



Arbor Lake Capital

China Outbound M&A Trend

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

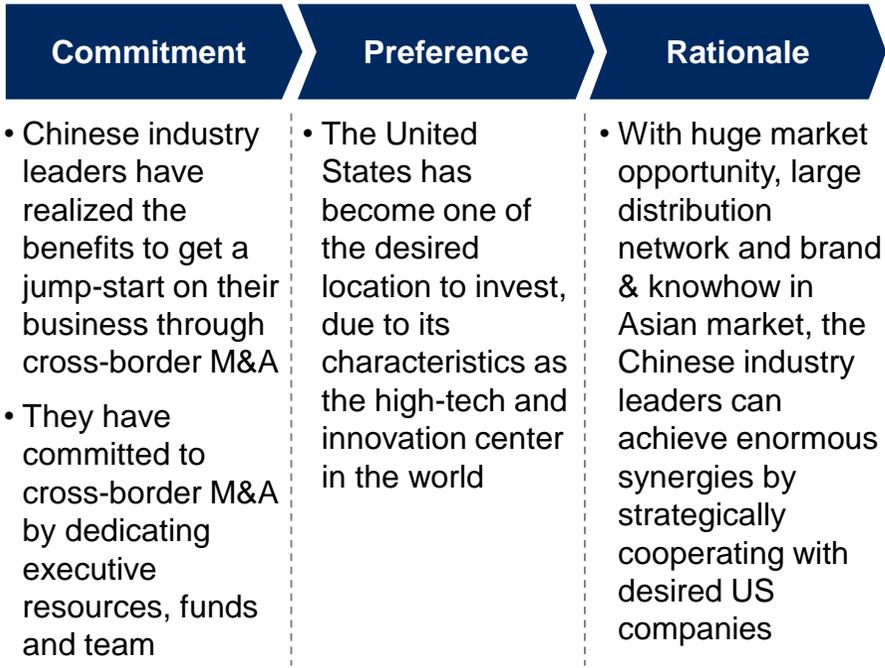
August 23, 2018

CONFIDENTIAL

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



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

*"The opened window will not be closed again."
Gongsheng Pan, Administer of SAFE*
Feb, 2017*

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

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

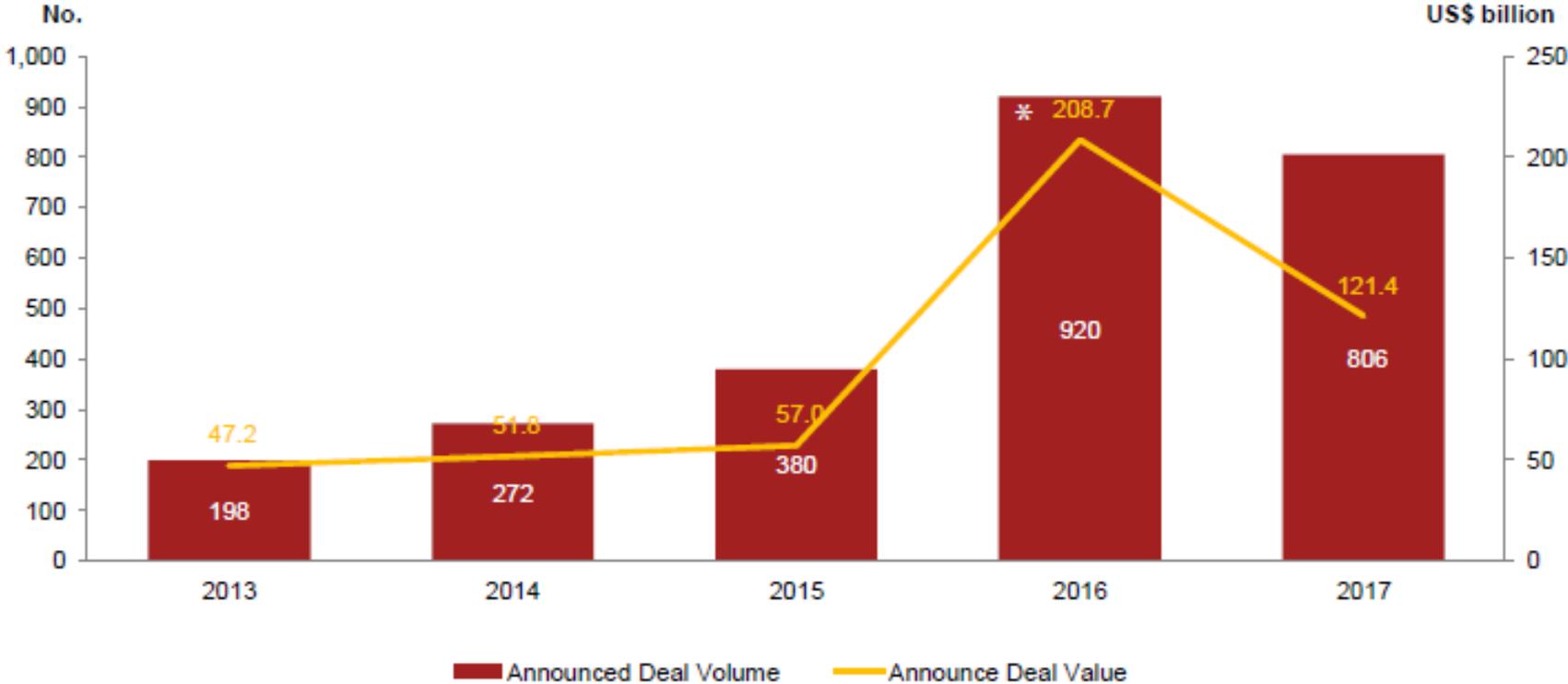
Investment Banking	PMI	Joint Venture	Direct Investment
<ul style="list-style-type: none"> • There are hundreds of overseas projects online; projects cover the most pursued industries in China and are aligned with China's economy upgrade • Professional in cross-border deal execution; 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

