

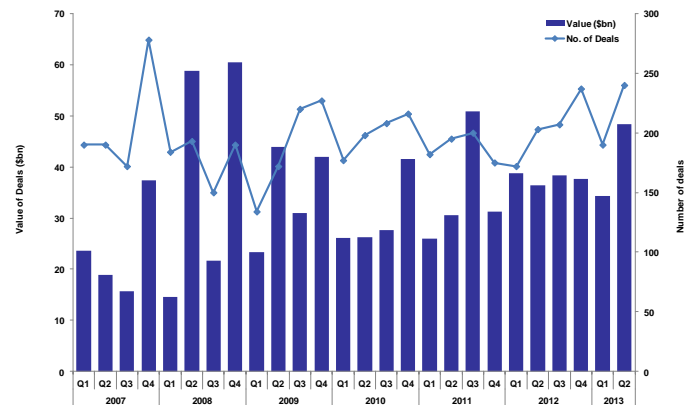
Mainland China & Hong Kong M&A Trend Report: H1 2013



Overview

- In H1 2013, 439 deals worth US\$ 84.6bn took place in mainland China & Hong Kong, up 12.6% from the corresponding period last year (US\$ 75.1bn, 376 deals)
- The value of M&A activity in mainland China & Hong Kong accounted for 44.1% of aggregate M&A in Asia, a fourth successive annual increase in this proportion
- The largest transaction in the region featured a US\$ 9.7bn joint-venture between Beijing Guolian Energy Industry Investment Fund, Taikang Asset Management and PetroChina, in which PetroChina contributed its pipeline assets in western China
- Deal value and deal count in Q2 2013 (US\$ 50.1bn, 247 deals) rose by 45.2% and 28.6% compared to Q1 2013 (US\$ 34.5bn, 192 deals)
- Inbound acquisitions in mainland China and Hong Kong increased by 42.4% in value (US\$ 8.8bn, 74 deals) from H1 2012 (US\$ 6.1bn, 76 deals)
- Outbound M&A (US\$ 37.3bn, 97 deals) jumped 70.7% and 14.1% by both value and deal count, respectively, compared to H1 2012 (US\$ 21.9bn, 85 deals). This represented the most active first half ever seen on *Mergermarket* record (since 2001)
- The Consumer sector (US\$ 12.8bn, 48 deals) contributed 15.2% to total M&A value in 2013. It was up 719.6% by value from H1 2012 (US\$ 1.6bn, 34 deals) and marked the highest-ever H1 tally on *Mergermarket* record

M&A Trend: China & Hong Kong

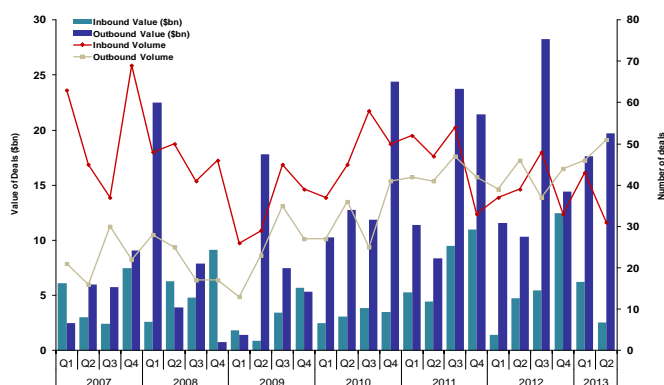


- Morgan Stanley led the Financial Advisor rankings by value (US\$ 17.9bn, 8 deals), an increase of 602.4% from H1 2012. UBS Investment Bank climbed atop the deal count table by advising on 14 deals worth US\$ 14.8bn
- King & Wood Mallesons bagged 19 deals worth US\$ 13.3bn to finish as the leading Legal Advisor by number of mandates. Fangda Partners topped the Legal Advisor League Table by value with deals totalling US\$ 16.8bn

