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China
Chinese Services Group

China M&A Round-Up

February 26 – March 5, 2010

In this issue:

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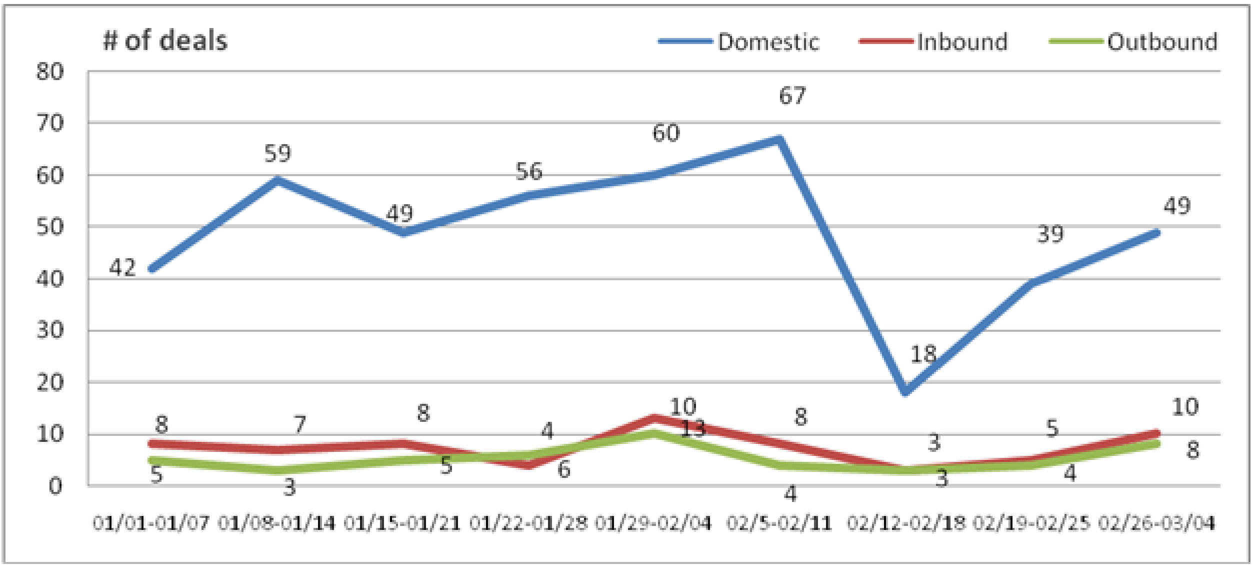
Highlights of the week:

- China Mobile may buy US$5.9 billion Pudong Bank stake.
- Diageo to buy Chinese spirits brand Shui Jing Fang for US$935 million in a two-step transaction.
- China State Construction Int'l to acquire Shenzhen Zhonghai Investment Co for US$471.7 million.
- Chariot Resources to be acquired by China Sci-Tech Holdings for US$234 million.
- Baosteel Group ponders stake in European stainless steel mill.
- Geely expands to military vehicle market by acquiring Zhongyu Auto

China M&A Trend Analysis (January 1, 2009 – March 4, 2010)



Deal Type	1/1-1/7	1/8-1/14	1/15-1/21	1/22-1/28	1/29-2/4	2/5-2/11	2/12-2/18	2/19-2/25	2/26-3/04
	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	2389.63	1739.25	3972.08	1739.94	3683.52	1672.57	264.08	1031.82	1257.99
Inbound	195.32	219.66	154.50	678.81	360.27	259.67	324.99	31.35	1028.15
Outbound	138.06	263.00	5.17	339.54	293.03	762.56	53.59	48.48	364.30

