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This Week in China

Focus Will Increase on China Public-Private Partnerships in 2010

A few international firms, including ARC China, have recognized the importance of forming public and private partnerships to capitalize on the immense opportunities in China. The launch of a number of RMB-denominated funds have been announced following the introduction of a pilot policy last June allowing foreign private equity and venture capital firms to set up wholly-owned Chinese entities.

The Carlyle Group recently formed an RMB-denominated fund, The Carlyle Asia Partners RMB Fund, along with the Beijing Municipal Bureau of Financial Work. The fund will make equity investments in larger growth companies and is expected to play a significant role in the development of local enterprises and the enrichment of the equity investment fund industry in China, with a near-term focus on Beijing. Carlyle has invested more than \$2.5 billion in China in more than 40 deals.

"For any of the large private-equity firms in the West to be a real player in

China, you probably should have a yuan fund," Carlyle Group's David Rubenstein observed.

Hong Kong-based First Eastern plans to manage RMB 6 billion (\$877 million) of RMB-denominated funds over the next year to invest in regional development and local environment protection projects. US-based Blackstone Group has raised RMB 5 billion for the Blackstone Zhonghua Development Investment Fund, a joint venture with the Pudong government.

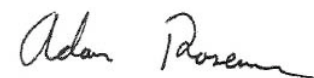
These launches came on the heels last year of China's State Council announcement of a twin-track plan to develop Shanghai into a major international financial center. "You'll see this trend continue with more global private equity titans seeking to raise domestic money in China with government-backed institutions," said Alfred Lam, research associate at the Asian Venture Capital Journal. "It helps deal sourcing and capital is more readily available than in other parts of the world."

ARC China has worked for sometime to create an RMB private equity fund platform along with

China's National Development and Reform Commission International Corporation Centre (NDRC-ICC) and California-based venture capital firm Westly Group. The NDRC is China's central economic planning agency.

ARC China structures the funds as foreign invested venture capital enterprises (FIVCEs) and partners with private and public local entities in Tier II and Tier III cities / provinces, to make investments in sectors including renewable energy, consumer products and services, business services, healthcare and infrastructure. The fund management platform will focus on investments in entrepreneur-owned businesses that will receive capital, an enhanced level of corporate governance, an international network and institutional management sophistication from ARC China's team.

We look forward to moving towards our goal to become the pre-eminent foreign investor in China's Tier II and Tier III cities in 2010.

A handwritten signature in black ink that reads "Adam Roseman".

Adam Roseman,
Founder & CEO
ARC China

This Week in China (cont'd)

Shanghai Challenges Hong Kong On IPOs

Shanghai's burgeoning initial public offering (IPO) market is shaking Hong Kong's status as the world's fundraising king and will challenge the latter's role as China's international financial center as the country moves toward a convertible currency.

Chinese companies are expected to raise \$55.7 billion on the Shanghai Stock Exchange in 2010 while in Hong Kong the figure is expected to be \$47.7 billion. Last year,

Deutsche Boerse Courts Local IPOs

Boasting the most attractive global location for small and medium-sized enterprises (SMEs) to go public, Deutsche Boerse AG is eying China to recruit more members.

So far, a total of 15 mainland enterprises have listed on the Deutsche Boerse, including firms in environmental protection, information technology, consultancy and real estate. Zhongde Waste Technology AG, a producer of garbage incinerators, was the first to debut in July 2007.

According to Wu, Deutsche Boerse listings are tailored to SMEs as it takes 100,000 euros to go public in the US and the UK, but a Deutsche Boerse listing only requires application fees ranging from 750 to 5,500 euros. Listing overseas has become popular

Hong Kong raised approximately \$30 billion in new listings with Shanghai's \$27.3 billion closely behind.

Analysts said it would be a matter of time for Shanghai to eat into Hong Kong's share in the IPO market as China is moving toward a convertible currency.

China is on the way to reforming and improving its capital market by introducing new financial tools including stock index futures, margin trading and short selling. Shanghai is also

among Chinese enterprises, with 176 mainland companies launching IPOs around the world. Total capital raised hit \$54.65 billion in 2009, up 150 percent from a year earlier.

