

China Industrial Quarterly Update

2nd Quarter 2011

Quarter in Review

- Private transactions maintained momentum during the 2nd quarter of 2011 - with 43 M&A and private placement transactions closing; by contrast, only 21 companies went public, while no follow-ons closed in the quarter.
- In the Alternative Energy sector, 10 companies raised approximately US\$ 318.6 million from private investors and 2 companies raised US\$ 855.7 million via IPOs.
- The Machinery & Equipment sector closed 10 IPOs in the 2nd quarter, accounting for 47.6% of all IPOs, raising US\$ 926 million.

Sector Highlights

- Xiangtan Electric Manufacturing Co., Ltd., which develops and sells large and medium sized AC and DC motors and electrical traction products worldwide, acquired the remaining 49% equity interest of Hunan Hara XEMC Wind Power Co., Ltd. for approximately US\$ 110.3 million.
- Shineon Corporation raised US\$ 51.5 million in a series B round to support future growth. In addition to Mayfield Fund, a new investor, existing investors, IDG Capital Partner, Northern Light Venture Capital and GSR Ventures also participated in the round.
- Jiangsu Rongsheng Heavy Industries Group Co., Ltd., which manufactures and markets ships, marine vessels and carriers, acquired Anhui Quanchai Group Corp. from The People's Government of Guanjiang County, Anhui Province for approximately US\$ 329.1 million. The acquisition includes a 44.4% ownership interest in Quanchai Engine, which is the primary asset of Anhui Quanchai Group.

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Alternative Energy

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
06/16	M&A	Huaneng Renewables Corporation Limited (BST:HR1)	China Life Insurance Co. Ltd. (SEHK:2628)	60.9	3.3	Develops and operates wind power projects
06/14	M&A	Tianjin Xinmao Xinfeng Energy Technology Co., Ltd.	Tianjin Xinmao Science and Technology Investment Group Co., Ltd.	5.2	62.0	Manufactures and distributes wind turbine blades for the power generation capacity from 750 kilowatts to 2.5 megawatts and above
06/07	M&A	Huaneng Renewables Corporation Limited (BST:HR1)	Fubon Life Insurance Co. Ltd.	20.0	75.0	Develops and operates wind power projects
06/02	M&A	PerfectEnergy International Limited (OTCBB:PFY)	Tianjin ZHONGHUAN Semiconductor Joint-STOCK Co. Ltd. (SZSE:002129)	6.3	35.0	Researches, develops, manufactures and sells solar cell, solar module and photovoltaic systems
05/31	M&A	Jiangsu Yongneng Photovoltaic Technology Company Limited	IRICO Group Electronics Co. Ltd. (SEHK:438); Jiangsu Huachang Group Co., Ltd.; China Jiangsu Jinfan Power Technology Co., Ltd.; Zhangjiagang Jincheng Investment & Development Co., Ltd.; Zhangjiagang Haixing Container Manufacturing Co., Ltd.	24.2	45.0	Researches, develops and manufactures solar cells, solar modules and also installs and maintains solar photovoltaic systems and photovoltaic integrated products
04/28	M&A	Nanjing Handson	New Enterprise Management	11.0	NA	Engages in LED lighting application
04/26	M&A	Hunan Hara XEMC Wind Power Co., Ltd.	Xiangtan Electric Manufacturing Co. Ltd. (SHSE:600416)	110.3	49.0	Manufactures and sells wind turbines
06/08	Private Placement	SunSun Lighting Holdings Asia Limited	GSR Ventures Management Co. Ltd.	10.0	NA	Researches, develops and manufactures LED lighting products offering LED lamps, LED luminaires and lighting management systems for residential, commercial, industrial and outdoor applications
05/23	Private Placement	Royal Tech Solar	Tripod Capital	19.2	NA	Provides concentrated solar power systems for sun energy collection and solar thermal power generation
04/20	Private Placement	Shineon Corporation	Mayfield Fund; IDG Capital Partners; GSR Ventures Management Co. Ltd.; Northern Light Venture Capital	51.5	NA	Researches, develops and produces high brightness and ultra-high brightness LED devices

