

# China M&A 2024

# Review and Outlook

February 2025



# Foreword

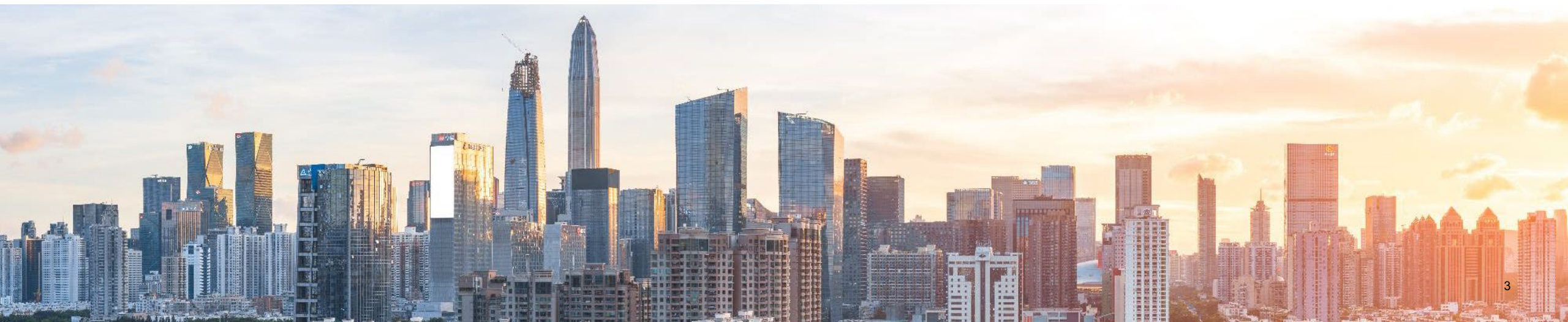
## Explanation of data shown in this presentation (1)

- The data presented is based on information compiled by Refinitiv Eikon (formerly named “ThomsonReuters”), CV Source, AVCJ, public news and PwC analysis unless stated otherwise
- Refinitiv Eikon and CV Source record announced deals. Some announced deals will not go on to complete
- The deal volume figures presented in this report refer to the number of deals announced, whether or not a value is disclosed for the deal
- The deal value figures presented in this report refer only to those deals where a value has been disclosed (referred to in this presentation as “disclosed value”)
- “Domestic” means China including Hong Kong, Macau and Taiwan
- “Outbound” relates to Chinese Mainland company acquisitions abroad
- “Inbound” relates to overseas company acquisitions of domestic companies
- “Private Equity deals” or “PE deals” refer to financial buyer deals with deal value over US\$10mn and invested mainly by private equity GPs but also including direct investments by financial institutions and conglomerates which are of the nature of private equity type investment

# Foreword

## Explanation of data shown in this presentation (2)

- “VC deals” refer to financial buyer deals with deal value of less than US\$10mn and/or with undisclosed deal value, but invested by financial buyers
- “Strategic buyer” refers to corporate buyers (as opposed to financial buyers) that acquire companies with the objective of integrating the acquisition in their existing business
- “Financial buyer” refers to investors that acquire companies with the objective of realising a return on their investment by selling the business at a profit at a future date and mainly, but not entirely, comprises PE and VC funds
- In order to exclude foreign exchange impact, deal values from previous years were adjusted based on monthly average Rmb/US\$ exchange rate in 2024



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China M&A

Overview



# China M&A fell to multi-year lows in 2024, down 16% to US\$277bn, although a strong rebound in Venture Capital investing resulted in deal volumes rebounding by 24% compared to 2023

## Total deal volume and value, from 2020 to 2024

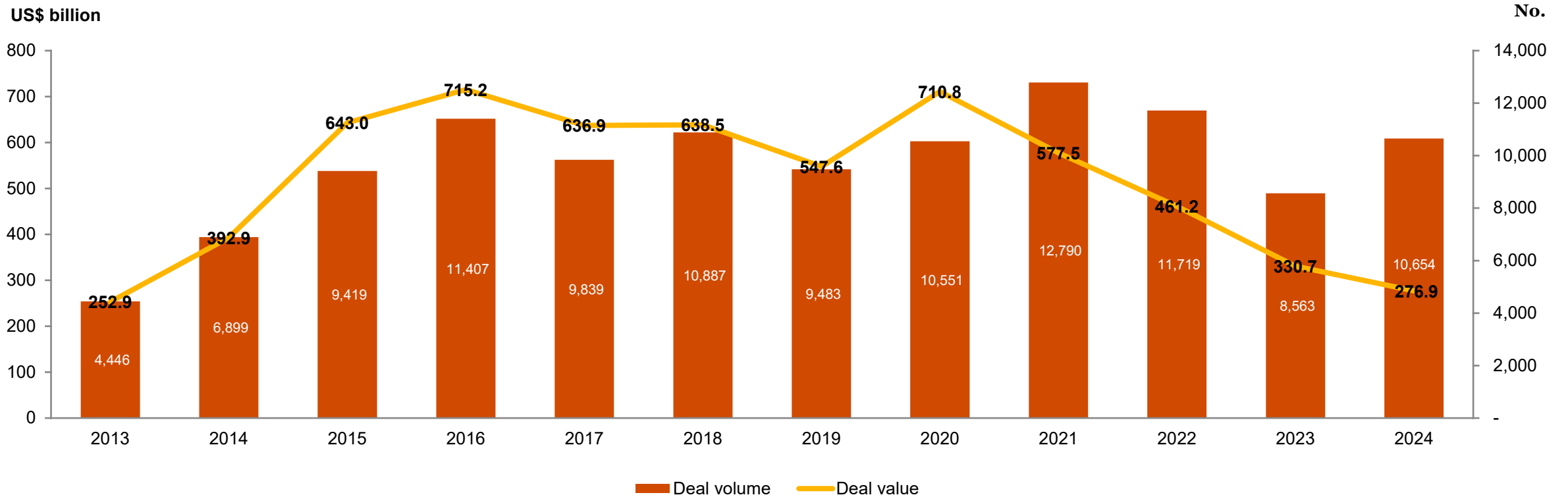
	2020		2021		2022		2023		2024		% Diff vol. 2024 vs. 2023	% Diff val. 2024 vs. 2023
	Volume	Value (US\$bn)	Volume	Value (US\$bn)	Volume	Value (US\$bn)	Volume	Value (US\$bn)	Volume	Value (US\$bn)		
<b>Strategic buyers</b>												
Domestic	4,530	338.5	5,143	237.1	4,478	191.6	3,240	146.0	3,116	130.9	-4%	-10%
Foreign	181	14.1	142	18.0	124	13.9	80	14.5	82	5.6	2%	-61%
<b>Total Strategic buyers</b>	<b>4,711</b>	<b>352.6</b>	<b>5,285</b>	<b>255.1</b>	<b>4,602</b>	<b>205.5</b>	<b>3,320</b>	<b>160.5</b>	<b>3,198</b>	<b>136.5</b>	<b>-4%</b>	<b>-15%</b>
<b>Financial buyers</b>												
Private Equity	2,077	321.9	2,269	301.2	2,020	233.1	1,168	147.2	1,041	121.0	-11%	-18%
VC	3,361	2.7	4,920	3.4	4,766	5.4	3,766	3.0	6,125	2.3	63%	-23%
* <b>Total Financial buyers</b>	<b>5,438</b>	<b>324.6</b>	<b>7,189</b>	<b>304.6</b>	<b>6,786</b>	<b>238.5</b>	<b>4,934</b>	<b>150.2</b>	<b>7,166</b>	<b>123.3</b>	<b>45%</b>	<b>-18%</b>
<b>Mainland China Outbound</b>												
SOE	27	6.2	19	4.4	30	5.2	23	3.7	14	2.0	-39%	-46%
POE	253	21.2	211	8.5	172	7.3	195	11.9	145	7.0	-26%	-41%
* Financial buyers	123	13.5	272	32.3	288	29.6	136	3.3	100	3.3	-26%	0%
<b>Total Mainland China Outbound</b>	<b>403</b>	<b>40.9</b>	<b>502</b>	<b>45.2</b>	<b>490</b>	<b>42.1</b>	<b>354</b>	<b>18.9</b>	<b>259</b>	<b>12.3</b>	<b>-27%</b>	<b>-35%</b>
<b>HK/TW Outbound</b>	<b>122</b>	<b>6.2</b>	<b>86</b>	<b>4.9</b>	<b>129</b>	<b>4.7</b>	<b>91</b>	<b>4.4</b>	<b>131</b>	<b>8.1</b>	<b>44%</b>	<b>84%</b>
<b>Total</b>	<b>10,551</b>	<b>710.8</b>	<b>12,790</b>	<b>577.5</b>	<b>11,719</b>	<b>461.2</b>	<b>8,563</b>	<b>330.7</b>	<b>10,654</b>	<b>276.9</b>	<b>24%</b>	<b>-16%</b>

• Financial buyer-backed Chinese Mainland outbound deals are also included in financial buyer deals, but they are not double counted in the total deal volume and deal value in the table above.

