COWEN LATITUDE

China Industrial M&A Quarterly

4th Quarter 2008

Quarter in Review

- While we anticipate some slowdown coming into 1Q09, M&A and investment activities across the board continued to be robust in 4Q08.
- VCs/PE played an active role in the Alternative Energy sector, particularly in the solar and wind segments.
- We have seen industrial players actively enhancing their market positions and expanding production capacity by means of either initiating new acquisitions or increasing stake in existing affiliates.
- During this time of economic uncertainty, cash is king. However, it also represents a great opportunity for consolidation and investing in new initiatives.

Deal Highlights

- JACO Solarsi, a Xiamen-based upgraded metallurgical grade silicon (UMG-Si) producer, raised US$10.0 million from HSBC Private Equity. The funding will be used to expand production capacity, improve technology and lower costs.
- JinkoSolar raised US$35.0 million from China-Israel Value Capital, Pitango Venture Capital and Shenzhen Capital Group. The investment will help the company to access technologies from Israel and expand internationally.
- FAW-Volkswagen Automotive acquired Chengdu FAW plant for US$901.5 million. Through the acquisition, annual car output of the new FAW-VW Chengdu plant will reach 150,000 units in the initial stage and hit 350,000 by 2014.
- CITIC Group acquired a 49.0% stake in Baiyin Nonferrous Metal for US$475.9 million. The acquisition will enable CITIC Group to have a stronger control of upstream mining resources.
- Sichuan Chuantou Energy acquired 48.0% stake of a hydropower station Ertan Hydropower, which help boost Chuantou Energy's profitability by expanding its power generation business.

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Introduction

Cowen Latitude Asia, the wholly-owned Asia subsidiary of Cowen Group, Inc. (NASDAQ: COWN), is one of Asia's leading growth sector focused investment banks providing directly, or through its affiliates, a full range of capital markets, M&A advisory and private placement services. The Firm specializes in the growth sectors of Alternative Energy, Consumer, Health Care, Industrial, Media, Technology, Telecom and Aerospace & Defense.

We are pleased to present our quarterly review of the China Industrial sector M&A and private placement activities, focusing on both financial and strategic buyers/investors acquiring China assets and Chinese corporations acquiring overseas targets.

The purpose of this report is to provide a summary of notable China Industrial M&A and private placement activities in the fourth quarter of 2008, highlighting selected notable transactions that are relevant to venture capital, private equity, and strategic buyers/investors. Our review is broken down into the following eleven industrial sectors:

- Alternative Energy
- Automotive Parts/Automotive
- Components
- Fire, Safety & Security
- HVAC
- Industrial Controls
- Machinery & Equipment
- Materials, Chemicals & Plastics
- Steel
- Power Generation/Distribution
- Water Treatment

However, during the fourth quarter of 2008, there were no notable transactions in the HVAC and Industrial Controls sectors.

Alternative Energy

JACO Solarsi Limited, a Xiamen-based upgraded metallurgical grade silicon (UMG-Si) producer, raised US$10.0 million from HSBC Private Equity (Asia) Limited. Established in 2006, JACO Solarsi has supplied 1,000 tons of UMG-Si to solar and wafer companies in 2008. The funding will be used to expand production capacity, improve technology and lower costs.

International Finance Corp. invested US$15.0 million into a thin-film photovoltaic start-up ENN Solar Energy Co., Ltd., a subsidiary of Langfang-based natural gas company XinAo Group. ENN Solar will use Applied Materials' SunFab turnkey amorphous-silicon TFPV production technology and target an initial annual capacity of 60MW by the second quarter of 2009.

Trony Solar Corporation, a leading thin-film solar cell manufacturer, raised US$20.0 million from Intel Capital. The proceeds will be used to enhance Trony's production capacity to 105MW so as to serve a broad base of customers and to strengthen its R&D capabilities.

Intel Capital also acquired a minority stake in NP Holdings Ltd., which manufactures massive electricity storage systems for renewable energy. The investment demonstrates Intel Capital's ongoing commitment to investing around the globe and its strategic focus on the clean tech sector.

JinkoSolar Holding Co., Ltd., a Shangrao-based manufacturer of mono-crystalline and multi-crystalline silicon wafers for solar cells, raised US$35.0 million from China-Israel Value Capital, Pitango Venture Capital and Shenzhen Capital Group. The investment will help the company access technologies from Israel and expand internationally.

