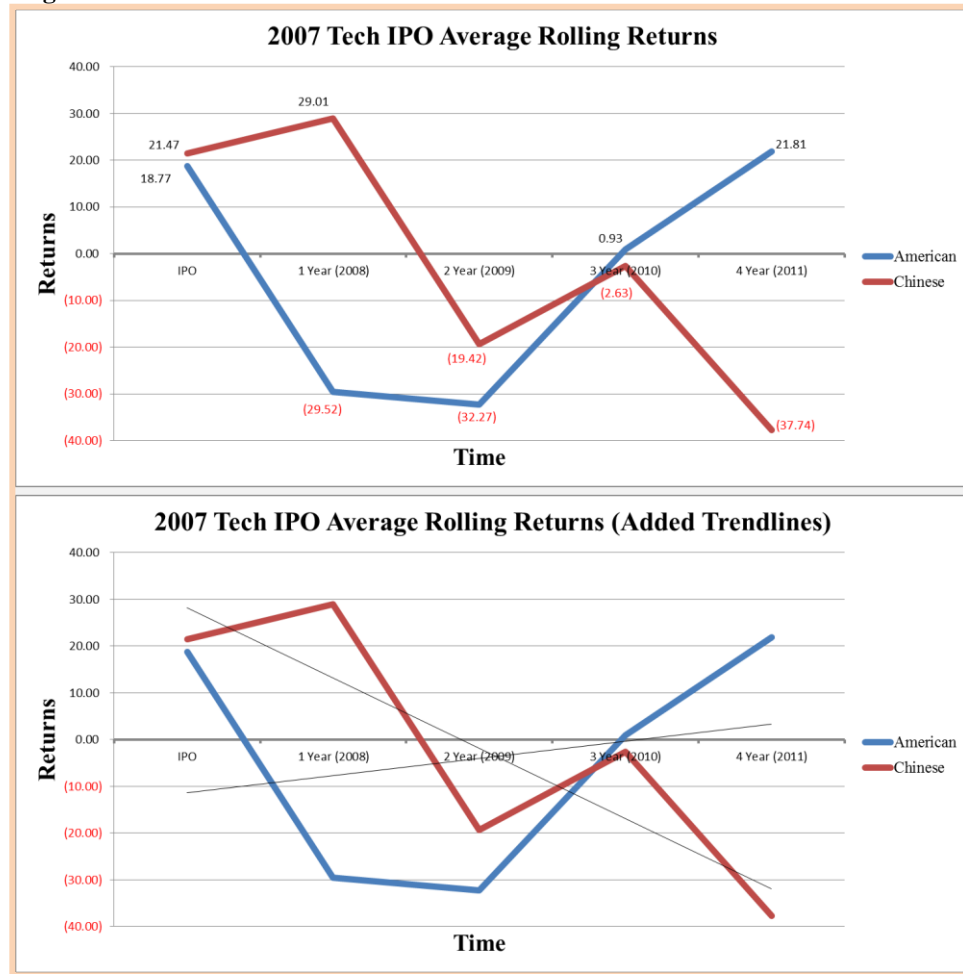
Jing Chi and Carol Padgett confirmed in their study, "The performance and long-run characteristics of the Chinese IPO market," that lower initial returns of Chinese IPOs leads to greater long-run performance. In my study of U.S.-listed Chinese IPOs, this is not the case. The two lowest first day returns of 2007 – belonging to Yingli Green Energy at -4.55% and Qiao Xing Mobile at -5.75% – transcend to 73.00% and -44.83% after one year, respectively. After two years, these returns are 38.91% and -76.58%; and, after

three and four years, each company sees negative returns. Clearly, assessing initial returns as a long-run predictor is not helpful in this case.

American firms that held an IPO in 2007 have withstood the obstacles imposed by the market crash, and things are now looking brighter. For the first time since the crash, average prices of American tech companies are above their offer price. Because these American companies were able to survive the crash and investors are currently driving their prices upward, it is likely that a greater number will prosper than will fail.

Rolling returns relative to IPO dates cannot be directly compared to the annual returns of a market index, but it is still helpful to consider market performance as a whole. According to the Guggenheim S&P 500 Equal Weight ETF annual prospectus, a fund indexed to the S&P 500 EWI, the market was up in 2007 by a mere 1.11%; down in 2008 by 40.40%; back up in 2009 by 45.03%; up 21.32% in 2010; and finally, down 0.51% in 2011. This means that Chinese tech firms drastically beat the market in 2008, as discussed. Also, both American and Chinese tech firms underperformed in 2009 and 2010 as the market recovered, likely caused by a lack of trust in growth stocks at the time. With the strongest economy since the pre-crash era, American tech firms outperformed the market in 2011 and Chinese firms took a dive. View a summary of the average rolling returns in Figure 1 on the following page.

**Figure 1:**



*Notice the trend lines look far more positive for American firms than Chinese firms.*

Interestingly, the average P/E ratio of American firms remains higher than the P/E ratio of Chinese firms throughout the entire four years. This can either demonstrate a consistent positive outlook on American tech companies, or it can imply a drastic overpricing relative to financial numbers. It is more likely that confidence in American tech stocks is the source of these high P/E ratios.

Contrarily, a bad signal might be depicted from the high P/S ratios of the same American tech stocks. It is usually better for the price of a stock to not deviate far from revenue per share figures. Investors do not like to overpay for a stock that fails to pull in



a justifiable level of revenue. So, while a high P/E ratio may indicate growth, a similarly high P/S could be a warning signal for investors. View the times series of average P/E and P/S ratios in Figure 2.

**Figure 2:**



*The 2007 sample of U.S.-listed Chinese and American tech IPOs show higher valuation metrics for American firms over the course of four years, except the P/S ratio at IPO. This is caused by Chinese firms choosing to go public in the U.S. with a small amount of historical revenue listed in the prospectuses.*

The 2007 sample of American tech companies maintained higher P/S ratios than the Chinese companies in all four years post-IPO, except at the date of IPO itself. At IPO, 2007 Chinese companies had the higher average P/S ratio. Furthermore, the sample of Chinese IPOs in years 2010 and 2011 demonstrated that same occurrence: a higher P/S

ratio at IPO. This is interesting, because it stems from a relatively small number in the denominator of the P/S ratio in comparison to American firms, the revenue per share. At IPO, Chinese firms have far less revenue to present to potential investors than the comparable set of American firms. This is in line with the notion that Chinese companies are preparing for IPO in the U.S. at a very young age, probably before they are equipped for success on the NASDAQ or NYSE.

## **Conclusion**

Appearing in the text above are the words “Catering to U.S. investors’ demand for fast-growing companies...” from the Renaissance Capital 2010 annual IPO report. This quote provides a concise, yet great summary of U.S.-listed Chinese IPOs. Routinely, these young, Chinese growth companies are entering the U.S. market and fooling U.S. investors into believing that they are equally-justifiable investments as any other tech stock. A telling fact from a report titled, “What’s Wrong With Chinese IPOs,” the experts at Renaissance Capital say that “if an investor bought every Chinese IPO since 2008, the average return though mid-June (2011) would have been a -24% loss, compared to a 25% gain on the average non-Chinese IPO.” This detail alone should arouse concern for U.S. investors.

Today, a potential investor would be mistaken to view the past performance of U.S.-listed Chinese tech companies and see anything but warning signs. While money can be made in the short run, there does not appear to be one method that serves as the foundation for choosing the right stock. Many U.S.-listed Chinese IPOs even defy the underpricing norms of the market and experience significant first day losses. By 2011, it seems that these types of Chinese companies have lost their charm and investors are beginning to stay clear from any remaining attraction. This is unlike the majority of comparable American tech firms that continue on the rollercoaster of cyclical price movements.

Even when some returns of Chinese companies appear favorable, investors must remember that the success of a portfolio cannot be based on standard returns alone. It is oftentimes helpful to observe risk-adjusted returns, which can be calculated using the

Sharpe Ratio. Due to large standard deviations of the portfolios of Chinese ratios, the Sharpe Ratios consistently show American tech companies as the more dependable investment, given the amount of risk that must be endured. The same way that an investor can achieve first day returns of 161.25% through a company like Youku.com, he or she could also face first day deficits of 25% through a company like Sky-mobi. It does not take a risk-averse investor to feel more comfortable somewhere in the middle, by choosing a less hazardous American company.

All in all, Chinese companies frequently comprise the best and worst performers of any particular sample. Some are fitted with what it takes to outlast the market, while others bring their ADSs to the U.S. with unwarranted high hopes. Most of these Chinese companies would be better served by gaining additional experience in China and proving themselves as worthy investments prior to taking the plunge.

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# Appendix A (2011 Raw Data)

2011 Tech Firm IPOs																			
Chinese Company	Ticker	Lead Manager	Joint Manager	Date	ADS	CS per ADS	Shares at Offer		Revenues (mil)	RPS	Offer Price (per ADS)	Offer Price (per CS)	1st Day Close (per ADS)	1st Day Close (per CS)	1st Day Return %	Net Profit (mil)	EPS	P/E Ratio	P/S Ratio
							Offer	ADS											
1 Tudou Holdings	TUDO	Credit Suisse	Deutsche Bank	8/17/2011	6,000,000	4	24,000,000	\$52.10	\$2.17	\$29.00	\$7.25	\$25.56	\$6.39	-11.86	(\$100.20)	(\$4.18)	N/A	3.34	
2 Taomee Holdings	TAOM	Credit Suisse	Deutsche Bank	6/9/2011	7,187,500	20	143,750,000	\$35.97	\$0.25	\$9.00	\$0.45	\$8.23	\$0.41	-8.56	\$21.57	\$0.15	3.00	1.80	
3 Phoenix New Media	FENG	Morgan Stanley	Deutsche Bank	5/12/2011	12,767,500	8	102,140,000	\$80.11	\$0.78	\$11.00	\$1.38	\$14.75	\$1.84	34.09	11.23	\$0.11	12.51	1.75	
4 Jayuan.com International	DATE	BofA Merrill Lynch	Citi	5/11/2011	7,100,000	1.5	10,650,000	\$25.39	\$2.38	\$11.00	\$7.33	\$10.52	\$7.01	-4.36	\$2.53	\$0.24	30.83	3.08	
5 NetQin Mobile	NQ	Piper Jaffray	-	5/5/2011	7,750,000	5	38,750,000	\$17.70	\$0.46	\$11.50	\$2.30	\$9.30	\$1.86	-19.13	(\$9.83)	(\$0.25)	N/A	5.04	
6 RenRen	RENN	Morgan Stanley	Deutsche Bank	5/4/2011	53,100,000	3	159,300,000	\$76.54	\$0.48	\$14.00	\$4.67	\$18.01	\$6.00	28.34	(\$64.16)	(\$0.40)	N/A	9.71	
7 21Vianet Group	VNET	Morgan Stanley	Barclays Capital	4/21/2011	13,000,000	6	78,000,000	\$79.58	\$1.02	\$15.00	\$2.50	\$18.80	\$3.13	25.33	(\$37.53)	(\$0.48)	N/A	2.45	
8 Qihoo 360 Technology	QIHU	UBS Investment Bank	Citi	3/30/2011	12,110,800	1.5	18,166,200	\$57.67	\$3.17	\$14.50	\$9.67	\$34.00	\$22.67	134.48	\$8.49	\$0.47	20.68	3.05	
9 Trunkbow International	TBOW	Roth Capital Partners	-	2/3/2011	-	-	4,000,000	\$13.47	\$3.37	-	\$5.00	-	\$4.74	-5.20	\$8.29	\$2.07	2.41	1.49	
10 BCD Semiconductor	BCDS	Jefferies	Stifel Nicolaus Weisel	1/28/2011	6,000,000	6	36,000,000	\$100.84	\$2.80	\$10.50	\$1.75	\$10.50	\$1.75	0.00	\$6.91	\$0.19	9.12	0.62	
														Average:	17.34		13.09	3.23	
														Median:	-2.18		10.82	2.75	
American Company	Ticker	Lead Manager	Joint Manager	Date	Shares at Offer	Revenues (mil)	RPS	Offer Price	Offer Price (per CS)	1st Day Close (per ADS)	1st Day Close (per CS)	1st Day Return %	Net Profit (mil)	EPS	P/E Ratio	P/S Ratio			
1 ZVie3a	ZNGA	Morgan Stanley	Goldman Sachs	12/16/2011	100,000,000	\$597.46	\$5.97	\$10.00	\$10.00	\$9.50	\$9.50	-5.00	\$90.60	\$0.91	11.04	1.67			
2 Live Software	JIVE	Morgan Stanley	Goldman Sachs	12/13/2011	13,439,600	\$46.27	\$3.44	\$12.00	\$12.00	\$15.05	\$15.05	25.42	(\$27.64)	(\$2.06)	N/A	3.49			
3 Intermolecular	IMI	Morgan Stanley	JP Morgan	11/18/2011	9,650,000	\$42.67	\$4.42	\$10.00	\$10.00	\$9.50	\$9.50	-5.00	(\$1.78)	(\$0.18)	N/A	2.26			
4 InvenSense	INVN	Goldman Sachs	Morgan Stanley	11/16/2011	10,000,000	\$96.55	\$9.65	\$7.50	\$7.50	\$8.90	\$8.90	18.67	\$9.35	\$0.93	8.02	0.78			
5 Imperva	IMPV	JP Morgan	Deutsche Bank	11/9/2011	5,000,000	\$55.38	\$11.08	\$18.00	\$18.00	\$24.00	\$24.00	33.33	(\$12.37)	(\$2.47)	N/A	1.63			
6 Carbonite	CARB	BofA Merrill Lynch	JP Morgan	8/11/2011	6,250,000	\$38.56	\$6.17	\$10.00	\$10.00	\$12.35	\$12.35	23.50	(\$25.76)	(\$4.12)	N/A	1.62			
7 Tangoe	TNGO	Deutsche Bank	Stifel Nicolaus Weisel	7/27/2011	8,770,000	\$68.47	\$7.81	\$10.00	\$10.00	\$11.65	\$11.65	16.50	(\$1.75)	(\$0.20)	N/A	1.28			
8 HomeAway	AWAY	Morgan Stanley	-	6/29/2011	8,000,000	\$167.88	\$20.99	\$27.00	\$27.00	\$40.21	\$40.21	48.93	\$16.93	\$2.12	12.76	1.29			
9 Pandora Media	P	Morgan Stanley	JP Morgan	6/15/2011	14,684,000	\$137.76	\$9.38	\$16.00	\$16.00	\$17.42	\$17.42	8.88	(\$1.76)	(\$0.12)	N/A	1.71			
10 Fusion-io	FIO	Goldman Sachs	Morgan Stanley	6/9/2011	12,300,000	\$36.22	\$2.94	\$19.00	\$19.00	\$22.50	\$22.50	18.42	(\$31.72)	(\$2.58)	N/A	6.45			
11 Freescale Semiconductor	FSL	Citi	Deutsche Bank	5/26/2011	43,500,000	\$4.46	\$0.10	\$18.00	\$18.00	\$18.33	\$18.33	1.83	(\$1.05)	(\$0.02)	N/A	Outlier			
12 Active Network (The)	ACTV	BofA Merrill Lynch	Citi	5/25/2011	11,000,000	\$279.60	\$25.42	\$15.00	\$15.00	\$15.90	\$15.90	6.00	(\$27.27)	(\$2.48)	N/A	0.59			
13 LinkedIn	LNKD	Morgan Stanley	BofA Merrill Lynch	5/19/2011	7,840,000	\$343.10	\$31.01	\$45.00	\$45.00	\$94.25	\$94.25	109.44	\$15.39	\$1.96	22.93	1.45			
14 FriendFinder Networks	FFN	Imperial Capital	Ladenburg Thalmann	5/11/2011	5,000,000	\$346.00	\$69.20	\$10.00	\$10.00	\$7.85	\$7.85	-21.50	(\$43.15)	(\$8.63)	N/A	0.14			
15 Biingo Wireless	WIFI	Credit Suisse	Deutsche Bank	5/4/2011	5,770,000	\$80.42	\$13.94	\$13.50	\$13.50	\$12.10	\$12.10	-10.37	\$16.28	\$2.82	4.78	0.97			
16 Responsys	MKTG	Morgan Stanley	Credit Suisse	4/21/2011	6,619,654	\$94.07	\$14.21	\$12.00	\$12.00	\$15.40	\$15.40	28.33	\$8.60	\$1.30	9.24	0.84			
17 Ellie Mae	ELLI	Barclays Capital	-	4/15/2011	7,500,000	\$43.23	\$5.76	\$6.00	\$6.00	\$6.77	\$6.77	12.83	\$0.78	\$0.10	\$7.92	1.04			
18 Comerstone OnDemand	CSOD	Goldman Sachs	Barclays Capital	3/17/2011	10,500,000	\$43.73	\$4.16	\$13.00	\$13.00	\$19.07	\$19.07	46.69	(\$48.37)	(\$4.61)	N/A	3.12			
19 Fluidigm	FLOM	Deutsche Bank	Piper Jaffray	2/10/2011	5,558,333	\$25.41	\$4.57	\$13.50	\$13.50	\$14.02	\$14.02	3.85	(\$19.13)	(\$3.44)	N/A	2.95			
20 Neophotonics	NPTN	BofA Merrill Lynch	Deutsche Bank	2/2/2011	7,500,000	\$155.06	\$20.67	\$11.00	\$11.00	\$13.25	\$13.25	20.45	(\$6.69)	(\$0.89)	N/A	0.53			
21 Demand Media	DMD	Goldman Sachs	Morgan Stanley	1/26/2011	8,900,000	\$198.45	\$22.30	\$17.00	\$17.00	\$21.85	\$21.85	28.53	(\$22.47)	(\$2.52)	N/A	0.76			
														Average:	18.51		18.10	1.73	
														Median:	18.42		11.04	1.37	