Source: Refinitiv Eikon, CV Source and PwC analysis

The ten year trend shows the lowest levels of M&A by value since 2013, but much more positive volumes because of the Venture Capital industry

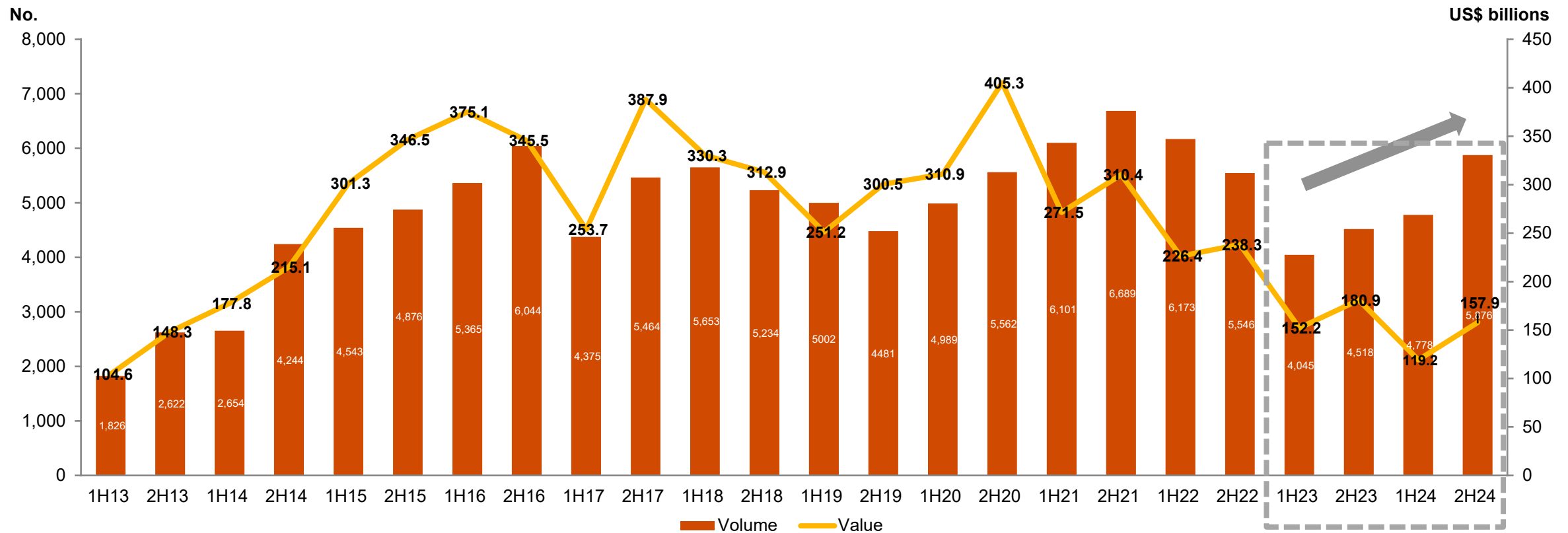
Total deal volume and value, from 2013 to 2024



Source: Refinitiv Eikon, CV Source and PwC analysis

# Overall M&A market in China by half years | A half-yearly view also shows a steadily improving trend line over the last two years; although affected by a lack of mega-deals, M&A by value jumped by a third in 2H24 (compared to 1H24) to US\$158bn

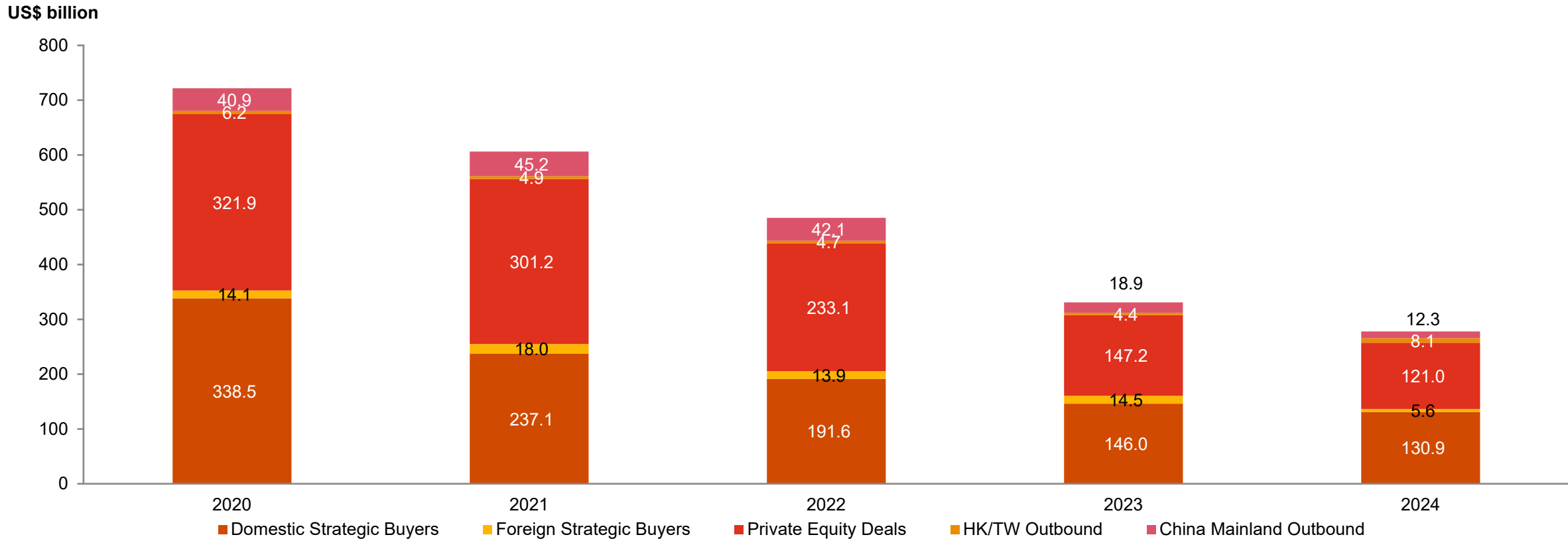
China M&A trend from 2013 to 2024 in half years



Source: Refinitiv Eikon, CV Source and PwC analysis

Nevertheless, deal values fell to multi-year lows with domestic strategic M&A down by 10% and PE dropping by 18%

Deal value by main category (excludes VC)



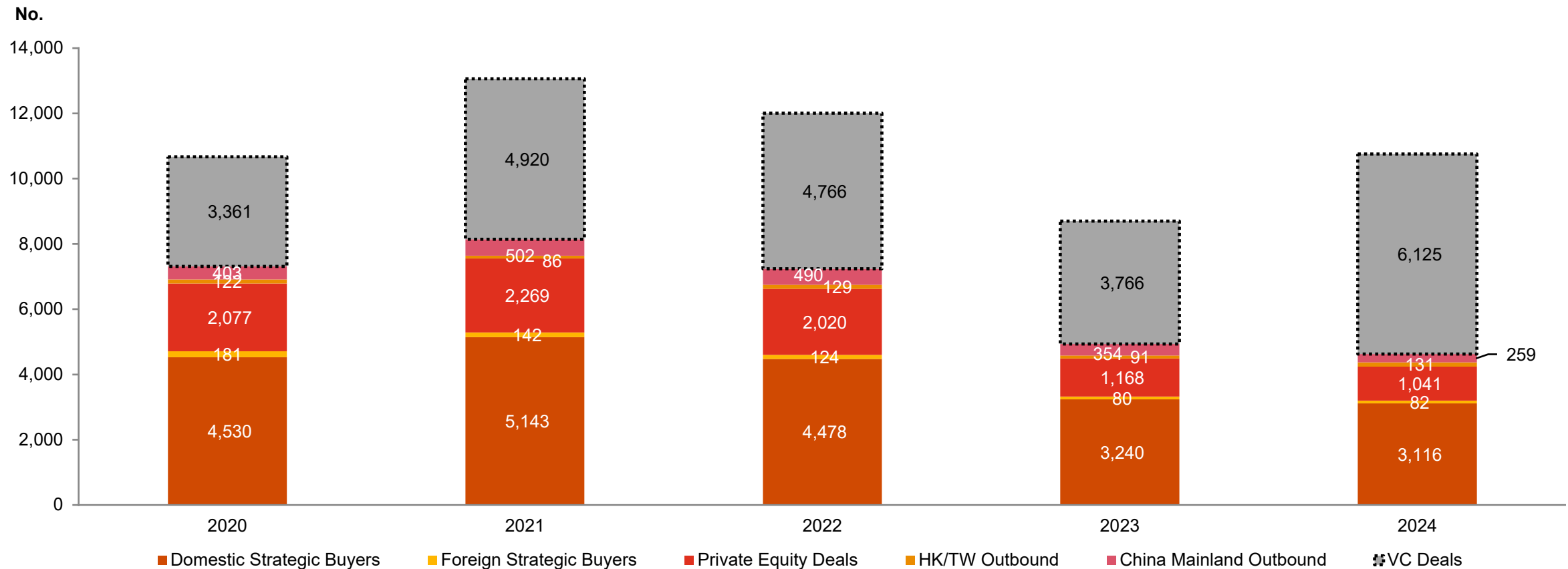
\* US\$3.2bn of financial buyer-backed Chinese Mainland outbound deals are also recorded in private equity deals. US\$0.1bn are recorded in VC deals (excluded from this chart).

