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China
The Global Chinese Services Group

China M&A Round-Up

August 21 - 28, 2009

In this issue:
Trends to watch
China Outbound M&A
China Inbound M&A
Domestic consolidation
GCSG Webcast of Interest

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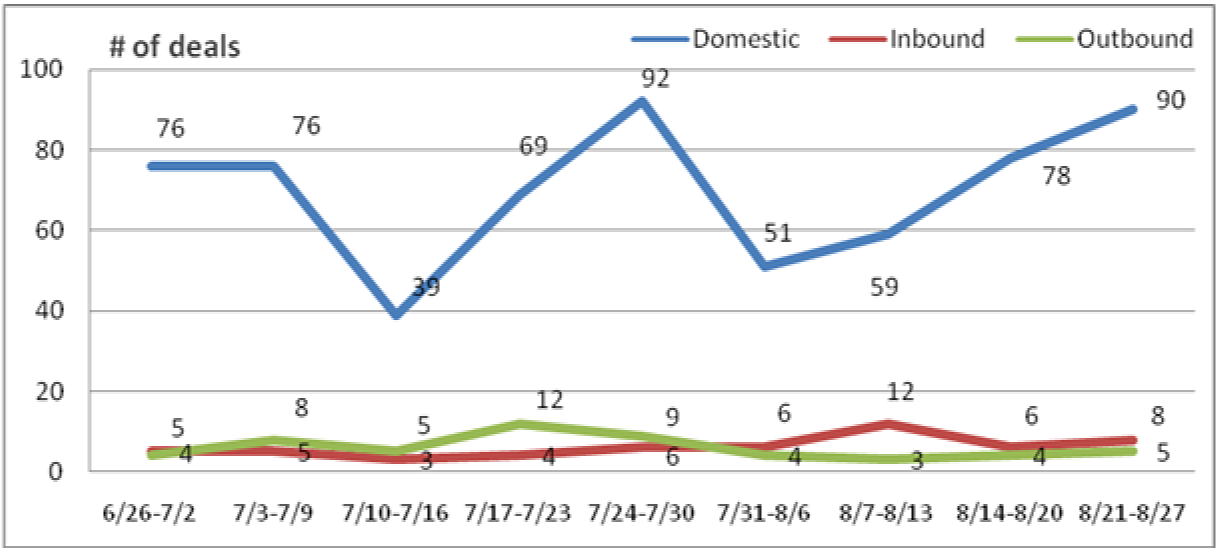
Highlights of the week:

- Wuhan Iron & Steel is to buy assets from parent for US$1.76 billion.
- China Pharma Limited is to acquire Sihuan Pharmaceutical Holdings Group Ltd for US$318 million.
- Fortune Real Estate Investment Trust is to acquire Marvel Point Investments Ltd for US$263 million.
- Citic Pacific is to spend over US$222 million to control Jiangyin steel mill.

China M&A Trend Analysis (June 26 – August 27, 2009)



Deal Type	06/26-07/02	07/03-07/09	07/10-07/16	07/17-07/23	07/24-07/30	07/31-08/06	08/07-08/13	08/14-08/20	08/21-08/27
	Deal Value ($m)	Deal Value ($m)	Deal Value ($m)	Deal Value ($m)	Deal Value ($m)	Deal Value ($m)	Deal Value ($m)	Deal Value ($m)	Deal Value ($m)
Domestic	1425.44	3278.42	1810.79	1164.81	2173.64	721.45	1923.32	4142.95	2009.68
Inbound	316.08	139.8	782.01	10.31	228.56	176.81	412.72	56.75	372.37
Outbound	N/A	1834.16	17.59	1488.09	377.6	24.78	2821.49	N/A	45.84

(Source: Thomson – the above mentioned analysis is representative of both pending and closed deals.)

