

China Consumer Quarterly Update

2nd Quarter 2011

Quarter in Review Sector Highlights

- China Resources Snow Breweries acquired 80.1% of Qinghe Moni Brewery Company, which produces and markets beer under the 'Daochen' brand, for US\$46.3 million
- United Capital Investment, FountainVest Partners and Spring Capital Asia Limited invested US\$ 41.4 million in Enzo Jewelry, Inc., a subsidiary of LJ International that offers 'Enzo' branded jewelry
- Joeone Co. Ltd, a manufacturer and seller of menswear under the 'Joeone' brand name, successfully listed on the Shanghai-exchange and raised US\$406.5 million
- ihush.com, operator of an online retailing website for branded apparel and accessories, raised US\$43.1 million in funding from Capital Today and Matrix Partners China
- Suning Appliance Co Ltd, an operator of consumer electronics and appliances retail chain, secured US\$851.2 million via a private placement from New China Life Insurance Co Ltd. and Beijing Hony Future Investment Advisor Ltd.
- 55tuan.com, an operator of an online group purchase e-commerce website, closed its series A financing round and raised US\$200.0 million from CDH Investments, Zero2IPO Ventures and Goldman Sachs & Co. Investment Arm
- Vipshop.com, an operator of an online high-end 'flash sales' e-commerce website, closed its series B fund raising round and raised US\$50.0 million from DCM and Sequoia Capital China
- eLong Inc., an online travel services provider, raised US\$125.5 million from Expedia Asia Pacific Limited and Tencent Holdings' Investment Arm
- Warburg Pincus and Actis Capital invested US\$64.9 million in 7 Days Group Holdings Limited, an operator of limited-service economy hotels in China
- Tang Palace (China) Holdings Ltd, an operator of restaurants under the 'Tang Palace' chain, closed an initial-public-offering on the HKSE and raised US\$ 24.4 million

