

China Industrial Quarterly Update

3rd Quarter 2011

Quarter in Review

- In the Alternative Energy sector, 19 companies raised approximately US\$ 1.0 billion from either private investors or public capital markets, among which Beijing Jingyuntong Technology Co., Ltd. was the most notable transaction.
- The Automotive Parts / Automotive sector closed 5 M&A, 2 IPO and 2 Follow-on transactions for total consideration of approximately US\$ 1.2 billion in the 3rd quarter of 2011.

Sector Highlights

- China TMK Battery Systems Inc. (OTCBB:DFEL), which designs, develops, manufactures and sells nickel-metal hydride (Ni-MH) cell rechargeable batteries, signed a purchase agreement to acquire Shenzhen Dongfang Hualian Technology Co., Ltd. for a total consideration of US\$ 16.7 million in cash and stock.
- Joy Global Inc. (NasdaqGS:JOYG), which manufactures and serves mining equipment for the extraction of coal, copper, iron ore, oil sands and other minerals, signed a share purchase agreement to acquire 41.1% stake in International Mining Machinery Ltd (SEHK:1683) for a total consideration of US\$ 583.3 million.
- Hubei Energy Group Co. Ltd. (SZSE:000883) raised total consideration of US\$ 504.6 million for Qiyueshan wind farm project (Phase I and Phase II) in Lichuan, Hubei, Xiaochang - Qianjiang natural gas pipeline project, Jingzhou - Gongan - Shishou gas pipeline project, Wuhan - Chibi natural gas pipeline project, and Huangbei - Macheng natural gas pipeline project.

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Alternative Energy

Selected M&A/Private Placements in Q3 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
09/29	M&A	Jiangsu Yongneng Photovoltaic Technology Company Limited	IRICO Group Electronics Co. Ltd. (SEHK:438)	16.4	30.0%	Researches, develops and manufactures solar cells, solar modules; also installs and maintains solar photovoltaic systems and photovoltaic integrated products
09/28	M&A	Jiangxi Risun Solar Energy Co., Ltd.	Zhuhai Boyuan Investment Co., Ltd. (SHSE:600656)	NA	100.0%	Researches and develops, manufactures and sells photovoltaic (PV) products
09/06	M&A	Da'an Chenfei Wind Power Equipment Co., Ltd.	Chongqing General Industry (Group) Co., Ltd	11.8	100.0%	Manufactures blades of wind power generating units and composite material products
08/29	M&A	Guodian Ningxia Solar Co., Ltd.	GD Power Development Co., Ltd (SHSE:600795)	87.6	100.0%	Develops solar energy projects
08/16	M&A	Shenzhen Dongfang Hualian Technology Co., Ltd.	China TMK Battery Systems Inc. (OTCBB:DFEL)	16.7	100.0%	Designs, manufactures and sells lithium batteries
07/04	M&A	Jiangsu King Sun Power Co., Ltd.	Non-disclosed	13.9	25.0%	Manufactures photovoltaic cells for renewable energy markets offering ingots, wafers, solar cells and solar modules
09/29	Private Placement	Jiangxi Ganfeng Lithium Battery Co., Ltd.	Jiangxi Ganfeng Lithium Co., Ltd. (SZSE:002460)	6.8	100.0%	Produces and markets lithium batteries
09/29	Private Placement	Changsha Xingcheng Microlite Graphite Co., Ltd	Shenzhen Capital Group Co., Ltd.; Beijing Easpring Material Technology Co., Ltd. (SZSE:300073)	5.7	55.0%	Develops and manufactures negative electrode materials for lithium batteries
09/20	Private Placement	Chaori Sky Solar Energy S.a r.l	Hong Kong Chaori Solar Energy Science & Technology Co., Ltd.; Sky Capital Europe S.a r.l.	13.7	NA	Engages in construction of European power plants
09/01	Private Placement	Aviation Power Control Co., Ltd.	AVIC Aero-Engine Controls Co., Ltd. (SZSE:000738)	78.3	NA	Researches, manufactures and serves gas turbine, photovoltaic inverter and wind power control system.
08/10	Private Placement	Shenzhen KSTAR New Energy Co., Ltd.	Shenzhen KSTAR Science and Technology Co., Ltd. (SZSE:002518)	14.0	NA	Manufactures solar inverter
08/03	Private Placement	AAC New Power Development (Changzhou) Co. Ltd.	Jiangsu Yuanyu Electronic Group Co., Ltd.	8.5	20.0%	Researches, develops, manufactures, and sells lithium ion battery cells and battery packs
07/13	Private Placement	Hunan Copower EV Battery Co., Ltd.	Hunan Corun New Energy Co., Ltd. (SHSE:600478)	12.4	NA	Researches, manufactures and sells automotive battery packs and related materials
07/06	Private Placement	ET Solar Group Limited	Non-disclosed	50.0	NA	Operate as an integrated solar application manufacturing company
07/06	Private Placement	Zhejiang Youchuang Light Energy Technology Co., Ltd	Zhejiang Sunflower Light Energy Science & Technology Limited Liability Company (SZSE:300111)	15.4	NA	Develops LED energy saving lamp technology
07/04	Private Placement	Suzhou Nanojoin Photonics Co., Ltd.	Suzhou Industrial Park New Sea Union Telecom Development Co., Ltd. (SZSE:002089)	13.2	NA	Develops and sells LED lighting products