Source: Refinitiv Eikon, CV Source and PwC analysis



In volume terms, domestic strategic deals fell by 4%, PE by 11% and Chinese Mainland outbound by 27%; VC was the bright spot, increasing by 63% to multi-year highs

Deal volume by main category

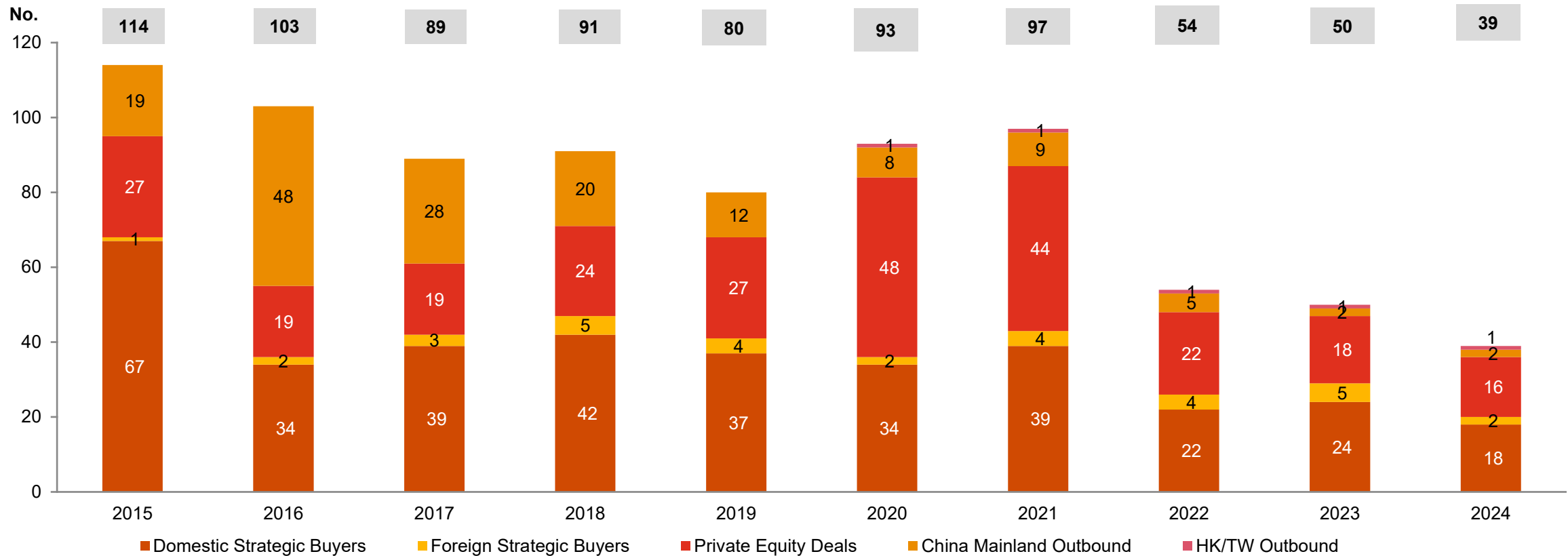


• 36 financial buyer-led Chinese Mainland outbound deals are also recorded in private equity deals, 64 are included in VC deals

Source: Refinitiv Eikon, CV Source and PwC analysis

There were only 39 mega-deals (> US\$1bn) in 2024, another multi-year low, of which 18 were related to SOEs; important sectors were industrials (9 mega-deals), high technology (8 mega-deals) and energy & power (6 mega-deals)

Number of deals with value > US\$ 1 billion



\* Defined as > US\$1bn

Source: Refinitiv Eikon, CV Source and PwC analysis

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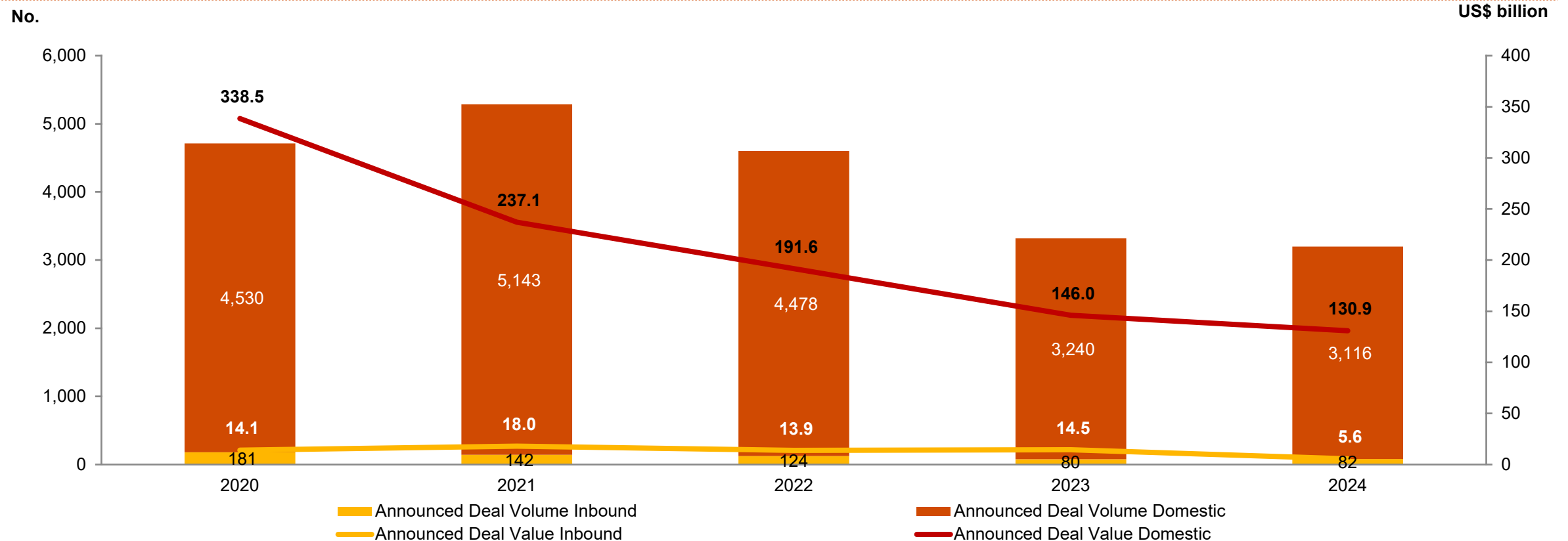
Strategic

buyers



Domestic strategic M&A fell 10% in value and 4% in volume as dealmakers faced various economic and geopolitical uncertainties; although various government policies were released supportive of M&A, market participants tended to wait on the sidelines in anticipation of greater stimulus or some up-tick in general confidence to improve valuations

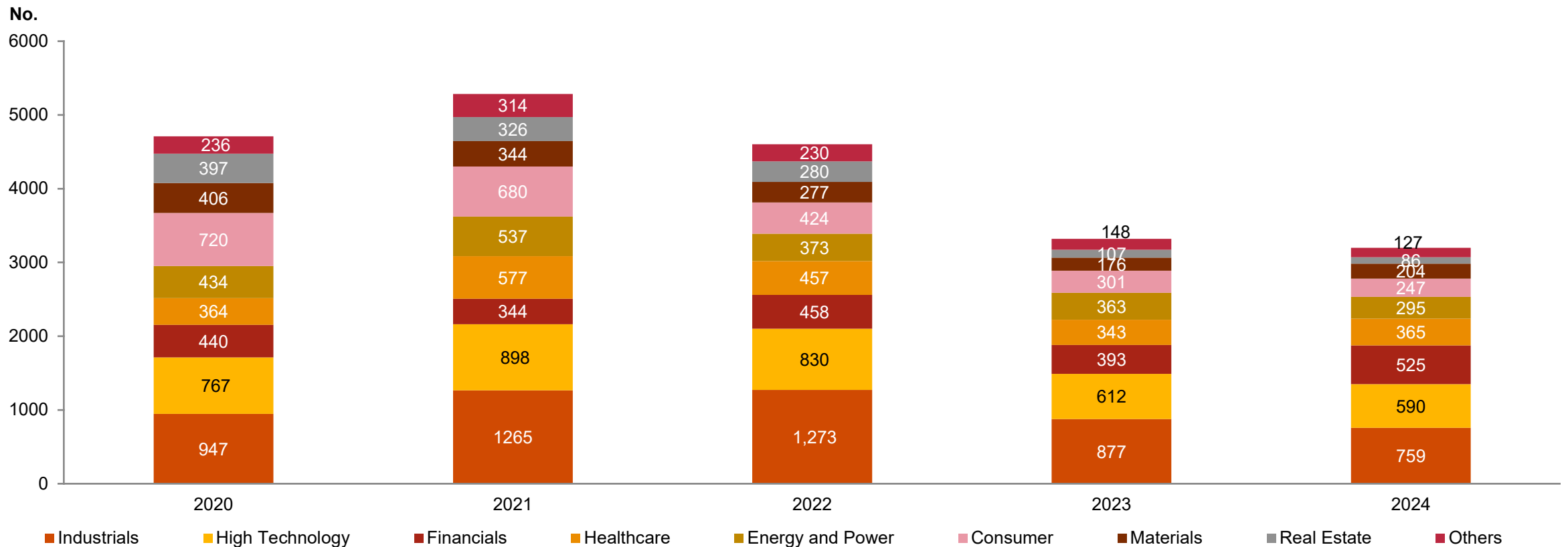
### Strategic buyer deals – Domestic & Foreign



Source: Refinitiv Eikon, CV Source and PwC analysis

Industrials and high technology were still the two biggest sectors by volume overall with some sector-specific themes such as NEV, industrial upgrades and generative AI putting some floor under M&A in these sectors; in addition, the financial sector was somewhat active in 2024, with some ongoing restructuring of smaller financial institutions

