

China Outbound/Inbound Q2 2021 Review ⁽¹⁾⁽²⁾

UK

Outbound – 18 investments – nearly on par with Europe. Activity remains focussed on healthcare, TMT, consumer and financial, increasing in crypto and blockchain. Both transaction/investment sizes remain quite small, except for the \$2.2 billion acquisition of Reckitt China by a major Chinese PE fund. There were two other investments over \$200 million (metals and medtech), otherwise, there were no other investments greater than \$50 million.

Inbound (3) – disclosed values of circa \$250 million; majority acquisition of China industrial company, minority investment regional Chinese freight organisation, JV involving China Everbright Fund providing growth capital for IP Group's China based portfolio companies, a chemical manufacturing JV, a JV in life sciences, a small petrochemicals JV (via Shell), a data focussed JV involving Unilever.

EU

Outbound – EU represented 10.6% of volume; large investments by Envision investing \$2.4 billion in French NEV, a \$662 million (control) acquisition in Finnish tech, a \$550 million minority stake in Swedish EV battery. EU volume remains focussed on NEV/tech in Germany, Netherlands and Switzerland. There were consumer deals in Italy (Fosun) and Scandinavia and healthcare in Spain.

Inbound (3) – Active across multiple countries; Germany (BioNTech vaccine, NEV, fuel cells as well as VC); (Sanofi, TOTAL and Air France), Switzerland (Clariant); Netherlands (AkzoNobel); Scandinavia (Norway renewables); FinnAir (Finland). Danone (France) 10% stake dairy exit for circa \$2 billion.

USA/North America

Outbound – North American saw 27% of Q1 volume. Aggregate amounts remained small as virtually all of these investments were below \$200 million except for the \$385 million minority stake in a LIDAR tech/merger. Most investments were minority investments in VC led tech syndicates particularly in medtech and fintech, rising volumes in crypto.

Inbound (3) – North America led with \$6.8 billion announced (also Q1 leader). Focus was Chinese real estate/shopping malls, data centres by PE groups and asset management by JP Morgan, Morgan Stanley, BlackRock and Goldman Sachs. Honeywell signed a JV with China's largest steel maker to produce hydrogen energy (UK and Asia companies signed a number of these JV during 2020).

Asia

Outbound – Asia led with 40% of Q2 volume. Chinese PE funds invested \$3.3+ billion on Asian logistics in Malaysia and Australia. Two Chinese SOEs invested circa \$1 billion in an Indonesian JV in nickel and cobalt while another invested \$600million in an Australian lithium JV.

Inbound (3) – Asia Q2 announced with disclosed values totalled \$6.1 billion – Hong Kong (#1) and Singapore (#2) led by financials; AIA's 25% stake in China Post Life for \$1.8 billion, followed by several other significant investments in financials (REITS, SWFs, banks). Biopharma/hospitals, NEV, robotics, minerals and green hydrogen JVs with Korea and Japan.

Footnotes:

- (1) 15% of China outbound volume in countries not included in 4 regions above.
- (2) Aggregate outbound declined by 32% to \$16.6 bn; inbound fell by 2.1%, \$13.9 billion.
- (3) Excludes any purchases of publicly traded equity and debt.

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Q2 2021 Outbound Chinese Investments



Chinese Investments into UK

Date	Target	Country	Sector	Chinese Party	Percent Sought	Amount (\$m)	Percent Owned
21 Apr	Khyber Money Exchange	UK	Financial	Future FinTech Group	100%	0.8	0%
03 May	Phutures Ltd	UK	Fintech	Waterdrip Capital	ND	0.5	ND
06 May	Banacora Mining	UK	Metals	Ganfeng Lithium Co	100%	220.5	28%
07 May	Dapp List LLC	BVI	Financial	Double Peak Group Ltd	ND	1.7	ND
10 May	Sumarkand Group	UK	Ecommerce	SF Holding Co Ltd	ND	4.5	ND
12 May	Huma Theraeutics	UK	Healthcare	Private Investor	ND	5.0	ND
18 May	PRIVI Chain Inc	UK	Financial	Waterdrip Capital	ND	1.5	ND
19 May	Realm UK	UK	Financial	LD Capital	ND	0.5	ND
21 May	Contamac Holdings	UK	Healthcare	Shanghai Haohai Biological	9%	8.5	ND
25 May	Blue Hood Networks Ltd	UK	Crypto	Waterdrip Capital	ND	0.3	ND
31 May	Antobt Ltd	UK	Agtech	Intron Technology	ND	1.8	ND
04 Jun	Bull Perks	BVI	Financial	Shima Capital	ND	0.3	ND
05 Jun	Reckitt China	UK	Consumer	Primavera Capital	92%	2,200.0	0%
07 Jun	Kavida.ai	UK	Tech/AI	Qida Light Source	ND	0.2	ND
16 Jun	10x Future Technologies Services	UK	Financial	Ping An Insurance	ND	25.0	ND
17 Jun	Leap Motion / Ultraleap	UK	Consumer	Tencent	ND	50.0	ND
23 Jun	Quanta Dialysis Technologies Ltd	UK	Healthtech	Pahua Capital	ND	13.9	ND
28 Jun	CMR Surgical	UK	Medtech	Ally Bridge	ND	200.0	ND

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Q2 2021 Inbound Chinese Investments



UK Investments into China

Date	Target	Country	Sector	Chinese Party	Percent Sought	Amount (\$m)	Percent Owned
14 Apr	Shell	UK	SMPO (plant)	CNOOC	50%	ND	0% ⁽¹⁾
28 Apr	Deep Verge	UK	Environmental / LifeScience	China Resources	49%	ND	0% ⁽²⁾
05 May	Essentra	UK	Industrial	Jiangxi Hengzhu Electrical Cabinets	73%	5	0% ⁽³⁾
18 May	Cleantech Building Materials	UK	Financial	Nantong Government	51%	8	0% ⁽⁴⁾
20 May	Unilever	UK	Data/tech	Alibaba, Fudan University	ND	ND	ND ⁽⁵⁾
28 May	IP Group	UK	Financial	China Everbright	50%	230	0% ⁽⁶⁾
15 Jun	John Menzies	UK	Logistics	Guangzhou JFreight	10%	5	0% ⁽⁷⁾

EXIT

07 Jun	Reckitt	UK	Consumer	Primavera Capital	92%	2,200	0% ⁽⁸⁾
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Footnotes:

- (1) Start-up of new units to supply Chinese market with essential petrochemicals.
- (2) China Resources will own 51% of this new JV.
- (3) Essentra acquired a 73% stake.
- (4) CBM's Chinese JV signed deal for expansion.
- (5) JV to build integrated data ecosystem.
- (6) To provide capital for IP Group's China based portfolio companies.
- (7) Acquired 10% stake.
- (8) Reckitt retains 8% stake; disposal of infant formula business.

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