

# China Transactions Insights

Early Winter 2019



# Overview

U.S. initial public offering (IPO) activity for Chinese companies remains strong but below 2018 levels, with 31 companies completing IPOs for total funds raised of US\$3.2 billion for the first 11 months of 2019, compared to 37 IPOs for a total of US\$8.7 billion in funds raised for full-year 2018.<sup>1</sup>

As of November 2019, there were 196 China-based companies listed on the Nasdaq, NYSE and AMEX. U.S.-listed Chinese companies represent over US\$1 trillion in total market capitalization, with many of the largest companies active in pursuing investments, acquisitions and other transactions both in China and outside its borders.<sup>1</sup>

While going-private transaction activity for U.S.-listed companies based in China remains well below the peak level seen in 2016, there has been an uptick in 2019 deal activity versus last year. During the first 11 months of 2019, three previously announced going-private transactions closed, and seven new transactions were announced.<sup>1</sup>

China's overall outbound investment activity has been relatively stable, but Chinese M&A activity in the U.S. remains significantly lower than pre-2018 levels amid persisting trade tensions and stricter government policies.

Uncertainty remains for global businesses and markets as the trade dispute between the United States and China approaches its second anniversary. However, recent trade negotiations and the announcement of a “Phase One” agreement indicate that progress is likely being made in resolving key issues and reducing trade tensions.

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<sup>1</sup> SEC filings, company press releases and S&P Global Market Intelligence as of November 29, 2019

# Executive Summary

## U.S. IPO Activity

- While below 2018 levels, 2019 has been another active year for IPOs of Chinese companies on U.S. exchanges
- 31 IPOs for US\$3.2 billion in funds raised year-to-date (YTD) through November this year

## Hong Kong IPO Activity

- Hong Kong continues to be a key market for Chinese company IPOs in 2019
- 77 IPOs for US\$22.9 billion in gross proceeds YTD through November this year

## Going-Private Transactions

- Going-private transaction activity for U.S.-listed Chinese companies remains measured in 2019 but is up from 2018 levels
- Three deals closed and seven deals announced YTD through November this year

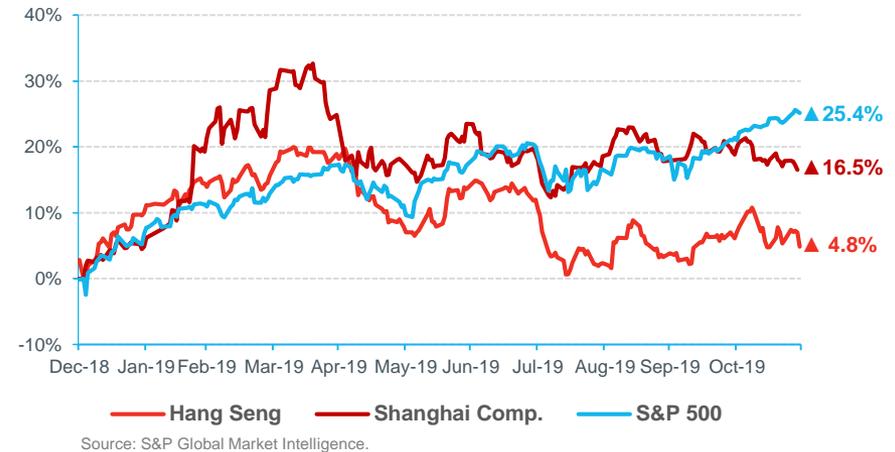
## Cross-Border Transactions

- Overall Chinese outbound direct investment grew steadily at 5.9% YTD through October this year
- Trade tensions and tighter capital controls have coincided with a drop-off in outbound M&A from China into the U.S.

## U.S.-China Trade Dispute and Tariffs

- Progress has been made in reducing trade tensions, including the announcement of a “Phase One” deal, but uncertainty remains
- U.S. imports from China declined 13.4% YTD through September this year, while U.S. exports to China were down 15.5%

## YTD Market Index Performance



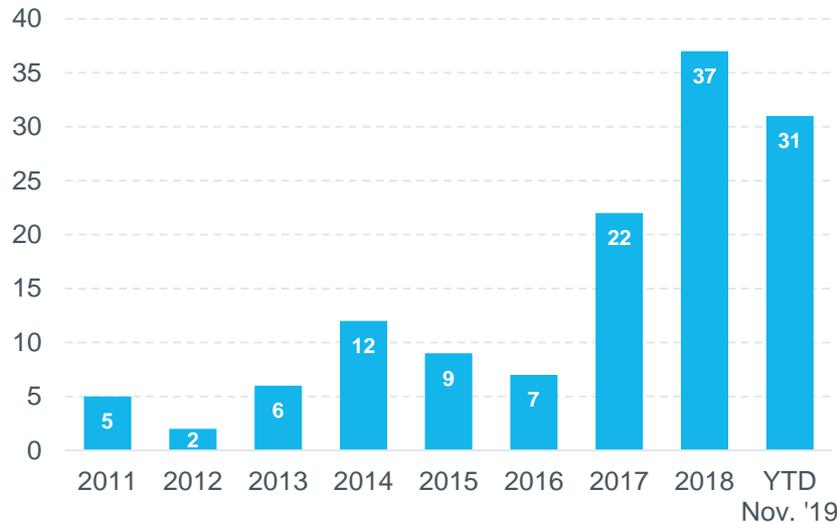
## RMB to USD Exchange Rate



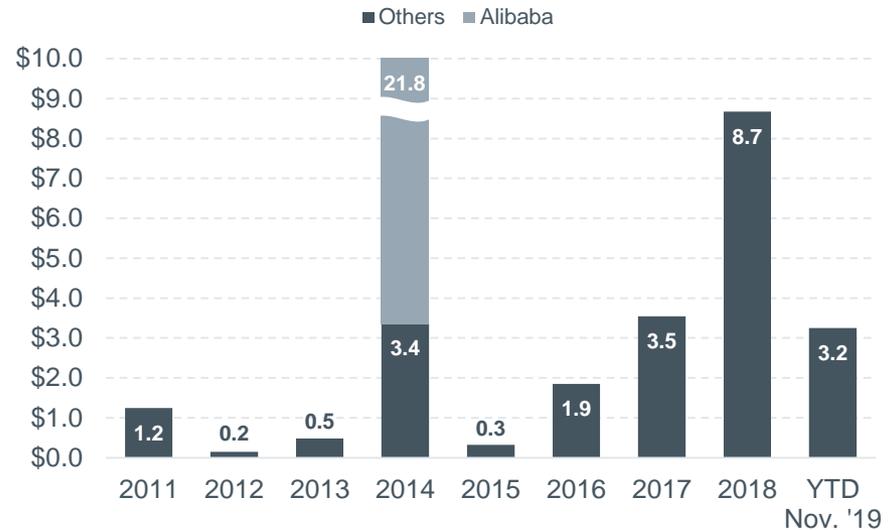
# U.S. IPO Activity

After a blockbuster year for new U.S. listings of Chinese companies in 2018, U.S. IPO activity for Chinese firms has continued at a strong pace through November 2019 but remains below the levels seen in 2018. A total of 31 IPOs were completed in 2019 through November, compared to 37 in 2018. However, there has been a more precipitous drop in aggregate funds raised, from US\$8.7 billion in 2018 to US\$3.2 billion in the first 11 months of 2019. Four companies completed IPOs for over US\$1 billion in funds raised in 2018, while there have been no listings of such size in 2019 through November.

## Number of IPOs



## Amount of IPO Funds Raised (US\$ bn)

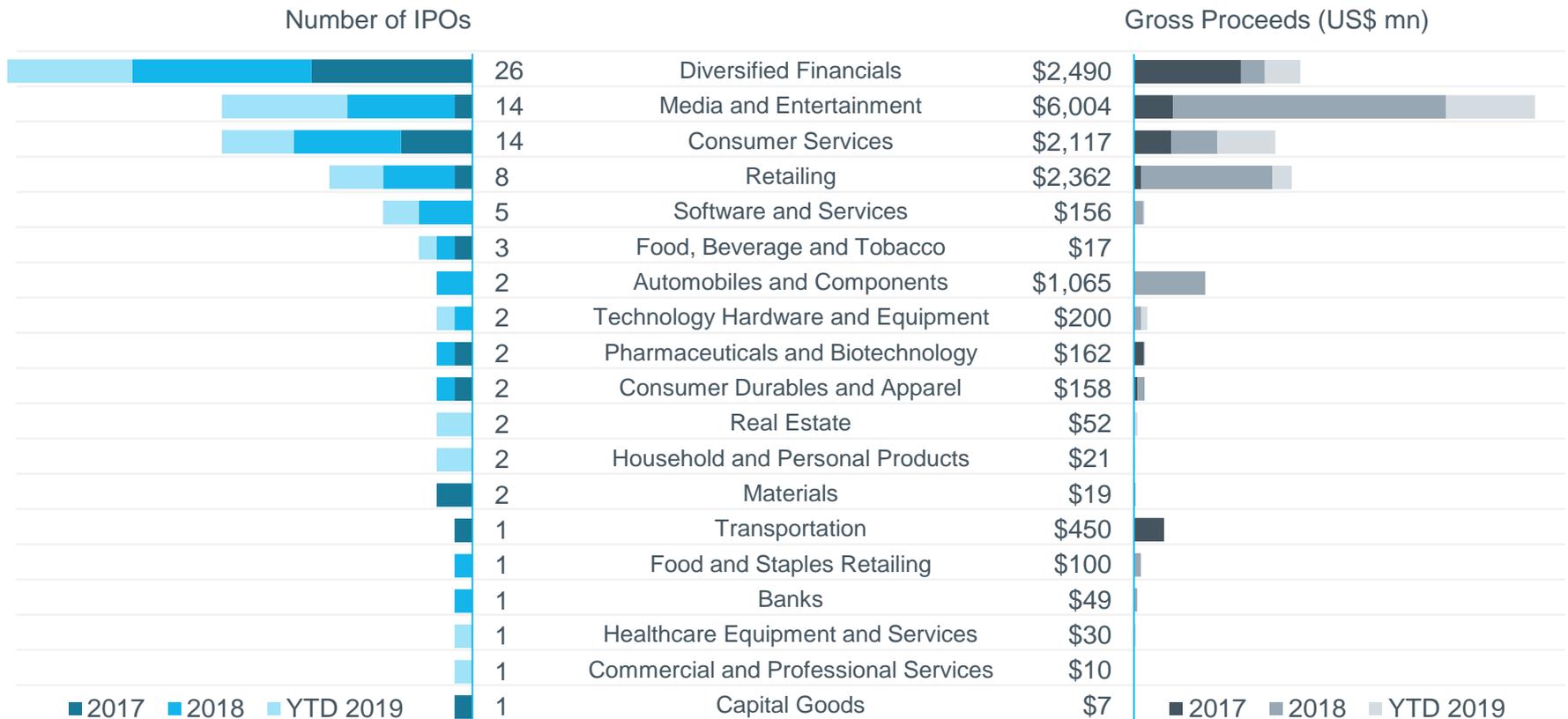


Note: 2014 was an outlier in terms of total IPO funds raised due to Alibaba's record US\$22 billion listing on the NYSE.

# U.S. IPO Activity

Companies in the financial sector accounted for the most IPOs from 2017 through November 2019, including mostly fintech and consumer finance businesses. However, companies in the media and entertainment sector accounted for the most in total funds raised over the same period, including large IPOs by DouYu, Wanda Sports and So-Young International in 2019; Bilibili, iQIYI, HUYA and Tencent Music in 2018; and Sogou in 2017.

## IPOs by Industry (2017–YTD November 2019)



Source: SEC filings, company press releases and S&P Global Market Intelligence as of November 29, 2019.

# U.S. IPO Activity

The largest U.S. IPO of a Chinese company during the first 11 months of 2019 was the Nasdaq listing of gaming-focused live streaming platform DouYu in July for US\$775 million in funds raised, followed by the Nasdaq IPO of coffee chain Luckin Coffee in May for US\$561 million in funds raised and the US\$208 million NYSE listing of online tutoring and education provider GSX Techedu in June.

