

## China Outbound M&A Briefing – First Half 2009

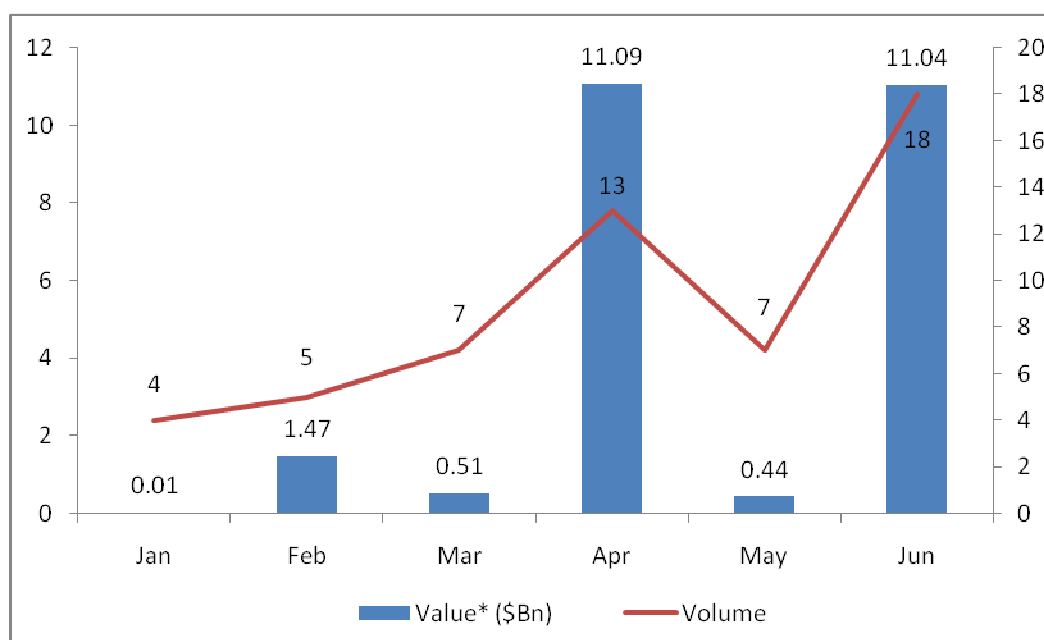
According to figures released by MOFCOM regarding M&A in first half of 2009, outbound non-financial direct investments reached USD12.4 billion, down 51.7% compared to the same period last year. Outbound direct investments for Q1 and Q2 are USD3.7 billion and USD8.7 billion, respectively. The Q2 volume represents an increase of 37.6% year on year.

Based on SmithStreetSolutions deal data for the months from January to June of 2009, there are a total of 54 deals that were either announced or completed. The total value of those deals amounted to USD24.6 billion, of which USD6.8 billion or 28% were completed. Overall outbound M&A activity followed an upward trend within this period.

The majority of the outbound deals still revolve around developed economies such as U.K., U.S., Canada and Australia. Acquisitions involving U.S. targets tend to be concerned with transfers of technology, whereas those involving Canada and Australia are mostly energy focused.

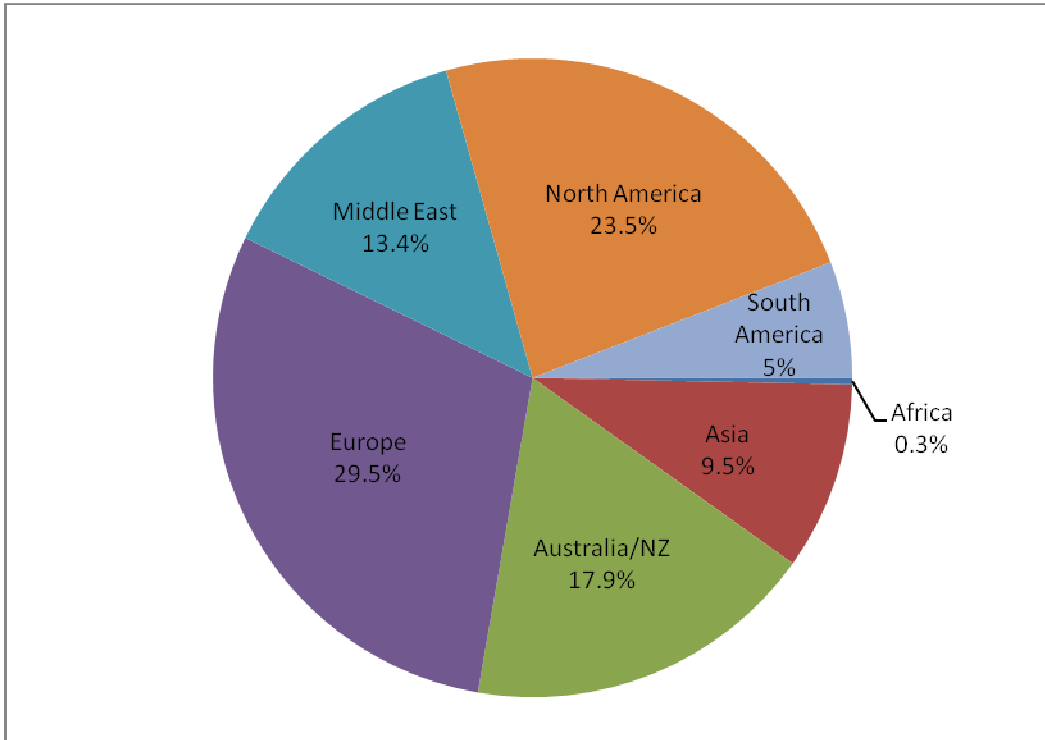
Energy and mining dominates outbound M&A from China by a large margin in terms of both deal value and volume. However, Frank Yao, CEO of SmithStreetSolutions, believes that Chinese companies are moving towards higher value-added production by using outbound M&A as a main tool. It is therefore interesting to see an increasing proportion of deals in the technology and telecommunications sectors, which Yao believes is reflective of this shift.

