



## China Industrial Quarterly Update

### 3rd Quarter 2010

### Quarter in Review

- 34 capital markets transactions were completed in the third quarter compared to 26 deals in the previous quarter. Of the 34 transactions, 25 were IPOs while follow-ons accounted for the rest.
- The Alternative Energy sector regained investors' interest as evidenced by 7 IPOs raising over US\$ 1.4 billion in total, compared to only 2 IPOs with total proceeds of US\$ 175 million in the second quarter. China Ming Yang Wind Power Group was the most notable IPO in the quarter.
- 10 transactions closed in the Automotive Parts / Automotive sector raising approximately US\$ 1.3 billion in proceeds. 16 transactions closed in the Materials, Chemicals & Plastics sector raising approximately US\$ 928.1 million in proceeds. The average deal size in the Automotive Parts / Automotive sector was 2.2x the average deal size in the Materials, Chemicals & Plastics sector.

### Sector Highlights

- China Ming Yang Wind Power Group (NYSE: MY), which designs, manufactures, sells and serves megawatt-class wind turbines, completed its US\$ 350 million IPO in late September.
- The Carlyle Group, together with Hixih Rubber Industry Group, which manufactures and sells automobile tires and conveyor belts, and Veyance Technologies, which manufactures and markets engineered rubber products, invested US\$ 200 million in Shandong Aneng Conveyor Belt & Rubber, which will use the proceeds to invest in a new production line of high pressure rubber tubes with annual capacity of 100 million meters.
- Rockwool International (CPSE: ROCKB), which manufactures and sells products and solutions, such as building insulation products, acquired CSR Limited Asia for US\$ 109.3 million from CSR Limited (ASX: CSR). The acquisition included three mineral wool factories located in China, Malaysia and Thailand as well as a sandwich panel plant in China. Additionally, the acquisition included sales offices in the Philippines, Vietnam and Singapore but excluded CSR Limited's existing autoclaved aerated concrete plant in Malaysia.

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#### About Cowen Latitude Asia

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## Alternative Energy

Selected M&A/Private Placements in Q3 2010						
Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
08/05	Private Placement	Dingchu Technology Co. Ltd	Green Pine Capital Partners Co., Ltd.	30.0	25.0	Offers comprehensive services ranging from energy auditing, energy-saving project planning to R&D on energy-saving equipment, energy-saving monitoring on customers in the iron & steel, chemical and petrochemical fields
08/02	Private Placement	Beijing Shenwu Thermal Energy Technology Co., Ltd.	Softbank China Venture Capital; Shanghai Zhonglu Industrial Company Limited	30.0	NA	Provides energy-saving & emission reduction technologies and industrial furnaces
08/03	M&A	Solarfun Power Holdings Co. Ltd. (NasdaqGS:SOLF)	Hanwha Chemical Corp. (KOSE:A009830)	NA	NA	Develops, manufactures and sells photovoltaic (PV) products
07/15	M&A	Inner Mongolia Wind Turbine Complex	Welwind Energy International Corporation (OTCBB:WWEI); Inner Mongolia Test Power Ltd.	NA	80.0	Operates a 300MW wind farm project
07/06	M&A	Shanghai Jinglong Solar Technology Co., Ltd.	JA Solar Holdings Co., Ltd. (NasdaqGS:JASO)	29.3	100.0	Manufactures, develops and markets photovoltaic (PV) modules and power-supply systems