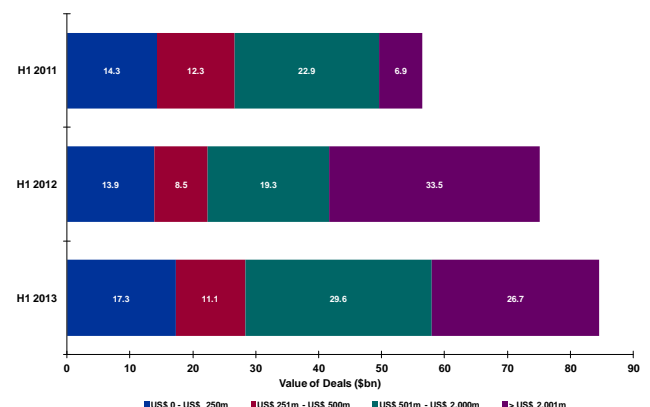
Industry Analysis

Sector	H1 2013			H1 2012			Change	
	Value (\$m)	Mrk share	Deal count	Value (\$m)	Mrk share	Deal count	Value (%)	Deal count
Energy, Mining & Utilities	32,792	38.80%	45	10,699	14.20%	54	206.50%	-9
Consumer	12,821	15.20%	48	1,564	2.10%	34	719.60%	14
Industrials & Chemicals	12,789	15.10%	110	21,329	28.40%	96	-40.00%	14
Technology	4,879	5.80%	44	12,838	17.10%	42	-62.00%	2
Real Estate	3,804	4.50%	26	1,587	2.10%	19	139.70%	7
Transport	3,496	4.10%	20	502	0.70%	18	597.00%	2
Financial Services	2,862	3.40%	26	17,569	23.40%	21	-83.70%	5
Pharma, Medical & Biotech	2,761	3.30%	42	3,736	5.00%	30	-26.10%	12
Construction	2,381	2.80%	26	1,322	1.80%	15	80.10%	11
Leisure	1,930	2.30%	12	618	0.80%	11	212.40%	1
Defence	1,748	2.10%	2	-	-	-	-	2
Business Services	897	1.10%	21	1,031	1.40%	27	-13.00%	-6
Media	859	1.00%	8	716	1.00%	6	20.10%	2
Agriculture	316	0.40%	4	212	0.30%	2	48.60%	2
Telecommunications	250	0.30%	5	1,413	1.90%	1	-82.30%	4
Total	84,585		439	75,136		376	12.6%	63

Cross-Border Analysis



Deal Size Analysis



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Top Deals

Ann. Date	Bidder company	Target Company	Seller company	Buy-side Advisory	Sell-side Advisory	Deal Value (\$m)
14-Jun-13	Beijing Guolian Energy Industry Investment Fund; and Taikang Asset Management Company	PetroChina Company Limited (West Pipeline Assets)	Petro China Company Limited	FA: - LA: -	FA: - LA: -	9,738
10-May-13	China Resources Power Holdings Co Ltd	China Resources Gas Group Limited		FA: Goldman Sachs; Morgan Stanley; The Anglo Chinese Group LA: Fangda Partners	FA: Platinum Securities Company; UBS Investment Bank LA: Herbert Smith Freehills	7,009
29-May-13	Shuanghui International Holdings Limited	Smithfield Foods Inc		FA: Morgan Stanley LA: Paul Hastings; Troutman Sanders	FA: Barclays LA: Fangda Partners; McGuireWoods; Paul Weiss Rifkind Wharton & Garrison; and Simpson Thacher & Bartlett	6,949
5-Feb-13	Guangxi Guiguan Electric Power Co Ltd	LongTan Hydropower Development Co Ltd (85% Stake)	Guangxi Investment Group Co Ltd; China Datang Corporation; and Guizhou Industrial Investment (Group) Co Ltd	FA: CITIC Securities LA: Capital Law & Partners	FA: - LA: -	4,941
1-Apr-13	Midea Group Co Ltd	GD Midea Holding Co Ltd (58.83% Stake)		FA: China International Capital Corporation LA: -	FA: - LA: -	4,923

Financial Advisor League Table by Value

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	% Value change
16	1	Morgan Stanley	17,882	8	602.4%
4	2	UBS Investment Bank	14,809	14	34.7%
6	3	CITIC Securities	14,551	9	74.8%
3	4	Goldman Sachs	12,904	9	8.1%
29	5	Barclays	12,034	7	1,107.0%
60	6	Platinum Securities Company	8,145	3	3,322.3%
-	7	The Anglo Chinese Group	7,712	2	-
10	8	China International Capital Corporation	7,643	5	100.2%
-	9	HSBC	7,247	11	-
12	10	JPMorgan	5,414	6	55.7%
14	11	Somerley	5,291	13	88.0%
24	12	Bank of China International Holdings	3,658	6	159.4%
13	13	Bank of America Merrill Lynch	3,155	4	-2.5%
51	14	Macquarie Group	2,657	7	520.8%
-	15	Credit Suisse	2,559	6	-

