

## M&A Market Analysis and Capital Markets Update

August 2011

# China M&A Market

Mid-Year 2011 Overview of Economic and M&A Activity



**Christopher C. McMahon**  
Managing Director  
Head of Global M&A  
cmcMahon@rwbaird.com  
+1.312.609.4983

**Anthony Siu**  
Managing Director  
Head of Asia Investment Banking  
asiu@bairdasia.com.cn  
+86.21.6182.0980

**Brian P. McDonagh**  
Managing Director  
Co-Head of M&A  
bmcdonagh@rwbaird.com  
+1.704.998.5757

**David M. Silver**  
Managing Director  
Co-Head, European  
Investment Banking  
dsilver@rwbaird.com  
+44.207.667.8216

**Nicholas R. Sealy**  
Managing Director  
Co-Head, European  
Investment Banking  
nsealy@rwbaird.com  
+44.207.667.8370

**J. David Cumberland, CFA**  
Director, M&A Research  
dcumberland@rwbaird.com  
+1.312.609.5429

**Jim Liu**  
Associate  
jliu@bairdasia.com.cn  
+86.21.6182.0982

**Kyle J. Borkowski**  
M&A Market Analyst  
kborkowski@rwbaird.com  
+1.312.609.7011

• Executive Summary.....	1
• China Market Overview .....	2
• China M&A Themes.....	7
• Baird’s China Outlook.....	10
• China M&A Analysis.....	11
• Selected M&A Transactions .....	25
• Investment Banking Contact List .....	36

The following report has been prepared by the Investment Banking Department of Robert W. Baird & Co. This report is an overview and analysis of industry and consolidation trends and is not intended to provide investment recommendations on any specific industry or company. A complete listing of all companies covered by Baird U.S. Equity Research and applicable disclosures can be accessed at <<http://www.rwbaird.com/researchdisclosure>>. You can also call 1-800-792-2473 or write: Robert W. Baird, Equity Research, 24th Floor, 777 E. Wisconsin Avenue, Milwaukee, WI 53202.



Robert W. Baird & Co. (“Baird”) is a leading middle market focused investment bank serving the M&A and equity financing needs of our clients throughout the U.S., Europe and Asia. Since 2004, we have advised on 330 M&A transactions totaling more than \$49 billion and have served as an underwriter on 337 equity offerings totaling more than \$86 billion in raised capital.

Baird’s balanced buy- and sell-side practice provides expertise for public and private companies, while our dedicated financial sponsor coverage further expands opportunities and financing resources for our clients. Through close coordination between our U.S., European and Asian bankers, we work to optimize opportunities and results for clients in the international marketplace. Approximately one-third of our M&A activity over the past five years has involved international transactions.

# Executive Summary

Robert W. Baird has an established presence in China with a dedicated team of professionals in Shanghai and Hong Kong. Our capacity to address the M&A market in China extends to experienced investment banking practitioners located in the U.S. and Europe. Baird's professionals in China have successfully partnered with companies in various industries. This report summarizes issues relevant to China's economy and cross-border M&A activity.

## China Market Overview

Key macro-economic issues include:

**Ongoing Expansion.** Reform, globalization, population growth, and urbanization have driven 32 successive years of GDP expansion, including a 10-year CAGR of 10.1%.

**Central Government Role.** The government's large influence on economic matters includes a five-year plan (for 2011-2015) designed to rebalance China's economy, shifting emphasis from investment toward consumption and from urban and coastal growth toward rural and inland development.

**Foreign Direct Investment (FDI).** China is a major draw for investments. FDI inflows typically have increased at double-digit rates, including 17% growth in 2010 after a slight decline in 2009. FDI inflows rose 18% in the first half of 2011.

**Currency Reserves.** Immense foreign currency reserves (now exceeding \$3 trillion) provide a strong foundation for investment and room to adjust policies to maintain robust growth. The government continues to use reserves to accelerate overseas expansion and acquisitions by Chinese companies.

**GDP on Track to Beat Target.** The government's 2011 GDP expansion target of 8% is likely to be exceeded, as first-half GDP increased 9.6%.

**Strong Trade Activity.** Exports rose 24% in the first half of the year following 31% growth in 2010. Imports also increased significantly through June, in line with the government's targeted domestic spending gains in an economy fueled by exports and capital investments.

**Monetary Policy Transition.** Based on its confidence in economic conditions and its desire to dampen inflation, the government shifted its monetary policy to prudent from moderately loose in late 2010. As part of the transition, China's central bank raised interest rates for the first time in three years in October 2010, with four subsequent increases since then.

**Lending Controls.** To manage liquidity and inflation, the government has restricted bank lending, including by raising bank reserve ratios (now at record levels) once per month in the first half of 2011.

**IPO Activity.** After China's equity markets witnessed record IPO activity in 2010, new issue activity remained robust the first half of the year. Proceeds from stock offerings provide issuers with additional capital for potential M&A transactions.

## China M&A Analysis

Cross-border M&A drivers include:

**Strong Economic Growth.** China's vast growth potential is a powerful draw for overseas acquirors.

**Geographic Expansion.** Local entities facilitate entry into geographic markets by cross-border acquirors.

**Political Environment Shift.** While the government recently established a review process to increase scrutiny of cross-border M&A for national security purposes, the backdrop generally favors deal activity.

**Exit Strategies.** Avenues for exiting investments in Chinese companies have opened up as the government has loosened its regulations for foreign investors.

**Greater Interest from Foreign Private Equity.** Changes in government rules have intensified activity in China among foreign private equity firms.

**Natural Resources.** Many outbound acquisitions by Chinese entities have secured rights to critical resources needed to support growth.

**Technology Capabilities.** Acquisitions allow Chinese companies to add technology development capabilities to proven manufacturing and distribution practices.

**Cross-border M&A challenges** include the lengthy approval process, complex integration, and relative valuation differences.

## Cross-border M&A Highlights

- After a strong rebound in 2010, the inbound deal count fell 5.5% in the first half of 2011, possibly reflecting reduced confidence among buyers in their own businesses amid slowing economic conditions.
- Inbound M&A historically has occurred much more frequently than outbound deals, but this disparity has narrowed since the start of 2009.
- Outbound M&A activity posted a 24.4% CAGR over the last seven full years and further growth in 1H11.
- Outbound deal value was essentially flat in the first half after increasing 67% in 2010.

## Baird's China Outlook

We remain positive on China's prospects for economic growth and cross-border M&A activity. China's M&A metrics continued to outpace global trends during the first half of 2011. A sustained period of moderate global economic growth, as is projected through 2012, would support China's economy and M&A market.

Expected drivers of long-term GDP growth in the upper single-digits include export growth, investments in domestic assets, and increased personal consumption. The government will implement policies in order to reach its growth targets. Based on shifts in global capital flows, China should become an increasingly important participant in cross-border M&A over time.

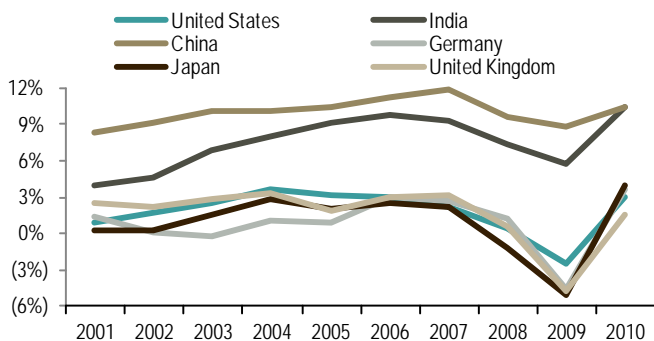
# China Market Overview

## ECONOMIC SNAPSHOT

As indicated by trends over the past several years and to date in 2011, China's economy has a direct impact on its M&A activity. Below we provide background information on several aspects of the country's economy, followed by discussion of current themes of interest among M&A participants.

**Ongoing Economic Expansion.** The economic success story of China includes superior growth rates and emerging global leadership. The country has experienced 32 consecutive years of GDP expansion, which has been driven by a combination of reform, globalization, population growth, and urbanization. China's growth has led other large economies by a wide margin. From 1980 through 2010, annual real GDP growth in China averaged 9.9%, triple the worldwide rate of 3.3%. Over the past 10 years through 2010, GDP increased 161%, reflecting a compounded annual growth rate (CAGR) of 10.1% (vs. the global average of 3.6%).

### Real GDP Growth



Source: IMF and CIA World Factbook.

China is a growth engine for the worldwide economy, fueling global expansion via higher output and trading relationships with other nations as well as greater contributions from domestic consumption. Over the past 10 full years, China represented 15% of total economic expansion (second only to the U.S.). In 2010, a massive stimulus package plus the global economic recovery supported GDP growth of 10.3%, easily outpacing expansion in the lower single digits in other major economies. China is expected to account for at least 20% of global GDP growth in 2011 (leading the world). China's economy is the world's second-largest after surpassing Japan in 2010. GDP for China could exceed the U.S. figure within the next 10-20 years. In this scenario, China would drive much of the world's economic growth for a lengthy period.

Exports of goods to other countries have played a large role in China's economic expansion. Since 2000, the CAGR for exports has been 20%, with 31% growth in 2010 bringing the annual total to \$1.6 trillion. Imports, which have consistently trailed exports, reached \$1.4 trillion in 2010 and posted a 10-year CAGR of 20%. As detailed in the Recent Themes of Interest section, both exports and imports registered substantial growth in the first half of 2011.

**Central Government Role.** The central government retains tremendous influence on economic matters in China. The government has focused on strengthening its controls on the economy in order to maintain a stable trend of rapid growth. The government seeks to improve the predictability, relevance, and flexibility of its macro-economic control policies. This report cites many instances of central government decisions and orders, and the impact of their implementation. For example, government-driven stimulus measures enhanced GDP growth in 2009 and 2010. Over the long term, we expect the government to promote greater domestic consumption as a means of driving economic growth.

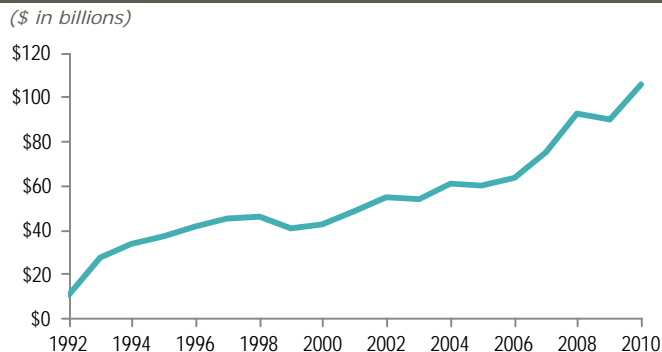
In October 2010, the Communist Party of China's (CPC) Central Committee approved the guiding principles of China's 12th Five-Year Plan for National Economic and Social Development for the period of 2011-2015. The National People's Congress (NPC) ratified the plan in March 2011. China's Five-Year Plans are blueprints that provide overall objectives and goals related to social and economic growth and industrial planning in key sectors and regions.

The 12th Five-Year Plan emphasizes "quality" over "quantity" of growth. Indeed, economic targets include average annual GDP growth of 7% and generally stable prices. China aims to address rising inequality and create an environment for more sustainable growth by prioritizing more equitable wealth distribution, increased domestic consumption, and improved social infrastructure and social safety nets. Toward this end, the minimum wage standard is to increase by an average of at least 13% per year. The plan is representative of China's efforts to rebalance its economy, shifting emphasis from investment toward consumption and from urban and coastal growth toward rural and inland development. The 12th Five-Year Plan also continues to advocate objectives set out in the 11th Five-Year Plan to improve environmental protection and accelerate the process of reform.

# China Market Overview

**Foreign Direct Investment.** Historically, China has experienced healthy growth in inflows of foreign direct investments (FDI). The FDI inflow metric measures the control-level ownership of assets – such as businesses, factories, and land – by buyers based outside of China. Such buyers include companies, individuals, and government bodies. Among types of FDI, mergers and acquisitions are most relevant to this report. FDI inflows surged after China joined the World Trade Organization in 2001. FDI inflows rose at a CAGR of 13% from 2000 through 2008. During 2009, foreign direct investments were down 3% on a year-over-year basis, reflecting diminished inbound M&A activity as well as overall reductions in investments by foreign companies focused on shoring up their balance sheets in a difficult environment. In 2010, FDI inflows increased 17% amid the global economic recovery. During the first half of 2011, inflows climbed 18% from the year-ago level.

## Historical FDI Inflows



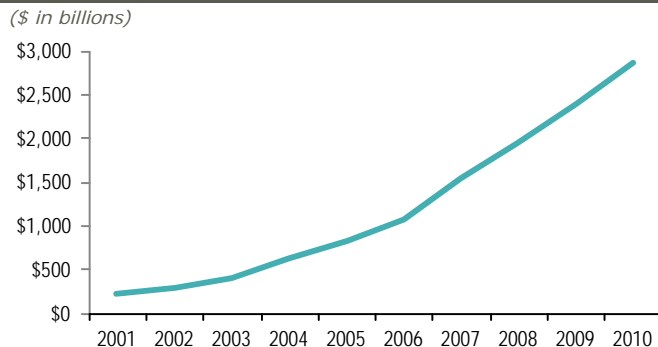
Source: United Nations Conference on Trade and Development (UNCTAD).

China remains a highly appealing destination for FDI. Inflows have upside potential, as China draws only about 10% of the global total. The government is focused on attracting more foreign investors through further easing of M&A restrictions (resulting in fewer deals requiring approval) and improving the investment landscape in selected sectors, such as high-tech and environmental protection. Greenfield investments remain a common target for inflows due to the challenges faced by foreign acquirors in executing change-of-control transactions.

**Growing Foreign Currency Reserves.** Immense foreign currency reserves provide China with a strong foundation for investment and room to adjust policies to maintain rapid growth. Foreign currency reserves increased 19% to \$2.85 trillion in 2010. Reserves exceeded \$3.1 billion at the end of June 2011.

The government has supported the use of reserves to purchase offshore assets, facilitating overseas expansion and acquisitions by Chinese companies. The China Investment Corporation (CIC) was established as a sovereign wealth fund in September 2007, receiving initial funding of \$200 billion from the central bank's foreign currency reserves. CIC and its holdings have been active overseas acquirors, taking minority stakes in listed companies such as AES, Penn West Energy Trust, Chesapeake Energy Corporation, Teck Resources, Goldman Group, and Morgan Stanley.

## Foreign Currency Reserves



Source: IMF and CIA World Factbook

China may continue to accumulate and invest reserves amid gradual currency appreciation due to ongoing GDP growth. In 2005, the government removed a strict peg to the dollar for the yuan, which appreciated more than 20% versus the dollar over the following three years. In July 2008, a de facto peg was installed to prevent further appreciation from dampening export demand. In June 2010, China's central bank adjusted its currency policy to allow flexibility in revaluation during a period of robust export activity. The shift, which to date has resulted in modest appreciation for the yuan, appears designed to promote balanced growth via enhanced domestic demand. This approach is also intended to contain inflation, which exceeded targeted levels in the first half of 2011.

The U.S. dollar has been estimated to represent about two-thirds of reserves, as China is the largest holder of U.S. Treasury bonds. Even if China diversifies from the dollar as a reserve currency (e.g., by purchasing discounted European sovereign debt), the central bank may continue to buy large amounts of dollar-based assets in an effort to keep its currency relatively stable, extending the reserve accumulation trend and enhancing China's global financial muscle.

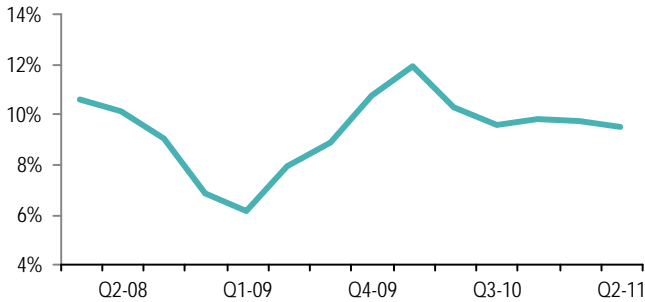
# China Market Overview

## RECENT THEMES OF INTEREST

The following pages elaborate on several of the macro-economic issues that are most relevant to the current M&A environment.

**Robust GDP Growth.** China has continued to post GDP growth above official targets. For most recent years, China announced an economic growth target of 8%. The government believes growth at this pace translates to the creation of jobs and enhanced social stability. The 8.7% expansion reported for 2009 benefited greatly from the government's \$586 billion stimulus package, which included tax cuts and increased spending largely allocated to public works projects. China experienced accelerated growth in 2010, with full-year GDP up 10.3% despite diminished incremental benefit from stimulus measures and steps taken to dampen lending activity. Expansion above the full-year target in 2010 was a function of the major rebound for exports, increased property investment, and faster growth for retail sales.

### Real GDP Growth by Quarter



Source: World Bank. Quarterly figures represent rates as initially reported.

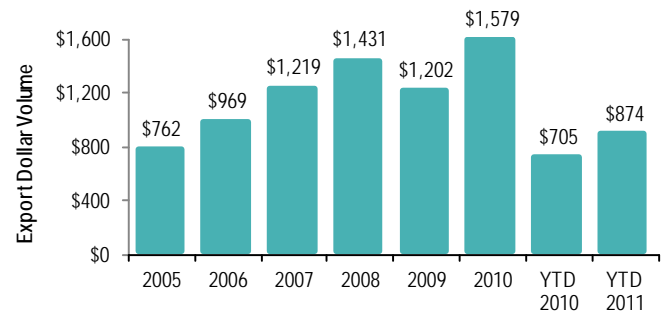
GDP growth is on track to remain strong in 2011. The government's 2011 GDP expansion target of 8% is consistent with the usual stated goal while below the estimates of 9-10% from organizations such as the World Bank and the International Monetary Fund. GDP growth was 9.7% in the first quarter and 9.5% in the second quarter, reflecting the combination of substantial increases for exports, further investment growth, and double-digit gains in retail sales.

While modest deceleration for GDP expansion is possible in the second half of the year, willingness to tighten monetary policies throughout the first half suggests confidence among China's leaders in the sustainability of robust economic expansion even as global growth (excluding China) is expected to remain in the lower single digits.

**Exports Rebound.** In the first half of 2011, exports built on the substantial rebound experienced in 2010. Exports rose 31% in 2010, reflecting economic normalization among trade partners and strong demand for China's output after reduced trade activity amid global economic weakness resulted in a 16% decline for exports in 2009. Export growth was expected to slow in 2011, with a sluggish global recovery seen as dampening export activity. Indeed, the Ministry of Commerce (MOFCOM) projected a 10% increase in trade during 2011. To date in 2011, export performance has been better than anticipated, with growth of 24% through June.

### Export Volume

(\$ in billions)



Source: National Bureau of Statistics, Bloomberg. YTD as of June 30.

**Consumer Spending.** The government continues to target greater contribution from domestic spending in an economy dominated by exports and capital investments. Retail sales represented about 40% of GDP in 2010, when retail sales growth accelerated to 18% as rapid economic expansion boosted consumer sentiment. In the first half of 2011, retail sales remained strong, rising 17%. Government subsidies and tax cuts have helped sales in several categories, including appliances and automobiles (hybrid and traditional). After falling 11% in 2009, imports grew 38% in 2010 and 28% in 1H11, indicating healthy domestic demand and higher commodities prices.

### Retail Sales Growth



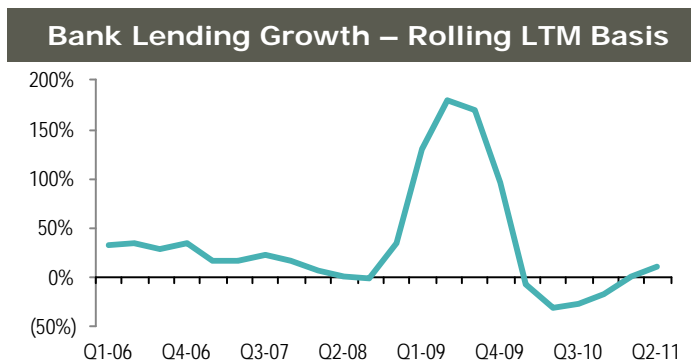
Source: National Bureau of Statistics. YTD as of June 30.

# China Market Overview

Achieving balanced long-term growth depends on greater contribution from consumption. Ongoing growth in per-capita income (which remains well below the global average) and increasing urbanization should lead to dramatic gains in living standards and consumer spending. Growth in consumption would benefit from extension of the social safety net, which has a limited reach that has factored into a savings-oriented culture. With foreign investors continuing to show strong interest in China's consumer sector, the number of higher-quality products catering to domestic preferences should rise, thereby lifting consumption.

**Monetary Policy Transition.** Based on its confidence in economic conditions and its desire to dampen inflation, the government shifted its monetary policy to prudent from moderately loose in late 2010. The People's Bank of China (PBOC), China's central bank, raised benchmark interest rates for the first time in three years in October 2010 in an effort to combat rising inflation and soaring asset prices. Since then, four additional 25-basis-point increases have signaled a renewed effort to fight inflation and to restrict liquidity. Importantly, the central government recently announced its plan to maintain a proactive fiscal policy in the second half of 2011 in support of growth.