## Top 10 U.S. IPOs of Chinese Companies in YTD November 2019 by Funds Raised

Pricing Date	Company Name	Incorporation	Industry Sector	Business Description	Gross Proceeds (US\$ mn)	Indicated Price Range	Offer Price	Stock Price	As of 11/29/2019	
									Market Capitalization (US\$ mn)	Increase/Decrease From IPO Price
10/24/2019	Youdao, Inc. (NYSE:DAO)	Cayman Islands	Consumer Services	Online education company	\$95	\$15.00- \$18.00	\$17.00	\$13.65	\$1,525	▼19.8%
										
8/2/2019	AMTD International Inc. (NYSE:HKIB)	Cayman Islands	Diversified Financials	Provides investment banking, asset management and other advisory services	\$174	\$8.10- \$8.48	\$8.38	\$7.60	\$1,777	▼9.3%
										
7/26/2019	Wanda Sports Group Company Limited (NasdaqGS:WSG)	Hong Kong	Media and Entertainment	Global sports events, media and marketing platform	\$190	\$12.00- \$15.00	\$8.00	\$3.10	\$424	▼61.3%
										
7/16/2019	DouYu International Holdings Limited (NasdaqGS:DOYU)	Cayman Islands	Media and Entertainment	Operates a game-centric live streaming platform in China	\$775	\$11.50- \$14.00	\$11.50	\$7.46	\$2,422	▼35.1%
										

Top 10 U.S. IPOs of Chinese Companies in YTD November 2019 by Funds Raised (Continued)

Pricing Date	Company Name	Incorporation	Industry Sector	Business Description	Gross Proceeds (US\$ mn)	Indicated Price Range	Offer Price	As of 11/29/2019		
								Stock Price	Market Capitalization (US\$ mn)	Increase/Decrease From IPO Price
6/5/2019	GSX Techedu Inc. (NYSE:GSX)	Cayman Islands	Consumer Services	Technology-driven education company and online tutoring service provider	\$208	\$9.50-\$11.50	\$10.50	\$17.59	\$4,146	▲67.5%
 <p>GSX Techedu Inc.</p>										
5/17/2019	Luckin Coffee Inc. (NasdaqGS:LK)	Cayman Islands	Consumer Services	Operates a coffee chain in China	\$561	\$15.00-\$17.00	\$17.00	\$30.15	\$7,246	▲77.4%
 <p>luckin coffee</p>										
5/2/2019	Yunji Inc. (NasdaqGM:YJ)	Cayman Islands	Retailing	Operates a membership-based social e-commerce platform	\$121	\$11.00-\$13.00	\$11.00	\$3.95	\$853	▼64.1%
										
5/1/2019	So-Young International Inc. (NasdaqGM:SY)	Cayman Islands	Media and Entertainment	Operates an online marketplace connecting cosmetic surgery providers with Chinese consumers	\$179	\$11.80-\$13.80	\$13.80	\$12.32	\$1,259	▼10.7%
 <p>新氧 专业医美APP 因为严谨 所以专业</p>										
4/2/2019	Ruhnn Holding Limited (NasdaqGS:RUHN)	Cayman Islands	Retailing	Internet key opinion leader facilitator and e-commerce platform	\$125	\$11.50-\$13.50	\$12.50	\$7.27	\$601	▼41.8%
 <p>ruhnn 如涵控股 ruhnn holdings</p>										
3/19/2019	UP Fintech Holding Limited (NasdaqGS:TIGR)	Cayman Islands	Diversified Financials	Online brokerage firm focusing on global Chinese investors	\$104	\$5.00-\$7.00	\$8.00	\$3.58	\$502	▼55.3%
 <p>老虎證券</p>										

# U.S.-Listed Chinese Companies

Of the 196 China-based companies listed on major U.S. exchanges as of November 29, 2019, approximately two-thirds of them trade on the Nasdaq, approximately 30% trade on the NYSE and several companies trade on the AMEX. Approximately 70% 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 (US\$ mn)	Exchange	Number of Companies	Total Market Cap (US\$ mn)
Media and Entertainment	31	\$181,141	Nasdaq	133	\$320,629
Diversified Financials	30	14,579	NYSE	58	697,785
Consumer Services	25	93,209	AMEX	5	122
Retailing	21	659,431	<b>Total</b>	<b>196</b>	<b>\$1,018,536</b>
Software and Services	13	9,402			
Materials	10	261			
Capital Goods	8	368			
Food, Beverage and Tobacco	7	349			
Pharmaceuticals and Biotechnology	6	20,642			
Automobiles and Components	6	3,621			
Consumer Durables and Apparel	6	753			
Commercial and Professional Services	5	5,836	<b>Incorporation</b>	<b>Number of Companies</b>	<b>Total Market Cap (US\$ mn)</b>
Real Estate	5	1,370	Cayman Islands	137	\$995,455
Technology Hardware and Equipment	4	2,944	British Virgin Islands	28	3,077
Healthcare Equipment and Services	4	883	Nevada	15	583
Transportation	3	18,992	Delaware	8	17,283
Semiconductors and Semiconductor Equipment	3	2,290	Florida	3	82
Food and Staples Retailing	3	483	Hong Kong	2	439
Household and Personal Products	3	162	Canada	1	972
Insurance	1	1,467	Antigua and Barbuda	1	640
Banks	1	333	Marshall Islands	1	6
Energy	1	18	<b>Total</b>	<b>196</b>	<b>\$1,018,536</b>
<b>Total</b>	<b>196</b>	<b>\$1,018,536</b>			

## Top 15 U.S.-Listed Chinese Companies by Market Capitalization

				As of 11/29/2019		
Company Name	Industry Sector	Business Description	Recent Notable Transactions	Market Capitalization (US\$ mn)	Stock Price % of 52-Week High	Price to LTM* Earnings Multiple
Alibaba Group Holding Limited (NYSE:BABA)	Retailing	Operates as an online and mobile commerce company in China and internationally	Completed US\$11.2 billion Hong Kong Stock Exchange listing (Nov. 2019) Acquired e-commerce platform Kaola from NetEase for US\$2.0 billion (Sept. 2019) Acquired US\$635 million of convertible bonds in Chinese furniture retailer Red Star Macalline (May 2019)	\$534,670	99.5%	24.6x
						
JD.com, Inc. (NasdaqGS:JD)	Retailing	Operates as an e-commerce company in China	Led US\$142 million funding round in elevator advertising company Xinchao Media (Aug. 2019) Healthcare subsidiary JD Health raised US\$1 billion from investors (May 2019) Co-led US\$1 billion funding round in Indonesian ride-hailing firm PT Go-Jek along with Google and Tencent (Feb. 2019)	\$47,674	92.2%	90.8x
						
Pinduoduo Inc. (NasdaqGS:PDD)	Retailing	Operates an e-commerce platform in China offering interactive and social shopping experiences	Completed US\$1.0 billion senior notes offering (Sept. 2019) Completed US\$1.6 billion IPO (July 2018)	\$41,787	79.4%	N/M*
						
Baidu, Inc. (NasdaqGS:BIDU)	Media and Entertainment	Provides internet search services in China and internationally	Secondary offering of Trip.com shares for US\$1.0 billion (Sept. 2019) Led US\$200 million funding round of investment projects and consulting services provider Dalian Neusoft (Sept. 2019) Led US\$300 million funding round in elevator advertising company Xinchao Media (Nov. 2018)	\$41,070	60.5%	N/M
						
NetEase, Inc. (NasdaqGS:NTES)	Media and Entertainment	Operates an interactive online community, offering online game services, advertising services, email, e-commerce and other services	IPO of online education subsidiary Youdao (Oct. 2019) Sold e-commerce platform Kaola to Alibaba Group for US\$2.0 billion (Sept. 2019) Received US\$600 million in funding for its music streaming platform NetEase Cloud Music (Oct. 2018)	\$40,349	98.5%	14.9x
						

\* LTM = Last 12 Months; N/M = Not Meaningful.

Source: SEC filings, company press releases, Bloomberg, S&P Global Market Intelligence (as of November 29, 2019) and various news sources (e.g., Bloomberg News, Reuters, *The Wall Street Journal*).

## Top 15 U.S.-Listed Chinese Companies by Market Capitalization (Continued)

				As of 11/29/2019		
Company Name	Industry Sector	Business Description	Recent Notable Transactions	Market Capitalization (US\$ mn)	Stock Price % of 52-Week High	Price to LTM* Earnings Multiple
TAL Education Group (NYSE:TAL)	Consumer Services	Provides K-12 after-school tutoring services covering various academic subjects in China	Invested in 10+ learning and education platforms in China and other geographies in the past year  Completed US\$500 million private placement equity raise (Feb. 2019)	\$26,191	97.8%	N/M*
						
Tencent Music Entertainment Group (NYSE:TME)	Media and Entertainment	Operates an online music entertainment platform that provides online music and music-centric social entertainment services in China	Completed US\$1.1 billion IPO (Dec. 2018)	\$20,325	62.2%	70.9x
						
Trip.com Group Limited (NasdaqGS:TCOM)	Retailing	Provides travel service for accommodation reservations, transportation ticketing, packaged tours and corporate travel management in China	Secondary offering of shares held by Baidu for US\$1.0 billion (Sep. 2019)  Part of a buyer consortium group that acquired eHi Car Services in a going-private transaction (Apr. 2019)	\$19,559	71.5%	35.9x
						
New Oriental Education & Technology Group Inc. (NYSE:EDU)	Consumer Services	Provides private educational services	Invested in nine online learning and education platforms in China in the past two years  IPO of subsidiary Koolearn Technology (Mar. 2019)	\$19,183	97.0%	59.3x
						
Yum China Holdings, Inc. (NYSE:YUMC)	Consumer Services	Owns, operates and franchises restaurants in China under the KFC, Pizza Hut, Taco Bell, East Dawning and Little Sheep brands	Announced the acquisition of a controlling stake in Chinese restaurant chain Huang Ji Huang Group (Aug. 2019)  Acquired an additional 36% in Wuxi KFC for approximately US\$98 million (Feb. 2018)	\$16,776	92.1%	24.8x
						

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Source: SEC filings, company press releases, Bloomberg, S&P Global Market Intelligence (as of November 29, 2019) and various news sources (e.g., Bloomberg News, Reuters, *The Wall Street Journal*).