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Consumer Manufacturing

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Food & Beverage						
Jun-10	Private Placement	Hunan Wuling Wine Co., Ltd.	Legend Holdings, Ltd.	27.3	39.0	Produces and markets 'Wuling' branded wine in China
Jun-09	M&A	Qinghe Moni Brewery Company	China Resources Snow Breweries (China)	46.3	80.1	Brews and markets 'Daochen' branded beer
May-24	M&A	Hunan Yuntoo Biological Technology Co.	Suncorp Technologies Ltd. (SEHK: 1063)	4.1	10.0	Manufactures fructose related products such as syrup and honey
May-05	PIPE	Shenzhen Agricultural Products Co. (SZSE:000061)	Shenzhen Investment Management Corp.	384.5	16.4	Produces, processes, retails and trades fruits, vegetables, aquatic and animal husbandry
May-02	M&A	Qingdao Tianrun Food Co., Ltd.	Marubeni Corporation (TSE:8002)	36.9	40.0	Operates as a feed and stock-raising company
Apr-29	M&A	Bridge Shine Coffee (Shanghai) Co. Ltd.	Viz Branz Ltd. (SGX:L5J)	0.2	25.0	Roasts and sells coffee beans and powder
Apr-28	Private Placement	Beijing Bainian Liyuan Eco-agriculture	DT Capital Partners	15.4	NA	Produces and markets organic eggs and chicken
Apr-18	Private Placement	China Kangtai Cactus Bio-Tech Inc. (OTCBB:CKGT)	Kodiak Capital LLC	1.5	11.5	Researches, develops, produces and markets cacti derived food products
Apr-18	M&A	Xiamen Yinlu Group Co., Ltd.	Nestlé S.A. (SWX:NESN)	NA	60.0	Manufactures and distributes ready-to-drink peanut milk and ready-to-eat canned rice porridge
Apr-06	M&A	Qinghai Province Salt Industry Limited	Zhong Jun Resources (S) Pte. Ltd.	13.5	27.8	Manufactures and markets salt
Apr-04	M&A	Kingway Brewery Holdings Ltd. (SEHK:124)	GDH Limited	164.9	21.4	Produces, distributes and sells beer under the 'Kingway' brand
Apr-02	M&A	Hangzhou Xinanjiang Zijintan Brewery	Tsingtao Brewery Co., Ltd. (SEHK:168)	12.4	80.0	Operates as a brewery based in Zhejiang, China
Textile & Apparel						
Jun-03	M&A	Jinjiang Guosheng Shoe Material Co., Ltd.	Yeli Sports (China) Co., Ltd.	6.9	10.0	Manufactures, sells and supplies footwear soles to sportswear brands including FILA, Reebok, DC, and Anta
May-30	Private Placement	Hangzhou Prospective Mummy Garments Co., Ltd.	Sequoia Capital China	9.3	10.0	Manufactures maternity wear under the brand 'Oct.mami Maternity'
May-26	PIPE	Flyke International Holdings (SEHK:1998)	Potent Growth Limited	5.1	2.9	Designs, produces, markets and exports 'Flyke' branded sportswear
May-25	PIPE	Foreland Fabrictech Holdings Ltd. (SGX:B01)	Asdew Acquisitions Pte Ltd.	4.5	8.7	Jinjiang based manufacturer of fabrics used in firefighting and military uniforms and business wear
May-18	M&A	Globaluxe Limited's ownership of Kate Spade Business in Mainland China and Southeast Asia	Kate Spade, LLC	NA	100.0	Engages in distribution of fashion and luxury goods
Apr-21	PIPE	Eratat Lifestyle Limited (SGX:F08)	Delta Lloyd Asset Management NV, Delta Lloyd Azie Deelnemingen Fonds (ENXTAM:DLADF)	2.5	3.6	Designs, manufactures, and distributes 'Eratat' lifestyle sports and fashion wear
Apr-08	Private Placement	Iwode	IDG Capital Partners	10.0	NA	Manufactures tailor-made men's and women's garments under the 'Iwode' brand name
Leisure Equipment & Products						
Jun-28	M&A	Shanghai Astrace Trade Development	New Focus Auto Tech Holdings Ltd (SEHK:360)	9.6	51.0	Sells window glass tinting and paint filming for automobiles
Apr-14	Private Placement	Enzo Jewelry, Inc., a subsidiary of L.J. International (NASDAQ: JADE)	United Capital Investment FountainVest Partners Spring Capital Asia Limited	41.4	28.3	Operates a chain of jewelry store selling 'Enzo' branded jewelry across 25 provinces in China
Apr-01	M&A	Bridge Shine Coffee Equipment (Shanghai) Co., Ltd.	Viz Branz Ltd. (SGX:L5J)	0.1	23.9	Imports, assembles and retails coffee machines and coffee bean grinders

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

Selected Capital Markets Transactions in Q2 2011

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/(Discount) to Market (%)	Price as of Jun 30	Market Cap as of Jun 30 (US\$ MM)	Company Description
Jun-29	IPO	Frankfurt Prime	China Specialty Glass AG	Consumer Appliances & Household	34.1	12.88	-14.4	NA	NA	Produces specialty glass
Jun-02	IPO	Hong Kong	Zhengye International Holdings Co Ltd	Leisure Equipment & Products	23.0	0.18	0.7	0.16	20.2	Manufactures paper-based packaging products
May-23	IPO	Shanghai	Joeone Co Ltd	Textile & Apparel	406.5	3.39	-13.1	3.34	1,915.2	Produces menswear under the brand 'Joeone'
May-20	IPO	Shanghai	Jiangsu Lugang Science & Technology Co Ltd	Textile & Apparel	81.5	1.54	67.9	2.36	501.1	Manufactures wool, polyester and other types of yarns, threads and textiles
May-17	IPO	Hong Kong	Billion Industrial Holdings Ltd	Textile & Apparel	383.0	0.67	1.9	0.66	1,527.3	Develops and manufactures polyester filament yarns in China
May-11	IPO	Shenzhen	Haoxiangni Jujube Co Ltd	Food & Beverage	132.5	7.08	5.7	8.03	539.1	Produces and markets dried fruits, grains, honey and other agricultural products
Apr-13	IPO	Shenzhen	Zhejiang Ming Jewelry Co Ltd	Leisure Equipment & Products	293.7	4.90	11.8	4.14	993.9	Produces, processes and sells silverware, jewelry, gold and diamonds
Apr-13	IPO	Shenzhen	Guangdong Qunxing Toys Joint Stock Co Ltd	Leisure Equipment & Products	103.4	3.06	-3.4	2.70	361.2	Researches, develops, manufactures and sells electrical plastic toys