**Lending Controls.** Recent economic growth was less reliant on stimulus measures, as China's government has taken steps to normalize lending activity. In 2009, aggressive state-directed lending fueled bank lending growth of 95%. In 2010, lending decreased 17% on a full-year basis, compared to the government's bank lending quota of more than 20% below record 2009 activity. During the first half of 2011, bank lending declined 10%.



Source: Bloomberg. LTM refers to last 12 months.

In order to manage liquidity, inflation, and speculative real estate purchases, the government has steadily raised the required deposit reserve ratio for banks. The ratio reached a record level in late 2010, with further increases registered once per month in the first half of 2011. Even so, 2011 loan volumes should be above levels experienced prior to 2009, as banks continue to support projects aligned with the government's goals.

In addition to lending controls, the government has begun to experiment with implementing a property tax in an effort to curb speculation in the housing market. In January 2011, the State Council announced the introduction of a property tax in two Chinese cities as a measure intended to prevent a housing market bubble. The tax, which is the first to be imposed on owner-occupiers, has been introduced gradually as a trial in Shanghai and in Chongqing. Each city is allowed to set its own rates based on the value of the property. The property tax is likely to be rolled out to other cities, including in the second half of 2011, in order to combat speculative buying. Additional measures designed to dampen the housing market include higher down payments, restrictions on the number of houses residents can buy, and proof of local tax payments.

**Volatile Equity Markets.** The performance of China's stock markets influences M&A activity. The two mainland exchanges (Shanghai, Shenzhen) list more than 2,000 firms with a combined market capitalization of about \$4 trillion. The Hong Kong exchange also ranks among the world's leaders. Trends for equities affect the ability of companies to raise capital via stock offerings or to use shares as M&A consideration (for domestic deals). Valuation differences relative to other markets are relevant to cross-border activity. China's equity markets are sensitive to government policies, which impact the supply and demand for shares. For example, the stamp tax on share transactions, which was raised in 2007 in order to temper stock prices, was reduced in 2008 after markets plummeted.



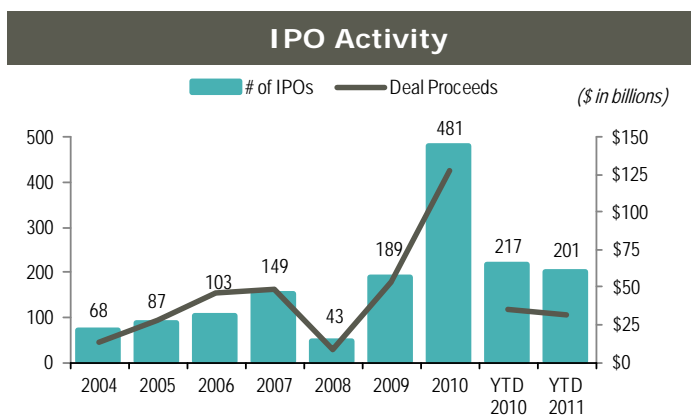
Source: Capital IQ.

China's equity markets have experienced tremendous volatility in recent years. Listed equities posted stellar returns in 2007, with the mainland indexes up over 200%. Share prices plunged in 2008 amid the global economic crisis and slower domestic growth. In 2009, the Shanghai and Shenzhen indexes nearly doubled on average due to improvements in China's economic outlook and better outlooks for global trade partners. Performance was mixed in 2010, with the Shenzhen index up 5% and the Shanghai market down 14%.

# China Market Overview

Relative to other global markets, China's equity indexes lagged in the first half of 2011, when the Shanghai and Shenzhen indexes both registered single-digit percentage declines, possibly reflecting reduced liquidity for investors. Despite the recent underperformance, valuation multiples remain well above the global average due to expectations of superior long-term growth. Valuation multiples for comparable publicly-traded companies are a key M&A valuation benchmark. In terms of cross-border activity, differences in multiples relative to other markets can influence valuation expectations between prospective acquirors and targets.

**Renewed IPO Activity.** Since the 2009 rally, the equity markets have witnessed a resurgence of initial public offerings. After several years of growth in IPO activity, the China Securities Regulatory Commission (CSRC) suspended its review of IPO applications in September 2008 in an effort to support the stock market by limiting the supply of shares. The IPO market re-opened in June 2009 following hefty gains in equity values during the first part of the year. More than 800 deals involving China-based companies have priced since mid-2009, and 2010 established new records for IPO activity and proceeds. In the first half of 2011, IPO metrics nearly kept pace with the strong levels of 1H10. The most prominent recent IPO was the dual listing (Shanghai and Hong Kong) of Agricultural Bank of China, which raised a then-world-record \$22.1 billion in 2010.



Source: Dealogic. YTD as of June 30.

The IPO calendar could remain busy for an extended period. Information on which companies have filed to list shares on an exchange does not reach the public domain until applications are through the approval process and in the pre-launch stage. However, reports indicate a strong backlog of companies that have filed with the exchanges. Among companies seeking to go public, government privatizations and larger issues are prioritized in the approval process. The IPO backlog would expand if an international board for listing large multi-nationals in Shanghai is approved by regulators, as this would allow foreign companies to sell shares in Chinese currency for the first time. Although the timing of the new board remains uncertain, foreign firms could be allowed to list in Shanghai later in 2011.

As a means of allowing more small and mid-sized companies to access the public markets, the Growth Enterprise Market was launched by the Shenzhen Stock Exchange in November 2009. The launch included 28 IPOs that raised about \$2 billion for newly listed companies. The total number of IPOs on the exchange (also known as ChiNext) reached 117 during 2010, with total capital raised exceeding \$14 billion, highlighting capital-raising potential for a substantial number of smaller entities. The ChiNext exchange entered the second half of 2011 with well over 200 companies listed. The launch of ChiNext enhanced the appeal of pre-IPO investments due to the improved outlook for exit opportunities. In addition, proceeds from stock offerings supply issuers with capital for potential M&A transactions.

Although the majority of IPOs are listed on the Shenzhen and Shanghai exchanges, offshore listings for China-based companies are commonplace. IPO activity for 2009 through June 2011 included 145 Hong Kong-listed IPOs, plus another 64 listings on the NYSE or NASDAQ. Among the benefits of offshore listings are:

- Access to foreign currency (e.g., to fund international expansion).
- The prestige factor of listings on the NYSE and (for technology companies in particular) NASDAQ exchanges.
- A more straightforward, transparent, disclosure-based listing process compared to the less visible process of listing in China, where an issuer's chance of listing is dependent on the decisions of the CSRC.

A new form of IPO is a yuan-based listing on the Hong Kong exchange. In April 2011, real estate investment trust Hui Xian, which invests in commercial real estate in Hong Kong, raised \$1.6 billion in its IPO on the Hong Kong exchange.

# China M&A Themes

The following pages provide analysis and data related to China's M&A market over the past 10+ years. Our data set consists of all M&A deals that include a company headquartered in China, Hong Kong, or Taiwan. This section focuses on inbound and outbound M&A activity, as we believe corporations and financial sponsors across the world have a growing interest in cross-border acquisitions involving China. Our analysis details M&A activity across sectors, with additional data on the Industrial group due to its importance in China as well as Baird's long history of working with Industrial companies in a wide range of sectors.

## M&A DRIVERS

Before presenting the M&A data, we review the drivers of M&A activity in China from various perspectives. Given the large and dynamic nature of China's M&A market, many factors have influenced acquisition activity over the last 10 years. Some drivers have applied throughout this period, while others have become more relevant recently. This section reviews issues applying mainly to inbound or outbound activity.

### Inbound M&A Drivers

Strong Economic Growth

Geographic Expansion

Political Environment Shift

Range of Exit Strategies

Greater Interest from Foreign Private Equity

More Viable Targets

### Outbound M&A Drivers

New Market Entry

Government Support

Natural Resources

Access to Brands

Technology Capabilities

### Inbound M&A Drivers

**Strong Economic Growth.** The vast growth potential of China is a powerful draw for overseas acquirors. Foreign buyers, in some cases responding to pressure from corporate boards, have targeted Chinese companies as a means of participating in an economy with a recent history of 10% GDP expansion and prospects for superior growth over an extended period. The appeal of entering China via acquisition contributed to inbound activity more than tripling over a five-year period through 2008 before declining amid the global downturn in 2009. Healthy growth resumed for the inbound deal count in 2010, with a modest drop-off to date in 2011.

Outside buyers are attracted to the benefits of owning a high-growth Chinese company serving the expanding market for domestic consumption. Investments in fixed assets and exports to trading partners, which represent the majority of economic activity in China, feed the buying power of individuals and businesses that purchase and use products on a domestic basis. Some inbound buyers are shifting to onshore production to address the local market, acquiring lower-tier suppliers (whose standards are sufficient for domestic products) in smaller deals. For companies targeting successful domestic businesses, China represents a fertile end-market that capitalizes on the growing middle class. Overseas acquirors view the consumer sector as attractive given its long-term prospects. In recent examples:

- In July 2011, Swiss food company Nestle agreed to acquire a 60% stake in Hsu Fu Chi International, a Singapore-listed maker of chocolates, candies, pastries in China, in a \$1.7 billion transaction.
- U.S.-based beauty care products firm Coty acquired skin care products company TJoy Holdings in late 2010 in order to add its brands while gaining a foothold in China.

**Geographic Expansion.** Acquirors entering China realize the benefits of a broader presence in a global marketplace. Inbound acquisitions allow buyers to reach new geographic markets and diversify customer bases. For overseas companies looking to expand into China, M&A is a viable means of acquiring assets that are very difficult to develop internally, including local workers, brands, and distribution capabilities. Partnerships with local entities enable entrants to navigate China's markets (through established distribution channels) and government regulations (a key issue in certain sectors, such as renewable energy). For companies supplying products to domestic manufacturers based in China as well as the Chinese operations of multi-national corporations, the enhanced ability to service customers is a competitive advantage. Through cross-border M&A, companies can obtain valuable local enterprises that would be difficult to build on an organic basis:

- In July 2011, Joy Global agreed to pay \$584 million for a 41% stake in International Mining Machinery, a leading Chinese designer and manufacturer of underground coal mining equipment, with the agreement including a mandatory future tender offer for the remaining shares.
- In June 2011, Schneider Electric agreed to acquire Beijing Leader & Harvest Electric Technologies, a medium-voltage (MV) drive manufacturer in the fast growing Chinese market, for \$650 million. The acquisition is expected to give Schneider a strong position in the Chinese MV drive market, which represents about 40% of the global market.

# China M&A Themes

**Political Environment Shift.** While the government's influence on cross-border M&A is evolving, the trend has been toward more support of M&A. Past regulatory policies often restricted foreign capital M&A in favor of domestic entities, but recent initiatives have reduced regulations and encouraged foreign investments. Despite these changes, minority-interest and pre-IPO investments will remain the most viable near-term option for many foreign investors. Tax credits and incentives are offered to investors in sectors viewed as crucial by the government, including high-tech and environmental protection. The consumer, power, and manufacturing sectors have also been prioritized.

**Range of Exit Strategies.** Avenues for exiting investments in Chinese companies have opened due to loosened regulations for foreign investors. Strategic M&A has gained acceptance, both on a domestic and cross-border basis. Foreign private equity represents a rising source of demand for M&A targets. China has become more welcoming of foreign private equity due to the related job creation. As a result, financial sponsors are likely to find an easier path to approval for public listings of their China-based holdings in China's stock markets. If the government establishes regulations allowing foreign companies to list directly in China, newly listed firms could use domestic capital for M&A, enhancing exit options for sellers.

**Greater Interest from Foreign Private Equity.** Changes in regulations have intensified the interest in China among foreign private equity firms. Rules have changed to increase the number of foreign investors with yuan-denominated equity investment entities, which can raise funds from Chinese individuals, pension portfolios, and domestic enterprises. New rules reduce taxes and offer incentives for yuan-based funds. Funds with local investors face fewer regulatory obstacles compared to overseas-based firms, providing an edge in securing Chinese assets. Supported by evolving regulations, the level of private equity funds earmarked for investments in China more than doubled in 2010, highlighted by private equity leaders Carlyle Group, Blackstone, and TPG raising yuan-denominated funds during the year. To date in 2011, the private equity arms of Goldman Sachs and Morgan Stanley are reported to have launched yuan-denominated funds.

Among recent financial sponsor deals, Stockholm-based EQT Partners, a leading private equity firm, acquired a 30% stake in Modern Metal & Precision Holdings, a leading Chinese auto parts manufacturer, in December 2010 to gain exposure to the fast-growing Chinese auto market. As another example, U.S.-based Bain Capital Partners has agreed to acquire China Fire & Security Group, a maker of fire safety products, in a deal expected to close later in 2011. The latter transaction is part of a potentially emerging trend in which U.S.-listed Chinese companies are taken private, either by financial sponsors or management teams, due to perceived undervaluation.

**More Viable Targets.** Several factors have increased the number of targets for overseas buyers. The government has privatized state-owned enterprises since the 1990s, as ownership has been restructured for thousands of companies per year. China is home to a growing number of enterprises with sufficient size, scale, and technology capabilities to be worthwhile targets. Targets increasingly include businesses owned by aging first-generation entrepreneurs with children not interested in taking over for their parents. As evidence of the ample supply of targets, healthy growth in inbound M&A activity resumed in 2010, with only a slightly slower pace to date in 2011.

## Outbound M&A Drivers

**New Market Entry.** For Chinese firms looking overseas for growth and diversification, M&A often is a superior option to the costly and time-consuming alternative of building internally. Chinese buyers are increasingly seen as a key group for overseas sell-side processes, expanding outbound opportunities. Through outbound M&A, Chinese firms gain distribution, market share, a local team, and closer ties to customers in foreign markets. In early 2011, leading chemicals company Wanhua Industrial Group acquired a control position in Hungary-based peer Borsodchem for \$1.7 billion, providing Wanhua access to Europe's chemicals market. As another example of new market entry, in August 2011 Industrial and Commercial Bank of China announced an agreement to purchase an 80% stake in Standard Bank's Argentina unit for \$600 million.

**Government Support.** The central government has stimulated outbound M&A by Chinese companies. The government's "going out" strategy involves supporting firms looking to invest overseas. Adjusted regulations facilitate access to acquisition financing for potential buyers. Government subsidies and credit availability reflect strong interest in high-tech, environmental protection, and energy. For example, the China Development bank has loaned \$30 billion to state-owned China National Petroleum Corporation to expand its capacity for purchasing overseas energy resources.

**Natural Resources.** Although Chinese firms have diversified in terms of targeted sectors, many acquisitions have been designed to obtain rights to critical natural resources needed for China's extensive industrial operations and energy production. In addition, investments in the resource sector by state-owned firms, the central bank, and China's sovereign wealth fund diversify the country's immense foreign currency reserves. Among outbound target industries, Mining has been the second-leading sector since 2001 and was the top category over the last 12 months. In April 2011, China National Bluestar acquired Norway-based Elkem AS, a metals and materials company, for \$2.0 billion. In July 2011, Chinese mining company Jinchuan Group offered \$1.3 billion in cash to acquire South African mining firm Metorex.

# China M&A Themes

**Access to Brands.** Outbound M&A allows Chinese companies to secure brands whose value would be difficult to replicate. For example, Geely Auto added a well-known foreign brand by buying the Volvo Car Corporation from Ford Motor Co. for \$1.8 billion in 2010. Four of the top six outbound target industries since 2001 are sectors with high brand relevance: Computers & Electronics, Finance, Professional Services, and Consumer Products.

**Technology Capabilities.** Chinese companies frequently acquire in order to combine technology development capabilities with proven manufacturing and distribution practices. Computers & Electronics has been the leading outbound target sector over the past 10 years. Buying established technology avoids hefty development costs, enables satisfaction of demanding certification requirements, and often brings patent protection. The June 2011 acquisition of U.S.-based Cirrus Aircraft Corporation by China Aviation Industry General Aircraft Co. should enable the buyer to expand its technical capabilities in aviation. In July 2011, Dicastal Wheel Manufacturing Co., a leading maker of aluminum alloy wheels, announced the planned acquisition of German company KSM Castings as a means of accessing KSM's strong technical capabilities.

## CROSS-BORDER M&A CHALLENGES

**Approval Process.** The lengthy, complicated approval process for cross-border deals involving China is a daunting series of hurdles, especially for firms with limited execution experience. Cross-border acquisitions involve laws and regulations in countries on both sides of the transaction. Large outbound deals require approvals from various Chinese government entities, including the State Council, National Development and Reform Commission, State Administration of Foreign Exchange, and MOFCOM. The proposed acquisition of GM's Hummer business by Sichuan TengZhong was rejected by Chinese regulators in early 2010 after an extended process. In 2009, MOFCOM began delegating approval for overseas investments valued below \$100 million to local authorities. State-owned enterprises pursuing outbound M&A must receive approval from the state-owned Assets Supervision and Administration Commission at the national and provincial level.

Cross-border deals face additional obstacles depending on the type of transaction. For outbound deals, intervention from overseas regulatory authorities is possible, and political factors may arise due to perceived national security issues. Chinalco's failed investment in Rio Tinto is an example of this scenario. Inbound transactions require the approval of several governmental authorities in China. In 2009, MOFCOM rejected Coca-Cola's \$2.4 billion bid for Huiyuan Juice, seemingly due to market share concerns. Historically, tight regulatory policies have restricted the level of majority-stake acquisitions (which require a lengthier process) by foreign capital in China.

In early 2011, China's government announced plans to review acquisitions of Chinese companies by foreign investors to ensure such deals would not endanger national security. A government review board (comprised of members of various agencies) now examines foreign investments in the fields of national defense, agriculture, energy, resources, infrastructure, transport, technology, and equipment manufacturing. The new regulations allow government agencies, trade groups, competitors, and suppliers to request a foreign investment review. Reviewed deals can be terminated or subjected to conditions if viewed as threatening national defense, economic stability, social stability, or the R&D capacity for key national security technologies. The national security review adds time to the deal cycle and increases the risk of an inbound M&A transaction not being completed.

**Complex Integration.** Effective integration of cross-border acquisitions is essential to achieving anticipated operational improvement, particularly in view of language and cultural barriers. Respondents to a 2010 Economist Intelligence Unit survey selected integration and due diligence as the two elements most critical to the success of a cross-border M&A deal. Necessary post-acquisition integration steps should be determined during the deal execution process. Acquirors lacking experience in the target's home country must undertake thorough due diligence that accounts for cultural practices and local issues. We believe acquirors of China-based companies have generally found the integration process to be demanding but worthwhile.

**Securing Financing.** The availability of credit for funding cross-border deals remains a dynamic issue. The global credit crunch reduced financing capacity for much of 2008-2009. More recently, access to credit has expanded for larger borrowers purchasing high-quality assets. Nonetheless, securing debt capital for a complex, cross-border deal is challenging, as the risk tolerance for many lenders has not fully recovered. Furthermore, the lack of free Chinese currency convertibility limits the use of equity financing by Chinese companies. As a potential mitigating factor, the high savings rates of China's residents could feed into growing managed capital pools that invest in private equity, including on an overseas basis.

**Relative Valuation Differences.** The disparity in multiples for China's public companies relative to valuations in other markets can be a barrier to deal agreements. Valuation ratios for listed companies in China's exchanges are well above those of foreign counterparts. With public-company comparables acting as a critical M&A valuation benchmark, higher relative multiples in China hinder inbound acquisition activity. As an offsetting factor, M&A may prove appealing for China's small and mid-sized enterprises that are unable to reach the front of the IPO queue. Importantly, Chinese acquirors may view lower overseas valuations as presenting an attractive opportunity.

# Baird's China Outlook

**Near-term Outlook.** China's economic fundamentals should remain sound if global economic expansion continues at moderate rates. While growth could decelerate in the second half of 2011 due to challenging conditions among global trade partners as well as the impact of tighter monetary policy, projected GDP expansion of 9%+ (if realized) would rank among the world's leading growth rates. An extended period of balanced growth in China's economy and M&A market likely depends on lower-single-digit expansion among global trade partners, as is expected through 2012.

Signs of progress on sustaining above-target economic growth in China during the second half of the year would support M&A activity in the near term. After stalling amid the global economic slowdown that carried into 2009, deal metrics in China reached record levels in 2010. China's M&A activity continued to outpace global trends during the first half of 2011. The healthy M&A market has coincided with economic expansion in excess of government targets. Coming out of the downturn, M&A participants capitalized on opportunities stemming from a period of weakness. Outbound M&A activity should increase further due to relatively attractive valuations for U.S. and European companies, although valuation expectations need to become better aligned among many of those considering cross-border M&A. Inbound M&A trends would benefit from a broad-based economic recovery over a lengthy period.

**Long-term Expectations.** Even though growth has slowed from peak levels, China's economy presents better prospects than most other parts of the world. GDP for China is expected to surpass the U.S. figure within the next 10-20 years. In this scenario, China would experience growth averaging in the upper single digits for a lengthy period. China's economy should expand at a relatively high rate through a combination of export growth, investments in domestic assets, and increased personal consumption (as standards of living rise and consumer choices expand). Achieving targeted expansion over the long term depends largely on the economic growth model shifting toward greater emphasis on lifting consumer demand. The central government likely will continue to implement fiscal and monetary policies as needed to reach its long-term growth targets.