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 ⁽¹⁾	Price as of Jun 30	Market Cap as of Jun 30 (US\$ MM)	Company Description
06/13	IPO	SZSE - Chinext	Unilumin Group Co. Ltd.	LED	57.3	2.86		2.92	226.8	Provides high-quality and good-performance LED products and solution for all customers
06/03	IPO	HKSE	Huaneng Renewables Corp Ltd	Wind	798.4	0.32		0.32	878.5	A renewable energy company with focus on wind power generation

⁽¹⁾ 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 Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Machinery & Equipment						
05/18	M&A	YTO International Economic and Trading Co., Ltd.	First Tractor Co. Ltd. (SEHK:38)	12.3	100.0	Manufactures and distributes agricultural machinery
05/06	M&A	Shandong Sanjin Glass Machinery Co., Ltd.	Emhart Glass, S.A.	61.6	63.0	Supplies machinery and systems to glass container industry
04/04	M&A	Jinzhou Wonder Packing Machinery Co.Ltd.	Uhlmann Asien Holding GmbH & Co. KG	5.0	100.0	Researches and manufactures packing machines
05/13	M&A	Fong's Industries Co. Ltd. (SEHK:641)	China Hengtian Group Co., Ltd.	306.6	62.3	Designs, manufactures and sells dyeing and finishing machinery
Components						
06/12	M&A	Shenzhen NARI Technologies Co., Ltd.	Changyuan Group Ltd. (SHSE:600525)	20.1	25.0	Develops, designs, produces and markets power system automation products
05/17	M&A	Wuxi Compressor Co.,Ltd.	Kobelco (China) Holdings Co., Ltd	49.1	44.3	Manufactures and markets screw, piston compressors including fixed, movable, anti-explosion, frequency-conversion control type compressors
06/08	Private Placement	Wuhan Yongli Power Technology Co., Ltd.	China Baoan Group Co. Ltd. (SZSE:000009)	19.1	NA	Engages in R&D, production and sale of military used high power switch supply system
06/06	Private Placement	Jiangsu Xinghe Valve Co. Ltd.	Investor Growth Capital; Baird Capital Partners Asia	-	NA	Designs, produces and markets a range of instrumentation valves and fittings for oil and gas, petrochemical, nuclear power plants, waste water and other process control applications
HVAC						
NA						

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06/28	IPO	SZSE	Shandong Zhangqiu Blower Co Ltd	Machinery & Equipment	61.8	1.54	-	-	-	Manufactures Blowers, vacuum pumps and related products
06/15	IPO	SZSE	Shandong Himile Mechanical Science & Technology Co Ltd	Machinery & Equipment	185.1	3.70		3.87	774.8	Manufactures and supplies top-grade tire molds, giant tire curing presses and building drums
06/09	IPO	Frankfurt Prime	United Power Technology AG	Machinery & Equipment	30.3	13.17		10.86	133.6	Manufactures portable generators, engines, outdoor power equipment
05/13	IPO	SZSE - Chinext	Shanghai CSG Smart Science & Technology Co Ltd	Machinery & Equipment	74.8	4.99		4.88	292.9	Manufactures power automation systems, provides automation engineering and technical services
05/13	IPO	SZSE - Chinext	Wuhan Golden Laser Co Ltd	Machinery & Equipment	32.4	3.60		4.43	155.0	Provides solutions for medium and small power laser processing
05/09	IPO	SZSE - Chinext	Zhenjiang Dongfang Electric Heating Technology Co Ltd	Machinery & Equipment	91.7	3.99		4.48	403.0	Manufactures electric heaters for air-conditioners, refrigerators, cool cabinets, sea transportation refrigerated containers
04/29	IPO	SZSE - Chinext	Hunan China Sun Pharmaceutical Machinery Co Ltd	Machinery & Equipment	76.4	4.49		5.09	341.0	Provides a simple operation, high efficiency pharmaceutical equipments for pharmaceutical procession
04/29	IPO	SZSE - Chinext	Suzhou Electrical Apparatus Science Academy Co Ltd	Machinery & Equipment	134.1	11.66		12.00	540.2	Produces various types of transmission, distribution equipment, reactors and other testing equipment
04/28	IPO	SZSE - Chinext	Jiangsu Jixin Wind Energy Technology Co Ltd	Machinery & Equipment	175.4	3.45		2.86	1,290.2	Produces the components of large wind turbines
04/15	IPO	SZSE - Chinext	Anshan Senyuan Road & Bridge Co Ltd	Machinery & Equipment	64.0	3.37		3.20	239.4	Develops and manufactures road maintenance machinery, cleaning equipment and other preventive equipment