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

Consumer Services

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Retailing						
Jun-30	Private Placement	100f1.com	IDG Capital Partners	10.0	NA	Wuhan-based online retailer of women's wear
Jun-30	Private Placement	Golimi (Beijing) Fruit Chain Management	TrustBridge Partners	NA	NA	Beijing-based online retailer of fruit baskets
Jun-24	M&A	20% in Guangzhou Jiaguang Supermarket, 45% in Tianjin Jiafu, 10% in Chongqing Carrefour	Carrefour SA (ENXTPA: CA)	NA	NA	Supermarket chains in China
Jun-22	Private Placement	ihush.com	Capital Today, Matrix Partners China	43.1	NA	An online retailer of branded apparel and accessories
Jun-21	Private Placement	Pinwine.cn	Shenzhen Cowin Venture Capital Co., Ltd.	3.9	NA	Online retailer for wine based in China under the website wine9.com
Jun-16	PIPE	Suning Appliance Company Limited (SZSE:002024)	New China Life Insurance Co., Ltd. Beijing Hony Future Investment Advisor Ltd.	851.2	6.0	Operates a chain of franchised retail stores that sells consumer electronics and appliances
Jun-14	Private Placement	Kela Corporation	Tencent Holdings Ltd., Investment Arm	30.0	NA	Online retailer of diamond and gold-related products
Jun-14	Private Placement	Shanghai Yuantianxin Travel Products Manufacturing Co. Ltd	Shenzhen Capital Group Co., Ltd.	NA	NA	Owns and operates an online portal for the retail of clothes, footwear, and tools for outdoor activities
Jun-02	Private Placement	K121.com	Acquity Group, LLC	30.0	NA	Online retailer of branded sports footwear and apparel such as Nike, Adidas and LiNing
May-23	Private Placement	55tuan.com	CDH Investments, Zero2IPO Ventures, Goldman, Sachs & Co., Investment Arm	199.9	NA	Online group buying services provider
May-23	Private Placement	LaMiu China	DCM	40.0	NA	Operates Lamiu.com which sells female lingerie, loungewear, slimming wear under the 'LaMiu' brand
May-18	Private Placement	Shaanxi Sunfonda Automobile Co Ltd.	Standard Chartered Private Equity Limited	34.0	NA	Operates as an authorized automotive dealer for Audi, Volkswagen, Cadillac, Porsche, and Lexus
May-13	M&A	Yishiduo E-Commerce	Wal-Mart Stores Inc. (NYSE:WMT)	NA	NA	Operates a b2c e-commerce website for clothes, grocery products and consumer electronics
May-08	Private Placement	Vipshop.com	DCM, Sequoia Capital China	49.9	NA	Operates a high-end 'flash sales' e-commerce provider
Apr-30	Private Placement	fclub.cn	IDG Capital Partners, Zero2IPO Ventures	39.9	NA	Operates as a 'flash sale' e-commerce provider
Apr-25	M&A	La Sa Hong Jin Auto Trading Co. Ltd.	China Zhengtong Auto Services Holdings Limited (SEHK: 1728)	25.6	100.0	Operates automobile dealerships and after-sales services
Apr-20	Private Placement	BLOVES Inc.	JC Capital Management, Yonghua Capital	15.3	NA	Operates as a wedding accessories and jewelry retailer under the 'BLOVES' brand name
Apr-19	Private Placement	Shanghai Fclub Electronic Commerce Ltd.	IDG Capital Partners, ero2IPO Ventures	NA	NA	Operates as a flash sale services provider
