

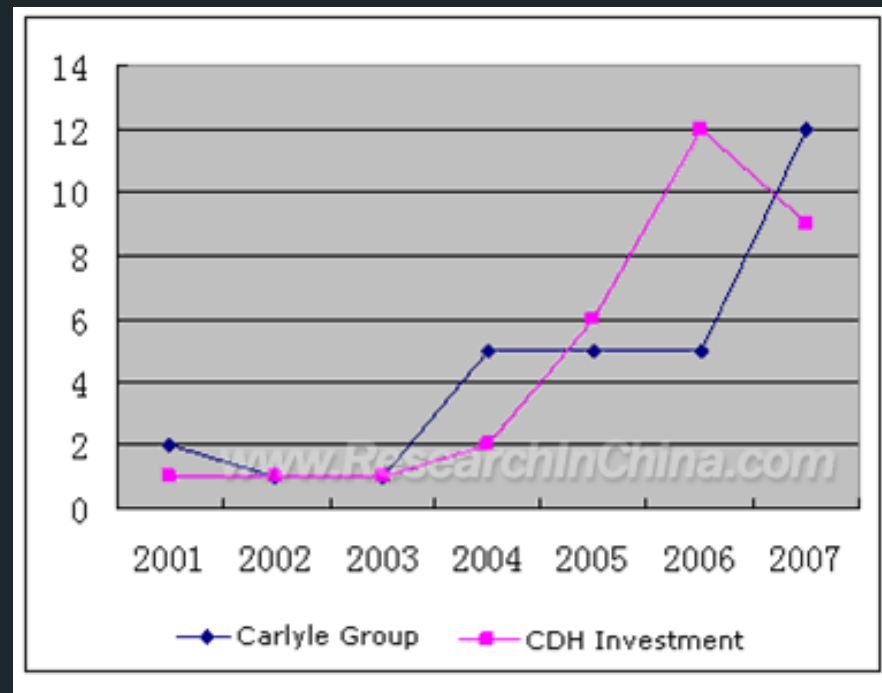
# China Equity Investment Report, 2008 (Updated Version)



Since 2005, China's equity investment market has increased rapidly. In 2007, a total of 177 cases by PE were taken place in Mainland China, up 59% year on year, and the total investment scale had reached USD \$12.8 billion, up 8.9% year on year.

In the first half of 2008, investment strategy of growth capital still dominated the market, but its proportion was on the downward trend, however, investment strategy of bridge capital and PIPE increased continually. In 2007 the number of bridge capital cases doubled to 22 from 11 in 2006, and number of PIPE cases rose 15.8% to 22 from 19 in 2006. All of these indicate that China's private equity market tends to be diversified in terms of investment strategies.

### Number of Investment Cases by Typical PE in china, 2001-2007



Source: ResearchInChina

This report makes an in-depth analysis on the current situation, policy environment, and 27 equity investors in China, and also makes forecast on the development trend of China equity investment market after 2008 based on a thorough study on the market in the period 2007 to 2008.

### Investment of Carlyle Group in China, 2007-2008

Industry	Target	Date	Amount	Equity	Partner
Retail chain	X-tep	08-07-21	HKD61.55 million	0.94%	Carlyle Group
Chemical	Sunon	08-07-08	US\$87 million	N/A	Carlyle Group
Retail chain	X-tep	08-06-30	HKD78.45 million	1.05%	Carlyle Group
Medical appliances	AMS	08-03-15	USD35 million	N/A	CIOC
Energy service	CREC	08-03-07	US\$25 million	N/A	Carlyle Group
Restaurant chain	Diocoffee	07-12-20	US\$21 million	20%	Carlyle Group
Tourism	New Century Tourism Group	07-11-19	US\$100 million	28%	Carlyle Group
Hotel chain	New Century Hotel	07-11-19	US\$100 million	40%	Carlyle Group
Home building materials	A&W	07-10-24	US\$15 million	N/A	Carlyle Group
Finance	China Orienzize	07-10-16	US\$64 million	N/A	AD Citigroup
Retail chain	X-tep	07-09-18	US\$29.27 million	9.6%	Carlyle Group
Training	NeWorld Education	07-09-04	US\$20 million	N/A	Carlyle Group
Electronic magazine	ZOOM	07-08-29	N/A	N/A	Carlyle Group
Catering	Babela	07-07-01	N/A	N/A	Carlyle Group
Insurance	CPIC	07-05-26	N/A	4.2%	Carlyle Group
Machine building	Chengde Steel Tube	07-03-29	US\$80 million	49%	Carlyle Group
Machine building	Honghua Co.	07-01-01	US\$10 million	N/A	IDTV

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