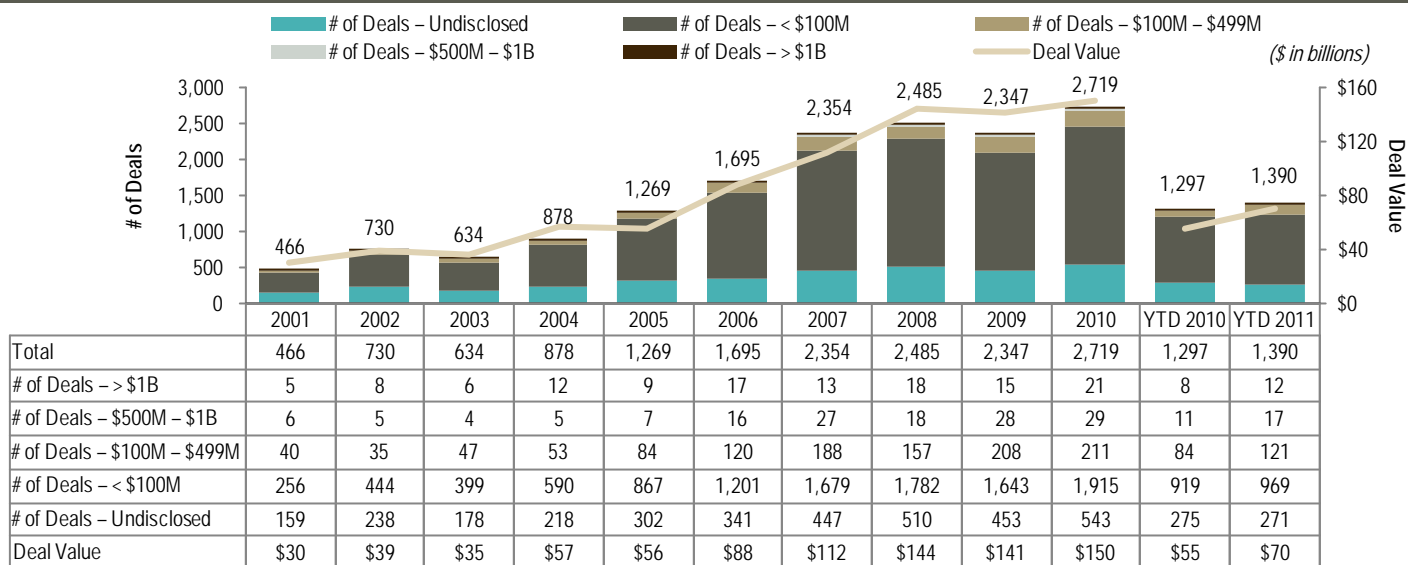
Based on shifts in the flow of capital across the globe, China should become an increasingly important participant in cross-border M&A over the long term. China-based companies will pursue acquisitions that provide access to new markets, valuable resources, technology expertise, and leading brands. Overseas acquirors will be attracted to a less restrictive environment for investing in China's excellent growth prospects. Challenges related to cross-border deals will remain considerable, although we expect regulations to shift further in favor of M&A. In addition, experience with the integration process on initial outbound deal activity should lead to more aggressive M&A strategies among Chinese acquirors. In summary, we remain optimistic about China's long-term potential for economic growth and increased cross-border M&A activity.

# China M&A Analysis

## Majority-Interest M&A

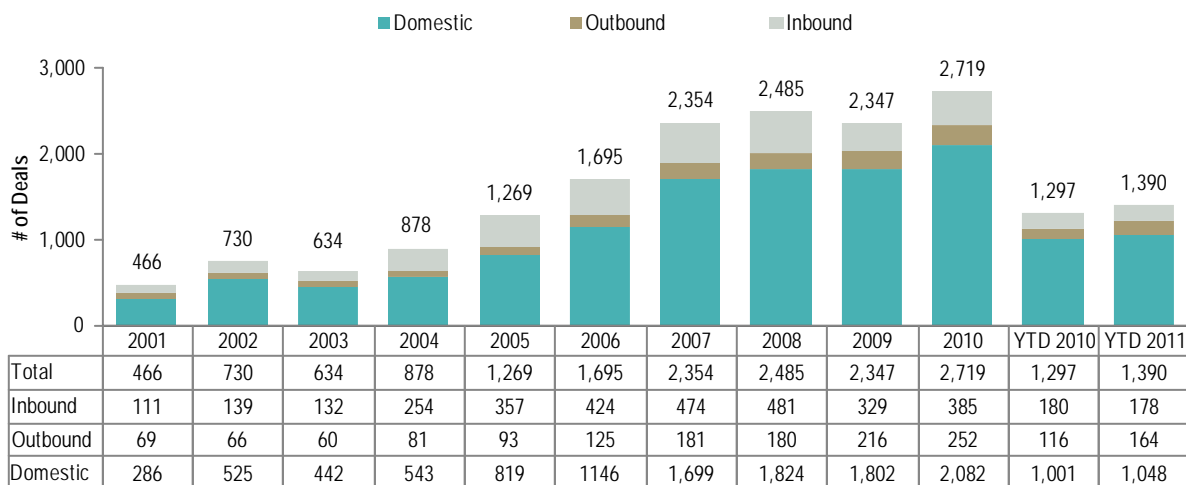
- For the 10 years ended 2010, the number of majority-stake deals increased at an average annual rate of 18.4%. The nine-year CAGR for reported deal value among majority-stake transactions was 19.6%.
- Majority-stake deals were slightly more common than minority-interest transactions in each of the past five full years. Year to date through 2011, majority-stake deals represented slightly over half of total activity.
- Domestic deals account for most M&A volume, with 77% of 2010 majority-stake activity derived from transactions between China-based companies. Among cross-border deals, inbound activity historically has occurred much more frequently than outbound transactions, although this disparity has narrowed, particularly in the first half of 2011.
- Majority-stake M&A metrics in China have outpaced worldwide trends to date in 2011, with solid growth across deal sizes.

### China Majority-Interest M&A Deals by Size



Source: Dealogic. YTD as of June 30.

### China Majority-Interest M&A Deals (Domestic/Outbound/Inbound)



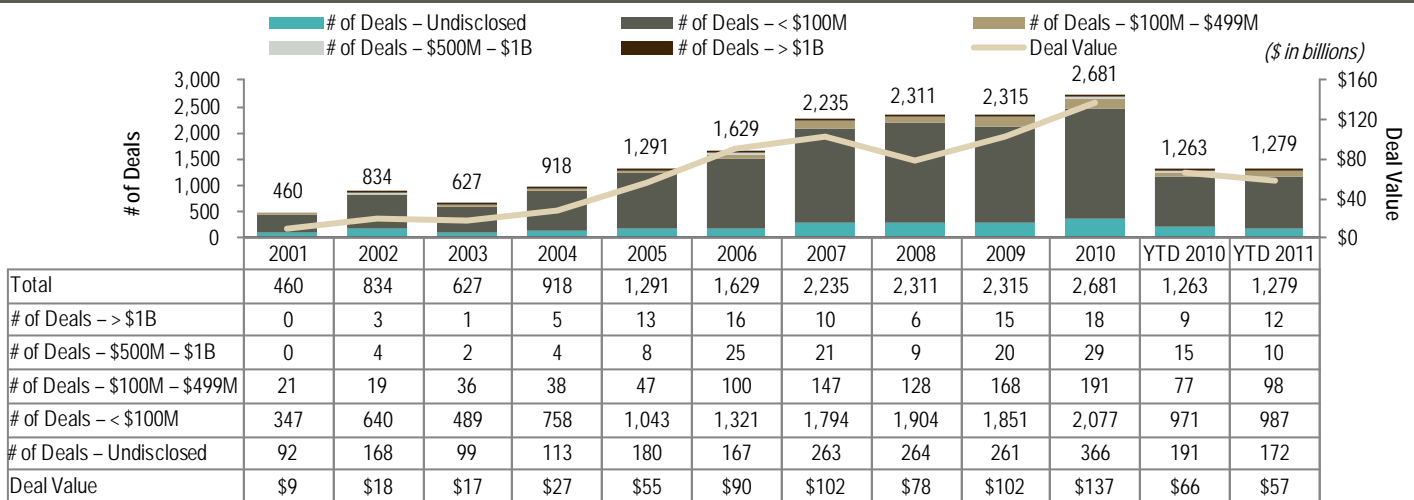
Source: Dealogic. YTD as of June 30.

# China M&A Analysis

## Minority-Interest M&A

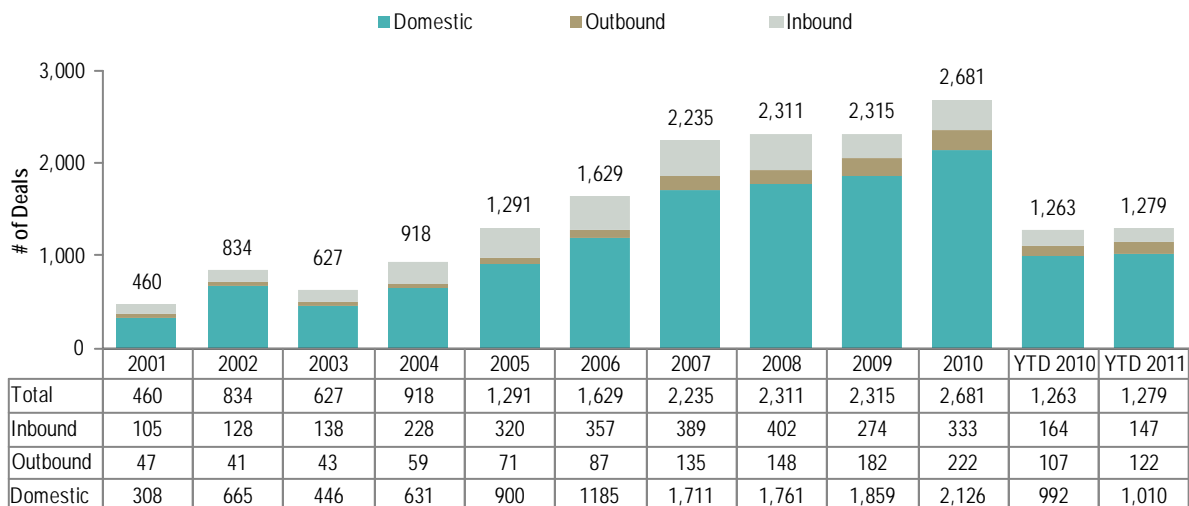
- For the 10 years ended 2010, the number of minority-stake deals grew at an average annual rate of 15.9%, and reported deal value for minority-stake transactions increased 15.7% per year on average.
- From the start of 2010 through June 2011, minority-interest transactions represented 49% of the deal count and 47% of reported deal value.
- The strong desire of local entrepreneurs to remain with their businesses has dictated a preference for selling a minority stake in many cases. Minority investments have lower regulatory approval requirements (relative to majority-stake deals), increasing the likelihood of completion and shortening the acquisition process.
- Most minority-stake deals have been valued under \$100 million: 77% of deals since the start of 2010 versus 70% for majority-interest M&A.

### China Minority-Interest M&A Deals



Source: Dealogic. YTD as of June 30.

### China Minority-Interest M&A Deals (Domestic/Outbound/Inbound)



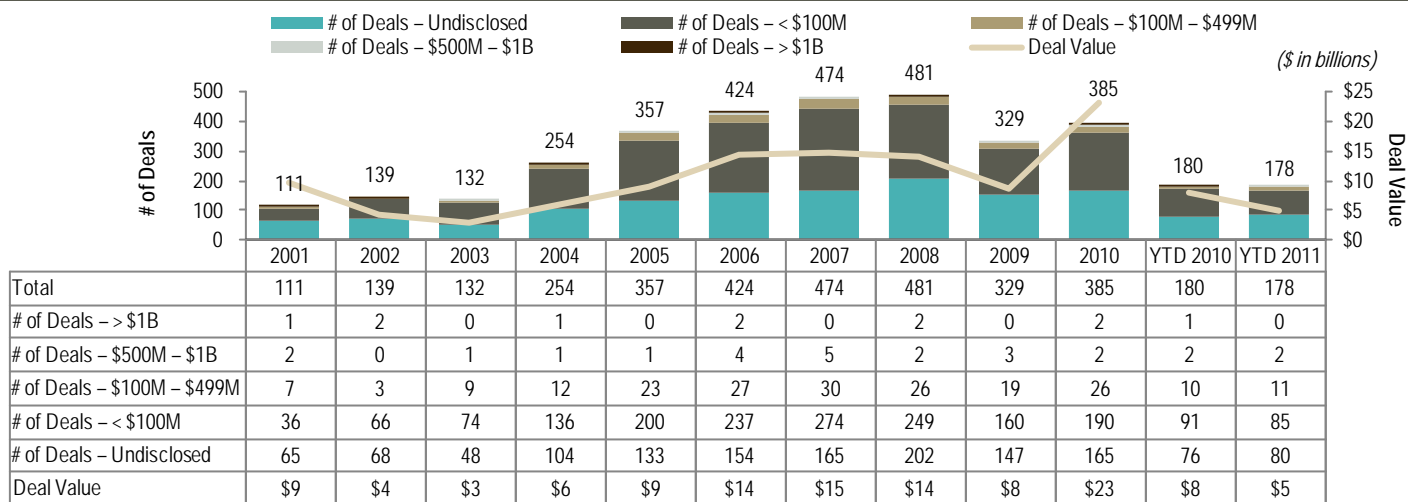
Source: Dealogic. YTD as of June 30.

# China M&A Analysis

## Inbound M&A

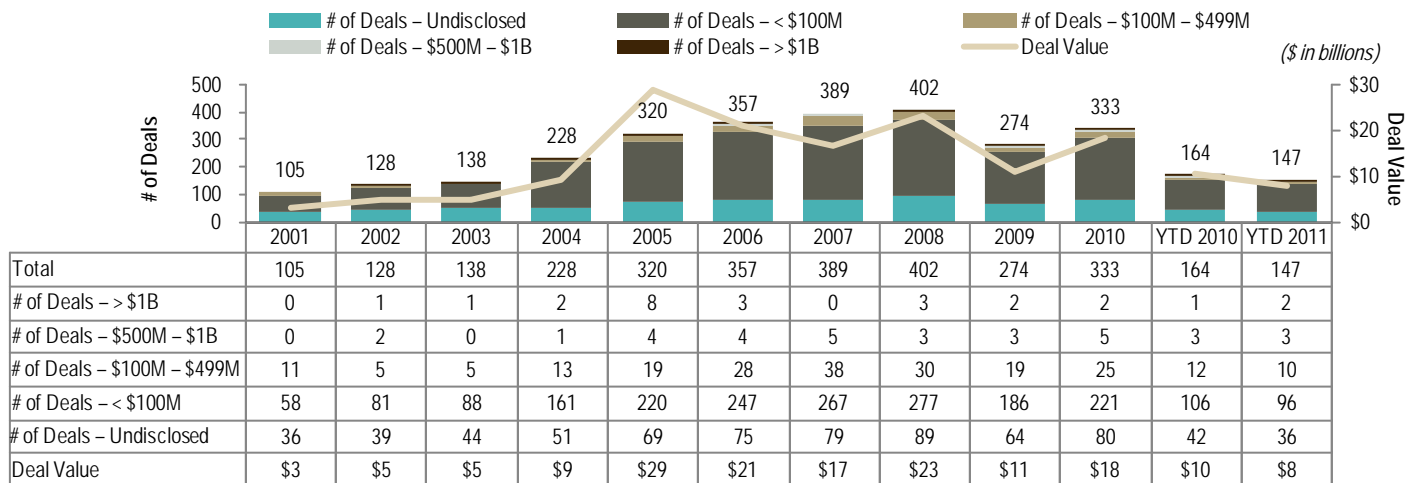
- Inbound M&A activity has grown significantly over the past 10 years, reflecting global interest in participating in China's growth story. The 10-year CAGR through 2010 was 9.3% despite a 31.7% drop in 2009.
- Despite the complexities of taking a control-level ownership position of a Chinese company, majority-stake inbound activity exceeded the number of minority-interest deals over the past decade and in the first half of 2011.
- Large inbound majority-stake deals have been rare: only 10 valued above \$1 billion since 2001, versus 24 such minority-interest deals. Over the past 10 years, more than half of inbound deals were valued below \$100 million.
- After a strong rebound in 2010, the inbound deal count decreased 5.5% in the first half of 2011, possibly reflecting reduced confidence among potential buyers in their own businesses amid slowing economic conditions.

### China Majority-Interest Inbound M&A Deals



Source: Dealogic. YTD as of June 30.

### China Minority-Interest Inbound M&A Deals



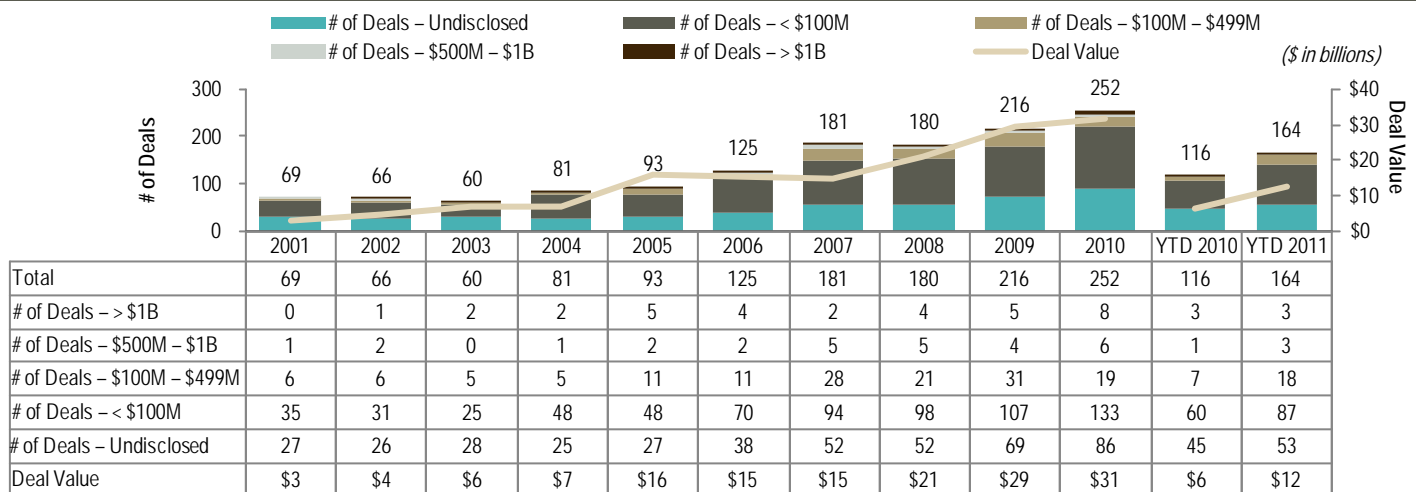
Source: Dealogic. YTD as of June 30.

# China M&A Analysis

## Outbound M&A

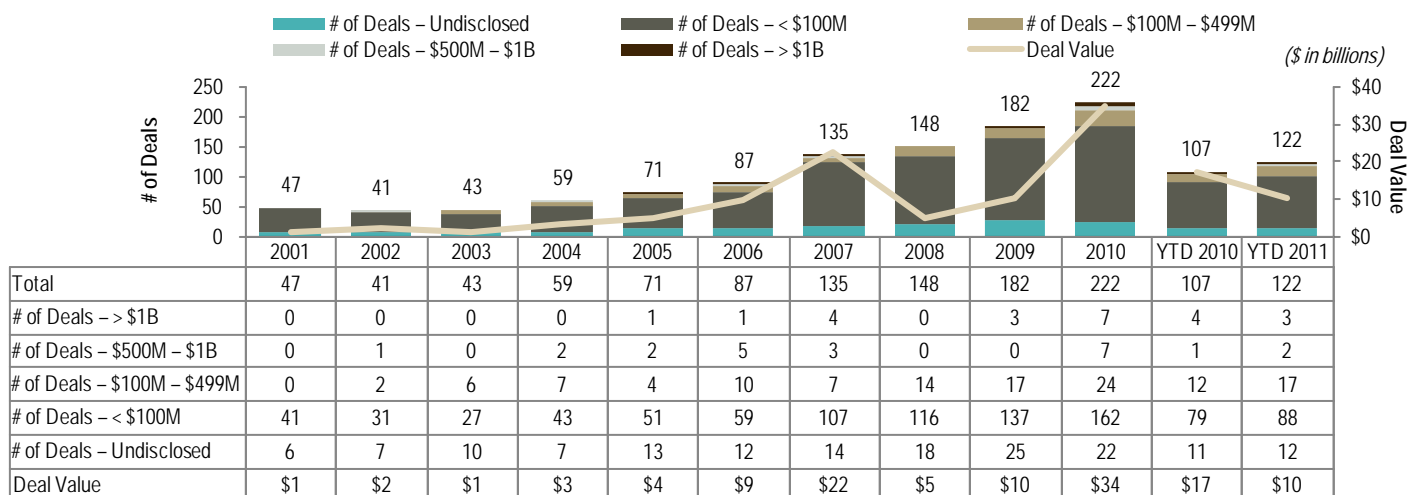
- Outbound M&A activity has been on a strong upward trend since 2004. The CAGR for deal count over the last seven full years was 24.4%, while dollar volume has increased nearly ten-fold during this period.
- Chinese companies have preferred to take majority stakes when involved in large outbound deals. Of outbound deals valued above \$500 million in 2001-2010, 63% were for majority stakes (vs. 39% for large inbound).
- In 2010, rapid growth in the outbound deal count and dollar value was driven by greater optimism as domestic growth strengthened and global economic conditions recovered. Furthermore, targets may have been more open to overtures from Chinese companies after navigating the economic downturn.
- The outbound deal count continued to register double-digit growth in the first half of 2011, supported by domestic growth remaining above official goals as well as relatively attractive valuations for targets.