Trends to watch

Date	Details	Source
Consumer Business		
08/26/2009	• Tea manufacturer Longrun Tea Group Co Ltd is expanding its footprint by setting up more stores and through a series of mergers and acquisitions in tea producing provinces like Fujian, Zhejiang, Hunan and Yunnan.	Industry Updates
Energy & Resources		
08/25/2009	• China Petroleum & Chemical Corporation (HK: 0386; SH: 600028) will actively acquire overseas assets from its parent, China Petrochemical Corporation, striving for a fast expansion, said the chairman, Su Shulin.（中文版请点击这里）	SinoCast Energy Beat
Financial Services		
08/26/2009	• China Life's 2009 first-half net profit by 15.08% to approximately US$2.67 billion from the correspondent period of 2008, and is also studying the possibility of investing in American International Assurance.	Best's Insurance News

Back to top

China Outbound M&A

Date	Details	Source
Consumer Busniess		

08/25/2009	•	CMC Holdings Ltd of Hong Kong agreed to acquire a 5.55% stake, or 3.6 mil ordinary shares, in Fancl Corp for US$43.95 million.	Thomson Reuters
Manufacturing			
08/21/2009	•	First Automotive Works, a Chinese vehicle maker, is in preliminary talks to acquire AB Volvo's truck engine business, Volvo Penta in Sweden.（中文版请点击这里）	Datamonitor's Financial Deals Tracker
Telecom, Media & Technology			
08/27/2009	•	Taiwanese IC packaging maker Powertech Technology will acquire Spansion's manufacturing facility in China for about US$31m.	Dow Jones Chinese Financial Wire

Back to top

China Inbound M&A

Date		Details	Source
Manufacturing			
08/27/2009	•	German industrial conglomerate Siemens buys majority in Yangtze Delta and GIS Steel & Aluminum of China.（中文版请点击这里）	Associated Press Newswires
08/24/2009	•	China Pharma Limited, an investment company and subsidiary of Morgan Stanley Private Equity Asia, made an offer to acquire all the issued and paid-up shares of Sihuan Pharmaceutical Holdings Group Ltd., a manufacturer of cardiocerebral vascular drugs, for a cash purchase consideration of US$318 million.	Global Markets Direct Financial Deals Tracker
Real Estate			
08/24/2009	•	Fortune Real Estate Investment Trust (Fortune) of Singapore agreed to acquire the entire share capital of Marvel Point Investments Ltd, a real estate investment firm for US$263 million.	Thomson Reuters

Back to top

Domestic consolidation

Date		Details	Source
Energy & Resources			
08/26/2009	•	Ming Fung Jewellery (HK: 00860) is to acquire the entire issued share capital of Gold Fortune and Expert Sino at US$50.31 million in total.（中文版请点击这里）	ET Net News
08/25/2009	•	Conglomerate Citic Pacific Ltd. (HK: 0267) plans to spend US$222.38 million to buy stakes in several companies to take full control of Jiangyin steel mill, in line with its strategy of focusing on core businesses.（中文版请点击这里）	Dow Jones International News
08/21/2009	•	Datang Huayin Electric Power Co., Ltd., a power generation company, agreed to acquire two hydropower stations from China Datang Corporation, a power generation company, for a purchase consideration of US$32.25 million. （中文版请点击这里）	Global Markets Direct Financial Deals Tracker
Financial Services			
08/27/2009	•	China Investment Corp, the country's US$200-billion sovereign wealth fund, has agreed to acquire a 40% stake in Hong Kong-based CITIC Capital Holdings Ltd via a new share subscription.（中文版请点击这里）	China Knowledge Press

Manufacturing

08/27/2009	• Chinese steel maker Wuhan Iron & Steel Co. (SH: 600005) plans to raise no more than US$1.76 billion to buy steel assets from its parent. （中文版请点击这里）	Dow Jones Chinese Financial Wire
08/25/2009	• Shandong Iron and Steel Group Co., Ltd. is planning to acquire a 67% stake in Rizhao Iron and Steel from Du Shuanghua. （中文版请点击这里）	Datamonitor's Financial Deals Tracker
08/24/2009	• Sewco International (HK: 00209) said Great Victory agreed to dispose 300 million shares (67.35% issued share capital) of the company at US$15.48 million to Right Perfect. （中文版请点击这里）	ET Net News