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Construction & Engineering

Selected M&A/Private Placements in Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Steel						
06/30	M&A	Neijiang Chuanwei Special Steel Co. Ltd.	Sapphire Corporation Limited (Catalist: NF1)	38.8	30.0	Owns and operates a hot rolled coil ('HRC') rolling mill facility with a capacity of approximately 900,000 tonnes per year
06/27	M&A	Runzhou Heavy Industry Co. Ltd.	Jiangsu New Yangzi Shipbuilding Co., Ltd.; Yitian Investments Pte Ltd.	6.5	54.5	Prepares, coats and paints steel surfaces
05/31	Private Placement	Guizhou Zunyi Huixing Ferroalloy Limited Company	CITIC Dameng Mining Industries Limited	38.5	NA	Engages in manganese mining and ferroalloy downstream processing
Power Generation / Distribution						
04/11	M&A	Xinan Zhongjing Gas Company Limited	China Infrastructure Investment Limited (SEHK:600)	18.0	90.0	Distributes natural gas to residential, commercial and industrial sector
06/28	Private Placement	Maoming Zhenneng Thermolectricity Co., Ltd.	Guangdong Electric Power Development Co. Ltd. (SZSE:200539)	76.5	NA	Engages in power plant construction and electricity generation

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NA										

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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 Q2 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Automotive Parts / Automotive						
06/28	M&A	Shanghai Astrace Trade Development Company Limited	New Focus Auto Tech Holdings Ltd (SEHK:360)	9.6	51.0	Sells glass window tinting and paint film for automobiles
05/26	M&A	Baoding Great Wall Huabei Automobile Company Limited	Great Wall Motor Company Ltd. (SEHK:2333)	26.7	47.0	Manufactures automotive parts and components
05/23	M&A	CNAIC Chengdu Auto Parts Co., Ltd.	Sichuan Hejia Co. Ltd. (SHSE:600093)	5.2	10.0	Manufactures auto parts including camshafts
04/26	M&A	Anhui Quanchai Group Corp.	Jiangsu Rongsheng Heavy Industries Group Co. Ltd.	329.1	100.0	Produces high-speed diesel engines
04/15	M&A	Shenyang Brilliance Jinbei Automobile Co. Ltd.	Shenyang XinJinBei Investment and Development Co., Ltd.	45.9	9.9	Manufactures automobiles including passenger cars and multifunctional commercial business vehicles
04/12	M&A	SHANDONG SILVERSTONE LUHE RUBBER & TYRE CO., LTD.	Toyo Tire & Rubber Co. Ltd. (TSE:5105)	46.1	75.0	Manufactures high performance tires, offering truck, semi-steel radial passenger car and semi-steel radial light truck tires
06/21	Private Placement	Chongqing Xiaokang Auto Industry Group Co., Ltd.	Huarong Yufu Equity Investment Fund Management Co., Ltd.	34.8	NA	Researches, develops, manufactures and sells motorcycles, shock absorbers and auto engines
Fire, Safety & Security						
NA						
Industrial Controls						
NA						
Materials, Chemicals & Plastics						
06/29	M&A	Inner Mongolia Mengxi Cement Co., Ltd.	China Resources Cement Holdings (Hong Kong) Limited	241.7	40.6	Manufactures and sells cement and clinker
05/30	M&A	China Primary Resources Holdings Limited (SEHK:8117)	Non Disclosed	6.2	49.9	Manufactures and sells polyethylene pipes and fibre glass reinforced plastic pipes
05/26	M&A	Jiangsu Chien Kuo Mining Industrial Co., Ltd.	TCC International (Hong Kong) Limited	17.7	100.0	Offers limestone quarrying services
05/09	M&A	Dongguan Proamine Chemicals Co. Ltd.	Non Disclosed	12.9	100.0	Manufactures and distributes textile chemicals
04/20	M&A	He Tian Lu Xin Building Materials Company Limited	Shaanxi Yaobai Special Cement Co. Ltd	24.5	25.0	Operates one cement production line with a daily production capacity of 1,500 tons of clinker
06/24	Private Placement	Wah Yuen Technology Holding Ltd.	Flight Global Holding Inc.	11.5	NA	Designs, develops, manufactures and sells magnesium alloy casing for notebook computers
06/14	Private Placement	Hubei Yihua Group Co., Ltd.	Non Disclosed	385.7	NA	Develops, manufactures, markets and exports coal-based, phosphor-based, salt-based and natural-gas-based chemicals
06/14	Private Placement	Inner Mongolia Keda Chemical Industry Co., Ltd.	Sichuan Yahua Industrial Group Co., Ltd. (SZSE:002497)	9.1	NA	Manufactures and distributes explosives
04/26	Private Placement	Zhejiang Xin'an Momentive Performance Materials Co., Ltd.	Zhejiang Wynca Chemical Industrial Group Co., Ltd. (SHSE:600596)	65.0	NA	Produces siloxane
04/12	Private Placement	Inner Mongolia Mengwei Technology Co., Ltd.	Anhui Wanwei Updated High-Tech Material Industry Company Limited (SHSE:600063)	43.7	NA	Produces polyvinyl alcohol (PVA) products and calcium carbide
Water Treatment						
05/31	M&A	Golden Idea Bio-Engineering (Dongguan) Co., Ltd.	Sino Kingdom International Investments Limited	19.3	100.0	Develops waste water treatment technologies and plants
04/12	M&A	Beijing Jiuan Construction & Investment Group Co. Ltd.	Beijing Origin Water Technology Incorporation Company (SZSE:300070)	7.8	50.2	Offers waste water treatment services
05/23	Private Placement	Shanghai United Water Co.	International Finance Corporation	20.0	NA	Operates as a water supply and treatment company