### 3-Month Data (2011 Sample)

Chinese Company	Date	3-Month Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)		3-Month				
		(per ADS)	(per CS)				RPS	EPS	Return %	P/E Ratio	P/S Ratio		
Tudou Holdings	11/17/2011	\$13.42	\$3.36	6,000,000	24,000,000	(\$100.20)	\$52.10	\$2.17	(\$4.18)	-53.72	N/A	1.55	
Taomee Holdings	9/9/2011	\$7.74	\$0.39	7,187,500	143,750,000	\$21.57	\$35.97	\$0.25	\$0.15	-14.00	2.58	1.55	
Phoenix New Media	8/12/2011	\$8.74	\$1.09	12,767,500	102,140,000	11.23	\$80.11	\$0.78	\$0.11	-20.55	9.94	1.39	
Jiayuan.com International	8/11/2011	\$12.77	\$8.51	7,361,000	11,041,500	\$2.53	\$25.39	\$2.30	\$0.23	16.09	37.11	3.70	
NetQin Mobile	8/5/2011	\$7.10	\$1.42	7,750,000	38,750,000	(\$9.83)	\$17.70	\$0.46	(\$0.25)	-38.26	N/A	3.11	
RenRen	8/4/2011	\$8.05	\$2.68	53,100,000	159,300,000	(\$64.16)	\$76.54	\$0.48	(\$0.40)	-42.50	N/A	5.59	
21Vianet Group	7/21/2011	\$13.95	\$2.33	14,950,000	89,700,000	(\$37.53)	\$79.58	\$0.89	(\$0.42)	-7.00	N/A	2.62	
Qihoo 360 Technology	6/30/2011	\$19.41	\$12.94	12,110,800	18,166,200	\$8.49	\$57.67	\$3.17	\$0.47	33.86	27.68	4.08	
Trunkbow International	5/3/2011	-	\$4.28	-	36,507,000	\$8.29	\$13.47	\$0.37	\$0.23	-14.40	18.84	11.60	
BCD Semiconductor	4/28/2011	\$10.06	\$1.68	6,693,000	40,158,000	\$6.91	\$100.84	\$2.51	\$0.17	-4.19	9.75	0.67	
										Average:	-14.47	17.65	3.58
										Median:	-14.20	14.39	2.87
American Company	Date	3-Month Close		Shares Outstanding	Net Profit (mil)	Revenues (mil)		3-Month					
						RPS	EPS	Return %	P/E Ratio	P/S Ratio			
Zynga	3/16/2012	-	-	-	-	-	-	-	-	-	-	-	
Jive Software	3/13/2012	-	-	-	-	-	-	-	-	-	-	-	
Intermolecular	2/18/2012	-	-	-	-	-	-	-	-	-	-	-	
InvenSense	2/16/2012	-	-	-	-	-	-	-	-	-	-	-	
Imperva	2/9/2012	-	-	-	-	-	-	-	-	-	-	-	
Carbonite	11/11/2011	\$11.85		25,131,000	(\$25.76)	\$38.56	\$1.53	(\$1.03)	18.50	N/A	7.72		
Tangoe	10/27/2011	\$13.85		32,747,000	(\$1.75)	\$68.47	\$2.09	(\$0.05)	38.50	N/A	6.62		
HomeAway	9/29/2011	\$33.82		80,551,000	\$16.93	\$167.88	\$2.08	\$0.21	25.26	160.87	16.23		
Pandora Media	9/15/2011	\$10.29		161,104,000	(\$1.76)	\$137.76	\$0.86	(\$0.01)	-35.69	N/A	12.03		
Fusion-io	9/9/2011	\$19.61		77,809,000	(\$31.72)	\$36.22	\$0.47	(\$0.41)	3.21	N/A	42.13		
Freescale Semiconductor	8/26/2011	\$10.85		245,487,000	(\$1.05)	\$4.46	\$0.02	(\$0.00)	-39.72	N/A	Outlier		
Active Network (The)	8/25/2011	\$16.04		52,983,000	(\$27.27)	\$279.60	\$5.28	(\$0.51)	6.93	N/A	3.04		
LinkedIn	8/19/2011	\$79.03		9,016,000	\$15.39	\$243.10	\$26.96	\$1.71	75.62	46.31	2.93		
FriendFinder Networks	8/11/2011	\$3.67		29,631,000	(\$43.15)	\$346.00	\$11.68	(\$1.46)	-63.30	N/A	0.31		
Boingo Wireless	8/4/2011	\$8.99		33,133,000	\$16.28	\$80.42	\$2.43	\$0.49	-33.41	18.30	3.70		
Responsys	7/21/2011	\$15.94		47,009,000	\$8.60	\$94.07	\$2.00	\$0.18	32.83	87.15	7.97		
Ellie Mae	7/15/2011	\$5.65		20,647,000	\$0.78	\$43.23	\$2.09	\$0.04	-5.83	150.14	2.70		
Comerstone OnDemand	6/17/2011	\$17.49		47,538,000	(\$48.37)	\$43.73	\$0.92	(\$1.02)	34.54	N/A	19.01		
Fluidigm	5/10/2011	\$15.95		18,976,000	(\$19.13)	\$25.41	\$1.34	(\$1.01)	18.15	N/A	11.91		
NeoPhotonics	5/2/2011	\$11.04		24,626,000	(\$6.69)	\$155.06	\$6.30	(\$0.27)	0.36	N/A	1.75		
Demand Media	4/26/2011	\$15.07		82,852,000	(\$22.47)	\$198.45	\$2.40	(\$0.27)	-11.35	N/A	6.29		
										Average:	4.04	92.55	9.62
										Median:	5.07	87.15	6.62

