



China Transactions Insights

Early Winter 2022



Overview

China's economy has shown sound momentum through the first three quarters of 2022 despite downward pressures brought by the complex global environment and domestic COVID-19 resurgences, as demonstrated by a 3% increase in GDP during this period. The economy also recorded increases in fixed asset investment (5.9%), value-added industrial output (3.9%) and foreign trade (9.9%) for the first three quarters of 2022.¹

Continued scrutiny of offshore-listed Chinese companies and broader market turbulence have continued to weigh on the stock prices of many Chinese firms traded on U.S. exchanges.

U.S. IPO activity for Chinese companies slowed in 2022 amid regulatory uncertainty for Chinese companies pursuing offshore listings, compounded by choppy market conditions.²

Going-private transaction activity for U.S.-listed companies based in China has continued at a steady pace, with six privatizations completed during the year through October and six potential transactions announced that have yet to close. U.S.-listed Chinese companies with pending going-private proposals represented about USD 2.5 billion in total market capitalization as of October 31, 2022.²

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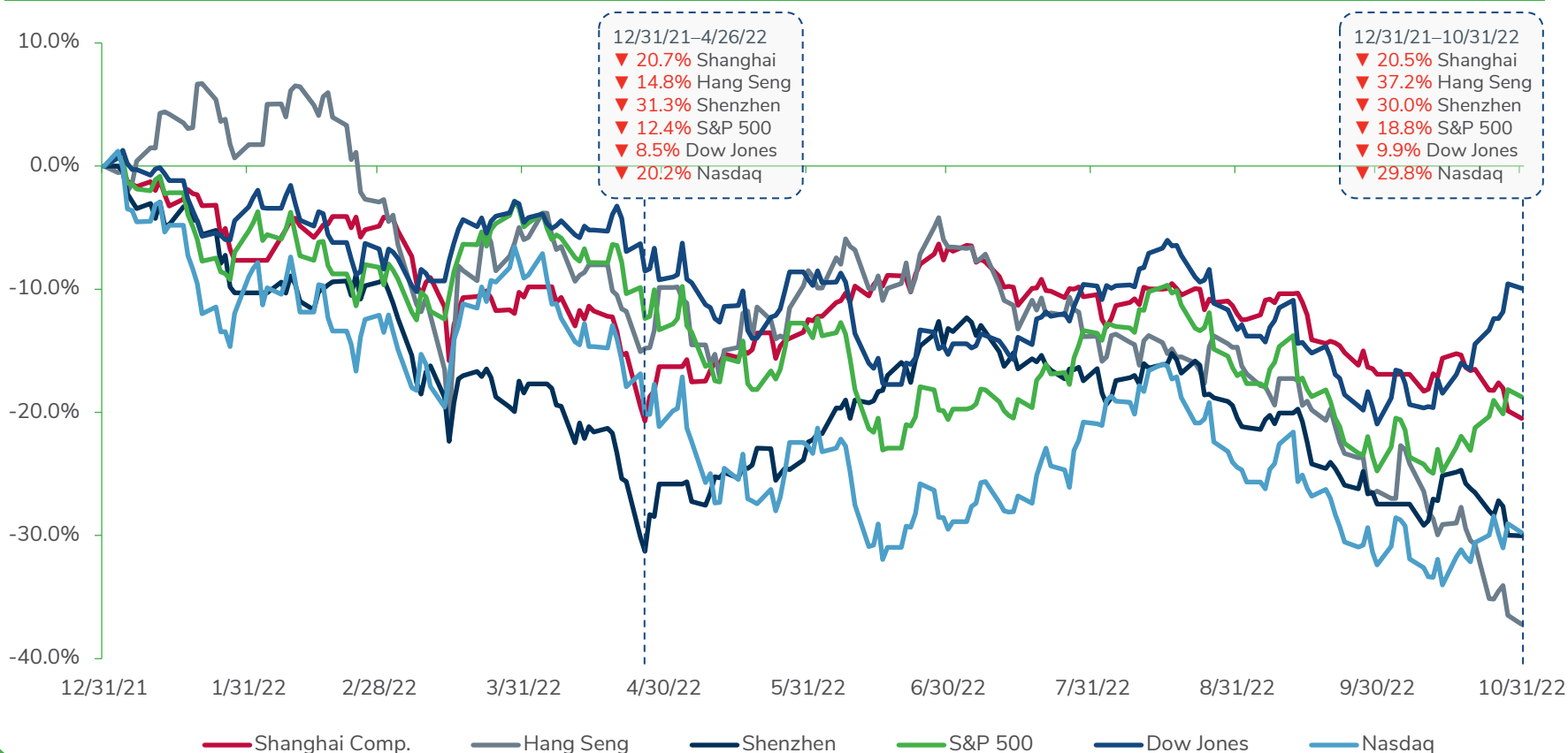
¹ China National Bureau of Statistics and China Ministry of Commerce

² SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2022

Market Index Performance .o

Mainland China market indices reached low points in late April 2022 before improving through October, with the Shanghai and Shenzhen indices finishing the period with notable losses. The Hong Kong-based Hang Sang index and U.S. market indices also demonstrated weak performance for the year-to-date period through October.

Year-to-Date (YTD) U.S. and China Market Index Performance

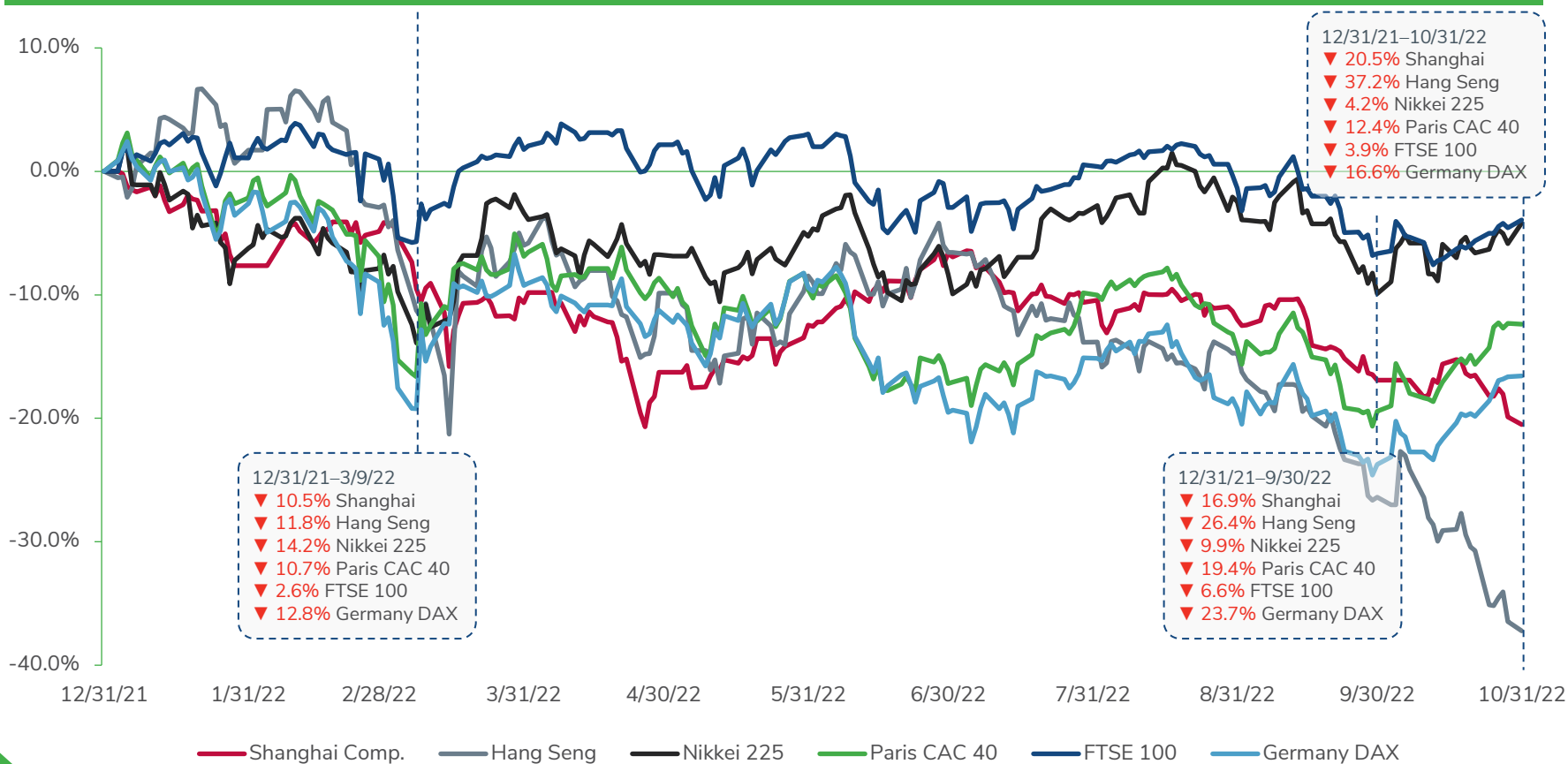


Source: S&P Global Market Intelligence as of October 31, 2022

Market Index Performance ..

Major international equity markets reached low points at the end of September. While international indices slightly recovered in October, the Shanghai and Hang Seng indices further declined and finished the period with notable losses through October.