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

Selected Capital Markets Transactions in Q3 2010										
Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/Discount to Market % <sup>(1)</sup>	Price as of Sep 30	Market Cap as of Sep 30 (US\$ MM)	Company Description
09/30	IPO	NYSE	China Ming Yang Wind Power Group Ltd	Wind	350.0	14.00		13.91	1,738.8	Designs, manufactures, sells and serves megawatt-class wind turbines
09/30	IPO	HKSE	Trony Solar Holdings Co Ltd	Solar	256.8	0.58		0.65	998.6	Provides thin film solar product and solution
09/30	IPO	SZSE-Chinext	Shanghai Taisheng Wind Power Equipment Co Ltd	Wind	139.0	4.68		6.57	788.5	Designs, manufactures, and delivers wind towers
09/17	IPO	SZSE-Chinext	Dalian East New Energy Development Co Ltd	Energy Technology	122.4	8.31		9.48	559.1	Provides new energy technology of industrial waste heat energy, solar energy, wind energy, wave energy, geothermal energy
09/07	IPO	SZSE	Zhejiang Fuchunjiang Environmental Thermoelectric Co Ltd	Hydropower	204.8	3.90		3.85	824.8	Researches, manufactures and sells complete hydraulic turbine generator sets
08/20	IPO	SZSE-Chinext	Risen Energy Co Ltd	Solar	278.3	6.35		6.93	1,213.0	Researches, develops, manufactures and distributes solar energy application products
08/20	IPO	SZSE-Chinext	Beijing Jiayu Door, Window & Curtain Wall Joint-Stock Co Ltd	Energy Saving	107.2	3.93		4.06	440.7	Researches, develops, designs, manufactures, processes, installs and serves energy-saving doors, windows and curtain walls

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

## Machinery

Selected M&A/Private Placements in Q3 2010						
Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Machinery &amp; Equipment</b>						
09/10	Private Placement	China High Speed Transmission Equipment Group Co. (SEHK:658)	Non-disclosed	290.9	NA	Produces and sells gear transmission equipment products
08-03	M&A	Luoyang Tractors Research Company Limited	First Tractor Co. Ltd. (SEHK:38)	22.2	51.0	Offers examination and testing of tractors, vehicles, construction machineries, internal combustion engines, agricultural machineries, agricultural transporters and their parts
<b>Components</b>						
09/13	Private Placement	Renewable Energy Asia Group Limited (Catalist:5DW)	Non-disclosed	22.5	NA	Manufactures and trades fasteners
07/18	Private Placement	Shandong Aneng Conveyor Belt & Rubber Co. Ltd	The Carlyle Group; Veyance Technologies, Inc.; Hixih Rubber Industry Group	200.0	NA	Manufactures conveyor belts
07/15	Private Placement	Qingdao Tianxun Electric Co., Ltd.	International Mining Machinery Ltd. (SEHK:1683)	79.5	100.0	Manufactures and supplies electrical control systems and related components for road headers and shearers used in long wall coal mining systems
07/12	Private Placement	Shenyang Haocheng Electrical Equipment Co. Ltd.	Tsing Capital	4.4	NA	Manufactures energy-saving electrical transformers
07/05	Private Placement	Kunshan Xinyilong Machinery Manufacturing Co., Ltd	Kunshan Kanto Buhin Manufacturing Co., Ltd. Valuepart Europe SPA	5.0	NA	Produces, distributes sells undercarriage parts for earth moving machines
<b>HVAC</b>						
NA						