## Top 15 U.S.-Listed Chinese Companies by Market Capitalization (Continued)

				As of 11/29/2019		
Company Name	Industry Sector	Business Description	Recent Notable Transactions	Market Capitalization (US\$ mn)	Stock Price % of 52-Week High	Price to LTM* Earnings Multiple
ZTO Express (Cayman) Inc. (NYSE:ZTO) 	Transportation	Provides express delivery and other value-added logistics services in China	Invested US\$168 million in Cainiao Post, a courier services company in China (June 2018)  A consortium led by Alibaba acquired an approximately 10% stake in ZTO Express for US\$1.4 billion (June 2018)	\$16,640	92.1%	25.9x
iQIYI, Inc. (NasdaqGS:IQ) 	Media and Entertainment	Provides online entertainment services through a video streaming platform	Completed US\$2.3 billion IPO (Mar. 2018)  Acquired Chinese gaming and entertainment company Skymoons for US\$298 million (July 2018)	\$13,886	65.6%	N/M*
BeiGene, Ltd. (NasdaqGS:BGNE) 	Pharmaceuticals and Biotechnology	Develops and commercializes immunology drugs	Announced US\$2.7 billion private placement from U.S. biotechnology company Amgen (Oct. 2019)	\$12,425	96.6%	N/M
Huazhu Group Limited (NasdaqGS:HTHT) 	Consumer Services	A leading hotel operator and franchisor in China	Participated in US\$300 million funding round in apartment services provider Chengjia (Sept. 2019)  Acquired an additional 71% in hotel and resort operator Blossom Hill Hotel Investment & Management for US\$67 million (Dec. 2018)	\$9,712	75.4%	96.0x
Weibo Corporation (NasdaqGS:WB) 	Media and Entertainment	Operates as a social media platform	Completed US\$800 million notes offering (June 2019)  Acquired live streaming platform Yizhibo for US\$50 million (Dec. 2018)	\$8,955	57.3%	17.2x

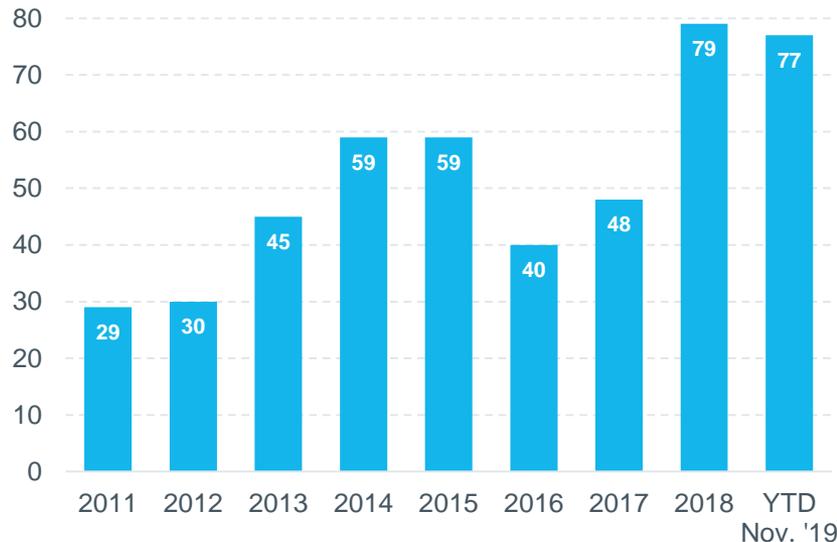
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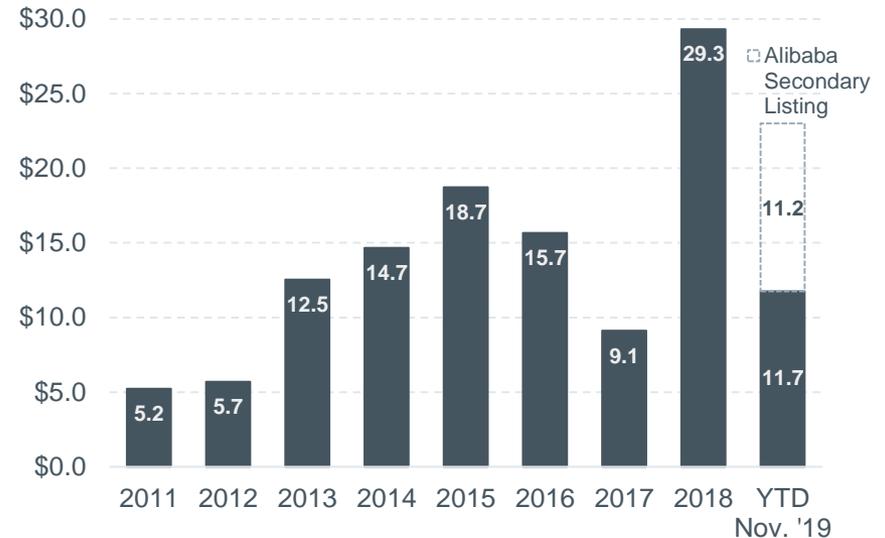
# Hong Kong IPO Activity

Hong Kong’s legal system, abundant professional expertise and position as a gateway bridging mainland China and the Western world continue to attract Chinese capital raising activities, and last year’s implementation of new rules allowing IPOs of pre-revenue biotech firms and companies with dual-class share structures further bolstered its appeal. While Chinese IPO activity in Hong Kong this year trails 2018 levels in terms of total funds raised, the Hong Kong Stock Exchange remains a top destination for Chinese companies listing their shares outside mainland China, with 77 new listings accounting for approximately US\$11.7 billion in aggregate funds raised in the first 11 months of 2019.

**Number of IPOs**



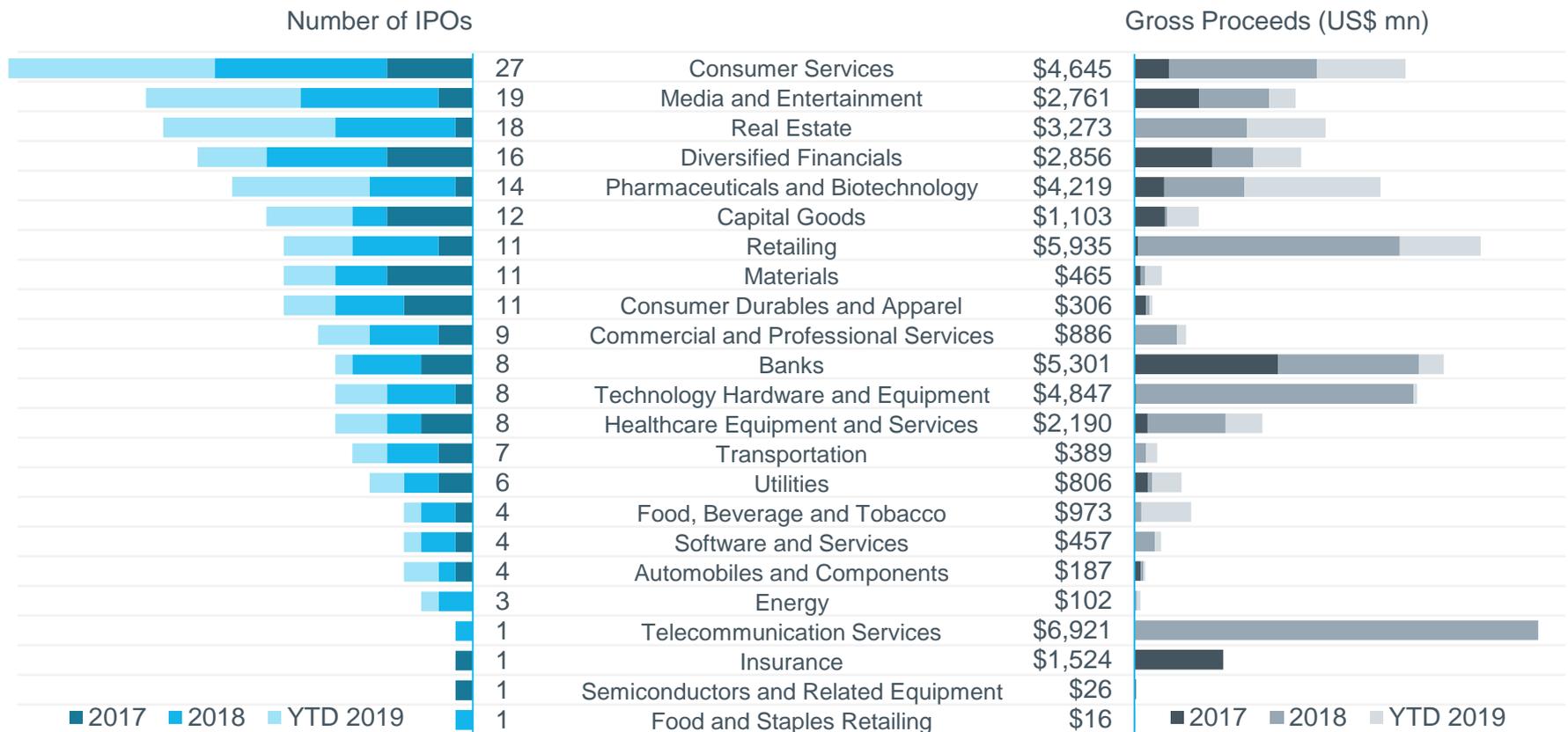
**Amount of IPO Funds Raised (US\$ bn)**



# Hong Kong IPO Activity

Companies in the consumer services sector accounted for the most IPOs from 2017 through November 2019, primarily including education services and online education businesses. However, the pharmaceuticals and biotechnology sector has led IPO activity in terms of funds raised in 2019 through November, with eight new listings accounting for US\$2.3 billion in equity raised.

## IPOs by Industry (2017–YTD November 2019)



# Hong Kong IPO Activity

Two Chinese companies have completed IPOs for over US\$1 billion in funds raised this year through November, including sportswear retailer Topsports and pharmaceutical company Hansoh Pharmaceutical Group. Baby formula maker China Feihe and vocational training provider China East Education also each raised over US\$500 million in their IPOs this year. Additionally, Chinese e-commerce giant Alibaba completed a US\$11.2 billion Hong Kong secondary offering in November.

## Top 10 Hong Kong IPOs of Chinese Companies in YTD 2019 by Funds Raised

Pricing Date	Company Name	Incorporation	Industry Sector	Business Description	Gross Proceeds (US\$ mn)	Indicated Price Range	Offer Price	Stock Price	As of 11/29/2019	
									Market Capitalization (US\$ mn)	Increase/Decrease From IPO Price
11/12/2019	China Feihe Limited (SEHK:6186)	Cayman Islands	Food, Beverage and Tobacco	Baby formula producer	\$856	HKD 7.50- HKD 10.00	HKD 7.50	HKD 7.22	\$8,240	▼3.7%
										
10/9/2019	Topsports International Holdings Limited (SEHK:6110)	Cayman Islands	Retailing	Consumer-centric sportswear retail and service platform	\$1,008	HKD 8.30- HKD 10.10	HKD 8.50	HKD 8.80	\$6,971	▲3.5%
										
9/18/2019	Shanghai Henlius Biotech, Inc. (SEHK:2696)	China	Pharmaceuticals and Biotechnology	Biopharmaceutical company focusing on oncology and autoimmune diseases	\$410	HKD 49.60- HKD 57.80	HKD 49.60	HKD 40.20	\$2,791	▼19.0%
										
7/17/2019	Jinshang Bank Co., Ltd. (SEHK:2558)	China	Banks	Commercial bank	\$420	HKD 3.80- HKD 3.98	HKD 3.82	HKD 1.79	\$1,335	▼53.1%
										

## Top 10 Hong Kong IPOs of Chinese Companies in YTD 2019 by Funds Raised (Continued)

Pricing Date	Company Name	Incorporation	Industry Sector	Business Description	Gross Proceeds (US\$ mn)	Indicated Price Range	Offer Price	Stock Price	As of 11/29/2019	
									Market Capitalization (US\$ mn)	Increase/Decrease From IPO Price
7/15/2019	Zhongliang Holdings Group Company Limited	Cayman Islands	Real Estate	Shanghai-based real estate developer	\$376	HKD 5.20- HKD 6.68	HKD 5.55	HKD 6.13	\$2,805	▲10.5%
										
6/24/2019	Jinxin Fertility Group Limited (SEHK:1951)	Cayman Islands	Healthcare Equipment and Services	Fertility services provider	\$391	HKD 7.76- HKD 8.54	HKD 8.54	HKD 11.90	\$3,701	▲39.3%
										
6/13/2019	Hansoh Pharmaceutical Group Company Limited (SEHK:3692)	Cayman Islands	Pharmaceuticals and Biotechnology	R&D-driven pharmaceutical company	\$1,004	HKD 13.06- HKD 14.26	HKD 14.26	HKD 23.10	\$17,082	▲62.0%
										
6/11/2019	China East Education Holdings Limited (SEHK:667)	Cayman Islands	Consumer Services	Vocational training company	\$626	HKD 9.80- HKD 12.26	HKD 11.25	HKD 14.48	\$4,040	▲28.7%
										
5/31/2019	Haitong UniTrust International Leasing Co., Ltd. (SEHK:1905)	China	Diversified Financials	Financial leasing company	\$296	HKD 1.88- HKD 2.08	HKD 1.88	HKD 1.56	\$1,641	▼17.0%
										
5/27/2019	Xinyi Energy Holdings Limited (SEHK:3868)	British Virgin Islands	Utilities	Solar farm operator	\$465	HKD 1.89- HKD 2.35	HKD 1.94	HKD 1.93	\$1,665	▼0.5%
										

# Chinese Unicorn Companies

Chinese investment funds continue to fuel venture capital investments, supporting a growing list of Chinese unicorn companies—tech startups that have reached a US\$1 billion valuation in private investment rounds. According to data from CrunchBase and CB Insights, 16 Chinese unicorn companies have been minted through November 2019, compared to 35 in 2018. Several Chinese unicorn companies have recently completed IPOs in the U.S. or Hong Kong, including e-learning business Youdao, live streaming platform DouYu and biopharmaceutical company Henlius Biotech.