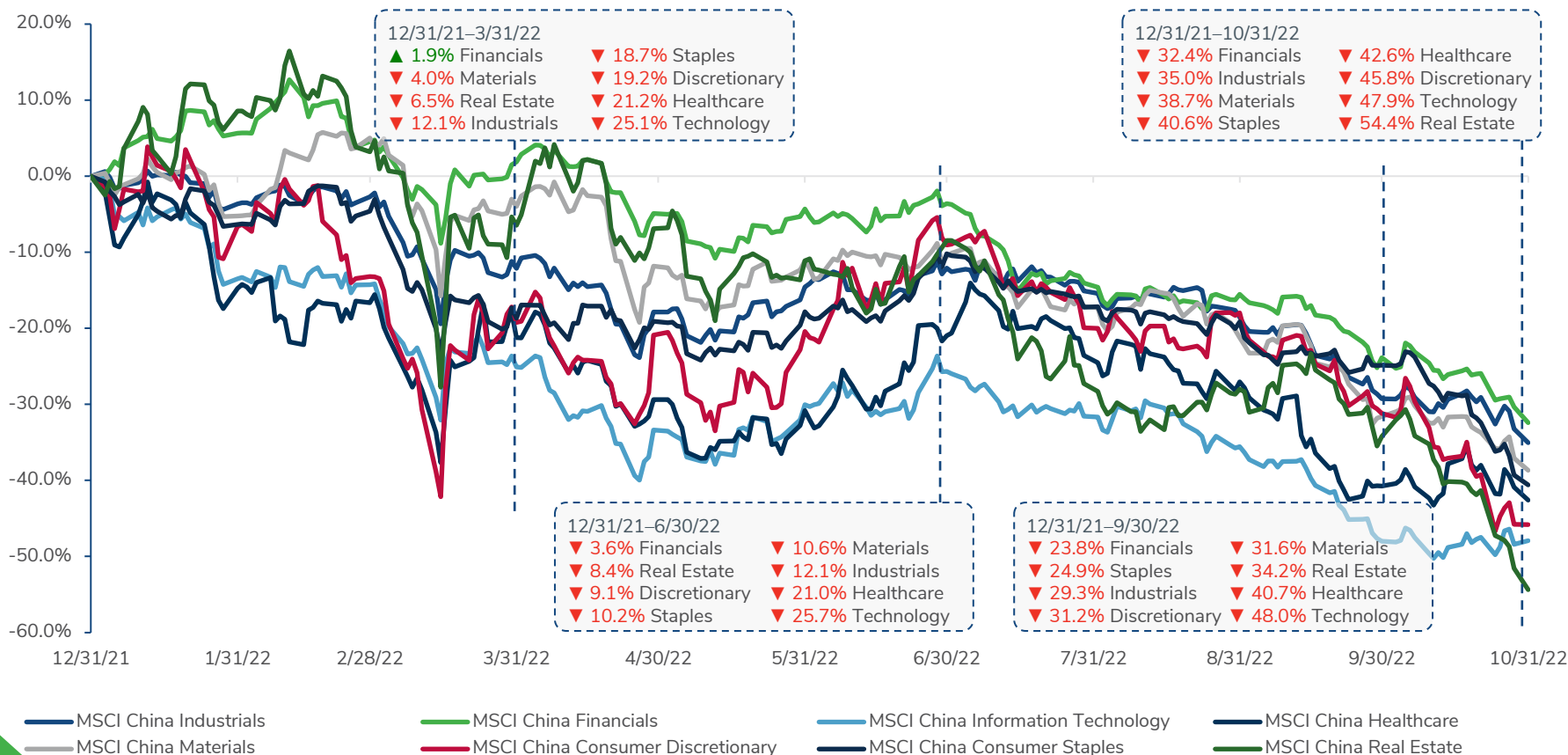
Year-to-Date (YTD) International Index Performance



Industry Sector Performance .ooo

All major industry sectors posted negative year-to-date returns through October 31, 2022, amid market turbulence and uncertainty. The largest declines were seen by the real estate and technology sectors (down 54.4% and 47.9%, respectively), while financials and industrials sectors declined the least (down 32.4% and 35.0%, respectively).

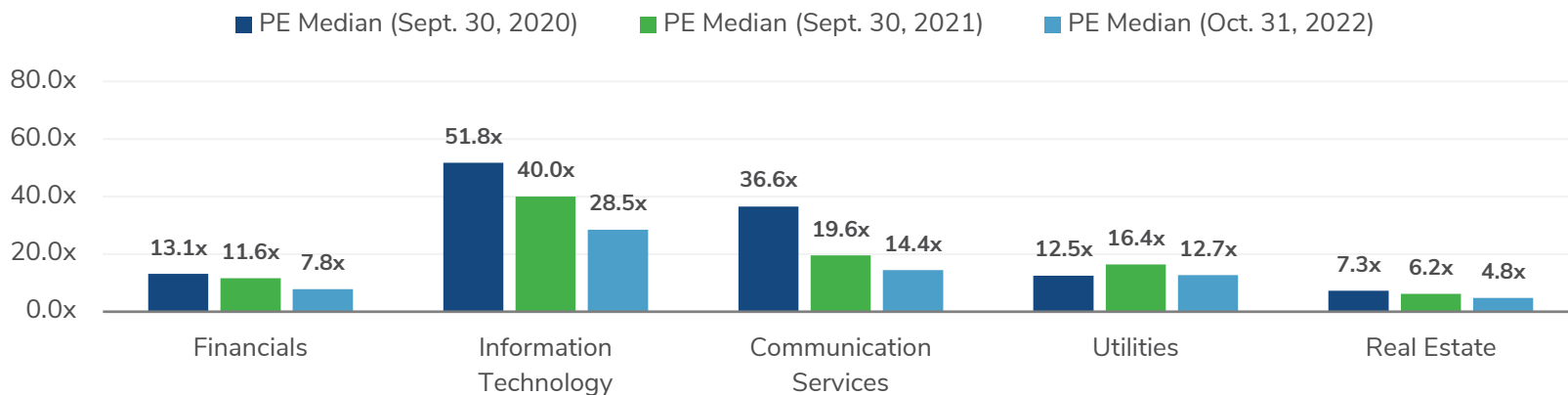
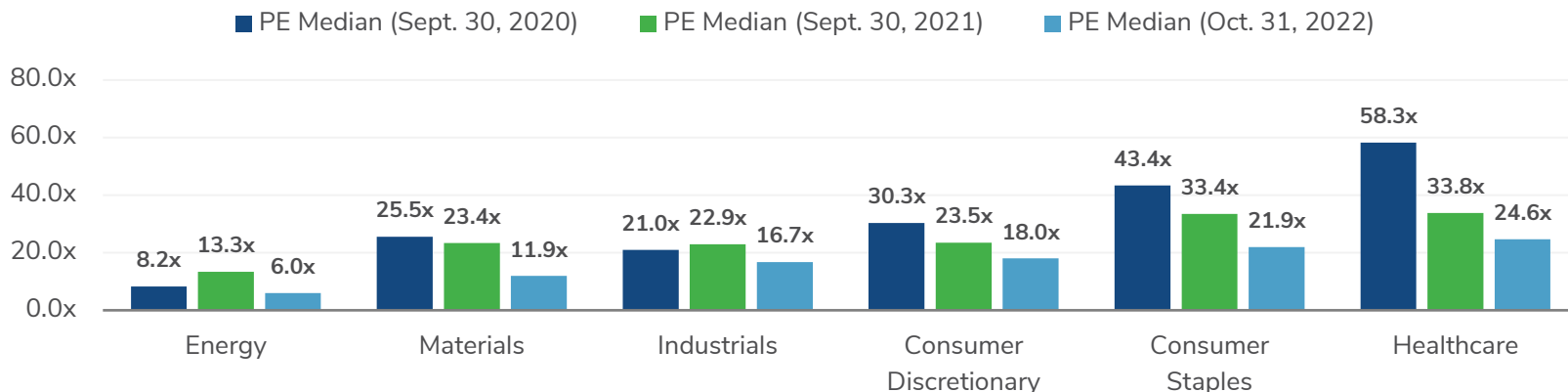
China Industry Sectors: Stock Price Performance



Note: Industry sector data reflects MSCI China industry sector indices.
Source: Bloomberg, MSCI index data and S&P Global Market Intelligence as of October 31, 2022