Selected Alternative Energy Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Dec 23, 2008	HSBC Private Equity (Asia) Limited	JACO Solarsi Limited	10.0	NA	NA	Supplies UMG-Si to solar cell and wafer companies

Selected Alternative Energy Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Dec 18, 2008	China Environment Fund, BP, Intel Capital, Vickers Financial Group	Huineng Technology Co., Ltd.	3.0	NA	NA	Develops and produces large volume power storage equipment
Dec 8, 2008	Linzhou Zhongsheng Steel Co., Ltd.	Linzhou Zhongsheng Semiconductor Silicon Material Co., Ltd.	29.1	49.0	59.3	Produces virgin polysilicon
Nov 14, 2008	Sunrise Consulting Group, Inc. [OTCPK:SNRS]	Sunrise Solartech Co., Ltd.	NA	60.0	NA	Designs, develops, manufactures and markets solar energy products
Nov 10, 2008	HuBei New HuaGuang Information Materials CO., LTD. [SHSE:600184]	Defense Assets of XiGuang Group, Yunnan Tianda Photovoltaic Co., Ltd.	117.2	NA	NA	Defense Assets provides defense business; Yunnan Tianda Photovoltaic Co. manufactures solar products
Nov 7, 2008	Hunan General Electric Group	Hunan Hara XEMC Wind Power Co., Ltd.	12.3	27.0	45.4	Manufactures and sells the wind turbines
Nov 6, 2008	IFC	ENN Solar Energy Co., Ltd.	15.0	NA	NA	Engages in the greenfield construction, installation, commissioning and operation of a tandem junction thin film line
Oct 28, 2008	Intel Capital	Trony Solar Corporation	20.0	NA	NA	Designs, manufactures and supplies photovoltaic power generation solutions and services for solar energy industry
Oct 28, 2008	Intel Capital	NP Holdings Ltd.	NA	NA	NA	Develops and markets electricity storage systems
Oct 13, 2008	China-Israel Value Capital, Pitango Venture Capital, Shenzhen Capital Group	JinkoSolar Holding Co., Ltd.	35.0	NA	NA	Manufactures and markets mono-crystalline and multi-crystalline silicon wafers

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

Automotive Parts/Automotive

Liaoning SG Automotive Group, a manufacturer of motor vehicle parts, acquired an additional 42.9% stake in Dandong Huanghai Automotive for US$50.1 million. Upon the closing of the transaction, Liaoning SG Automotive Group will raise its stake to 96.8% from 53.9% in Dandong Huanghai Automotive.

FAW-Volkswagen Automotive acquired Chengdu FAW plant for US$901.5 million. Through the acquisition, FAW-Volkswagen will install four production lines for stamping, welding, painting and assembling, aiming to build the largest car manufacturing base in West China. The annual car output will reach 150,000 units initially stage and hit 350,000 units by 2014. Upon capacity realization, annual sales revenue is expected to exceed US$5.8 billion.

Selected Automotive Parts/Automotive Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Nov 5, 2008	Liaoning SG Automotive Group Co. Ltd. [SHSE:600303]	Dandong Huanghai Automotive Co., Ltd.	50.1	42.9	116.8	Engages in the auto parts business in China

Selected Automotive Parts/Automotive Transactions						
Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Oct 30, 2008	FAW-Volkswagen Automotive Co., Ltd.	Chengdu FAW Plant	901.5	100.0	901.5	Designated to be used for the manufacturing of Volkswagen cars

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

Components

Hanwei Energy Services, a manufacturer of fiberglass reinforced pipes, acquired the remaining 8.9% stake in Daqing Harvest Longwall High Pressure FRP Pipe, one of China's largest manufacturers of fiberglass reinforced plastic (FRP) pipes for the oil and gas sector, for US$3.7 million. Upon the completion of the transaction, Daqing Harvest will become a wholly-owned subsidiary of Hanwei Energy, which currently owns 14 FRP production lines with a total annual capacity of 3,200 km of high-pressure FRP oil pipes.

Selected Components Transactions						
Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Dec 10, 2008	Hanwei Energy Services Corp. [TSX:HE]	Daqing Harvest Longwall High Pressure FRP Pipe Co., Ltd.	3.7	8.9	41.6	Manufactures fiberglass reinforced pipes

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

Fire, Safety & Security

United Technologies Far East, a wholly-owned unit of United Technologies Corp, which produces Carrier heating and air conditioning, Hamilton Sundstrand aerospace systems and UTC Fire & Security systems, acquired 100.0% stake of GST Holdings, a provider of fire-detection and control systems. This acqusition continues to demonstrate United Technologies' strategic focus in the Chinese fire detection sector.

Selected Fire, Safety & Security Transactions						
Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Dec 3, 2008	United Technologies Far East Ltd.	GST Holdings Ltd. [SEHK:416]	348.9	100.0	348.9	Produces industrial and commercial fire safety products, including portable fire extinguishers, detection and alarm, etc.

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

Machinery & Equipment

Yangzijiang Shipbuilding Holdings, a Chinese shipbuilder, acquired the entire stake of Jiangsu Tongzhou Marine Equipment, which owns shipbuilding facilities with a production area of 286,000 square meters. This acquisition will help Yangzijiang Shipbuilding Holdings reduce costs by eliminating the payment of annual rent for the shipyard.