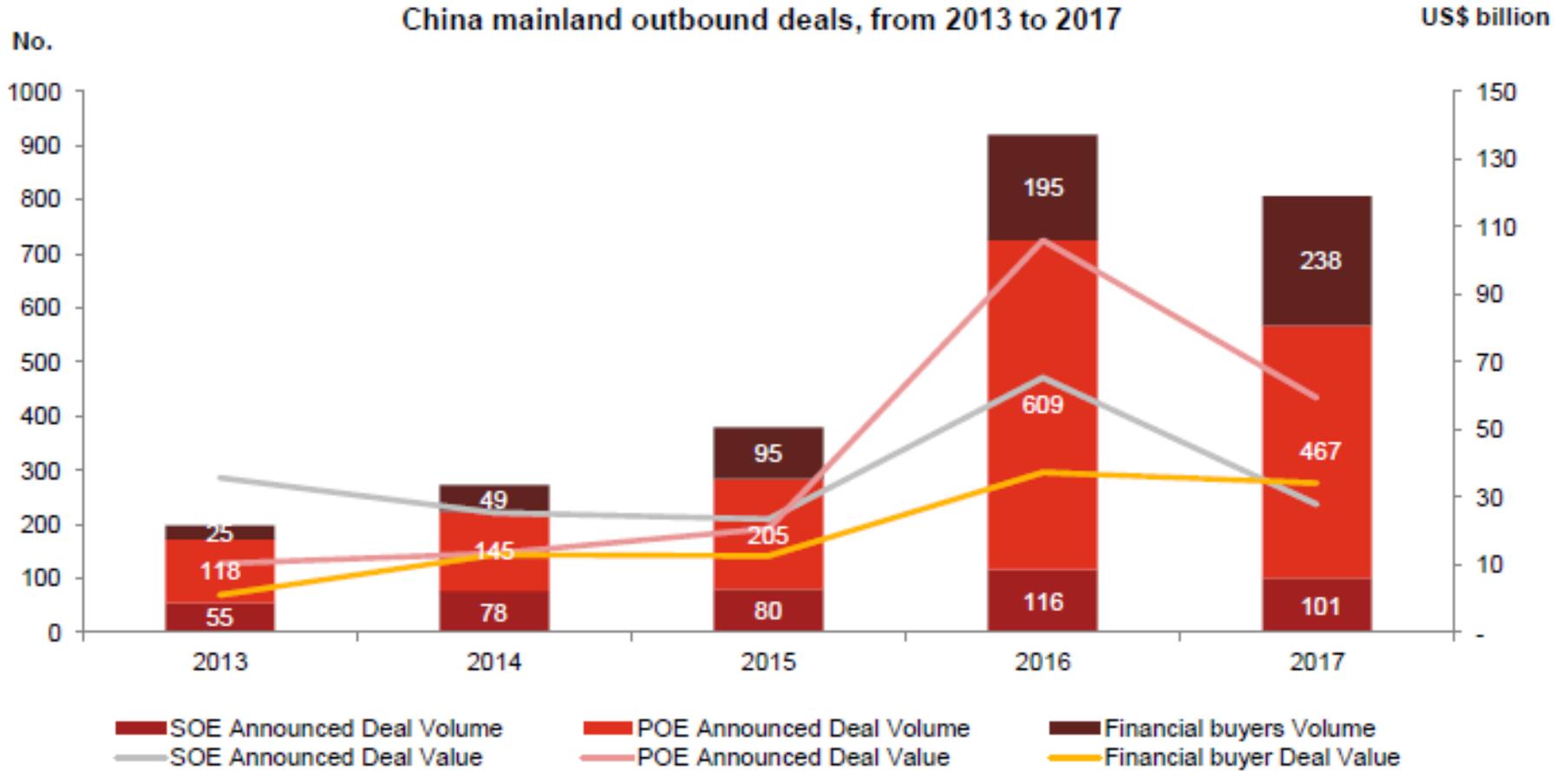
2013-2017 China Outbound M&A Deals

Mainland China outbound deals, from 2013 to 2017



*US\$43 bn ChemChina-Syngenta deal is included in 2016 outbound value
