

White Paper: Acquisitions by Chinese companies in US

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Acquisitions by Chinese companies in the United States:

The case for moving forward now?

An accelerating number of Chinese companies are engaging in acquisitions and control investments, joint ventures and start-ups in the United States to carry out certain of their strategic goals and take advantage of attractive opportunities. It is generally understood that a large number of other Chinese companies are also considering doing so, in each case of course for their own purposes. Although the appropriate U.S. transaction for any particular Chinese company may satisfy strategic objectives and offer attractive opportunities, some Chinese companies hesitate to proceed for various reasons, including a lack of relevant knowledge and experience in doing deals in the U.S., the lack of relationships with experienced attorneys and other advisors in this area as well as concerns regarding the U.S. transaction process and whether there is any potential adverse impact under U.S. law on the non-U.S. business of the Chinese company.

The thesis of this paper is that:

- For Chinese companies, U.S. transactions can offer valuable business opportunities which can be achieved for a positive overall outcome.
- Neither the transaction itself nor post-transaction operations need create significant legal burdens on the Chinese companies' own activities.

This paper discusses various business and legal issues regarding Chinese deals in the United States, with the purpose of demonstrating the foregoing. Some observers note that the U.S. economic downturn makes it a particularly good time to seek U.S. businesses. While several topics discussed herein are pertinent to outbound deals to any non-Chinese country, the focus of this paper is on the United States, and the author believes there are significant reasons to consider the U.S. as the primary focus of opportunity for Chinese companies, other than in the case of certain exceptions such as raw materials. In general, for convenience, reference will be made to "acquisitions" of U.S. companies by Chinese companies, but much, although not all, of the same analysis applies to investments, including control investments, by Chinese companies in U.S. businesses and, to varying but generally a lesser extent, joint ventures, licensing deals and start-ups.

Reasons to go Global and China's U.S. Transaction History

There are many reasons for Chinese companies to go global, and in particular to do so in the United States. Each Chief Executive Officer of a Chinese company should have a keen understanding of the strategic objectives and potential benefits, if any, to be derived by his or her company in doing so. This paper will identify some of the most common objectives for many companies. Moreover, the right deal can accomplish multiple objectives. All recognize that the Twelfth Five Year Plan is supportive of Chinese companies going global in general and especially in particular sectors. In part it states under the heading "Accelerate the Implementation of the Strategy of "Going Out", "Based on the market trend and the principle of autonomous decision-making by enterprises, guide enterprises of various ownership structure to invest and cooperate overseas in an orderly manner. (emphasis added)"

One potential reason to go global is to obtain otherwise unavailable goods and services. Examples can include talent generally, especially intellectual capital, as well as intellectual property and research and development capabilities and facilities, although of course in many cases Chinese companies are leaders in various IP and research sectors and may not need this. Another reason is to acquire a company in a similar line of business, such as a seller of similar goods, and in addition to continuing to sell the target's goods in the U.S., also sell them in China through the Chinese company's existing distribution network and furthermore use the acquired U.S. company's existing U.S. distribution network to distribute the Chinese company's goods in the U.S. Another reason can be to acquire products that flesh out or improve a Chinese company's existing product line such as valued international or U.S. brands or improve its competitive market position; and in the case of some transactions in the U.S., bring the Chinese company physically closer to its customers. Going global can also increase market share and increase brand recognition. Another benefit of doing deals in the United States, even under current circumstances, is the fact of the U.S.'s stable political and economic environment which facilitate business planning and activities. Please see Annex A which contains a partial list of Chinese transactions in the U.S. This is a significant list of deals, many by companies with which many persons may not be familiar, but each company with its own business reasons for its deal.

The first point to note from Annex A is that the rate of deals is increasing, and is doing so dramatically. A second point is that as a percentage of the total number of deals, small to medium size deals make up the majority, although there are a few larger ones, and the buyers are generally not SOEs. Third, the industries of the acquired companies cover a broad range, from technology, apparel, consulting services, auto parts, hotels and many more. Also with the exception of one company all the buyers are mainland China companies, these are not passive investments but are acquisitions or control investments, and while a few joint ventures are listed, there are many others

which are not. This also does not include purchases of housing or land or pure start-ups, so the total size of China to U.S. capital transactions is much larger than this list suggests. Many studies and reports have been issued on the size of Chinese investment in the U.S. and their numbers vary, but they all show significant investment, and perhaps more important, predict continued and substantial growth.

Moreover, in 2011 several Chinese companies announced their intentions to enter into deals in the U.S., including Shanghai Pharmaceuticals, with its publicly stated reasons being to seek new drugs to expand its product line and noting declining overseas prices and a strong Yuan, Bright Food Group, China National Materials Co. (Sinoma) and Fosun Group, which stated it is looking at consumer brands. The point is that many Chinese companies are going global in the U.S., more and more will be doing so, and for those Chinese companies for which this makes sense and which proceed to do so, they will be in very good company.

Finding the Right U.S. Company

In considering whether to go global, a Chinese company, together generally with its advisors, should first determine its primary objectives – that is what are the hierarchy of goals it hopes to achieve from any transaction, and, based on appropriate assumptions, what is the potential value to it of the "right" deal.