Among them, 77 were listed in overseas markets, and capital raised topped \$27.14 billion, up 292 percent year on year.

Deutsche Boerse's Wu agreed. "There are too many IPO applicants and China's stock market cannot hold them all," he said. "Companies here have to wait for decades if they want to get listed at the current processing speed."

Some Chinese firms may be unwilling or unable to wait. "Many Chinese companies will launch overseas IPOs in the near future," said Halter.

So far, the Hong Kong stock market and

preparing itself for an international board that will allow foreign companies to raise capital in the mainland.

Foreign companies HSBC and global exchange group NYSE Euronext are keen to become the first batch of overseas companies to list on the A-share market.

To maintain its status as world-leading IPO market, Hong Kong needs to work on attracting more mainland companies and keep the existing ones, analysts said.

Source: ChinaDaily

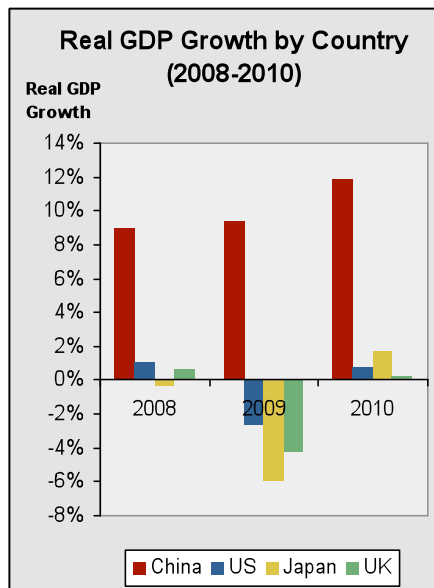
NASDAQ are the two most popular listing locations for mainland enterprises.

Last year, 52 mainland companies raised a combined \$24.84 billion from IPOs in Hong Kong. Meanwhile the NASDAQ attracted eight Chinese companies to raise \$1.48 billion, and the New York Stock Exchange saw five companies raise \$459 million.

This April, Chinese companies will get a chance to review their German listing options at the Halter Financial Summit to be held in Shanghai.

Deutsche Boerse is the world's largest bourse by market value, the company said. It reported a total pre-tax profit of 1.51 billion euros in 2008.

Source: ChinaDaily



-Source: Goldman Sachs; Euromonitor

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This Week in China (cont'd)

China: World's Biggest Auto Producer, Consumer

Official figures confirmed China had overtaken the United States to become the world's top auto maker and market in 2009 boosted by government stimulus measures.

The China Association of Automobile Manufacturers (CAAM) announced annual sales rose 46.15 percent year-on-year to 13.64 million units. Output increased 48.3 percent to 13.79 million units.

Passenger car sales were up 52.93 percent to 10.33 million units, and production was 10.38 million units, up 54.11 percent year-on-year.

The brisk sales in China is in contrast with the United States where 10.43 million units were sold last year, 2.8 million units less than in 2008, as the global financial crisis kept US consumers out of the showroom.

The three top-selling brands last year were Shanghai Volkswagen, FAW Volkswagen and Shanghai General Motors -- all joint venture brands between Chinese auto makers and the German or US counterparts.

The industry would continue to see rapid growth in the next decade as it had become a pillar of the national economy.

To boost the sluggish auto market in 2008 and spur the use of clean and fuel-efficient cars, the government announced in

January last year that it would halve the purchase tax to 5 percent on vehicles with a displacement of less than 1.6 liters.

The annual revenue from auto purchase tax was expected to surpass RMB 110 billion, a rise of RMB 10 billion year-on-year, as more units were sold, analyst said.

Besides policy incentives, the underlying reason behind the sales boom was that the consumption structure was improved while housing and traveling costs increased, said Yao Jingyuan, chief economist with the National Bureau of Statistics.

Since the sales in 2009 would overdraw demands for this year and next, and with the less aggressive tax incentives for 2010, sales expansion was expected to slow remarkably this year, said Huang Yonghe, analyst with the China Automotive Technology and Research Center.

"Despite China's top position in sales, there is still distance to go before it becomes a real auto giant, as it does not own the state-of-the-art technologies nor world-famous brands," said Dong Yang.

