A leading cross-border M&A advisory and investment group focusing on investments between China and the rest of the world

August 23, 2018
Outbound Investment Is Essential For China’s Economy Upgrade, And Government Has Been Supportive To Those Beneficial To Economy Upgrade

**Cross-border M&A is the indispensable means to achieve China’s economic upgrade**

A key character of economic upgrade is industry leaders obtain core technologies, brands, management competitiveness and globalization

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<th>Commitment</th>
<th>Preference</th>
<th>Rationale</th>
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<td>• Chinese industry leaders have realized the benefits to get a jump-start on their business through cross-border M&amp;A</td>
<td>• The United States has become one of the desired location to invest, due to its characteristics as the high-tech and innovation center in the world</td>
<td>• With huge market opportunity, large distribution network and brand &amp; knowhow in Asian market, the Chinese industry leaders can achieve enormous synergies by strategically cooperating with desired US companies</td>
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**Government has created an environment better for mid-sized outbound investment**

- In Dec 2016, the Chinese government tightened restrictions on outbound investment in industries irrelevant to economy upgrade; those industries include real estate, hotel, entertainment, sports club, etc.
- Outbound investment of which deal value over 1 billion USD will be more strictly reviewed and scrutinized than before, which makes capital pool larger for middle market outbound investment

*State Administration of Foreign Exchange (SAFE) of People’s Republic of China
Source: SAFE website

“The opened window will not be closed again.”
Gongsheng Pan, Administer of SAFE
Feb, 2017
We Offer Cross-Border Investment Banking Services And Invest In Projects That Meet Our Criteria

Vision: become the best cross-border investment bank and investor

Mission: become the go-to source to access Chinese investors and market

Investment Banking
- There are hundreds of overseas projects online; projects cover the most pursued industries in China and are aligned with China’s economy upgrade
- Professional in cross-border deal execution;

PMI
- Post Merger Integration (PMI) is one of the biggest challenges facing cross-border M&A transaction
- We have ample PMI experience and understand the key issues with proven solutions

Joint Venture
- Form JV with US & European high tech companies who need to expand in China market
- Seek for strategic/financial investors and grow the business together with them in China

Direct Investment
- Target are those companies who have the potential to be bought out or go IPO in one or two years
- The industries we are looking for are hot industries covered by our online platform

Professional: team is comprised of savvy M&A professionals

Focused: we only do cross-border M&A between China and the rest of the world
2013-2017 China Outbound M&A Deals

Mainland China outbound deals, from 2013 to 2017

- 2013: 198 deals, US$43 billion
- 2014: 272 deals, US$51.8 billion
- 2015: 380 deals, US$57.0 billion
- 2016: 920 deals, US$208.7 billion
- 2017: 806 deals, US$121.4 billion

*US$43 bn ChemChina-Syngenta deal is included in 2016 outbound value
Source: ThomsonReuters, ChinaVenture and PwC analysis
Privately Owned Enterprises Are The Driving forces

China mainland outbound deals, from 2013 to 2017

Source: ThomsonReuters, ChinaVenture and PwC analysis
Technology and Industrial Products Are The Most Active Sectors


Source: ThomsonReuters, ChinaVenture and PwC analysis
Financial Buyers Continued to Grow

Mainland China financial buyer-backed outbound deals

No.

250

200

150

100

50

0

2013 2014 2015 2016 2017

US$ billion

1.0

13.0

12.7

37.4

34.1

238

Source: ThomsonReuters, ChinaVenture and PwC analysis
The U.S. And Europe Are The Most Interested Areas

Outbound M&A deal volume by region of destination 2013-2017

Source: ThomsonReuters, China Venture and PwC analysis
The Outbound Deals By Value Declined

**Outbound M&A deal value by region of destination 2013-2017**

- **Europe**
  - 2013: 4.9
  - 2014: 3.7
  - 2015: 2.2
  - 2016: *94.5
  - 2017: 36.2

- **Asia**
  - 2013: 0.2
  - 2014: 11.4
  - 2015: 14.3
  - 2016: 16.6
  - 2017: 11.2

- **United States**
  - 2013: 11.0
  - 2014: 15.4
  - 2015: 23.4
  - 2016: 65.8
  - 2017: 7.3

- **Oceania**
  - 2013: 7.0
  - 2014: 5.0
  - 2015: 11.8
  - 2016: 18.3
  - 2017: 4.0

- **Other North America**
  - 2013: 2.4
  - 2014: 9.7
  - 2015: 0.1
  - 2016: 3.8
  - 2017: 0.1

- **Africa**
  - 2013: 0.1
  - 2014: 1.1
  - 2015: 1.3
  - 2016: 0.1
  - 2017: 0.1

- **South America**
  - 2013: 0.1
  - 2014: 0.3
  - 2015: 0.3
  - 2016: 0.1
  - 2017: 0.1

- **Russia**
  - 2013: 0.1
  - 2014: 0.3
  - 2015: 0.3
  - 2016: 0.1
  - 2017: 0.1

*US$43 bn ChemChina-Syngenta deal is included in 2016 outbound value

Source: ThomsonReuters, ChinaVenture and PwC analysis