There are of course numerous ways to source, in other words identify, appropriate companies for acquisitions, investment or other corporate transactions. For example, pre-existing relationships can be one basis, although this is much more difficult in cross-border deals. Moreover, in the U.S. this is a much less common approach. This paper focuses on what many consider to be the most appropriate and common means.

It first must be recognized that in considering possible deals many factors must be considered. These include for example, the possible target's business sector (for example, a target company engaged in the same or a very similar line of business as the Chinese buying company, or one with add on skills or products, i.e., a horizontal deal, or alternatively, one that would make the Chinese buyer a more vertically integrated company, for instance, a target which is a supplier or customer), possibly the geographic region, in light of the Chinese buyer's other capital requirements and borrowing capacity how much it could afford to pay, and on a risk basis how much of its available capital (including capacity to borrow) it would commit to a deal.

In considering acquisitions within China, it is certainly easier for executives of a Chinese company to evaluate all these factors, as Chinese executives will know their domestic market competitors, suppliers and customers. This is likely more often not the case as Chinese companies explore

opportunities in the U.S., although, because of some Chinese company's participation in international trade, industry events and due diligence, it may in fact already have such knowledge. If so, it can pursue companies based on this knowledge.

However, generally the best way to find a good opportunity and to understand a particular segment of the U.S. market, the various companies in it and what they each have to offer, which ones may be available for sale and valuation metrics in any given industry, potentially ultimately the most cost-effective and clearly the most prudent and careful way to approach this, and thus the best way to enhance the prospects for a prospective Chinese buyer to achieve its strategic objectives, is for the Chinese company to work with a U.S. consultant or investment banker knowledgeable in its field. In some instances and industries U.S. lawyers can also be helpful in this regards. The right business advisor can provide significant value, especially in a deal of meaningful size. If nothing else, they can best help a Chinese company identify targets which might otherwise be unknown to them. In many if not the majority of cases this need not involve the largest or even the larger advisory firms. Rather one of the keys to selecting an investment banker (together with trust) is their specialization and knowledge base. This proactive approach of obtaining the services of a U.S. advisor is generally perceived to be the most effective basis to carry out most U.S. deals, especially including deals involving foreign buyers, including Chinese advisors. Other U.S. and Chinese advisers can assist a Chinese company in finding appropriate advisers for this purpose.

Notwithstanding the foregoing, it appears that some Chinese businesses are taking a more reactive approach – waiting for potential U.S. deal opportunities to be presented to them. However, in such instances, if this even happens at all, the interested Chinese company will undoubtedly see only a small percentage of deals that are in the market or could be brought about, and absent a fuller understanding of the U.S. market and companies, offers less certainly as to whether the deal is optimal.

Selected U.S. Legal Issues –Including Over Stated Concerns

Non-U.S. companies looking to engage in transactions in the United States, often seem to have three initial primary legal concerns. This paper will address them briefly and explain why these should generally not be a concern, and if a company's strategic basis for the deal is significant and sound or the opportunity is very attractive, in most cases they should outweigh these legal considerations.

CFIUS is a U.S. term heard commonly in the Chinese business community and in that community is often perceived very negatively and as a means by which the United States government purposely and improperly keeps Chinese companies out of the U.S., even while perhaps favoring other

countries. However, this is simply not a correct interpretation of the law, nor in the view of many, if not most, U.S. advisors, a correct perception of U.S. policy. As is well known, the Chinese-U.S. relationship is often complicated, but the U.S. has a long-standing policy of openness to foreign direct investment and sophisticated U.S. political figures and their advisors, including those on the "right wing" or conservative side, as a whole do not disfavor Chinese deals in the U.S. which do not involve national security concerns or loss of U.S. jobs, and statements to the contrary are often misunderstood and exaggerated or made for selected domestic political constituencies. President Obama himself and members of his administration have made many statements supporting Chinese foreign direct investments in the U.S.

The actual manner in which the CFIUS process works is quite detailed, and a discussion of this is beyond the scope of this paper. But in its most simplified terms, CFIUS authorizes the President of the United States to prohibit a deal, or even to unwind a deal which has already been completed, if the President finds "credible evidence . . . to believe that the foreign [person] exercising control [over a U.S. business] might take action that threatens to impair [U.S.] national security."

Technically, a committee of the U.S. federal government, also called CFIUS, makes a recommendation to the President whether to block the deal for the above reason, but as a practical matter the committee informs the parties to the deal if it is going to do so, in which case the parties virtually always terminate the deal, although in limited instances they seek to restructure it so as to obtain approval. As set forth in Annex A, very few China to U.S. deals have been blocked or abandoned because of CFIUS and in general it is a highly over-inflated concern.

The CFIUS analysis starts with an examination of the business of the U.S. company being acquired, not the business of the foreign buyer, and thus, the issue of national security starts there. Although "national security" is not well defined, there are various factors to consider such as whether the transaction involves companies in defense-related areas, protecting critical infrastructure, compliance with important U.S. national security policies, including export controls, classified contracts and foreign government control of the buyer. Nevertheless, since CFIUS only comes into play when there are U.S. national security concerns, in most deals it has absolutely no relevance. For example, what does national security have to do with a clothing manufacturer or seller, or a video game company, or wind turbines, or consulting firms, or the many completed pharmaceutical deals or even most technologies? Moreover, even in those very rare circumstances when national security might be relevant there are on occasion legitimate ways to both attempt to properly work around CFIUS' restrictions and in any event to deal with CFIUS in a low key manner involving little or no publicity or embarrassment or loss of face. A joint venture may be subject to CFIUS if the U.S. company contributes a business to the joint venture, but CFIUS does not apply to start-ups.