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

**Selected Capital Markets Transactions in Q3 2010**

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/Discount to Market % <sup>(1)</sup>	Price as of Sep 30	Market Cap as of Sep 30 (US\$ MM)	Company Description
09/14	IPO	SZSE	Jiangsu Rainbow Heavy Industries Co Ltd	Machinery & Equipment	214.5	4.38		4.17	833.9	Designs, manufactures, distributes and serves heavy equipment
08/24	IPO	SZSE	Zhejiang IDC Fluid Control Co Ltd	Machinery & Equipment	73.6	1.89		3.96	633.4	Researches, develops, manufactures and distributes water and heating equipment
07/27	IPO	SZSE	Qinhuangdao Tianye Tolian Heavy Industry Co Ltd	Machinery & Equipment	142.4	3.39		3.92	670.8	Researches, develops, designs, manufactures and distributes hoisting and transportation equipment for railway and bridge construction
07/22	IPO	SHSE	Zhengzhou Coal Mining Machinery Group Co Ltd	Machinery & Equipment	413.1	3.02		4.76	3,329.9	Produces and distributes coal mining integrated equipment
07/15	IPO	SZSE-Chinext	Dalian Zhiyun Automation Co Ltd	Machinery & Equipment	42.9	2.93		3.89	233.1	Researches, develops, and manufactures automation systems and automatic equipment
09/09	Follow-on	HKSE	China High Speed Transmission Equipment Group Co Ltd	Machinery & Equipment	418.2	2.24	(4.0)	2.20	3,023.6	Researches, designs, develops, manufactures and distributes a range of mechanical transmission equipment that are used in a range of industrial applications
09/08	Follow-on	HKSE	Haitian International Holdings Ltd	Machinery & Equipment	44.5	0.74	(8.3)	1.01	1,608.6	Manufactures and distributes plastic injection molding machines and related products
08/17	IPO	SZSE	Sichuan Tianqi Lithium Industries Inc	Components	108.2	4.53		10.33	1,012.0	Researches, develops, produces and distributes lithium products
07/27	IPO	SZSE	Jiangxi Ganfeng Lithium Co Ltd	Components	76.3	3.13		8.75	874.7	Researches, develops, produces and sells deep processing lithium products
07/20	IPO	SZSE	Ningxia Qinglong Pipes Industry Co Ltd	Components	129.2	3.78		4.32	602.4	Researches, develops, manufactures and distributes water supply and drainage pipes
08/20	Follow-on	SZSE	Ningbo Donly Transmission Equipment Co Ltd	Components	80.7	1.93	(18.0)	2.47	550.1	Manufactures and distributes reducing motors and gearboxes
07/22	Follow-on	SHSE	Shaanxi Aerospace Power Hi-Tech Co Ltd	Components	84.3	1.58	(39.1)	3.41	818.5	Researches, designs, manufactures and distributes hydraulic torque converters and specialty pumps

<sup>(1)</sup> Premium/Discount to Market is calculated based on the closing price of the day prior to pricing  
Source: Company announcements, Capital IQ, ZeroIPO.com.cn, Quamnet.com, ChinaVenture.com.cn, Yahoo! Finance News and PRNewswire.

## Construction & Engineering

**Selected M&A/Private Placements in Q3 2010**

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Steel</b>						
09/21	Private Placement	Tianjin Goldsun Wire Rope Ltd	China Rope Holdings Limited	6.5	NA	Develops and manufactures steel wire ropes for elevators
08/09	Private Placement	China Oriental Group Co. Ltd. (SEHK:581)	Non-disclosed	550.0	NA	Produces and sells iron and steel products
07/20	Private Placement	Asia Iron Holdings Limited	Chongqing Chonggang Minerals Development Investment	246.4	NA	Provides iron ore mining and exploration services
08/06	M&A	Neijiang Chuanwei Special Steel Co. Ltd.	Sapphire Mineral Resources (HK) Limited	24.9	19.0	Owns and operates a hot rolled coil ('HRC') rolling mill facility with a capacity of approximately 900,000 tones per year
<b>Power Generation / Distribution</b>						
08/09	Private Placement	New Smart Energy Group Limited (SEHK:91)	Non-disclosed	9.8	NA	Sells and distributes natural gas for residential, commercial, and industrial consumption

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

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Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/Discount to Market % <sup>(1)</sup>	Price as of Sep 30	Market Cap as of Sep 30 (US\$ MM)	Company Description
09/21	IPO	SZSE	Dajin Heavy Industry Corp	Steel	172.1	5.83		7.17	860.1	Manufactures and supplies steel structures to power and energy industries
09/07	IPO	SZSE	Jiangsu Changbao Steeltube Co Ltd	Steel	171.4	2.54		2.44	975.9	Produces and sells seamless steel tubes
07/06	IPO	HKSE	Sinoref Holdings Ltd	Steel	38.0	0.10		0.10	115.9	Manufactures steel flow control products
09/21	Follow-on	SHSE	Sichuan Guangan AAA Public Co Ltd	Power Generation / Distribution	58.5	1.02	(14.0)	1.14	337.2	Generates and distributes electricity, water and natural gas