## Top 10 List of Chinese Unicorn Companies by Valuation Implied From Last Funding Round

Company Name	Business Description	Last Valuation Round	Valuation Implied by Last Funding Round (US\$ bn)
Ant Financial	Online financial services platform	Jun-18	 \$153.8
Bytedance	Mobile application developer	Oct-18	 \$75.0
Aliyun	Cloud computing and AI company	Jul-15	 \$67.0
Didi	Ride-hailing app	Jul-19	 \$58.0
Lufax	Peer-to-peer lending platform	Dec-18	 \$39.4
Cainiao	Logistics platform based on big data	Nov-19	 \$27.5
Kuaishou	Short video-sharing platform	Aug-19	 \$25.0
JD Finance	Online finance arm of JD.com	Jul-18	 \$20.0
Bitmain Technologies	Computer chip and server manufacturer	Aug-18	 \$15.0
DJI	Consumer drone maker	Apr-18	 \$15.0

# China-Focused Venture Capital

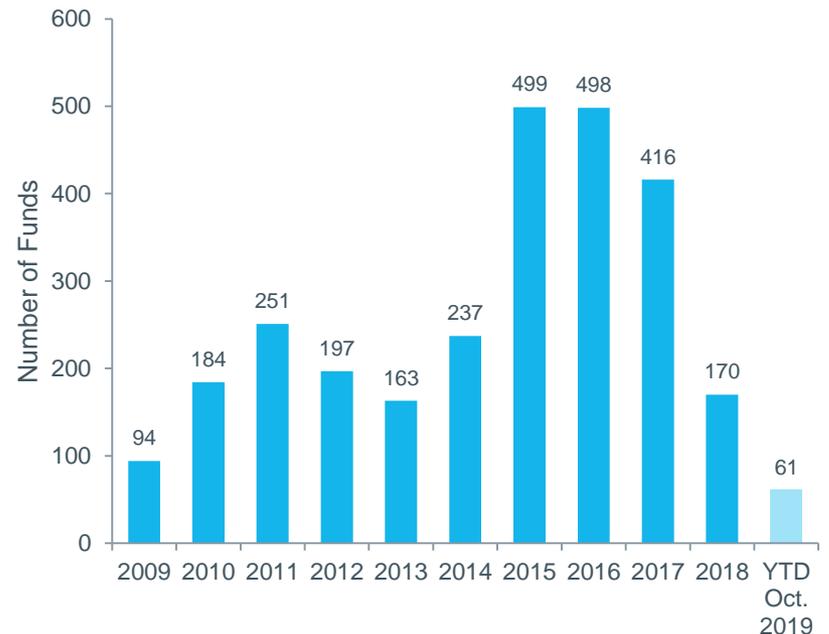
Fundraising for China-focused venture capital has sharply decelerated this year, as investor appetite for startups has waned and trade tensions between the U.S. and China have stalled the supply of venture capital from U.S. institutional investors. According to data from Preqin, total fundraising for China-focused venture capital declined 34% from 2017 to 2018 and has continued to decline in 2019.

## Amount Raised by China-Focused Venture Capital Funds

(Totals include both RMB and USD fundraising)



## Number of China-Focused Venture Capital Funds



# China SPACs

Special purpose acquisition companies (SPACs) raise money through an IPO to acquire a company, typically through a reverse merger. As of November 2019, there were six SPACs trading in the U.S. or with a pending U.S. IPO that are either based in China or are focused on acquiring businesses operating in China and have yet to announce an acquisition. These companies have specified a variety of industries in which they are targeting acquisitions.

## SPACs Seeking a Target

SPAC Name	Headquarters/ Incorporation	IPO Amount (US\$ mn)	Description	IPO Date	Transaction Deadline
China Yunhong Holdings Ltd. (NasdaqCM:ZGYHU)	China/ British Virgin Islands	\$50	Targeting companies in the consumer lifestyle sectors in Asia	Pending	9/17/2020 (May extend to 6/17/2021)
Fellazo Inc. (NasdaqCM:FLLC)	China/ British Virgin Islands	\$50	Targeting health food and supplements industry in Asia	7/17/2019	7/17/2020
Proficient Alpha Acquisition Corp. (NasdaqCM:PAAC.U)	U.S./ Nevada	\$100	Targeting companies that provide financial services in Asia, primarily China	5/29/2019	6/2/2020 (May extend to 12/2/2020)
AGBA Acquisition Limited (NasdaqCM:AGBA.U)	Hong Kong/ British Virgin Islands	\$46	Targeting the healthcare, education, entertainment and financial services sectors in China	5/14/2019	5/16/2020 (May extend to 2/16/2021)
Longevity Acquisition Corporation (NasdaqCM:LOAC)	China/ British Virgin Islands	\$40	Seeks to make an investment in China, not limited to a specific sector or industry	8/28/2018	5/31/2020
Tottenham Acquisition I Limited (NasdaqCM:TOTA)	Hong Kong/ British Virgin Islands	\$46	Focused on businesses in the technology, media and telecom, education, e-commerce, healthcare and consumer goods industries with primary operations in Asia (with an emphasis in China)	8/1/2018	5/8/2020

# China SPACs

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. Through November 2019, five SPAC transactions involving Chinese companies have closed, and an additional four pending transactions were announced.

## China SPAC Transaction Activity

Announced	Closed	Transaction Amount (US\$ mn)	Transaction Description	SPAC Name	SPAC Headquarters/Incorporation	Target Name	Target Business Description	Target Country
Nov-1	--	\$164	Wealthbridge Acquisition Limited announced a business combination with Scienjoy, Inc.	Wealthbridge Acquisition Limited (NasdaqCM:HHHH)	Hong Kong/ British Virgin Islands	Scienjoy, Inc.	Live entertainment mobile streaming platform in China	China
Sept-19	--	N/A	Alberton Acquisition Corporation issued a promissory note in connection with a non-binding letter of intent to consummate a business combination with Global Nature Investment Holdings Limited	Alberton Acquisition Corporation (NasdaqCM:ALAC)	Hong Kong/ British Virgin Islands	Global Nature Investment Holdings Limited	A subsidiary of CITIC Capital, holds agri-related assets	China
Sept-19	--	\$425	TKK Symphony Acquisition Corporation announced a reverse merger transaction with Glory Star New Media Group Ltd.	TKK Symphony Acquisition Corporation (NasdaqCM:TKKS)	Hong Kong/ Cayman Islands	Glory Star New Media Group Ltd.	Mobile application for short videos and lifestyle content	China
Jul-19	--	\$1,300	New Frontier Corporation, with additional equity commitments from investors, announced the acquisition of Health Harmony Holdings L.P.	New Frontier Corporation (NYSE:NFC)	Hong Kong/ Cayman Islands	Health Harmony Holdings L.P.	Owns and operates hospitals and clinics	China

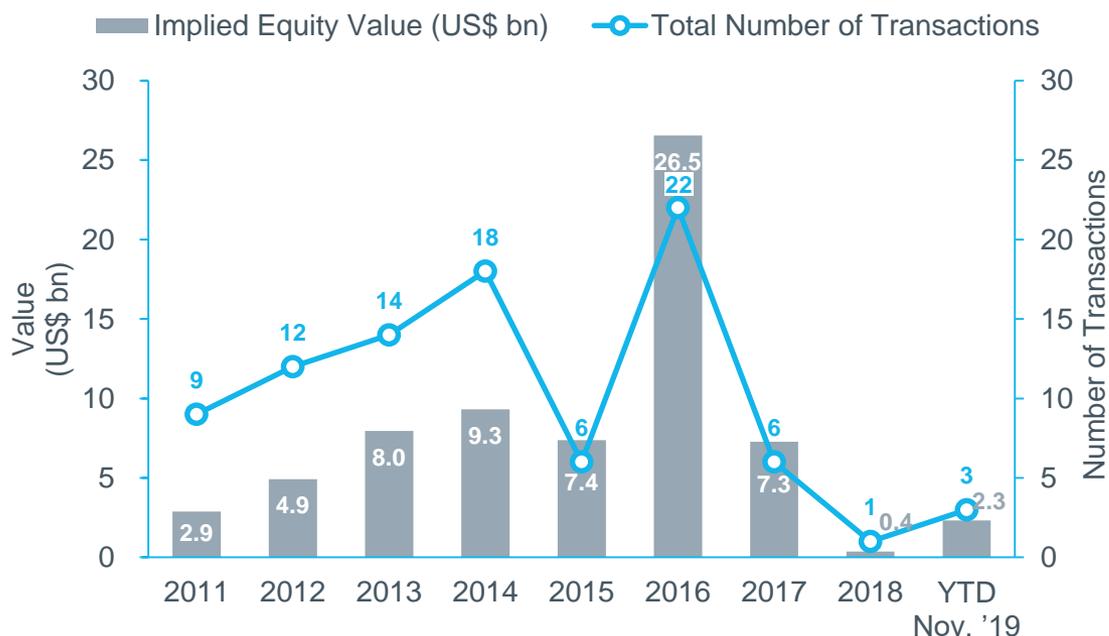
## China SPAC Transaction Activity (Continued)

Announced	Closed	Transaction Amount (US\$ mn)	Transaction Description	SPAC Name	SPAC Headquarters/ Incorporation	Target Name	Target Business Description	Target Country
Jul-19	Oct-19	N/A	Greenland Acquisition Corporation completed a business combination with Zhongchai Holding Limited	Greenland Acquisition Corporation (NasdaqCM:GLAC)	China/ British Virgin Islands	Zhongchai Holding Limited	Manufactures transmission products for material handling machinery	China
Oct-18	Mar-19	\$2,000	NCF Wealth Holdings Ltd. acquired Hunter Maritime Acquisition Corp. in a reverse merger transaction	Hunter Maritime Acquisition Corp. (NasdaqCM:HUNT)	Marshall Islands/ Marshall Islands	NCF Wealth Holdings Ltd.	Operates an online consumer and business finance marketplace	China
Sept-18	Aug-19	\$214	Black Ridge Acquisition Corp. announced the acquisition of two of Ourgame's global e-sports and entertainment assets, Allied Esports International, Inc. and WPT Enterprises, Inc.	Black Ridge Acquisition Corp. (NasdaqCM:BRAC.U)	U.S./ Delaware	Allied Esports International, Inc. and WPT Enterprises, Inc.	Develops and operates online card and board games	China
Aug-18	Apr-19	\$454	Kaixin Auto Group entered into a share exchange agreement to acquire CM Seven Star Acquisition Corporation in a reverse merger transaction	CM Seven Star Acquisition Corporation (NasdaqCM:CMSS)	Hong Kong/ Cayman Islands	Kaixin Auto Group	Operates online and brick-and-mortar used car dealerships	China
May-18	May-19	\$350	Bison Capital Acquisition Corp. re-domesticated in Delaware to merge with Xynomic Pharmaceuticals, Inc.	Bison Capital Acquisition Corp. (NasdaqCM:BCAC)	China/ British Virgin Islands	Xynomic Pharmaceuticals, Inc.	Offers research and development of oncology drugs	U.S. and China

# Going-Private Transactions

Going-private deal activity for U.S.-listed Chinese companies has increased this year, with three transactions closed representing total implied equity value of approximately US\$2.3 billion through November 2019, up from only one transaction closed and approximately US\$0.4 billion in implied equity value in 2018. Closed going-private transactions this year through November include battery producer Highpower International, car rental company eHi Car Services, and healthcare clinics operator iKang Healthcare Group.