The Foreign Corrupt Practices Act (FCPA) is another U.S. law which often greatly concerns foreign companies. However, again its significance is misunderstood and any negative impact is quite limited in this context. In brief, the FCPA prohibits certain types of payments to non-U.S. government officials by U.S. businesses and certain other parties as described below, even though the payments may be perfectly legal and/or an accepted business practice in the foreign country. A U.S. business is subject to the FCPA before it is bought by a foreign entity and continues to be subject to the FCPA after it is bought by a foreign entity. The FCPA also applies to all companies with securities registered under the U.S. securities laws, such as, for example, Chinese and other foreign companies which have "gone public" in the U.S.

However, and here is the major distinction, unlike the U.S. business itself, or a non-U.S. company with securities registered under the U.S. securities laws, a non-U.S. company without registered securities, including such a Chinese company, which invests in or acquires a U.S. business does not as a result of this transaction become subject to the Act as to its own activities on behalf of itself or on behalf of any of its non-U.S. subsidiaries or affiliates. Neither do its non-U.S. subsidiaries or affiliates. The only restriction the Chinese company incurs is that in the same way the U.S. business was and continues to be subject to these restrictions on foreign payments, the Chinese buyer is prohibited from engaging in such activities on behalf of its acquired U.S. business, but is not otherwise restricted. Put another way, nothing really changes and the FCPA doesn't apply to any activities of a Chinese acquirer or investor, except that the Chinese company cannot make a payment on behalf of the U.S. business, if those payments would be illegal under the FCPA if they had been made by the U.S. business. Understood that way this should not be a serious obstacle to most prospective buyers.

The third legal concern voiced on occasion is that the United States is a country of so many laws and these laws are very strict, thus making business difficult and expensive. This is only partially true and must be considered in comparison to other jurisdictions as well as the benefits to be derived from these laws.

For example, while the author of this paper is not a Chinese lawyer and therefore cannot claim knowledge of Chinese labor and employment laws, the author's impression is that in general the U.S. has laws which are more favorable to workers than does China. On the other hand, as a U.S. lawyer who has done deals in European Union countries, it is very clear to the author that European employment and labor laws generally are much more favorable to workers than those in the U.S. Therefore, strictness is relative.

Further, one must bear in mind that in making an acquisition in the United States, the other U.S. companies a target is competing with generally are subject to the exact same laws, thus the laws do not necessarily create a competitive disadvantage. There is also a positive benefit regarding the multitude of laws. This is that overall it provides businesses with much greater certainty as to what actions they may or may not legally engage in, and in general on a day-to-day basis provides very little role for government officials and bureaucrats to involve themselves in the affairs of a company. Such predictability and freedom of independent decision making is an often overlooked factor in cost savings.

U.S. Deal Practices: Procedures, Strategies and Pitfalls

Perhaps one of the most important points regarding engaging in transactions in the United States is to recall the reaction of many Chinese businesses when foreign companies came to China and sought to dictate that deals in China be done in the same manner as in those companies' respective homelands. This generated ill feelings and often did and can easily result in failure in a deal. The same is true in the United States. Companies from many different countries make acquisitions in the U.S. all the time, and one of the accepted norms is that the deal will be done in "U.S. style." This paper will not provide extensive details of how U.S. deals are done, or even suggest that this is the best way to do deals, but it will highlight a few key points and a few considerations relevant to Chinese companies and stress the importance of this approach in the U.S. in order to be successful.

First, while not successful on occasion, the advisor for the U.S. company looking to be sold (especially a "hot" company) may seek to create an auction for the company, thus seeking to maximize the price and otherwise obtain the most favorable terms. Even if they do not succeed in doing this, they will generally seek to have the process move as rapidly as possible. Prospective buyers who are unwilling to follow an auction process when established or move too slowly are simply left behind. An important aspect in dealing with this is to be prepared. This means having done industry and market analysis in advance so as to be able to readily determine one's interest and willingness to devote the necessary resources to explore the deal, and have ready or be able to quickly assemble a team of qualified Chinese and U.S. advisors.

Second, as in dealing with any foreign country, accept that there are cultural differences and look to adapt to or bridge them. For example, whether or not this is a fair comment, many U.S. businessmen object to the alleged slow deal pace of foreign businessmen (and not just Chinese), thus often giving U.S. buyers an advantage. Timing delays are, of course, a tactic to be considered; however they should only be used as deemed appropriate, such as to express reservations or

concerns so as to try and enhance one's bargaining position. However, a buyer should not allow its perceived slowness to cost it a deal it otherwise wants.

Third, while most people properly say "a deal is not done until it is done," in many U.S. negotiations the same often is not true of individual issues. Once an issue is resolved, it is generally not renegotiated absent special circumstances. A party which acts contrary to this undercuts its counter-party's trust in it.