Industry Sector Performance ○○○○

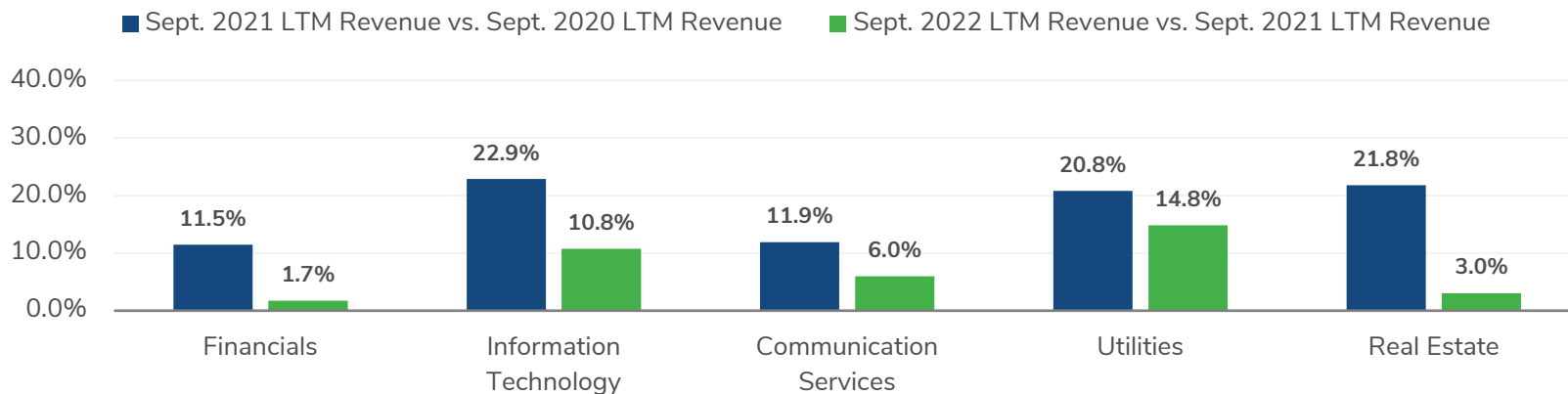
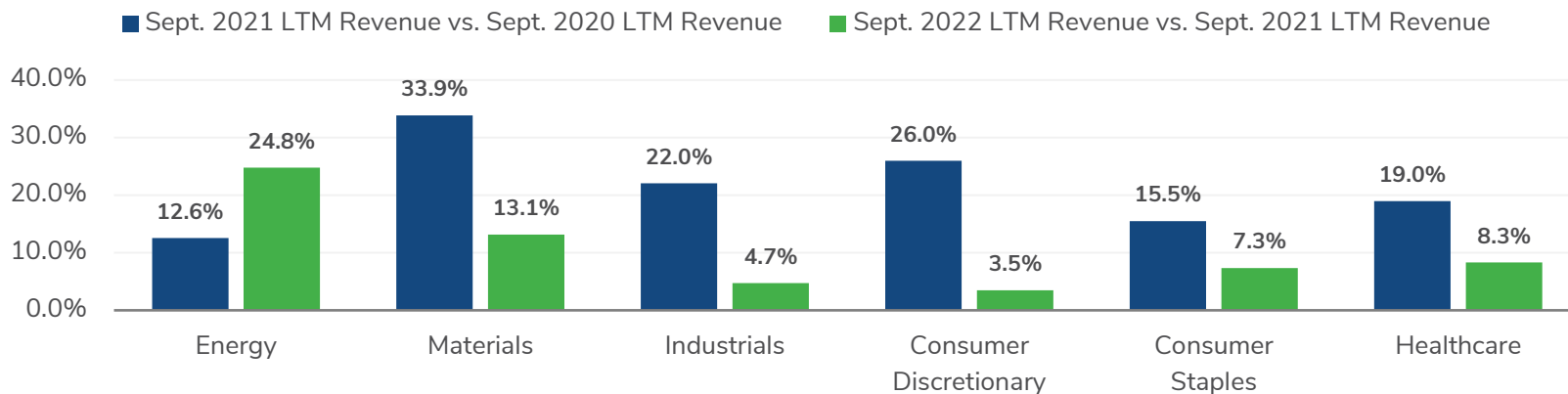
China Industry Sectors: P/E Multiples over Time



Note: Data summarized above includes outliers. Outliers are defined as: 1) negative multiples; 2) multiples at 200 or above; 3) the first highest multiple of the individual industry is above 100 and different from the second highest by more than 60%; 4) multiples that exceed two standard deviations over the median
 Source: S&P Global Market Intelligence as of October 31, 2022

Industry Sector Performance ○○○○

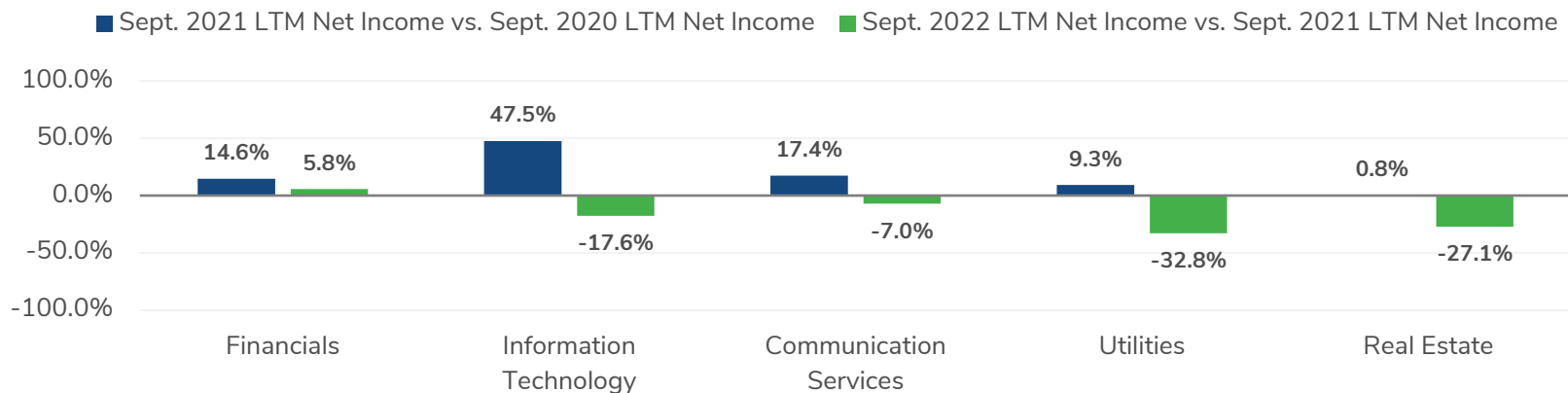
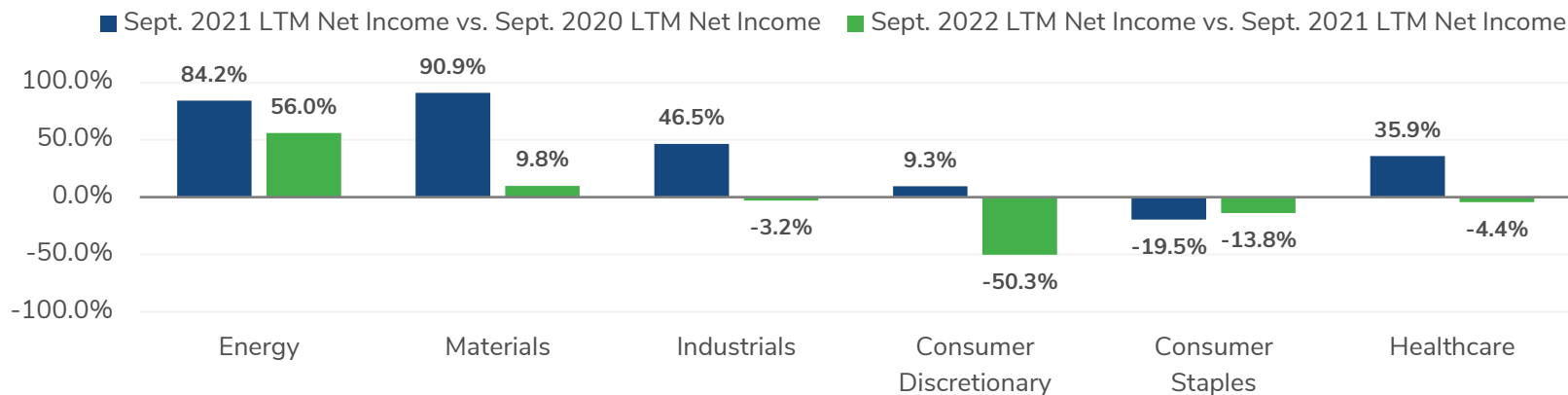
China Industry Sectors: Revenue Percentage Change over Time



Source: S&P Global Market Intelligence as of September 30, 2022

Industry Sector Performance ○○○○

China Industry Sectors: Net Income Percentage Change over Time



Source: S&P Global Market Intelligence as of September 30, 2022

U.S.-Listed Chinese Companies .oo

Of the 220 China-based companies listed on major U.S. exchanges as of October 31, 2022, approximately 71% trade on the Nasdaq, approximately 27% trade on the NYSE and several companies trade on the AMEX. Approximately 80% of the firms are incorporated in the Cayman Islands, with other companies primarily incorporated in the British Virgin Islands and the U.S.

Summary of U.S.-Listed Chinese Companies

Industry Sector	Number of Companies	Total Market Cap (USD mn)	Exchange	Number of Companies	Total Market Cap (USD mn)
Media and Entertainment	33	\$86,785	Nasdaq	156	\$261,753
Consumer Services	31	51,030	NYSE	60	282,343
Retailing	24	304,852	AMEX	4	26
Diversified Financials	23	9,563	Total	220	\$544,122
Software and Services	19	7,129			
Pharmaceuticals, Biotechnology and Life Sciences	12	3,117			
Materials	9	547			
Technology Hardware and Equipment	8	1,821			
Transportation	7	19,180			
Real Estate	7	13,286			
Commercial and Professional Services	7	225			
Automobiles and Components	6	35,520			
Food, Beverage and Tobacco	5	2,091			
Food and Staples Retailing	5	830			
Insurance	4	806	Incorporation	Number of Companies	Total Market Cap (USD mn)
Capital Goods	4	331	Cayman Islands	175	\$523,871
Healthcare Equipment and Services	4	293	British Virgin Islands	23	1,726
Consumer Durables and Apparel	4	118	Nevada	11	398
Semiconductors and Semiconductor Equipment	3	5,743	Delaware	7	17,805
Household and Personal Products	3	702	Florida	2	101
Banks	1	117	Other	2	221
Energy	1	36	Total	220	\$544,122
Total	220	\$544,122			