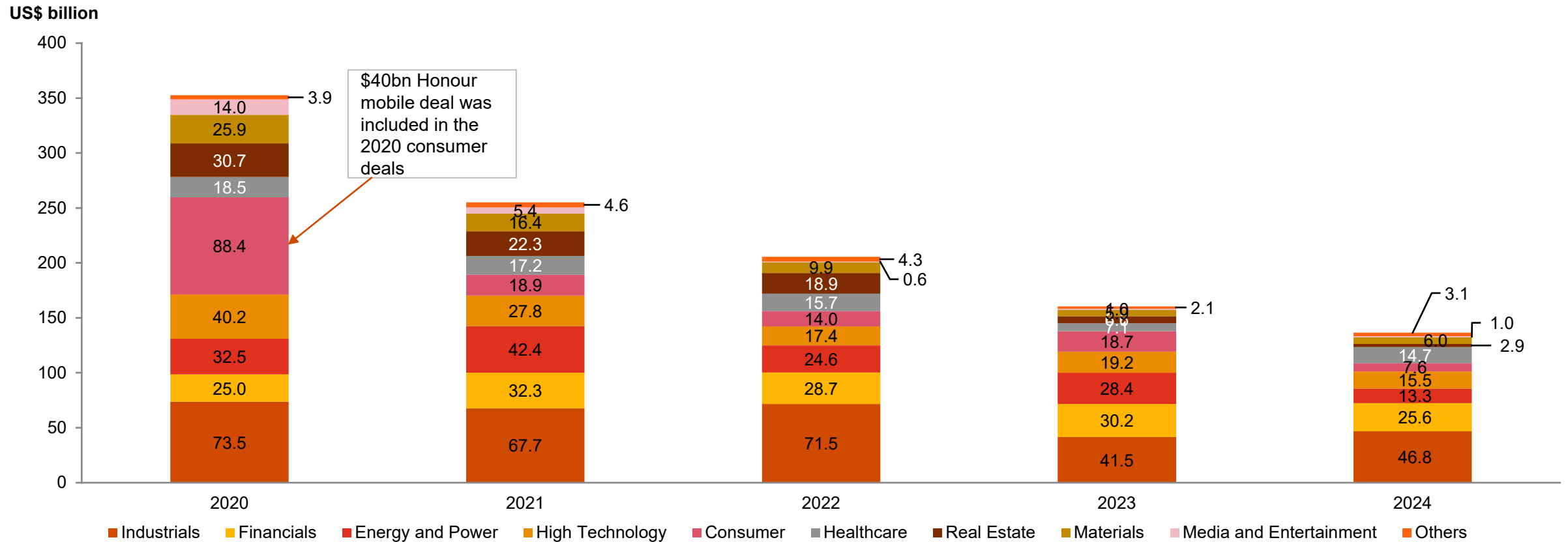
Strategic buyer deal volume by industry sector



Source: Refinitiv Eikon, CV Source and PwC analysis

Deal values suffered from the lack of mega-deals with only 18 mega-deals by strategic buyers: the CSSC SOE merger at US\$16bn was the largest deal in 2024; other large deals originated from government-driven restructurings in the financial sector; two HKSE privatisations (healthcare and logistics); and some industry integrations (healthcare and industrials)

Strategic buyer deal value by industry sector



Source: Refinitiv Eikon, CV Source and PwC analysis

3

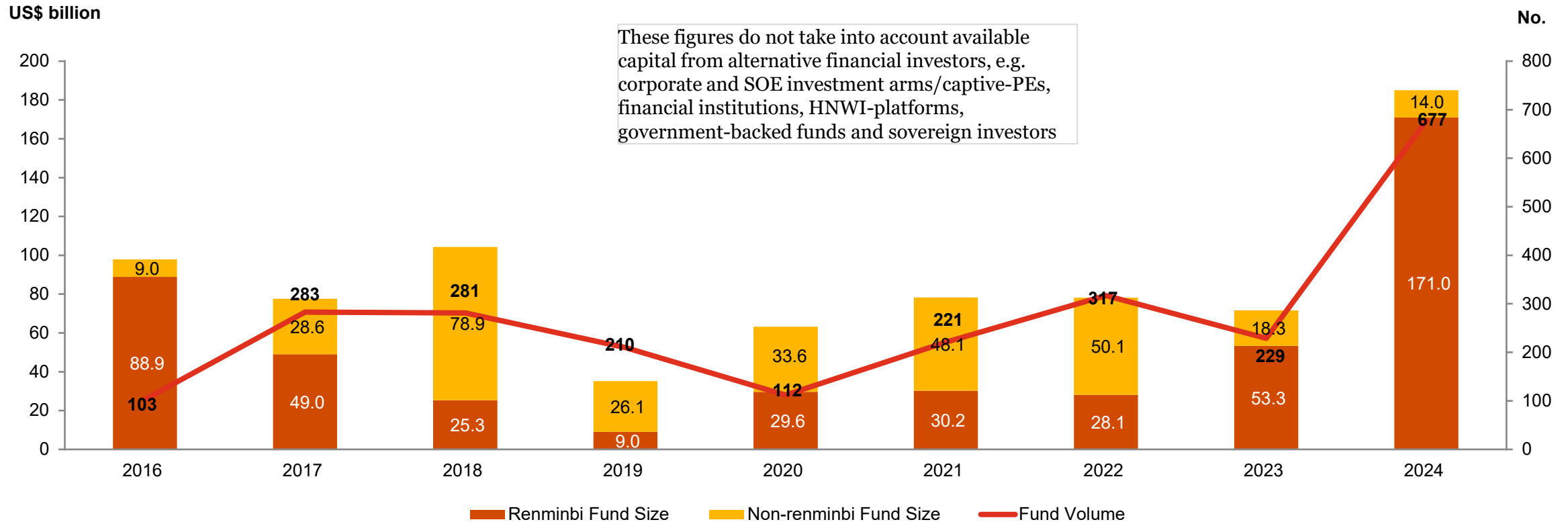
PE/VC and

financial buyer deals



PE fundraising swung sharply in favour of renminbi raises with dollar funds generally struggling to raise capital specifically for China investment affected by geo-political issues, economic weakness, and uncertainties around policies and regulations affecting certain sectors; a perceived benefit in investing from domestic capital pools was a clear factor in the market

### PE/VC fund raising for China investment

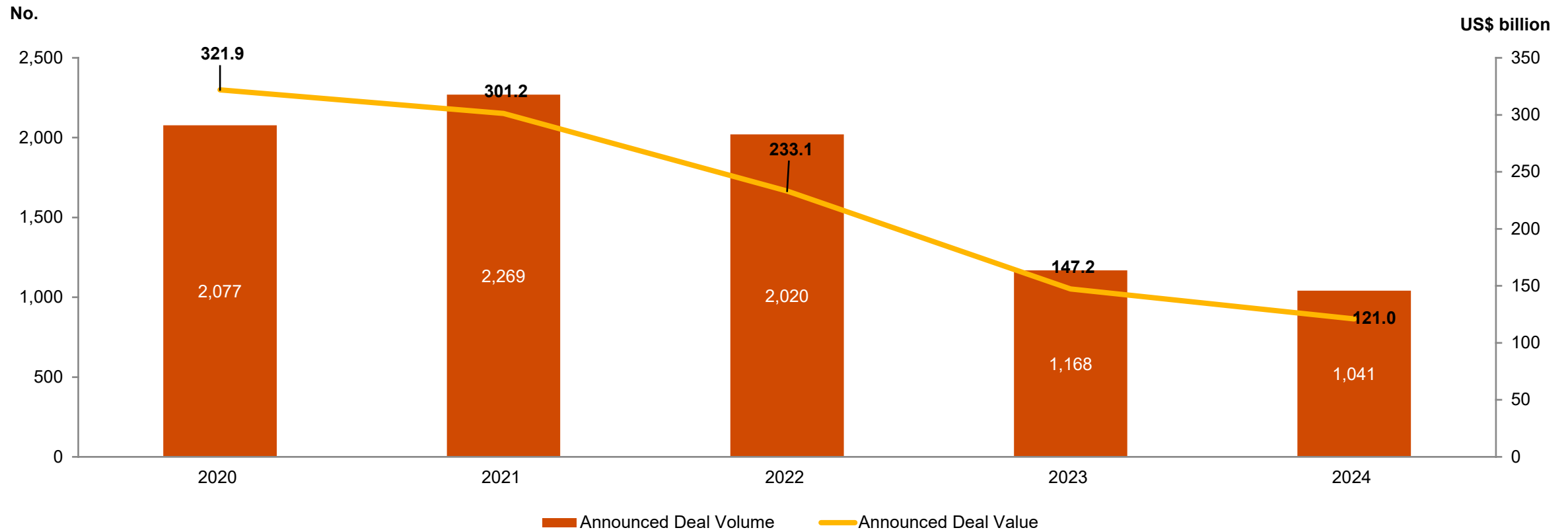


Source: AVCJ and PwC analysis



PE (M&A activity involving a financial sponsor) continued to face challenges, with the overall transaction volume falling by 11% and value by 18% to their lowest levels since 2014; the unfavourable economic and geo-political conditions impacted activity, with many foreign PEs becoming cautious about committing to new investments; there were 18 mega-deals in 2024, 8 of which were led by state-backed investors