Fourth, there is great significance in the U.S. placed on the transaction contract, as each party seeks to maximize its benefits and protections. As a general rule, legal counsel for a U.S. party, will seek as much protection for its client and clarity in the terms of an agreement as possible. This can be especially important for a buyer or investor. This often means lengthy detailed contracts, and also emphasizes the need for the parties to make decisions relatively quickly with respect to the many points involved. In fact, one view is that many U.S. business persons and their lawyers will only encourage ambiguity in an agreement if they think that addressing the ambiguity in the negotiations would result in it being resolved contrary to their interests or if they think they will have greater negotiating leverage on the point once the agreement is signed or the deal is consummated.

By having a contract be as detailed and precise as possible, the likelihood of a dispute is reduced. This is augmented by the fact that in the U.S. there is a very substantial body of court rulings and laws which help determine what a particular contractual phrase will mean in a particular context, thus creating even greater potential certainty. Finally, it should be recognized that other than private arbitrators and mediators and the courts – all of which are objective but the last of which is slow – no governmental entity or person such as a governmental bureaucrat plays a meaningful role in resolving contractual disputes. Thus, a party generally will be best served and seeks to know at the time the contract is signed to the maximum extent possible exactly what rights and obligations it has and does not have and what risks it bears.

If the target company is a "public company", i.e., has securities registered under the U.S. securities laws, there are significant additional legal requirements and procedures, most of which are the responsibility of the target. These procedures can include the target company obtaining the approval of its stockholders, and for this purpose its preparation and distribution of a proxy statement. However, an acquisition of a portion of the business of a public company which is not substantial relative to the public company's total business would not generally trigger these requirements.

Most potential U.S. sellers and many of their advisors are not experienced in engaging in transactions in the United States with Chinese companies. Therefore, the U.S. parties are likely to have the concerns common to any deal they engage in involving a non-U.S. party, and potentially even additional ones... This should not be viewed as any type of negative perception of China itself or the particular Chinese buyer, but rather as pragmatic concerns based on the U.S. parties' limited experience in this context and their desire to be certain that whatever they agree to, they will obtain its benefits. Therefore, for example, it is to be expected that most U.S. sellers will insist that the English version of the transaction documents govern (regardless of whether there even is a Chinese version), that U.S. law apply, that any dispute be resolved exclusively in the U.S. and in many instances they are unlikely to accept any consideration other than cash in full at closing.

It is true that the unfamiliarity of U.S. sellers and some of their advisors with many Chinese companies may disadvantage a Chinese buyer in comparison not only with U.S. buyers, but also relative to buyers from regions such as Europe, with established histories of U.S. acquisitions. In part, a Chinese company can address this by retaining experienced U.S. professionals from the very beginning. This not only assists the Chinese buyer in the process but adds credibility regarding its interest. Moreover, it is particularly important that while developing transactional experience in the U.S. market, Chinese buyers have expert help in understanding upfront the U.S. deal-making process, including being advised as to what at any given time are customary business terms and the legal implications of issues and decisions. They will also need guidance in taking appropriate actions and obtaining appropriate protections. These include conducting due diligence and obtaining satisfactory contractual terms, such as adequate seller representations and warranties and indemnities. Demonstrating this knowledge will further enhance credibility.

Legal Due Diligence

Due diligence, i.e., a detailed examination of one or more prospective target companies, is a critical part of any acquisition for any buyer or investment for any investor and is also relevant, although potentially to a lesser extent, in a joint venture. Because of the U.S. legal structure and typical deal structure and likely lack of pre-existing relationship between the U.S. seller and the Chinese buyer, proper due diligence is essential in seeking to make certain that the buyer obtains what it is paying for and has adequate legal remedies and other protections if a problem arises. Certain due diligence aspects are carried out directly by the buyer and others by its advisors, such as its lawyers conducting due diligence regarding the target company's legal affairs.

Some companies defer much due diligence until they have reached at least an agreement in principle on the terms of the deal. However, due to the possibility of due diligence unearthing problems which can either stop a deal from proceeding or necessitate adjustments in its financial

terms or structure, it is generally wise, and often more cost effective to conduct "high level" due diligence as early in the process as possible. Before addressing "legal due diligence" in more detail, note that "business due diligence" is extremely important in assessing whether the potential target does or can meet the business objectives underlying the Chinese company's strategic goals. The prospective buyer often plays a major role in business due diligence, analyzing the target company's business practices, results, relationships, market position and prospects, among other aspects. In other cases a knowledgeable investment banker or other consultant can perform this function, even leading these efforts.

With respect to "legal due diligence," its purpose, as it sounds, is to investigate potential legal issues pertaining to the proposed target. Note that "legal issues" often have financial implications and so ultimately are also business issues. These legal issues can be divided into several categories of which some key ones are discussed below.

First, to investigate whether the target is subject to any current lawsuits, arbitrations, government hearings or other legal proceedings. Then, if this is so, determine whether it is possible to develop a meaningful assessment of the likely outcome and the consequences, and thus the risks involved for the buyer, and then have the parties make an economic allocation of the risks. For example, if the buyer and its advisers conclude that the outcome could be material, a portion of the purchase price could be held back to seek to protect against this.

