

## China Industrial Quarterly Update

1st Quarter 2011

### Quarter in Review

- Private placement activity maintained at a level similar to 4Q2010, with 24 companies receiving investments from investors by the end of 1Q2011; however, capital market transactions plummeted to 23 from 44 deals in the last quarter.
- Investors still actively chased opportunities in the Alternative Energy space. Two LED companies received US\$ 44.1 million in total, beside traditional targets, such as solar, wind power, etc.
- Automotive Parts / Automotive sector attracted significant interest from investors, who invested over US\$ 1.8 billion in 9 deals, among which Guangzhou Automobile Group acquired a 71% equity stake of GAC Changfeng Motors.

### Sector Highlights

- Jiangxi LDK PV Silicon Technology announced an offering of series A redeemable convertible preferred shares for US\$ 240 million from China Construction Bank and China Development Bank Capital. The preferred shares represent approximately 18.5% of the outstanding share capital of the company on a post-money basis, if converted.
- Ma Steel (Hefei) Iron & Steel Co., Ltd. raised around US\$ 305.2 million from Maanshan Iron & Steel Co. Ltd., which manufactures and sells iron and steel products and related by-products. The placement is structured in two tranches, the first tranche was closed in March 2011 and the second tranche is scheduled to close in the first half of 2012. Upon completion, Maanshan Iron & Steel will hold a 71% stake in the company.
- Guangzhou Automobile Group Company Limited (SEHK: 2238), which engages in the development, production, sale and service of vehicle and automobile parts, acquired the remaining 71% stake in GAC Changfeng Motor Co., Ltd. (SHSE: 600991) from Mitsubishi Motors Corporation (TSE: 7211), which designs, manufactures, assembles, markets, sells and imports automobiles, and other shareholders for approximately US\$ 1.1 billion. Upon completion of the merger, the assets of GAC Changfeng will be absorbed into and the liabilities of GAC Changfeng will be assumed by Guangzhou Automobile. GAC Changfeng will then cease to exist.

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## Alternative Energy

### Selected M&A/Private Placements in Q1 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
03/31	M&A	Optony Solar (Hangzhou) Co., Ltd.	Wenzhou Wuhua Venture Capital Partnership; Lanshan Investment Co., Ltd.	9.0	11.3	Plans, implements and manages commercial and utility-grade solar power systems
03/22	M&A	Jetion Solar Holdings Limited (AIM:JHL)	Non-disclosed	42.2	41.1	Engages in the design, manufacture and supply of solar cells and modules, as well as the provision of related processing services
03/17	M&A	Lijiang Wulanghe Hydropower Development Company Limited	Value Trend Limited	21.5	100.0	Engages in development and construction of hydropower station, generates and distributes electricity, installation and technological transformation of hydropower projects, distributes construction materials
01/12	M&A	Hebei Hongsong Wind Power Co., Ltd.	Chengde Ruifeng Renewable Energy Equipment Co. Ltd.	7.7	5.8	Owns and operates wind farm with the maximum capacity of approximately 600 mega watts and current capacity of approximately 299.4 mega watts
01/07	M&A	Dooda Innovation Limited	China Trends Holdings Limited. (SEHK:8171)	29.3	100.0	Researches and develops, produces and distributes products applying LED backlight and lighting technology
01/04	M&A	Fushun Suzihe Hydropower Development Company Limited	Huaneng Power International Inc. (SEHK:902)	7.6	100.0	Develops Yaojiashan Hydropower Project, with a planned hydropower capacity of 37.5 MW
03/16	Private Placement	Unipower Battery Ltd.	Origo Partners Plc (AIM:OPP); China Equity International Holding Company Limited (BVI)	22.0	NA	Produces lithium-ion batteries that can be used in electric buses and hybrid cars
03/14	Private Placement	United LED Corporation	Non-disclosed	14.8	NA	Designs, manufactures and sells LED
01/03	Private Placement	Jiangxi Ldk Pv Silicon Technology Company, Ltd	China Construction Bank Corporation (SEHK:939); China Development Bank Capital Co., Ltd	240.0	NA	Manufactures, processes and sells multicrystalline silicon wafers

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

### Selected Capital Markets Transactions in Q1 2011

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/Discount to Market % <sup>(1)</sup>	Price as of Mar 31	Market Cap as of Mar 31 (US\$ MM)	Company Description
01/07	IPO	SHSE	Sinovel Wind Group Co Ltd	Wind	1,434.6	13.65		11.13	11,184.5	Develops, designs, manufactures and markets large-scale onshore/offshore series wind turbines