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06/24	IPO	SHSE	Sailun Co Ltd	Automotive Parts / Automotive	104.3	1.06		1.55	585.9	Manufactures steel truck radial tire and radial tire semi-steel radial tire
06/22	IPO	HKSE	Shuanghua Holdings Ltd	Automotive Parts / Automotive	24.2	0.15		0.19	122.0	Designs, produces and sells a comprehensive range of automotive HVAC components including evaporators, condensers, heater cores and compressors
05/31	IPO	SZSE	Zhejiang Vie Science & Technology Co Ltd	Automotive Parts / Automotive	56.1	2.4		2.81	262.5	Produces, develops and sells automotive brake systems
05/27	IPO	SHSE	Camel Group Co Ltd	Automotive Parts / Automotive	237.7	2.86		2.70	1,134.3	Researches, develops, produces and sells lead-acid battery
05/11	IPO	NYSE	China Zenix Auto International Ltd	Automotive Parts / Automotive	77.4	6.00		5.20	268.4	Manufactures commercial vehicle wheel
06/28	IPO	SZSE	Anhui Jinhe Industrial Co Ltd	Materials, Chemicals & Plastics	111.3	3.32		-	-	Manufacture chemicals including food additives such as Acesulfame, Methyl Maltol, Ethyl Maltol etc
05/24	IPO	SZSE	Xilong Chemical Co Ltd	Materials, Chemicals & Plastics	96.2	1.92		2.09	418.0	Develops, produces and sells chemical reagents
05/20	IPO	SZSE-Chinext	Shanghai Kinlita Chemical Co Ltd	Materials, Chemicals & Plastics	73.2	4.30		4.13	277.0	Produces electro-deposition coatings for OEM trucks and buses
04/29	IPO	SZSE-Chinext	Shandong Rike Chemical Co Ltd	Materials, Chemicals & Plastics	118.1	3.38		3.32	448.0	Produces and develops PVC plastic modifier products

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