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

Trends to watch

Date	Details	Source
Energy & Resources		
03/04/2010	• Cheung Kong Infrastructure Holdings Ltd., said it's seeking to acquire additional overseas businesses to counter slowing growth in the power distribution market in Hong Kong.	Bloomberg
Financial Services		
03/03/2010	• China Development Financial Holding Corp. (TW: 2883) hopes to acquire a sizable Chinese bank within three to five years. (中文版请点击这里)	Dow Jones Chinese Financial Wire
Manufacturing		
02/26/2010	• Baoshan Iron and Steel Group is negotiating with two European stainless steel mills, Acerinox, S.A. in Spain and Finland-based Outokumpu Group, for a potential stake purchase. (中文版请点击这里)	Metal Bulletin News Alert Service

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China Outbound M&A

Date	Details	Source
Energy & Resources		
03/01/2010	• Junior Canadian mining company Chariot Resources Ltd. reached an agreement to be acquired by China Sci-Tech Holdings for US$234 million. (中文版请点击这里)	Business News Americas

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China Inbound M&A

Date	Details	Source
Consumer Business		
03/02/2010	• Diageo PLC is moving to acquire a controlling stake in the holding company that owns Sichuan Shui Jing Fang Co., one of China's oldest spirits brands, as part of a drive to sell more local liquors in emerging markets. The deal could cost Diageo up to a total of US$935 million in a two-step transaction. (中文版请点击这里)	The Wall Street Journal

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Domestic Consolidation

Date	Details	Source
Consumer Business		
03/03/2010	• China Carbon Graphite Group, Inc., one of China's leading non-state-owned producers and wholesale suppliers of fine grain and high purity graphite, entered into a Letter of Intent to acquire 100% of assets of Chiyu Carbon Graphite Ltd., a down stream producer of graphite products in China.	GlobeNewswire
Energy & Resources		
03/04/2010	• Towngas operator China Gas (HK: 00384) will complete acquisition of Zhongyu Gas (HK: 08070) in this May. (中文版请点击这里)	Xinhua
Financial Services		
03/01/2010	• Ping An Insurance (Group) Company of China, Ltd. has gained approval from the State Council, the Chinese cabinet, to acquire Shenzhen Development Bank. (中文版请点击这里)	SinoCast Insurance Beat
02/26/2010	• China Mobile Communications Corp. may buy 20% of Shanghai Pudong Development Bank Co. for about US$5.9 billion. (中文版请点击这里)	Bloomberg
Manufacturing		
03/03/2010	• China's largest steelmaker by output, Hebei Iron and Steel Group, is in talks with Citic Pacific Ltd. to acquire the latter's subsidiary, Shijiazhuang Iron and Steel Co. (中文版请点击这里)	Dow Jones Chinese Financial Wire
02/26/2010	• Zhejiang Geely Holdings Group, parent of the Geely	China Knowledge

	Automobile Holdings Ltd, planned to acquire Zhejiang Zhongyu Automobile Co, a Chinese special vehicle maker. (中文版请点击这里)	
02/26/2010	• BBMG Corp (HK: 2009), a building materials manufacturer, plans to spend a total of US$74.23 million to acquire controlling stakes in three Beijing firms from Lafarge China Overseas Holding Co Ltd. (中文版请点击这里)	China Knowledge
Real Estate		
03/03/2010	• China State Construction Engineering Corp. (SH: 601668) plans to acquire property developer Shenzhen Zhonghai Investment Co. from its parent company for US$471.7 million (中文版请点击这里)	Dow Jones Chinese Financial Wire
03/03/2010	• Fantasia Holdings (HK: 01777) agreed to acquire the entire equity interests in Suzhou Huawanli and Suzhou LKN, at US$118.81 million. (中文版请点击这里)	ET Net News
Telecom, Media & Technology		
02/26/2010	• LDK Solar Co., Ltd. manufacturer of multicrystalline solar wafers, entered into an agreement to acquire the crystalline module manufacturing plant of Best Solar Co., Ltd for US$21.5 million. (中文版请点击这里)	PR Newswire

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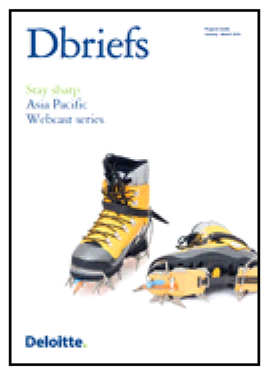
CSG Webcast of Interest

Real Estate in China: Sustainable Boom or the Beginning of the Next Bubble?