### China Majority-Interest Outbound M&A Deals



Source: Dealogic. YTD as of June 30.

### China Minority-Interest Outbound M&A Deals



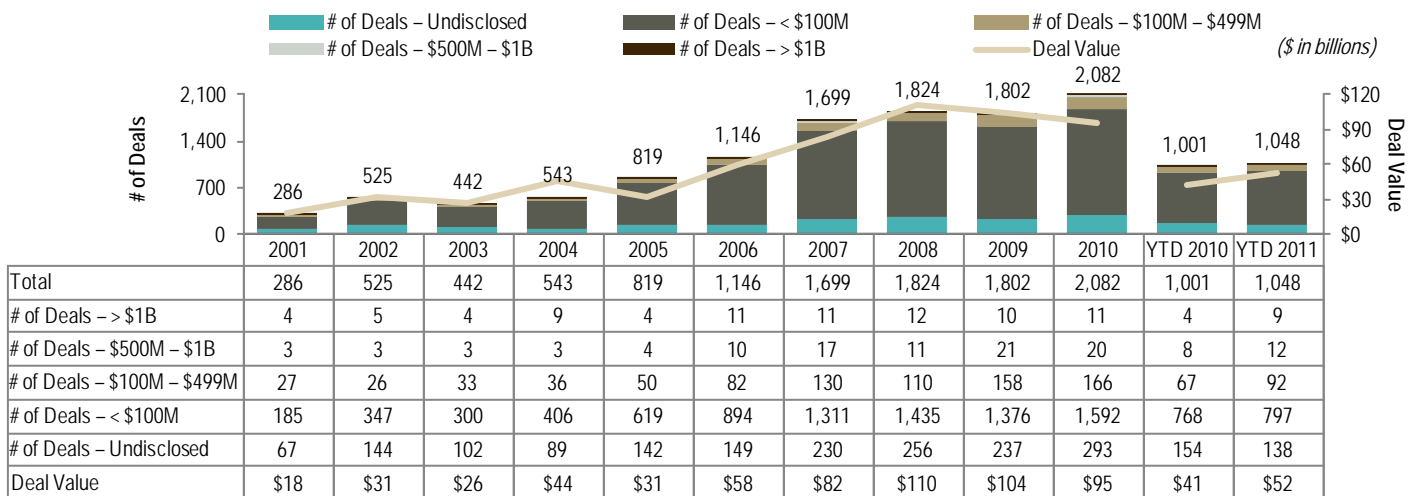
Source: Dealogic. YTD as of June 30.

# China M&A Analysis

## Domestic M&A

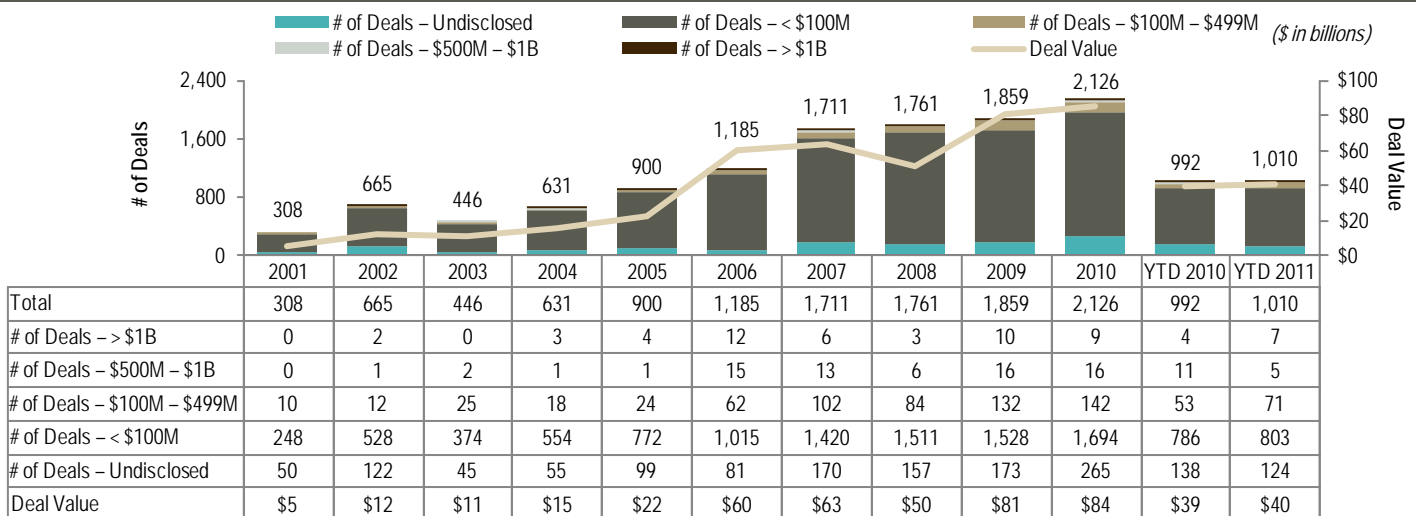
- Domestic M&A activity was the leading growth driver in China's M&A market over the past 10 full years. For domestic deals, the 10-year CAGR for transaction count was 20.8%.
- Majority-stake domestic deals have become more popular in China. The majority-interest deal count exceeded the minority-interest total for the 2007-2010 period on a combined basis. In the first half of 2011, the majority-interest domestic transaction count was modestly above the minority-stake M&A total.
- In the first half of 2011, the number of domestic transactions rose 3.3%, reflecting moderating economic fundamentals. Majority-interest M&A slightly outpaced minority-interest deal activity, suggesting a slightly larger risk appetite among buyers.

### China Majority-Interest Domestic M&A Deals



Source: Dealogic. YTD as of June 30.

### China Minority-Interest Domestic M&A Deals



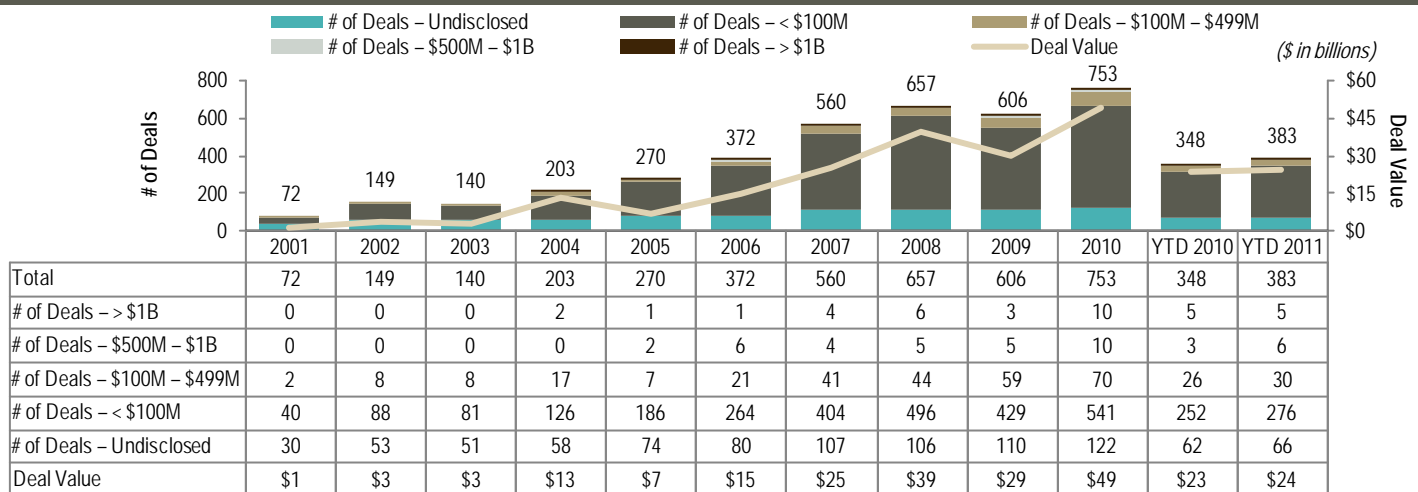
Source: Dealogic. YTD as of June 30.

# China M&A Analysis

## Industrial M&A

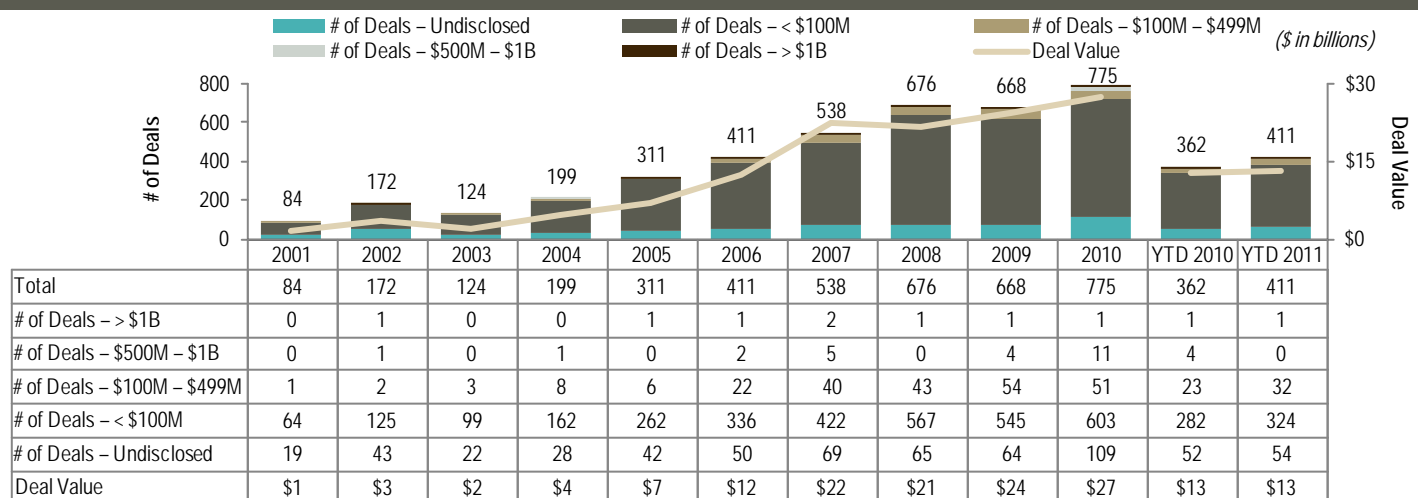
- Industrial deals represented 28% of China M&A activity and 26% of total reported deal value in 2010. We have categorized transactions involving companies in the following sectors as Industrial deals: Aerospace, Agribusiness, Auto/Truck, Chemicals, Construction/Building, Defense, Machinery, Metal & Steel, Mining, and Forestry & Paper.
- The number of Industrial deals grew at a compounded annual rate of 27.0% since 2000, with particular strength in 2003-2008 (38.2% CAGR). In most years, majority-stake and minority-interest transactions each represented close to half of the Industrial deal count.
- The further increase for Industrial M&A activity to date in 2011 has reflected the strength of China's domestic economy as well as the global industrial recovery. The deal count run rate for the first half of the year was on pace to exceed the peak total of 2010.
- Consolidation in China's Industrial sector is expected to continue in the near term given its magnitude and relevance during a massive build-out of public infrastructure.

### China Majority-Interest Industrial M&A Deals



Source: Dealogic. YTD as of June 30.

### China Minority-Interest Industrial M&A Deals



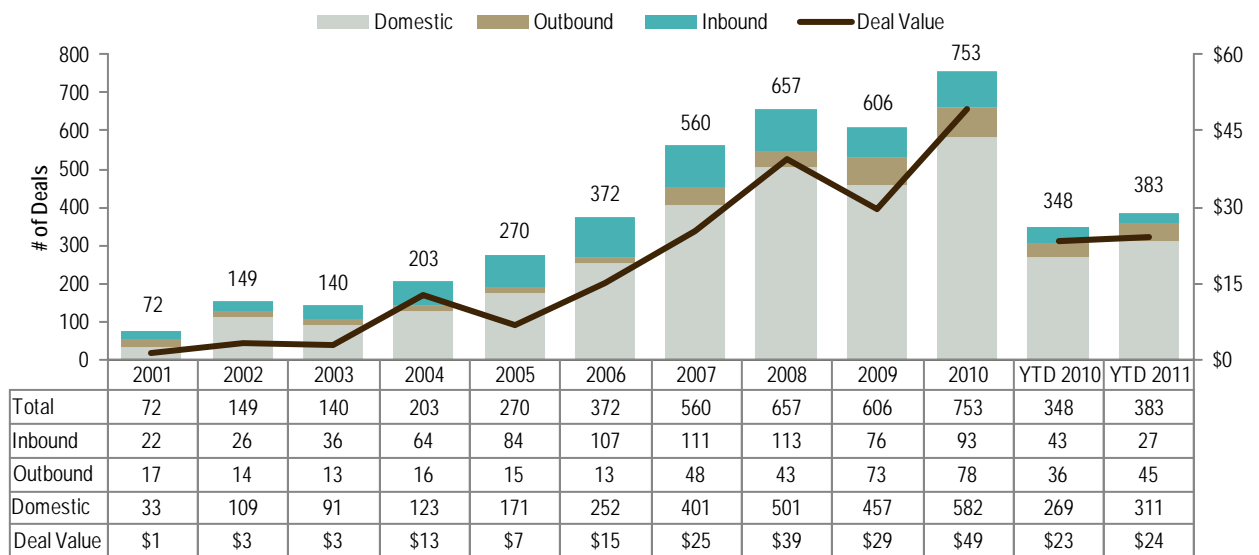
Source: Dealogic. YTD as of June 30.

# China M&A Analysis

## Cross-Border Industrial M&A

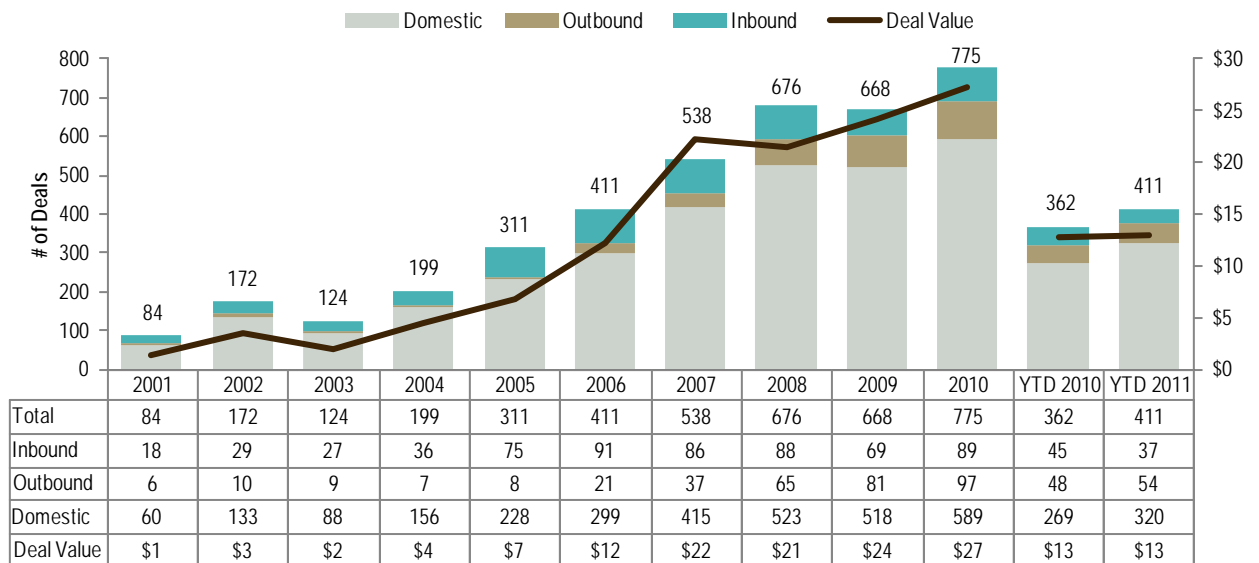
- Cross-border deals accounted for 23% of Industrial deal activity in 2010, compared to 22% for overall M&A in China.
- Industrial deal activity has emerged as a leading contributor to outbound M&A, representing 37% of the outbound total in 2010 and 35% in the first half of 2011.
- Outbound Industrial M&A has increased significantly since the start of 2009, reflecting attractive opportunities to gain access to resources. In addition, Chinese industrial companies have actively pursued overseas targets under financial duress while featuring sound business fundamentals.

### China Majority-Interest Industrial M&A Deals (Domestic/Outbound/Inbound)



Source: Dealogic. YTD as of June 30.

### China Minority-Interest Industrial M&A Deals (Domestic/Outbound/Inbound)



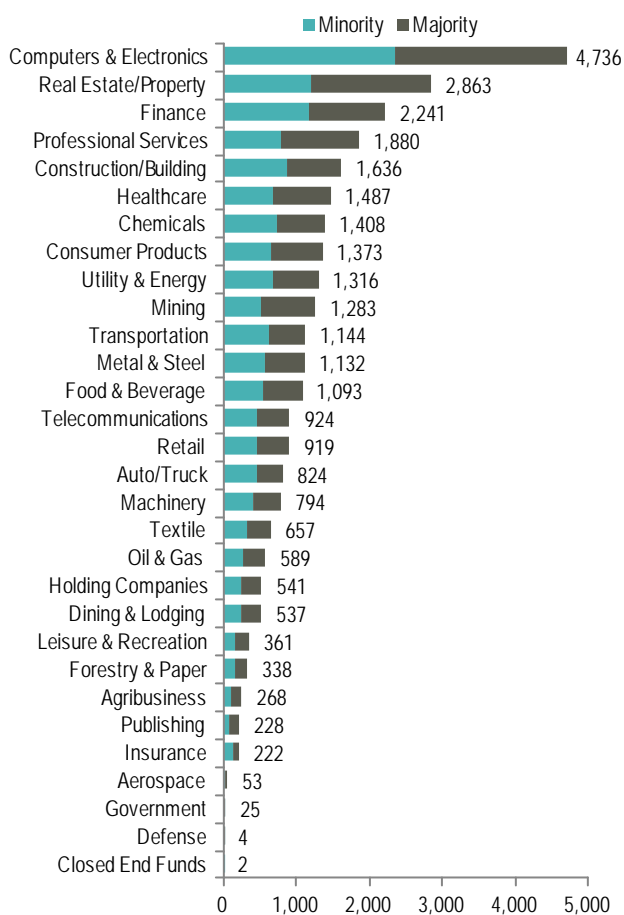
Source: Dealogic. YTD as of June 30.

# China M&A Analysis

## M&A Activity by Sector

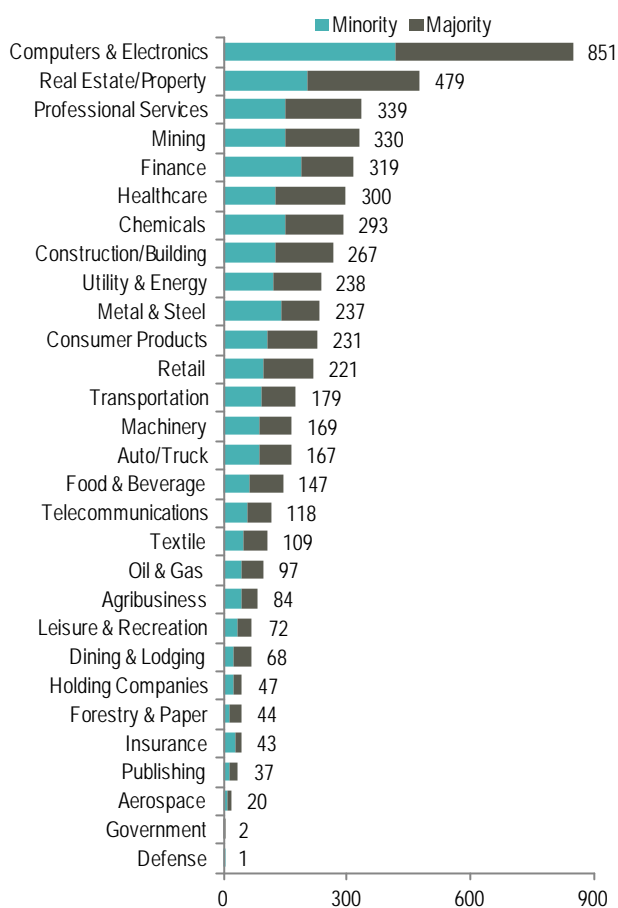
- Computers & Electronics was the leading individual sector, by a large margin, for the number of M&A transactions during the period of our analysis, representing 15% of the total in 2001-2010 and on an LTM basis.
- Our M&A data provider defines Computers & Electronics deals as transactions involving companies operating in the following categories: personal computers, mainframes, software, semiconductors, semiconductor capital equipment, components, networks, memory devices, peripherals, and technical services.
- Industrial deals accounted for 25% of China M&A activity during the period of our analysis. We have categorized transactions involving companies in the following sectors as Industrial deals: Aerospace, Agribusiness, Auto/Truck, Chemicals, Construction/Building, Defense, Machinery, Metal & Steel, Mining, and Forestry & Paper.
- Among the top 10 sectors during the LTM period, Mining posted the biggest increase in the M&A ranking (relative to 2001-2010), while Construction/Building experienced the largest decline.