Restaurant and Food Service						
Jun-01	M&A	Starbucks Stores in Central, South and Western China	Starbucks Corporation (Nasdaq:SBUX)	NA	50.0	Franchisee-operated Starbucks stores in Central, Southern and Western China
Apr-08	M&A	10% in Shenzhen Chiuchow Garden Food and Beverage, 10% in Shenzhen Greater China Chiuchow Garden, 10% in Shenzhen Chiuchow City Restaurant, 10% in Shenzhen Chiuchow Pavilion Restaurant	Mastermind Capital Limited (SEHK: 905)	1.2	NA	Owns and operates restaurants under the 'Chiuchow Garden Restaurant' chain
Travel & Leisure						
Jun-30	M&A	Hunan Huatian Star Hotel Management Limited	7 Days Group Holdings Limited (NYSE:SVN)	21.0	100.0	Owns and operates a chain of hotels in China
May-16	PIPE	eLong Inc. (Nasdaq:LONG)	Expedia Asia Pacific Limited Tencent Holdings Ltd., Investment Arm	125.5	40.4	Operates as an online travel service provider
Apr-28	M&A	Besttone E-Commerce Co., Ltd.	China Satcom Guomai Communications Co., Ltd. (SHSE:600640)	49.9	100.0	Offers online travel and related services
Apr-28	M&A	Beijing Haide Zhongshi Cultural Broadcasting Co., Ltd.	Shenzhen Duiyiwei Technology Co. Limited	0.02	100.0	Provides recreation services such as organization of cultural, art activities
Apr-27	M&A	Zhuji Tangjiangyan Teenage Outdoor Sports Camp Construction & Management Co., Ltd.	Haikou Haiyue Economic Development Co. Ltd.	0.8	100.0	Owns and operates sport camps for teenagers in China
Apr-26	M&A	Silk Road Development Company Ltd.	Sunfill Limited	26.4	100.0	Dunhuang-based operator of hotels
Apr-14	Private Placement	Kubeiland Co. Ltd	NewMargin Ventures	NA	NA	Operates indoor children playground chain in China
Apr-12	Private Placement	Tuniu.com	Highland Capital Partners, DCM, LOTTE Co., Ltd., Rakuten, Inc. (JASDAQ: 4755), Gobi Partners, Sequoia Capital China	50.0	NA	Offers online travel agent services under the website Tuniu.com
Apr-09	PIPE	7 Days Group Holdings Limited (NYSE:SVN)	Warburg Pincus LLC, Actis Capital, LLP	64.9	5.4	Operates limited service economy hotels
Marketing						
Jun-07	M&A	Beijing Si Ne Ke Advertising Co., Ltd.	OPT, Inc. (JASDAQ:2389)	NA	NA	Offers internet advertising services in China
Education						
Apr-13	Private Placement	Shanghai Yuanbo Education Information and Consulting Corporation Ltd.	Noah Education Holdings Ltd. (NYSE:NED)	15.7	80.0	Owns and operates 16 kindergartens in China

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May-27	IPO	Shanghai	Wenfeng Great World Chain Development Corp	Retailing	338.7	3.08	-8.3	2.79	590.7	Operates department stores and supermarket chains
Apr-18	IPO	Hong Kong	Tang Palace (China) Holdings Ltd	Restaurant and Food Service	24.4	0.21	40.0	0.34	139.7	Owns and operates restaurants under the 'Tang Palace' chain

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

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

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