# Appendix B (2010 Raw Data)

2010 Tech Firm IPOs																		
Chinese Company	Ticker	Lead Manager	Joint Manager	Date	ADS	CS per ADS	Shares at Offer	Revenues (mil)	RPS	Offer Price (per ADS)	Offer Price (per CS)	1st Day Close (per ADS)	1st Day Close (per CS)	1st Day Return %	Net Profit (mil)	EPS	P/E Ratio	P/S Ratio
1. SkyStone Holdings Limited	ISS	UBS Investment Bank	J.P. Morgan	12/14/2010	10,833,334	10	108,333,340	\$134.39	\$1.24	\$13.00	\$13.00	\$16.20	\$1.62	\$9.05	\$0.08	\$0.58	15.56	1.05
2. Sky-mobi Limited	MOBI	Citi	-	12/10/2010	7,250,000	8	58,000,000	\$79.73	\$1.37	\$8.00	\$8.00	\$6.00	\$0.75	-25.00	(\$33.67)	(\$0.58)	N/A	0.73
3. SemiLEDs	LEDS	BoA Merrill Lynch	Barclays Capital	12/9/2010	-	-	5,250,000	\$35.76	\$6.81	-	\$17.00	-	\$25.76	\$10.83	\$2.06	\$2.06	8.24	2.50
4. Youku.com	YOUK	Goldman Sachs	-	12/8/2010	15,847,700	18	285,258,600	\$42.50	\$0.08	\$12.80	\$0.71	\$33.44	\$1.86	161.25	(\$26.70)	(\$0.89)	N/A	9.01
5. Bitauto Holdings Limited	BITA	Citi	UBS Investment Bank	11/17/2010	10,600,000	1	10,600,000	\$42.36	\$4.05	\$12.00	\$12.00	\$12.45	\$12.45	3.75	(\$8.84)	(\$0.83)	N/A	2.96
6. RDA Microelectronics	RDA	Morgan Stanley	Credit Suisse	11/10/2010	7,500,000	6	45,000,000	\$118.37	\$2.63	\$9.00	\$11.75	\$10.75	\$11.79	19.44	\$11.31	\$0.25	5.87	0.57
7. Daqo New Energy	DQ	Morgan Stanley	Deutsche Bank	10/17/2010	8,000,000	5	40,000,000	\$111.19	\$2.78	\$9.50	\$11.90	\$10.25	\$2.05	7.89	\$30.84	\$0.77	2.46	0.68
8. ChinaCache International	CCH	BoA Merrill Lynch	Deutsche Bank	10/1/2010	6,060,980	16	96,975,680	\$39.90	\$0.41	\$13.90	\$0.87	\$27.15	\$1.70	95.32	(\$5.74)	(\$0.06)	N/A	2.11
9. SouFun Holdings Limited	SFUN	Deutsche Bank Securities	Goldman Sachs	9/17/2010	2,933,238	4	11,732,952	\$127.05	\$10.83	\$42.50	\$10.63	\$73.50	\$18.38	72.94	\$52.65	\$4.49	2.37	0.98
10. Camelot Information Systems	CIS	Goldman Sachs	Barclays Capital	7/20/2010	13,333,334	4	53,333,336	\$118.00	\$2.21	\$11.00	\$2.75	\$10.65	\$2.66	-3.18	\$12.97	\$0.24	11.31	1.24
11. AutoNavi Holdings	ANAV	Goldman Sachs	-	7/1/2010	8,825,000	4	34,500,000	\$57.16	\$1.66	\$12.50	\$3.13	\$13.50	\$3.38	8.00	\$10.82	\$0.31	9.96	1.89
12. HiSoft Technology	HSFT	Deutsche Bank	-	6/30/2010	7,400,000	19	140,600,000	\$91.46	\$0.65	\$10.00	\$0.53	\$10.40	\$0.55	4.00	\$7.36	\$0.05	10.05	0.81
13. Kingtone Wireless Solution	KONE	Roth Capital Partners	-	5/14/2010	4,000,000	1	4,000,000	\$11.24	\$2.81	\$4.00	\$4.00	\$3.94	\$3.94	-1.50	\$5.30	\$1.32	3.02	1.42
								Average:	32.24					8.00			7.66	2.00
								Median:	8.00								8.24	1.24
American Company	Ticker	Lead Manager	Joint Manager	Date	ADS	CS per ADS	Shares at Offer	Revenues (mil)	RPS	Offer Price	Offer Price (per CS)	1st Day Close	1st Day Close (per CS)	1st Day Return %	Net Profit (mil)	EPS	P/E Ratio	P/S Ratio
1. Aeroflex Holdings	ARX	Goldman Sachs	Credit Suisse	11/19/2010	17,250,000	17	250,000	\$655.05	\$37.97	\$13.50	\$13.50	\$13.50	\$13.50	0.00	(\$12.27)	(\$0.71)	N/A	0.36
2. Inphi	IPHI	Morgan Stanley	Deutsche Bank	11/11/2010	6,800,000	6	6,800,000	\$58.85	\$8.65	\$12.00	\$12.00	\$15.30	\$2.50	27.50	\$7.33	\$1.08	11.13	1.39
3. The KEYW Holdings	KEYW	SunTrust Robinson Humphrey	-	10/1/2010	9,100,000	9	100,000	\$39.04	\$4.29	\$10.00	\$10.00	\$11.38	\$1.38	13.80	(\$2.11)	(\$0.23)	N/A	2.33
4. SCQuest	SQI	Sifrel Nicolas Weisel	-	9/24/2010	6,000,000	6	6,000,000	\$36.18	\$6.03	\$9.50	\$9.50	\$12.27	\$2.16	\$19.43	\$3.24	2.93	1.58	
5. RealPage	RP	Credit Suisse	Deutsche Bank	8/12/2010	12,300,000	12	300,000	\$140.90	\$11.46	\$11.00	\$11.00	\$14.52	\$2.00	\$28.43	\$2.31	4.76	0.96	
6. Intralinks Holdings	IL	Morgan Stanley	Deutsche Bank	8/6/2010	11,000,000	11	1,000,000	\$140.70	\$12.79	\$13.00	\$13.00	\$13.00	\$13.00	0.00	(\$24.77)	(\$2.25)	N/A	1.02
7. Qlik Technologies	QLIK	Morgan Stanley	Citi	7/16/2010	11,200,000	11	200,000	\$157.36	\$14.05	\$10.00	\$10.00	\$12.80	\$2.80	28.00	\$6.86	\$0.61	16.32	0.71
8. Motricity	MOTR	J.P. Morgan	Goldman Sachs	6/18/2010	6,000,000	6	113,700	\$113.70	\$18.95	\$10.00	\$10.00	\$9.26	\$9.26	-7.40	(\$16.30)	(\$2.72)	N/A	0.53
9. BroadSoft	BSFT	Goldman Sachs	Jefferies	6/16/2010	7,000,000	7	500,000	\$68.89	\$9.18	\$9.00	\$9.00	\$8.30	\$8.30	-7.78	(\$7.85)	(\$1.05)	N/A	0.98
10. TeleNav	TNAV	J.P. Morgan	Deutsche Bank	5/13/2010	7,000,000	7	100,000	\$110.88	\$15.84	\$8.00	\$8.00	\$9.80	\$2.50	\$29.62	\$4.23	1.89	0.51	
11. Comio	CNVO	Thomas Weisel Partners	Piper Jaffray	4/29/2010	5,132,728	5	132,728	\$63.09	\$12.29	\$9.00	\$9.00	\$10.24	\$1.24	13.78	(\$2.10)	(\$0.41)	N/A	0.73
12. DynaVox	DVOX	Piper Jaffray	Jefferies	4/22/2010	9,375,000	9	375,000	\$91.16	\$9.72	\$15.00	\$15.00	\$15.00	\$15.00	0.00	\$2.66	\$0.28	52.85	1.54
13. Meri Networks	MERU	BoA Merrill Lynch	-	3/31/2010	4,386,784	4	386,784	\$69.49	\$15.84	\$15.00	\$15.00	\$19.17	\$2.80	(\$17.39)	(\$3.96)	N/A	0.95	
14. SS&C Technologies Holdings	SSNC	J.P. Morgan	-	3/31/2010	10,725,000	10	725,000	\$70.92	\$25.26	\$15.00	\$15.00	\$15.08	\$15.08	0.53	\$19.02	\$1.77	8.46	0.59
15. MaxLinear	MXL	Morgan Stanley	Deutsche Bank	3/24/2010	6,444,100	6	444,100	\$51.35	\$7.97	\$14.00	\$14.00	\$18.70	\$3.57	33.57	\$4.33	\$0.67	20.84	1.76
16. Calix Networks	CALX	Goldman Sachs	Morgan Stanley	3/24/2010	6,328,932	6	328,932	\$32.95	\$36.81	\$13.00	\$13.00	\$15.10	\$15.10	16.15	(\$22.44)	(\$3.55)	N/A	0.35
								Average:	14.35					14.98			14.90	1.02
								Median:	14.98								9.80	0.95



3-Month Data (2010 Sample)													
Chinese Company	Date	3-Month Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	3-Month Return %	P/E Ratio	P/S Ratio	
		(per ADS)	(per CS)										
iSoftStone Holdings Limited	3/14/2011	\$19.46	\$1.95	10,833,334	108,333,340	(\$3.18)	\$196.98	\$1.82	(\$0.03)	49.69	N/A	1.07	
Sky-mobi Limited	3/10/2011	\$9.17	\$1.15	7,250,000	58,000,000	(\$33.67)	\$79.73	\$1.37	(\$0.58)	14.63	N/A	0.83	
SemiLEDs	3/9/2011	-	\$15.14	-	27,254,000	\$10.83	\$35.76	\$1.31	\$0.40	-10.94	38.11	11.54	
Youku.com	3/8/2011	\$44.25	\$2.46	15,847,700	285,258,600	(\$31.06)	\$58.74	\$0.21	(\$0.11)	245.70	N/A	11.94	
Bitauto Holdings Limited	2/17/2011	\$10.24	\$10.24	10,600,000	10,600,000	(\$193.22)	\$69.52	\$6.56	(\$18.23)	-14.67	N/A	1.56	
RDA Microelectronics	2/10/2011	\$13.60	\$2.27	7,500,000	45,000,000	\$19.13	\$191.16	\$4.25	\$0.43	51.11	5.33	0.53	
Daqo New Energy	1/7/2011	\$13.25	\$2.65	8,000,000	40,000,000	\$68.57	\$242.69	\$6.07	\$1.71	39.47	1.55	0.44	
ChinaCache International	1/1/2011	\$20.80	\$1.30	6,970,000	111,520,000	(\$8.46)	\$61.22	\$0.55	(\$0.08)	49.64	N/A	2.37	
SouFun Holdings Limited	12/17/2010	\$72.51	\$18.13	2,933,238	11,732,952	\$52.65	\$127.05	\$10.83	\$4.49	70.61	4.04	1.67	
Camelot Information Systems	10/20/2010	\$17.67	\$4.42	13,333,334	53,333,336	\$12.97	\$118.00	\$2.21	\$0.24	60.64	18.17	2.00	
AutoNavi Holdings	10/1/2010	\$17.25	\$4.31	9,919,000	39,676,000	\$10.82	\$57.16	\$1.44	\$0.27	38.00	15.81	2.99	
HiSoft Technology	9/30/2010	\$24.59	\$1.29	7,400,000	140,600,000	\$7.36	\$91.46	\$0.65	\$0.05	145.90	24.71	1.99	
Kingtone Wireless Solution	8/14/2010	\$2.26	\$2.26	4,000,000	4,000,000	\$5.30	\$11.24	\$2.81	\$1.32	-43.50	1.71	0.80	
										Average:	53.56	13.68	3.06
										Median:	49.64	10.57	1.67
American Company	Date	3-Month Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	3-Month Return %	P/E Ratio	P/S Ratio	
		(per ADS)	(per CS)										
Aeroflex Holdings	2/19/2011	\$24.32	\$19.68		82,250,000	(\$12.27)	\$655.05	\$7.96	(\$0.15)	45.78	N/A	2.47	
Inphi	2/11/2011	\$14.67	\$24.32		24,049,000	\$26.13	\$83.19	\$3.46	\$1.09	102.67	22.38	7.03	
The KEYW Holdings	1/1/2011	\$12.30	\$14.67		25,555,000	\$10.91	\$107.99	\$4.23	\$0.43	46.70	34.37	3.47	
SciQuest	12/24/2010	\$30.17	\$12.30		20,528,000	\$19.43	\$36.18	\$1.76	\$0.95	29.47	13.00	6.98	
RealPage	11/12/2010	\$21.03	\$30.17		63,213,000	\$28.43	\$140.90	\$2.23	\$0.45	174.27	67.08	13.54	
Intralinks Holdings	11/6/2010	\$23.03	\$21.03		49,329,000	(\$24.77)	\$140.70	\$2.85	(\$0.50)	61.77	N/A	7.37	
Qlik Technologies	10/16/2010	\$8.48	\$23.03		77,219,000	\$6.86	\$157.36	\$2.04	\$0.09	130.30	259.20	11.30	
Motricity	9/18/2010	\$7.85	\$8.48		40,046,000	(\$16.30)	\$113.70	\$2.84	(\$0.41)	-15.20	N/A	2.99	
BroadSoft	9/16/2010	\$4.90	\$9.10		24,705,000	(\$7.85)	\$68.89	\$2.79	(\$0.32)	1.11	N/A	3.26	
TeleNav	8/13/2010	\$7.85	\$4.90		42,140,000	\$41.41	\$171.16	\$4.06	\$0.98	-38.75	4.99	1.21	
Convio	7/29/2010	\$11.86	\$7.85		17,438,000	(\$2.10)	\$63.09	\$3.62	(\$0.12)	-12.78	N/A	2.17	
DynaVox	7/22/2010	\$15.72	\$14.63		9,383,000	\$0.51	\$114.30	\$12.18	\$0.05	-2.47	271.83	1.20	
Meru Networks	6/30/2010	\$15.72	\$11.86		15,912,000	(\$17.39)	\$69.49	\$4.37	(\$1.09)	-20.93	N/A	2.72	
SS&C Technologies Holdings	6/30/2010	\$15.72	\$16.03		71,232,000	\$19.02	\$270.92	\$3.80	\$0.27	6.87	60.04	4.21	
MaxLinear	6/24/2010	\$11.41	\$15.72		31,239,000	\$4.33	\$51.35	\$1.64	\$0.14	12.29	113.44	9.56	
Calix Networks	6/24/2010	\$11.41	\$11.41		37,339,000	(\$22.44)	\$232.95	\$6.24	(\$0.60)	-12.23	N/A	1.83	
										Average:	31.80	94.04	5.08
										Median:	9.58	60.04	3.37