As part of its "going global" strategy, Geely, China's largest privately-owned car maker, is close to finalizing a deal to buy Volvo to acquire the new energy technology and access the world auto market.

The Beijing Automotive Industry Holding purchased some assets of GM's Saab in December. The Sichuan Tengzhong Heavy Industrial also has agreed to take over Hummer brand.

Acquiring foreign brands could help accelerate China's pace of technological innovation, but it could not be a shortcut to the global stage, said Han Lei, deputy director of the Society of Automotive Engineering of China.

The unprecedented boom also boosted producer's morale for further expansion.

"The Chinese auto makers added the capacity by 30 percent to 20 million units in 2009, leaving their bitter memories of job cuts and shuttered business far behind," said Wei Wenqing, vice manager of the Dongfeng Citroen Motor Corporation.

Fuel-efficient cars have already shown some signs of overheating, as the demand for auto with displacement less than 1.6 liters was about 3 million units before 2011, less than half of the capacity of 7 million units, said Jia Xinguang, auto industry analyst.

"Since this market is largely affected by government policies, uncertainty and risks remain," he said.

Source: China Daily

The China Association of Automobile Manufacturers (CAAM) announced annual sales rose 46.15 percent year-on-year to 13.64 million units. Output increased 48.3 percent to 13.79 million units.

This Week in China (cont'd)

China's 2009 Fiscal Revenue Expected To Surpass \$1 Trillion: Minister

China's 2009 fiscal revenue was estimated at RMB 6.85 trillion (\$1 trillion), an increase of 11.7 percent over a year earlier, Finance Minister Xie Xuren said in Beijing.

Xie also said the budget of public investment in 2010 from the central government was likely to stand at RMB 992.7 billion, up RMB 572.2 billion from the 2008 budget.

With it, the Chinese central government would fulfill the target of adding

RMB 1.18 trillion for public investment in the time period between the fourth quarter of 2008 and 2010, Xie said.

It is estimated that in 2009, the central government allocated about RMB 924.3 billion for public spending, up RMB 503.8 billion from the 2008 budget, according to the minister.

China rolled out a massive investment plan worth RMB 4 trillion in November 2008 to cope with the international financial crisis, which broke down to RMB 1.18 trillion from the central government and RMB

2.82 trillion from local governments.

According to the original plan, the RMB 1.18 trillion from the central government included RMB 104 billion in the fourth quarter of 2008, RMB 487.5 billion in 2009 and RMB 588.5 billion in 2010.

It is believed that as new investment on public projects in 2009 surpassed the original budget of RMB 487.5 billion, the budget for 2010 was reduced from the original RMB 588.5 billion to RMB 572.2 billion.

Source: *China Daily*

China's 'Big Step' On Futures to Boost Investment

China took a "big step" toward opening its capital markets by approving stock index futures, paving the way for increased investment in the world's fastest-growing major economy.

The China Securities Regulatory Commission said it may take three months to complete preparations for index futures, agreements to buy or sell an index at a preset value on an agreed date.

The government also approved margin trading and short selling, when investors seek to profit from declines in shares.

China, whose economy grew 8.9 percent in the third quarter of 2009,

currently bars overseas investors from trading RMB-denominated stocks and bonds on the mainland except through a so-called qualified foreign institutional investors program, which has approved 94 international firms. Foreign ownership of fund management companies is restricted to 49 percent.

Index futures may help ease fluctuations in the world's third-largest equity market by value after the Shanghai Composite Index doubled in 2007, then slumped 65 percent in 2008 before rebounding 80 percent last year. Until now, Chinese investors could only profit from gains in equities.

"China is going in the direction of freedom for its markets and more flexibility for its investors

so it's good news," said Eric Conrads, a hedge fund manager at Armada Capital SA.

The first stock index contracts, based on China's CSI 300 Index, may begin trading in March, an official with knowledge of the matter said. The CSI 300, which tracks the 300 biggest stocks traded in Shanghai and Shenzhen, rose 0.3 percent on Jan 8 to close at 3,480.13. The Bank of New York Mellon China ADR Index, which tracks American depository receipts, rose 0.6 percent to 399.39 in New York and posted a 5.2 percent gain for the week, the biggest five-day advance in two months.