 Source: ThomsonReuters, ChinaVenture and PwC analysis

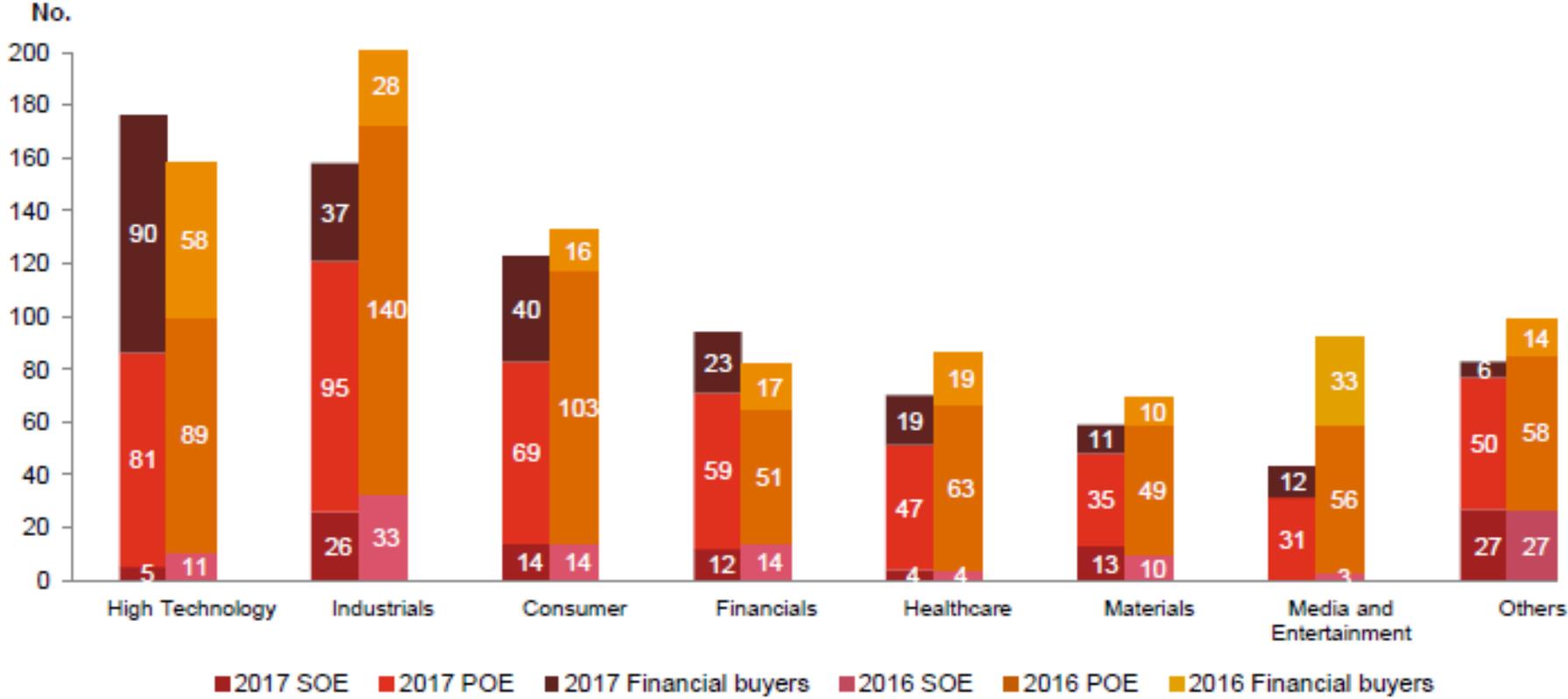
Privately Owned Enterprises Are The Driving forces