6-Month Data (2010 Sample)													
Chinese Company	Date	6-Month Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	6-Month Return %	P/E Ratio	P/S Ratio	
		(per ADS)	(per CS)										
iSoftStone Holdings Limited	6/14/2011	\$11.29	\$1.13	10,833,334	108,333,340	(\$3.18)	\$196.98	\$1.82	(\$0.03)	-13.15	N/A	0.62	
Sky-mobi Limited	6/10/2011	\$6.78	\$0.85	7,250,000	58,000,000	\$20.71	\$103.17	\$1.78	\$0.36	-15.25	2.37	0.48	
SemiLEDs	6/9/2011	-	\$7.15	-	27,261,000	\$10.83	\$35.76	\$1.31	\$0.40	-57.94	18.00	5.45	
Youku.com	6/8/2011	\$32.10	\$1.78	15,847,700	285,258,600	(\$31.06)	\$58.74	\$0.21	(\$0.11)	150.78	N/A	8.66	
Bitauto Holdings Limited	5/17/2011	\$7.98	\$7.98	10,600,000	10,600,000	(\$193.22)	\$69.52	\$6.56	(\$18.23)	-33.50	N/A	1.22	
RDA Microelectronics	5/10/2011	\$12.95	\$2.16	10,761,000	64,566,000	\$19.13	\$191.16	\$2.96	\$0.30	43.89	7.28	0.73	
Daqo New Energy	4/7/2011	\$12.12	\$2.42	8,000,000	40,000,000	\$68.57	\$242.69	\$6.07	\$1.71	27.58	1.41	0.40	
ChinaCache International	4/1/2011	\$18.23	\$1.14	12,147,000	194,352,000	(\$8.46)	\$61.22	\$0.31	(\$0.04)	31.15	N/A	3.62	
SouFun Holdings Limited	3/17/2011	\$16.29	\$4.07	11,732,000	46,928,000	\$63.11	\$224.49	\$4.78	\$1.34	-61.67	3.03	0.85	
Camelot Information Systems	1/20/2011	\$24.87	\$6.22	13,333,334	53,333,336	18.60	192.86	\$3.62	\$0.35	126.09	17.83	1.72	
AutoNavi Holdings	1/1/2011	\$16.98	\$4.25	9,919,000	39,676,000	20.19	85.77	\$2.16	\$0.51	35.84	8.34	1.96	
HiSoft Technology	12/31/2010	\$30.20	\$1.59	7,400,000	140,600,000	\$7.36	\$91.46	\$0.65	\$0.05	202.00	30.35	2.44	
Kingtone Wireless Solution	11/14/2010	\$3.62	\$3.62	4,000,000	4,000,000	\$8.24	\$14.51	\$3.63	\$2.06	-9.50	1.76	1.00	
										Average:	32.79	10.04	2.24
										Median:	27.58	7.28	1.22
American Company	Date	6-Month Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	6-Month Return %	P/E Ratio	P/S Ratio	
		(per ADS)	(per CS)										
Aeroflex Holdings	5/19/2011	\$18.52	\$18.52		84,789,000	(\$12.27)	\$655.05	\$7.73	(\$0.14)	37.19	N/A	2.40	
Inphi	5/11/2011	\$20.57	\$20.57		26,349,000	\$26.13	\$83.19	\$3.16	\$0.99	71.42	20.74	6.51	
The KEYW Holdings	4/1/2011	\$12.28	\$12.28		25,830,000	\$10.91	\$107.99	\$4.18	\$0.42	22.80	29.08	2.94	
SciQuest	3/24/2011	\$13.96	\$13.96		20,899,000	\$1.74	\$42.48	\$2.03	\$0.08	46.95	167.38	6.87	
RealPage	2/12/2011	\$28.53	\$28.53		68,490,000	\$0.07	\$188.27	\$2.75	\$0.00	159.36	Outlier	10.38	
Intralinks Holdings	2/6/2011	\$22.60	\$22.60		50,267,000	(\$12.44)	\$184.33	\$3.67	(\$0.25)	73.85	N/A	6.16	
Qlik Technologies	1/16/2011	\$25.33	\$25.33		78,752,000	\$13.52	\$226.52	\$2.88	\$0.17	153.30	147.59	8.81	
Motricity	12/18/2010	\$20.00	\$20.00		40,270,000	(\$16.30)	\$113.70	\$2.82	(\$0.40)	100.00	N/A	7.08	
BroadSoft	12/16/2010	\$22.66	\$22.66		24,715,000	(\$7.85)	\$68.89	\$2.79	(\$0.32)	151.78	N/A	8.13	
TeleNav	11/13/2010	\$7.15	\$7.15		42,166,000	\$41.41	\$171.16	\$4.06	\$0.98	-10.63	7.28	1.76	
Convio	10/29/2010	\$8.97	\$8.97		17,451,000	(\$2.10)	\$63.09	\$3.62	(\$0.12)	-0.33	N/A	2.48	
DynaVox	10/22/2010	\$5.62	\$5.62		9,383,000	\$0.51	\$114.30	\$12.18	\$0.05	-62.53	104.42	0.46	
Meru Networks	9/30/2010	\$17.24	\$17.24		15,946,000	(\$17.39)	\$69.49	\$4.36	(\$1.09)	14.93	N/A	3.96	
SS&C Technologies Holdings	9/30/2010	\$15.80	\$15.80		71,285,000	\$19.02	\$270.92	\$3.80	\$0.27	5.33	59.22	4.16	
MaxLinear	9/24/2010	\$11.26	\$11.26		7,411,000	\$4.33	\$51.35	\$6.93	\$0.58	-19.57	19.28	1.63	
Calix Networks	9/24/2010	\$13.03	\$13.03		37,339,000	(\$22.44)	\$232.95	\$6.24	(\$0.60)	0.23	N/A	2.09	
										Average:	46.50	69.37	4.74
										Median:	29.99	44.15	4.06

### 1-Year Data (2010 Sample)

Chinese Company	Date	1-Year Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	1-Year		
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio
iSoftStone Holdings Limited	12/14/2011	\$8.22	\$0.82	10,833,334	108,333,340	(\$3.18)	\$196.98	\$1.82	(\$0.03)	-36.77	N/A	0.45
Sky-mobi Limited	12/10/2011	\$4.07	\$0.51	7,750,000	62,000,000	\$20.71	\$103.17	\$1.66	\$0.33	-49.13	1.52	0.31
SemiLEDs	12/9/2011	-	\$3.03	-	27,304,000	(\$16.10)	\$33.90	\$1.24	(\$0.59)	-82.18	N/A	2.44
Youku.com	12/8/2011	\$19.05	\$1.06	15,847,700	285,258,600	(\$31.06)	\$58.74	\$0.21	(\$0.11)	48.83	N/A	5.14
Bitauto Holdings Limited	11/17/2011	\$4.24	\$4.24	10,600,000	10,600,000	(\$193.22)	\$69.52	\$6.56	(\$18.23)	-64.67	N/A	0.65
RDA Microelectronics	11/10/2011	\$9.45	\$1.58	13,290,000	79,740,000	\$19.13	\$191.16	\$2.40	\$0.24	5.00	6.56	0.66
Daqo New Energy	10/7/2011	\$3.89	\$0.78	8,000,000	40,000,000	\$68.57	\$242.69	\$6.07	\$1.71	-59.05	0.45	0.13
ChinaCache International	10/1/2011	\$4.54	\$0.28	14,289,000	228,624,000	(\$8.46)	\$61.22	\$0.27	(\$0.04)	-67.34	N/A	1.06
SouFun Holdings Limited	9/17/2011	\$15.95	\$3.99	11,732,000	46,928,000	\$63.11	\$224.49	\$4.78	\$1.34	-62.47	2.97	0.83
Camelot Information Systems	7/20/2011	\$12.85	\$3.21	13,333,334	53,333,336	18.60	192.86	\$3.62	\$0.35	16.82	9.21	0.89
AutoNavi Holdings	7/1/2011	\$15.12	\$3.78	22,274,000	89,096,000	20.19	85.77	\$0.96	\$0.23	20.96	16.68	3.93
HiSoft Technology	6/30/2011	\$14.65	\$0.77	7,400,000	140,600,000	12.06	146.58	\$1.04	\$0.09	46.50	8.99	0.74
Kingtone Wireless Solution	5/14/2011	\$1.88	\$1.88	4,000,000	4,000,000	\$8.24	\$14.51	\$3.63	\$2.06	-53.00	0.91	0.52
<b>Average:</b>										-25.88	5.91	1.36
<b>Median:</b>										-49.13	4.76	0.74
American Company	Date	1-Year Close		Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	1-Year			
									Return %	P/E Ratio	P/S Ratio	
Aeroflex Holdings	11/19/2011		\$9.04	84,789,000	(\$34.67)	\$729.41	\$8.60	(\$0.41)	-33.04	N/A	1.05	
Inphi	11/11/2011		\$11.36	27,374,000	\$26.13	\$83.19	\$3.04	\$0.95	-5.33	11.90	3.74	
The KEYW Holdings	10/1/2011		\$7.11	26,182,000	\$10.91	\$107.99	\$4.12	\$0.42	-28.90	17.07	1.72	
SciQuest	9/24/2011		\$13.24	22,144,000	\$1.74	\$42.48	\$1.92	\$0.08	39.37	168.21	6.90	
RealPage	8/12/2011		\$24.44	70,853,000	\$0.07	\$188.27	\$2.66	\$0.00	122.18	Outlier	9.20	
Intralinks Holdings	8/6/2011		\$12.69	54,024,000	(\$12.44)	\$184.33	\$3.41	(\$0.23)	-2.38	N/A	3.72	
Qlik Technologies	7/16/2011		\$30.25	82,847,000	\$13.52	\$226.52	\$2.73	\$0.16	202.50	185.42	11.06	
Motricity	6/18/2011		\$7.80	46,388,000	(\$7.02)	\$133.38	\$2.88	(\$0.15)	-22.00	N/A	2.71	
BroadSoft	6/16/2011		\$32.96	26,651,000	\$7.99	\$95.62	\$3.59	\$0.30	266.22	109.91	9.19	
TeleNav	5/13/2011		\$15.17	41,592,000	\$41.41	\$171.16	\$4.12	\$1.00	89.63	15.24	3.69	
Convio	4/29/2011		\$12.24	17,993,000	\$3.46	\$69.74	\$3.88	\$0.19	36.00	63.74	3.16	
DynaVox	4/22/2011		\$5.16	9,383,000	\$0.51	\$114.30	\$12.18	\$0.05	-65.60	95.87	0.42	
Meru Networks	3/31/2011		\$20.31	17,269,000	(\$36.61)	\$85.00	\$4.92	(\$2.12)	35.40	N/A	4.13	
SS&C Technologies Holdings	3/31/2011		\$20.42	75,726,000	\$32.41	\$328.91	\$4.34	\$0.43	36.13	47.71	4.70	
MaxLinear	3/24/2011		\$8.15	13,316,000	\$10.11	\$68.70	\$5.16	\$0.76	-41.79	10.73	1.58	
Calix Networks	3/24/2011		\$19.00	45,182,000	(\$18.55)	\$287.04	\$6.35	(\$0.41)	46.15	N/A	2.99	
<b>Average:</b>										42.16	72.58	4.37
<b>Median:</b>										35.70	55.73	3.70