Source: *ChinaDaily*

China's 2009 fiscal revenue was estimated at RMB 6.85 trillion (\$1 trillion), an increase of 11.7 percent over a year earlier, Finance Minister Xie Xuren said in Beijing.

This Week in China (cont'd)

Bank Reserve Ratio Raised To Curb Lending

The central bank raised the reserve requirement ratio - the proportion of deposits that banks must hold in reserve - in a clear sign that it was determined to drain excessive liquidity in the market and curb lending.

The 0.5 percentage point increase is effective January 18, the People's Bank of China (PBOC) said. It was the first time that the central bank raised the ratio since June 2008.

The move is meant to stabilize loan growth but keep overall policy pro-growth, Reuters quoted a central bank official as saying.

"Our monetary policy stance is still appropriately loose and the move is intended to use

Santander, CCB Plan Joint Venture

China Construction Bank (CCB) and Europe's second largest lender Banco Santander, are planning to set up a joint financial holding company and open 100 village banks in the country over the next three years.

The joint venture is likely to be set up with a registered capital of RMB 3 billion and this could eventually go up to RMB 5 billion in three years. CCB would invest RMB 1.8 billion and hold a 60 percent stake in the joint venture, while Santander would hold the balance, the sources said. The holding company would

quantitative tools for flexible fine-tuning," the official said.

The PBOC also drained RMB 200 billion (\$29.3 billion) from the money market through 28-day bond repurchase agreements.

It was the central bank's largest mop-up via a repo of that maturity since 2003, when it started regular open market operations. This is in addition to mopping up RMB 20 billion via the sale of one-year bills.

"Inflation is the core factor for the central bank to decide whether to tighten monetary policy," said Dong, who raised his consumer price index (CPI) forecast for 2010 to at least a rise of 3.5 percent from the original 3 percent.

Commercial banks have hold a 51 percent stake in each of the newly set up village banks.

Village banks are financial institutions set up primarily for farmers and should have a registered capital of at least RMB 1 million. They can accept deposits and also conduct lending activities.

Currently foreign banks are not permitted to hold more than a 20% stake in Chinese financial institutions. However, the stipulation does not exist for village banks invested by foreign lenders.

The nation plans to have 1,000 new village banks within three years to finance fund-thirsty rural

lent nearly RMB 600 billion in the first week of 2010, the Economic Information Daily reported. The surge in loans, nearly twice as much as the monthly average in the last half of 2009, also prompted the central bank to step up credit controls.

Chinese banks traditionally rush to book loans in January to boost their full-year interest earnings, and part of the haste now probably also stems from fears that officials will soon slam the door on lending.

During the first 11 months of last year, new loans reached RMB 9.21 trillion. Analysts expect the country's banks to lend around RMB 7.5 trillion this year, down from a record RMB 9.5 trillion in 2009.

Source: China Daily

areas.

There are around 230 million farming households in the country and nearly half of them need bank loans to develop farming business. This has opened up huge opportunities for banks in rural areas.

CCB, ranked second by market value globally, aims to build the joint venture to the largest one in China's rural finance sector in three years.

"The bank could account for 15 percent of the rural financial market over the next three years," said CCB sources.

Source: China Daily

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This Week in China (cont'd)

Carlyle Launches RMB-Denominated Fund With Beijing

Carlyle Group LP said it would form a RMB-denominated private-equity fund with the Beijing municipal government to finance the development of growth enterprises in China.

The company said it had signed a memorandum of understanding with the Beijing Municipal Bureau of Financial Work to

register the fund in the capital city.

It would help promote corporate development, industry restructuring, and the private equity market in the region. It would also enjoy preferential treatment from the Beijing government, the company said.

The Washington-based fund oversees assets worth \$87.6 billion by the end of September. It has invested more than \$2.5

billion in China in over 40 projects.

The move came after Blackstone Group LP became the first foreign private-equity firm to set up Renminbi fund in Shanghai in August, as the Chinese government had vowed to strengthen the private equity industry and the capital markets.