U.S.-Listed Chinese Companies 〇〇〇

Top 20 U.S.-Listed Chinese Companies: Stock Price Performance

Top 20 Companies by Market Capitalization	Ticker	Industry	Stock Price as of 10/31/2022	Total Market Cap (USD mn)	Performance Since 12/31/2021
Alibaba Group Holding Limited	NYSE:BABA	Internet and Direct Marketing Retail	\$63.58	\$168,330	▼ 46.5%
Pinduoduo Inc.	NasdaqGS:PDD	Internet and Direct Marketing Retail	54.83	69,326	▼ 6.0%
JD.com, Inc.	NasdaqGS:JD	Internet and Direct Marketing Retail	37.29	58,228	▼ 46.8%
NetEase, Inc.	NasdaqGS:NTES	Entertainment	55.62	34,500	▼ 45.4%
Baidu, Inc.	NasdaqGS:BIDU	Interactive Media and Services	76.57	26,458	▼ 48.5%
Yum China Holdings, Inc.	NYSE:YUMC	Hotels, Restaurants and Leisure	41.35	17,306	▼ 17.0%
NIO Inc.	NYSE:NIO	Automobiles	9.67	15,979	▼ 69.5%
Trip.com Group Limited	NasdaqGS:TCOM	Hotels, Restaurants and Leisure	22.63	14,523	▼ 8.1%
ZTO Express (Cayman) Inc.	NYSE:ZTO	Air Freight and Logistics	16.89	13,676	▼ 40.1%
Li Auto Inc.	NasdaqGS:LI	Automobiles	13.62	13,290	▼ 57.6%
KE Holdings Inc.	NYSE:BEKE	Real Estate Management and Development	10.18	12,752	▼ 49.4%
H World Group Limited	NasdaqGS:HTHT	Hotels, Restaurants and Leisure	27.08	8,715	▼ 27.5%
Tencent Music Entertainment Group	NYSE:TME	Entertainment	3.61	6,119	▼ 47.3%
XPeng Inc.	NYSE:XPEV	Automobiles	6.62	5,706	▼ 86.8%
Full Truck Alliance Co. Ltd.	NYSE:YMM	Road and Rail	4.76	5,276	▼ 43.1%
Kanzhun Limited	NasdaqGS:BZ	Interactive Media and Services	10.93	4,763	▼ 68.7%
Vipshop Holdings Limited	NYSE:VIPS	Internet and Direct Marketing Retail	6.97	4,430	▼ 17.0%
New Oriental Education & Technology Group Inc.	NYSE:EDU	Diversified Consumer Services	23.74	4,034	▲ 13.0%
Lufax Holding Ltd	NYSE:LU	Consumer Finance	1.59	3,639	▼ 71.8%
Bilibili Inc.	NasdaqGS:BILI	Entertainment	8.92	3,484	▼ 80.8%
Indices					
Shanghai Stock Exchange Composite Index			2,893.48		▼ 20.5%
Shenzhen Stock Exchange Component Index			10,397.04		▼ 30.0%
Hang Seng Index			14,687.02		▼ 37.2%
S&P 500			3,871.98		▼ 18.8%
NASDAQ Composite Index			10,988.15		▼ 29.8%
Dow Jones Industrial Average			32,732.95		▼ 9.9%

U.S.-Listed Chinese Companies 〇〇〇

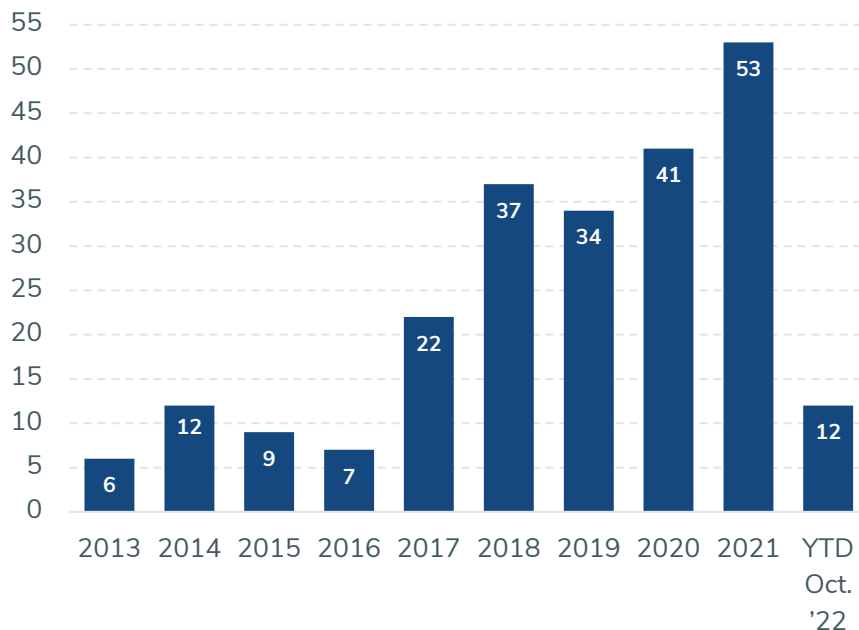
Top 20 U.S.-Listed Chinese Companies: Valuation Multiples

Top 20 Companies by Market Capitalization	Enterprise Value/EBITDA		Price/Earnings	
	As of 10/31/2022	Change from 12/31/2021	As of 10/31/2022	Change from 12/31/2021
Alibaba Group Holding Limited	9.3x	▼ 3.1x	29.2x	▲ 12.3x
Pinduoduo Inc.	16.5x	NM	28.1x	NM
JD.com, Inc.	21.1x	▼ 38.3x	NM	NM
NetEase, Inc.	10.9x	▼ 9.3x	13.8x	▼ 22.8x
Baidu, Inc.	5.2x	▼ 2.9x	NM	NM
Yum China Holdings, Inc.	16.4x	▲ 2.7x	23.4x	▼ 9.1x
NIO Inc.	NM	NM	NM	NM
Trip.com Group Limited	NM	NM	NM	NM
ZTO Express (Cayman) Inc.	9.5x	▼ 10.0x	16.3x	▼ 18.8x
Li Auto Inc.	NM	NM	NM	NM
KE Holdings Inc.	NM	NM	NM	NM
H World Group Limited	570.9x	▲ 487.6x	NM	NM
Tencent Music Entertainment Group	7.5x	▼ 5.7x	14.6x	▼ 5.5x
XPeng Inc.	NM	NM	NM	NM
Full Truck Alliance Co. Ltd.	NM	NM	NM	NM
Kanzhun Limited	25.8x	NM	55.6x	NM
Vipshop Holdings Limited	2.1x	▼ 1.2x	7.1x	▲ 0.5x
New Oriental Education & Technology Group Inc.	NM	NM	NM	NM
Lufax Holding Ltd	0.4x	▼ 1.9x	1.7x	▼ 3.7x
Bilibili Inc.	NM	NM	NM	NM
Indices				
Shanghai Stock Exchange Composite Index	11.2x	▼ 2.5x	12.9x	▼ 3.0x
Shenzhen Stock Exchange Component Index	15.2x	▼ 3.1x	24.0x	▼ 5.2x
Hang Seng Index	6.7x	▼ 6.1x	5.6x	▼ 3.3x
S&P 500	12.9x	▼ 3.2x	18.7x	▼ 6.0x
NASDAQ Composite Index	21.9x	▼ 2.6x	45.7x	▼ 8.3x
Dow Jones Industrial Average	12.7x	▼ 1.4x	18.8x	▼ 0.8x

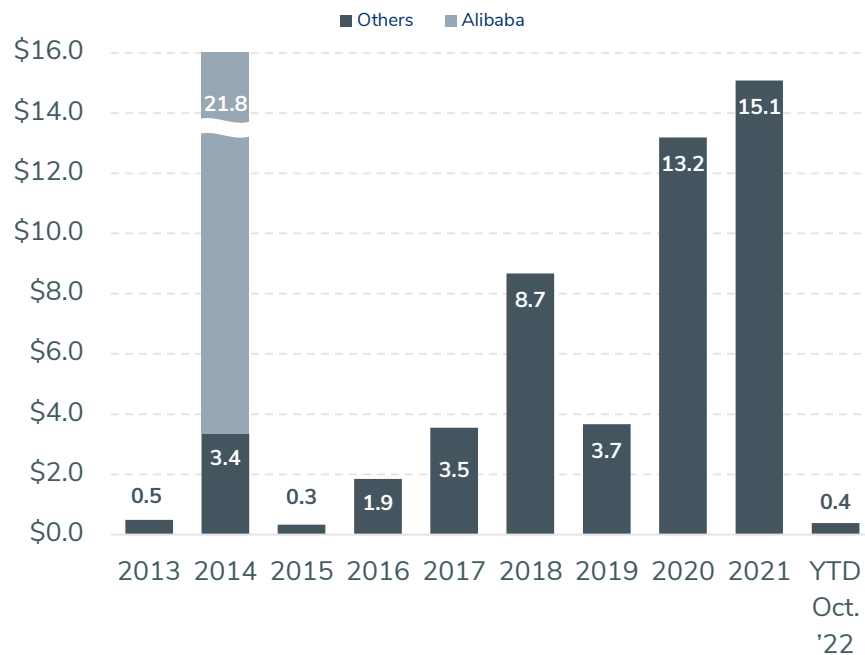
U.S. IPO Activity .oo

U.S. IPO activity for Chinese companies slowed significantly in the second half of 2021 in response to heightened scrutiny and stricter policies for Chinese companies seeking offshore listings. The slow pace of new U.S. listings for Chinese companies continued into 2022 amid regulatory uncertainty and market turbulence. Through October 2022, 12 companies completed new listings for approximately USD 400 million in aggregate funds raised.