# Appendix C (2007 Raw Data)

2007 Tech Firm IPOs																			
Chinese Company	Ticker	Lead Manager	Joint Manager	Date	ADS	CS per ADS	Shares at Offer	Revenues (mil)	RPS	Offer Price (per ADS)	Offer Price (per CS)	1st Day Close (per ADS)	1st Day Close (per CS)	Return %	1st Day Return %	Net Profit (mil)	EPS	P/E Ratio	P/S Ratio
1 Vancerto Technology	VIT	Citi	Merrill Lynch	12/12/2007	7,650,000	1	7,650,000	\$29.05	\$3.80	\$8.50	\$8.50	\$9.96	\$9.96	17.18	4.38	\$0.57	14.86	2.24	
2 China Digital TV Holdings	STV	Morgan Stanley	Credit Suisse	10/5/2007	12,000,000	1	12,000,000	\$30.63	\$2.55	\$16.00	\$16.00	\$28.00	\$28.00	75.00	\$12.99	\$1.08	14.78	6.27	
3 Perfect World	PWRD	Morgan Stanley	Credit Suisse	7/26/2007	11,800,000	5	59,000,000	\$10.87	\$0.22	\$3.20	\$3.20	\$20.40	\$20.40	27.50	(\$3.62)	(\$0.06)	N/A	14.67	
4 Yipieadrum Communications	SPD	Morgan Stanley	Lehman Brothers	6/27/2007	8,992,700	3	26,978,100	\$107.08	\$3.97	\$14.00	\$14.00	\$15.95	\$15.95	35.32	13.93	\$0.53	8.75	1.18	
5 Yingli Green Energy	YGE	Goldman Sachs	UBS Investment Bank	6/8/2007	29,000,000	1	29,000,000	\$212.19	\$7.32	\$11.00	\$11.00	\$10.50	\$10.50	-4.55	\$33.85	\$1.17	9.42	1.50	
6 LDK Solar	LDK	Morgan Stanley	UBS Investment Bank	6/1/2007	17,384,000	1	17,384,000	\$105.45	\$6.07	\$27.00	\$27.00	\$27.20	\$27.20	0.74	\$30.18	\$1.74	15.55	4.45	
7 China Xingyue	CXUN	Merrill Lynch	-	5/17/2007	8,500,000	6	51,000,000	\$149.52	\$2.93	\$11.00	\$11.00	\$16.56	\$16.56	50.55	\$11.81	\$0.23	7.91	0.63	
8 Qiao Xing Mobile	QXMI	UBS Investment Bank	-	5/3/2007	13,333,334	-	-	\$325.11	\$24.38	-	\$12.00	-	-	\$11.31	-5.75	\$36.73	\$2.75	4.36	0.49
9 JA Solar Holdings	JASO	CIBC World Markets	Piper Jaffray	2/7/2007	15,000,000	3	45,000,000	\$89.24	\$1.98	\$15.00	\$15.00	\$17.80	\$17.80	55.93	18.67	\$16.46	\$0.37	13.67	2.52
													Average:	21.47	11.16	3.77			
													Median:	17.18	11.55	2.24			
American Company	Ticker	Lead Manager	Joint Manager	Date	Shares at Offer	Revenues (mil)	RPS	Offer Price	Offer Price (per CS)	1st Day Close	1st Day Close (per CS)	Return %	1st Day Return %	Net Profit (mil)	EPS	P/E Ratio	P/S Ratio		
1 NetSuite	N	Credit Suisse	-	12/20/2007	6,290,000	\$67.20	\$10.84	\$26.00	\$26.00	\$35.50	\$35.50	36.54	36.54	(\$5.72)	(\$5.76)	N/A	2.40		
2 Orion Energy Systems	OESX	Thomas Weisel Partners	Pacific Growth Equities	12/19/2007	7,692,308	\$48.18	\$6.26	\$13.00	\$13.00	\$21.41	\$21.41	64.69	64.69	\$0.93	\$0.12	107.64	2.08		
3 MEMSIC	MEMS	Citi	Jefferies & Company	12/14/2007	6,000,000	\$13.12	\$2.19	\$10.00	\$10.00	\$10.25	\$10.25	2.50	2.50	\$0.50	\$0.08	120.48	4.57		
4 MedAssets	MEDAS	Morgan Stanley	Lehman Brothers	12/13/2007	13,300,000	\$146.24	\$11.00	\$16.00	\$16.00	\$20.25	\$20.25	28.13	28.13	\$8.84	\$0.66	24.06	1.46		
5 Entropic Communications	ENTR	Credit Suisse	Lehman Brothers	12/7/2007	8,000,000	\$41.47	\$5.18	\$6.00	\$6.00	\$7.40	\$7.40	23.33	23.33	(\$7.05)	(\$0.88)	N/A	1.16		
6 SuccessFactors	SFSF	Morgan Stanley	Goldman Sachs	11/20/2007	10,790,000	\$32.57	\$3.02	\$10.00	\$10.00	\$13.25	\$13.25	32.50	32.50	(\$2.05)	(\$2.97)	N/A	3.31		
7 Rubicon Technology	RBCN	UBS Investment Bank	CIBC World Markets	11/16/2007	6,700,000	\$20.75	\$3.10	\$14.00	\$14.00	\$17.50	\$17.50	25.00	25.00	(\$7.64)	(\$1.14)	N/A	4.52		
8 MSC1	MSCI	Morgan Stanley	Bank of America	11/15/2007	\$310.70	\$22.19	\$3.10	\$18.00	\$18.00	\$24.97	\$24.97	38.72	38.72	\$71.45	\$5.10	3.53	0.81		
9 Neutral Tandem	TNDM	Morgan Stanley	CIBC World Markets	11/2/2007	6,649,928	\$52.87	\$7.95	\$14.00	\$14.00	\$20.28	\$20.28	44.86	44.86	\$4.66	\$0.70	19.99	1.76		
10 Dalttek	PROI	Credit Suisse	JP Morgan	11/1/2007	9,000,000	\$228.27	\$25.36	\$18.00	\$18.00	\$17.95	\$17.95	-0.28	-0.28	\$15.30	\$1.70	10.59	0.71		
11 Vmware	VNWR	Citi	Lehman Brothers	8/14/2007	33,000,000	\$703.30	\$21.33	\$29.00	\$29.00	\$51.00	\$51.00	75.86	75.86	\$85.89	\$2.60	11.14	1.36		
12 DemandTec	DMAN	Morgan Stanley	Credit Suisse	8/9/2007	6,000,000	\$32.54	\$5.42	\$11.00	\$11.00	\$9.34	\$9.34	-15.09	-15.09	(\$2.73)	(\$0.46)	N/A	2.03		
13 Virtusa	VRTU	JP Morgan	Bear Stearns	8/3/2007	4,400,000	\$124.66	\$28.33	\$14.00	\$14.00	\$11.86	\$11.86	-15.29	-15.29	\$18.99	\$4.32	3.24	0.49		
14 Monotype Imaging Holdings	TYPE	Bank of America	Jefferies & Company	7/25/2007	11,000,000	\$86.20	\$7.84	\$12.00	\$12.00	\$12.05	\$12.05	0.42	0.42	\$7.06	\$0.64	18.69	1.53		
15 Shoretel	SHOR	Lehman Brothers	JP Morgan	7/3/2007	7,900,000	\$61.61	\$7.80	\$9.50	\$9.50	\$12.15	\$12.15	27.89	27.89	\$4.00	\$0.51	18.75	1.22		
16 PROS Holdings	PRO	JP Morgan	Deutsche Bank	6/28/2007	6,825,000	\$46.03	\$6.74	\$11.00	\$11.00	\$12.85	\$12.85	16.82	16.82	\$7.03	\$1.03	10.69	1.63		
17 AuthenTec	AUTH	Lehman Brothers	Bear Stearns	6/27/2007	7,500,000	\$33.17	\$4.42	\$11.00	\$11.00	\$10.00	\$10.00	-9.09	-9.09	(\$9.78)	(\$1.30)	N/A	2.49		
18 InPhera	INFN	Goldman Sachs	Citi	6/7/2007	14,000,000	\$58.24	\$4.16	\$13.00	\$13.00	\$19.71	\$19.71	51.62	51.62	(\$89.94)	(\$6.42)	N/A	3.13		
19 TechTarget	TTGT	Morgan Stanley	Lehman Brothers	5/17/2007	7,700,000	\$79.01	\$10.26	\$13.00	\$13.00	\$14.79	\$14.79	13.77	13.77	\$7.17	\$0.93	13.96	1.27		
20 Solera Holdings	SLH	Goldman Sachs	JP Morgan	5/11/2007	26,250,000	\$95.08	\$3.62	\$16.00	\$16.00	\$18.40	\$18.40	15.00	15.00	(\$18.89)	(\$0.72)	N/A	4.42		
21 Cavium	CANM	Morgan Stanley	Lehman Brothers	5/2/2007	6,750,000	\$34.21	\$5.07	\$13.50	\$13.50	\$16.45	\$16.45	21.85	21.85	(\$8.99)	(\$1.33)	N/A	2.66		
22 MetroPCS Communications	PCS	Bear Stearns	Bank of America	4/19/2007	50,000,000	\$1,546.86	\$30.94	\$23.00	\$23.00	\$27.40	\$27.40	19.13	19.13	\$53.81	\$1.08	21.37	0.74		
23 Converg	COMV	Citi	Cowen & Company	4/13/2007	5,300,000	\$33.87	\$6.39	\$18.00	\$18.00	\$22.31	\$22.31	23.94	23.94	(\$6.16)	(\$1.16)	N/A	2.82		
24 Super Micro Computer	SMCI	Merrill Lynch	UBS Investment Bank	3/29/2007	8,000,000	\$302.54	\$37.82	\$8.00	\$8.00	\$8.76	\$8.76	9.50	9.50	\$16.95	\$2.12	3.78	0.21		
25 GSI Technology	GSIT	Needham & Company	WR Hambrecht & Co	3/29/2007	6,131,111	\$43.14	\$7.04	\$5.50	\$5.50	\$5.29	\$5.29	-3.82	-3.82	\$4.25	\$0.69	7.94	0.78		
26 Anaba Networks	ARUN	Goldman Sachs	Lehman Brothers	3/27/2007	8,000,000	\$72.50	\$9.06	\$11.00	\$11.00	\$14.15	\$14.15	28.64	28.64	(\$12.01)	(\$1.50)	N/A	1.21		
27 Giga Mobile	GLUU	Goldman Sachs	Lehman Brothers	3/22/2007	7,300,000	\$46.17	\$6.32	\$11.50	\$11.50	\$12.29	\$12.29	6.87	6.87	(\$12.31)	(\$1.69)	N/A	1.82		
28 Sourcefire	FIRE	Morgan Stanley	Lehman Brothers	3/8/2007	5,770,000	\$44.93	\$7.79	\$15.00	\$15.00	\$15.49	\$15.49	3.27	3.27	(\$0.93)	(\$0.16)	N/A	1.93		
29 Clearwire	CLWR	Merrill Lynch	Morgan Stanley	3/8/2007	24,000,000	\$100.18	\$4.17	\$25.00	\$25.00	\$24.62	\$24.62	-1.52	-1.52	(\$284.20)	(\$11.84)	N/A	5.99		
30 Opnext	OPXT	Goldman Sachs	JP Morgan	2/15/2007	16,909,375	\$151.69	\$8.97	\$15.00	\$15.00	\$17.40	\$17.40	16.00	16.00	(\$30.47)	(\$1.80)	N/A	1.67		
31 PosiTherID	PSID	Merriman Curhan Ford	C.E. Umerberg, Towbin	2/9/2007	3,100,000	\$15.87	\$5.12	\$6.50	\$6.50	\$6.50	\$6.50	0.00	0.00	(\$5.26)	(\$1.70)	N/A	1.27		
													Average:	18.77	26.39	2.05			
													Median:	16.82	13.96	1.67			

3-Month Data (2007 Sample)													
Chinese Company	Date	3-Month Close	3-Month Close	ADS	Shares	Net Profit	Revenues	RPS	EPS	3-Month			
		(per ADS)	(per CS)		Outstanding	(mil)	(mil)			Return %	P/E Ratio	P/S Ratio	
Vanceinfo Technology	3/12/2008	\$6.13	\$6.13	8,798,000	8,798,000	\$9.57	\$62.71	\$7.13	\$1.09	-27.88	5.64	0.86	
China Digital TV Holdings	1/5/2008	\$26.46	\$26.46	12,000,000	12,000,000	\$33.82	\$55.75	\$4.65	\$2.82	65.38	9.39	5.70	
Perfect World	10/26/2007	\$28.87	\$5.77	13,570,000	67,850,000	(\$3.62)	\$12.87	\$0.19	(\$0.05)	80.44	N/A	30.44	
Spreadtrum Communications	9/27/2007	\$15.21	\$5.07	8,993,000	26,979,000	\$14.39	\$107.08	\$3.97	\$0.53	8.64	9.51	1.28	
Yingli Green Energy	9/8/2007	\$18.38	\$18.38	29,500,000	29,500,000	\$33.85	\$212.19	\$7.19	\$1.15	67.09	16.02	2.56	
LDK Solar	9/1/2007	\$51.56	\$51.56	18,000,000	18,000,000	\$30.18	\$105.45	\$5.86	\$1.68	90.96	30.75	8.80	
China Sunergy	8/17/2007	\$7.17	\$1.20	9,775,000	58,650,000	\$11.81	\$149.52	\$2.55	\$0.20	-34.82	5.93	0.47	
Qiao Xing Mobile	8/3/2007	-	\$7.87	-	52,500,000	\$36.73	\$325.11	\$6.19	\$0.70	-34.42	11.25	1.27	
JA Solar Holdings	5/7/2007	\$25.01	\$8.34	17,250,000	51,750,000	\$16.46	\$89.24	\$1.72	\$0.32	66.73	26.22	4.83	
										Average:	31.35	14.34	6.24
										Median:	65.38	10.38	2.56
American Company	Date	3-Month Close		ADS	Shares	Net Profit	Revenues	RPS	EPS	3-Month			
		(per ADS)	(per CS)		Outstanding	(mil)	(mil)			Return % <td>P/E Ratio <td>P/S Ratio</td> </td>	P/E Ratio <td>P/S Ratio</td>	P/S Ratio	
NetSuite	3/20/2008	\$21.00	\$21.00		59,511,000	(\$23.91)	\$108.54	\$1.82	(\$0.40)	-19.23	N/A	11.51	
Orion Energy Systems	3/19/2008	\$9.55	\$9.55		26,942,000	\$4.41	\$80.69	\$2.99	\$0.16	-26.54	58.34	3.19	
MEMSIC	3/14/2008	\$6.45	\$6.45		23,629,000	\$6.08	\$25.27	\$1.07	\$0.26	-35.50	25.07	6.03	
MedAssets	3/13/2008	\$16.90	\$16.90		44,429,000	\$6.30	\$188.52	\$4.24	\$0.14	5.62	119.26	3.98	
Entropic Communications	3/7/2008	\$5.02	\$5.02		68,493,000	(\$31.97)	\$122.55	\$1.79	(\$0.47)	-16.33	N/A	2.81	
SuccessFactors	2/20/2008	\$9.48	\$9.48		51,350,000	(\$75.45)	\$63.35	\$1.23	(\$1.47)	-5.20	N/A	7.68	
Rubicon Technology	2/16/2008	\$26.33	\$26.33		20,961,000	(\$2.85)	\$34.11	\$1.63	(\$0.14)	88.07	N/A	16.18	
MSCI	2/15/2008	\$31.74	\$31.74		14,000,000	\$81.11	\$369.89	\$2.62	\$5.79	76.33	5.48	1.20	
Neutral Tandem	2/2/2008	\$20.98	\$20.98		30,833,000	\$6.26	\$85.56	\$2.77	\$0.20	49.86	103.37	7.56	
Delltek	2/1/2008	\$12.95	\$12.95		43,047,000	\$22.52	\$278.25	\$6.46	\$0.52	-28.06	24.76	2.00	
Vmware	11/14/2007	\$87.17	\$87.17		82,942,000	\$85.89	\$703.90	\$8.49	\$1.04	200.59	84.18	10.27	
DemandTec	11/9/2007	\$18.64	\$18.64		26,251,000	(\$2.73)	\$32.54	\$1.24	(\$0.10)	69.45	N/A	15.04	
Virtusa	11/3/2007	\$18.37	\$18.37		22,832,000	\$18.99	\$124.66	\$5.46	\$0.83	31.21	22.09	3.36	
Monotype Imaging Holdings	10/25/2007	\$14.76	\$14.76		34,155,000	\$7.06	\$86.20	\$2.52	\$0.21	23.00	71.39	5.85	
ShoreTel	10/3/2007	\$14.94	\$14.94		42,618,000	\$4.00	\$61.61	\$1.45	\$0.09	57.26	159.10	10.33	
PROS Holdings	9/28/2007	\$12.07	\$12.07		25,783,000	\$7.03	\$46.03	\$1.79	\$0.27	9.73	44.30	6.76	
AuthenTec	9/27/2007	\$9.99	\$9.99		26,671,000	(\$9.78)	\$33.17	\$1.24	(\$0.37)	-9.18	N/A	8.03	
Infinera	9/7/2007	\$18.05	\$18.05		85,547,000	(\$89.94)	\$58.24	\$0.68	(\$1.05)	38.85	N/A	26.51	
TechTarget	8/17/2007	\$12.56	\$12.56		39,060,000	\$7.17	\$79.01	\$2.02	\$0.18	-3.38	68.39	6.21	
Solera Holdings	8/11/2007	\$19.49	\$19.49		64,733,000	(\$18.89)	\$95.08	\$1.47	(\$0.29)	21.81	N/A	13.27	
Cavium	8/2/2007	\$23.57	\$23.57		39,662,000	(\$8.99)	\$34.21	\$0.86	(\$0.23)	74.59	N/A	27.33	
MetroPCS Communications	7/19/2007	\$39.55	\$39.55		346,644,000	\$53.81	\$1,546.86	\$4.46	\$0.16	71.96	254.80	8.86	
Converge	7/13/2007	\$35.81	\$35.81		18,190,000	(\$6.16)	\$33.87	\$1.86	(\$0.34)	98.94	N/A	19.23	
Super Micro Computer	6/29/2007	\$10.01	\$10.01		31,173,000	\$16.95	\$302.54	\$9.71	\$0.54	25.13	18.41	1.03	
GSI Technology	6/29/2007	\$4.79	\$4.79		27,616,000	\$4.25	\$43.14	\$1.56	\$0.15	-12.91	31.13	3.07	
Aruba Networks	6/27/2007	\$19.95	\$19.95		76,903,000	(\$12.01)	\$72.50	\$0.94	(\$0.16)	81.36	N/A	21.16	
Glu Mobile	6/22/2007	\$13.52	\$13.52		28,815,000	(\$12.31)	\$46.17	\$1.60	(\$0.43)	17.57	N/A	8.44	
Sourcefire	6/9/2007	\$14.47	\$14.47		24,004,000	(\$0.93)	\$44.93	\$1.87	(\$0.04)	-3.53	N/A	7.73	
Cleanwire	6/8/2007	\$19.26	\$19.26		134,796,000	(\$284.20)	\$100.18	\$0.74	(\$2.11)	-22.96	N/A	25.91	
Opnext	5/15/2007	\$12.30	\$12.30		64,549,000	(\$30.47)	\$151.69	\$2.35	(\$0.47)	-18.00	N/A	5.23	
PositivelD	5/9/2007	\$5.00	\$5.00		9,256,000	(\$5.26)	\$15.87	\$1.71	(\$0.57)	-23.08	N/A	2.92	
										Average:	26.37	72.67	9.64
										Median:	17.57	58.34	7.68

