

China

Chinese Services Group

China M&A Round-Up

April 2 – 9, 2010

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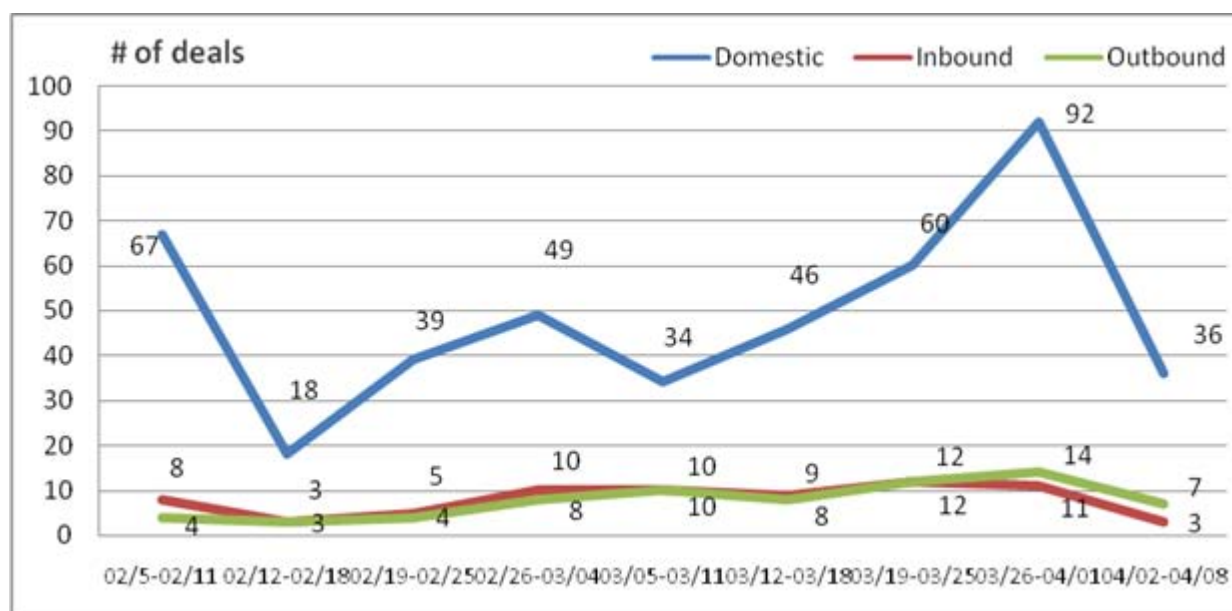
Highlights of the week:

- BOC to buy 4.5% stake in Beijing-Shanghai High-Speed Railway for US\$879 million.
- Kiu Hung Energy to buy Guizhou coal assets for up to US\$748.2 million.
- Lot Treasures Investments Ltd acquires Sino View Group Ltd from Fast Glory Hldg Ltd for US\$746.73 million.
- Meilan Airport to buy 54.5% stake in HNA Airport for US\$322.3 million.

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Any summaries of, and links to the related news of the M&A transactions appearing in this publication (collectively "Material") should not be construed as any advice, opinion or recommendation given by Deloitte Touche Tohmatsu CPA Ltd. and/or other Deloitte Touche Tohmatsu member firms, partnerships, companies or their subsidiaries and affiliates ("other Deloitte Firms"). No guarantees are made as to the accuracy of the Material. In addition, the Material will be limited by the time available and by the information made available to us. No Material herein, implied or explicit, should be perceived as an endorsement, assessment or judgment given by Deloitte Touche Tohmatsu CPA Ltd. or other Deloitte Firms as to the propriety of the transactions. All duties and liabilities (including without limitation, those arising from negligence or otherwise) to all parties, including you are specifically disclaimed.

China M&A Trend Analysis (February 05 – April 08, 2010)



Deal Type	2/5-2/11	2/12-2/18	2/19-2/25	2/26-3/4	3/5-3/11	3/12-3/18	3/19-3/25	3/26-4/1	4/2-4/8
	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	1672.57	264.08	1031.82	1257.99	6430.56	1242.09	1588.75	2768.62	1798.60
Inbound	259.67	324.99	31.35	1028.15	25.01	4.75	139.45	123.04	786.80
Outbound	762.56	53.59	48.48	364.30	1207.99	3202.22	3688.64	3017.30	353.39

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

Trends to watch

Date	Details	Source
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Energy & Resources

- | | | |
|------------|--|--------------------------|
| 04/06/2010 | <ul style="list-style-type: none"> China Qinfa Group, the country's largest privately owned coal supply-chain manager, is looking for more opportunities to acquire stakes in mines in Shanxi, Inner Mongolia and Australia and build more transport vessels. | South China Morning Post |
|------------|--|--------------------------|