## Summary of Closed Transactions



## YTD 2019 Closed Transactions

 <b>Highpower International Inc.</b> (NasdaqGM:HPJ) Rechargeable Battery Producer	Closed Date: <b>10/31/2019</b>
	Announced Date: <b>6/4/2018</b>
	Implied Equity Value: <b>US\$79 mn</b>
 <b>eHi Car Services Limited</b> (NYSE:EHIC) Car Rental and Services Provider	Closed Date: <b>4/9/2019</b>
	Announced Date: <b>1/2/2018</b>
	Implied Equity Value: <b>US\$864 mn</b>
 <b>iKang Healthcare Group, Inc.</b> (NasdaqGS:KANG) Preventative Healthcare Clinics Operator	Closed Date: <b>1/18/2019</b>
	Announced Date: <b>6/6/2016</b>
	Implied Equity Value: <b>US\$1,386 mn</b>

# Going-Private Transactions

There has also been a recent uptick in announced transactions, as seven going-private transactions were announced in the first 11 months of 2019. The two largest pending transactions by market capitalization announced this year include a proposal from Tencent and Hammer Capital to acquire car comparison platform Bitauto Holdings and a proposal from a consortium of buyers to acquire plasma-based biopharmaceutical products company China Biologic Products Holdings.

## YTD 2019 Announced Transactions

Announced Date	Status	Company Name	Incorporation	Industry	Business Description	Market Capitalization (US\$ mn) <sup>1</sup>
11/5/2019	Pending	Acorn International, Inc. (NYSE:ATV)	Cayman Islands	Retailing	A marketing and branding company that develops, promotes and sells various products through e-commerce, offline distribution and outbound marketing channels	\$46
 <p><b>11/5/2019</b> Announced receipt of a preliminary nonbinding proposal from Mr. Robert W. Roche (Chairman of Acorn) to acquire all outstanding shares not already owned by the buyer for US\$19.50 per American depository share or US\$0.975 per ordinary share in cash</p>						
9/18/2019	Pending	China Biologic Products Holdings, Inc. (NasdaqGS:CBPO)	Cayman Islands	Pharmaceuticals and Biotechnology	Engages in R&D, manufacture and sale of plasma-based biopharmaceutical products in China	\$4,483
 <p><b>9/18/2019</b> Announced receipt of a preliminary nonbinding proposal from a buyer group including Beachhead Holdings Limited, CITIC Capital China Partners IV, L.P., PW Medtech Group Limited, Parfield International Ltd., HH Sum-XXII Holdings Limited and V-Sciences Investments Pte. Ltd. to acquire all outstanding shares not already owned by the buyer group for US\$120.00 in cash per share</p> <p><b>9/24/2019</b> Announced the formation of special committee to review and evaluate the going-private proposal</p>						
9/13/2019	Pending	Bitauto Holdings Limited (NYSE:BITA)	Cayman Islands	Media and Entertainment	Provides internet content and marketing services, and transaction services for the automobile industry in China	\$1,043
 <p><b>9/13/2019</b> Announced receipt of a preliminary nonbinding proposal from Tencent Holdings Limited and Hammer Capital to acquire all outstanding shares not already owned by the buyer group or their affiliates for US\$16.00 in cash per American depository share</p> <p><b>9/19/2019</b> Announced the formation of special committee to consider the going-private proposal</p>						

<sup>1</sup> Market capitalization as of November 29, 2019.

Source: SEC filings, company press releases and S&P Global Market Intelligence as of November 29, 2019.

## YTD 2019 Announced Transactions (Continued)

Announced Date	Status	Company Name	Incorporation	Industry	Business Description	Market Capitalization (US\$ mn) <sup>1</sup>
9/9/2019	Pending	Changyou.com Limited (NasdaqGS:CYOU)	Cayman Islands	Media and Entertainment	Develops and operates online games in China	\$496
 <p><b>畅游</b> changyou</p> <p><b>9/9/2019</b> Announced receipt of a preliminary nonbinding proposal from Sohu.com Limited to acquire all outstanding Class A ordinary shares, including shares represented by American depositary shares, not already owned by Sohu for US\$5.00 per Class A ordinary share, or US\$10.00 per American depositary share, in cash</p> <p><b>10/17/2019</b> Announced the formation of special committee to review and evaluate the proposal from Sohu.com Limited</p>						
7/16/2019	Pending	Gridsum Holding Inc. (NasdaqGS:GSUM)	Cayman Islands	Software and Services	Provides cloud-based data analytics and AI solutions for enterprises and government agencies in China	\$78
 <p><b>7/16/2019</b> Announced receipt of a preliminary nonbinding proposal from a consortium including Guosheng Qi (Chairman and CEO of Gridsum), Guofa Yu (a director and COO of Gridsum) and their respective, affiliated entities, and Beta Dynamic Limited (an affiliate of Hammer Capital Private Investments Limited) to acquire the company in a going-private transaction for US\$3.80 in cash per American depositary share, or US\$3.80 in cash per ordinary share</p> <p><b>7/22/2019</b> Announced the formation of special committee to evaluate the going-private proposal and any other alternative transactions</p>						
6/4/2019	Pending	Global Cord Blood Corporation (NYSE:CO)	Cayman Islands	Healthcare Equipment and Services	Provides umbilical cord blood storage and ancillary services in China	\$597
 <p><b>6/4/2019</b> Announced receipt of a preliminary nonbinding proposal from Cordlife Group Limited to combine the businesses of Cordlife and Global Cord Blood through a merger in which Cordlife would issue ordinary shares at an issue price of SGD0.50 per ordinary share in exchange for all of the outstanding ordinary shares of Global Cord Blood at US\$7.50 per ordinary share</p> <p><b>6/6/2019</b> Announced the formation of special committee to evaluate the proposal from Cordlife Group Limited</p>						
4/26/2019	Pending	SORL Auto Parts, Inc. (NasdaqGM:SORL)	Delaware	Automobiles and Components	Manufactures and distributes automotive brake systems for commercial and passenger vehicles	\$85
 <p><b>4/26/2019</b> Announced receipt of a preliminary nonbinding proposal from a consortium including Mr. Xiaoping Zhang (Chairman and CEO of SORL), certain directors of the company and Ruili Group Co., Ltd. to acquire all outstanding shares not owned by the consortium for US\$4.26 per common share in cash</p> <p><b>5/24/2019</b> Announced the formation of special committee to review and evaluate the going-private proposal</p>						

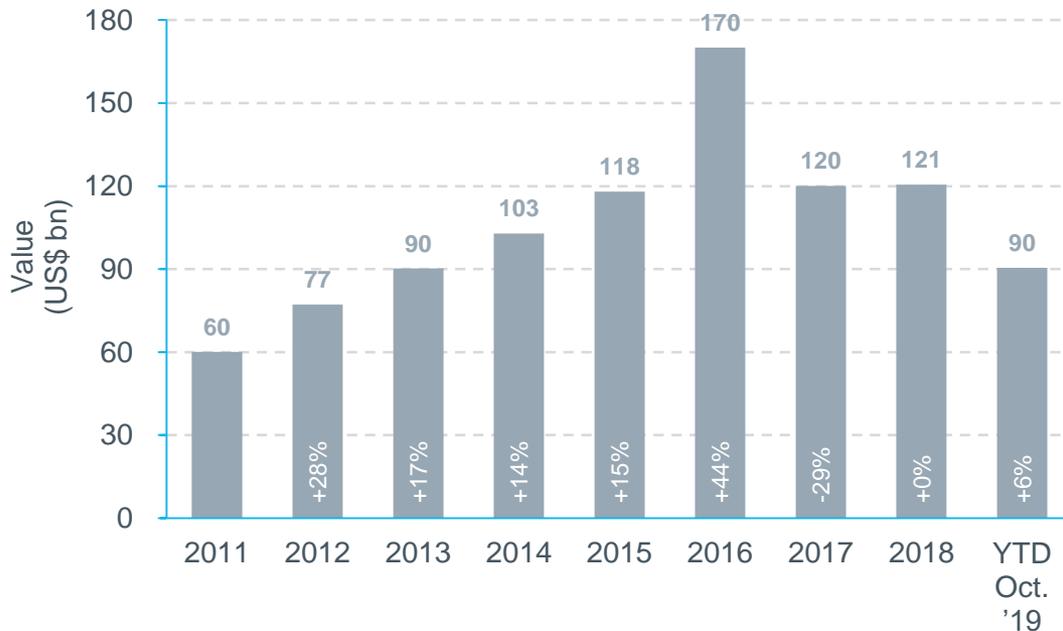
<sup>1</sup> Market capitalization as of November 29, 2019.

Source: SEC filings, company press releases and S&P Global Market Intelligence as of November 29, 2019.

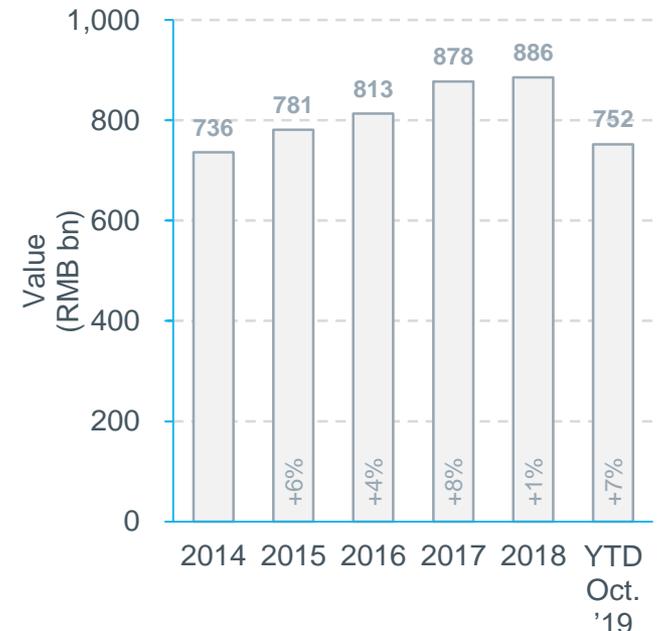
# Cross-Border Transactions

Overall Chinese outbound direct investment saw stable growth for the first 10 months of this year, increasing approximately 5.9% to US\$90.5 billion from the same period last year and including investments in 148 countries and regions. According to China’s Ministry of Commerce, investment linked to China’s Belt and Road Initiative totaled approximately US\$11.5 billion during the first 10 months of 2019, accounting for 12.7% of the total and including 56 countries. Foreign direct investment into mainland China rose 6.6% to approximately RMB752 billion for the first 10 months of 2019, with investment in high-tech industries up 39.5% and accounting for nearly 30% of the total.

Chinese Outbound Direct Investment



Foreign Direct Investment in China



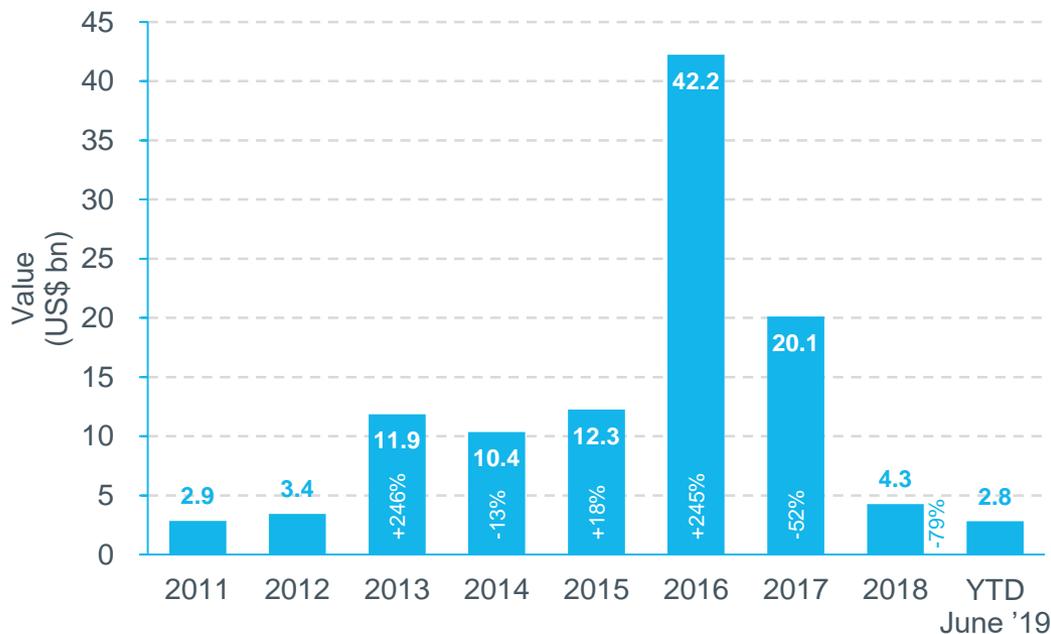
Source: Bloomberg, China Ministry of Commerce and *China Daily*.