6-Month Data (2007 Sample)													
Chinese Company	Date	6-Month Close	6-Month Close	ADS	Shares	Net Profit	Revenues	RPS	EPS	6-Month			
		(per ADS)	(per CS)		Outstanding	(mil)	(mil)			Return %	P/E Ratio	P/S Ratio	
Vanceinfo Technology	6/12/2008	\$11.98	\$11.98	8,798,000	8,798,000	\$9.57	\$62.71	\$7.13	\$1.09	40.94	11.01	1.68	
China Digital TV Holdings	4/5/2008	\$18.90	\$18.90	13,000,000	13,000,000	\$33.82	\$55.75	\$4.29	\$2.60	18.13	7.27	4.41	
Perfect World	1/26/2008	\$25.08	\$5.02	13,570,000	67,850,000	\$49.62	\$84.41	\$1.24	\$0.73	56.75	6.86	4.03	
Spreadtrum Communications	12/27/2007	\$12.47	\$4.16	10,324,000	30,972,000	\$14.39	\$107.08	\$3.46	\$0.46	-10.93	8.95	1.20	
Yingli Green Energy	12/8/2007	\$31.91	\$31.91	29,500,000	29,500,000	\$33.85	\$212.19	\$7.19	\$1.15	190.09	27.81	4.44	
LDK Solar	12/1/2007	\$29.55	\$29.55	18,000,000	18,000,000	\$30.18	\$105.45	\$5.86	\$1.68	9.44	17.62	5.04	
China Sunergy	11/17/2007	\$8.03	\$1.34	9,775,000	58,650,000	\$11.81	\$149.52	\$2.55	\$0.20	-27.00	6.64	0.52	
Qiao Xing Mobile	11/3/2007	-	\$10.34	-	52,500,000	\$36.73	\$325.11	\$6.19	\$0.70	-13.83	14.78	1.67	
JA Solar Holdings	8/7/2007	\$34.34	\$11.45	17,250,000	51,750,000	\$16.46	\$89.24	\$1.72	\$0.32	128.93	36.00	6.64	
										Average:	43.61	15.22	3.29
										Median:	18.13	11.01	4.03
American Company	Date	6-Month Close		ADS	Shares	Net Profit	Revenues	RPS	EPS	6-Month			
		(per ADS)	(per CS)		Outstanding <td>(mil) <td>(mil) <td>Return % <td>P/E Ratio <td>P/S Ratio</td> </td></td></td></td>	(mil) <td>(mil) <td>Return % <td>P/E Ratio <td>P/S Ratio</td> </td></td></td>	(mil) <td>Return % <td>P/E Ratio <td>P/S Ratio</td> </td></td>			Return % <td>P/E Ratio <td>P/S Ratio</td> </td>	P/E Ratio <td>P/S Ratio</td>	P/S Ratio	
NetSuite	6/20/2008	\$20.47	\$20.47		60,235,000	(\$23.91)	\$108.54	\$1.80	(\$0.40)	-21.27	N/A	11.36	
Orion Energy Systems	6/19/2008	\$10.04	\$10.04		27,005,000	\$4.41	\$80.69	\$2.99	\$0.16	-22.77	61.48	3.36	
MEMSIC	6/14/2008	\$3.79	\$3.79		23,629,000	\$6.08	\$25.27	\$1.07	\$0.26	-62.10	14.73	3.54	
MedAssets	6/13/2008	\$16.25	\$16.25		53,311,000	\$6.30	\$188.52	\$3.54	\$0.12	1.56	137.60	4.60	
Entropic Communications	6/7/2008	\$4.40	\$4.40		68,755,000	(\$31.97)	\$122.55	\$1.78	(\$0.46)	-26.67	N/A	2.47	
SuccessFactors	5/20/2008	\$11.57	\$11.57		52,424,000	(\$75.45)	\$63.35	\$1.21	(\$1.44)	15.70	N/A	9.57	
Rubicon Technology	5/16/2008	\$23.03	\$23.03		20,961,000	(\$2.85)	\$34.11	\$1.63	(\$0.14)	64.50	N/A	14.15	
MSCI	5/15/2008	\$33.65	\$33.65		43,983,000	\$81.11	\$369.89	\$8.41	\$1.84	86.94	18.25	4.00	
Neutral Tandem	5/2/2008	\$19.29	\$19.29		31,695,000	\$6.26	\$85.56	\$2.70	\$0.20	37.79	97.70	7.15	
Delltek	5/1/2008	\$13.03	\$13.03		43,080,000	\$22.52	\$278.25	\$6.46	\$0.52	-27.61	24.93	2.02	
Vmware	2/14/2008	\$62.10	\$62.10		82,924,000	\$218.14	\$1,325.81	\$15.99	\$2.63	114.14	23.61	3.88	
DemandTec	2/9/2008	\$11.00	\$11.00		26,373,000	(\$4.47)	\$61.27	\$2.32	(\$0.17)	0.00	N/A	4.73	
Virtusa	2/3/2008	\$14.27	\$14.27		22,887,000	\$17.77	\$165.20	\$7.22	\$0.78	1.93	18.38	1.98	
Monotype Imaging Holdings	1/25/2008	\$14.34	\$14.34		34,303,000	\$9.06	\$105.15	\$3.07	\$0.26	19.50	54.27	4.68	
ShoreTel	1/3/2008	\$13.62	\$13.62		42,729,000	\$6.08	\$97.83	\$2.29	\$0.14	43.37	95.70	5.95	
PROS Holdings	12/28/2007	\$19.45	\$19.45		26,000,000	\$7.03	\$46.03	\$1.77	\$0.27	76.82	71.99	10.99	
AuthenTec	12/27/2007	\$14.66	\$14.66		26,913,000	(\$9.78)	\$33.17	\$1.23	(\$0.36)	33.27	N/A	11.89	
Infinera	12/7/2007	\$19.33	\$19.33		90,358,000	(\$89.94)	\$58.24	\$0.64	(\$1.00)	48.69	N/A	29.99	
TechTarget	11/17/2007	\$15.25	\$15.25		39,060,000	\$7.17	\$79.01	\$2.02	\$0.18	17.31	83.04	7.54	
Solera Holdings	11/11/2007	\$20.88	\$20.88		64,755,000	(\$18.89)	\$95.08	\$1.47	(\$0.29)	30.50	N/A	14.22	
Cavium	11/2/2007	\$28.65	\$28.65		39,720,000	(\$8.99)	\$34.21	\$0.86	(\$0.23)	112.22	N/A	33.27	
MetroPCS Communications	10/19/2007	\$21.92	\$21.92		346,882,000	\$53.81	\$1,546.86	\$4.46	\$0.16	-4.70	141.32	4.92	
Converge	10/13/2007	\$35.50	\$35.50		19,513,000	(\$6.16)	\$33.87	\$1.74	(\$0.32)	97.22	N/A	20.45	
Super Micro Computer	9/29/2007	\$9.76	\$9.76		30,378,000	\$16.95	\$302.54	\$9.96	\$0.56	22.00	17.50	0.98	
GSI Technology	9/29/2007	\$2.63	\$2.63		27,616,000	\$4.25	\$43.14	\$1.56	\$0.15	-52.18	17.09	1.68	
Aruba Networks	9/27/2007	\$20.86	\$20.86		76,927,000	(\$12.01)	\$72.50	\$0.94	(\$0.16)	89.64	N/A	22.13	
Glu Mobile													