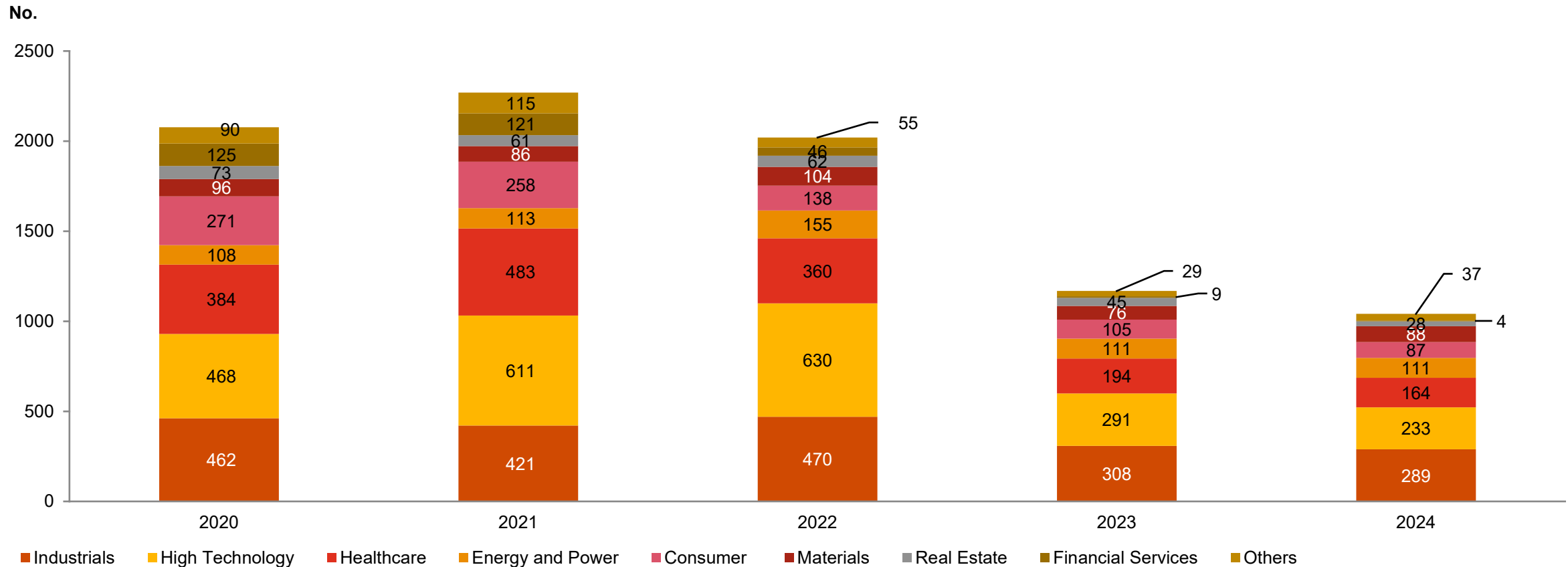
PE deals overview



Source: Refinitiv Eikon, CV Source and PwC analysis

In terms of volumes, industrials, high tech and healthcare continued to be top three most favored sectors; while consumer deals continued to trend down

PE deal volume by industry sector

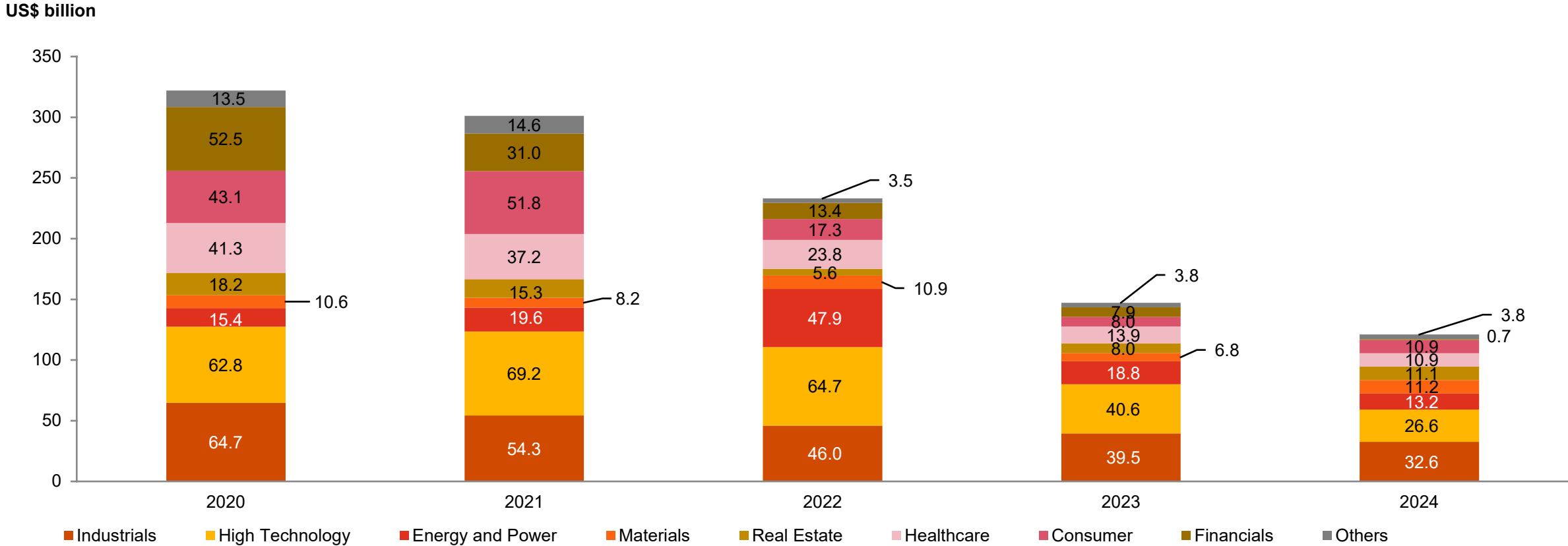


Source: Refinitiv Eikon, CV Source and PwC analysis

PwC

There was a decline in value terms in almost all sectors and the few mega deals were focused on government encouraged themes, such as high tech (4 mega-deals in AI, data storage, etc), energy transition (4 mega-deals in hydro, nuclear power, etc), and industrials (3 mega-deals in air technology and NEV)

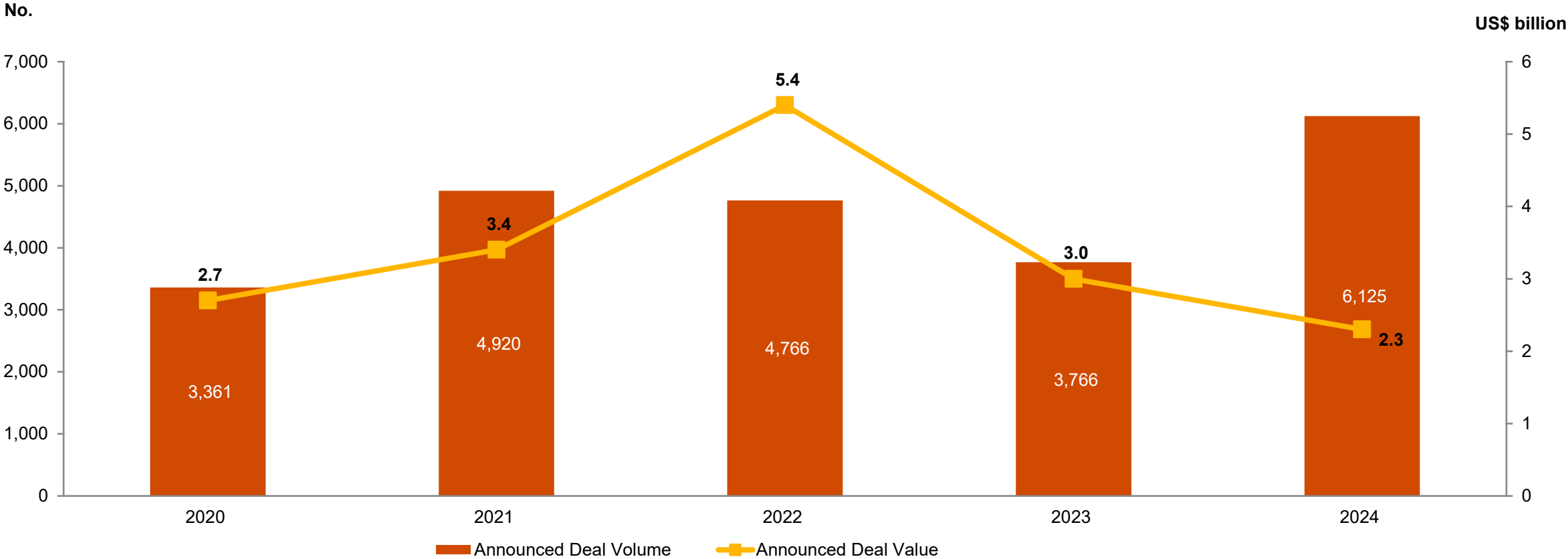
PE deal value by industry sector



Source: Refinitiv Eikon, CV Source and PwC analysis

Venture capital investment volumes (smaller deals with financial sponsors - values <US\$10m) were the one bright spot with volumes increasing by nearly two thirds to over 6,000 deals; high-tech (39%) and industrial (21%) deals accounted for 60% of the deal volume, indicating strong activity in early stage fundraising with AI-related transactions one of the drivers of this activity