# Cross-Border Transactions

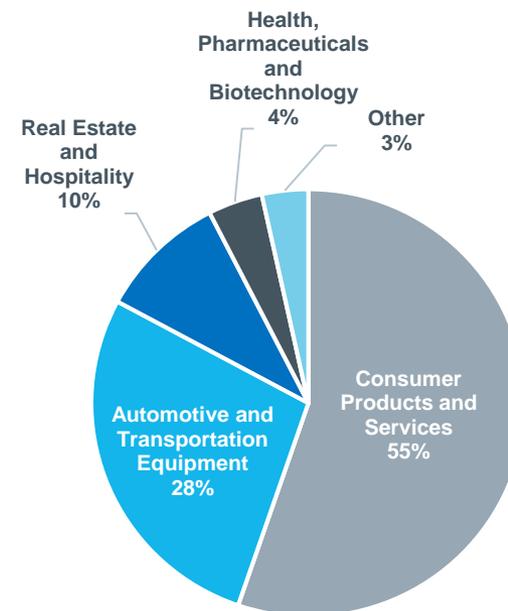
Ongoing trade tensions and stricter government policies for capital outflows have contributed to substantial decline in Chinese M&A activity for U.S.-based targets since 2017. Deal activity totaled approximately US\$2.8 billion in the first half of 2019 and US\$4.3 billion for full-year 2018, down markedly from the historically high levels reached in 2016 and 2017. The steepest declines have been in the real estate and hospitality sector and the transportation and infrastructure sector, with each dropping from aggregate deal activity of over US\$16.0 billion in the 2016 to 2017 period to US\$0.5 billion or less for the period from 2018 through June 2019.

## Chinese M&A in the U.S.

(Reflects acquisitions of controlling interest positions)



## YTD June 2019 M&A in the U.S. by Industry



## Notable Cross-Border Transactions—China/Americas



In December 2019, Zijin Mining Group agreed to acquire Canadian gold mining company Continental Gold, which operates large-scale gold mining projects in Colombia, for approximately US\$1 billion.



Minghua de Mexico S.A. de C.V.

In November 2019, auto parts manufacturer Jiangnan Mould & Plastic Technology invested an additional US\$95 million in its Mexico-based auto components subsidiary Minghua de Mexico.



In October 2019, Nanjing King-Friend Biochemical Pharmaceutical Company completed the acquisition of a majority stake in U.S.-based generic injectable pharmaceuticals company Meitheal Pharmaceuticals for US\$95 million.



In October 2019, power grid provider State Grid International Development agreed to acquire Sempra Energy's Chilean electricity business, including its 100% stake in Chilquinta Energía, for US\$2.2 billion.



IVANHOEMINES

In October 2019, Zijin Mining Group agreed to acquire an additional 4.8% interest in Canadian mining company Ivanhoe Mines for approximately US\$145 million.



In September 2019, hydropower provider China Yangtze Power entered into an agreement to acquire Sempra Energy's electricity business, which includes its near 84% stake in Luz del Sur, for US\$3.6 billion.



In July 2019, China's Joyvio Group completed the acquisition of Chilean salmon farmer and aquaculture company Australis Seafoods, valuing the company at US\$920 million.



In June 2019, Chinese mining company Sinomine Resources Group completed the acquisition of the specialty fluids business from U.S.-based Cabot Corporation for US\$135 million.

## Notable Cross-Border Transactions—China/Europe



In November 2019, French logistics firm CMA CGM announced the sale of 10 terminals to Terminal Link, a joint venture between CMA CGM and port operator China Merchants, for US\$968 million, with China Merchants providing new capital to finance the deal.



In November 2019, the state-controlled Bank of China agreed to acquire Goodbody Holdings, a subsidiary of Irish stock broker FEXCO, for approximately US\$165 million.



In October 2019, industrial automation company Estun Automation and private equity firm China Renaissance Capital completed the acquisition of German robotic welding systems manufacturer Carl Cloos for US\$216 million.



In September 2019, Chinese retailer Suning International completed the acquisition of an 80% stake in the China operations of French retail firm Carrefour Group for nearly US\$700 million.



In September 2019, integrated logistics provider Sinotrans announced the acquisition of seven logistics companies in Europe under the control of KLG Europe for up to US\$422 million.



In August 2019, Chinese steel company Jiangsu Shagang Group acquired a 24% stake in UK-based data center operator Global Switch for US\$2.2 billion.



In August 2019, property investment firm CK Asset Holdings reached an agreement to acquire UK-based pub operator Greene King in a deal valuing the company at approximately US\$6.1 billion.



In July 2019, K-12 school operator Bright Scholar Education entered into an agreement to acquire UK-based international education service provider CATS Colleges Holdings for US\$188 million.

## Notable Cross-Border Transactions—China/Asia Pacific



星美控股



In December 2019, theater operator SMI Holdings Group announced the acquisition of SingMeng Telemedia, a telecommunications provider based in Cambodia, for approximately US\$125 million.



蒙牛®



LION



KIRIN

In November 2019, China Mengniu Dairy announced the acquisition of Lian Dairy & Drinks, a dairy and beverage company based in Australia, from Japan's Kirin Holdings for just over US\$400 million.



蚂蚁金服  
ANT FINANCIAL



In November 2019, India-based One97 Communications, which owns digital payments platform Paytm, raised US\$1.0 billion in new capital, with Alibaba affiliate Ant Financial providing US\$400 million, valuing the company at US\$16 billion.

Tencent 腾讯



In October 2019, Tencent led a US\$110 million round of new financing in Indian video-streaming service provider MX Player, valuing the company at approximately US\$500 million.



蒙牛®



In September 2019, China Mengniu Dairy agreed to acquire Australia-based infant formula maker Bellamy's for approximately US\$1.0 billion.

EYE3 爱尔眼科  
AIER EYE HOSPITAL



In October 2019, after completing the acquisition of a 35% stake in Singapore-based ophthalmology care provider ISEC Healthcare for US\$48 million, Aier Eye Hospital Group initiated a mandatory offer to acquire the remaining 65% of the company for US\$96 million.



In July 2019, HOPU Investments led a US\$100 million funding round in Trax Technology Solutions, a Singapore-based developer of image recognition and computer vision analytics technology for retailers, valuing the company at over US\$1 billion.

SEQUOIA 红杉



In May 2019, South Korean grocery delivery startup company Kurly completed a US\$113 million funding round, led by existing investors, including Sequoia Capital China.

# U.S.-China Trade Dispute and Tariffs

Ongoing trade tensions between the U.S. and China have continued to drive movement in the financial markets and have created uncertainty for businesses and investors. However, the announcement of a “Phase One” trade agreement in December marked a breakthrough in recent negotiations, with the U.S. and China agreeing to certain provisions regarding tariffs, the balance of trade and cooperation on various other issues.

## U.S. Market Indices: 1/2/18–11/29/19



Source: S&P Global Market Intelligence.

## China Market Indices: 1/2/18–11/29/19



Source: S&P Global Market Intelligence.

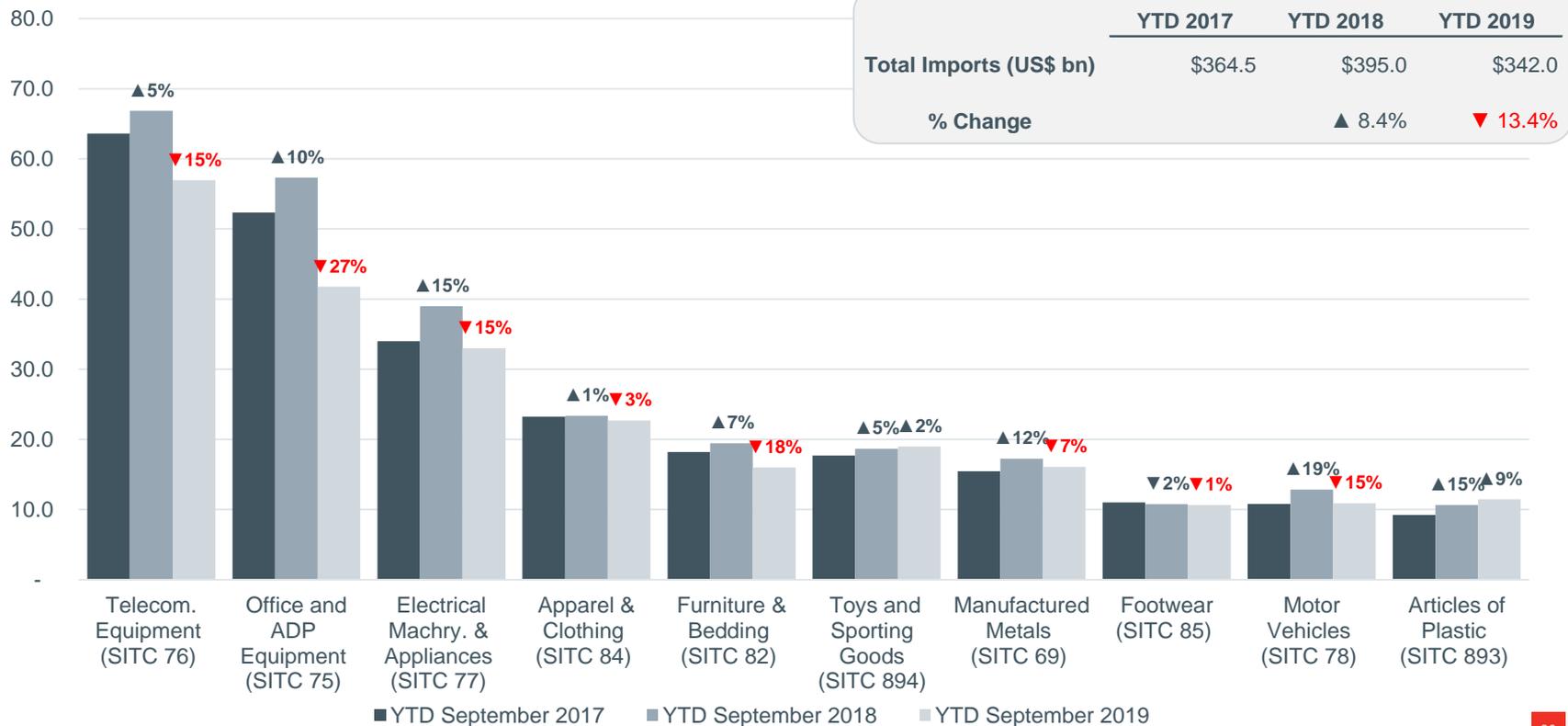
## Key Takeaways

- To date, the U.S. has imposed tariffs on roughly US\$360 billion of imported Chinese goods, including machinery, electronics, consumer products and various other goods.
- China has responded by imposing tariffs on approximately US\$110 billion of imported U.S. goods, targeting key U.S. exports to China, such as soybeans and other agricultural products, cars, medical equipment and various other goods.
- Throughout the last few months, trade talks between the United States and China have warmed. In October, the U.S. announced that a preliminary deal had been agreed to in principal, and in December, the U.S. and China announced an agreement on the “Phase One” trade deal.
- The “Phase One” trade agreement, expected to be signed in January, reduces some U.S. tariffs on Chinese goods, halts plans for imposing certain additional tariffs, calls for increased Chinese purchases of U.S. products and addresses certain issues regarding intellectual property practices and other issues.