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

Selected Capital Markets Transactions in Q3 2011

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/(Discount) to Market ⁽¹⁾	Price as of Sep 30	Market Cap as of Sep 30 (US\$ MM)	Company Description
08/31	IPO	SHSE	Beijing Jingyuntong Technology Co., Ltd	Solar	395.1	6.58		4.91	2,109.1	Manufactures and sells photovoltaic equipment
08/12	IPO	SZSE	Jiangsu Akcome Solar Scienc & Technology Co Ltd	Solar	123.7	2.47		3.01	601.6	Develops, produces, and sells solar component parts including aluminum alloy frames for solar panels; EVA packaging film for solar cell encapsulation; junction boxes; solar brackets; and photovoltaic mounting systems
08/01	Follow-on	SZSE	Guangdong No.2 Hydropower Engineering Co Ltd	Hydropower	128.1	1.51	(19.1%)	1.42	592.9	Provides hydropower engineering services

⁽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 Q3 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Machinery & Equipment						
09/19	M&A	Nanjing Yangzi Petrochemical Design & Engineering Co. Ltd	CIMC Enric Holdings Limited (SEHK:3899)	25.7	100.0%	Offers engineering design, general contracting, and consultation services for pressure vessels
09/06	M&A	Centre Gain Group	Biesse SpA (BIT:BSS)	20.2	100.0%	Produces and markets woodworking machinery
07/25	M&A	Jiangsu Rainbow Heavy Industries Co., Ltd. (SZSE:002483)	Cargotec Holding Netherlands B.V.	71.8	9.2%	Engages in engineering, fabrication, sale and maintenance of various types of cranes, ship equipments, mining machineries, port facilities, pressure vessels, and various engineering steel structures
07/05	M&A	Wuhan Hua Laser	Wuhan Unity Laser Co., Ltd.	17.3	51.0%	Manufactures laser cutting machinery
07/11	M&A	International Mining Machinery Ltd. (SEHK:1683)	Joy Global, Inc. (NasdaqGS:JOYG)	583.3	41.1%	Designs and manufactures underground long wall coal mining equipment
09/29	Private Placement	Xiamen Hongfa Electroacoustic Co., Ltd.	Jiangxi Lianchuang Optoelectronic Science And Technology Co., Ltd. (SHSE:600363); Jiangxi Electric Group Company; Jiangsu Lianfa Group Ltd.	13.9	NA	Develops, manufactures and sells relays
09/12	Private Placement	Pinghu Jiulongshan Haiquan Aquatic Sports Services Co., Ltd.	Gulf Semiconductor (Shanghai) Co., Ltd.	15.7	NA	Designs and constructs aquatic park with various projects of aquatic entertainment
Components						
09/14	M&A	Shanghai Cimic Welding Consumables Co., Ltd.	Shanghai Mechanical & Electrical Industry Company Limited (SHSE:900925)	21.9	67.0%	Manufactures welding and brazing supplies offering nonferrous and special welding materials
07/28	Private Placement	Shanghai Electric Power Generation Equipment	China Power Investment Corporation	1,479.0	NA	Manufactures and markets turbines including fossil-fired steam turbines, nuclear turbine, and heavy duty gas turbines
07/04	Private Placement	UER Technology (Chengdu) Co., Ltd.	Hon Hai Precision Industry Co., Ltd. (TSEC:2317)	18.0	NA	Manufactures battery cores and battery modules
HVAC						
NA						

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09/28	IPO	SZSE	Dalian Sunlight Machinery Co Ltd	Machinery & Equipment	94.2	3.77		3.55	355.3	Engages in molding technology development and equipment manufacturing, advanced mold design, development, and manufacturing
09/26	IPO	SZSE	Hangzhou Xingyuan Filter Technology Co Ltd	Machinery & Equipment	57.1	4.08		3.88	217.5	Manufactures filtering machinery
09/15	IPO	SZSE-Chinext	Luoyang Longhua Heat Transfer Technology Co Ltd	Machinery & Equipment	103.5	5.17		4.09	327.0	Manufactures industrial cooling (condensing) equipment
08/29	IPO	SZSE	Guangdong Dongfang Precision Science & Technology Co Ltd	Machinery & Equipment	81.5	2.40		2.52	342.9	processes, manufactures and sells carton printing machine and parts, general machinery and accessories
09/05	IPO	SZSE-Chinext	Kunshan Kinglai Hygienic Materials Co Ltd	Components	69.7	4.18		4.50	300.1	Manufactures components and fittings in sanitary piping systems and vacuum technology systems
08/04	IPO	SZSE	Dalian Insulator Group Co Ltd	Components	65.7	2.63		4.12	411.5	Develops and produces porcelain insulators for composite insulators, station insulators, electric porcelains and line hardware and fittings