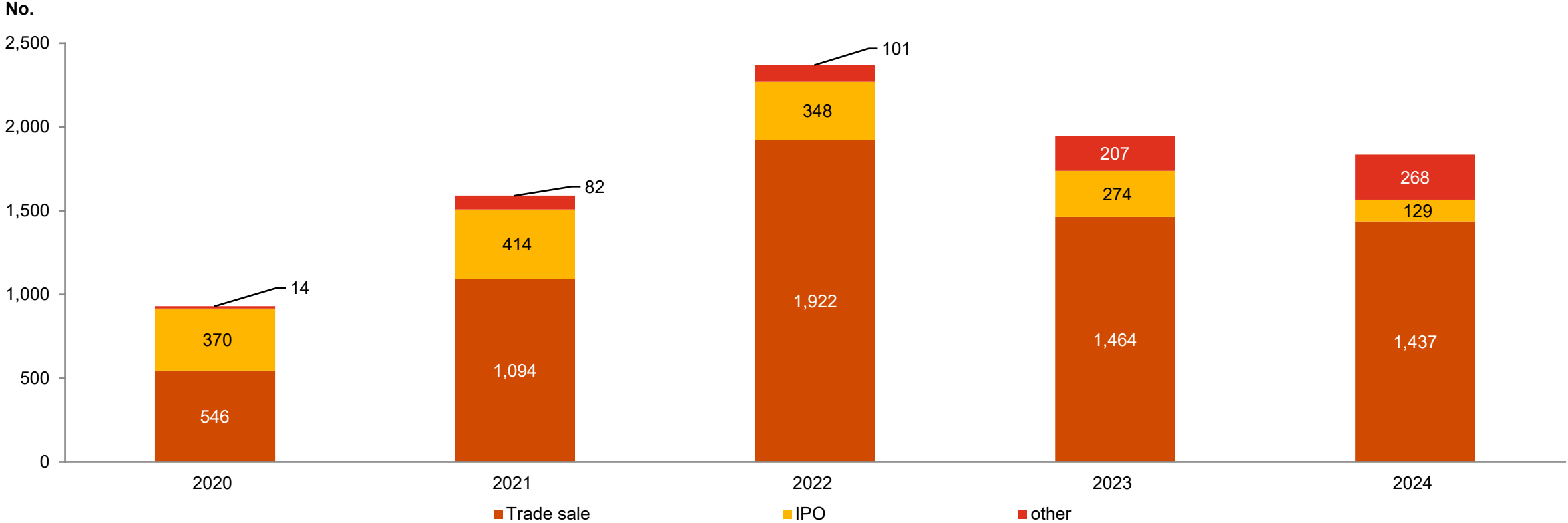
Venture Capital Deals



Source: Refinitiv Eikon, CV Source and PwC analysis

PE exits held up at reasonable levels overall, reflecting some backlog with many PEs under pressure to return money to LPs whilst at the same time facing lower valuations on sales; behind the scenes we see some uptick in sell-side preparation which is not yet reflected in the announced deal data

PE/VC-backed deal exit volume by type

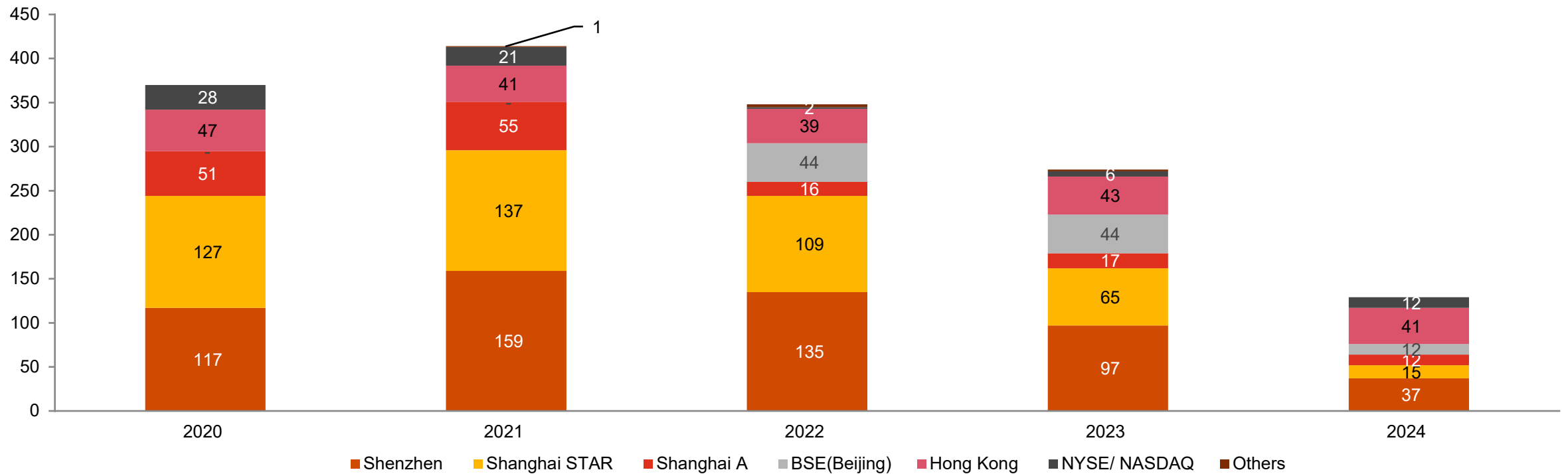


Source: CV Source and PwC analysis

But PE-backed (and indeed all) IPO activity was very subdued, especially in the first three quarters of the year

PE/VC-backed IPO exit volume by bourse

No.



Source: CV Source and PwC analysis

4

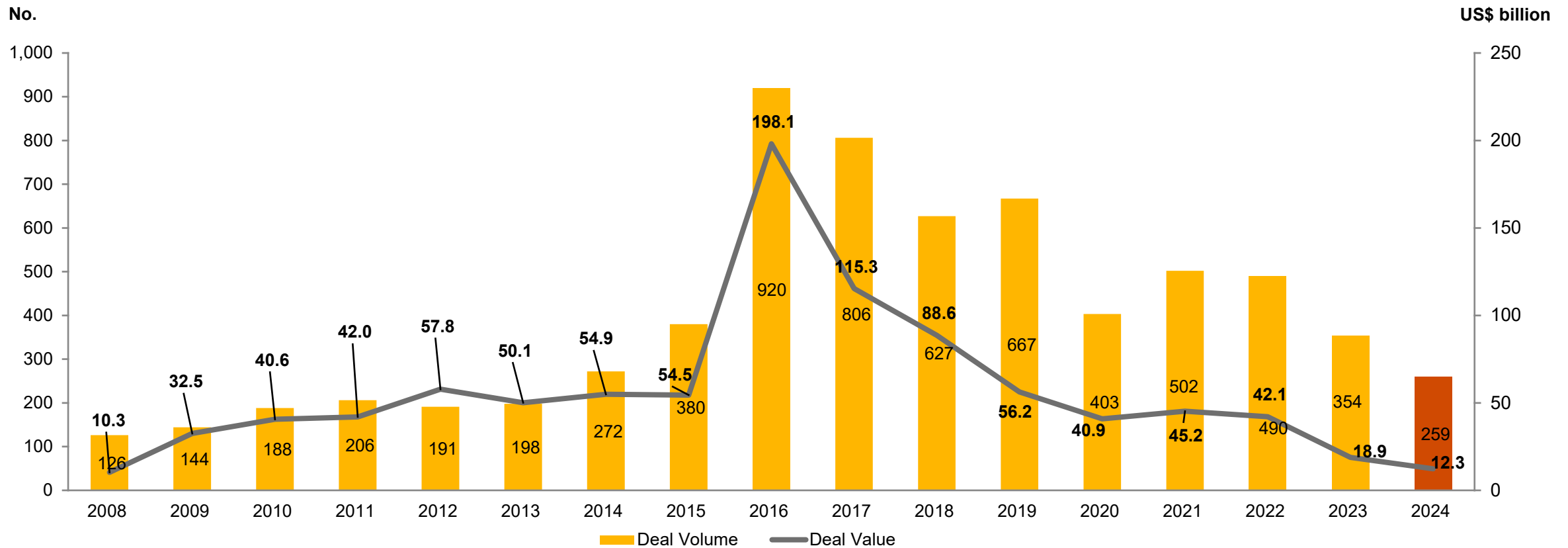
Chinese Mainland

outbound M&A



Chinese Mainland outbound M&A deal value continued its long decline since the peaks of 2016 falling to only US\$12bn – the lowest level since the global financial crisis in 2008; however, behind the scenes we have seen more recent enquiries about Chinese outbound deal opportunities