China Sector M&A Activity – 2001 – 2010



Source: Dealogic.

China Sector M&A Activity – LTM 2011



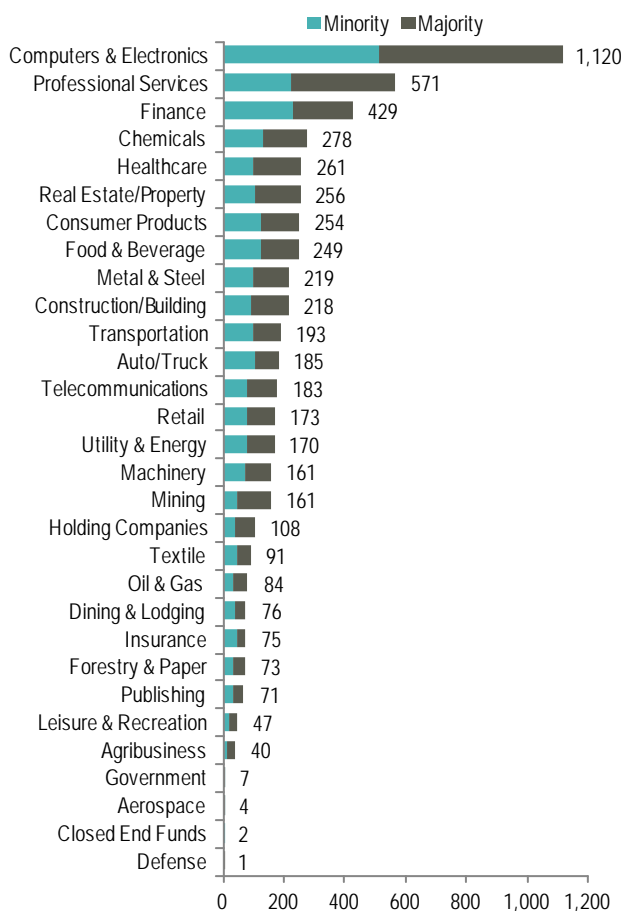
Source: Dealogic. LTM as of June 30.

# China M&A Analysis

## Inbound M&A Activity by Sector

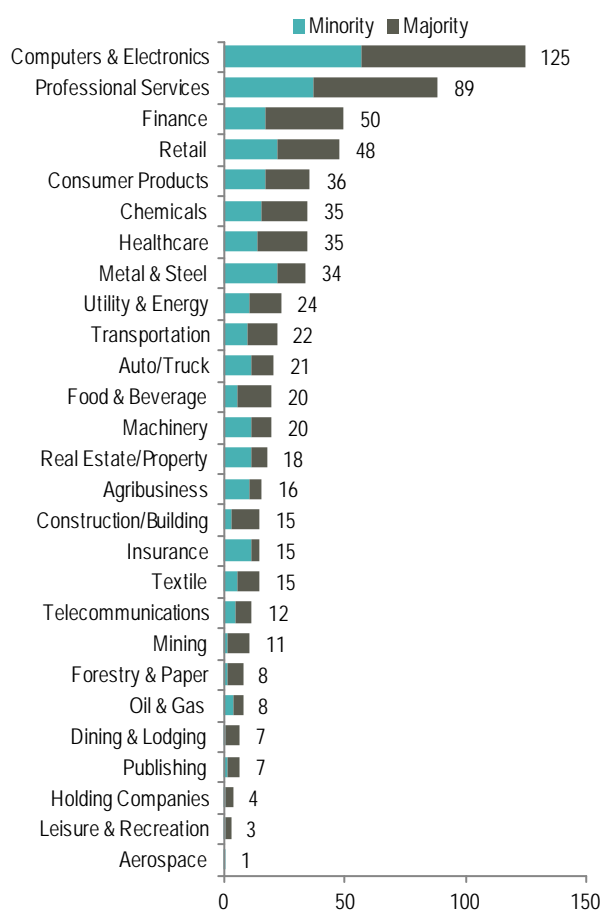
- For inbound M&A, the top three sectors over the past decade have been Computers & Electronics, Professional Services, and Finance, as foreign companies have favored M&A in high-tech and high-value sectors.
- Since 2001, 14 sectors have represented at least 3% of deal activity, highlighting the variety of inbound M&A activity in China.
- Among the top 10 sectors during the LTM period, Retail and Utility & Energy experienced the biggest increases in the M&A ranking (relative to 2001-2010), while none of the top-10 sectors registered meaningful declines.

China Inbound Sector M&A Activity –  
2001 – 2010



Source: Dealogic.

China Inbound Sector M&A Activity –  
LTM 2011



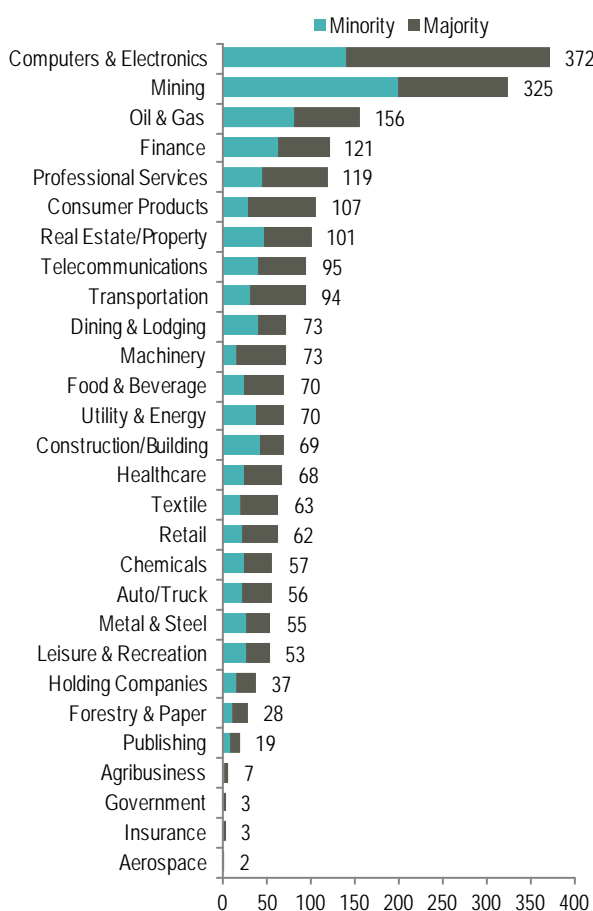
Source: Dealogic. LTM as of June 30.

# China M&A Analysis

## Outbound M&A Activity by Sector

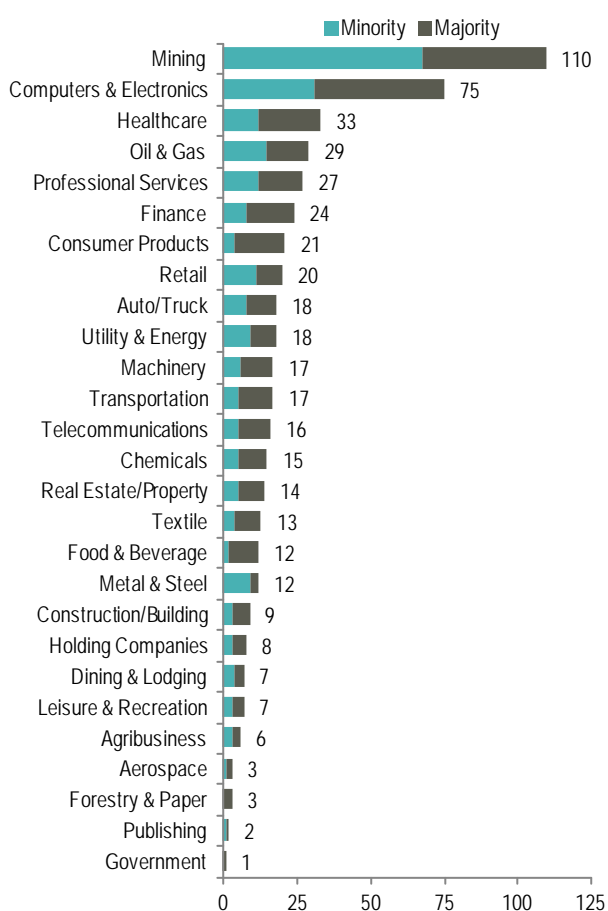
- Among outbound deals, Mining was the second-leading sector since 2001 and the top category for the LTM period. Many acquisitions by Chinese entities have been designed to secure access to the critical natural resources needed for China's extensive industrial operations and energy production.
- Among outbound target industries, Computers & Electronics has been the leading sector since 2001, including the second-leading position on an LTM basis.
- Since 2001, 11 sectors have represented at least 3% of the total transaction count, demonstrating the diversity of outbound M&A activity by Chinese companies.

China Outbound Sector M&A Activity – 2001 – 2010



Source: Dealogic.

China Outbound Sector M&A Activity – LTM 2011



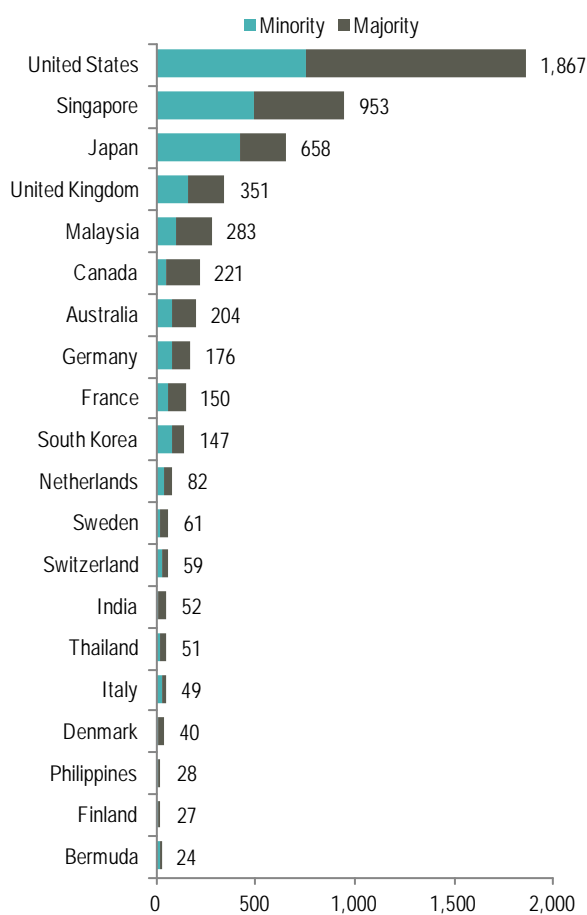
Source: Dealogic. LTM as of June 30.

# China M&A Analysis

## Inbound M&A Activity by Acquiror Country

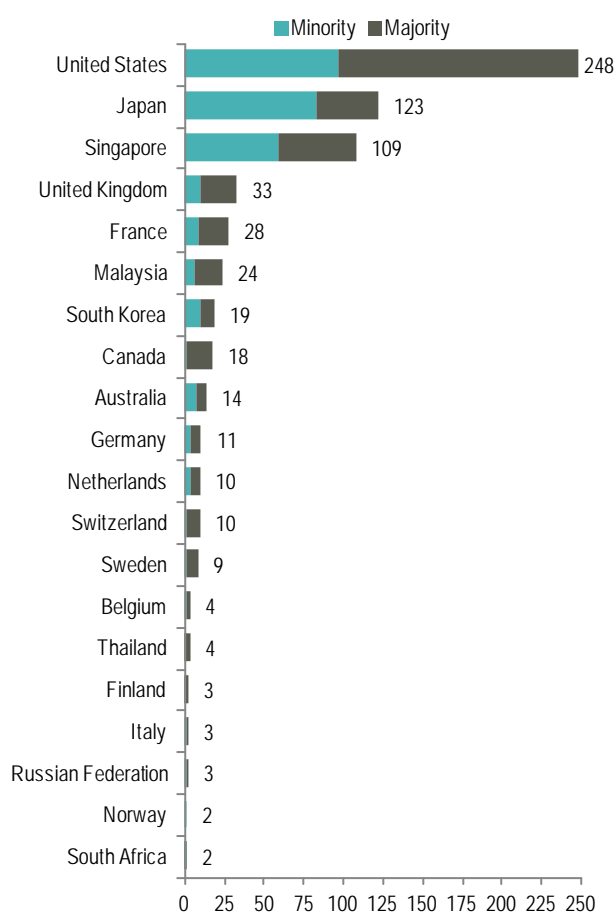
- The United States consistently has been the primary source of inbound acquisition partners for China. Companies based in the U.S. have represented about one-third of inbound acquirors since 2001.
- Firms based in Asia also have been frequent buyers of Chinese companies. Singapore, Japan, and Malaysia appear in the top five of the listing of home countries for acquirors of stakes in Chinese companies over the past decade, with Singapore and Japan remaining in the top three during the LTM period.
- The list of home countries for companies involved in inbound acquisitions has been largely stable. The top 10 countries over the last 12 months includes the same countries as were in the top 10 for 2001-2010, and the position of most countries within the top 10 has experienced minimal change.

**China Inbound M&A Acquiror Country Breakdown – 2001 – 2010**



Source: Dealogic.

**China Inbound M&A Acquiror Country Breakdown – LTM 2011**



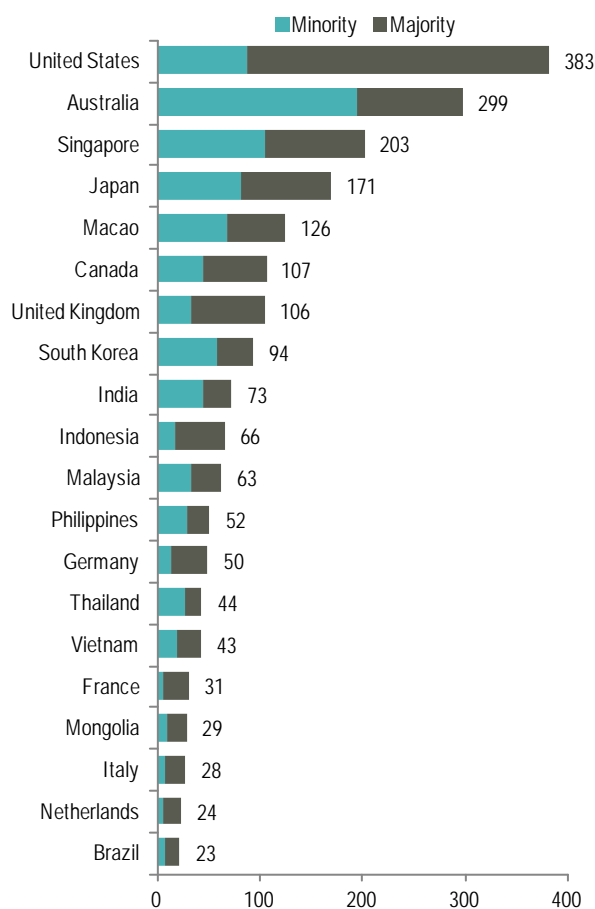
Source: Dealogic. LTM as of June 30.

# China M&A Analysis

## Outbound M&A Activity by Target Country

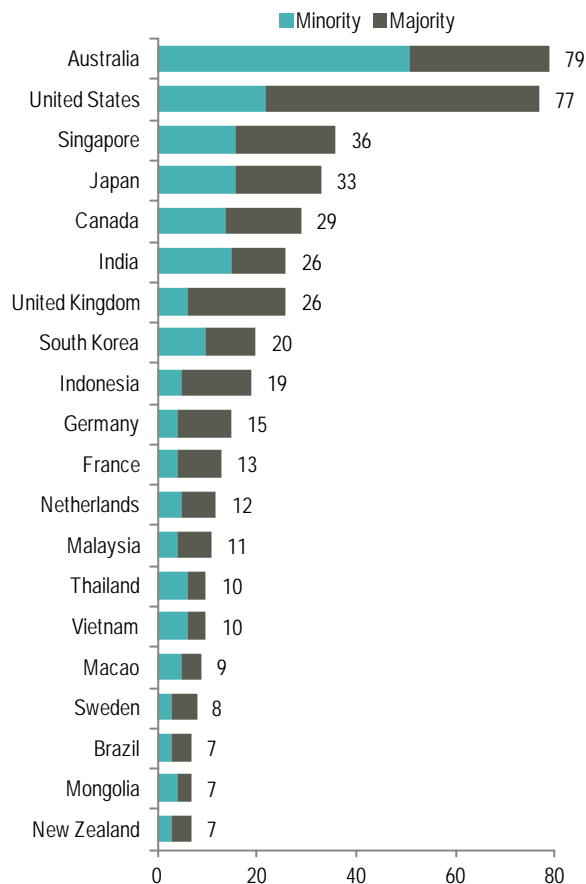
- Companies in the U.S. historically have been the most frequent target of Chinese entities. Since 2001, 16% of outbound targets have been headquartered in the U.S.
- Deals involving Australian targets represented the second-highest share of outbound M&A during 2001-2010 and the leading share on an LTM basis, as China has sought to secure access to Australia's attractive assets and capabilities in energy, mining, and utilities.
- Nine nations have accounted for at least 3% of outbound deal activity since 2001, highlighting the range of regions targeted by China.

**China Outbound M&A Target Country Breakdown – 2001 – 2010**



Source: Dealogic.

**China Outbound M&A Target Country Breakdown – LTM 2011**



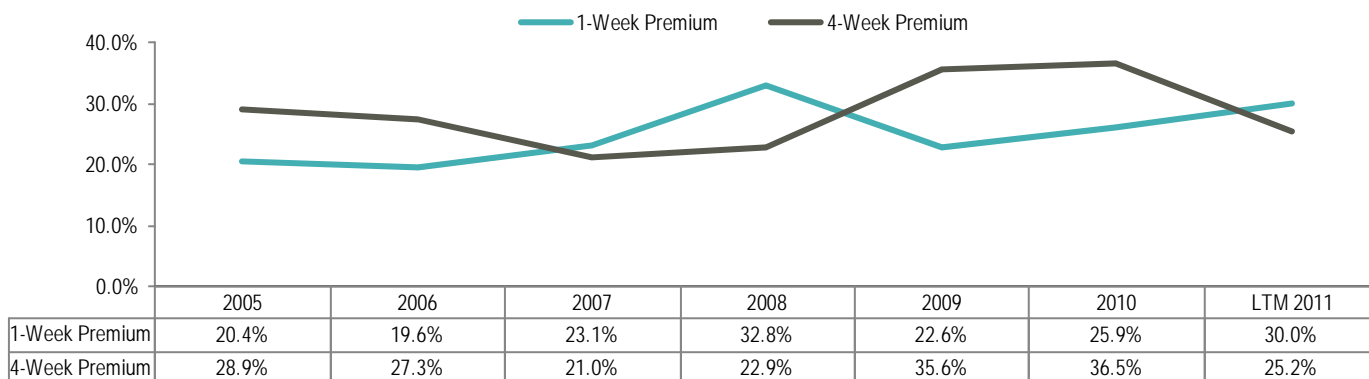
Source: Dealogic. LTM as of June 30.

# China M&A Analysis

## M&A Premiums

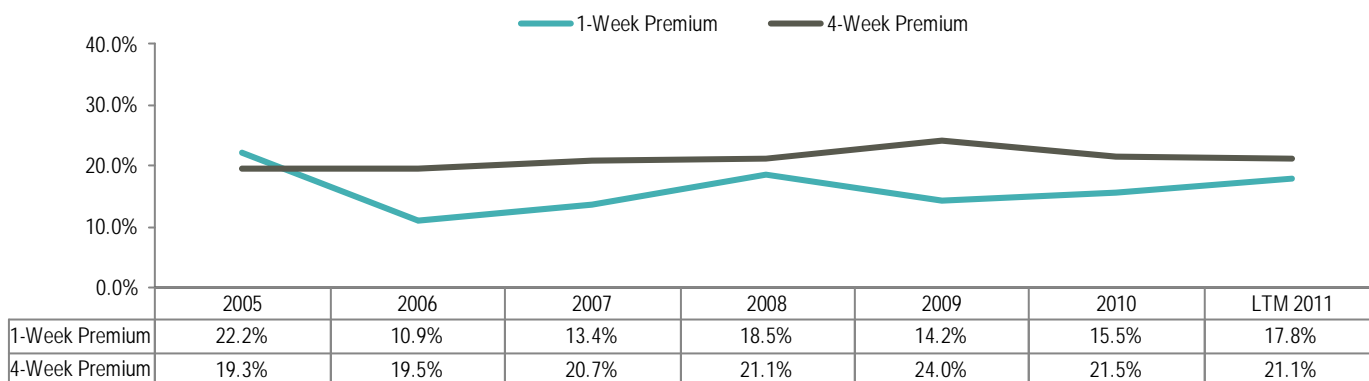
- The figures below provide premiums for domestic, inbound, and outbound acquisitions of publicly traded companies, relative to stock prices one week and four weeks prior to the deal announcements.
- In each period presented below, majority-stake premiums exceeded premiums associated with minority-interest deals.
- For majority-interest acquisitions from 2005 through June 2011, the median one-week premium was 22.9%, and the median four-week premium was 27.1%.
- For minority-stake transactions from 2005 through June 2011, the median one-week premium was 15.9%, and the median four-week premium was 21.7%.
- We restricted our premium analysis to 2005 through June 2011 in order to have a sufficient number of data points for each type of M&A stake.