Source: ThomsonReuters, ChinaVenture and PwC analysis

Technology and Industrial Products Are The Most Active Sectors

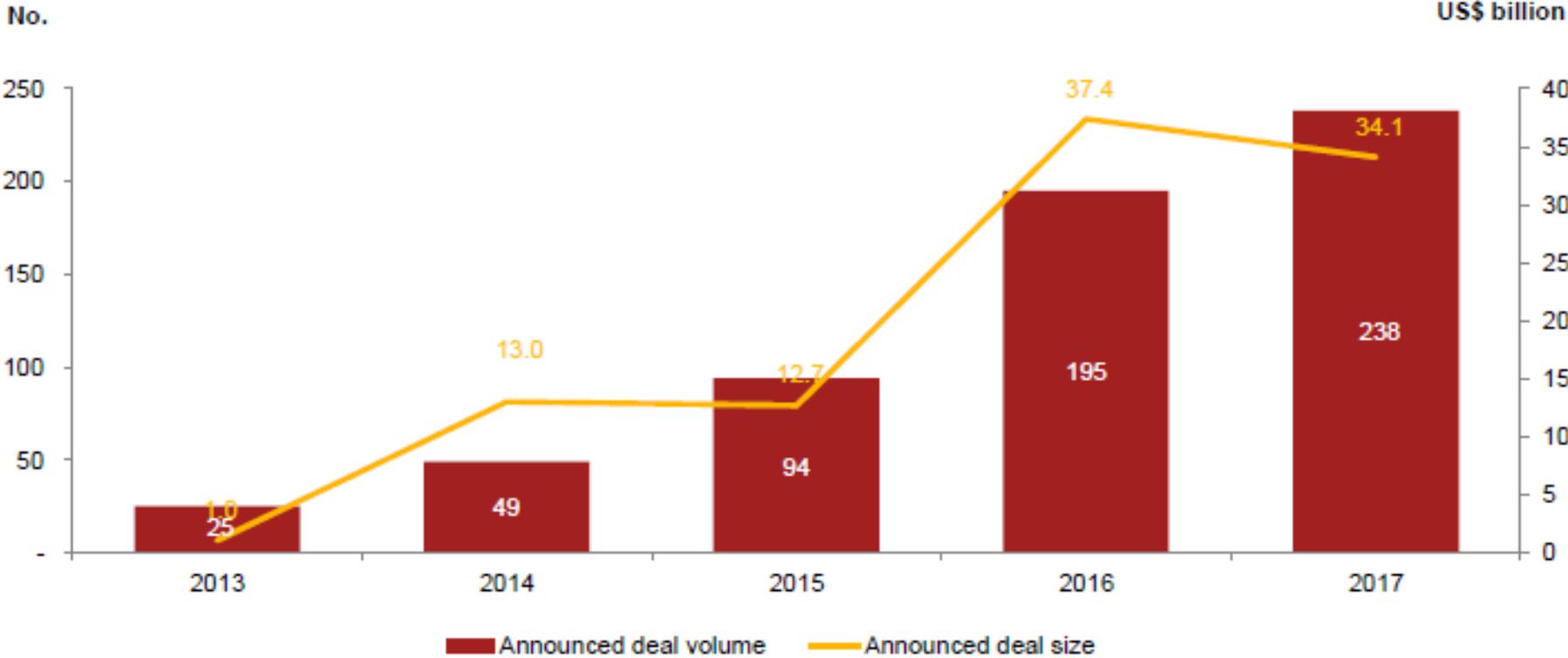
China mainland outbound deals by industry sector – volume, 2017 vs. 2016