Chinese Mainland outbound deals

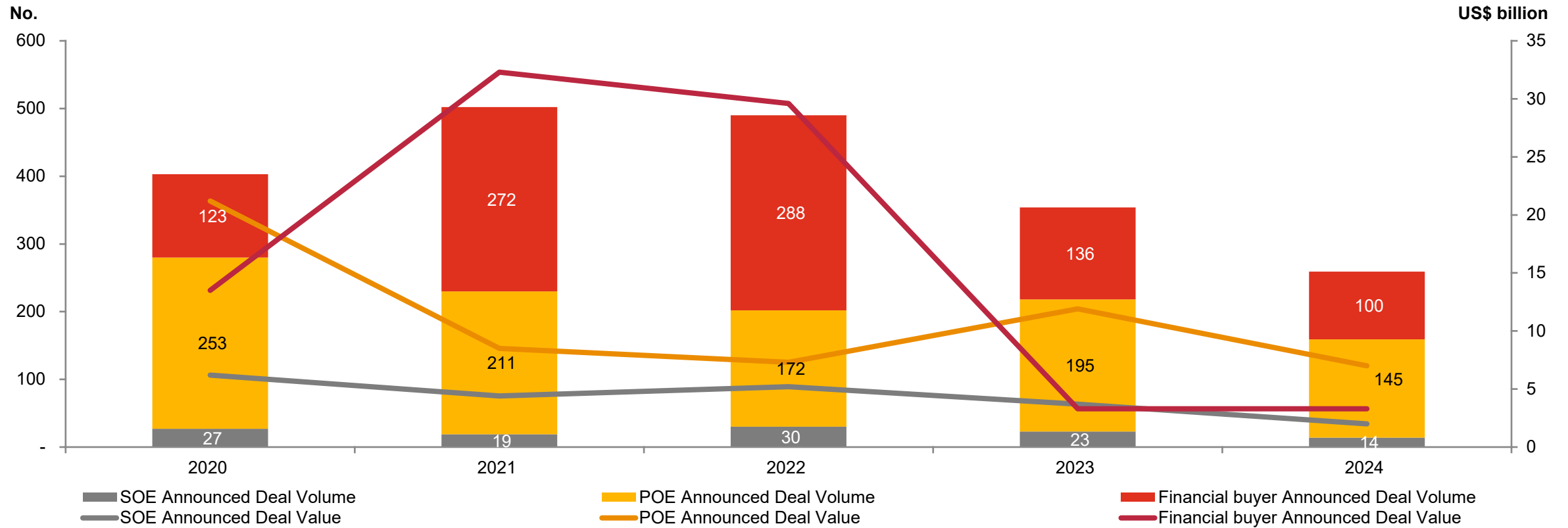


Source: Refinitiv Eikon, CV Source and PwC analysis



# All outbound classes (SOE, POE and financial) saw declines

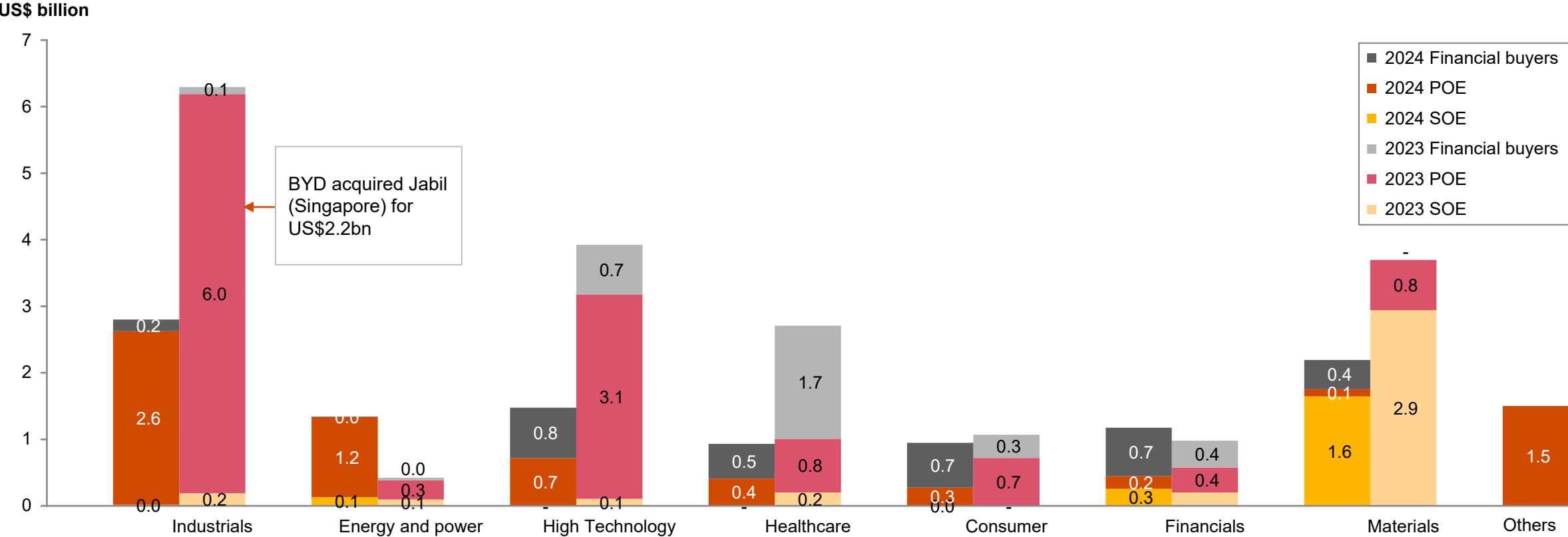
Chinese Mainland outbound deals by investor type



Source: Refinitiv Eikon, CV Source and PwC analysis

# Two outbound mega deals were announced in 2024; industrials, energy & power and high tech were the top three sectors by value

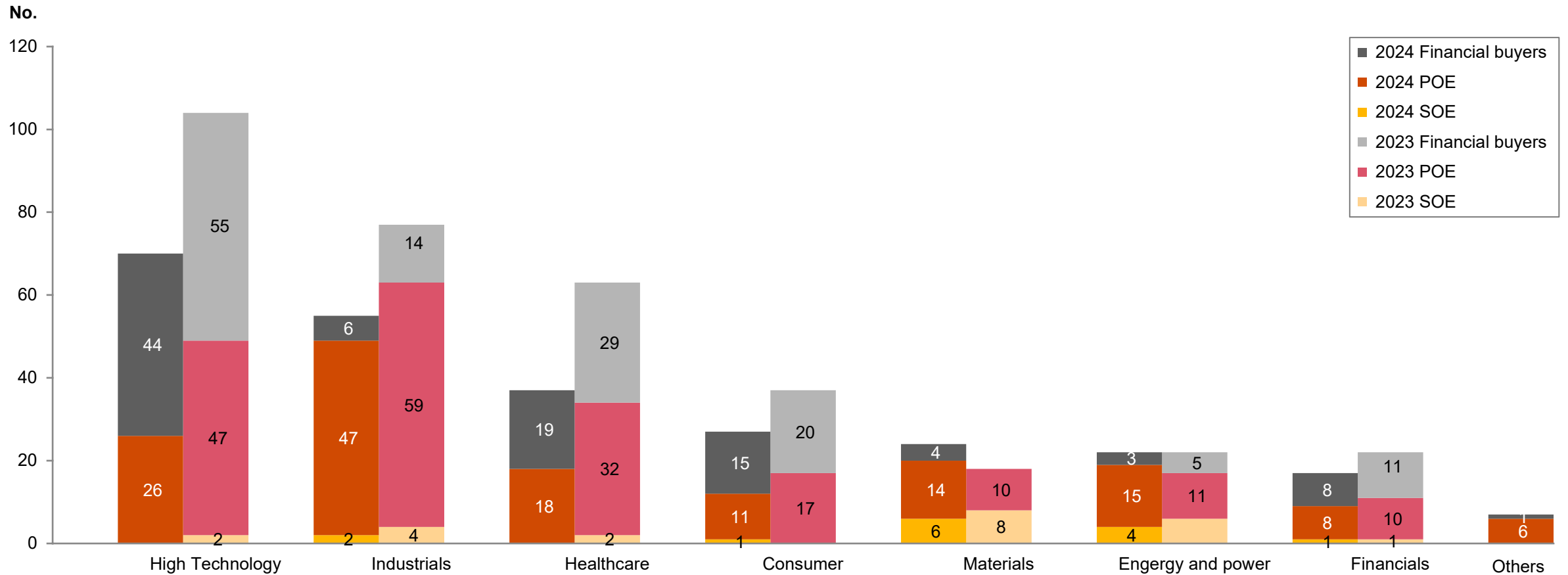
Chinese Mainland outbound deals by industry sector – value



Source: Refinitiv Eikon, CV Source and PwC analysis

# And high technology, industrials and healthcare were the top three sectors by volume

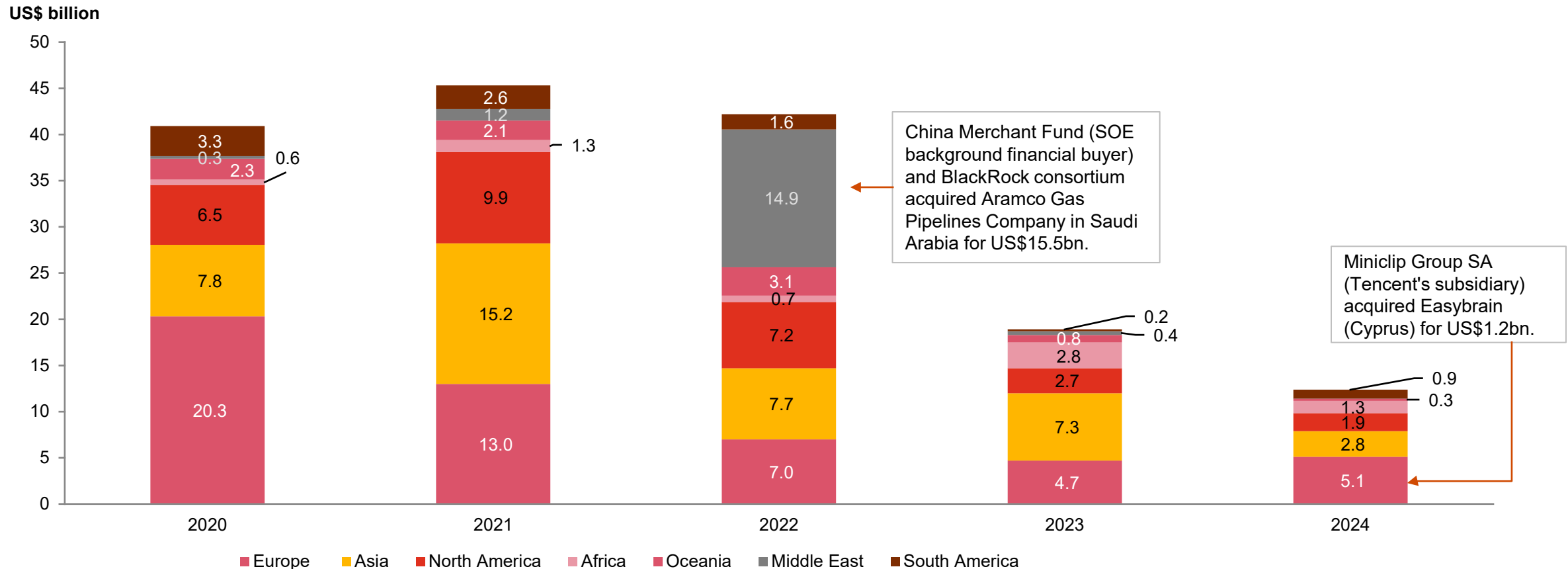
Chinese Mainland outbound deals by industry sector – volume