1-Year Data (2007 Sample)													
Chinese Company	Date	1-Year Close	1-Year Close	ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	1-Year			
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio	
Vanceinfo Technology	12/12/2008	\$5.32	\$5.32	13,528,000	13,528,000	\$9.57	\$62.71	\$4.64	\$0.71	-37.41	7.52	1.15	
China Digital TV Holdings	10/5/2008	\$7.89	\$7.89	13,800,000	13,800,000	\$33.82	\$55.75	\$4.04	\$2.45	-50.69	3.22	1.95	
Perfect World	7/26/2008	\$26.65	\$5.33	29,099,000	145,495,000	\$49.62	\$84.41	\$0.58	\$0.34	66.56	15.63	9.19	
Spreadtrum Communications	6/27/2008	\$5.07	\$1.69	26,871,000	80,613,000	\$21.07	\$145.47	\$1.80	\$0.26	-63.79	6.47	0.94	
Yingli Green Energy	6/8/2008	\$19.03	\$19.03	46,134,000	46,134,000	\$53.33	\$556.48	\$12.06	\$1.16	73.00	16.46	1.58	
LDK Solar	6/1/2008	\$46.05	\$46.05	27,767,000	27,767,000	\$144.06	\$523.95	\$18.87	\$5.19	70.56	8.88	2.44	
China Sunergy	5/17/2008	\$14.29	\$2.38	15,368,000	92,208,000	(\$4.86)	\$234.91	\$2.55	(\$0.05)	29.91	N/A	0.93	
Qiao Xing Mobile	5/3/2008	-	\$6.62	-	52,500,000	\$81.36	\$430.61	\$8.20	\$1.55	-44.83	4.27	0.81	
JA Solar Holdings	2/7/2008	\$47.67	\$15.89	18,912,000	56,736,000	\$54.90	\$369.30	\$6.51	\$0.97	217.80	16.42	2.44	
										Average:	29.01	9.86	2.38
										Median:	29.91	8.20	1.58
American Company	Date	1-Year Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	1-Year			
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio	
NetSuite	12/20/2008	\$8.92	\$8.92		60,835,000	(\$23.91)	\$108.54	\$1.78	(\$0.39)	-65.69	N/A	5.00	
Orion Energy Systems	12/19/2008	\$4.47	\$4.47		26,393,000	\$4.41	\$80.69	\$3.06	\$0.17	-65.62	26.75	1.46	
MEMSIC	12/14/2008	\$1.56	\$1.56		23,790,000	\$6.08	\$25.27	\$1.06	\$0.26	-84.40	6.10	1.47	
MedAssets	12/13/2008	\$15.22	\$15.22		53,887,000	\$6.30	\$188.52	\$3.50	\$0.12	-4.88	130.27	4.35	
Entropic Communications	12/7/2008	\$0.71	\$0.71		69,104,000	(\$31.97)	\$122.55	\$1.77	(\$0.46)	-88.17	N/A	0.40	
SuccessFactors	11/20/2008	\$4.84	\$4.84		56,109,000	(\$75.45)	\$63.35	\$1.13	(\$1.34)	-51.60	N/A	4.29	
Rubicon Technology	11/16/2008	\$3.50	\$3.50		21,280,000	(\$2.85)	\$34.11	\$1.60	(\$0.13)	-75.00	N/A	2.18	
MSCI	11/15/2008	\$13.95	\$13.95		72,347,000	\$81.11	\$369.89	\$5.11	\$1.12	-22.50	12.44	2.73	
Neutral Tandem	11/2/2008	\$17.42	\$17.42		32,166,000	\$6.26	\$85.56	\$2.66	\$0.19	24.43	89.54	6.55	
Deltek	11/1/2008	\$5.21	\$5.21		43,175,000	\$22.52	\$278.25	\$6.44	\$0.52	-71.06	9.99	0.81	
Vmware	8/14/2008	\$36.38	\$36.38		87,959,000	\$218.14	\$1,325.81	\$15.07	\$2.48	25.45	14.67	2.41	
DemandTec	8/9/2008	\$10.70	\$10.70		27,008,000	(\$4.47)	\$61.27	\$2.27	(\$0.17)	-2.73	N/A	4.72	
Virtusa	8/3/2008	\$6.96	\$6.96		23,453,000	\$17.77	\$165.20	\$7.04	\$0.76	-50.29	9.19	0.99	
Monotype Imaging Holdings	7/25/2008	\$12.65	\$12.65		34,271,000	\$9.06	\$105.15	\$3.07	\$0.26	5.42	47.83	4.12	
ShoreTel	7/3/2008	\$3.98	\$3.98		43,341,000	\$6.08	\$97.83	\$2.26	\$0.14	-58.11	28.37	1.76	
PROS Holdings	6/28/2008	\$11.99	\$11.99		26,200,000	\$10.52	\$62.08	\$2.37	\$0.40	9.00	29.87	5.06	
AuthenTec	6/27/2008	\$10.21	\$10.21		28,439,000	(\$10.90)	\$52.34	\$1.84	(\$0.38)	-7.18	N/A	5.55	
Infinera	6/7/2008	\$13.29	\$13.29		92,787,000	(\$55.34)	\$245.85	\$2.65	(\$0.60)	2.23	N/A	5.02	
TechTarget	5/17/2008	\$12.45	\$12.45		41,194,000	\$8.17	\$94.67	\$2.30	\$0.20	-4.23	62.80	5.42	
Solera Holdings	5/11/2008	\$26.00	\$26.00		64,806,000	(\$80.96)	\$471.96	\$7.28	(\$1.25)	62.50	N/A	3.57	
Cavium	5/2/2008	\$20.94	\$20.94		40,481,000	\$2.19	\$54.20	\$1.34	\$0.05	55.11	Outlier	15.64	
MetroPCS Communications	4/19/2008	\$19.47	\$19.47		348,143,000	\$100.40	\$2,235.73	\$6.42	\$0.29	-15.35	67.51	3.03	
Comverge	4/13/2008	\$11.98	\$11.98		21,819,000	(\$6.60)	\$55.16	\$2.53	(\$0.30)	-33.44	N/A	4.74	
Super Micro Computer	3/29/2008	\$8.30	\$8.30		31,435,000	\$19.34	\$420.39	\$13.37	\$0.62	3.75	13.49	0.62	
GSI Technology	3/29/2008	\$2.76	\$2.76		27,697,000	\$7.43	\$58.16	\$2.10	\$0.27	-49.82	10.28	1.31	
Aruba Networks	3/27/2008	\$5.30	\$5.30		80,519,000	(\$24.38)	\$127.50	\$1.58	(\$0.30)	-51.82	N/A	3.35	
Glu Mobile	3/22/2008	\$4.97	\$4.97		29,336,000	(\$3.33)	\$66.87	\$2.28	(\$0.11)	-56.78	N/A	2.18	
Sourcefire	3/9/2008	\$6.00	\$6.00		24,648,000	(\$5.62)	\$55.86	\$2.27	(\$0.23)	-60.00	N/A	2.65	
Clearwire	3/8/2008	\$13.60	\$13.60		135,601,000	(\$727.47)	\$151.44	\$1.12	(\$5.36)	-45.60	N/A	12.18	
Opnext	2/15/2008	\$4.47	\$4.47		64,650,000	\$2.44	\$222.86	\$3.45	\$0.04	-70.20	118.34	1.30	
PositivelD	2/9/2008	\$2.05	\$2.05		10,871,000	(\$11.91)	\$32.11	\$2.95	(\$1.10)	-68.46	N/A	0.69	
										Average:	-29.52	42.34	3.73
										Median:	-45.60	27.56	3.03

2-Year Data (2007 Sample)													
Chinese Company	Date	2-Year Close	2-Year Close	ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	2-Year			
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio	
Vanceinfo Technology	12/12/2009	\$16.92	\$16.92	13,528,000	13,528,000	\$16.17	\$102.66	\$7.59	\$1.20	99.06	14.15	2.23	
China Digital TV Holdings	10/5/2009	\$7.02	\$7.02	23,800,000	23,800,000	\$43.06	\$70.70	\$2.97	\$1.81	-56.13	3.88	2.36	
Perfect World	7/26/2009	\$34.95	\$6.99	39,863,000	199,315,000	\$94.75	\$183.36	\$0.92	\$0.48	118.44	14.70	7.60	
Spreadtrum Communications	6/27/2009	\$2.75	\$0.92	31,700,000	95,100,000	(\$78.68)	\$109.94	\$1.16	(\$0.83)	-80.36	N/A	0.79	
Yingli Green Energy	6/8/2009	\$15.28	\$15.28	68,702,000	68,702,000	\$97.73	\$1,107.07	\$16.11	\$1.42	38.91	10.74	0.95	
LDK Solar	6/1/2009	\$9.51	\$9.51	41,973,000	41,973,000	\$70.22	\$1,643.50	\$39.16	\$1.67	-64.78	5.68	0.24	
China Sunergy	5/17/2009	\$3.10	\$0.52	28,278,000	169,668,000	(\$22.94)	\$350.92	\$2.07	(\$0.14)	-71.82	N/A	0.25	
Qiao Xing Mobile	5/3/2009	-	\$2.81	-	47,610,000	\$62.12	\$315.70	\$6.63	\$1.30	-76.58	2.15	0.42	
JA Solar Holdings	2/7/2009	\$2.77	\$0.92	124,718,000	374,154,000	\$70.20	\$800.00	\$2.14	\$0.19	-81.53	4.92	0.43	
										Average:	-19.42	8.03	1.70
										Median:	-64.78	5.68	0.79
American Company	Date	2-Year Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	2-Year			
		(per ADS)	(per CS)							Return % <td>P/E Ratio <td>P/S Ratio </td></td>	P/E Ratio <td>P/S Ratio </td>	P/S Ratio	
NetSuite	12/20/2009	\$15.64	\$15.64		62,368,000	(\$15.86)	\$152.48	\$2.44	(\$0.25)	-39.85	N/A	6.40	
Orion Energy Systems	12/19/2009	\$4.08	\$4.08		21,808,000	\$0.51	\$72.63	\$3.33	\$0.02	-68.62	174.12	1.22	
MEMSIC	12/14/2009	\$3.29	\$3.29		23,785,000	(\$1.68)	\$20.08	\$0.84	(\$0.07)	-67.10	N/A	3.90	
MedAssets	12/13/2009	\$20.63	\$20.63		56,577,000	\$10.84	\$279.66	\$4.94	\$0.19	28.94	107.66	4.17	
Entropic Communications	12/7/2009	\$3.43	\$3.43		70,827,000	(\$136.37)	\$146.03	\$2.06	(\$1.93)	-42.83	N/A	1.66	
SuccessFactors	11/20/2009	\$15.49	\$15.49		71,525,000	(\$64.95)	\$111.91	\$1.56	(\$0.91)	54.90	N/A	9.90	
Rubicon Technology	11/16/2009	\$15.46	\$15.46		20,053,000	\$4.36	\$37.84	\$1.89	\$0.22	10.43	71.19	8.19	
MSCI	11/15/2009	\$32.23	\$32.23		100,166,000	\$68.27	\$430.96	\$4.30	\$0.68	79.06	47.29	7.49	
Neutral Tandem	11/2/2009	\$20.25	\$20.25		33,549,000	\$24.02	\$120.90	\$3.60	\$0.72	44.64	28.28	5.62	
Deltek	11/1/2009	\$7.15	\$7.15		65,945,000	\$23.52	\$289.37	\$4.39	\$0.36	-60.28	20.05	1.63	
Vmware	8/14/2009	\$31.83	\$31.83		94,948,000	\$290.13	\$1,881.03	\$19.81	\$3.06	9.76	10.42	1.61	
DemandTec	8/9/2009	\$8.42	\$8.42		28,327,000	(\$4.95)	\$75.01	\$2.65	(\$0.17)	-23.45	N/A	3.18	
Virtusa	8/3/2009	\$10.01	\$10.01		23,635,000	\$12.06	\$172.94	\$7.32	\$0.51	-28.50	19.62	1.37	
Monotype Imaging Holdings	7/25/2009	\$7.14	\$7.14		34,492,000	\$15.38	\$110.86	\$3.21	\$0.45	-40.50	16.01	2.22	
ShoreTel	7/3/2009	\$7.69	\$7.69		44,362,000	\$2.63	\$128.73	\$2.90	\$0.06	-19.05	129.56	2.65	
PROS Holdings	6/28/2009	\$8.87	\$8.87		25,693,000	\$10.76	\$75.59	\$2.94	\$0.42	-19.36	21.19	3.01	
AuthenTec	6/27/2009	\$1.70	\$1.70		28,620,000	\$0.05	\$63.95	\$2.23	\$0.00	-84.55	Outlier	0.76	
Infinera	6/7/2009	\$9.94	\$9.94		95,400,000	\$78.73	\$519.21	\$5.44	\$0.83	-23.54	12.04	1.83	
TechTarget	5/17/2009	\$3.78	\$3.78		41,727,000	\$1.76	\$104.54	\$2.51	\$0.10	-70.92	89.42	1.51	
Solera Holdings	5/11/2009	\$23.54	\$23.54		69,473,000	\$7.07	\$539.85	\$7.77	\$0.14	47.13	231.31	3.03	
Cavium	5/2/2009	\$12.76	\$12.76		41,248,000	\$1.51	\$86.61	\$2.10	\$0.04	-5.48	349.25	6.08	
MetroPCS Communications	4/19/2009	\$16.58	\$16.58		351,000,000	\$149.44	\$2,751.52	\$7.84	\$0.43	-27.91	38.94	2.12	
Comverge	4/13/2009	\$7.12	\$7.12		22,027,000	(\$94.11)	\$77.24	\$3.51	(\$4.27)	-60.44	N/A	2.03	
Super Micro Computer	3/29/2009	\$4.56	\$4.56		34,682,000	\$25.42	\$540.50	\$15.58	\$0.73	-43.00	6.22	0.29	
GSI Technology	3/29/2009	\$2.60	\$2.60		26,833,000	\$6.77	\$53.17	\$1.98	\$0.25	-52.73	10.30	1.31	
Aruba Networks	3/27/2009	\$3.08	\$3.08		85,091,000	(\$17.12)	\$178.26	\$2.09	(\$0.20)	-72.00	N/A	1.47	
Glu Mobile	3/22/2009	\$0.50	\$0.50		29,600,000								