Financial Advisor League Table by Deal Count

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	Count change
12	1	UBS Investment Bank	14,809	14	9
7	2	Somerley	5,291	13	7
13	3	HSBC	7,247	11	6
1	4	CITIC Securities	14,551	9	-
11	5	Goldman Sachs	12,904	9	4
8	6	Morgan Stanley	17,882	8	2
27	7	Barclays	12,034	7	4
44	8	Macquarie Group	2,657	7	5
42	9	Huatai United Securities	945	7	5
20	10	JPMorgan	5,414	6	3
58	11	Bank of China International Holdings	3,658	6	5
10	12	Credit Suisse	2,559	6	1
41	13	Nomura Holdings	2,139	6	4
5	14	China International Capital Corporation	7,643	5	-1
21	15	China Securities	1,922	5	2

Legal Advisor League Table by Value

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	% Value change
5	1	Fangda Partners	16,831	9	56.7%
37	2	Herbert Smith Freehills	14,058	6	824.9%
4	3	King & Wood Mallesons	13,304	19	21.8%
14	4	Linklaters	12,320	18	85.6%
6	5	Skadden Arps Slate Meagher & Flom	11,643	13	22.4%
55	6	Paul Hastings	8,374	3	1,010.6%
81	7	Simpson Thacher & Bartlett	7,602	4	2,368.2%
29	8	JiaYuan Law Firm	7,581	5	229.2%
-	9	Troutman Sanders	7,221	2	-
-	10	McGuireWoods	6,949	1	-
-	11	Capital Law & Partners	4,941	1	-
-	12	Zhong Xin Xie Cheng Law Firm	4,923	1	-
-	13	Gianni, Origoni, Grippo, Cappelli & Partners	4,210	1	-
1	14	Freshfields Bruckhaus Deringer	3,861	5	-70.4%
22	15	Kirkland & Ellis	3,516	7	25.5%

Legal Advisor League Table by Deal Count

Rank H1 2012	Rank H1 2013	House	Value (\$m)	Deal count	Count change
2	1	King & Wood Mallesons	13,304	19	3
6	2	Linklaters	12,320	18	5
8	3	Skadden Arps Slate Meagher & Flom	11,643	13	4
125	4	Zhong Lun Law Firm	2,716	11	10
5	5	Fangda Partners	16,831	9	-5
12	6	Jun He Law Offices	2,901	9	1
7	7	Grandall Legal Group	1,939	9	-4
4	8	Baker & McKenzie	2,652	8	-7
23	9	Kirkland & Ellis	3,516	7	2
-	10	Hogan Lovells	3,048	7	7
22	11	O'Melveny & Myers	978	7	2
18	12	Herbert Smith Freehills	14,058	6	-
36	13	DLA Piper	326	6	2
30	14	JiaYuan Law Firm	7,581	5	1
10	15	Freshfields Bruckhaus Deringer	3,861	5	-3

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Notes

All data is based on announced transactions over US\$ 5m. Deals with undisclosed deal values are included where the target's turnover exceeds US\$ 10m. Deals where the stake acquired is less than 10% will only be included if their value is greater than US\$ 100m. Activities excluded include property transactions and restructurings where the ultimate shareholders' interests are not changed. All data excludes minority stake deals (10% - 30%) where the dominant target geography is Asia-Pacific and the deal value is less than US\$ 100m

- M&A Trend: Based on the dominant geography of the target company being China & Hong Kong. Excludes lapsed and withdrawn bids
- Cross-border M&A: Inbound refers to cross-border M&A where the dominant geography of the target company is China & Hong Kong. Outbound refers to cross-border M&A where the dominant geography of the bidder company is China & Hong Kong. Excludes lapsed and withdrawn bids
- Top Announced Deals: Based on the dominant geography of the target, bidder or seller company being China & Hong Kong. Excludes lapsed and withdrawn bids. FA refers to Financial Advisor and LA refers to Legal Advisor
- Industry Analysis: Based on the dominant geography of the target company being China & Hong Kong. Industry sectors represent the primary industry sector of the target company only. Excludes lapsed and withdrawn bids
- League Tables: Based on the dominant geography of the target, bidder or seller company being China & Hong Kong. The Financial Advisor tables exclude lapsed and withdrawn bids, and the legal advisor tables include lapsed and withdrawn bids
- All values are in US\$

Criteria

http://www.mergermarket.com/pdf/deal_criteria.pdf

All data correct as of **10 July 2013**

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