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

Construction & Engineering

Selected M&A/Private Placements in Q3 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Steel						
NA						
Power Generation / Distribution						
09/26	Private Placement	Yunnan Dehong Aizhong Gas Co., Ltd.	Sichuan Guangan AAA Public Co., Ltd. (SHSE:600979)	7.8	NA	Engages in natural gas pipeline construction
07/26	Private Placement	Hubei Energy Group Co. Ltd. (SZSE:000883)	Non-disclosed	504.6	NA	Engages in the generation and distribution of electricity

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

Selected Capital Markets Transactions in Q3 2011

Pricing Date	Transaction Type	Exchange	Company Name	Sub-Sector	Amount (US\$ MM)	Final Pricing	Premium/(Discount) to Market ⁽¹⁾	Price as of Sep 30	Market Cap as of Sep 30 (US\$ MM)	Company Description
09/28	IPO	SHSE	Sinohydro Group Ltd	Power Generation / Distribution	2,116.8	0.71		NA	NA	Engages in water and hydropower generation

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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 Q3 2011

Date Announced	Transaction Type	Target Name	Acquirer/Investor Name	Transaction Value (US\$ MM)	%	Target Description
Automotive Parts / Automotive						
09/15	M&A	Beijing Shougang Heavy-Duty Truck Manufacturing Co., Ltd.	Guangxi Liugong Machinery Co., Ltd. (SZSE:000528)	12.9	42.0%	Develops, manufactures, and markets mining trucks and vehicles and accessories
08/16	M&A	Jiangsu Songlin Automobile Parts Co., Ltd.	Tianrun Crankshaft Co., Ltd. (SZSE:002283)	31.3	51.0%	Specializes in producing the heavy duty diesel engine parts, such as crankshaft, connecting rod, flywheel, flywheel housing, and cylinder block
07/11	M&A	Mianyang Xincheng Engine Co., Ltd.	Adwin Investments	54.8	50.0%	Manufactures light-duty gasoline engines, light-duty diesel engines, and low displacement gasoline engines, as well as engine components for passenger cars, SUVs, pickups, light-duty buses, middle buses, light-duty trucks, and mini trucks
07/18	M&A	Suzhou Tysan Precision Engineering Co., Ltd.	Cheung Woh Technologies Ltd. (SGX:C50): Changshu Zhongming Automobile Element Company Ltd.	24.0	95.0%	Manufactures and markets seat recliners, seat track adjusters and other precision automotive components
07/07	M&A	Nanjing Huashi Electronic Scientific Co., Ltd.	Beijing Consen Process Control Technology Co. Ltd.	17.5	48.0%	Manufactures electronic equipment for vehicles
Fire, Safety & Security						
NA						
Industrial Controls						
NA						
Materials, Chemicals & Plastics						
07/13	M&A	Kaili Shui On Company	Taiwan Cement Corp. (TSEC:1101)	28.0	100.0%	Engages in the manufacturing and sale of cement
07/11	M&A	Shenzhen Rayitek Hi-tech Film Company Limited	CASIL New Century Technology Development (Shenzhen) Company Limited	9.7	55.0%	Engages in the research, manufacturing and marketing of polyimide new materials
09/13	Private Placement	Chengdu Space Mould & Plastic Co., Ltd.	Non-disclosed	26.7	NA	Designs and manufactures mould and plastic products
07/04	Private Placement	Shanghai Dongsheng New Material Co., Ltd.	Shandong Sun Paper Industry Co., Ltd. (SZSE:002078)	6.2	NA	Researches, develops, manufactures and markets additives and stuffing
Water Treatment						
07/11	M&A	HanKore Environment Tech Group Limited (SGX:B22)	Non-disclosed	13.8	8.2%	Develops and applies biotechnology for the treatment of waste and wastewater
07/12	Private Placement	Zhongshan Wastewater Treatment Co., Ltd.	Zhongshan Public Utilities Group Co., Ltd. (SZSE:000685)	7.3	NA	Engages in industrial and sanitary sewage processing

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Selected Capital Markets Transactions in Q3 2011

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08/25	IPO	SZSE-Chinext	Jiangsu Pacific Precision Forging Co	Automotive Parts / Automotive	96.7	3.87		4.39	438.9	Engages in the manufacture and sale of automotive gears
07/27	IPO	SZSE	Zhejiang Century Huatong Automotive Part Co Ltd	Automotive Parts / Automotive	160.1	3.56		2.87	502.9	Manufactures automobile parts including plastic accessories, lighting system, air-conditioning units etc.
07/14	IPO	SZSE	Henan Billions Chemicals Co Ltd	Materials, Chemicals / Plastics	204.2	8.51		12.91	1,213.7	Manufactures and sells inorganic chemicals offering titanium dioxide, zirconium oxychloride, zirconium dioxide, zirconium sulfate, etc.
09/21	Follow-on	SEHK	Great Wall Motor Co Ltd	Automotive Parts / Automotive	619.5	2.04	53.2%	1.16	1,197.1	Chinese truck and sport-utility vehicle maker
06/27	Follow-on	SZSE	Sichuan Chengfei Integration Technology Corp Ltd	Automotive Parts / Automotive	157.3	2.66	(44.8%)	3.49	926.4	Engages in the design, research and production of motor dies and moulds

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