**Monthly Outbound M&A Activity**

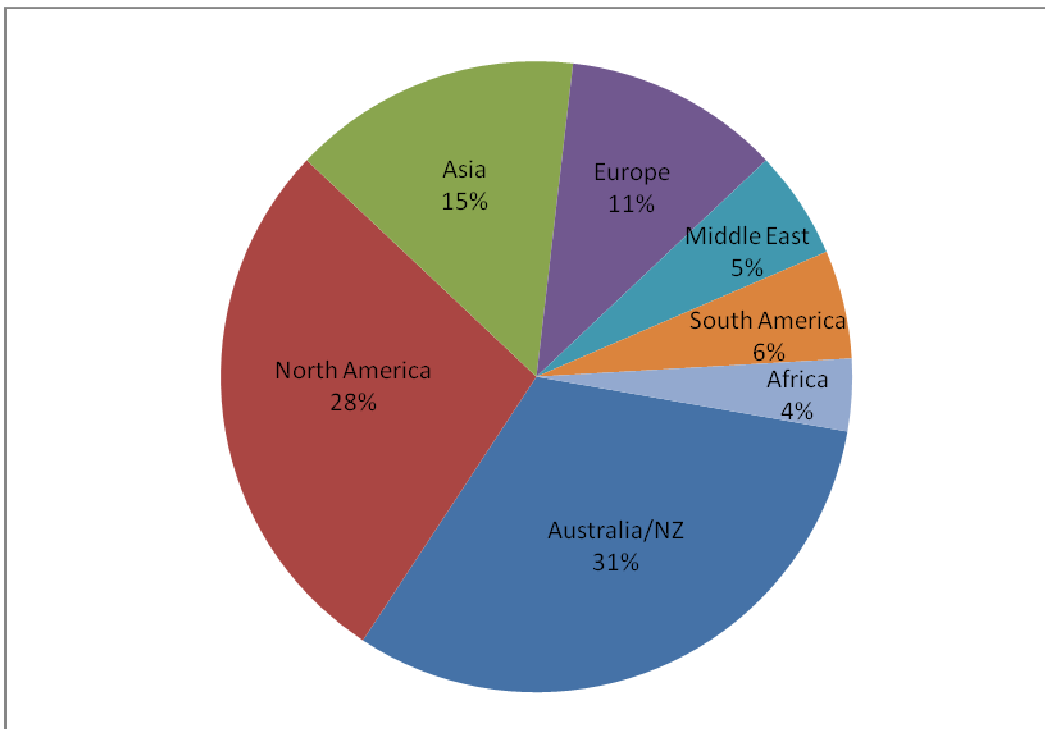


\*Based on announced deal size.

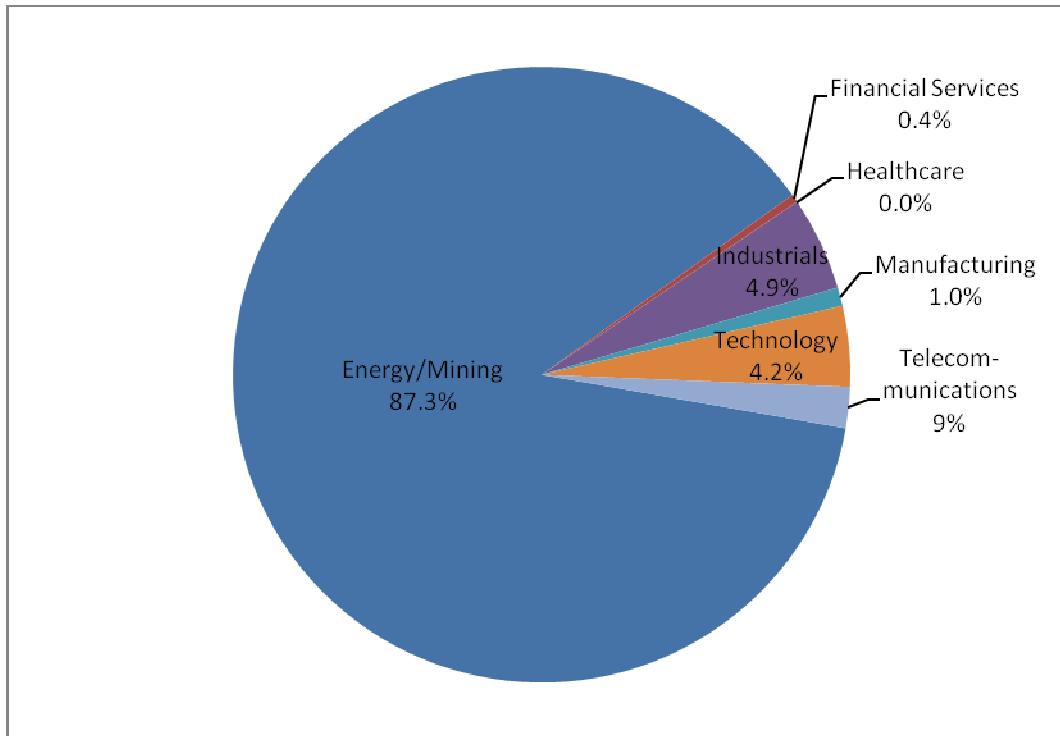
**Outbound M&A by Region – Value\***



**Outbound M&A by Region – Volume**



**Outbound M&A by Industry – Value\***



**Outbound M&A by Industry - Volume**