### China Majority-Interest Median Acquisition Premiums



Source: Dealogic. LTM as of June 30.

### China Minority-Interest Median Acquisition Premiums



Source: Dealogic. LTM as of June 30.

# China M&A Analysis

## M&A Valuations

- On an overall basis for deal activity with reported valuation ratios, median transaction EV/EBITDA multiples (on EBITDA for the trailing 12 months) peaked in 2007, matching the experience of the U.S. market. The modest downtick in valuations for the 12 months through June contrasted with slight increases for M&A multiples in the U.S. and Europe.
- Middle-market multiples have been slightly below overall valuations due to higher ratios for bigger deals.
- Inbound EV/EBITDA multiples have reflected China's superior growth rates as well as risks related to cross-border M&A activity.
- Outbound multiples were below overall levels in 2009 and 2010, when Chinese entities capitalized on more attractive valuations in other markets.
- For most of the periods presented, minority-interest deals involved higher valuations than majority-stake acquisitions, despite the bigger premiums (relative to share prices) for majority-stake deals noted on the prior page.
- The fall-off in Industrial valuations since the 2009 peak could be a function of slower expansion in China's manufacturing sector.
- We restricted our multiple analysis to 2006 through June 2011 in order to have a sufficient number of data points for each segment of M&A activity.

### China Median Enterprise Value to EBITDA and Revenue Multiples

Transaction Type	2006	2007	2008	2009	2010	LTM 2011
<b><u>EV/EBITDA</u></b>						
Overall	8.2x	9.6x	9.1x	8.7x	8.2x	7.7x
Middle Market	7.9x	9.6x	8.5x	8.6x	7.8x	7.3x
Inbound	8.2x	9.8x	7.6x	7.1x	7.4x	7.5x
Outbound	9.1x	10.0x	11.3x	8.0x	7.8x	7.7x
Majority Interest	7.0x	9.0x	7.3x	9.4x	8.3x	6.8x
Minority Interest	8.2x	10.0x	10.9x	8.3x	8.4x	8.0x
Industrial	8.6x	10.0x	7.8x	11.2x	8.0x	7.3x
<b><u>EV/Revenue</u></b>						
Overall	1.00x	0.90x	0.92x	0.85x	0.90x	1.00x
Middle Market	0.98x	0.89x	0.90x	0.78x	0.90x	0.98x
Inbound	1.07x	0.85x	0.86x	0.50x	0.81x	0.93x
Outbound	0.96x	0.62x	0.63x	1.45x	0.73x	0.69x
Majority Interest	0.98x	0.77x	0.88x	0.67x	0.77x	0.95x
Minority Interest	1.00x	1.25x	1.03x	1.02x	1.09x	1.12x
Industrial	1.02x	0.82x	0.78x	1.07x	0.74x	1.13x

Source: Capital IQ. LTM as of June 30.

# Selected M&A Transactions

## Selected China Inbound M&A Transactions

Date Announced	Acquiror	Acquiror Nationality	Target	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
06/30/11	CPP Investment Board	Canada	Hong Kong Interlink Project	Diversified Support Services	\$588.0		
06/11/11	Biosensors International Group, Limited	Singapore	Shandong JW Medical Products Co., Ltd.	Healthcare Distributors	1,014.3		
06/09/11	Schneider Electric S.A.	France	Beijing Leader & Harvest Electric Technologies Co., Ltd.	Electrical Components and Equipment	650.0	5.2x	
06/01/11	Hologic Inc.	United States	TCT International Co. Ltd.	Healthcare Distributors	300.0		
05/25/11	Central Source Limited	British Virgin Islands	Real estate property at New Kowloon Inland	Real Estate	109.2		
05/20/11	Bain Capital Partners	United States	China Fire & Security Group Inc	Industrial Machinery	232.1	2.7	9.7x
05/10/11	Daiwa House Industry Co. Ltd.	Japan	Real estate in Changzhou City, Jiangsu Province, China	Real Estate	282.6		
05/09/11	Kone Oyj	Finland	Giant Kone Elevator Co., Ltd.	Industrial Machinery	365.5	1.5	
04/28/11	Delta International Holding Limited	Cayman Islands	Delta Greentech (China) Co., Ltd.	Heavy Electrical Equipment	358.3		
04/21/11	Samsung Electronics Co. Ltd.	South Korea	Shenzhen Huaxing Photoelectric Technology Co	Electronic Components	1,539.2		
04/18/11	SciClone Pharmaceuticals	United States	NovaMed Pharmaceuticals Inc.	Healthcare Distributors	104.8	3.3	
04/15/11	Rengo Co. Ltd.	Japan	Hung Hing Printing Group Ltd.	Paper Packaging	595.9	1.7	17.0
04/03/11	CMS International Investment Limited	British Virgin Islands	Tianjin Precede Medical Trade Development Co., Ltd.	Healthcare Distributors	199.3	4.4	
03/25/11	Mirae Asset MAPS Investments Co.	South Korea	Doosan Infracore (China) Co., Ltd.	Construction and Farm Machinery and Heavy Trucks	1,710.6		
03/16/11	Abterra Ltd.	Singapore	Zuoquan Xinrui Metallurgy Mine Co. Ltd.	Coal and Consumable Fuels	244.5		
03/14/11	Macquarie International Infrastructure Fund Limited	Bermuda	Taiwan Broadband Communications Co., Ltd.	Cable and Satellite	687.5	2.9	4.6
03/10/11	Delta International Holding Limited	Cayman Islands	Delta Greentech (China) Co., Ltd.	Heavy Electrical Equipment	447.1		
02/23/11	Wheelock Properties Ltd.	Singapore	Real estate property in Fuyang City, China	Real Estate	218.5		
02/16/11	SEB SA	France	Zhejiang Supor Co., Ltd.	Housewares and Specialties	2,556.7	3.0	29.3
02/09/11	Ares BCH Holdings, L.P.	United States	Brilliant Circle Holdings International Limited	Commercial Printing	392.9	8.3	
01/31/11	Yanlord Land Group Limited; Reco Yizhong Private Limited	Singapore	Residential development site in Jinnan District Tianjin, China	Real Estate	175.6		
01/31/11	Dana Holding Corporation	United States	Dongfeng Dana Axle Co., Ltd.	Auto Parts and Equipment	289.6	0.3	
12/30/10	HPL Leisure Holdings Pte Ltd.	Singapore	Lead Wealthy Investments Ltd.	Finance	102.2		
12/23/10	Investor Group	Australia	Jobs DB, Inc.	Human Resource and Employment Services	345.3		
12/22/10	Boustead Knowledge	Singapore	Bio-Treat Technology Ltd.	Environmental and Facilities Services	169.8	3.6	18.3
12/22/10	Global Logistic Properties	Singapore	Shenzhen Chiwan Petroleum Supply Base	Air Freight and Logistics	499.1	8.6	14.9
12/17/10	Somfy SA	France	Ningbo Dooya Mechanic & Electronic Technology Co.,Ltd.	Electrical Components and Equipment	188.9	4.1	
12/16/10	Yanlord Land Group Limited	Singapore	Residential Development Site in Longgang Town Centre, China	Real Estate	142.0		
12/09/10	Treasury China Trust	Singapore	Sanyang Property Development Co., Ltd.	Real Estate Operating Companies	115.3		
12/08/10	Royal DSM N.V.	Netherlands	AGI Corporation	Commodity Chemicals	147.8	1.1	9.0
12/05/10	Coty, Inc.	United States	TJoy Holdings, Ltd	Personal Products	400.0		
11/30/10	Sumitomo Corporation	Japan	C & O Pharmaceutical Technology Holdings	Pharmaceuticals	228.7	2.7	8.6

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Inbound M&A Transactions

Date Announced	Acquiror	Acquiror Nationality	Target	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
11/29/10	Cardinal Health	United States	Zuellig Pharma (China) Co.	Healthcare Distributors	\$470.0	0.5x	
11/26/10	Oman Oil Company	Oman	Shanghai Zhongyou Energy Holdings Co.	Oil and Gas Exploration and Production	292.1		
11/13/10	Hong Kong & China Gas	British Virgin Islands	Towngas China Company Limited	Gas Utilities	1,483.7	4.9	15.8x
11/01/10	Nycomed International Management GmbH	Switzerland	Techpool Bio-Pharma Co.	Biotechnology	416.8	6.3	
10/28/10	Sensata Technologies, Inc.	United States	Honeywell Controls and Honeywell-Xin Yao and Automotive-On-Board business	Aerospace and Defense	140.0	1.1	
10/26/10	ACE Limited	Switzerland	New York Life Insurance Worldwide Ltd. and New York Life Insurance Limited	Life and Health Insurance	425.0		
10/22/10	Standard Chartered Bank Singapore	Singapore	Winsor Properties Holdings Ltd.	Diversified Real Estate Activities	805.6	10.8	14.2
10/20/10	China Life Insurance	Singapore	Shenguan Holdings Ltd.	Packaged Foods and Meats	1,716.8	12.0	22.2
10/14/10	Texas Instruments	United States	Wafer-Fabrication Facility in Chengdu	Semiconductors	175.0		
10/12/10	Grosvenor Group Limited	United Kingdom	Shanghai Changfeng International Entertainment Business Center	Real Estate Operating Companies	224.7		
10/12/10	Starr International Company, Inc.	Bermuda	China MediaExpress Holdings, Inc.	Advertising	152.2	0.8	
10/11/10	China Logistics Holding	Singapore	Airport City Development Co.	Real Estate Development	634.8		
09/24/10	Siamgas HK Limited	British Virgin Islands	BP Zhuhai LPG Co.	Oil and Gas Storage and Transportation	100.8	0.6	
09/06/10	Ascendas PACT Fund	Singapore	Cross Tower in Shanghai	Real Estate Operating Companies	193.0		
09/01/10	Terra Nova Royalty Corp.	Canada	Mass Financial Corp.	Asset Management and Custody Banks	109.8	0.3	
08/27/10	TransGlobal (Asia) Holdings	Cayman Islands	Sichuan Chengmian Expressway Co.	Highways and Railtracks	232.6		
08/13/10	Apax Partners Worldwide; General Atlantic	United Kingdom	SouFun Holdings Ltd.	Internet Software and Services	642.7	4.1	11.7
08/06/10	GlaxoSmithKline Pte. Ltd.	Singapore	Shenzhen GSK-Neptunus Biologicals Co.	Pharmaceuticals	117.5		
07/30/10	Silver Lake Partners	United States	Allyes Information Technology Co.	Internet Software and Services	200.0		
07/16/10	Burberry Group plc	United Kingdom	Kwok Hang Holdings Limited, Chinese Retail Operations	Apparel Retail	107.2	0.9	
06/30/10	Bain Capital, LLC	United States	ASIMCO Technologies Limited	Auto Parts and Equipment	150.0	0.3	
06/30/10	Itochu Corp.; Lotte Shopping Co.	Japan; South Korea	LuckyPai Group Limited	Advertising	205.7	2.8	
06/22/10	Nippon Paper Group Inc.	Japan	Lee & Man Paper Manufacturing Ltd.	Paper Products	4,651.0	3.3	14.1
06/16/10	Rhodia, Inc.	United States	Feixiang Chemicals (Zhangjiagang) Co.	Commodity Chemicals	489.0	2.0	9.0
06/01/10	Sino-Forest Corp.	Canada	Greenheart Resources Holdings Limited	Forest Products	100.7		
05/28/10	Hynix Semiconductor Inc.	South Korea	Hynix-Numonyx Semiconductor	Computer Storage and Peripherals	2,109.7		
05/12/10	Golden Agri-Resources Ltd.	Singapore	Florentina International Holdings Limited	Packaged Foods and Meats	142.9		
05/06/10	Shiseido Co. Ltd.	Japan	Shiseido Dah Chong Hong Cosmetics Limited	Distributors	128.7		
04/30/10	JPMorgan Chase, Private Banking and Investments	United States	Anhui Conch Cement Co. Ltd.	Construction Materials	12,567.1	2.9	11.3
04/26/10	International Paper	United States	Svenska Cellulosa Aktiebolaget, SCA, Packaging Business in Asia	Paper Packaging	200.0		
04/22/10	RCCF Management Pte Ltd.	Singapore	Ningbo Xin Yin Property Development Co., Ltd.	Real Estate Operating Companies	125.0		

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Inbound M&A Transactions

Date Announced	Acquiror	Acquiror Nationality	Target	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
04/12/10	Sapphire Corporation Limited	Singapore	China Vanadium Titano-Magnetite Mining Company Limited	Steel	\$123.6	3.1x	7.5x
03/25/10	Silver Lake Partners	United States	Spreadtrum Communications	Semiconductors	300.6	2.6	
03/15/10	Phillips-Van Heusen Corp.	United States	Tommy Hilfiger Group B.V.	Apparel, Accessories and Luxury Goods	3,201.3		
03/02/10	Cooper Tire Investment Holding (Barbados) Ltd	Barbados	Cooper Chengshan (Shandong) Tire Company Ltd.	Tires and Rubber	128.0		
03/01/10	Diageo Highlands Holding B.V.	Netherlands	Sichuan Chengdu Quanxing Group Co., Ltd.	Distillers and Vintners	524.4		
02/26/10	Singfuel Investment Pte Ltd	Singapore	Chemoil Energy Limited	Oil and Gas Storage and Transportation	1,049.3	0.2	11.9
02/23/10	Telstra Corporation Limited	Australia	Dotad Media Holdings Limited	Wireless Telecommunication Services	108.0		
02/09/10	Khazanah Nasional Berhad	Malaysia	Oriental University City Co. Ltd.	Education Services	439.3		
02/03/10	C-Travel International Ltd.	Cayman Islands	HKWOT (BVI) Limited	Hotels, Resorts and Cruise Lines	113.7		
02/03/10	Mapletree India China Fund Ltd.	Cayman Islands	RREEF China Commercial Trust	Diversified REITs	364.0		
01/15/10	Precision Castparts	United States	Yangzhou Chengde Steel Tube	Steel	716.3		
12/31/09	AEI	United States	Beijing Macrolink Gas Ltd.	Oil and Gas Storage and Transportation	123.7		
12/28/09	Da Di Investment Pte. Ltd.	Singapore	Real estate in Shenyang	Real Estate Operating Companies	129.4		
12/22/09	Foxconn (Far East)	Cayman Islands	Champ Tech Optical (Foshan)	Photographic Products	230.6		
12/17/09	Forth Ports plc	United Kingdom	Ocean Terminal Limited	Real Estate Operating Companies	116.2		
12/14/09	Singfuel Investment Pte Ltd	Singapore	Chemoil Energy Limited	Oil and Gas Storage and Transportation	1,095.6	0.2	11.4
12/11/09	Turbo Result Limited	British Virgin Islands	Kwun Tong Inland real estate	Real Estate Operating Companies	126.4		
11/12/09	HSBC Specialist Investments Ltd.; Crown Investments	United Kingdom	Sunelite China Investment Holdings and Northeast Asia Investment & Development and Tesco Anshan Co.	Investment Holding Company	137.8		
11/10/09	Maoye Department Store Holdings	British Virgin Islands	Richon Group Holdings Limited	Investment Holding Company	248.8		
11/08/09	Affiliated Managers Group Inc.	United States	Value Partners Group Ltd	Asset Management and Custody Banks	644.9		
11/03/09	Novartis AG	Switzerland	Zhejiang Tianyuan Bio-Pharmaceutical Co., Ltd.	Pharmaceuticals	147.1		
10/23/09	China Select Capital Partners Corp.	Canada	China Dongxiang (Group) Company Ltd	Apparel, Accessories and Luxury Goods	775.6	4.4	10.1
10/23/09	Zongshen PEM Power Systems Inc.	Canada	49% of Chongqing Zongshen Automobile Industry and Chongqing Zongshen Automobile Air Intake System	Auto Parts and Equipment	154.4		
10/20/09	Yum! Brands, Inc.	United States	Little Sheep Group Limited	Restaurants	487.0	2.5	15.1
10/15/09	The Carlyle Group	United States	Natural Beauty Bio-Technology	Personal Products	250.8	4.1	11.0
09/25/09	Ying Li International Real Estate Ltd.	Singapore	Development Site in Yuzhong District, Chongqing	Real Estate Operating Companies	124.7		
09/22/09	YFY Mauritius Corp.	Mauritius	Yuen Foong Yu Paper Mfg. (Yangzhou) Co., Ltd.	Paper Products	144.9		
09/21/09	Yanlord Land Group Limited	Singapore	Real estate in Waigaoqiao, Shanghai	Real Estate Operating Companies	382.1		
09/15/09	China Gold International Resources Corp.	Canada	Skyland Mining Limited	Diversified Metals and Mining	233.0		
09/10/09	KDDI Corp	Japan	DMX Technologies Group Ltd (50.1%)	Computers & Electronics-Services	132.2	1.5	15.0

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Inbound M&A Transactions

Date Announced	Acquiror	Acquiror Nationality	Target	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
09/01/09	Win Team Investments Limited	British Virgin Islands	Wuhai Meng Kong Industrial Development Co.	Coal and Consumable Fuels	\$224.1		
08/31/09	Fairfax Financial Holdings Limited	Canada	Alltrust Insurance Company Of China Ltd	Property and Casualty Insurance	442.7		
08/31/09	YFY Mauritius Corp.	Mauritius	Yuen Foong Yu Paper Mfg. (Yangzhou) Co.	Paper Products	135.0		
08/25/09	FANCL Corp.	Japan	Fantastic Natural Cosmetics Limited and Fantastic Natural Cosmetics	Distributors	103.9		
08/24/09	Fortune REIT	Singapore	Metro Town	Real Estate Operating Companies	187.4		
08/07/09	Chugoku Electric Power Co.; Electric Power Development Co.	Japan	Gemeng International Energy Co.	Electric Utilities	1,436.9		
08/05/09	Ivanhoe Cambridge	Canada	Shopping Centers (Baillian Changsha Oriental Shopping Plaza)	Real Estate/Property-Operations	121.5		
08/04/09	Australia & New Zealand Banking Group Ltd	Australia	Asian assets of Royal Bank of Scotland Group plc	Finance-Commercial & Savings Banks	550.0	1.2x	
08/04/09	Wheelabrator Technologies, Inc.	United States	Shanghai Environment Group Co.	Environmental and Facilities Services	354.9		
07/30/09	Kopin Corp.	United States	Kopin Taiwan Corporation	Electronic Components	151.8		
07/15/09	CPF Investment Limited	British Virgin Islands	Charoen Pokphand Enterprise Co.	Packaged Foods and Meats	112.1	0.2	6.7x
07/15/09	MAN SE	Germany	Sinotruk (Hong Kong) Ltd	Construction and Farm Machinery and Heavy Trucks	2,660.8	0.8	15.2
07/06/09	Assicurazioni Generali SpA	Italy	Guotai Asset Management Co.	Asset Management and Custody Banks	464.3		
05/18/09	JS Group Corp	Japan	Ideal Standard International Holdings (American Standard Asian Business)	Consumer Products-Miscellaneous	151.1		
04/30/09	Domain Registration Corp	United States	China Northern Pharmacy Holding Group Ltd	Retail-Pharmacies	117.3	1.3	6.1
04/15/09	Pearson plc	United Kingdom	Wall Street English	Professional Services-Schools/Universities	145.0		
04/14/09	China Discovery Acquisition Corp	United States	Henan Smart Food Co	Food & Beverage-Miscellaneous	129.0		
02/11/09	Telstra Corp Ltd	Australia	China M (67% each); Sharp Point	Telecommunications-Services	201.6		
12/23/08	Government of Singapore Investment Corp Pte Ltd	Singapore	ProLogis (Operations in China and 20% interest in Japanese property funds)	Real Estate/Property-REIT	1,300.0		
12/01/08	CapitaLand Ltd; CapitaLand AIF Ltd	Singapore	Peace Base Investments Ltd (68.4%)	Real Estate/Property-Diversified	164.8		
11/16/08	Hempel AS	Denmark	Hempel-Hai Hong (China) Ltd (64%)	Chemicals-Specialty	147.9		
11/13/08	World Trophy Outfitters Inc	United States	Fast More Ltd	Auto/Truck-Parts & Equipment	132.7		
10/21/08	Actis Capital LLP; Avenue Capital Group; Macquarie Group Ltd	United Kingdom	Ambow Education Co Ltd	Computers & Electronics-Services	103.0		
09/22/08	Nomura Holdings Inc	Japan	Lehman Brothers Holdings Inc (Asia-Pacific Operations including Japan, Hong Kong, China, Australia, and other parts of Asia)	Finance-Investment Banks	225.0		
08/29/08	CB Richard Ellis Investors LLC	United States	Property Portfolio (Comprehensive building in Luwan District, Shanghai)	Real Estate/Property-Operations	139.1		
08/25/08	ARA Managers (Asia Dragon) Pte Ltd	Singapore	Fucheng (China) Co Ltd	Real Estate/Property-Diversified	237.8		
08/19/08	Olympus Capital Holdings Asia; Star Capital Co Ltd	United States	Zhongwang International Group Ltd	Metal & Steel-Processing	300.0		