Source: ThomsonReuters, ChinaVenture and PwC analysis

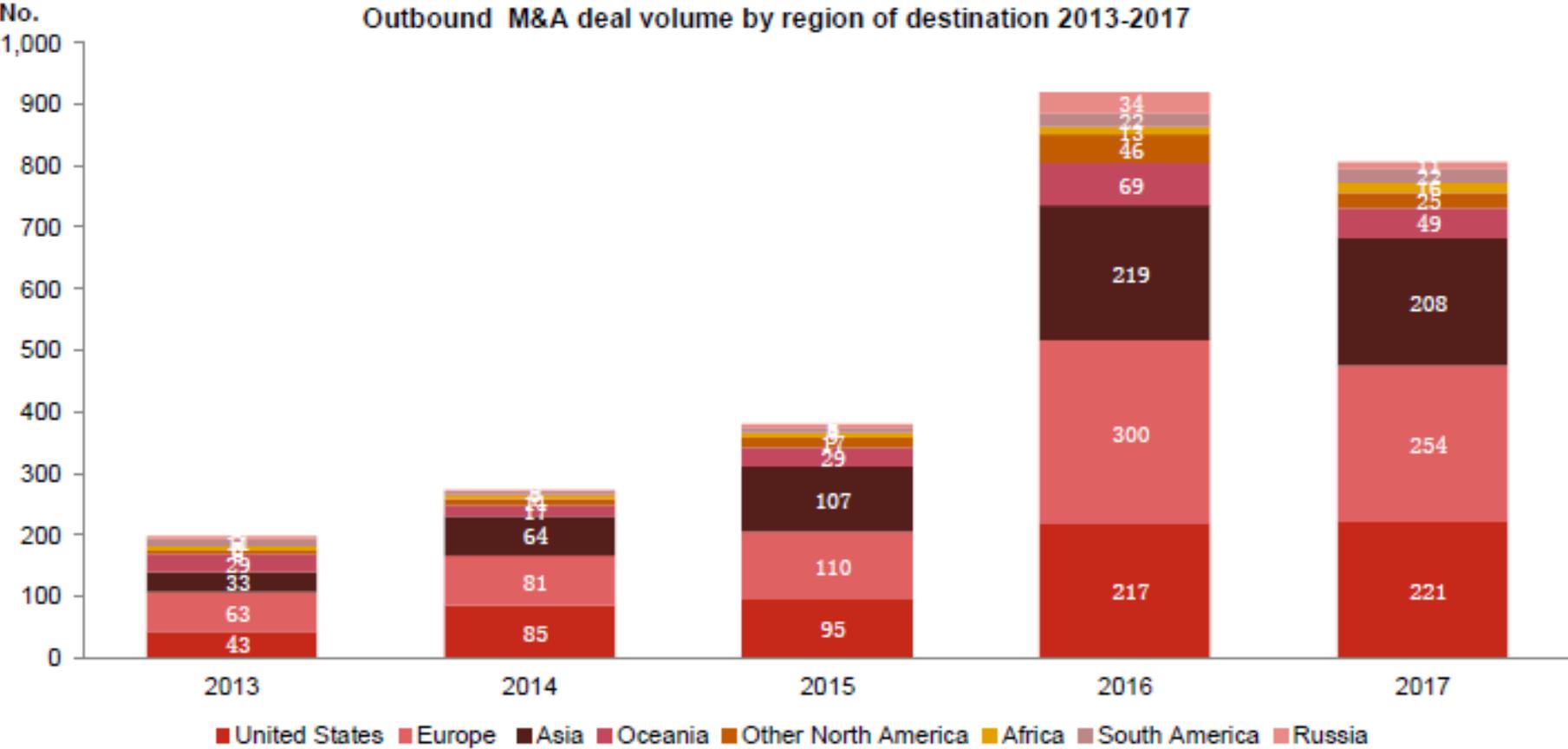
Financial Buyers Continued to Grow

Mainland China financial buyer-backed outbound deals



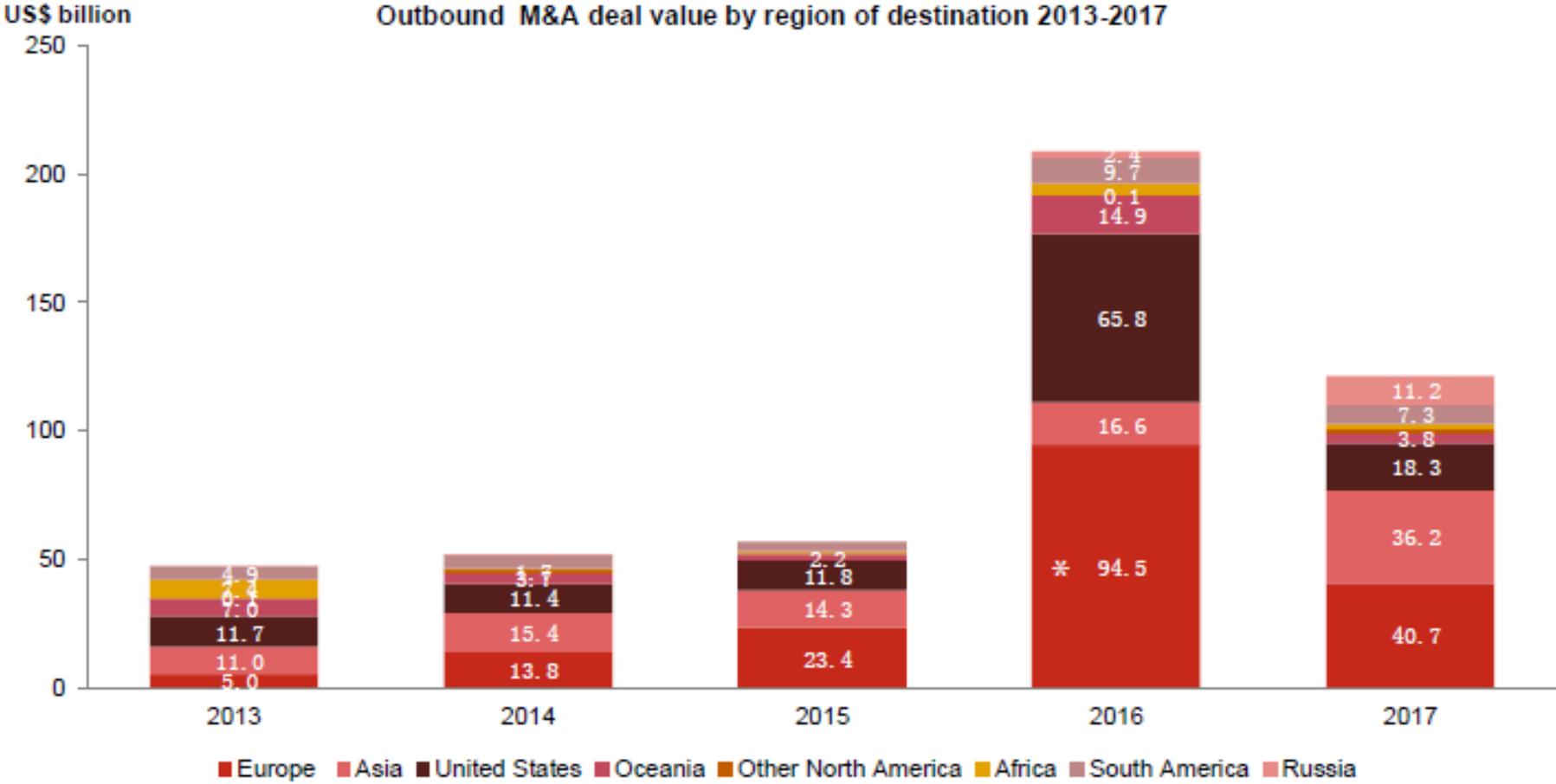
Source: ThomsonReuters, ChinaVenture and PwC analysis

The U.S. And Europe Are The Most Interested Areas



Source: ThomsonReuters, China Venture and PwC analysis

The Outbound Deals By Value Declined



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

Source: ThomsonReuters, ChinaVenture and PwC analysis

Q&A