Source: China Daily

Dealogic, a UK-based market analysis company, reported that Chinese companies alone sold \$50.4 billion of shares, accounting for 45 percent of the global IPO volume.

China To Dominate IPOs In 2010, Say Analysts

Industry analysts say they are confident that China, among other emerging nations, will continue being the star of initial public offerings (IPOs) in 2010, and the US capital market would still be its first choice.

"I'm optimistic that the trend (that Chinese companies raise more IPOs than others) will rise," said David Y. Wong, managing director of investment banking at Newbridge Securities Corporation.

Wong says he's seen quite a bit of listed activities from Chinese companies in the US capital market since the New Year and is sure that the entire number of transactions will be "more than last year".

"(Companies from) the agricultural industry are quite active and I think the health care sector will be picking up as well," he

added.

Dealogic, a UK-based market analysis company, reported that Chinese companies alone sold \$50.4 billion of shares, accounting for 45 percent of the global IPO volume. The country is also dominant in the global clean technology capital market.

The 2010 IPO market will also begin with the strong performance of Chinese companies - two out of five companies scheduled to make their IPO debuts this week are from China.

Robert Chilstrom, a senior lawyer who has been a consultant to Chinese companies for more than 10 years, pointed out that the emerging markets, particularly China and Brazil, would be winning in the capital market at least in a short run.

"The US companies will have to compete in that space with these emerging markets," said Chilstrom, from SASMF.

Crocker Coulson, president of CCG Investor Relations, was even more optimistic.

"If you look at the data, despite the low market, there's still a sizable inflow (of capital) into the emerging markets," he said. "I think that will be a 10-year trend."

Coulson's company has been helping about 50 Chinese companies listed in the US stock markets, and the president is looking forward to seeing the number of its clients grow to 80 this year.

Not only is the size of Chinese companies entering the US capital market increasing, the panelists added, but also their level of experience is growing.

The panelists suggested that Chinese companies carefully pick their consulting partners when they enter the US market and be cautious about risks.

Source: China Daily



This Week in China (cont'd)

BOC Ready For Opening Taiwan Branch

Bank of China (BOC), the country's largest foreign exchange lender, said it had already completed the preparatory work for establishing its Taiwan branch, according to a statement on the bank's website.

The bank will submit the application documents as soon as detailed

Bright Food Eyes Australian Sugar Deal

Bright Food Group Co, the biggest food company in Shanghai, offered as much as A\$1.5 billion (\$1.4 billion) cash for Australia-based CSR Ltd's sugar unit to gain raw materials after global prices more than doubled in the past year.

CSR shares rose to their highest level in more than two years in Sydney trading after Bright disclosed its bid in a statement. The Shanghai-based company's offer is "merely an expression of interest" and isn't capable of acceptance, CSR said in a stock exchange filing.

The State-owned company, with businesses spanning from yogurt and ice cream to meats, would gain mills that account for about 4% of the global raw sugar trade. CSR, Australia's second-largest maker of building materials has been seeking to sell the unit to take advantage of a surge in sugar prices prompted by a global production

regulations regarding a financial cooperation agreement between the mainland and Taiwan come out, said BOC spokeswoman Zhao Rong.

A memorandum of understanding (MOU) signed by the financial regulatory authorities of mainland and Taiwan last November will take effect, paving the way for

shortfall.

"It is a chance for the Chinese conglomerate to buy a large global player in a soft commodity that has got some very favorable longer-term dynamics," Paterson Securities Ltd analyst Ben Kakoschke said. CSR is large on a global scale and is relatively cost-efficient.

CSR rose 4.3% to A\$2.05 at close of the exchange in Sydney trading. The stock earlier rose as much as 8.4% to A\$2.13, the highest since November 2008.

The Shanghai Municipal Government, Bright's biggest shareholder, wants to build the company to encompass dairy, confectionery and beverage businesses, Liu Ran, an analyst at Central China Securities Holdings Co said.

CSR's sugar unit may help "complete the whole group's production chain", Liu said. Still, she said sugar prices are volatile and it may not be a good

financial cooperation between banks on both sides of the Taiwan Strait, she added.