18 March, 5:00 - 6:00PM HKT (GMT +8)

Host: Vicky Wang

Presenters: Jimmy Chan, Managing Director, Value Partners and Chen Ming, Partner, Zhong Lun Law Firm



As a global real estate investment destination, China has outperformed many other established markets recently. But many analysts have begun to question whether the market is already entering the next bubble. We'll discuss:

- Recent real estate market development opportunities in China including shopping mall development and operations, joint ventures with developers for residential development, and pre-IPO and expansion-stage investments in developers.
- Recent regulatory developments impacting these opportunities.
- Challenges in valuing Chinese real properties.
- Emerging development of REITs and RMB funds.

Learn about the latest real estate developments in China and how your organisation could better structure its real estate investments there. **Click here to register for this webcast.**

中国的房地产业：可持续的繁荣抑或是下一个泡沫?

3 月 18 日下午 3 时半—4 时半（香港 / 北京时间, GMT +8）

主持人：王鲲

主讲人：陈尚礼，董事总经理，惠理基金管理公司及陈明，合伙人，中伦律师事务所

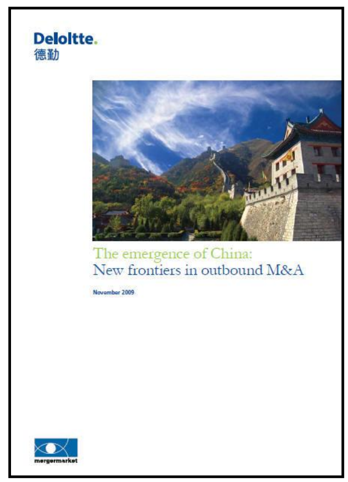
中国已成为全球房地产投资的目标，近来更领跑其它各个成熟市场。但是许多分析家已经开始质疑中国的房地产市场是否会成为下一个泡沫，我们将讨论：

- 近期中国房地产市场发展机遇：包括大型商场的开发与运营，与开发商合资住宅开发，以及对上市前及扩张阶段开发商的投资。
- 近期相关法规及其对房地产市场发展和机会的影响。
- 中国房地产估值的挑战。
- 房地产投资信托及人民币基金的最新动向。

了解中国房地产市场的最新动向以及您的公司可以如何更好的规划房地产投资。**点击这里注册参加此网络讲座**。

Global CSG Report of Interest

The emergence of China:
New frontiers in outbound M&A



Chinese outbound M&A flows have remained relatively resilient despite the global credit crisis, with quarterly deal values expanding from US$1.3 billion (10 announced transactions) in Q1 this year to US$8.9 billion (26 announced transactions) in Q3, according to the latest "The emergence of China: New frontiers in outbound M&A" report from Deloitte. There were 61 Chinese outbound acquisitions with an aggregate value of US$21.2 billion during the first three quarters.

The report outlines the trend for outbound M&A deals initiated from China. It also studies the key factors that are driving Chinese outbound M&A transactions and potential hurdles that regional firms are likely to encounter in the future.

Click below to download a copy.

(English │中文)

About Deloitte's M&A Practice

Deloitte's Merger & Acquisition Services professionals provide comprehensive, strategically focused tax, accounting and advisory services to both financial and corporate buyers. Our global network of over 3,000 M&A specialists from DTT member firms and our 30 years of deal experience set us apart from the competition. Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

About The Chinese Services Group

The Chinese Services Group (CSG) 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 CSG, 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 CSG 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 CSG 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 CSG, please click on the following link: www.deloitte.com/cn/gcsg

China Firm + Global CSG = Chinese Dimension

A Differentiating Factor for the Firm

The Global Chinese Services Group Network

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