

**Q1 2021 Announced Chinese Inbound M&A Transactions/VC/PE Private Investments  
48 Group/CGI**

Q1 2021 announced China inbound investments/pledges were \$14.2 billion, up 16.4% from Q4 2020 \$12.2 billion and also above Q3 2020 levels. These investments were a mixture of controlling inbound acquisitions, minority stakes, JVs and new plants/operations. This quarter- and likely Q2- was led by investments in the logistics sector across many transaction structures including pre-IPO stakes. Large inbound Chinese mainland real estate transactions were the 2nd most active sector.

There remained consistent inbound activity in the automotive, healthcare, chemicals, tech and financials sectors, where we saw international companies (USA and EU) acquiring controlling stakes in their prior JVs as well as inbound investment into tech. We set out information by region below:

Asia led with \$5.5 billion. Just under \$3 billion of this value was in two major Asian into mainland Chinese real estate acquisitions. There were a number of announced Asian inbound logistics investments totaling circa \$1.5 billion as well as a \$150+ million investment into a Shenzhen industrial park. We anticipate several more of logistics transactions involving Asian investors to be announced in Q2. There were a number of minority Asian investments into mainland Chinese healthcare, with a focus on hospitals as well as biotech. Toyota announced a Chinese JV in hydrogen fuel cells and the Thai-Chinese automotive EV JV announced plans for expansion.

Announced North America totalled \$4.7 billion. Warburg Pincus (combined with Canadian real estate player QuadReal Property Group), Carlyle and Blackstone announced Chinese logistics purchases totalling nearly \$2.5 billion. There were a number of investments into Chinese healthcare/pharma/life sciences totalling over \$500 million by US based VC firms, PE firms and healthcare organisations. Zuoyebang, China's leading online after school education start-up, raised over US\$1.6 Billion in its Series E+ financing from investors which included an estimated \$550 million from USA and Canadian based investors (OTPP -Canada). Bain Capital announced it invested \$200 million in Chinese tech startup Newlink Group.

In financial services:

- CMB Wealth Management (CMBWM) and JP Morgan Asset Management (JPMAM) have started marketing a target date fund. The Zhao Zhi Wu You Target 2035 Fund is the first collaborative product between CMBWM and JPMAM after their expanded strategic partnership, which saw JPMAM take a 10% stake of CNY2.67bn (\$410m) in the Shenzhen-based wealth manager in March 2021.
- PayPal became the first foreign company to own 100% of a payments platform in China as the financial technology company as it acquired the remaining 30% of GoPay it had not previously acquired. (value not disclosed)
- SWIFT, the global system for financial messaging and cross-border payments, announced a JV with PBOC's digital currency research institute and clearing centre

In automotive, in late January, Ford announced that Mustang Mach-E, its first global pioneering SUV built on an all-new, all-electric platform, will be manufactured in China by Changan Ford for local customers. A breakthrough vehicle in Ford's electrification strategy, Mustang Mach-E is scheduled to become available in China later this year.

In consumer, Tim Hortons, an iconic Canadian consumer brand, raised a new round of funding for its Chinese venture. The investment was led by Sequoia China with participation from Tencent, its digital partner in China, and Eastern Bell Capital. The round comes two years after Tim Hortons made its foray into China's booming coffee industry and the Luckin Coffee's scandal. We estimate that this round is another \$250-400 million as Tim Horton's plans to more than double its existing franchise in 2021 (200 new stores) and reach 1,500 stores nationwide in the next few years. Bombardier's (Canada) Chinese JV also won a \$192 million Chinese rail servicing contract signed in Q1.

Europe (including the UK) followed with \$4.0 billion. There were a number of acquisitions of controlling stakes, across a number of industries. The largest inbound investment was Kuehne+Nagel's (Switzerland) agreement to acquire Apex International Corporation (launched in China), one of Asia's leading freight forwarders, for \$ 1.5 billion. Brenntag (Germany), the global market leader in chemical and ingredients distribution, agreed to acquire the majority of Zhongbai Xingye Food Technology (Beijing), initially with a 67% stake valued (Enterprise Value ) of about €90 million. Plastics specialist/car windows Wirthwein (Germany) decided to acquire the remaining 50% of its Chinese JV Shenyang Wirthwein Technology to take 100% ownership. New World Services sold a 42% stake in Suez NWS Limited to Suez Group (France) at a consideration of \$537 million.

In financial services, both UBS (16%) and Allianz (49%) agreed to increase their ownership percentages in existing Chinese JVs.

In JVs and/or minority stakes, not surprisingly the automotive sector remained very active; Geely and Mercedes-Benz completed a 50/50 JV that will build Smart models in China (\$780 million investment each); Audi formed a Chinese JV with the first majority interest (60%) held by a foreigner, 40% held by FAW. Faurecia, one of the world's leading automotive technology companies, announced both completion of its acquisition from DAS Corporation of 50% of its JV with BAIC as well as establishing a new 50/50 JV, also with BAIC.

The UK formed JVs in aerospace and media, and participated in the 50% capital raise for a China based healthcare fund. LyondellBasell (Netherlands) one of the EU's largest plastics, chemicals and refining companies and Sinopec signed a 50/50 JV which will produce propylene oxide (PO) and styrene monomer (SM) in China's domestic market. In energy, TOTAL and Synergy Group (China) formed a JV in LNG. BASF continues on its path to build a \$10 billion 100% owned chemicals operation.

EU companies were also active in the Chinese tech sector including Allianz with a significant insurtech investment while BASF Ventures made an investment into a China based synthetic biotech company. Concordium (Switzerland) and Geely (80%) signed a JV in which Geely's Genius & Guru, based in Beijing, plans to use Concordium's Blockchain Technology to become a leading Blockchain Technology- and Service Provider in China across industries.