Number of IPOs



Amount of IPO Funds Raised (USD bn)

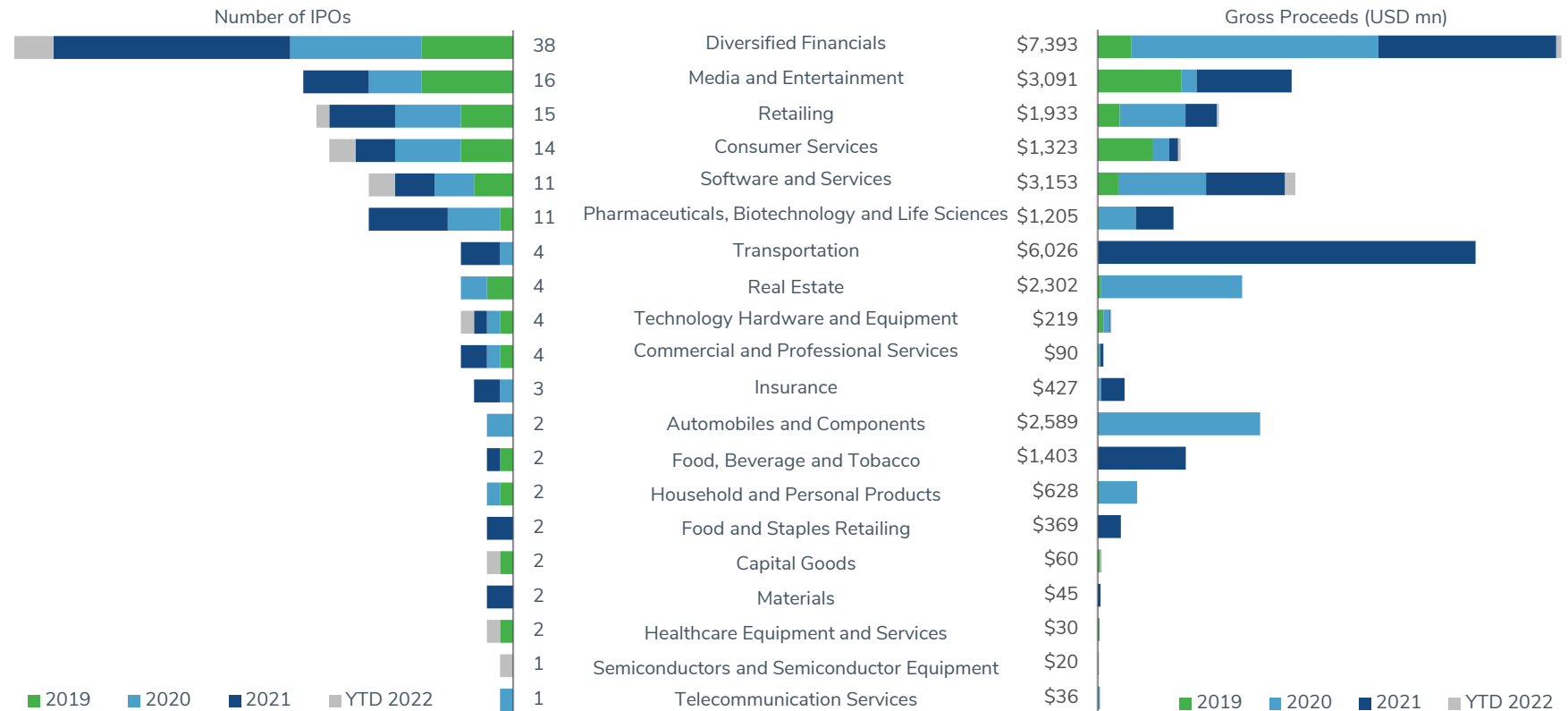


Note: 2014 was an outlier in terms of total IPO funds raised due to Alibaba's record USD 22 billion listing on the NYSE.

U.S. IPO Activity

From 2019 through October 2022, companies in the diversified financials sector, including many special-purpose acquisition companies (SPACs), accounted for the most listings and total IPO funds raised. Through October 2022, the software and services sector accounted for the most in total funds raised, with approximately USD 165 million.

IPOs by Industry (2019–YTD October 2022)








Source: SEC filings, Bloomberg, company press releases and S&P Global Market Intelligence as of October 31, 2022

U.S. IPO Activity

The largest two U.S. IPOs of Chinese companies through October 2022 were both from the software and services sector, as AMTD Digital Inc. completed an NYSE listing for approximately USD 125 million and WeTrade Group Inc. completed a Nasdaq uplisting offering for approximately USD 40 million. GigaCloud Technology Inc., a B2B e-commerce solution provider, also raised USD 36 million in its IPO.

Top Five U.S. IPOs of Chinese Companies in YTD October 2022 by Funds Raised

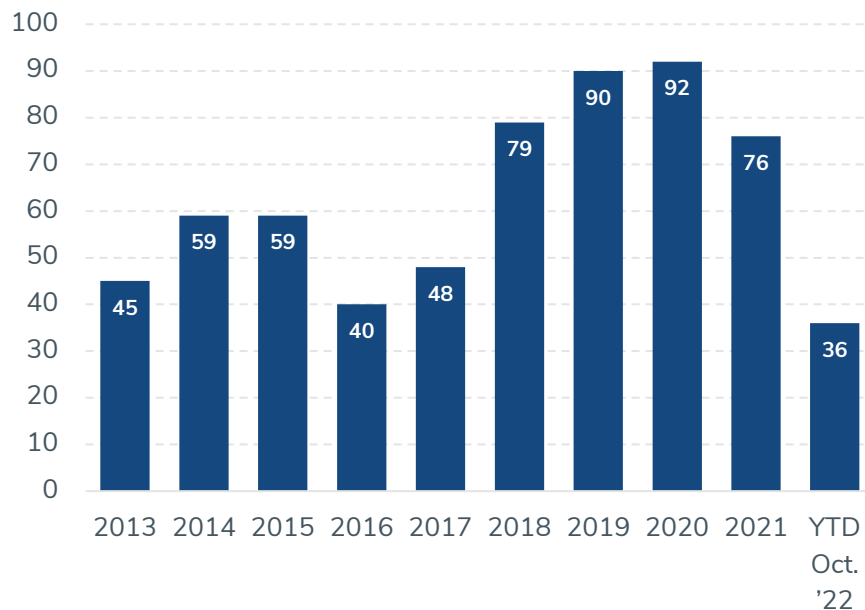
Pricing Date	Company Name	Incorporation	Industry Sector	Business Description	Gross Proceeds (USD mn)	Indicated Price Range (USD)	Offer Price (USD)	As of 10/31/2022		
								Stock Price (USD)	Market Capitalization (USD mn)	Increase/Decrease from IPO Price
8/25/2022	 见知教育 JIANZHI EDUCATION Company Limited (NasdaqGS:JZ)	Cayman Islands	Consumer Services	Education content products and IT services provider	\$25	\$5.00–\$7.00	\$5.00	\$1.65	\$100	▼ 67.0%
8/18/2022	 GIGACLOUD TECHNOLOGY GigaCloud Technology Inc. (NasdaqGM:GCT)	Cayman Islands	Retailing	B2B e-commerce solution provider	\$36	\$10.25–\$12.25	\$12.25	\$4.68	\$190	▼ 61.8%
7/19/2022	 悦商集团 WETRADE GROUP WeTrade Group Inc. (NasdaqCM:WETG)	Wyoming	Software and Services	Social e-commerce platform	\$40	\$4.00–\$6.00	\$4.00	\$1.09	\$213	▼ 72.8%
7/14/2022	 AMTD Digital AMTD Digital Inc. (NYSE:HKD)	Cayman Islands	Software and Services	Financial, media, content and marketing and investment solutions provider	\$125	\$6.80–\$8.20	\$7.80	\$20.44	\$3,831	▲ 162.1%
7/11/2022	 Natural Alternatives International, Inc. Nano Labs Ltd (NasdaqGM:NA)	Cayman Islands	Semiconductors and Semiconductor Equipment	Fabless integrated circuit design company	\$20	\$9.50–\$11.50	\$11.50	\$1.21	\$65	▼ 89.5%

Note: All trademarks, trade names or logos referenced herein are the property of their respective owners.
Source: SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2022

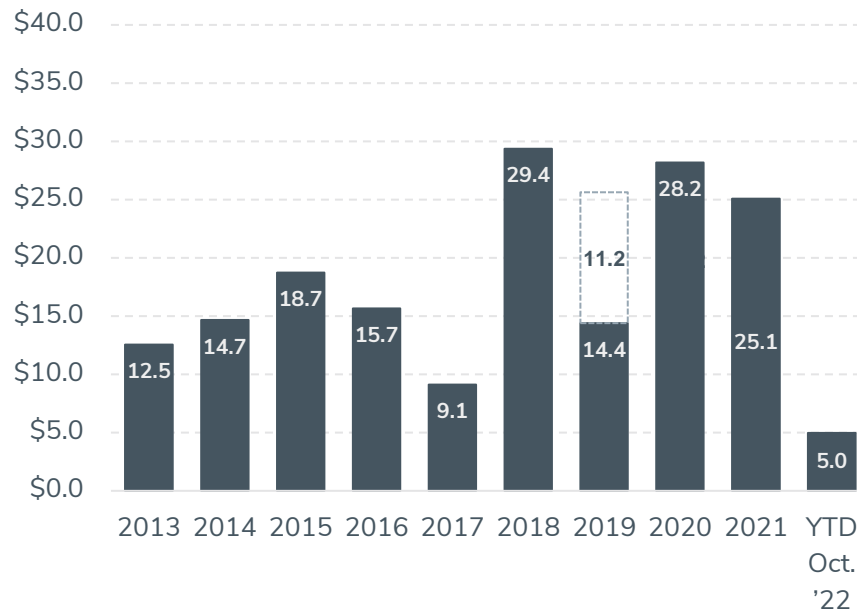
Hong Kong IPO Activity ...

Hong Kong has long been a key venue for Chinese capital-raising activities, accounting for approximately USD 25.1 billion in funds raised from IPOs of Chinese companies in 2021. However, new listing activity for Chinese companies in Hong Kong has slowed in 2022, with 36 Chinese companies completing Hong Kong IPOs through October 2022 for total funds raised of approximately USD 5.0 billion. Economic uncertainty and market volatility have made for challenging conditions, while mainland China markets like the Shanghai Stock Exchange, STAR Market and ChiNext Market continue to draw a larger share of new listings for Chinese companies.