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Inbound M&A Transactions

Date Announced	Acquiror	Acquiror Nationality	Target	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
07/08/08	Tanti Group of Companies; Arcapita Bank BSCc	India	Honiton Energy Holdings plc (Majority stake)	Utility & Energy-Diversified	\$2,000.0		
07/07/08	Showy International Ltd	Singapore	Chongqing Yingli Real Estate Development Co Ltd (94%)	Real Estate/Property-Diversified	400.4		
06/18/08	Deutsche Bank AG	Germany	Dalian Xiwang Building Co Ltd	Real Estate/Property-Operations	152.3		
06/06/08	Banpu plc	Thailand	Asian American Coal Inc (78.4%)	Mining-General	420.0		
06/04/08	Asia Pacific Land Ltd	Japan	Property Portfolio (a Shanghai property)	Real Estate/Property-Operations	650.0		
05/20/08	Heckmann Corp	United States	China Water & Drinks Inc	Food & Beverage-Non-Alcoholic Beverages	500.0	8.8x	
05/15/08	InterAmerican Acquisition Group	United States	Sing Kung Ltd (89.6%)	Construction/Bldg Prods-Infrastructure	164.5		
04/18/08	Charoen Pokphand Group Co Ltd	Thailand	Chia Tai (China) Agro-Industrial Wide Master Investment Ltd	Finance-Miscellaneous	102.8		
03/12/08	Macquarie Korea Opportunities Fund	South Korea	Taiwan Broadband Communications Co Ltd (60%)	Telecommunications-Radio/TV Broadcasting	361.1		12.1x
02/29/08	SM Prime Holdings	Philippines	Shopping Centres (A mall in Jinjiang, China)	Real Estate/Property-Operations	109.4		
02/20/08	MIRAE ASSET MAPS Investment Management Co Ltd	South Korea	Property Portfolio (Shama Luxe)	Real Estate/Property-Operations	139.9		
02/04/08	Monster Worldwide Inc	United States	ChinaHR.com Holdings Ltd (55%)	Professional Services-Personnel	174.0		
01/08/08	Energrou Holdings Corp	United States	Dalian Chuming Precious Sheen Co Ltd	Holding Companies-Conglomerates	126.4		

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Outbound M&A Transactions

Date Announced	Acquiror	Target	Target Nationality	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
06/22/11	Sun Moral International Limited	Smart Baskets Investments Limited	British Virgin Islands	Investment Holding Company	\$119.9		
06/20/11	New World Hospitality	Rosewood Hotels and Resorts, LLC	United States	Hotels, Resorts and Cruise Lines	229.5		
06/15/11	Wharf Holdings Ltd.	Wheelock Properties Ltd.	British Virgin Islands	Real Estate Development	434.6		
06/09/11	Noble Group Ltd.	Territory Resources Limited	Australia	Steel	155.3	0.8x	2.8x
06/01/11	Lenovo Group Ltd.	Medion AG	Germany	Distributors	624.0	0.3	13.8
05/31/11	Mongolian Coal Corporation Limited	QGX Coal Ltd.	Mongolia	Coal and Consumable Fuels	950.0		
05/31/11	HNA Property Holdings Company Ltd.	U.S. office tower assets	United States	Real Estate	294.4		
05/30/11	CP Pokphand Co. Ltd.	Modern State Investments Limited	British Virgin Islands	Packaged Foods and Meats	618.9		
05/23/11	Kuok Limited; Kerry Group Limited; Kuok Brothers Sdn.	Allgreen Properties Ltd.	Singapore	Real Estate Development	2,720.1	3.5	7.5
05/16/11	Baiyin Nonferrous Metal Co., Ltd.; China-Africa Development Fund; Long March Capital Group	Gold One International Limited	Australia	Gold	538.0	5.7	16.5
05/13/11	Kowloon Development Co., Ltd.	Ideaplan Investments Limited	British Virgin Islands	Real Estate Operating	185.7		
05/06/11	Guoco Group Ltd.	The Rank Group Plc	United Kingdom	Casinos and Gaming	1,164.9	1.3	7.7
05/04/11	Investor Group	JK Yaming International Holdings Ltd.	Singapore	Auto Parts and Equipment	100.9	0.6	5.6
05/02/11	Shanghai E-Mart Supercentre Co., Ltd.	Kim's Club Mart. Co. Ltd.	South Korea	General Merchandise Stores	275.8	1.0	
04/20/11	Evergreen Industries Holding Group Co., Ltd.	MagIndustries Corp.	Canada	Forest Products	147.8	7.0	
04/16/11	Beijing Hainachuan Automotive Parts Co., Ltd.	Inalfa Roof Systems Group B.V.	Netherlands	Auto Parts and Equipment	373.0		
04/08/11	Jizhong Energy Resources Co., Ltd.	Wumeiniu Coal Mine	Mongolia	Diversified Metals and Mining	259.7		
04/05/11	Shandong Gold Mining Co., Ltd.	Aurora Empowerment Systems Limited, Grootvlei and Orkney Mines	South Africa	Diversified Metals and Mining	153.9		
03/15/11	CLSA Capital Partners	Pomo Mixed-Use Asset	Singapore	Real Estate Operating Companies	199.3		
03/05/11	CDH Investments	Sinomem Technology Ltd.	Singapore	Environmental and Facilities Services	271.1	2.8	9.4
02/28/11	China Aviation Industry General Aircraft Co., Ltd.	Cirrus Aircraft Corporation	United States	Aerospace and Defense	210.0		
02/26/11	Chow Tai Fook Enterprises Limited	S.I. Feng Shun and Tao Properties Limited	British Virgin Islands	Real Estate Development	387.6		
02/26/11	Chow Tai Fook Enterprises Limited	Good Cheer Enterprises Limited	British Virgin Islands	Hotels, Resorts and Cruise Lines	156.5		
02/21/11	The Blackstone Group; China Investment Corp	Japanese Property Loan Portfolio of Morgan Stanley	Japan	Consumer Finance	385.0		
02/14/11	MIE Holdings Corporation	Emir Oil, LLC	Kazakhstan	Oil and Gas Exploration and Production	170.0		
02/02/11	Tencent Holdings Ltd.	Riot Games, Inc.	United States	Home Entertainment Software	328.6		
01/28/11	Wing Hing International	Taung Gold Limited	South Africa	Gold	1,165.9		
01/18/11	Yuemei Group Co., Ltd.	Mali Cotton Company	Mali	Textiles	134.0		
01/14/11	Chinese Estates Holdings Ltd.	River Court Holdings Ltd.	United Kingdom	Real Estate Operating Companies	441.7		
01/12/11	Affinity Equity Partners	Tegel Foods Limited	New Zealand	Packaged Foods and Meats	351.7		
01/10/11	China National Bluestar Co.	Elkem AS	Norway	Commodity Chemicals	2,000.0		
01/10/11	PetroChina International Co., Ltd.	INEOS Refiniung Ltd.	United Kingdom	Oil and Gas Refining and Marketing	1,015.0		
12/31/10	Greentown China Holdings Limited; Zhejiang Railway Investment Group Co., Ltd.	Poly Link Management Limited	British Virgin Islands	Investment Holding Company	571.4		
12/31/10	Taiyuan Mining Machinery Group Coal Machine Co. Ltd.	Valley Longwall International Pty Limited	Australia	Industrial Machinery	127.1		

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Outbound M&A Transactions

Date Announced	Acquiror	Target	Target Nationality	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
12/29/10	Chongqing Light Industry & Textile Holdings Co., Ltd.	SaarGummi International GmbH	Germany	Commodity Chemicals	\$172.5		
12/23/10	New Hope Group; Agria Corporation	PGG Wrightson Limited	New Zealand	Agricultural Products	754.9	0.9x	13.9x
12/20/10	Power Assets Holdings Limited; Cheung Kong Infrastructure Holdings Ltd.	Meridian Cogeneration Facility	Canada	Gas Utilities	123.0		
12/17/10	Sinochem Corporation	DSM Anti-Infectives B.V.	Netherlands	Pharmaceuticals	552.2		
12/15/10	Unitas Capital Pte. Ltd.	Hyva Group B.V.	Netherlands	Industrial Machinery	699.5		
12/11/10	AVIC International Holding Corporation	Teledyne Continental Motors, Inc.	United States	Aerospace and Defense	186.0		
12/09/10	Wanhua Industrial Group	BorsodChem Zrt.	Hungary	Commodity Chemicals	1,685.5		
12/03/10	China Petrochemical Corporation	Occidental Argentina Exploration And Production, Inc.	Argentina	Oil and Gas Exploration and Production	2,450.0		
11/29/10	Eagle Infrastructure Fund Ltd.	PT Nusantara Infrastructure	Indonesia	Construction and Engineering	306.2	14.5	24.7
11/28/10	China Huaneng Group	InterGen N.V.	United States	Electric Utilities	2,464.0		
11/22/10	Shanghai Chengtou Cityland (Group) Co., Ltd	Springs JWNT Development Holdings Pte.	Singapore	Real Estate Development	1,112.0		
11/19/10	Mandarin Capital Management SA; China Development Financial Co.	Italmatch Chemicals SpA	Italy	Specialty Chemicals	136.5	1.0	4.6
11/16/10	Lead Wealthy Investments	HPL-Hines Development	Singapore	Real Estate Development	135.5		
11/11/10	PTT Mining Limited	Straits Resources Ltd.	Australia	Diversified Metals and Mining	329.1	1.1	
11/11/10	SYNNEX Investment Holdings Corporation; SB Pacific Corporation Limited	SYNNEX Infotec Corporation	Japan	Technology Distributors	117.6	0.1	
11/08/10	Guangdong Rising Assets Management Co. Ltd.	Caledon Resources plc	United Kingdom	Diversified Metals and Mining	427.2	6.3	
11/07/10	CK Life Sciences Int'l., Inc.	Challenger Wine Trust	Australia	Specialized REITs	185.6	5.8	6.4
11/05/10	China Merchants Holdings Company Limited; China-Africa Development Fund	Tin Can Island Container Terminal Limited	Nigeria	Marine Ports and Services	324.2		
10/28/10	RITEK Corp.	Max Online Ltd.	British Virgin Islands	Computer Storage and Peripherals	150.4		
10/28/10	Goodman Group; China Investment Corporation	ING Industrial Fund	Australia	Industrial REITs	2,898.6	10.9	
10/19/10	China Lumena New Materials Corp.	Sino Polymer New Materials Co.	Cayman Islands	Commodity Chemicals	1,491.9	6.6	11.0
10/18/10	China Steel Corp.	Dongbu Metal Co.	South Korea	Steel	1,109.8	2.9	16.6
10/11/10	China National Chemical Corporation	Makhteshim Agan Industries Ltd.	Israel	Fertilizers and Agricultural Chemicals	3,764.4	1.6	16.7
10/07/10	Chi Lam Investment Company Limited	Hing Ying Services Limited	British Virgin Islands	Real Estate Operating Companies	460.4		
09/24/10	Texwinca Holdings Ltd.	Baleno Holdings Limited	British Virgin Islands	Apparel Retail	262.1		
09/17/10	Jinchuan Group Ltd.	Continental Minerals Corp.	Canada	Diversified Metals and Mining	398.9		
09/13/10	China Resources Gas Group Limited	Mega Fair Limited	British Virgin Islands	Automotive Retail	270.1		
08/26/10	China Steel Corp.	Formosa Ha Tinh Steel Corporation	Vietnam	Steel	2,700.0		
07/30/10	Hongkong Electric Holdings Limited; Cheung Kong Infrastructure Holdings Ltd.	Electricity Distribution Assets in UK of EDF Energy and CSW Investments	United Kingdom	Electric Utilities	9,062.4		
07/22/10	Tidetime Sun (Group) Ltd.	Up Energy Investment (China) Ltd.	British Virgin Islands	Coal and Consumable Fuels	1,137.8		
07/07/10	Tempo Group; Beijing E-town International Investment and Development Co.	Nexteer Automotive Inc.	United States	Auto Parts and Equipment	450.0		
06/28/10	Genesis Energy Holdings Ltd.	Orion Energy International	United States	Coal and Consumable Fuels	349.5		
06/28/10	Macau Investment Holdings Limited	Sociedade de Investimento Imobiliario Pun Keng Van S.A.R.L	Macau	Real Estate Operating Companies	205.8		

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Outbound M&A Transactions

Date Announced	Acquiror	Target	Target Nationality	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
06/21/10	Heinz (China) Investment Company Ltd.	Foodstar Holdings Pte Ltd.	Singapore	Packaged Foods and Meats	\$165.0		
06/21/10	Wuhan Iron and Steel (Group) Corporation	Zambeze Coal Project	Mozambique	Coal and Consumable Fuels	1,100.0		
06/04/10	Chipbond Technology Corp.	Chipmore Holding Company Limited	Cayman Islands	Research and Consulting Services	162.7		
06/04/10	Hongkong Electric Holdings	Seabank Power Limited	United Kingdom	Electric Utilities	614.5		
05/28/10	Shanghai International Port Group Co. Ltd.	APM Terminals Zeebrugge N.V.	Belgium	Marine Ports and Services	134.0		
05/19/10	Shanghai Electric (Group)	Goss International	United States	Industrial Machinery	1,500.0*		
05/18/10	Get Nice Holdings Ltd.	Great China Company Limited	Macau	Hotels, Resorts and Cruise Lines	228.5		
05/18/10	Nam Hing Holdings Ltd.	Swift Profit International Limited	British Virgin Islands	Electrical Components and Equipment	220.2		
05/13/10	China Investment Corporation	Penn West Energy Trust, Bitumen Assets in Northern Alberta	Alberta	Oil and Gas Exploration and Production	1,181.3		
05/12/10	Hong Kong Energy Holdings Limited	HKE (BVI) Limited	British Virgin Islands	Electric Utilities	130.8		
05/04/10	APAC Resources Limited	Kalahari Minerals PLC	United Kingdom	Diversified Metals and Mining	640.1		
04/29/10	Cosco Pacific Ltd.	Watruss Limited	British Virgin Islands	Holding Company	2,481.2		
04/29/10	GD Midea Holding Co., Ltd.	Misr Air Conditioning Manufacturing Company	Egypt	Household Appliances	176.9		
04/28/10	Cheung Kong Infrastructure Holdings Ltd.	Seabank Power Limited	United Kingdom	Electric Utilities	550.3		
04/26/10	Jinchuan Group Ltd.	Kazakhmys PLC, Aktogay Deposit Project in the Ayoguz Region	Kazakhstan	Diversified Metals and Mining	244.9		
04/23/10	Sure Fancy Investment Limited	T&T International Investment Corporation	British Virgin Islands	Investment Holding Company	276.5		
04/16/10	Yangzijiang Shipbuilding Holdings Ltd.	PPL Shipyard Pte. Ltd.	Singapore	Oil and Gas Equipment and Services	1,033.3		
04/12/10	Sinopec Chemical Sales Company Limited	Syn crude Canada Ltd.	Canada	Oil and Gas Exploration and Production	51,495.0		
04/06/10	Jinchuan Group Ltd.; Forbes & Manhattan, Inc., Investment Arm	Crowflight Minerals Inc.	Canada	Diversified Metals and Mining	141.0	8.9x	
04/01/10	Polytec Asset Holdings Limited	SOJSC Caspi Neft TME	Kazakhstan	Oil and Gas Exploration and Production	139.6		
03/26/10	Sinopec Corporation Hongkong International	Sonangol Sinopec International Ltd.	Cayman Islands	Oil and Gas Exploration and Production	3,830.0		
03/24/10	East China Mineral Exploration & Development Organisation	Itaminas Iron Ore Mine	Brazil	Steel	1,620.0		
03/22/10	PetroChina Co. Ltd.	Arrow Energy Limited	Australia	Oil and Gas Exploration and Production	3,371.7		
03/16/10	Poly (Hong Kong) Investments Limited	Rapid Bloom Limited	British Virgin Islands	Real Estate Development	524.2		
03/15/10	Hong Kong Resources Holdings Company Limited	China Gold Silver Group Company Limited	British Virgin Islands	Investment Holding Company	135.9		
03/12/10	Wuhan Iron and Steel (Group) Corporation	Bong Iron Ore Mine in Liberia	Liberia	Steel	114.1		
03/11/10	CST Mining Group Limited	Cape Lambert Lady Annie Exploration Pty Ltd	Australia	Diversified Metals and Mining	119.5		
03/09/10	Golden Concord Asia Ltd	23.85% Stake in Overseas Union Enterprise and 40% Stake in OUE Realty	Singapore	Asset Management and Custody Banks	683.9		
02/11/10	CITIC 1616 Holdings Limited	Companhia de Telecomunicacoes de Macau S.A.R.L.	Macau	Alternative Carriers	890.8		
02/08/10	Rainbow Brothers Holdings Limited	Market Season Limited	British Virgin Islands	Investment Holding Company	417.5		
02/01/10	Zhen Hua Engineering Co. Ltd.	Friede & Goldman, Ltd.	United States	Oil and Gas Equipment and Services	125.0	2.3	

Source: Dealogic and Capital IQ.

\*Value taken from media reports.

# Selected M&A Transactions

## Selected China Outbound M&A Transactions

Date Announced	Acquiror	Target	Target Nationality	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
01/28/10	Bestway International Holdings Ltd.	China Finance Energy and China Finance Gold	British Virgin Islands	Diversified Metals and Mining	\$1,287.3		
01/18/10	North Asia Resources Holdings Limited	Golden Pogada LLC	Mongolia	Coal and Consumable Fuels	155.4		
01/12/10	Fidelity Investments; Sequoia Capital India; Deutsche Bank	Coastal Projects Private Limited	India	Construction and Engineering	343.0		
01/09/10	CST Mining Group Limited	Chariot Resources Ltd.	Canada	Diversified Metals and Mining	218.2		
01/09/10	Pearl Oriental Innovation Limited	Utah Gas and Oil Field	United States	Oil and Gas Exploration and Production	381.0		
01/06/10	Prudential Corporation Asia	Prudential Life Assurance	Singapore	Life and Health Insurance	311.2		
12/30/09	Hon Hai Precision Industry Co. Ltd.	Ever Rise Holdings Limited	Western Samoa	Holding Company	141.5		
12/28/09	Tongling Nonferrous Metals Group Co Ltd.	Corriente Resources Inc.	Canada	Diversified Metals and Mining	550.2		
12/23/09	Zhejiang Geely Holding (Group) Co., Ltd.	Volvo Car Corporation	Sweden	Automobile Manufacturers	1,800.0		
12/18/09	Thayer Lodging Group; Shanghai Jin Jiang International Hotels (Group) Company Limited	Interstate Hotels & Resorts Inc.	United States	Hotels, Resorts and Cruise Lines	299.6		
12/18/09	Jackin International Holdings	Copper Century Corp.	United States	Diversified Metals and Mining	107.3		
12/18/09	Atlas Copco North America LLC; Atlas Copco (China) Investment Co., Ltd.	Quincy Compressor, Inc.	United States	Industrial Machinery	190.0		
12/17/09	China Steel Corp.	Nacional Minerios S.A.	Brazil	Steel	9,425.1		
12/17/09	Esprit Holdings Ltd.	Glory Raise Limited	British Virgin Islands	Distributors	500.3		
12/04/09	Konmate Investments Limited	GMG Media Group Limited	British Virgin Islands	Investment Holding Company	161.1		
12/01/09	Global Green Tech Group	Westralian Resources Pty	Australia	Gold	165.6		
11/30/09	Yueshou Environmental Holdings Limited	Fullteam Holdings Limited	British Virgin Islands	Investment Holding Company	322.6		
11/17/09	Honbridge Holdings Limited	Sul Americana de Metais	Brazil	Steel	390.0		
11/17/09	Kwong Hing International Holdings Bermuda Ltd.	PT Rimau Indonesia	Indonesia	Coal and Consumable Fuels	180.6		
11/16/09	China International Marine Containers (Hong Kong)	CIMC Raffles Offshore (Singapore) Ltd.	Singapore	Oil and Gas Equipment and Services	956.6	1.2x	11.0x
11/12/09	Ming Hing Waterworks Holdings Limited	Central Asia Mineral Exploration Pte. Ltd.	Singapore	Investment Holding Company	284.3		
11/07/09	Honbridge Holdings Limited	Xianglan Do Brasil Mineracao Ltda.	Brazil	Diversified Metals and Mining	177.9		
11/07/09	BreadTalk Group Ltd.; Beijing Hualian Group Investment Holding Co.	Katong Mall in Singapore	Singapore	Real Estate Operating Companies	177.7		
11/02/09	Shanxi Meijin Energy Group Co., Ltd.	Rocklands Richfield Limited	Australia	Coal and Consumable Fuels	152.6	0.6	
10/30/09	Aptus Holdings Ltd.	Casdon Management Limited	British Virgin Islands	Real Estate Operating Companies	139.8		
10/29/09	Baring Private Equity Asia	Hsu Fu Chi International Ltd.	Cayman Islands	Packaged Foods and Meats	677.6	1.9	9.5
10/27/09	Mandarin Capital Management SA; China Development Financial Co.	I.M.A. Industria Macchine Automatiche S.p.A.	Italy	Industrial Machinery	1,003.4	1.3	8.6
10/22/09	China Sonangol Land Pte. Ltd	Property at 21 Angullia Park	Singapore	Real Estate Operating Companies	203.0		
10/21/09	HOPU Jinghua (Beijing) Investment Consultancy Co.	PT Lippo Karawaci Tbk	Indonesia	Real Estate Development	1,114.6	3.9	16.0
10/14/09	Solartech International Holdings Ltd.	Ikh Shijir Erdene LLC	Mongolia	Oil and Gas Exploration and Production	193.6		
09/30/09	Far Eastern New Century Corporation	Bermuda Far Eastern Polychem Industries Ltd.	Bermuda	Commodity Chemicals	223.3		
09/29/09	Industrial & Commercial Bank of China	ACL BANK Public Company Limited	Thailand	Diversified Bank	544.2		
09/22/09	Fushan International Energy Group Ltd.	Mount Gibson Iron Ltd.	Australia	Steel	1,024.9	3.5	5.0