Second, whether the target company is subject to any contracts which, either on their own terms or as a result of the proposed deal, could have material adverse consequences. For this purpose U.S. legal counsel reviews the target's major agreements. One issue that might arise, for example, is that the target is currently paying a major supplier a specific fee for its goods, which amount is being used in the deal financial projections, but pursuant to the contract with the supplier, for whatever reason, such as the mere passage of time, the increase in volume that is hoped to occur as a result of the transaction or even the occurrence of the deal itself, the unit price will increase, thus adversely affecting the financial projections and potentially the valuation. Without reviewing the agreement, this may not be discovered until too late. In the U.S. it is also not unusual for many contracts, such as supply agreements, leases and licenses, to provide, in the event of a sale of or even a major investment in the customer, tenant or licensee, for a right of termination by the other party. This can result in, at a minimum, a potential renegotiation with the other party, whether a supplier, licensor, landlord or other.

The third aspect of legal due diligence, and often the most difficult, is to determine whether the target seller is conducting its business in a legal manner. One reason this is so important to the

buyer is that if prior to the deal the seller is acting in an illegal fashion, even inadvertently, and the buyer is unaware of this, then once the deal closes the buyer's newly acquired business will presumably operate in the same fashion and thus still be violating the law. However, if identified in advance, the buyer can take steps to cause the seller to act properly going forward, and depending upon the nature and magnitude of the illegal act, renegotiate terms if necessary. Common examples can be a workplace environment which violates various laws, illegal gifts to government officials, and pricing strategies for goods or distributor agreements which violate U.S. anti-trust laws.

Special Technology and Media Company Considerations

Due to the prominence of activities in these fields it is worth noting some special considerations pertaining to them. Both terms are very broad, and there is a growing convergence between certain aspects of technology and media. For companies looking to make deals in these fields in the U.S., knowledge of certain points is critical. For instance, in any technology deal it is necessary to know whether the seller owns the technology it claims it does. But, in addition, it is also vital to seek to determine whether the technology violates or infringes on the patent, copyright, trademark or other intellectual property rights of a third party. Sometimes this latter determination can be difficult. In addition, with many technologies it is important to consider whether, although the technology was not designed for a purpose which could harm national security, nevertheless as it exists or could be further developed, whether it could have such an application. Also, assuming that there is still a need to further develop the technology or new versions thereof, the ability to retain the developers may be very important.

In the media field this paper will limit itself to the internet and mobile sectors. Most of the same issues just mentioned regarding technology apply to such media companies. An additional complication arises though in the case of media companies which not only create content but also take portions of content from others and repurpose and/or use it. In such cases it becomes necessary to determine whether the original content is owned by a third party, and thus requires their consent or a payment, or whether it is in the public domain. This is especially complicated in the case of internet technology and content since issues can potentially arise not just in the home country but everywhere it is accessible.

Closing

Many Chinese companies are going global. There are many strategic reasons for this and beneficial opportunities to be gained by this. It is generally perceived that the Chinese government itself is supportive of this globalization. With respect to the United States, going global provides unique

benefits, and one must bear in mind that it is still the world's largest economy and its businesses can offer Chinese businesses many attractive opportunities.

ANNEX A
CHINESE ACQUISITIONS, INVESTMENTS AND JOINT VENTURES IN THE UNITED STATES
COMPLETED AND ABANDONED 2004-2011

Acquirer/ Investor	Target	Industry	Consideration/ % if less than 100%	Status	Date
Lenovo	PC Hardware division of IBM	Computers	Cash \$1.75 Billion	Completed	2004
CNOOC (Chinese National Offshore Oil Corp.)	Unocal	Energy	Cash \$18.5 Billion	Abandoned /political CFIUS factors	2005
Haier	Maytag	Home Appliances	Cash \$1.3 Billion	Abandoned	2005
VancelInfo Technologies Inc.	Envisys	Consultancy	Undisclosed	Completed	2005
hiSoft Technology International Ltd.	Envisage Solutions Inc.	Enterprise Software/Serv.	Undisclosed 100%	Completed	Mar. 2007
Jiangxi Greatsource Display Tech. Co. Ltd.	I/O Magic Corporation	Computers-Data Storage	Cash \$95 Million approx. 70%	Status uncertain	Announced May 2007
Xinhua Sports & Entertainment (Xinhua Finance Media Ltd.)	Small World Television	Television	Cash \$5 Million 70%	Completed	Aug. 2007
Lenovo Group Ltd.	Packard Bell NEC Inc.	Computers, peripherals, and software	Unknown	Abandoned	Aug. 2007
Universal Craft Division of Lacquer Craft Manufacturing	Pennsylvania House (name only) and related assets of La-Z- Boy	Home Furnishings	Cash \$1.65 Million	Completed	Oct. 2007
Coupled Products LLC (wholly-owned subsidiary of Wanxiang Group Co. Ltd.)	Dana Corp.	Auto/Trucks parts and equipment	Cash Undisclosed	Completed	Oct.2007
Jiangsu Jianghuai Engine Co., Ltd.	All-Power America LLC	Power equipment	Cash \$9.298 Million	Completed	Dec. 2007