Baotou Beifang Chuangye, a manufacturer of motor vehicles and automotive components, acquired 89.5% stake of Inner Mongolia Yiji Group Fucheng Forging, a heavy-duty truck manufacturer, so as to extend its product lines.

Selected Machinery & Equipment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Nov 27, 2008	Yangzijiang Shipbuilding Holdings Ltd. [SGX:BS6]	Jiangsu Tongzhou Marine Equipment Co., Ltd.	75.6	100.0	75.6	Provides facility and production area for structural building in blocks, block outfitting and modularisation of outfitting into units
Nov 23, 2008	Konecranes Plc [HLSE:KCR1V]	Jiangsu Three Horses Crane Manufacture Co., Ltd.	NA	NA	NA	Engages in the design, manufacture, sale, installation, and service of crane machines in China
Nov 18, 2008	Walden International	Fujian Haiyuan Automatic Equipments Co., Ltd.	6.0	NA	NA	Manufactures ceramic equipment and wall material equipment
Nov 10, 2008	Hyundai Corp. [KOSE:A011760]	Qingdao Hyundai Shipbuilding Co., Ltd.	20.1	10.0	201.4	Builds small to medium sized vessels
Oct 21, 2008	Otis Elevator Company	Shanghai Otis Elevator Co., Ltd.	31.0	25.0	124.1	Manufactures and sells elevators
Oct 14, 2008	WET Automotive Systems AG [DB:WET]	Shanghai Comair Cooling Fan Co. Ltd.	NA	100.0	NA	Manufactures fans for various industrial and commercial applications
Oct 14, 2008	Baotou Beifang Chuangye Co.,Ltd [SHSE:600967]	Inner Mongolia Yiji Group Fucheng Forging Co., Ltd.	37.5	89.5	41.8	Manufactures heavy-duty truck
Oct 10, 2008	Sany Heavy Industry Co., Ltd. [SHSE:600031]	Sany Heavy Machinery Co., Ltd.	273.6	100.0	273.6	Engages in the research development and manufacture of hydraulic machinery of underground shoring and underground engineering and groundwork machinery

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

Materials, Chemicals & Plastics

CITIC Group acquired a 49.0% stake in Baiyin Nonferrous Metal, which has annual smelting capacity of 80,000 tons of copper, 170,000 tones of zinc and 30,000 tons of lead, for US$475.9 million. The strategic investment will enable CITIC Group to flex its muscles in the prospecting and exploration sector to have a stronger control of upstream mining resources on the strength of Baiyin Nonferrous' expertise.

Anhui Hengyuan Coal Industry purchased the coal mine assets from Wanbei Coal-Electricity Group for US$451.8 million. These assets consist of Wanbei Coal-Electricity Group's Renlou Coal Mine, Qidong Coal Mine, and Qianyingzi Coalmine, as well as a batch of affiliates engaged in coal production.

Selected Materials, Chemicals & Plastics Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Dec 3, 2008	CITIC Group	Baiyin Nonferrous Group	475.9	49.0	941.2	Manufactures copper, aluminum, lead, zinc, gold, silver, and other nonferrous metal products

Selected Materials, Chemicals & Plastics Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Nov 8, 2008	Yunnan Yuntianhua Co., Ltd. [SHSE:600096]	Yuntianhua Group Co. Ltd., Three Subsidiaries and Assets	1,172.5	NA	NA	Provide phosphate fertilizers manufacture, transport and logistics services
Nov 8, 2008	Yunnan Yuntianhua Co., Ltd. [SHSE:600096]	Yunnan Malong Chemicals & Construction Co., Ltd. [SHSE:600792]	529.6	100.0	529.6	Manufactures chemicals including phosphorus, phosphoric acid, and feed dicalcium phosphate
Nov 8, 2008	Yunnan Yuntianhua Co., Ltd. [SHSE:600096]	Yunnan Salt & Chemical Industry Co. Ltd [SZSE:002053]	1,023.1	100.0	1,023.1	Manufactures and sells chemicals and salt, including edible salt, industrial salt, Glauber's salt, caustic soda
Oct 22, 2008	Anhui Hengyuan Coal Industry & Electricity Power Co., Ltd. [SHSE:600971]	Wanbei Coal Electricity Group Co., Ltd., Coal Mining and Associated Assets	451.8	100.0	451.8	Engages in the mining and production of coal and coal products
Oct 10, 2008	Sinoma International Engineering Co.,Ltd. [SHSE:600970]	Tianjin Zhongtian Technology Development Co., Ltd., Target Companies	267.4	100.0	267.4	Engages in supply and sale of construction materials and equipments

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

Steel

Hunan Valin Steel raised US$274.5 million from existing investors, including Hunan Valin Iron & Steel Group and Arcelor Mittal. Hunan Valin Steel will use the proceeds for financing its steel production projects and technology upgrades.