BOC hopes to be in the first batch of mainland lenders to operate in Taiwan. Its new branch will probably be located in Xinyi district, Taipei, with an initial management team of 20 to 30 staff, said the statement.

Source: China Daily

time to buy sugar-producing assets.

Bright Food accounts for 10% of China's sugar market. Bright, which controls four listed companies including Bright Dairy & Food Co, Shanghai Jinfeng Wine Co, Shanghai Maling Aquarius Co and Shanghai Haibo Co, has more than 3,300 retail outlets.

The Chinese company is keen to invest in the Australian food industry, particularly sugar, Vice-President Ge Junjie said in the statement. The proposed acquisition was also in line with plans to build "resource-related businesses" including dairy, wine and nutrition products, Ge said.

CSR is considering options for the separation of the sugar unit, saying it will look at any proposal it gets.

Source: China Daily

Bright Food Group Co, the biggest food company in Shanghai, offers as much as A\$1.5 billion (\$1.4 billion) cash for Australia-based CSR Ltd's sugar unit to gain raw materials after global prices more than doubled in the past year.

Consumer / Retail

Volkswagen Sales Surge 36.7% In 2009

German auto giant Volkswagen AG posted a 36.7% surge in 2009 China sales to maintain the top position it has held for more than 20 consecutive years.

The company sold a total of 1.4 million vehicles on the Chinese mainland and in Hong Kong last year, with sales of its three

China's Electric Car Displayed At NAIAS

China's first electric carmaker BYD displayed its e6 and F3DM electric vehicles at the North America International Auto Show (NAIAS) which opened in the U.S. city of Detroit.

Features include BYD's ferrous battery, the e6, with an expected range

Tesco Opens Landmark Development

Tesco, the largest retailer in the UK by market share and also by sales, is aggressively tailoring its development strategies in China by adding freehold multiplexes with shopping centers, hypermarkets,

New World To Open Up To Six Stores In China On Demand

New World Department Store China Ltd., controlled by Hong Kong billionaire Cheng Yutung, will open as many as six stores in China this year to benefit more from the stimulus program driving

locally built brands all hitting record highs. In the next three years, the company will invest more than 4 billion euros (\$5.72 billion) in China to expand production capacity at its Nanjing and Chengdu plants.

Last year witnessed a big change to the global auto industry map, when China replaced the United States as the world's largest auto market. Full-

per charge cycle of 330 km in cruising mode, an estimated acceleration time from 0-100 km/h in less than 14 seconds and with a projected top speed of 140 km/h. The new version F3DM electric vehicle also features BYD Fe battery together with a BYD 371QA 1.0-liter gasoline engine. It will be equipped with the solar panel sunroof, which can

entertainment venues, apartments and home offices. With an investment of more than RMB 500 million, Tesco's first 76,000 sq meter freehold multiplex in Qingdao, Shandong province, opened its shopping mall, hypermarket and restaurants to the nation's growth.

The retail arm of Cheng's New World Development Co. plans to open two stores in Beijing and two in Shanghai this year, and may open one each in Shenyang and Zhengzhou, Chief Operating Officer David Lin said.

year sales are likely to exceed 13 million units, an annual increase of about 40 percent. It is widely believed that the major contributor to the staggering market growth is the government's stimulus measures that include tax cuts on low-emission cars and subsidies for rural buyers.

Source: ChinaDaily

be used to channel power to the Fe battery.

According to the officials, BYD sold out more than 430,000 cars last year, about 50% increase from that of the 2008. BYD also exported its products to the Middle East, Africa and East Europe.

Source: ChinaDaily

shoppers during the weekend. The company said it is a landmark for Tesco's development in China, and added that it is the first foreign retailer to do freehold mall development on this scale.

Source: ChinaDaily

New World Department Store and rival Parkson Retail Group Ltd. are renovating stores and boosting marketing to attract customers as the government's RMB 4 trillion (\$586 billion) stimulus package puts more money in pockets.