Number of IPOs



Amount of IPO Funds Raised (USD bn)

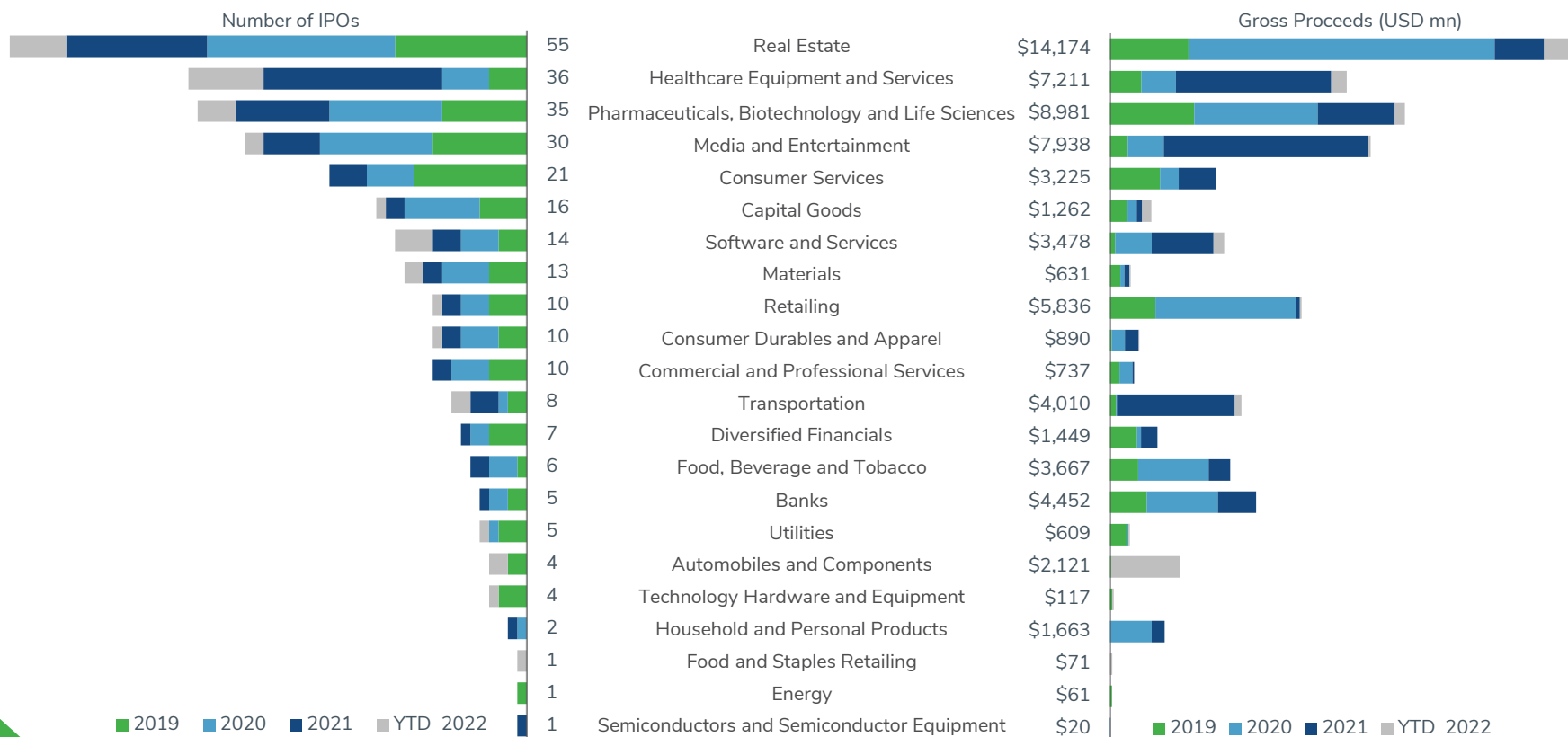


Source: SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2022

Hong Kong IPO Activity

The automobiles and components sector accounted for the most in IPO funds raised through October 2022 with approximately USD 2.1 billion, followed by the real estate sector and the healthcare equipment and services sector with gross funds raised of approximately USD 948 million and USD 469 million, respectively.

IPOs by Industry (2019–YTD October 2022)








Source: SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2022

Hong Kong IPO Activity

The largest Hong Kong IPOs of Chinese companies through the first ten months of 2022 were the listings of lithium battery provider CALB Co., Ltd. and electric vehicle maker Zhejiang Leapmotor Technology Co., Ltd. for USD 1.3 billion and USD 800 million, respectively. Seven other Chinese companies raised at least USD 100 million in Hong Kong IPOs this year through October.

Top Five Hong Kong IPOs of Chinese Companies in YTD October 2022 by Funds Raised

Pricing Date	Company Name	Incorporation	Industry Sector	Business Description	Gross Proceeds (USD mn)	Indicated Price Range (HKD)	Offer Price (HKD)	As of 10/31/2021		
								Stock Price (HKD)	Market Capitalization (USD mn)	Increase/Decrease from IPO Price
10/05/2022	CALB Co., Ltd. (SEHK:3931)	China	Automobiles and Components	Electric vehicle battery provider	\$1,287	HKD38.00–HKD51.00	HKD 38.00	HKD 20.00	\$4,516	▼ 47.4%
										
9/28/2022	Onewo Inc. (SEHK:2602)	China	Real Estate	Property management services provider	\$734	HKD47.10–HKD52.70	HKD 49.35	HKD 29.75	\$4,467	▼ 39.7%
										
9/24/2022	Zhejiang Leapmotor Technology Co., Ltd. (SEHK:9863)	China	Automobiles and Components	Electric vehicle maker	\$800	HKD48.00–HKD62.00	HKD 48.00	HKD 18.14	\$2,641	▼ 62.2%
										
2/14/2022	Huitongda Network Co., Ltd. (SEHK:9878)	China	Capital Goods	Commerce and service platform	\$284	HKD43.00–HKD48.00	HKD 43.00	HKD 30.00	\$2,150	▼ 30.2%
										
1/26/2022	Qingdao Alnnovation Technology Group Co., Ltd. (SEHK:2121)	China	Software and Services	Artificial intelligence solutions provider	\$151	HKD26.30–HKD27.30	HKD 26.30	HKD 19.98	\$1,402	▼ 24.0%
										

Note: All trademarks, trade names or logos referenced herein are the property of their respective owners.
Source: SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2022

Regulatory Update: China .o

1. China Securities and Regulatory Commission (CSRC)

- On May 27, 2022, CSRC issued Announcement No. 36 “Guidelines for Due Diligence of Sponsors,” which was revised according to the requirements of the Prospectus of Shanghai’s Science and Technology Innovation Board (STAR market) and Shenzhen’s Growth Enterprise Market (GEM) and expands the obligations of sponsors in terms of disclosure, verification, and engagement of third-party advisors.
- On May 28, 2022, Kangmei Pharmaceutical Co., Ltd (600518.SH) reportedly paid RMB 2.46 billion (USD 364 million) in compensation to investors, which marked a close to China’s first securities class action lawsuit filed against a fraudulent issuer. This was a significant step toward improving available recourse/remedial actions for investors that have invested in fraudulent issuers.
- On September 14, 2022, the Public Company Accounting Oversight Board (PCAOB) and CSRC signed a Statement of Protocol governing inspections and investigations of audit firms based in China and Hong Kong. This was a significant step forward in resolving the conflict between U.S. and Chinese regulators in respect of the inspection of China-based auditors and ability of Chinese issuers to continue listing/remain listed in the U.S.

2. Supreme People’s Procuratorate

- On April 2, 2022, the Supreme People’s Procuratorate issued the Measures for Compliance Framework, Evaluation and Review of Enterprises involved in Legal Case 《涉案企业合规建设、评估和审查办法》, which provide more specific guidance for all parties from the perspectives of compliance plan formulation, compliance commitment announcement, compliance organization, and the establishment and improvement of compliance management systems and mechanisms.

Regulatory Update: Hong Kong

1. Hong Kong Stock Exchange (HKEX)/Securities and Futures Commission (SFC)

- Following HKEX's revision of environmental, social and corporate governance (ESG) Reporting Guidelines in 2021 (taking effect January 1, 2022) to implement mandatory and “comply or explain” disclosure requirements, HKEX released its 2022 listing newsletter in June 2022, which focuses on global sustainability reporting standards in respect of climate disclosures and underpins HKEX's continuing review of the ESG reporting framework.
- On June 10, 2022, SFC launched a consultation on proposed amendments to the enforcement-related provisions of the Securities and Futures Ordinance (SFO), which includes, enabling SFC to apply to the Court of First Instance (CFI) for injunctions and other orders (including investor compensation orders) against an SFC-regulated person. If implemented, it could allow CFI to require SFC-regulated persons, such as IPO sponsors, to compensate investors where they have breached provisions of the SFC's codes and guidelines.

2. Key recent enforcement actions taken by HKEX/SFC in respect of governance and compliance issues include:

- HKEX publicly censured and imposed a Prejudice to Investors' Interests Statement against several listed companies and/or their directors for various breaches, including false and misleading announcements, asset misappropriation, failing to disclose material and connected transactions, failing to undertake reasonable due diligence on third-party payments, and failing to maintain proper books and records.
- In parallel, HKEX directed some of the listed company directors to attend mandatory training on regulatory and legal topics and listing rule compliance.

China SPACs .o

SPACs raise money through an IPO to acquire a company through a reverse merger. In recent years, acquisition by a SPAC has proven to be an effective way for Chinese companies to tap global capital markets without drawn-out road shows and underwriting expenses.