Real Estate

08/27/2009	• Asia Standard International (HK: 00129) said it agreed to acquire 20% issued share capital of Linkforce at US$27.74 million. （中文版请点击这里）	ET Net News
08/26/2009	• Central China Real Estate Ltd. (HK: 0832), a residential housing developer, announced that its indirect wholly-owned subsidiary, CCRE Holdings, would acquire 20% of Artstar Investments for US$14.64 million. （中文版请点击这里）	SinoCast Construction & Real Estate Beat
08/25/2009	• Shimao Property (HK: 00813) said its subsidiary, Peak Castle Assets, agreed to acquire 29.99% of the equity interest in Wuhan Shimao Splendid River at US$109.8 million. （中文版请点击这里）	ET Net News

Telecom, Media & Technology

08/21/2009	• Taiwan Semiconductor Manufacturing Company Limited, a manufacturer of semiconductors, has agreed to acquire a 9.7% stake in Neo Solar Power from Powerchip Semiconductor Corporation for approximately US$21.27 million.	Datamonitor's Financial Deals Tracker

Back to top

GCSG Webcast of Interest

China's Overseas Oil and Gas Investments:

Opportunities and Challenges of Exploring a New Frontier

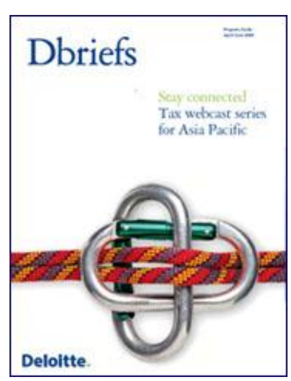
September 9, 10:00 - 11:00 AM HK (GMT +8)

Host: Timothy Klatte

Presenters: Ivan Wong and Andrew Zhu

Chinese oil companies are involved in the sale and purchase of almost every major upstream oil and gas asset around the world today. Based on a number of these recent M&A transactions, what are some of the most common issues and considerations Chinese companies face in overseas oil and gas deals? We'll discuss:

- China outbound oil and gas M&A activities and trends in the global market.
- Key challenges for Chinese companies, including tax issues.
- A robust M&A approach for China outbound mining investments.
- An overview of deal structuring and tax-aligned supply chain management for Chinese enterprises expanding overseas.



Learn about key trends and issues affecting your company as it prepares for overseas transactions in the oil and gas sector. **Click here to register.**

中国石油天然气海外投资：拓展新边界的机遇和挑战
9 月 9 日上午 11 时半 - 下午 12 时半（香港时间，GMT +8）
主持人：周永汉
主讲人：王文杰 及 朱桉

当今全世界几乎每一宗重要石油天然气上游资产的交易中都能看到中国石油公司的身影。基于近期的几宗并购案例，中国企业的海外油气并购交易中常常的交易问题有哪些？我们将探讨：

- 近期中国企业在全球石油天然气行业的海外并购活动和趋势。
- 中国企业面临的主要挑战，包括税务问题。
- 中国企业海外扩张的交易结构以及节税的供应链管理概况。

我们将探寻主要趋势并讨论您的企业在准备石油天然气交易时需要考虑的事项。点击这里注册参加。

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About The Global Chinese Services Group

The Global Chinese Services Group (GCSG) of Deloitte Touche Tohmatsu assists companies investing and operating in China as well as works closely with Chinese companies seeking overseas expansion opportunities.

Whether Chinese companies are entering the China market for the first time or seeking to optimize existing operations, the GCSG, in collaboration with the China firm, can help identify an expanding range of opportunities to manufacture, source, and/or sell in China and navigate the associated risks.

Multidisciplinary service lines include:

- Market Entry/Business Optimization
- Effective Global Supply Chain – Tax-Aligned Supply Chain
- Corporate Finance/M&A
- Risk Management

The GCSG also assists Chinese companies seeking to access overseas markets - expanding operations, raising capital from public or private sources and/or acquiring overseas assets. Our global network of bilingual professionals works with colleagues in China to deliver seamless service to globalizing Chinese companies.

Simply put, the GCSG network positions its practitioners in the local market to allow seamless and effective service to our clients on all China-related issues. For more information about GCSG, please click on the following link: www.deloitte.com/cn/gcsg

China Firm + Global CSG = Chinese Dimension

A Differentiating Factor for the Firm

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Back to top

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