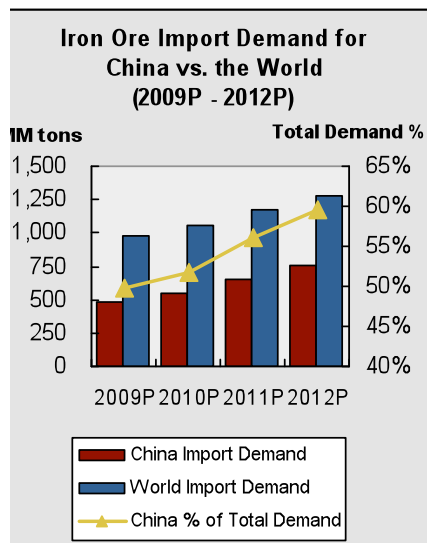
Source: Bloomberg



Source: Bloomberg

German auto giant Volkswagen AG posted a 36.7% surge in 2009 China sales to maintain the top position it has held for more than 20 consecutive years.

Mental & Mining



China exported 22.4 million tons of coal last year, about half of 2008 imports, while net imports exceeded 89.10 million tons in the first 11 months of last year.

Iron Ore Giants, China Square Off Over Pricing

An obscure phenomenon in the business world — the pricing of iron ore — is quickly escalating into a high stakes melodrama that some believe could end up benefiting smaller iron mining companies.

The three companies that dominate global production — Brazil's Vale SA, and the Anglo-Australian companies Rio Tinto Group and BHP Billiton Ltd. — are going head to head with China, which last year imported close to 630 million tons of iron ore, making it the world's leading customer. The two sides are squaring off over the annual setting of the benchmark contract prices for the fiscal year that begins in April.

China Buys Stake in Philippines Mine

China's Zijin Mining Group will send offer documents to shareholders of Australia-based Indophil Resources on January 18th after gaining approval from Australia's Foreign Investment Review Board for a A\$547m (\$505m) takeover bid.

China Becomes Net Coal Importer

China became a net coal importer for the first time in 2009, according to figures from the General Administration of Customs.

China exported 22.4 million tons of coal last year, about half of 2008 imports, while net imports

China and Japan have been chafing at the ability of the big three producers to command a strong position in negotiations even during last year's recession because of their overwhelming market share.

And it's widely reported that the big three producers this year plan first to reach a deal with Japan and then present those terms to China as a done deal.

The same economic stimulus spending that has powered China's rise to become the world's leading exporter in December 2009 has also increased steel demand from the country's 72 major steelmakers and hundreds of smaller operations and resulted in

totally-owned subsidiary, Golden Resources Mining, the deal will deliver Indophil's 34.2% stake in the Tampakan copper and gold project in the southern Philippines island of Mindanao to Zijin which is China's largest gold producer and third-ranked copper producer.

Tampakan is the largest undeveloped copper-gold

exceeded 89.10 million tons in the first 11 months of last year. Figures for December imports are not yet available.

Coal expert Huang Teng predicted China's coal import last year to reach 120 million tons, equivalent to a net import of 97.6 million tons. A disagreement on coal

"very strong" requirements for iron ore, said Patricia Mohr, vice-president for economics with Scotia Capital in Toronto.

Since the spring of 2009, import volumes of iron ore into China from major suppliers in places like Australia and Brazil have moved to record highs. Cash prices have risen sharply as Chinese traders build up stocks before a new contract price is negotiated. The China Daily newspaper has reported iron ore prices soaring to about \$150 US per ton, more than double April 2009's low.

Mohr said it's hard to say how long it will take to conclude negotiations.

Source: CBC News

deposit in South East Asia's Pacific rim.

It is scheduled to begin production in 2016, targeting initial annual output of 340,000 t of copper and 350,000 ounces of gold. Xstrata owns 19.9% of Indophil which it has agreed to sell to Zijin in lieu of a better offer.

Source: TCE Today

prices between China's coal producers and power plants is behind the surging import last year, as power producers turned to imports as coal prices fell in the global market in the face of depressed demand.

Source: ChinaMining.Org

Recent Transactions

GSR Ventures Leads Second-round Financing Of HUBS1

HUBS1 has completed the second-round financing led by GSR Ventures, and the investors involved in the prior round have all followed up the investment.