Acquirer/ Investor	Target	Industry	Consideration/ % if less than 100%	Status	Date
Neapco LLC, Co. (affiliate of Wanxiang Group Co., Ltd.)	Ford Motor Company's Automotive Components Holdings' Propshaft operations	Automobile components	Cash	Completed	Jan. 2008
Spreadtrum Communications, Inc.	Quorum Systems Inc.	Electronic Components- Semicon.	Cash \$55M Stock \$15M Up to \$6M earnout	Completed	Jan. 2008
Wuxi PharmaTech Inc.	AppTec Laboratory Services Inc.	Laboratory testing services	Cash \$9.3 Million	Completed	Jan. 2008
Neapco Drivelines LLC (subsidiary of Wanxiang Group Co. Ltd.)	Driveshaft business unit from Ford Motors	Automotive parts	Undisclosed	Completed	Feb. 2008
iSoftstone Information Service Corp.	Akona Consulting	Software Tools	Undisclosed	Completed	Feb. 2008
Mindray Medical International Ltd.	Patient Monitoring Business (Datascope Corp)	Medical Products	Cash \$240 Million	Completed	May 2008
COFCO Limited	Smithfield Foods Inc.	Food- Pork producer and processor	> \$63.5 Million 4.95%	Completed	Jun. 2008
Anhui Zhongding Sealing Parts Co. Ltd.	Allied-Baltic Rubber Inc.	Chemicals-Fibers	Cash \$4.5 Million	Completed	Jun. 2008
Li & Fung	Van Zeeland	Handbag importer	Cash \$330 Million +	Completed	Aug. 2008
VancelInfo Technologies Inc.	Wireless Info Tech Ltd.	Telcom Services	Cash \$1.08 Million & certain restricted stock 100%		Announced Sept. 2008
Beijing Farthest Technology	Joint Venture Pipeline Subsidiary of Magplane Technology	Pipelines	Undisclosed Cash	Completed	Sept. 2008
Suntech Power Holdings Co. Ltd.	EI Solutions	Solar integration and installation company	Undisclosed 100%	Completed	Oct. 2008

Acquirer/ Investor	Target	Industry	Consideration/ % if less than 100%	Status	Date
Suntech Power Holdings Co. Ltd.	Joint Venture with MMA Renewable Ventures (subsidiary of Municipal Mortgage & Equity)	Develop and Finance photovoltaic projects	Cash Undisclosed	Completed	Oct. 2008
Land Star Inc.	Colorado mines	Mining Services	Undisclosed 100%	Completed	Nov. 2008
Shangdong Xinhua Medical Instruments Co. Ltd.	Joint Venture with General Electric Co.	Medical Instruments	\$10 Million	Completed	Dec. 2008
China Minsheng Banking Corporation Ltd.	UCBH Holdings Inc.	Banking	Cash \$120 Million investment	Completed	Dec. 2008
Markor International Furniture	Shnadig Furniture	Upholstery Manufacturer	Cash est. \$8.94 Million	Completed	Jan. 2009
Lenovo Group Ltd.	Switchbox Labs Inc.	Computers	Undisclosed	Completed	Jan. 2009
Markor International Furniture Co. Ltd.	Schnadig Corporation	Furniture	Undisclosed	Completed	Jan. 2009
Beijing West Heavy Industries Co. Ltd	Brakes and suspension parts business of Delphi Corporation	Electronics and technologies for automotive, commercial vehicles	Cash \$100 Million	Completed	Mar. 2009
HE-5 Resources Corp.	Trading Barter Bank	Diversified Financial Services	Undisclosed 100%	Completed	Mar. 2009
Jiangsu Shunda Semiconductor	Joint Venture with Solar Enertech Corp.	Energy/Alternate Sources	Cash \$1.7 Million	Completed	Apr. 2009
Shanghai Electric (Group) Corporation	Goss International	Printing-Commercial	Undisclosed Major stake	Completed	Sept. 2009
Shenyang Power Group	Cielo Wind Power LP and The U.S. Renewable Energy Group	Wind Farm	\$1.5 Billion Joint Venture	Completed	Oct. 2009
China Minsheng Banking	UCBH Holdings Inc.	Bank holding company	Undisclosed	Limited to 9.9% per regulation	Oct. 2009

Acquirer/ Investor	Target	Industry	Consideration/ % if less than 100%	Status	Date
Zhongding Sealing Parts (USA), Inc. (subsidiary of Zhongding Sealing Parts Co. Ltd.)	Buckhorn Rubber Products Inc. and Michigan Rubber Products, Inc. (subsidiaries of Myers Industries, Inc.)	Rubber/Plastic products	\$10.0 Million net proceeds	Completed	Nov. 2009
China Minsheng Banking Corporation Ltd.	United Commercial Bank (subsidiary of UCBH Holdings)	Banking	Undisclosed	Abandoned based on regulatory block	Nov. 2009
Jackin International Holdings	Copper Century Corp.	Diversified Metals & Mining	\$107.3 Million	Unknown	Dec. 2009
Northwest Non Ferrous International Investment Company Ltd.	Firstgold Corp.	Mining	Cash approx. \$26 Million for majority share	Abandoned based on CFIUS	Dec. 2009
China Heaven Creation International Performing Arts Company	Theatre in Branson, MO.	Theatre	Cash \$3.5 Million	Completed	Dec. 2009
Tianwei New Energy Holdings Co., Ltd.	Hoku Scientific Inc.	Energy-Alternate Sources	Cancellation of Debt \$50 Million 60%	Completed	Dec. 2009
COFCO	Maverick Foods	Meat industry	Cash \$23.37 Million	Completed	Dec. 2009
Hiru Corporation	MindUp BioResearch Division of Hard to Treat Disease, Inc.	Herbs	Cash Undisclosed	Completed	Jan. 2010
Shanda Games Ltd.	Mochi Media Inc.	Online games	\$80 Million	Completed	Announced Jan.2010
Sichuan Tengzhong Heavy Industrial Machines	General Motors (Hummer brand)	SUV line	Cash \$150 Million	Terminated	Feb. 2010
Guangdong Yihua Timber	Hua Qing Enterprise LLC	Office Building in CA.	\$21.5 Million	Completed	Mar. 2010
BGP Inc.	Joint Venture with Ion Geophysical Corp.	Geophysical technologies	Cash \$108.5 Million	Completed	Mar. 2010