# U.S.-China Trade Dispute and Tariffs

Total U.S. imports of Chinese goods fell 13.4% for the first nine months of 2019, compared to the same period last year. The top two import product categories by value, telecommunications equipment and office and automatic data processing equipment, declined 15% and 27%, respectively. U.S. imports from China for electrical machinery and appliances, furniture and auto parts also showed substantial declines.

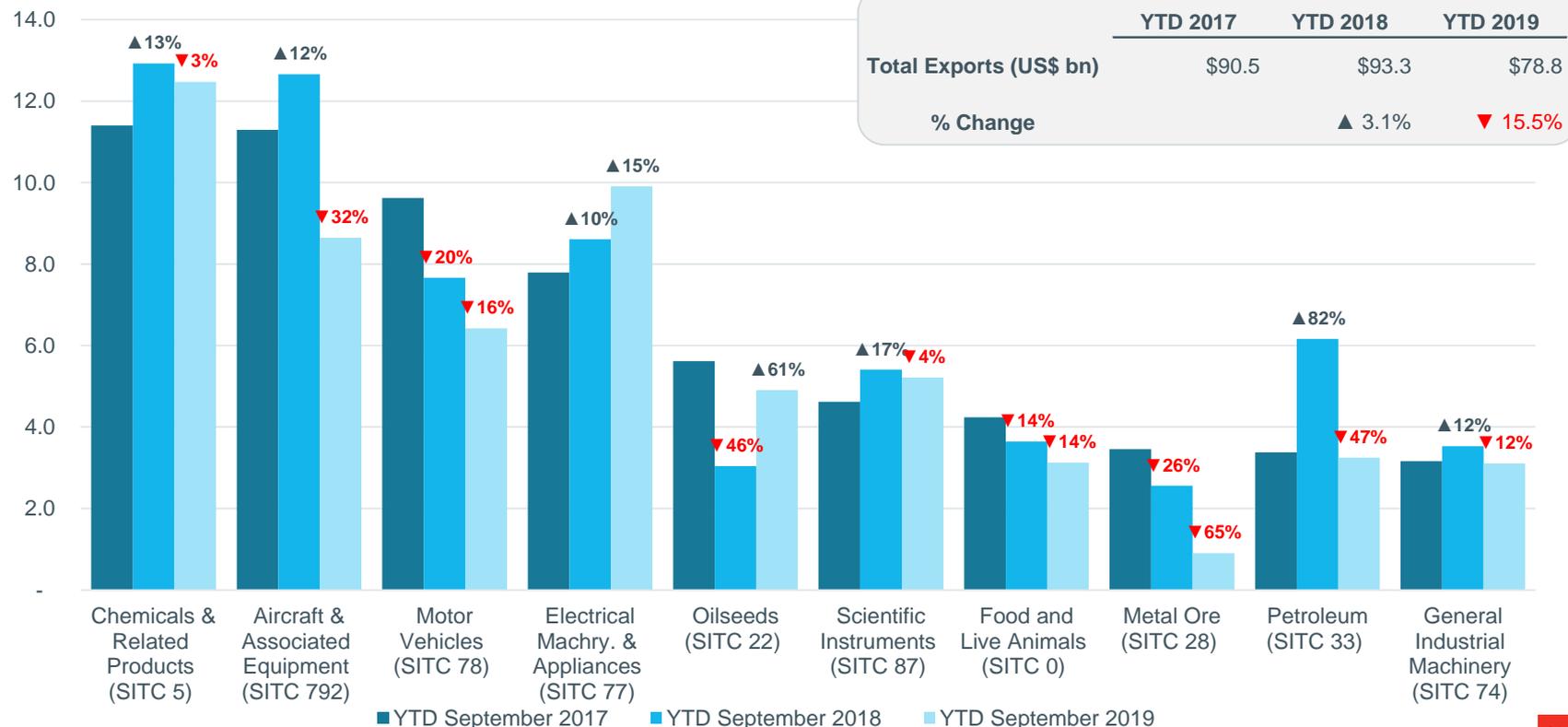
## Top U.S. Imports From China (US\$ bn)



# U.S.-China Trade Dispute and Tariffs

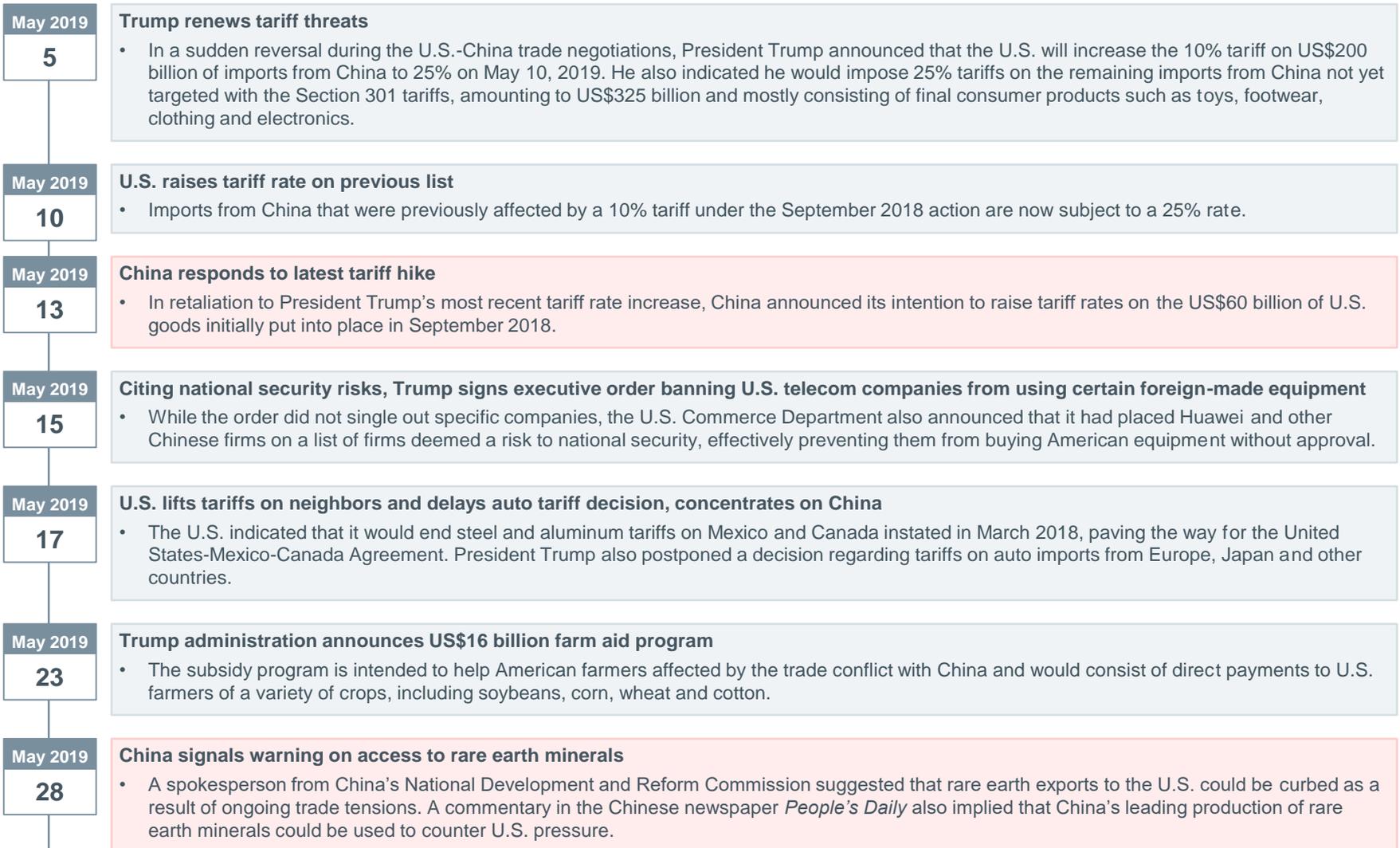
In aggregate, U.S. exports to China declined 15.5% for the first nine months of the year, compared to the same period in 2018. Exports of motor vehicles were down substantially for the second year in a row, as total auto sales in China fell for a 15<sup>th</sup> consecutive month in September. Exports of oilseeds products increased over 60% after a substantial decline in 2018 as China began increasing imports of U.S. soybeans. The decline in U.S. exports of aircraft and related equipment may be partially attributable to delays and other issues regarding the Boeing 737 Max.

## Top U.S. Exports to China (US\$ bn)



Source: U.S. Census Bureau

## Timeline of U.S.-China Trade Dispute and Tariffs (May 2019 to Mid-December 2019)



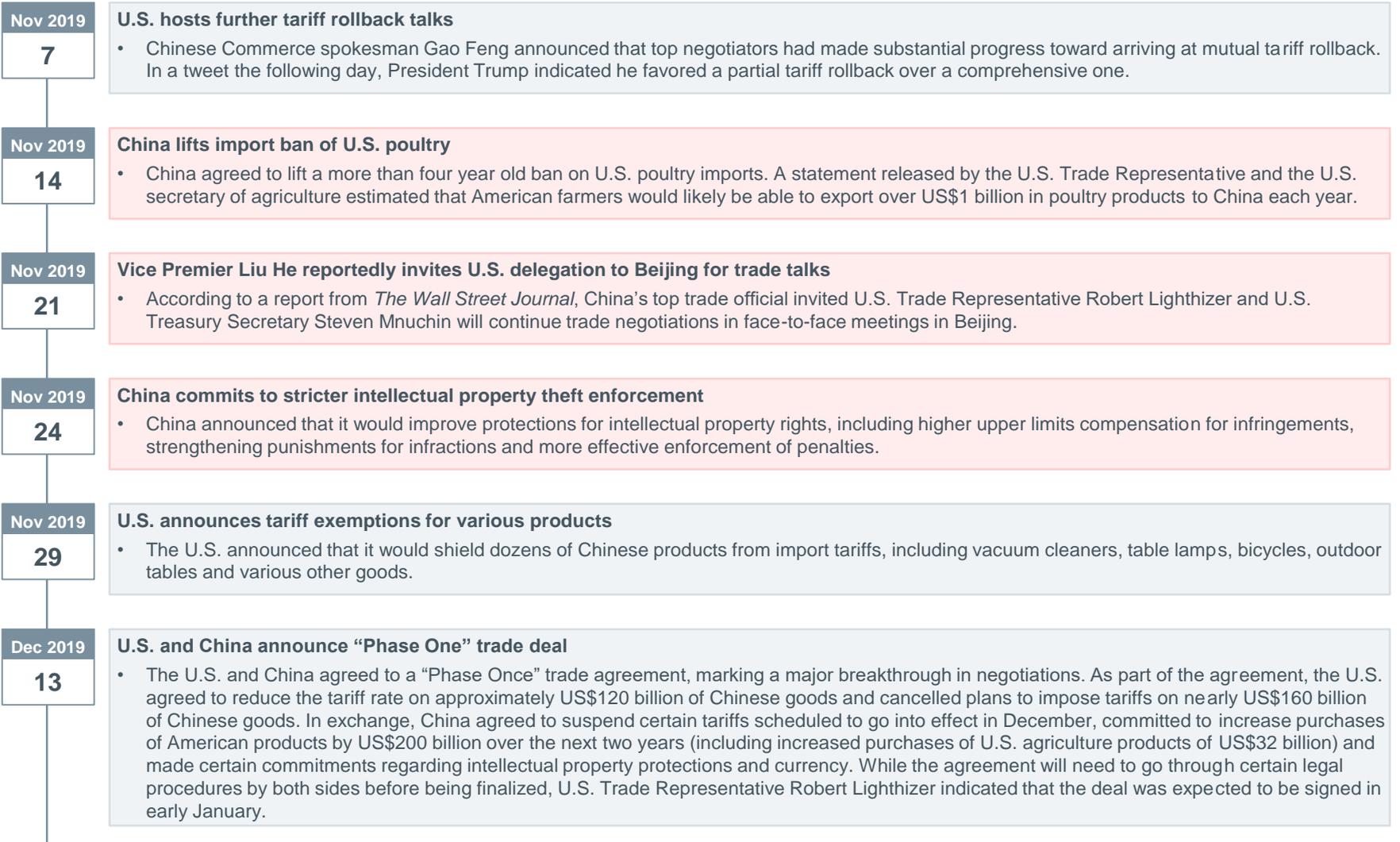
## Timeline of U.S.-China Trade Dispute and Tariffs (May 2019 to Mid-December 2019)