Financial Services

- | | | |
|------------|---|-----------------------|
| 04/07/2010 | <ul style="list-style-type: none"> CNinsure Inc invested US\$22 million to acquire additional shares in two domestic insurance agencies, with an eye to further expand its businesses in east and north China's Zhejiang and Shandong provinces. | Best's Insurance News |
|------------|---|-----------------------|

Healthcare & Life Science

- | | | |
|------------|---|---------------|
| 04/08/2010 | <ul style="list-style-type: none">Tongjitang Chinese Medicines Company received a letter proposing to acquire all of the outstanding ordinary shares of the Company. (中文版请点击这里) | StreetInsider |
|------------|---|---------------|

Telecom, Media & Technology

- | | | |
|------------|--|-------------|
| 04/07/2010 | <ul style="list-style-type: none">China's Tencent, as well as Russian firms, ProfMedia and DST, have submitted their offers for AOL's instant-messaging service ICQ, which is reportedly valued at up to US\$300 million. (中文版请点击这里) | China Daily |
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China Outbound M&A

Date	Details	Source
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Energy & Resources

- | | | |
|------------|---|------------------------------|
| 04/06/2010 | <ul style="list-style-type: none">China Jinchuan Group has offered US\$150 million in cash to acquire Canadian junior nickel miner Crowflight Minerals Inc, driving Crowflight's shares up by 44%. (中文版请点击这里) | Canada Business News Network |
|------------|---|------------------------------|

Manufacturing

- | | | |
|------------|---|--------------------|
| 04/08/2010 | <ul style="list-style-type: none">China's battery and green car manufacturer BYD Co has signed an agreement to take over a metal-dies factory belonging to Japan's Ogihara Corp. (中文版请点击这里) | China Economic Net |
|------------|---|--------------------|

Telecom, Media & Technology

- | | | |
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| 04/08/2010 | <ul style="list-style-type: none">BoardSuite® Corp. announced the closing of a subscription agreement with China Select Capital Partners Corp. The investment will allow BoardSuite to execute on its business strategy to acquire targeted corporate and financial service providers to integrate to the on-demand board portal. | Marketwire |
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China Inbound M&A

Date	Details	Source
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Financial Services

- | | | |
|------------|--|---------------------------------|
| 04/06/2010 | <ul style="list-style-type: none">Japanese nonlife insurer Mitsui Sumitomo Insurance Co. will acquire an equity stake of 7% in China's Sinatay Life Insurance Co. for some US\$25.44 million. (中文版请点击这里) | Jiji Press English News Service |
|------------|--|---------------------------------|

04/04/2010	<ul style="list-style-type: none"> Lot Treasures Investments Ltd a wholly owned unit of Kiu Hung Energy Holdings Ltd, agreed to acquire the entire share capital of Sino View Group Ltd, an investment holding company from Fast Glory Holdings Ltd, for US\$746.73 million. 	Thomson Reuters
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Manufacturing

04/05/2010	<ul style="list-style-type: none"> Graham Packaging Co. Inc. said its subsidiary Graham Packaging Co. LP expects to acquire China Roots Packaging Pte Ltd., a plastic container manufacturer in Guangzhou, China. 	Plastics News
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Domestic Consolidation

Date	Details	Source
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Aviation & Transport Services

04/08/2010	<ul style="list-style-type: none"> The Hainan Meilan International Airport Company, the listed airport operator under HNA Group, has signed a deal with its parent and Kingward Investment Ltd to acquire a 54.5% stake in the HNA Airport Holdings Co for US\$322.3 million. (中文版请点击这里) 	ET Net News
04/07/2010	<ul style="list-style-type: none"> Mega Day Limited, entered into an agreement to sell its 40% equity interest in Hong Jing Logistics to LJT, a China-based distributor of agricultural produce, for a cash consideration of US\$9.32 million. (中文版请点击这里) 	Euclid Infotech
04/06/2010	<ul style="list-style-type: none"> Bank of China, the nation's third-largest lender, will invest up to US\$879 million to acquire a 4.5% stake in Beijing-Shanghai High-Speed Railway Corp. (中文版请点击这里) 	China Knowledge Press

Energy & Resources

04/08/2010	<ul style="list-style-type: none"> Kiu Hung Energy Holdings Ltd signed a letter of intent with Jinghua Investment Consulting Co Ltd to acquire ten collieries in Guizhou Province for between US\$516 million and US\$748.2 million. (中文版请点击这里) 	China Knowledge
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Healthcare & Life Science