Acquirer/ Investor	Target	Industry	Consideration/ % if less than 100%	Status	Date
JV, having Shanghai Jin Jiang International Hotels (Group) Company Limited as 50% member	Interstate Hotels & Resorts Inc.	Hotels & Motels	Cash \$307 Million	Completed	Mar. 2010
Shenzhen New World Group Co.	Marriott Hotel, Los Angeles	Hotel/Real Estate	Undisclosed	Completed	Mar. 2010
Guangdong Yihua Timber Inc.	Land & Building in Los Angeles	Real Estate Operations /Development	Cash \$21.5 Million 100%	Completed	Mar. 2010
The9 Limited	Red 5 Studios, Inc.	Online Game Development	\$20 Million	Completed Majority Interest	Mar. 2010
DDI Industry International	Joint Venture with MagneGas Corporation	Plasma Arc Flow Refinery Oil Company exploration & production	Cash \$1.06 Million	Completed	Mar. 2010
DDI Industry International Company	MagneGas Corporation (Investment and manufacturing rights to China Markets)	Alternative Waste Technology	Cash \$2 Million 20% investment	Completed	Mar. 2010
HiSoft Technology International Limited	Echo Lane (Partner of Salesforce.com)	Professional Services Firm (IT solutions provider/cloud computing)	Not disclosed	Completed	Apr. 2010
Alibaba.com	Vendio Services, Inc.	Online E-Commerce /Products	Undisclosed 100%	Completed	Jun. 2010
Shanghai Electric (Group) Corporation	Goss International	Printing equipment suppliers	Balance of 100% ownership. Undisclosed	Completed	Jun. 2010
Alibaba.com	Auctiva	E-Commerce /Services (Developer of tools for eBay Sellers)	Undisclosed 100%	Completed	Aug. 2010
Shenyang Power Group	Joint Venture with U.S. Renewable Energy Group	Wind Farm	Undisclosed	Completed	Aug. 2010
Zhejiang Geely Holding Group	Volvo (Ford Motor Co.'s Unit)	Automotive	\$1.5 Billion (\$1.3 Billion Cash and \$200 Million Note)	Completed	Aug. 2010

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Huiheng Medical, Inc.	ClearPath Breast Brachytherapy System of Portola Medical, Inc.	Internal Radiation Therapy	Undisclosed	Completed	August 2010
ZWCAD Software Co., Ltd.	VX Corporation	CAD/CAM Solutions	Undisclosed	Completed	Aug. 2010
AgFeed Industries Inc.	M2P2 LLC	Hog Production Company	\$26 Million 100%	Completed	Aug. 2010
Anshan Iron & Steel Group	Joint Venture with Steel Development Co.	Steel Plant	Start-up US Steel Company	Abandoned	Announced Aug. 2010
Soft Stone Information Technology (Group) Co. Limited	Ascend Technologies	IT Services and Business Consulting Services to global banks and financial services	100% Undisclosed	Completed	Oct. 2010
Shanghai Fosun Pharmaceutical (Group) Co.	Joint Venture with Chindex International Inc.	保健服务 Healthcare Services	Joint Venture 51% + Stock and Shares for \$62.4 Million	Completed	Oct. 2010
China National Offshore Oil Corp. (CNOOC International Limited)	Eagle Ford Shale Project of Chesapeake Energy Corporation	Energy	Cash \$1.08 Billion initially and additional \$1.08 Billion upon benchmarks 33% of project	Completed	Nov. 2010
Industrial & Commercial Bank of China Ltd.	Fortis Securities (Prime Dealer Services unit)	Securities	Assumption of debt	Completed	Nov. 2010
Pacific Century Motors	Nexteer Automotive	General Motors' steering parts manufacturing unit	100% Undisclosed	Completed	Dec. 2010
Anhui Zhongding Sealing Parts Co. Ltd.	Joint Venture with INOACUSA	Automotive parts	Cash \$.1 Million	Unknown	Announced Dec. 2010
SouFun Holdings Limited	American International Group, Inc. (AIG) Training Center, including NY real estate	Real Estate	\$46 Million	Completed	Announced Dec. 2010
Trinity Trinity (Div. of Li & Fung Ltd.)	Cerruti (owned by Matlin Patterson)	Luxury Apparel and Goods	\$70 Million	Completed	Dec. 2010