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Outbound M&A Transactions

Date Announced	Acquiror	Target	Target Nationality	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
09/21/09	YFY Packaging, Inc.	YFY Mauritius Corp.	Mauritius	Holding Company	\$401.6		
09/08/09	China Uranium Development Company	Energy Metals Limited	Australia	Coal and Consumable Fuels	103.1		
09/08/09	New Environmental Energy Holdings Limited	Smartview Investment Holdings Ltd.	British Virgin Islands	Electric Utilities	169.2		
09/05/09	Pacific Century Group Holdings Limited	PineBridge Global Investments LLC	United States	Asset Management and Custody Banks	677.0		
08/31/09	China National Petroleum Corp.	Athabasca Oil Sands Corp., Mackay River & Dover Oil Sands Project	Canada	Oil and Gas Exploration and Production	2,877.7		
08/21/09	Birmingham International Holdings Limited	Birmingham City plc	United Kingdom	Movies and Entertainment	141.9	2.6x	
08/13/09	Yanzhou Coal Mining Co. Ltd.	Felix Resources Ltd.	Australia	Coal and Consumable Fuels	2,569.4	4.0	8.0x
08/12/09	Sinochem Corp	Emerald Energy plc	United Kingdom	Oil and Gas Exploration and Production	753.0	7.6	10.6
08/07/09	Jilin Jien Nickel Industry Co, Ltd.	Canadian Royalties Inc.	Canada	Diversified Metals and Mining	242.0		
08/06/09	China Investment Corp.	Goodman Group	Australia	Industrial REITs	421.1		
08/05/09	Meiya Power Company Limited	Hyundai Heavy Industries, Oil-Fired Combined Cycle Power Plant	South Korea	Electric Utilities	102.0		
07/29/09	EPI Mines Investment Ltd.	Have Result Investments Limited	Argentina	Oil and Gas Exploration and Production	873.4		
07/24/09	Asia Resources Holdings Ltd.	1,195 Hectares Iron Deposit in Propinsi Jawa Timur, Indonesia	Indonesia	Steel	135.5		
07/14/09	Fullbloom Investment Corporation	KazMunaiGas Exploration and Production JSC	Kazakhstan	Oil and Gas Exploration and Production	5,135.2	1.4	3.0
07/07/09	Emperor International Holdings Ltd.	Luck United Holdings Limited	Macau	Hotels, Resorts and Cruise Lines	152.4		
06/24/09	China Petrochemical Corp.	Addax Petroleum Corp.	Switzerland	Oil & Gas-Exploration & Development	8,990.9	1.8	2.6
06/22/09	Green Global Resources Ltd.	Golden Pogada LLC (90%)	Mongolia	Coal and Consumable Fuels	259.8		
06/22/09	AU Optronics Corp	M Setek Co Ltd (51%)	Japan	Computers & Electronics-Peripherals	125.0		
06/01/09	Prime View International Co	E Ink Corp	United States	Computers & Electronics-Services	445.8		
05/24/09	PetroChina Co Ltd	Singapore Petroleum Co Ltd	Singapore	Oil & Gas-Refinery/Marketing	1,016.4	0.3	6.9
05/06/09	Hainan Airlines Group Co Ltd.; Bravia Capital Partners	Allco Finance Group Limited, Aviation Business	Australia	Airlines	2,986.0		
04/01/09	China Minmetals Corp	Mining Assets (Sepon, Golden Grove, Century, Rosebery, Avebury, Dugald River, High Lake, Izok Lake and other exploration and development assets)	Australia	Mining-General	1,354.0		
02/27/09	Noble Group Ltd	Gloucester Coal (66.1%)	Australia	Mining-General	302.9	1.9	4.8
12/18/08	Wuhan Iron & Steel Group Corp	Mining Assets (Southern and South Central Eyre Peninsula iron ore deposits)	Australia	Mining-General	129.3		
10/31/08	Rontex International Holdings Ltd	Langfeld Enterprises Ltd (90%)	Russian Federation	Holding Companies-Conglomerates	510.0		
09/25/08	China Petrochemical Corp	Tanganyika Oil Co Ltd	Canada	Oil & Gas-Exploration & Development	1,988.6		
09/10/08	Enric Energy Equipment	Full Medal Ltd	Netherlands	Metal & Steel-Products	199.8		
08/19/08	Zuellig Group NA Inc	Pharmacies (Symbion Pharmacy business)	Australia	Retail-Pharmacies	439.9		
08/14/08	China Shenhua Energy Co Ltd	Mining Assets (Coal exploration license in Watermark area near Gunnedah)	Australia	Mining-General	260.7		
08/13/08	Li & Fung Ltd	Van Zeeland Inc (Business of designing and importing and marketing of women's handbags)	United States	Textile-Apparel Manufacturing	495.0		

Source: Dealogic and Capital IQ.

# Selected M&A Transactions

## Selected China Outbound M&A Transactions

Date Announced	Acquiror	Target	Target Nationality	Target Industry Group	Implied Enterprise Value (\$mil)	Enterprise Value /	
						Revenue	EBITDA
07/22/08	New Smart Energy Group Ltd	Canada Can-Elite Energy Ltd	Canada	Oil & Gas-Exploration & Development	\$320.6		
07/10/08	Sinochem International Corp	GMG Global Ltd (51%)	Singapore	Holding Companies-Conglomerates	257.9	2.7x	9.8x
07/09/08	Bestway International Holdings Ltd	Mengya Minerals Co Ltd	Mongolia	Mining-General	164.1		
07/07/08	China National Offshore Oil Corp	Awilco Offshore ASA	Norway	Oil & Gas-Field Equipment & Services	4,319.7		
06/24/08	Dore Holdings Ltd (Hong Kong)	East & West International Inc	Macao	Leisure & Recreation-Gaming	229.9		
06/06/08	Hembly International	Sergio Tacchini SpA	Italy	Retail-Apparel/Shoes	149.9		
05/27/08	Shun Tak Holdings Ltd	Many Gain Investments (Development right of, and legal title to, the vacant site in Nam Van, Macau)	Macao	Finance-Miscellaneous	403.1		
04/28/08	Cheung Kong Infrastructure Holdings Ltd (50% / 50%); Hongkong Electric Holdings	Wellington Electricity Distribution Network Holdings Ltd	New Zealand	Utility & Energy-Diversified	613.7		
04/28/08	Jinduicheng Molybdenum Co Ltd; Northwest Nonferrous Investment Co Ltd	Yukon Zinc Corp (Bid No 2)	Canada	Mining-General	100.5		
04/03/08	Changsha Zoomlion Heavy Industry Science & Technology Development Co Ltd; Mandarin Capital Management SA; Goldman Sachs; Hony Capital Ltd	Compagnia Italiana Forme Acciaio SpA - CIFA	Italy	Construction/Bldg Prods-Cement/Concrete	798.1		
03/14/08	China Huaneng Group	Tuas Power Ltd	Singapore	Utility & Energy-Electric Power	3,205.5	1.9	13.0
03/11/08	Mindray Medical International Ltd	Datascope Corp (patient monitoring business)	United States	Healthcare-Instruments	209.0		
03/07/08	China Petrochemical Corp	Oil & Gas Assets (AC/P22, AC/L6 and AC/RL1 (Puffin and Talbot oil fields))	Australia	Oil & Gas-Diversified	560.3		
02/26/08	China Metallurgical Group Corp	Mining Assets (Cape Lambert Iron Ore Project)	Australia	Mining-General	369.7		
02/19/08	Nubrand Group Holdings	SMI LLC	Mongolia	Mining-General	106.0		
02/19/08	Nubrand Group Holdings	Sinotum Mongolia LLC	Mongolia	Mining-General	502.3		
02/04/08	Sinochem Corp	SOCO Yemen Pty Ltd	Australia	Oil & Gas-Exploration & Development	465.0		
01/08/08	Standard Chartered Bank (Hong Kong); ORIX Leasing Malaysia Bhd	Malayan Banking Bhd - Maybank (M\$1.4bn worth Non-performing loans.)	Malaysia	Finance-Commercial & Savings Banks	426.5		
01/06/08	Jinchuan Group Ltd	Tyler Resources Inc	Canada	Mining-General	213.4		
01/04/08	WuXi PharmaTech (Cayman)	AppTec Laboratory Services	United States	Healthcare-Biomed/Genetics	203.1	2.9	

Source: Dealogic and Capital IQ.

# Investment Banking Contact List

**Steven G. Booth**  
*Head of Investment Banking*  
 414.298.7661  
 sbooth@rwbaired.com

**Rodney L. Tyson**  
*Managing Director*  
*Chief Operating Officer*  
 312.609.4984  
 rtyson@rwbaired.com

**Richard F. Waid**  
*Vice Chairman*  
 404.264.2210  
 rwaid@rwbaired.com

**C.H. Randolph Lyon**  
*Vice Chairman*  
 312.609.4931  
 rlyon@rwbaired.com

Services	Industrial and Consumer	Industrial and Consumer (continued)	Financial Sponsors	Europe
<p>Brian S. Doyal            Managing Director            312.609.4916            bdoyal@rwbaired.com</p> <p>John R. Lanza            Managing Director            414.298.7669            jlanza@rwbaired.com</p> <p>Breton A. Schoch            Managing Director            312.609.4965            bschoch@rwbaired.com</p> <p>Andrew K. Snow            Managing Director            312.609.4972            asnow@rwbaired.com</p> <p>Daniel M. Alfe            Director            312.609.4922            dalfe@rwbaired.com</p> <p>Christopher W. Hildreth            Director            312.609.4937            childreth@rwbaired.com</p> <p>Howard P. Lanser            Director, M&amp;A            Head of Business Development            312.609.5478            hlanser@rwbaired.com</p> <p>David H. Jorgenson            Director            312.609.5441            djorgenson@rwbaired.com</p> <p>Kiran Paruchuru            Director            414.298.7642            kparuchuru@rwbaired.com</p> <p>Ross W. Williams            Director            414.298.6235            rwilliams@rwbaired.com</p>	<p>Paul T. Rogalski            Managing Director            312.609.4912            progalski@rwbaired.com</p> <p>Christopher C. McMahon            Managing Director            Head of Global M&amp;A            312.609.4983            cmcmahon@rwbaired.com</p> <p>Brian P. McDonagh            Managing Director            Co-Head of M&amp;A            704.553.6611            bmcDonagh@rwbaired.com</p> <p>Joel A. Cohen            Managing Director            312.609.4924            jcohen@rwbaired.com</p> <p>Stephen B. Guy            Managing Director            414.765.7247            sguy@rwbaired.com</p> <p>Thomas W. Lacy            Managing Director            414.298.7648            tlacy@rwbaired.com</p> <p>Thomas E. Lange            Managing Director            813.273.8248            tlange@rwbaired.com</p> <p>Nicholas Pavlidis            Managing Director            312.609.4977            npavlidis@rwbaired.com</p> <p>Joe Pellegrini            Managing Director            704.553.6612            jpellegrini@rwbaired.com</p> <p>Andrew Martin            Managing Director            704.553.6615            amartin@rwbaired.com</p> <p>Christopher J. Sciortino            Managing Director            312.609.4923            csciortino@rwbaired.com</p> <p>Justin T. Albert            Director            312.609.4995            jalbert@rwbaired.com</p> <p>Christopher R. Cooper            Director            312.609.5490            crcooper@rwbaired.com</p> <p>Adam W. Czaia            Director            414.298.7358            aczaia@rwbaired.com</p> <p>Trisha K. Hansen            Director            414.765.3521            tkhansen@rwbaired.com</p> <p>Jason P. Kliever            Director            813.273.8242            jkliever@rwbaired.com</p>	<p>Joseph T. Packee            Director            414.298.7644            jpackee@rwbaired.com</p> <p>Kurt Roth            Director            312.609.4689            kroth@rwbaired.com</p> <p><b>Corporate Restructuring</b></p> <p>William G. Welnhofner            Managing Director            312.609.5476            bwelnhofner@rwbaired.com</p> <p><b>Financial Institutions</b></p> <p>Mark C. Micklem            Managing Director            703.821.5787            mmicklem@rwbaired.com</p> <p><b>Energy</b></p> <p>Richard F. Waid            Vice Chairman            404.264.2210            rwaid@rwbaired.com</p> <p>Curtis Goot            Managing Director            314.445.6540            cgoot@rwbaired.com</p> <p>Frank Murphy            Managing Director            314.445.6532            fmurphy@rwbaired.com</p> <p><b>Real Estate</b></p> <p>Steven Goldberg            Managing Director            703.918.7808            sgoldberg@rwbaired.com</p> <p>Rick Conklin            Managing Director            312.609.5480            rconklin@rwbaired.com</p> <p><b>Technology</b></p> <p>Greg Ingram            Managing Director            415.627.3279            gingham@rwbaired.com</p> <p>John Moriarty            Managing Director            650.858.3811            jmoriarty@rwbaired.com</p> <p>Gary D. Vollen            Managing Director            415.627.3273            gvollen@rwbaired.com</p> <p>Stephen B. Guy            Managing Director            414.765.7247            sguy@rwbaired.com</p> <p>Michael Avila            Director            650.858.3812            mavila@rwbaired.com</p>	<p>C. Christopher Coetzee            Managing Director            312.609.4913            ccoetzee@rwbaired.com</p> <p>Leslie Cheek IV            Managing Director            617.426.5789            lcheek@rwbaired.com</p> <p>Thomas W. Lacy            Managing Director            414.298.7648            tlacy@rwbaired.com</p> <p>Jeffrey M. Seaman            Managing Director            312.609.4687            jseaman@rwbaired.com</p> <p>David M. Wierman            Managing Director            404.264.2211            dwierman@rwbaired.com</p> <p><b>Mergers &amp; Acquisitions</b></p> <p>Christopher C. McMahon            Managing Director            Head of Global M&amp;A            312.609.4983            cmcmahon@rwbaired.com</p> <p>Brian P. McDonagh            Managing Director            Co-Head of M&amp;A            704.553.6611            bmcDonagh@rwbaired.com</p> <p>Howard P. Lanser            Director, M&amp;A            Head of Business Development            312.609.5478            hlanser@rwbaired.com</p> <p>J. David Cumberland, CFA            Director, M&amp;A Research            312.609.5429            dcumberland@rwbaired.com</p> <p><b>Equity Capital Markets</b></p> <p>Peter S. Kies            Managing Director            414.765.7262            pkies@rwbaired.com</p> <p>Greg Ingram            Managing Director            415.627.3279            gingham@rwbaired.com</p> <p>Rick Conklin            Managing Director            312.609.5480            rconklin@rwbaired.com</p> <p>Gary R. Placek            Managing Director            414.765.3611            gplacek@rwbaired.com</p> <p>Lance R. Lange            Managing Director            414.765.7079            llange@rwbaired.com</p>	<p><b>London†</b></p> <p>John A. Fordham            Chairman, Baird            International            011.44.207.667.8438            jfordham@rwbaired.com</p> <p>David M. Silver            Managing Director            Head of European            Investment Banking            011.44.207.667.8216            dsilver@rwbaired.com</p> <p>Nicholas R. Sealy            Managing Director            Co-Head, European            Investment Banking            011.44.207.667.8370            nsealy@rwbaired.com</p> <p>Jonathan Harrison            Managing Director            011.44.207.667.8414            jjharrison@rwbaired.com</p> <p>Vinay Ghai            Managing Director            011.44.207.667.8225            vghai@rwbaired.com</p> <p><b>Frankfurt</b></p> <p>Joachim Beickler            Managing Director            011.49.69.13.01.49.51            jbeickler@rwbaired.com</p> <p>Michael Wolff            Managing Director            011.49.69.13.01.49.49            mwolff@rwbaired.com</p> <p>Ralf Abele            Director            011.49.69.13.01.49.40            rabele@rwbaired.com</p> <p><b>Asia</b></p> <p><b>Shanghai</b></p> <p>Anthony Siu            Managing Director            011.86.21.6182.0980            asiu@bairdasia.com.cn</p>

† Robert W. Baird Limited is authorized and regulated by the Financial Services Authority.

# Appendix – Disclaimers and Other Disclosures

## DISCLAIMERS

This is not a complete analysis of every material fact regarding any company, industry or security. The opinions expressed here reflect our judgment at this date and are subject to change. The information has been obtained from sources we consider to be reliable, but we cannot guarantee the accuracy.

## ADDITIONAL INFORMATION ON COMPANIES MENTIONED HEREIN IS AVAILABLE UPON REQUEST

The Dow Jones Industrial Average, S&P 500, S&P 400 and Russell 2000 are unmanaged common stock indices used to measure and report performance of various sectors of the stock market; direct investment in indices is not available.

Baird is exempt from the requirement to hold an Australian financial services license. Baird is regulated by the United States Securities and Exchange Commission, FINRA, and various other self-regulatory organizations and those laws and regulations may differ from Australian laws. This report has been prepared in accordance with the laws and regulations governing United States broker-dealers and not Australian laws.

**Copyright 2011 Robert W. Baird & Co. Incorporated. No part of this publication may be reproduced or distributed in any form or by any means without our prior written approval. However, you may download one copy of the information for your personal, non-commercial viewing only, provided that you do not remove or alter any trade mark, copyright or other proprietary notice.**

## OTHER DISCLOSURES

**UK disclosure requirements for the purpose of distributing this report into the UK and other countries for which Robert W Baird Limited holds an ISD passport.**

This report is for distribution into the United Kingdom only to persons who fall within Article 19 or Article 49(2) of the Financial Services and Markets Act 2000 (financial promotion) order 2001 being persons who are investment professionals and may not be distributed to private clients. Issued in the United Kingdom by Robert W Baird Limited, which has offices at Mint House 77 Mansell Street, London, E1 8AF, and is a company authorized and regulated by the Financial Services Authority.

Robert W Baird Limited ("RWBL") is exempt from the requirement to hold an Australian financial services license. RWBL is regulated by the Financial Services Authority ("FSA") under UK laws and those laws may differ from Australian laws. This document has been prepared in accordance with FSA requirements and not Australian laws.

**Robert W. Baird & Co.**  
www.rwbaird.com

800.RW.BAIRD

## Equity Capital Markets and Private Equity Office Locations

### U.S. Offices

#### Atlanta

3282 Northside Parkway  
Suite 225  
Atlanta, GA 30327  
888.792.9478

#### Boston

One Post Office Square  
Suite 3617  
Boston, MA 02109  
888.661.5431

#### Charlotte

4725 Piedmont Row Drive  
Piedmont Town Center Two  
Suite 750  
Charlotte, NC 28210  
704.553.6600

#### Chicago

227 West Monroe Street  
Suite 2100  
Chicago, IL 60606  
800.799.5770

#### Milwaukee

777 East Wisconsin Avenue  
Milwaukee, WI 53202  
888.224.7326

#### Nashville

2525 West End Avenue  
Suite 1000  
Nashville, TN 37203  
888.454.4981

#### Palo Alto

1661 Page Mill Road  
Suite A  
Palo Alto, CA 94304  
650.858.3800

#### San Francisco

101 California Street  
Suite 1350  
San Francisco, CA 94111  
866.715.4024

555 California Street

Suite 4900  
San Francisco, CA 94104  
415.627.3270

#### St. Louis

8000 Maryland Avenue  
Suite 500  
St. Louis, MO 63105  
888.792.7634

#### Stamford

100 First Stamford Place  
3rd Floor  
Stamford, CT 06902  
800.380.3247

#### Tampa

401 East Jackson Street  
Suite 2900  
Tampa, FL 33602  
888.238.2672

#### Washington, D.C.

Pinnacle Tower North  
1751 Pinnacle Drive  
Suite 1100  
McLean, VA 22102  
888.853.2753

### International Locations\*

#### Frankfurt

Neue Mainzer Strasse 28  
60311 Frankfurt  
Germany  
011.49.69.13.01.49.0

#### Hong Kong

Suite 3304, 33/F  
Bank of America Tower  
No.12 Harcourt Road  
Central, Hong Kong  
011.852.2827.8822

#### London

Mint House  
77 Mansell Street  
London E1 8AF  
UK  
011.44.207.488.1212

#### Shanghai

Rm 42-022, 42/F, Hang Seng Bank Tower  
No.1000 Lujiazui Ring Road  
Pudong Shanghai 200120, China  
011.86.21.6182.0980

\*Baird and its operating affiliates have offices in the United States, Europe and Asia.

Robert W. Baird & Co. Incorporated. Member SIPC.

Robert W. Baird Ltd. and Baird Capital Partners Europe are authorized and regulated in the UK by the Financial Services Authority©2011 Robert W. Baird & Co. Incorporated. "Baird" is the marketing name for Robert W. Baird & Co. Incorporated, its subsidiaries and affiliates, and its officers, directors, managing directors, partners, and employees worldwide.