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

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

## Machinery

### Selected M&A/Private Placements in Q1 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Machinery &amp; Equipment</b>						
03/08	M&A	Xiangfan 525 Pump Industry Co., Ltd.	Sichuan Nitrocell Co., Ltd. (SZSE:002246)	19.2	29.9	Manufactures desulphurization circulating pumps
01/26	M&A	Xinjiang Coal Mine Machinery Co., Ltd.	Anhui Shengyun Machinery Co. Ltd. (SZSE:300090)	15.5	60.0	Manufactures and wholesales coal mining machinery
<b>Components</b>						
NA						
<b>HVAC</b>						
NA						

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

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03/11	IPO	SZSE-Chinext	Shenzhen Jasic Technology Co Ltd	Machinery & Equipment	224.1	4.04		3.73	826.0	Produces and sells inverter welders, energy driven arc welding machines and welding and cutting automation equipment
03/18	IPO	SZSE-Chinext	Masterwork Machinery Co Ltd	Machinery & Equipment	152.2	6.09		5.57	557.4	Manufactures printing equipment
03/01	IPO	SZSE	ZhangJiaGang Chemical Machinery Co Ltd	Machinery & Equipment	215.4	4.49		3.29	999.1	Designs and manufactures various non-standard equipment, pressure vessels of petroleum, chemical, medical, fertilizer, metallurgy, chemical fiber, papermaking and other trades
01/05	IPO	SZSE	Anhui Honglu Steel Construction (Group) Co Ltd	Machinery & Equipment	211.5	6.22		6.18	827.7	Produces new building materials, steel structure and lifting machinery
02/22	IPO	SZSE	Jiangsu Yawei Machine Tool Co Ltd	Machinery & Equipment	133.9	6.08		5.64	496.1	Manufactures turret punch, laser cutting processing such as coil metal processing
01/21	IPO	SZSE-Chinext	Sotech Packaging Machinery Co Ltd	Machinery & Equipment	57.8	3.40		2.91	253.2	Manufactures printing machines for packaging and decorating paper

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

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## Construction & Engineering

### Selected M&A/Private Placements in Q1 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Steel</b>						
03/22	Private Placement	Ma Steel (Hefei) Iron & Steel Co. Ltd.	Maanshan Iron & Steel Co. Ltd. (SEHK: 323)	305.2	NA	Engages in the processing and sale of ferrous metals and its by-products
<b>Power Generation / Distribution</b>						
01/03	M&A	Hainan Lin Gao Chemical Co., Ltd.	China Integrated Energy, Inc. (NasdaqCM:CBEH)	9.0	100.0	Produces and markets bio-diesel

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

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02/14	IPO	SHSE	Inner Mongolia Junzheng Energy & Chemical Industry Co Ltd	Power Generation / Distribution	455.5	3.80		4.08	2,611.4	Engages in power production, power supply, heat production and supply

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

## Miscellaneous

### Selected M&A/Private Placements in Q1 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Automotive Parts / Automotive</b>						
01/05	Private Placement	Changzhou Huanghai Automobile Co., Ltd	CSR Zhuzhou Electric Locomotive Research Institute	9.6	NA	Manufactures buses and their parts
03/07	M&A	Beijing KFTC Co., Ltd.	Cheerplan (China) Investments Company Limited	19.8	45.0	Manufactures and distributes carbon canister, plastic filler neck, reservoir and interior parts of automobiles
03/28	M&A	Mianyang Huarui Automotive Co., Ltd.	Huachen Automotive Group Holdings Co., Ltd.	14.2	100.0	Offers off-road, pick-up, light-truck, light-mini-truck and mini-vehicles, as well as SUVs
03/25	M&A	DOOSAN INFRACORE (CHINA) CO., LTD.	Mirae Asset MAPS Investments Co., Ltd	342.1	20.0	Manufactures excavators, forklift trucks and engines
03/22	M&A	GAC Changfeng Motors Co., Ltd (SHSE:600991)	Guangzhou Automobile Group Co., Ltd. (SEHK:2238)	1,056.4	71.0	Manufactures and distributes automobiles offering light off-road vehicles under the brand names of Mitsubishi and Liebao
<b>Fire, Safety &amp; Security</b>						
NA						
<b>Industrial Controls</b>						
NA						
<b>Materials, Chemicals &amp; Plastics</b>						
03/14	Private Placement	Sanmenxia Hengsheng Science & Technology Development Co., Ltd.	China Cinda Asset Management Corporation	30.4	NA	Engages in the research and production of bio-chemical products and precious metals
03/15	M&A	Chongzhou Junjian Plastics Co.	Sichuan KELUN PHARMACEUTICAL Co., Ltd. (SZSE:002422)	64.8	100.0	Manufactures and wholesale plastic products
02/28	M&A	Dongtai Zhongbo	Suhuada	10.5	49.0	Engages in the production, marketing and distribution of glass and glass products
02/14	M&A	Magic Bright Limited	Green EnviroTech Holdings Corp. (OTCBB:WCRM)	6.0	100.0	Manufactures recycled plastic products
01/16	M&A	Hubei Jinlong Cement Co., Ltd.	Huaxin Cement Co., Ltd. (SHSE:900933)	12.1	80.0	Manufactures and distributes cement products
<b>Water Treatment</b>						
01/18	M&A	Tianjin Jinyao Biological Science & Technology Co., Ltd., Environmentally Friendly Project	Tianjin Tianyao Pharmaceutical Co., Ltd. (SHSE:600488)	17.0	100.0	Offers sewage treatment services