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Li & Fung Ltd.	Oxford Apparel (Div. of Oxford Industries Inc.)	Apparel	\$95 Million after adjustments	Completed	Jan. 2011
Shenzhen New World Group Co.	Sheraton Universal Hotel	Hotel/Real Estate	\$90 Million	Completed	Jan. 2011
Industrial & Commercial Bank of China Ltd.	Bank of East Asia Ltd.'s US Branches	Banking	Cash \$140 Million 80%	Pending	Announced Jan. 2011
China National Offshore Oil Corp. (CNOOC International Limited)	Chesapeake Energy Corporation	Interest in Oil and Natural Gas fields	\$570 Million 33%	Pending	Announced Jan. 2011
Shenzhen New World Group Co.	Sheraton Universal Hotel, Los Angeles	Hotel	est. \$90 Million	Completed	Jan. 2011
Tencent Holdings Limited	Riot Games, Inc.	Video Game	\$400 Million Majority	Completed	Feb. 2011
China Aviation Industry General Aircraft Co. Ltd.	Cirrus Industries	General Aviation Aircraft	Undisclosed	Completed	Mar. 2011
Markor International Furniture Co. Ltd.	A.R.T. Furniture	Furniture	Undisclosed	Completed	Mar. 2011
Huawei	3Leaf	Telecom	\$2 Million	Withdrawn (CFIUS)	Mar. 2011
Zhejiang Hisun Pharmaceutical Co. Ltd.	Photolitec LLC (spin-off of Roswell Park Cancer Institute)	Pharmaceutical	\$2 Million investment plus three \$1 Million investments per benchmarks	Completed	Mar. 2011
LDK Solar Co. Ltd.	Solar Power Inc.	Photovoltaic solar developer	Cash \$33 Million 70%	Completed	Mar. 2011
Jilin Aodong Medicine Industry Group	Vital Therapies	Bioartificial Liver Support	\$2 Million with contingent \$25 Million	Completed	Apr. 2011
Avic Int'l Holding Corporation	Continental Motors and Teledyne Mattituck Services, Inc., subsidiaries of Teledyne Technologies Corporation	General Aviation piston engines	\$186 Million	Completed	Apr. 2011
China Huaneng Group	InterGen NV	Global power generation	50% stake \$1.23 Billion	Completed	Apr. 2011

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Technify Motor (USA) Ltd. (a subsidiary of AVIC International Holding Corporation)	Continental Motors, Inc. and Teledyne Mattituck Services, Inc.(subsidiaries of Teledyne Technologies Incorporated)	General Aviation Piston Engines and Components	Cash \$186 Million 100%	Completed	Apr. 2011
HNA Property Holdings (Hainan Airlines Group)	Manhattan Office Building	Real Estate	\$265 Million 90%	Completed	May 2011
Tri-Tech International Investment Inc. and Tri-Tech Infrastructure, LLC (Subsidiaries of Tri-Tech Holding Inc.)	J&Y International Inc.	Water Treatment	\$1.5 Million in Cash & Stock	Completed	Jun. 2011
HNA Property Holdings (Hainan Airlines Group)	Manhattan Office Building	Real Estate	\$120 Million	Completed	Jun. 2011
China Auto Parts and Accessories Capital Holding, Ltd.	Century Automotive Mfg., Inc.	Auto parts supplier	Stock	Completed	Jul. 2011
Zhongding Sealing Parts (USA), Inc. (subsidiary of Zhongding Sealing Parts Co. Ltd.)	Cooper Products Inc.	Metal Products Distribution	Cash \$9.8 Million	Pending	Announced Jul. 2011
HiSoft Technology International Limited	Nouveon Technology Partners, Inc.	IT Consulting Firm	Cash \$5.5 Million plus earnouts	Completed	Jul. 2011
AgFeed Industries Inc.	Kansas City Sausage Co. LLC and Pine Ridge Farms LLC	Food-Meat Products	Undisclosed	Pending	Announced Jul. 2011
Wuhan Humanwell Healthcare (Group) Co., Ltd.	Puracap Pharmaceutical LLC	Medical-Drugs	Cash \$15.46 Million for increase to 77%	Unknown	Jul. 2011
Genesis Energy Holdings Limited	Orion Energy International	Coal and consumable fuels	Cash up to \$350 Million	Pending	Jul. 2011
Monar International Inc.	Integrated Clinical Care Corporation	Medical Information Systems	Stock	Pending	Announced Jul. 2011

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Spreadtrum Communications, Inc.	Telegent Systems, Inc.	Electronic Components- Semiconductors	Undisclosed	Pending	Announced Jul. 2011
iSoftStone Holdings Limited	Adventier Consulting Group	ERP Consulting Services	Undisclosed	Completed	Aug. 2011
China Aviation Industry Gen.	Joint Venture with LT Builders Group to acquire Epic Air LLC	Kit Built Aircraft	\$4.3 Million	Completed	Aug. 2011
Perfect World Co Ltd.	Cryptic Studios Inc.	Internet Content – Entertainment	\$50 Million	Completed	Aug. 2011
Zhejiang Hisun Pharmaceutical	PharmTak Inc.	Pharmaceutical	25% Undisclosed	Pending	Announced Aug. 2011
Chengzhi Life Science & Technology CO. Ltd. (subsidiary of Chengzhi Co. Ltd.)	Bio-Energy patents from BioEnergy, Inc.	Medicinal Products	\$18 Million	Unknown	Announced Aug. 2011
Canon Investment Holdings Limited	Altair Nanotech- nologies Inc.	Battery Cells	Cash \$57.5 Million53.3%	Completed	Aug. 2011