China SPAC Transaction Activity

Announced	Transaction Value (USD mn)	Transaction Description	SPAC Name	SPAC Headquarters/ Incorporation	Target Name	Target Business Description
9/29/2022	\$834	Summit Healthcare Acquisition Corp. entered into an agreement to combine with YishengBio Co., Ltd.	Summit Healthcare Acquisition Corp. (NasdaqCM:SMIH)	Hong Kong/ Cayman Islands	YishengBio Co., Ltd.	Researches, develops, manufactures and markets immuno-oncology products, vaccines and biotherapeutics for cancer
9/29/2022	\$2,500	Magnum Opus Acquisition Limited entered into an agreement to combine with Asia Innovations Group Limited	Magnum Opus Acquisition Limited (NYSE:OPA)	Hong Kong/ Cayman Islands	Asia Innovations Group Limited	Operates platform of products designed for mobile devices across social, mobile gaming, e-commerce and payments
5/26/2022	\$3,400	COVA Acquisition Corp. entered into an agreement to combine with ECARX Holdings, Inc.	COVA Acquisition Corp. (NasdaqCM:COVA)	U.S./ Cayman Islands	ECARX Holdings, Inc.	Engages in the design, development and delivery of vehicle technology

China SPACs

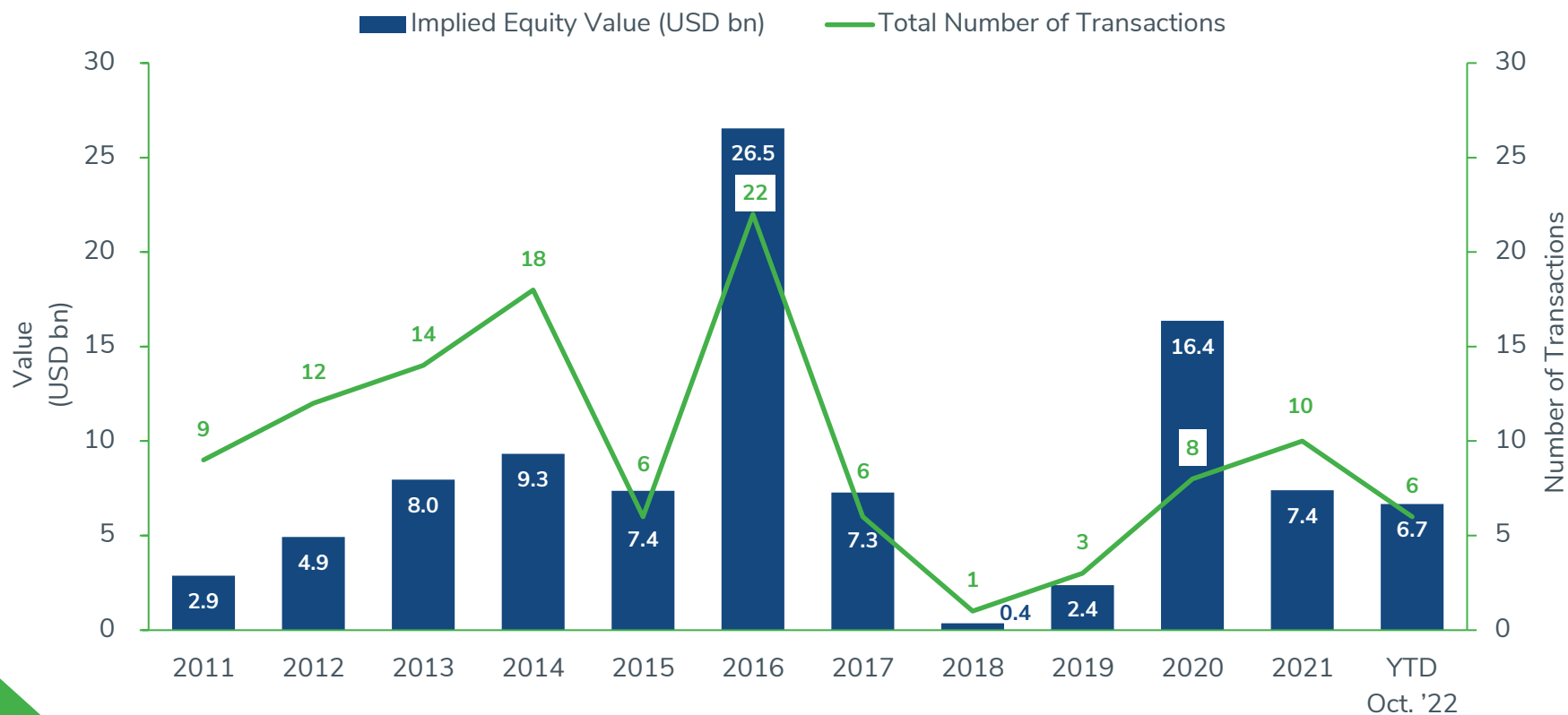
China SPAC Transaction Activity (cont'd)

Announced	Transaction Value (USD mn)	Transaction Description	SPAC Name	SPAC Headquarters/ Incorporation	Target Name	Target Business Description
5/26/2022	\$858	Goldenbridge Acquisition Limited entered into an agreement to combine with Auto Services Group Limited	Goldenbridge Acquisition Limited (NasdaqCM:GBRG)	Hong Kong/ British Virgin Islands	Auto Services Group Limited	Provider of digitalized automotive services and automotive insurance products
5/2/2022	\$1,700	Mountain Crest Acquisition Corp. IV entered into an agreement to combine with CH-Auto Technology Corporation Ltd.	Mountain Crest Acquisition Corp. IV (NasdaqCM:MCAF)	U.S./ Delaware	CH-Auto Technology Corporation Ltd.	Automotive manufacturer specializing in electric vehicle manufacturing, automotive design service and automotive parts manufacturing
4/4/2022	\$353	Iron Spark I Inc. entered into an agreement to combine with Hypebeast Limited	Iron Spark I Inc. (NasdaqCM:ISAA)	U.S./ Delaware	Hypebeast Limited	Operates as a digital media and e-commerce company in Hong Kong, in the U.S., in China and internationally
3/22/2022	\$1,500	Primavera Capital Acquisition Corporation entered into an agreement to combine with Lanvin Group	Primavera Capital Acquisition Corporation (NYSE:PV)	Hong Kong/ Cayman Islands	Lanvin Group	Manufactures and offers luxury fashion apparel, accessories and fragrances
3/3/2022	\$1,020	Provident Acquisition Corp. entered into an agreement to combine with Perfect Corp.	Provident Acquisition Corp. (NasdaqCM:PAQC)	Hong Kong/ Cayman Islands	Perfect Corp.	Provides augmented reality and artificial intelligence Software-as-a-Service solutions to beauty and fashion industries

Going-Private Transactions .o

Six going-private transactions of U.S.-listed Chinese companies were completed this year through October 2022, with a total implied equity value of approximately USD 6.7 billion. Notable completed transactions include the privatizations of healthcare services provider New Frontier Health and human resource service provider 51job during 2022.

Summary of Closed Transactions



Source: SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2022

YTD October 2022 Closed Transactions

Closed Date	Announced Date	Company Name	Incorporation	Industry Group	Business Description	Implied Equity Value (USD mn)
10/11/2022	8/4/2021	LAIX Inc.	Cayman Islands	Consumer Services	Provides online English-learning products and services in China	\$7



9/15/2022	12/23/2021	Hailiang Education Group Inc.	Cayman Islands	Consumer Services	Provides K–12 educational and management services in China	\$369
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8/12/2022	1/2/2022	BlueCity Holdings Limited	Cayman Islands	Media and Entertainment	Operates a platform for the LGBTQ community in China, India, South Korea, Thailand and Vietnam	\$67
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BLUECITY 蓝城兄弟

5/6/2022	9/17/2020	51job, Inc.	Cayman Islands	Commercial and Professional Services	Provides integrated human resource services in China	\$4,607
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1/26/2022	2/9/2021	New Frontier Health Corporation	Cayman Islands	Healthcare Equipment and Services	Provides healthcare services and operates a network of hospital inpatient departments and integrated outpatient clinics, including satellite feeder clinics	\$1,571
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1/26/2022	8/9/2021	China Zenix Auto International Limited	British Virgin Islands	Automobiles and Components	Designs, manufactures and sells commercial vehicle wheels to aftermarket and original equipment manufacturers in China	\$56
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Going-Private Transactions ..

As of October 31, 2022, the aggregate market capitalization of U.S.-listed Chinese companies with pending going-private transactions that have been announced or proposed was approximately USD 2.5 billion. Through October 2022, six going-private transactions of U.S.-listed Chinese companies were announced that have yet to close, the largest being the proposed privatizations of data center operator VNET Group and tech-enabled healthcare platform 111, Inc.