3-Year Data (2007 Sample)													
Chinese Company	Date	3-Year Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	3-Year			
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio	
Vanceinfo Technology	12/12/2010	\$36.42	\$36.42	32,885,000	32,885,000	\$21.51	\$148.07	\$4.50	\$0.65	328.47	55.68	8.09	
China Digital TV Holdings	10/5/2010	\$7.10	\$7.10	21,630,000	21,630,000	\$25.30	\$54.70	\$2.53	\$1.17	-55.63	6.07	2.81	
Perfect World	7/26/2010	\$23.53	\$4.71	41,715,000	208,575,000	\$152.02	\$275.41	\$1.32	\$0.73	47.06	6.46	3.56	
Spreadtrum Communications	6/27/2010	\$9.61	\$3.20	36,366,000	109,098,000	(\$19.32)	\$105.07	\$0.96	(\$0.18)	-31.36	N/A	3.33	
Yingli Green Energy	6/8/2010	\$8.66	\$8.66	68,702,000	68,702,000	(\$77.88)	\$1,062.84	\$15.47	(\$1.13)	-21.27	N/A	0.56	
LDK Solar	6/1/2010	\$5.61	\$5.61	83,744,000	83,744,000	(\$234.00)	\$1,098.04	\$13.11	(\$2.79)	-79.22	N/A	0.43	
China Sunergy	5/17/2010	\$3.95	\$0.66	32,700,000	196,200,000	(\$9.85)	\$284.87	\$1.45	(\$0.05)	-64.09	N/A	0.45	
Qiao Xing Mobile	5/3/2010	-	\$2.64	-	47,610,000	(\$36.62)	\$239.22	\$5.02	(\$0.77)	-78.00	N/A	0.53	
JA Solar Holdings	2/7/2010	\$4.56	\$1.52	131,094,000	393,282,000	(\$18.85)	\$553.66	\$1.41	(\$0.05)	-69.60	N/A	1.08	
										Average:	-2.63	22.74	2.31
										Median:	-55.63	6.46	1.08
American Company	Date	3-Year Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	3-Year			
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio	
NetSuite	12/20/2010	\$24.85	\$24.85	64,327,000	64,327,000	(\$23.30)	\$166.54	\$2.59	(\$0.36)	-4.42	N/A	9.60	
Orion Energy Systems	12/19/2010	\$3.22	\$3.22	22,715,000	22,715,000	(\$4.19)	\$65.42	\$2.88	(\$0.18)	-75.23	N/A	1.12	
MEMSIC	12/14/2010	\$3.21	\$3.21	23,805,000	23,805,000	\$0.02	\$28.37	\$1.19	\$0.00	-67.90	Outlier	2.69	
MedAssets	12/13/2010	\$19.16	\$19.16	58,055,000	58,055,000	\$19.95	\$341.28	\$5.88	\$0.34	19.75	55.76	3.26	
Entropic Communications	12/7/2010	\$10.28	\$10.28	84,037,000	84,037,000	(\$13.24)	\$116.31	\$1.38	(\$0.16)	71.33	N/A	7.43	
SuccessFactors	11/20/2010	\$29.53	\$29.53	75,954,000	75,954,000	(\$12.63)	\$153.05	\$2.02	(\$0.17)	195.30	N/A	14.65	
Rubicon Technology	11/16/2010	\$20.23	\$20.23	22,937,000	22,937,000	(\$9.63)	\$19.81	\$0.86	(\$0.42)	44.50	N/A	23.43	
MSCI	11/15/2010	\$35.88	\$35.88	118,776,000	118,776,000	\$81.80	\$442.95	\$3.73	\$0.69	99.33	52.10	9.62	
Neutral Tandem	11/2/2010	\$14.46	\$14.46	33,119,000	33,119,000	\$41.32	\$168.91	\$5.10	\$1.25	3.29	11.59	2.84	
Deltek	11/1/2010	\$7.56	\$7.56	67,702,000	67,702,000	\$21.40	\$265.82	\$3.93	\$0.32	-58.00	23.92	1.93	
Vmware	8/14/2010	\$76.38	\$76.38	110,266,000	110,266,000	\$197.10	\$2,023.94	\$18.36	\$1.79	163.38	42.73	4.16	
DemandTec	8/9/2010	\$7.21	\$7.21	30,054,000	30,054,000	(\$11.84)	\$79.05	\$2.63	(\$0.39)	-34.45	N/A	2.74	
Virtusa	8/3/2010	\$10.07	\$10.07	24,179,000	24,179,000	\$12.13	\$164.37	\$6.80	\$0.50	-28.07	20.07	1.48	
Monotype Imaging Holdings	7/25/2010	\$8.41	\$8.41	34,932,000	34,932,000	\$13.40	\$94.01	\$2.69	\$0.38	-29.92	21.92	3.13	
ShoreTel	7/3/2010	\$4.50	\$4.50	45,370,000	45,370,000	(\$11.80)	\$134.82	\$2.97	(\$0.26)	-52.63	N/A	1.51	
PROS Holdings	6/28/2010	\$7.00	\$7.00	26,019,000	26,019,000	\$5.52	\$68.78	\$2.64	\$0.21	-36.36	33.02	2.65	
AuthenTec	6/27/2010	\$2.60	\$2.60	29,911,000	29,911,000	(\$17.40)	\$34.07	\$1.14	(\$0.58)	-76.36	N/A	2.28	
Infinera	6/7/2010	\$6.18	\$6.18	98,581,000	98,581,000	(\$86.62)	\$309.10	\$3.14	(\$0.88)	-52.46	N/A	1.97	
TechTarget	5/17/2010	\$5.75	\$5.75	42,467,000	42,467,000	(\$5.12)	\$86.50	\$2.04	(\$0.12)	-55.77	N/A	2.82	
Solera Holdings	5/11/2010	\$39.14	\$39.14	69,866,000	69,866,000	\$66.63	\$557.69	\$7.98	\$0.95	144.63	41.04	4.90	
Cavium	5/2/2010	\$27.61	\$27.61	44,257,000	44,257,000	(\$21.39)	\$101.21	\$2.29	(\$0.48)	104.52	N/A	12.07	
MetroPCS Communications	4/19/2010	\$7.48	\$7.48	352,715,000	352,715,000	\$176.84	\$3,480.52	\$9.87	\$0.50	-67.48	14.92	0.76	
Comverge	4/13/2010	\$11.09	\$11.09	25,144,000	25,144,000	(\$31.67)	\$98.84	\$3.93	(\$1.26)	-38.39	N/A	2.82	
Super Micro Computer	3/29/2010	\$17.05	\$17.05	35,912,000	35,912,000	\$16.11	\$505.61	\$14.08	\$0.45	113.13	38.01	1.21	
GSI Technology	3/29/2010	\$4.70	\$4.70	27,429,000	27,429,000	\$9.29	\$62.11	\$2.26	\$0.34	-14.55	13.88	2.08	
Aruba Networks	3/27/2010	\$12.93	\$12.93	89,339,000	89,339,000	(\$23.41)	\$199.26	\$2.23	(\$0.26)	17.55	N/A	5.80	
Glu Mobile	3/22/2010	\$1.00	\$1.00	30,571,000	30,571,000	(\$18.19)	\$79.34	\$2.60	(\$0.60)	-91.30	N/A	0.39	
Sourcefire	3/9/2010	\$26.42	\$26.42	27,307,000	27,307,000	\$8.88	\$103.47	\$3.79	\$0.33	76.13	81.26	6.97	
Clearwire	3/8/2010	\$7.69	\$7.69	197,621,000	197,621,000	(\$325.58)	\$274.46	\$1.39	(\$1.65)	-69.24	N/A	5.54	
Opnext	2/15/2010	\$1.83	\$1.83	88,973,000	88,973,000	(\$129.57)	\$318.56	\$3.58	(\$1.46)	-87.80	N/A	0.51	
PositiveID	2/9/2010	\$1.07	\$1.07	22,426,000	22,426,000	(\$11.60)	\$0.35	\$0.02	(\$0.52)	-83.54	N/A	67.98	
										Average:	0.93	34.63	6.78
										Median:	-29.92	33.02	2.82

4-Year Data (2007 Sample)													
Chinese Company	Date	4-Year Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	4-Year			
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio	
Vanceinfo Technology	12/12/2011	\$10.40	\$10.40	32,885,000	32,885,000	\$29.86	\$211.55	\$6.43	\$0.91	22.35	11.45	1.62	
China Digital TV Holdings	10/5/2011	\$3.65	\$3.65	21,630,000	21,630,000	\$33.42	\$87.74	\$4.06	\$1.55	-77.19	2.36	0.90	
Perfect World	7/26/2011	\$20.20	\$4.04	42,618,000	213,090,000	\$125.24	\$374.31	\$1.76	\$0.59	26.25	6.87	2.30	
Spreadtrum Communications	6/27/2011	\$12.95	\$4.32	39,923,000	119,769,000	\$67.19	\$346.34	\$2.89	\$0.56	-7.50	7.69	1.49	
Yingli Green Energy	6/8/2011	\$7.88	\$7.88	92,292,000	92,292,000	\$210.12	\$1,893.94	\$20.52	\$2.28	-28.36	3.46	0.38	
LDK Solar	6/1/2011	\$7.10	\$7.10	83,744,000	83,744,000	\$296.47	\$2,509.35	\$29.96	\$3.54	-73.70	2.01	0.24	
China Sunergy	5/17/2011	\$2.95	\$0.49	32,237,000	193,422,000	\$51.73	\$517.22	\$2.67	\$0.27	-73.18	1.84	0.18	
Qiao Xing Mobile	5/3/2011	-	\$2.74	-	53,016,000	(\$56.25)	\$129.63	\$2.45	(\$1.06)	-77.17	N/A	1.12	
JA Solar Holdings	2/7/2011	\$7.32	\$2.44	132,370,000	397,110,000	\$265.97	\$1,781.94	\$4.49	\$0.67	-51.20	3.64	0.54	
										Average:	-37.74	4.92	0.98
										Median:	-51.20	3.55	0.90
American Company	Date	4-Year Close		ADS	Shares Outstanding	Net Profit (mil)	Revenues (mil)	RPS	EPS	4-Year			
		(per ADS)	(per CS)							Return %	P/E Ratio	P/S Ratio	
NetSuite	12/20/2011	\$44.98	\$44.98	67,882,000	67,882,000	(\$27.47)	\$193.15	\$2.85	(\$0.40)	73.00	N/A	15.81	
Orion Energy Systems	12/19/2011	\$2.61	\$2.61	23,011,000	23,011,000	\$1.60	\$92.46	\$4.02	\$0.07	-79.92	37.54	0.65	
MEMSIC	12/14/2011	\$2.90	\$2.90	23,984,000	23,984,000	(\$7.30)	\$38.65	\$1.61	(\$0.30)	-71.00	N/A	1.80	
MedAssets	12/13/2011	\$9.34	\$9.34	58,482,000	58,482,000	(\$32.12)	\$391.33	\$6.69	(\$0.55)	-41.63	N/A	1.40	
Entropic Communications	12/7/2011	\$5.62	\$5.62	86,795,000	86,795,000	\$64.70	\$210.24	\$2.42	\$0.75	-6.33	7.54	2.32	
SuccessFactors	11/20/2011	\$25.48	\$25.48	83,430,000	83,430,000	(\$12.45)	\$205.93	\$2.47	(\$0.15)	154.80	N/A	10.32	
Rubicon Technology	11/16/2011	\$11.38	\$11.38	22,575,000	22,575,000	\$29.11	\$77.36	\$3.43	\$1.29	-18.71	8.82	3.32	
MSCI	11/15/2011	\$34.06	\$34.06	120,465,000	120,465,000	\$92.17	\$662.90	\$5.50	\$0.77	89.22	44.52	6.19	
Neutral Tandem	11/2/2011	\$10.51	\$10.51	31,445,000	31,445,000	\$32.61	\$199.83	\$6.35	\$1.04	-24.93	10.14	1.65	
Deltek	11/1/2011	\$7.11	\$7.11	69,676,000	69,676,000	(\$4.92)	\$279.65	\$4.01	(\$0.07)	-60.50	N/A	1.77	
Vmware	8/14/2011	\$94.68	\$94.68	121,588,000	121,588,000	\$357.44	\$2,857.34	\$23.50	\$2.94	226.48	32.21	4.03	
DemandTec	8/9/2011	\$6.70	\$6.70	32,549,000	32,549,000	(\$13.66)	\$82.42	\$2.53	(\$0.42)	-39.09	N/A	2.65	
Virtusa	8/3/2011	\$18.75	\$18.75	25,436,000	25,436,000	\$16.20	\$217.98	\$8.57	\$0.64	33.93	29.44	2.19	
Monotype Imaging Holdings	7/25/2011	\$13.88	\$13.88	35,916,000	35,916,000	\$18.36	\$106.66	\$2.97	\$0.51	15.67	27.15	4.67	
ShoreTel	7/3/2011	\$10.26	\$10.26	47,455,000	47,455,000	(\$12.80)	\$148.46	\$3.13	(\$0.27)	8.00	N/A	3.28	
PROS Holdings	6/28/2011	\$17.65	\$17.65	26,778,000	26,778,000	(\$1.93)	\$71.05	\$2.65	(\$0.07)	60.45	N/A	6.65	
AuthenTec	6/27/2011	\$2.58	\$2.58	43,773,000	43,773,000	(\$37.84)	\$44.67	\$1.02	(\$0.86)	-76.55	N/A	2.53	
Infinera	6/7/2011	\$6.51	\$6.51	104,543,000	104,543,000	(\$27.93)	\$454.35	\$4.35	(\$0.27)	-49.92	N/A	1.50	
TechTarget	5/17/2011	\$8.01	\$8.01	37,622,000	37,622,000	(\$1.18)	\$95.01	\$2.53	(\$0.03)	-38.38	N/A	3.17	
Solera Holdings	5/11/2011	\$57.00	\$57.00	70,451,000	70,451,000	\$84.17	\$631.35	\$8.96	\$1.34	256.25	42.64	6.36	
Cavium	5/2/2011	\$47.23	\$47.23	48,059,000	48,059,000	\$37.12	\$206.50	\$4.30	\$0.77	249.85	61.14	10.99	
MetroPCS Communications	4/19/2011	\$16.26	\$16.26	356,626,000	356,626,000	\$193.42	\$4,069.35	\$11.41	\$0.54	-29.30	29.98	1.42	
Comverge	4/13/2011	\$3.88	\$3.88										

## Academic Vita

Brett Smith

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### School Address

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State College, PA 16801

### Home Address

9747 Gnagi Drive  
Lake City, PA 16423

### Education:

Bachelor of Science in Finance, Pennsylvania State University, Spring 2012

Honors in Finance

Thesis Title: American vs. Chinese Tech Initial Public Offerings

*A Comparison of American Tech IPOs and U.S.-Listed Chinese Tech IPOs*

Thesis Supervisor: Michelle Lowry

Thesis Advisor: James Miles

### Related Experience:

Internship at Duff & Phelps, LLC, Summer 2011

Internship at Franklin Park, LLC, Summer 2010

### Awards:

The President's Freshman Award

Academic Scholarship, Alpha Sigma Phi Fraternity

Dean's List