## Timeline of U.S.-China Trade Dispute and Tariffs (May 2019 to Mid-December 2019)



## Timeline of U.S.-China Trade Dispute and Tariffs (May 2019 to Mid-December 2019)



# Index Performance ●○○○

	Q3 2019	2018	2017	2016
Hong Kong Real GDP Growth:	▼ 3.2%	▲ 3.0%	▲ 3.8%	▲ 2.2%

## Performance of Hang Seng Index and Top 10 Firms by Market Capitalization

Company	Industry	Market Capitalization (\$US mn)	YTD Performance	1 Year Performance	2 Year Performance	5 Year Performance
<b>Hang Seng Index</b>			▲ 1.9%	▼ 0.4%	▼ 11.1%	▲ 9.8%
 Tencent Holdings Limited	Interactive Media and Services	\$402,527	▲ 5.7%	▲ 6.3%	▼ 19.4%	▲ 167.6%
 Industrial and Commercial Bank of China Limited	Diversified Banks	\$283,863	▼ 0.2%	▲ 1.1%	▼ 9.3%	▲ 6.1%
 Ping An Insurance (Group) Company of China, Ltd.	Life and Health Insurance	\$225,907	▲ 28.3%	▲ 17.0%	▲ 10.9%	▲ 172.7%
 China Construction Bank Corporation	Diversified Banks	\$201,029	▼ 3.6%	▼ 6.2%	▼ 9.4%	▲ 6.0%
 Agricultural Bank of China Limited	Diversified Banks	\$176,792	▼ 7.6%	▼ 10.7%	▼ 12.7%	▼ 13.9%
 China Mobile Limited	Wireless Telecommunication Services	\$154,328	▼ 21.7%	▼ 22.9%	▼ 26.3%	▼ 38.3%
 Bank of China Limited	Diversified Banks	\$142,335	▼ 7.1%	▼ 8.5%	▼ 17.4%	▼ 21.5%
 PetroChina Company Limited	Integrated Oil and Gas	\$138,448	▼ 26.0%	▼ 33.5%	▼ 31.1%	▼ 57.1%
 AIA Group Limited	Life and Health Insurance	\$120,662	▲ 20.6%	▲ 21.7%	▲ 18.9%	▲ 75.0%
 China Life Insurance Company Limited	Life and Health Insurance	\$115,962	▲ 18.9%	▲ 17.9%	▼ 24.1%	▼ 26.6%
			<b>As of 11/29/2019</b>	<b>1 Year Prior</b>	<b>2 Year Prior</b>	<b>5 Year Prior</b>
<b>Hang Seng Index Aggregate P/E Multiple:</b>			10.4x	11.2x	13.4x	8.1x

# Index Performance ●●●●

	Q3 2019	2018	2017	2016
China Real GDP Growth:	▲ 6.0%	▲ 6.6%	▲ 6.9%	▲ 6.7%

## Performance of Shanghai Stock Exchange Composite Index and Top 10 Firms by Market Capitalization

Company	Industry	Market Capitalization (\$US mn)	YTD Performance	1 Year Performance	2 Year Performance	5 Year Performance
<b>Shanghai Stock Exchange Composite Index</b>			▲ 15.2%	▲ 11.9%	▼ 14.0%	▲ 7.1%
 Kweichow Moutai Co., Ltd.	Distillers and Vintners	\$201,685	▲ 91.4%	▲ 104.7%	▲ 76.9%	▲ 696.9%
 招商银行 CHINA MERCHANTS BANK	Diversified Banks	\$127,397	▲ 43.0%	▲ 27.3%	▲ 21.9%	▲ 196.5%
 长江电力 CHINA YANGTZE POWER CO., LTD.	Renewable Electricity	\$56,721	▲ 14.2%	▲ 27.3%	▲ 9.9%	▲ 106.7%
 兴业银行 INDUSTRIAL BANK	Diversified Banks	\$55,806	▲ 26.4%	▲ 20.6%	▲ 7.9%	▲ 55.6%
 恒瑞 JIANGSU HENGRUI MEDICINE CO., LTD.	Pharmaceuticals	\$53,796	▲ 95.4%	▲ 61.0%	▲ 105.2%	▲ 603.3%
 浦发银行 SPD BANK — 服务·心·世界 —	Diversified Banks	\$49,713	▲ 21.5%	▲ 12.0%	▼ 8.0%	▲ 37.3%
 FOXCONN	Electronic Manufacturing Services	\$47,039	▲ 43.7%	▲ 45.4%	N/A	N/A
 海天	Packaged Foods and Meats	\$41,082	▲ 55.5%	▲ 71.0%	▲ 116.9%	▲ 382.1%
 太平洋保险 CPIC	Multi-line Insurance	\$40,441	▲ 20.5%	▲ 9.6%	▼ 19.9%	▲ 42.0%
 SAIC 上汽集团 SAIC MOTOR	Automobile Manufacturers	\$38,629	▼ 12.8%	▼ 6.7%	▼ 25.0%	▲ 17.5%
			<b>As of 11/29/2019</b>	<b>1 Year Prior</b>	<b>2 Year Prior</b>	<b>5 Year Prior</b>
<b>Shanghai Stock Exchange Composite Index Aggregate P/E Multiple:</b>			13.8x	12.3x	16.9x	12.3x

# Index Performance ○○●○

	Q3 2019	2018	2017	2016
U.S. Real GDP Growth:	▲ 2.1%	▲ 2.9%	▲ 2.4%	▲ 1.6%

## Performance of NYSE Composite Index and Top 10 Firms by Market Capitalization

Company	Industry	Market Capitalization (\$US mn)	YTD Performance	1 Year Performance	2 Year Performance	5 Year Performance
<b>NYSE Composite Index</b>			▲ 19.1%	▲ 9.3%	▲ 7.8%	▲ 23.6%
 Berkshire Hathaway Inc.	Multi-sector Holdings	\$538,676	▲ 8.0%	▲ 1.2%	▲ 16.0%	▲ 48.2%
 JPMorgan Chase & Co.	Diversified Banks	\$413,201	▲ 35.0%	▲ 19.7%	▲ 27.0%	▲ 119.0%
 Visa Inc.	Data Processing and Outsourced Services	\$397,735	▲ 39.8%	▲ 32.6%	▲ 68.0%	▲ 185.9%
 Johnson & Johnson	Pharmaceuticals	\$361,856	▲ 6.5%	▼ 5.7%	▼ 1.7%	▲ 27.0%
 Walmart Inc.	Hypermarkets and Super Centers	\$338,726	▲ 27.8%	▲ 22.4%	▲ 22.1%	▲ 36.0%
 The Procter & Gamble Company	Household Products	\$304,395	▲ 32.8%	▲ 31.5%	▲ 36.6%	▲ 35.0%
 Bank of America Corporation	Diversified Banks	\$299,717	▲ 35.2%	▲ 18.8%	▲ 17.8%	▲ 95.5%
 Mastercard Incorporated	Data Processing and Outsourced Services	\$294,820	▲ 54.9%	▲ 48.6%	▲ 97.0%	▲ 234.8%
 Exxon Mobil Corporation	Integrated Oil and Gas	\$288,265	▼ 0.1%	▼ 13.8%	▼ 17.2%	▼ 24.8%
 The Walt Disney Company	Movies and Entertainment	\$273,208	▲ 38.2%	▲ 30.0%	▲ 44.0%	▲ 63.9%
			<b>As of 11/29/2019</b>	<b>1 Year Prior</b>	<b>2 Year Prior</b>	<b>5 Year Prior</b>
<b>NYSE Composite Index Aggregate P/E Multiple:</b>			21.8x	18.0x	23.0x	18.8x

# Index Performance ○○○●

	Q3 2019	2018	2017	2016
U.S. Real GDP Growth:	▲ 2.1%	▲ 2.9%	▲ 2.4%	▲ 1.6%

## Performance of NASDAQ Composite Index and Top 10 Firms by Market Capitalization

Company	Industry	Market Capitalization (\$US mn)	YTD Performance	1 Year Performance	2 Year Performance	5 Year Performance
<b>NASDAQ Composite Index</b>			▲ 30.6%	▲ 19.1%	▲ 27.0%	▲ 80.8%
 Apple Inc.	Technology Hardware, Storage and Peripherals	\$1,187,463	▲ 69.4%	▲ 48.8%	▲ 57.7%	▲ 124.7%
 Microsoft	Microsoft Corporation	\$1,154,849	▲ 49.0%	▲ 37.4%	▲ 81.6%	▲ 216.6%
 Alphabet	Alphabet Inc.	\$899,713	▲ 24.8%	▲ 19.1%	▲ 25.7%	▲ 137.5%
 Amazon	Amazon.com, Inc.	\$892,832	▲ 19.9%	▲ 7.6%	▲ 55.1%	▲ 431.8%
 Facebook	Facebook, Inc.	\$575,026	▲ 53.8%	▲ 45.4%	▲ 15.1%	▲ 159.5%
 Intel	Intel Corporation	\$252,518	▲ 23.7%	▲ 21.7%	▲ 32.1%	▲ 55.8%
 COMCAST	Comcast Corporation	\$200,849	▲ 29.7%	▲ 12.0%	▲ 18.7%	▲ 54.8%
 PEPSICO	PepsiCo, Inc.	\$189,406	▲ 22.9%	▲ 14.8%	▲ 16.3%	▲ 35.7%
 Adobe	Adobe Inc.	\$149,837	▲ 36.8%	▲ 24.3%	▲ 75.0%	▲ 320.1%
 AMGEN	Amgen Inc.	\$139,467	▲ 20.6%	▲ 16.0%	▲ 36.3%	▲ 42.0%
			<b>As of 11/29/2019</b>	<b>1 Year Prior</b>	<b>2 Year Prior</b>	<b>5 Year Prior</b>
<b>NASDAQ Composite Index Aggregate P/E Multiple:</b>			37.4x	28.9x	39.4x	45.5x

# Duff & Phelps' Ongoing and Recent Transactions

## Transaction Pending



received a going-private proposal from a buyer consortium, including

CENTURIUM CAPITAL

大征资本



## Transaction Pending



received a going-private proposal from

Tencent 腾讯



## Transaction Pending

SORL Auto Parts, Inc.

received a going-private proposal from a buyer consortium including its management.

## Fairness Opinion



was acquired in a going-private transaction by its chairman and

MBK PARTNERS BPEA  
Baring Private Equity Asia

# Global Fairness Opinions Practice

**Ranked No. 1** for Announced U.S. and Global Fairness Opinions in 2018 and over the past five years<sup>1</sup>

## Announced U.S. Fairness Opinions Rankings

	Ranking	Number of Credited Deals
1 Year: 2018	#1	50
3 Years: 2016–2018	#1	139
5 Years: 2014–2018	#1	227
10 Years: 2009–2018	#1	374

Source: Thomson Reuters.

## Announced Global Fairness Opinions Rankings

	Ranking	Number of Credited Deals
1 Year: 2018	#1	57
3 Years: 2016–2018	#1	199
5 Years: 2014–2018	#1	313
10 Years: 2009–2018	#1	488

Source: Thomson Reuters.

<sup>1</sup> Published in Thomson Reuters' "Full Year 2018 Mergers & Acquisitions Review."

# Duff & Phelps Differentiators

Global expertise, with **more than 70 offices around the world**, including in Beijing, Shanghai, Hong Kong, Guangzhou, Shenzhen, Taipei, Tokyo, London 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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### About Duff & Phelps

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and other governance-related issues. We work with clients across diverse sectors, mitigating risk to assets, operations and people. With Kroll, a division of Duff & Phelps since 2018, our firm has nearly 3,500 professionals in 28 countries around the world.

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