- | | | |
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| 04/08/2010 | <ul style="list-style-type: none">China Healthcare Holdings (HK: 0673) agreed to acquire 100% of biotech firm Geneharbor Technologies for US\$73 million to expand into the biotechnology sector. (中文版请点击这里) | ADPnews China |
| 04/07/2010 | <ul style="list-style-type: none">Xing Lin Medical (HK: 08130) agreed to acquire the entire issued share capital and all obligations, indebtedness and liabilities of Fortune Mark at US\$17.42 million. (中文版请点击这里) | ET Net News |
| 04/07/2010 | <ul style="list-style-type: none">Shanghai Pharmaceutical (Group) Co. Ltd. will soon acquire an equity stake in Guangzhou Z.S.Y. Pharmaceutical Co. Ltd. (中文版请点击这里) | Interfax |

Manufacturing

- | | | |
|------------|---|-----------------------|
| 04/06/2010 | <ul style="list-style-type: none">Hisense Kelon Electrical Holdings Co Ltd received approval from the China Securities Regulatory Commission to acquire assets from affiliated firm Qingdao Hisense Air Conditioner Co Ltd by issuing new shares. | China Knowledge Press |
|------------|---|-----------------------|

Real Estate

- | | | |
|------------|--|----------------------------------|
| 04/07/2010 | <ul style="list-style-type: none">Greentown China (HK: 03900) agreed to acquire a 100% equity interest in Shandong Dongcheng Real Estate at US\$181.66 million. (中文版请点击这里) | ET Net News |
| 04/07/2010 | <ul style="list-style-type: none">Great Eagle Holdings Ltd (HK: 0041), one of the leading property and hotel companies in Hong Kong, agreed to spend US\$73.5 million to buy a hotel in Shanghai to expand its business presence in mainland China. (中文版请点击这里) | Dow Jones Chinese Financial Wire |
| 04/07/2010 | <ul style="list-style-type: none">China Water Property (HK: 02349) agreed to acquire 60% of the registered and paid-up capital of Hangzhou Pu Tian Property at US\$22 million. (中文版请点击这里) | ET Net News |

Telecom, Media & Technology

- | | | |
|------------|---|--------|
| 04/05/2010 | <ul style="list-style-type: none">China-based telecom software solutions and IT security products provider AsialInfo Holdings Inc reported that its wholly-owned subsidiary AsialInfo Technologies (Chengdu) Inc has signed a definitive agreement to acquire a majority ownership stake in Hangzhou Zhongbo Software Technology Co Ltd. (中文版请点击这里) | TMCnet |
|------------|---|--------|

CSG Webcast of Interest

Comprehensive Financial and Tax Due diligence: Common Issues in China?

29 April, 5:00 – 6:00 HKT (GMT +8)

Host: Nick Cham

Presenters: Claude Gong and Ivan Wong

Despite generating better-than-average investment returns, foreign multinationals find China challenging because of frequently changing PRC GAAP and complicated tax regulations. Can more comprehensive due diligence improve your chances of successful M&A in China? We'll discuss:

- Market development in China and its impact on due diligence.
- Common financial due diligence issues in China – including cash accounting, working capital requirements, and business practices – and key considerations.
- General applicable PRC taxes and tax exposures, including invalid tax incentives granted by local governments, complicated related party transactions with prices not set based on arm's length basis.

Gain insights into financial and tax due diligence issues in China and explore ways to improve the efficiency and effectiveness of your M&A due diligence process. [Click here to register for this webcast.](#)

财务及税务综合尽职调查：在中国常见的应注意事项？

4月29日下午3时半–4时半（香港/北京时间，GMT +8）

主持人：田谷

主讲人：王文杰及龚兵

尽管在华投资回报颇丰，但中国不断变化的会计准则以及复杂的税务法规常常困扰着国外投资者。如何执行更加综合全面的尽职调查使您在华的并购获得成功？我们将讨论：

- 近期中国并购交易新趋势及其对尽职调查工作的影响。
- 在中国进行财务尽职调查工作的一些须予以关注的重要事项，包括目标公司采用现金收付实现制究竟期望达到什么目的、什么是利润表中未披露的营运资本需求、报表数字背后隐藏了目标公司的哪些业务行为及其它一些重要考虑。

- 中国大陆常见的应纳税种类及税务风险，包括地方政府允诺的无效的税务优惠政策，未按公平交易原则定价的复杂的关联方交易。

了解在中国进行财务和税务尽职调查的各种问题以及如何提高并购尽职调查工作的效率和有效性。[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.

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(English | 中文)

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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:

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China Firm + Global CSG = Chinese Dimension

A Differentiating Factor for the Firm

The Global Chinese Services Group Network

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

November 2009