YTD October 2022 Announced Transactions

Announced Date	Status	Company Name	Incorporation	Industry Group	Business Description	Market Capitalization (USD mn) ¹
9/13/2022	Announced/ Pending	VNET Group, Inc. (NasdaqGS:VNET)	Cayman Islands	Software and Services	Operates as a data center services provider in China, providing hosting and related services	\$620
						
9/9/2022	Announced/ Pending	111, Inc. (NasdaqGM:YI)	Cayman Islands	Food and Staples Retailing	Operates an integrated online and offline platform in the healthcare market in China	\$225
						
8/23/2022	Announced/ Pending	China Index Holdings Limited (NasdaqGS:CIH)	Cayman Islands	Commercial and Professional Services	Operates a real estate information and analytics service platform in China	\$73
						

¹ Market capitalization as of October 31, 2022

Note: All trademarks, trade names or logos referenced herein are the property of their respective owners.
Source: SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2021

YTD October 2022 Announced Transactions (cont'd)

Announced Date	Status	Company Name	Incorporation	Industry Group	Business Description	Market Capitalization (USD mn) ¹
8/22/2022	Announced/ Pending	Genetron Holdings Limited (NasdaqGM:GTH)	Cayman Islands	Pharmaceuticals, Biotechnology and Life Sciences	An oncology platform company in China that specializes in offering molecular profiling tests, early cancer screening products and companion diagnostics development	\$74
						
4/29/2022	Announced/ Pending	Bright Scholar Education Holdings Limited (NYSE:BEDU)	Cayman Islands	Consumer Services	Operates K–12 schools and offers complementary education services	\$83
						
3/14/2022	Announced/ Pending	Glory Star New Media Group Holdings Limited (NasdaqCM:GSMG)	Cayman Islands	Media and Entertainment	Operates a digital advertising, media and entertainment, and e-commerce business in China	\$104
						

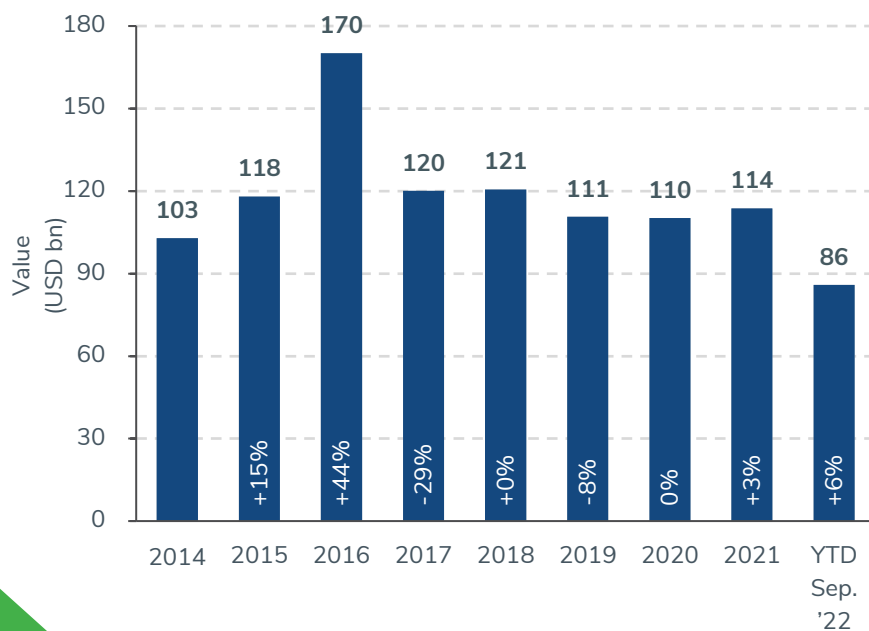
¹ Market capitalization as of October 31, 2022

Note: All trademarks, trade names or logos referenced herein are the property of their respective owners.
Source: SEC filings, company press releases and S&P Global Market Intelligence as of October 31, 2021

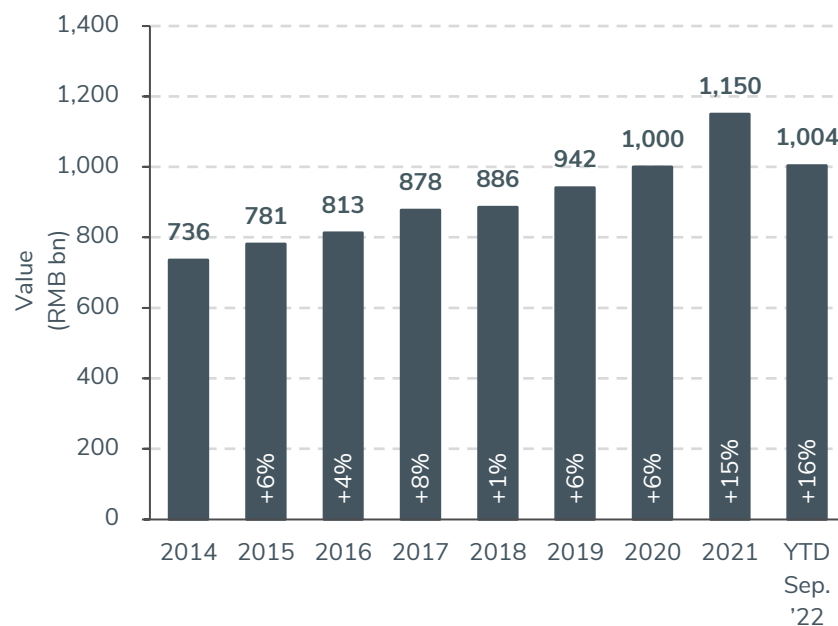
Cross-Border Investment

For the first nine months of 2022, China’s non-financial outbound direct investment rose 6.3% year-on-year to approximately USD 85.9 billion, with investment into countries along the Belt and Road Initiative up 5.2% and accounting for approximately 18.2% of total investment for the period. Foreign direct investment into mainland China rose 15.6% year-on-year to approximately RMB 1,003.8 billion through the first nine months of 2022. Investment in China’s high-tech industries surged 32.3%, with investment in high-tech manufacturing up 48.6% and investment in the high-tech service sector up 27.9%. Foreign direct investment for the first nine months of the year from Germany, the Republic of Korea, Japan and the United Kingdom increased by 114.3%, 90.7%, 39.5% and 22.3%, respectively.

Chinese Non-Financial Outbound Direct Investment



Foreign Direct Investment in China



Source: China State Council, China Ministry of Commerce, Bloomberg and China Daily

Notable Cross-Border Transactions

Tencent 腾讯



In September 2022, Tencent acquired an additional indirect stake in French gaming publisher Ubisoft for USD 198 million, approximately doubling its ownership interest.



Tencent 腾讯

FROM SOFTWARE

In August 2022, Tencent, through its Sixjoy Hong Kong subsidiary, along with Sony Group, agreed to invest approximately USD 260 million for a 30% stake in Japanese video game development company FromSoftware.



Ganfeng Lithium

LSC LITHIUM CORPORATION

In July 2022, China's largest lithium compounds producer Ganfeng Lithium agreed to acquire Argentina-focused mining group Lithea from LSC Lithium for up to USD 962 million.



In June 2022, Sino Biopharmaceutical, through its invoX Pharma subsidiary, offered to acquire UK-headquartered clinical-stage biopharmaceuticals firm F-star Therapeutics for approximately USD 161 million.



In March 2022, state-owned China-East Resources Import & Export, along with UK-based Broughton Capital Group, agreed to provide USD 550 million in funding for Canadian start-up TransPod's proposed high-speed hyperloop transportation project.



Tencent 腾讯

scalapay

In February 2022, Tencent and Willoughby Capital co-led a USD 497 million round of financing for Italy-based payments platform Scalapay.



Select Transactions Experience

Financial Advisor

(Transaction Pending)

VNET Group, Inc. has received a nonbinding proposal from the founder and executive chairman to acquire the outstanding shares of the company in a going-private transaction.



Financial advisor to the special committee of the board of directors of VNET Group, Inc.

Financial Advisor

(Transaction Pending)

Genetron Holdings Limited has received a nonbinding proposal from the cofounder to acquire the outstanding shares of the company in a going-private transaction.



Financial advisor to the special committee of the board of directors of Genetron Holdings Limited

Financial Advisor

(Transaction Completed)

51job, Inc. has received a nonbinding proposal from DCP Capital Partners, L.P. to acquire the outstanding shares of the company in a going-private transaction.



Financial advisor to the special committee of the board of directors of 51job, Inc.

Financial Advisor

(Transaction Completed)

Sogou Inc. has received a nonbinding proposal from Tencent Holdings Limited to acquire the outstanding shares of the company in a going-private transaction.



Financial advisor to the special committee of the board of directors of Sogou Inc.

Financial Advisor

(Transaction Completed)

New Frontier Health Corporation has received a nonbinding proposal from certain existing shareholders to acquire the outstanding shares of the company in a going-private transaction.



Financial advisor to the special committee of the board of directors of New Frontier Health Corporation

Financial Advisor

(Transaction Completed)

China Distance Education Holding Limited has been acquired by an insider-led consortium in a going-private transaction.



Financial advisor to the special committee of the board of directors of China Distance Education Holding Limited

Financial Advisor

(Transaction Completed)

JD.com, Inc. has divested its cloud and AI business to Jingdong Digits Technology Holding Co., Ltd.



Financial advisor to the audit committee of JD.com, Inc.

Financial Advisor

(Transaction Completed)

Bilibili Inc. acquired certain equity interest in Chaodian Inc. from the management of Bilibili Inc.



Financial advisor to the audit committee of the board of directors of Bilibili Inc.

GLOBAL CORPORATE FINANCE PRACTICE

Ranked No. 1 for Total Number of U.S. and Global Fairness Opinions over the past 5- and 10-year periods.¹

Ranked No. 5 for U.S. Middle Market M&A over the past 10 years.²

ANNOUNCED U.S. FAIRNESS OPINIONS RANKINGS

	Ranking	Number of Credited Deals
1 Year: 2021	#1	60
5 Years: 2017–2021	#1	246
10 Years: 2012–2021	#1	456

Source: Refinitiv

ANNOUNCED GLOBAL FAIRNESS OPINIONS RANKINGS

	Ranking	Number of Credited Deals
1 Year: 2021	#1	83
5 Years: 2017–2021	#1	315
10 Years: 2012–2021	#1	573

Source: Refinitiv

¹ According to Refinitiv cumulative data 2012–2021

² According to Refinitiv data (U.S. deals \$10M < \$170M, including deals without a disclosed value); full years 2012 through 2021

Kroll Differentiators

Global expertise, with more than 70 offices around the world, including in Beijing, Shanghai, Hong Kong, Guangzhou, Shenzhen, Taipei, Tokyo, London, Paris, Frankfurt, Madrid and New York

Extensive experience advising public company boards of directors and special committees on going-private and related-party transactions

Strong global M&A practice with significant experience advising on cross-border transactions and negotiating M&A transactions with buyers on behalf of special committees

Independent and free of conflicts of interest



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