Source: Refinitiv Eikon, CV Source and PwC analysis

# Deal values were at low levels; Europe and Asia was the most-favored destinations by deal value

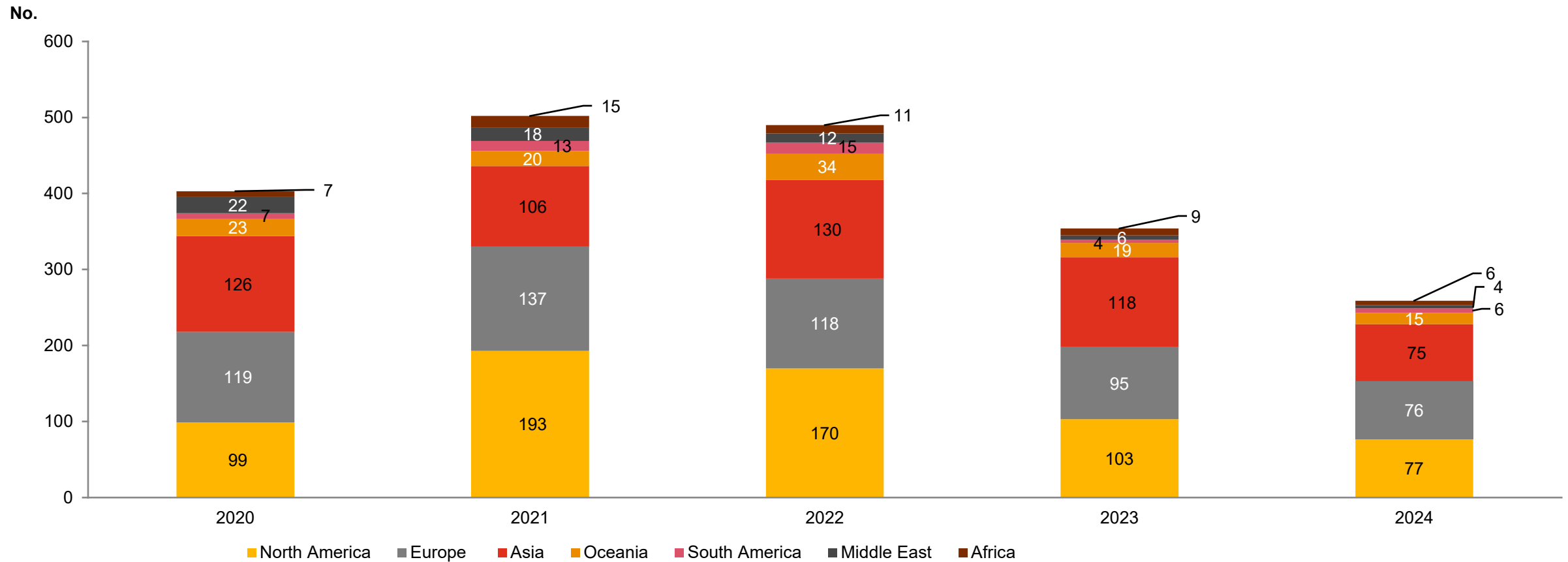
## Chinese Mainland outbound deals by region – value



Source: Refinitiv Eikon, CV Source and PwC analysis

Whereas the US, Europe and Asia were the top three investment destination in volume terms, with smaller deals less likely to attract political scrutiny

Chinese Mainland outbound deals by region – volume



Source: Refinitiv Eikon, CV Source and PwC analysis



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Key

messages

# Key messages

## China M&A in 2024 (1)

### Overall

- China M&A fell to multi-year lows in 2024, down 16% to US\$277bn, although a strong rebound in Venture Capital investing resulted in deal volumes rebounding by 24% compared to 2023.
- The ten year trend shows the lowest levels of M&A by value since 2013, but much more positive volumes because of the Venture Capital industry.
- A half-yearly view also shows a steadily improving trend line over the last two years; although affected by a lack of mega-deals, M&A by value jumped by a third in 2H24 (compared to 1H24) to US\$158bn.
- Nevertheless, deal values fell to multi-year lows with domestic strategic M&A down by 10% and PE dropping by 18%.
- In volume terms, domestic strategic deals fell by 4%, PE by 11% and Chinese Mainland outbound by 27%; VC was the bright spot, increasing by 63% to multi-year highs.
- There were only 39 mega-deals (> US\$1bn) in 2024, another multi-year low, of which 18 were related to SOEs; important sectors were industrials (9 mega-deals), high technology (8 mega-deals) and energy & power (6 mega-deals).

### Domestic and Foreign-Inbound Strategic

- Domestic strategic M&A fell 10% in value and 4% in volume as dealmakers faced various economic and geopolitical uncertainties; although various government policies were released supportive of M&A, market participants tended to wait on the sidelines in anticipation of greater stimulus or some up-tick in general confidence to improve valuations.
- Industrials and high technology were still the two biggest sectors by volume overall with some sector-specific themes such as NEV, industrial upgrades and generative AI putting some floor under M&A in these sectors; in addition, the financial sector was somewhat active in 2024, with some ongoing restructuring of smaller financial institutions.
- Deal values suffered from the lack of mega-deals with only 18 mega-deals by strategic buyers: the CSSC SOE merger at US\$16bn was the largest deal in 2024; other large deals originated from government-driven restructurings in the financial sector; two HKSE privatisations (healthcare and logistics); and some industry integrations (healthcare and industrials).



# Key messages

## China M&A in 2024 (2)

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### PE/VC and financial buyer deals

- PE fundraising swung sharply in favour of renminbi raises with dollar funds generally struggling to raise capital specifically for China investment affected by geo-political issues, economic weakness, and uncertainties around policies and regulations affecting certain sectors; a perceived benefit in investing from domestic capital pools was a clear factor in the market.
- PE (M&A activity involving a financial sponsor) continued to face challenges, with the overall transaction volume falling by 11% and value by 18% to their lowest levels since 2014; the unfavourable economic and geo-political conditions impacted activity, with many foreign PEs becoming cautious about committing to new investments; there were 18 mega-deals in 2024, 8 of which were led by state-backed investors.
- In terms of volumes, industrials, high tech and healthcare continued to be top three most favored sectors; while consumer deals continued to trend down.
- There was a decline in value terms in almost all sectors and the few mega deals were focused on government encouraged themes, such as high tech (4 mega-deals in AI, data storage, etc.), energy transition (4 mega-deals in hydro, nuclear power, etc.), and industrials (3 mega-deals in air technology and NEV).
- Venture capital investment volumes (smaller deals with financial sponsors - values <US\$10m) were the one bright spot with volumes increasing by nearly two thirds to over 6,000 deals; high-tech (39%) and industrial (21%) deals accounted for 60% of the deal volume, indicating strong activity in early stage fundraising with AI-related transactions one of the drivers of this activity.
- PE exits held up at reasonable levels overall, reflecting some backlog with many PEs under pressure to return money to LPs whilst at the same time facing lower valuations on sales; behind the scenes we see some uptick in sell-side preparation which is not yet reflected in the announced deal data.
- But PE-backed (and indeed all) IPO activity was very subdued, especially in the first three quarters of the year.





# Key messages

## China M&A in 2024 (3)

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### Chinese Mainland Outbound

- Chinese Mainland outbound M&A deal value continued its long decline since the peaks of 2016 falling to only US\$12bn – the lowest level since the global financial crisis in 2008; however, behind the scenes we have seen more recent enquiries about Chinese outbound deal opportunities.
- All outbound classes (SOE, POE and financial) saw declines.
- Two outbound mega deals were announced in 2024; industrials, energy & power and high tech were the top three sectors by value.
- And high technology, industrials and healthcare were the top three sectors by volume.
- Deal values were at low levels; Europe and Asia was the most-favored destinations by deal value.
- Whereas the US, Europe and Asia were the top three investment destination in volume terms, with smaller deals less likely to attract political scrutiny.



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Outlook

## China M&A market outlook for 2025



### Challenges

- Uncertainty in domestic regulation, economy, and geopolitics
- The investment channels for foreign capital such as US dollar funds in China seem to have narrowed
- Valuations remain soft (though may be improving)



### Positive Factors

- Some more positive signs of some improvement in China's economy, including rising stock market valuations
- Pent-up demand in M&A
- Backlog of PE exits
- Global interest rates have dropped and are likely to remain flat or decline further
- SOE reform will continue to drive some large-scale mergers and acquisitions transactions
- The growth of outbound investment demand, especially into Southeast Asia
- MNCs are examining their business strategies and structures in China which may bring deal activities



### Expected Growth Area

- PE exits
- MNC divestitures
- SOE reform deals
- A-share M&As
- Domestic deals

We expect a double digit growth in 2025 over 2024

# Data compilation methodology and disclaimer

Statistics contained in this presentation and the press release may vary from those contained in previous press releases. There are three reasons for this: Refinitiv Eikon and CV Source historical data is constantly updated as deals are confirmed or disclosed; PricewaterhouseCoopers has excluded certain transactions which are more in the nature of internal re-organisations than transfers of control; and exchange rate data has been adjusted.

## Included Deals

- Acquisitions of private/public companies resulting in change of control
- Investments in private/public companies (involving at least 5% ownership)
- Mergers
- Buyouts/buy-ins (LBOs, MBOs, MBIs)
- Privatizations
- Tender offers
- Spinoffs
- Split-off of a wholly-owned subsidiary when 100% sold via IPO
- Divestment of company, division or trading assets resulting in change of control at parent level
- Reverse takeovers
- Re-capitalisation
- Joint Venture buyouts
- Joint Ventures
- Receivership or bankruptcy sales/auctions
- Tracking stock

## Excluded Deals

- Property/real estate for individual properties
- Rumored transactions
- Options granted to acquire an additional stake when not 100% of the shares has been acquired
- Any purchase of brand rights
- Land acquisitions
- Equity placements in funds
- Stake purchases by mutual funds
- Open market share buyback/retirement of stock unless part of a privatization
- Balance sheet restructuring or internal restructuring
- Investments in greenfield operations
- Going private transactions(with no new investors)

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