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

## Miscellaneous

Selected M&A/Private Placements in Q3 2010						
Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
<b>Automotive Parts / Automotive</b>						
09/13	Private Placement	Anhui Ankai Automobile Co., Ltd. (SZSE:000868)	Non-disclosed	67.9	NA	Manufactures and sells luxury coaches and bus chassis
09/01	Private Placement	Anhui ActBlue Co. Ltd	IDG Capital Partners; Shenzhen Leaguer Venture Capital Co. Ltd.; Green Pine Capital Partners Co., Ltd.	22.0	NA	Develops the diesel post-treatment system meeting EU III, EU IV and EU V standard
08/30	Private Placement	AnTec Automotive Electric System (Kunshan) Co., Ltd.	Hon Hai Precision Industry Co. Ltd. (TSEC:2317)	10.5	NA	Manufactures ignition and wiring systems used in cars and aircraft
07/07	Private Placement	Sichuan Chengfei Integration Technology Corp. Ltd. (SZSE:002190)	Non-disclosed	151.8	NA	Designs, develops and manufactures molds in China
<b>Fire, Safety &amp; Security</b>						
NA						
<b>Industrial Controls</b>						
NA						
<b>Materials, Chemicals &amp; Plastics</b>						
09/20	Private Placement	King Stone Energy Group Limited (SEHK:663)	Merrill Lynch International, Investment Arm	NA	NA	Manufactures and sells phosphorus products for industrial use
08/31	Private Placement	Do-fluoride Fushun Technology Development Co., Ltd	Aluminum Corporation Of China Limited (SEHK:2600); Do-Fluoride Chemicals Co., Ltd. (SZSE:002407)	9.8	NA	Manufactures aluminum fluoride
08/30	Private Placement	Yuyuan Holding Co., Ltd. (SZSE:000408)	Non-disclosed	74.5	NA	Manufactures and sells ceramics and woodworks
07/27	Private Placement	Chongqing Prosperity Cement Co., Ltd.	TCC International Holdings Ltd. (SEHK:1136)	30.0	NA	Manufactures and distributes cement and clinker
09/15	M&A	Tibet Shigatse Zhabuye Lithium High-Tech Co., Ltd.	BYD Company Ltd. (SEHK:1211); Tibet Jinhao Investment Co., Ltd.	36.5	22.0	Tibetan-based lithium and boron miner
07/15	M&A	China Luoyang Float Glass Group Co., Ltd.	CNBM Glass Company	NA	51.7	Manufactures and sells float sheet glass
07/06	M&A	CSR Limited Asia	Rockwool International A/S (CPSE:ROCK B)	109.3	100.0	Asian business of CSR Limited, an Australia-based manufacturer and supplier of building products and sugar
<b>Water Treatment</b>						
09/16	Private Placement	Interchina Holdings Company Ltd. (SEHK:202)	Non-disclosed	63.7	NA	Develops environmental protection and water treatment projects
08/09	Private Placement	China Water Industry Group Limited (SEHK:1129)	Boost Skill Investments Limited	7.5	NA	Focus on municipal water supply and municipal sewage treatment businesses
07/06	Private Placement	Xinjiang Kashi Hongbang Water-saving Co., Ltd.	Tsing Capital; ShengJing360.com, Inc.	5.9	NA	Manufactures various irrigating tubes and provides water saving engineering works