Western Mining, China's fourth-largest zinc smelter and second-largest lead miner, acquired 39.4% stake of Xining Special Steel Group, which has an annual production capacity of 500,000 ton steel, for US$162.5 million. The acquisition will facilitate Western Mining's downstream business extension.

Selected Steel Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Dec 20, 2008	Sapphire Corporation Limited [SGX:589]	Neijiang Chuanwei Special Steel Co. Ltd.	30.2	39.8	75.8	Engages in the production of hot rolled coils
Dec 19, 2008	Arcelor Mittal [ENXTAM:MT]; Hunan Valin Iron & Steel Group Co. Ltd.	Hunan Valin Steel Co. Ltd. [SZSE:000932]	274.5	NA	NA	Manufactures and markets steel products including seamless pipes, wire rods, steel base, etc.
Nov 19, 2008	Western Mining Co. Ltd. [SHSE:601168]	Xining Special Steel Group	162.5	39.4	411.9	Manufactures steel and engages in the production of iron ore
Nov 5, 2008	Shandong Iron and Steel Group Co., Ltd.	Rizhao Steel Holding Group Co., Ltd.	NA	100.0	NA	Produces steel products and offers sintering, coking, iron-making, and rolling services

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

Power Generation / Distribution

Sichuan Chuantou Energy raised US$435.6 million from its parent company, Sichuan Provincial Investment Group, in order to acquire a 48.0% stake in hydropower station Ertan Hydropower. The acquisition will seek help to boost Chuantou Energy's profitability by expanding its power generation business. Ertan Hydropower's electricity output is about 14.5 billion kwh annually.

China Datang Corporation, an electricity generation company, acquired 80.0% stake of Shandong Huangdao Power Plant for US$263.6 million. The deal will enable Huangdao Power Plant to have its coal demands met through Datang's strong upstream business.

Guizhou Qianyuan Power, an operater of hydropower stations and thermal power stations, acquired an additional 16.0% stake of Guizhou Beipanjiang Power for US$75.4 million. With its existing 35.0% stake in Beipanjiang Power, Guizhou Qianyuan Power becomes the controlling shareholder of Guizhou Beipanjiang Power.

Guizhou Qianyuan Power raised US$73.1 million from an existing investor Guizhou Wujiang Hydropower Development, which engages in the exploitation of hydroelectric power resources of the Wujiang River. Guizhou Qianyuan Power 's electricity output is about 11.0 billion kwh annually.

Selected Power Generation / Distribution Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Dec 1, 2008	Sichuan Provincial Investment Group Co., Ltd.	Sichuan Chuantou Energy Co., Ltd. [SHSE:600674]	435.6	NA	NA	Engages in the production and sale of electricity
Dec 1, 2008	Sichuan Chuantou Energy Co., Ltd. [SHSE:600674]	Ertan Hydropower Development Corp.	360.8	48.0	751.7	Engages in the generation of hydropower
Nov 5, 2008	China Datang Corporation	Shandong Huangdao Power Plant	263.6	80.0	329.5	Engages in the power generation
Oct 31, 2008	Guizhou Qianyuan Power Co., Ltd. [SZSE:002039]	Guizhou Beipanjiang Power Co., Ltd.	75.4	16.0	471.4	Engages in the power generation along Beipan River area
Oct 28, 2008	Guizhou Wujiang Hydropower Development Corporation Ltd.	Guizhou Qianyuan Power Co., Ltd. [SZSE:002039]	73.1	NA	NA	Engages in the power generation and transmission
Oct 24, 2008	Yanzhou Coal Mining Co., Ltd. [SEHK:1171]	Shandong Hua Ju Energy Company Limited	86.7	74.0	117.2	Provides electricity supply

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

Water Treatment

Kunming Water Supply Group, which supplies water to the city of Kunming in South China, acquried a 60.0% stake of Chenggong Salcon Water for US$2.9 million. Kunming Water Supply Group currently operates ten water plants in Yunan province and aims to expand its market share through acquisitions of water plants.

Selected Water Treatment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Nov 17, 2008	FDS Networks Group Ltd. [SGX:F07]	Tongji Environment (Asia) Private Limited	3.6	20.0	17.6	Owns and operates three waste water treatment plants and one sludge treatment plant

Selected Water Treatment Transactions

Announcement Date	Lead Investor(s) / Buyer	Target	Transaction Value (US$ mm)	%	Implied Valuation (US$ mm)	Description of Target(s)
Nov 6, 2008	Kunming Water Supply Group Co. Ltd.	Chenggong Salcon Water Co. Ltd.	2.9	60.0	4.9	Engages in the construction and operation of water plants

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

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