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

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02/18	IPO	SZSE	Wuhu Shunrong Auto Parts Co Ltd	Automotive Parts / Automotive	90.3	5.31		5.18	346.8	Engages in manufacturing automobile parts
01/27	IPO	SHSE	Changzhou Xingyu Automotive Lighting Systems Co Ltd	Automotive Parts / Automotive	193.6	3.23		3.50	829.4	Engages in focusing on vehicles lighting R & D, design, manufacture and sales
02/15	IPO	SZSE	Jiangsu NanFang Bearing Co Ltd	Automotive Parts / Automotive	56.8	2.58		4.86	422.9	Manufactures machinery parts, auto parts, plastic industrial parts
01/26	IPO	SZSE-Chinext	Guangdong Hongteo Accurate Technology Co Ltd	Automotive Parts / Automotive	55.4	2.47		2.91	260.3	Develops, produces and sells automotive engines and transmissions
03/01	IPO	SZSE	Brother Enterprises Holding Co Ltd	Materials, Chemicals & Plastics	85.3	3.19		4.26	454.6	Engages in manufacturing leather chemicals
01/26	IPO	SZSE-Chinext	SF Diamond Co Ltd	Materials, Chemicals & Plastics	75.2	3.76		4.83	386.0	Manufactures polycrystalline diamond (PCD) and some related products
02/18	IPO	SZSE	Anhui HuiLong Agricultural Means of Production Co Ltd	Materials, Chemicals & Plastics	213.5	5.69		5.69	850.9	Engages in various types of chemical fertilizers, pesticides and seeds
01/05	IPO	SZSE	Anhui Sierte Fertilizer Industry Co Ltd	Materials, Chemicals & Plastics	149.9	3.95		3.66	542.2	Manufactures phosphate compound fertilizer
01/05	IPO	SZSE	Shindoo Chemical Industry Co Ltd	Materials, Chemicals & Plastics	215.9	5.14		4.57	757.0	Supplies high-quality fertilizer, soda ash, ammonium chloride and other products
01/13	IPO	SZSE-Chinext	Changzhou Tiansheng New Materials Co Ltd	Materials, Chemicals & Plastics	113.6	4.83		3.87	543.3	Makes rubber and plastic molding foam
03/11	IPO	SZSE-Chinext	Suzhou Kingswood Printing Ink Co Ltd	Materials, Chemicals & Plastics	64.3	3.48		3.62	266.2	Engages in manufacturing printing inks
02/01	IPO	SZSE	Hunan Kaiemeite Gases Co Ltd	Materials, Chemicals & Plastics	77.4	3.87		6.23	498.4	Manufactures dry ice, liquid carbon dioxide, food additives, liquid carbon dioxide and other industrial gas production and sales
03/04	IPO	SZSE-Chinext	Jiangsu Welle Environmental Co Ltd	Water Treatment	118.4	8.90		9.55	506.3	Provides landfill leachate treatment and industrial wastewater treatment
01/21	IPO	SZSE-Chinext	Nanjing CEC Environmental Protection Co Ltd	Water Treatment	95.6	3.82		4.14	414.4	Engages in specializing in industrial feed-water treatment, condensate polishing, wastewater and sewage treatment and automation
03/11	IPO	SHSE	Jiangsu Jiangnan Water Co Ltd	Water Treatment	168.4	2.86		2.80	654.8	Engages in water supply, drainage system and related water treatment business

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