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

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09/16	IPO	HKSE	Changfeng Axle (China) Co Ltd	Automotive Parts / Automotive	118.5	0.51		0.56	449.3	Produces and sells axle components for medium duty truck and heavy duty truck after-markets
08/27	IPO	SZSE	Zhejiang Shuanghuan Driveline Co Ltd	Automotive Parts / Automotive	123.5	4.23		5.59	663.7	Manufactures and sells gears and shafts for automobiles, motorcycles, trucks, and heavy equipment
07/23	IPO	SZSE-Chinext	Ningbo Shuanglin Auto Parts Co Ltd	Automotive Parts / Automotive	72.5	3.16		5.35	500.1	Produces and sells auto parts
07/06	IPO	SZSE	Shanghai Jialeng Songzhi Automobile Aircondition Co Ltd	Automotive Parts / Automotive	161.3	2.75		4.37	1,047.7	Researches, develops, manufactures and distributes automobile air conditioners
09/16	Follow-on	SHSE	Beiqi Foton Motor Co Ltd	Automotive Parts / Automotive	370.6	2.73	(14.7)	3.05	3,212.8	Manufactures and sells automobiles
07/13	Follow-on	SHSE	Shanghai Aerospace Automobile Electromechanical Co Ltd	Automotive Parts / Automotive	190.6	0.93	(22.6)	2.08	1,991.9	Manufactures and distributes automobile spare parts and new materials
08/20	IPO	SZSE-Chinext	Shaanxi J&R Fire Protection Co Ltd	Fire, Safety & Security	58.9	3.02		5.32	425.5	Researches, develops, produces and distributes S type aerosol fire extinguishing systems
07/23	IPO	SZSE-Chinext	Shandong Uroica Automatic Equipment Co Ltd	Fire, Safety & Security	74.2	7.35		11.72	484.4	Manufactures and sells mine safety monitoring and key safety equipments
07/15	IPO	SZSE-Chinext	Jiangxi Huawu Brake Co Ltd	Industrial Controls	65.0	3.41		3.97	305.5	Designs, develops, manufactures, and sells industrial brakes and control systems
07/02	IPO	SZSE	ZYNP Corp	Industrial Controls	75.5	3.29		6.26	579.0	Researches, develops, manufactures, distributes and serves internal combustion engine cylinder liners
09/15	IPO	HKSE	China Sanjiang Fine Chemicals Co Ltd	Materials, Chemicals & Plastics	115.5	0.43		0.38	383.8	Manufactures and supplies consumer chemicals and related ingredients
08/10	IPO	SZSE-Chinext	Tonghua Shuanglong Chemical Co Ltd	Materials, Chemicals & Plastics	39.3	3.09		4.02	209.1	Produces and sells chemical defense precipitated silica for defense, chemical, and manned spacecraft applications
07/20	IPO	SZSE	Wuxi Baichuan Chemical Industry Co Ltd	Materials, Chemicals & Plastics	65.0	3.02		4.21	369.5	Produces and distributes fine chemicals
07/12	IPO	HKSE	Tiande Chemical Holdings Ltd	Materials, Chemicals & Plastics	2.7	0.14		0.23	95.0	Researches and develops, produces and sells fine chemical products
07/05	IPO	SZSE	Zhejiang Transfar Co Ltd	Materials, Chemicals & Plastics	77.2	1.92		2.35	573.6	Manufactures special chemical products
07/02	IPO	SZSE	Beijing Kangde Xin Composite Material Co Ltd	Materials, Chemicals & Plastics	84.6	2.15		2.92	471.9	Develops, produces and distributes laminating films and laminating equipment
08/31	Follow-on	SHSE	Xinjiang Qingsong Building Materials & Chemicals (Group) Co Ltd	Materials, Chemicals & Plastics	103.4	0.97	(66.6)	2.94	1,407.6	Manufactures and sells construction materials and chemical products
07/14	Follow-on	SZSE	China Fangda Group Co Ltd	Materials, Chemicals & Plastics	51.7	1.10	(13.2)	1.61	453.0	manufactures and distributes new-type construction materials

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