Backed up by the deal, HUBS1 will fully perform

Shougang Steel May Acquire Tonghua Steel

Shougang Steel and State-owned Assets Supervision and Administration of Jilin province had

China's Goldwind Plans \$1.5 billion IPO

Chinese wind power producer Xinjiang Goldwind Science & Technology Co has chosen China International Capital Corp (CICC) as lead underwriter for a

XD Electric Plans To Raise \$1.13 Billion Through IPO

China XD Electric Co, the nation's biggest maker of electricity transmission and distribution equipment, plans to raise about RMB 7.72 billion (\$1.13

VisionChina Media Announces Completion Of Digital Media Group Acquisition

VisionChina Media Inc. ("VisionChina Media" or the "Company") (Nasdaq: VISN), one of China's largest out-of-home digital television advertising networks on mass transportation systems,

the role as the only official hotel reservation service provider in the upcoming Shanghai World Expo, and leverage the opportunities created by this grand event to display the business drive enabled by the latest distribution technical services to hotel operators countrywide. HUBS1 is a leading travel distribution technology

reached an initial agreement to pay some RMB 2 billion for a controlling stake in Tonghua Steel.

Shougang Group is China's eighth-largest

Hong Kong initial public share offering aimed at raising \$1.5 billion in the first half of 2010.

The strong post-IPO performance of China Longyuan Power Group Corp (0916.HK), the world's fifth-largest wind

power generator, could herald a wave of public offerings from Asia's renewable energy sector. Longyuan raised \$2.2 billion, making it the largest wind power IPO in 2009. Source: China Daily

announced the completion of the Company's previously announced acquisition of Digital Media Group, a leader in China's subway mobile television advertising market. The transaction creates China's largest and most comprehensive mobile television advertising network, furthering VisionChina Media's goal to

service provider in China. By introducing the world's state-of-art technologies, HUBS1 has taken the Central Reservation System (CRS) developed by the international top brand hotel with huge spending, and provide it for independent hotels and hotel groups in China.

Source: Zero2IPO

steel maker. Tonghua Steel is a major producer of angle steel, U-steel, spring flat steel, rim steel, and steel pipes.

Source: ChinaMining.Org

power generator, could herald a wave of public offerings from Asia's renewable energy sector.

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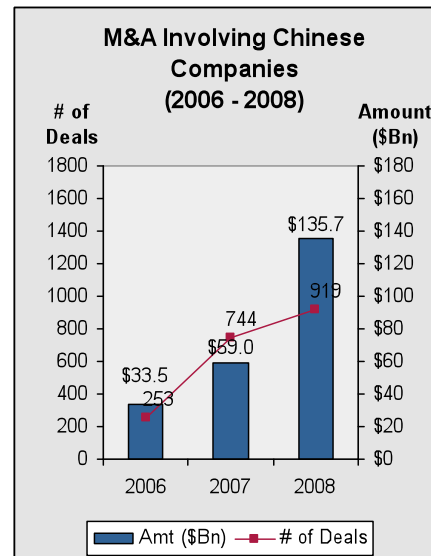
Source: China Daily

ange. XD plans to sell about 40% of the stock available to institutional investors through an offline tranche from Jan 18, and the remaining 60 percent will be offered to all investors on Jan 19.

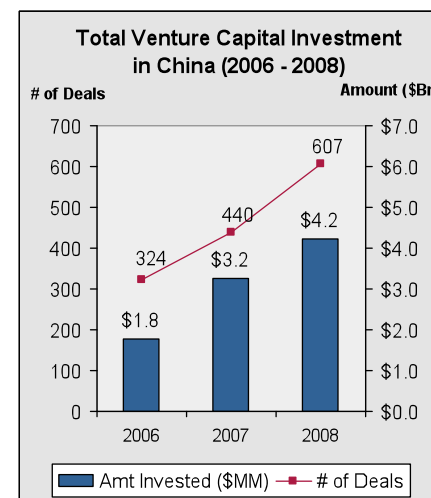
Source: China Daily

become the foremost digital television platform reaching daytime audiences in China. The total consideration for the transaction, consisting of \$160 million in cash and shares, is payable by the Company to eligible shareholders of Digital Media Group in three installments over the next two years.

Source: Zero2IPO



Source: Capital IQ



Source: Zero2IPO