



Stella Yuan Featured in Asia Pacific Business Article: China M&A Joint Venture and Divestiture Survey Report 2024 Released

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Since China reopened the borders at the end of 2022 after COVID, M&A in China is on the rise. According to the research data from GREATER CHINA BUSINESS, over 200 cross-border investment and M&A transactions have been completed in this region from July 2022 to the end of June 2024.

Several notable acquisitions and equity investment deals signal rebounding 'Inbound Deals', such as McDonald's acquisition of Carlyle's ownership in McDonald's China, AstraZeneca's acquisition of Gracell Biotechnologies, and Volkswagen's investment in XPENG Motors. Meanwhile, Joint Venture is an important strategic option for MNCs' business development in China. Joint ventures help foreign companies maintain their competitiveness in this region. Over 100 Sino-foreign Joint Venture established over the past two years. In addition, MNC's divestitures and carve-outs of their business in China is also a new phenomenon. Divestiture activity increased in China these years, and this trend will continue. Many companies divest their businesses to refocus on strategic priorities, raise liquidity or quit underperforming businesses.

	Deals In China	Company A	Company B	Business Sector	Deal Types	Year
01	Intel acquired a 3% stake in Dongguan Luxshare Technology	Intel	Luxshare	Technology	Equity Investment	2024 06
02	ABB acquires Siemens' Wiring Accessories business in China	ABB	Siemens	Smart Building	Acquisition	2024 05
03	Sino French and Qingdao Water Establish a Joint Venture	Suez	Qingdao Water	Environmental	Joint Venture	2024 05
04	Aramco acquire 10% stake in Hengli Petrochemical	Saudi Aramco	Hengli	Chemical	Equity Investment	2024 04
05	Henkel acquires Vidal Sassoon in Greater China	Henkel	P&G	Consumer	Acquisition	2024 02
06	Yazaki and IAT Establish a Joint Venture	Yazaki	IAT	Industrial	Joint Venture	2024 02
07	Novartis Acquires SanReno Therapeutics	Novartis	SanReno Therapeutics	Healthcare	Acquisition	2024 01
08	Sodexo Acquires Compass Mainland China business	Sodexo	Compass	Food	Acquisition	2024 01
09	BorgWarner and Shaanxi Fast Auto Drive Establish a Joint Venture	BorgWarner	Shaanxi Fast Auto Drive	Automotive	Joint Venture	2024 01
10	Bayer and RTW Invest Ji Xing Pharmaceuticals	Bayer	Ji Xing Pharmaceuticals	Healthcare	Equity Investment	2024 01
11	AstraZeneca acquire Gracell Biotechnologies	AstraZeneca	Gracell Biotechnologies	Healthcare	Acquisition	2023 12
12	Asahi Kasei divest Hangzhou Asahikasei Spandex Co.,Ltd.	Asahi Kasei	Hangzhou Asahikasei Spandex	Chemical	Divestiture	2023 12
13	Volkswagen's software unit Cariad and Horizon Robotic Establish a Joint Venture	CARIAD	Horizon Robotic	Automotive	Joint Venture	2023 12

China based M&A professionals shared their insights and observations on recent cross-border investment trends.

Based on InterChina's annual China Benchmark and Forecast, a new trend in investment in China reveals a strategic shift by multinationals, as they adapt to new dynamics driven by consolidation and consumer shifts. Companies are now embracing a "3 Dimensional China" approach, which focuses on three key areas: deeper localization, positioning China as a global innovation hub, and recognizing the rising global influence of Chinese firms. As China continues to solidify its role in the global economy, companies need to scale operations to meet the demand for "China speed and cost," while fully embracing local practices and innovation. The growing global presence of Chinese firms creates both competition and partnership opportunities, making it essential for multinationals to align their strategies to succeed in this evolving, high-growth environment.

Eduardo Morcillo
Managing Partner, InterChina

	Deals in China	Company A	Company B	Business Sectors	Deal Types	Year
14	McDonald's Acquire Carlyle's Stake in McDonald's China	McDonald's	Carlyle	Consumer	Acquisition	2023 11
15	Bosch Rexroth and Zhejiang Hechuan Establish a Joint Venture	Bosch Rexroth	Zhejiang Hechuan	Industrial	Joint Venture	2023 11
16	Mercedes-Benz and BMW Brilliance Establish a Joint Venture	Mercedes-Benz	BMW Brilliance	Automotive	Joint Venture	2023 11
17	Adecco Acquire Fujian equity of FESCO	Adecco	Xiamen Jingyuan	Service	Acquisition	2023 11
18	Trafigura Shandong Port Group Establish a Joint Venture	Trafigura	Shandong Port Group	Logistic	Joint Venture	2023 11
19	Stellantis Acquire a 21% stake in EV maker Leapmotor	Stellantis	Leapmotor	Automotive	Equity Investment	2023 10
20	HSBC acquire Citi's retail wealth management portfolio in mainland China	HSBC	CITI	Financial	Acquisition	2023 10
21	Bosch Rexroth and Zhuhai Enpower Electric Establish a Joint Venture	Bosch	Zhuhai Enpower	Industrial	Joint Venture	2023 09
22	Hitachi Energy and Shanghai Electric Establish a Joint Venture	Hitachi Energy	Shanghai Electric	Energy	Joint Venture	2023 09
23	KKR Acquire a 80% Stake in China's Ruirentang	KKR	Ruirentang	Pharma	Equity Investment	2023 09
24	INEOS and SINOPEC Establish a Joint Venture	INEOS	SINOPEC	Chemical	Joint Venture	2023 08
25	Changan Ford and Changan Auto Establish a Joint Venture	Ford	Changan Automobile	Automotive	Joint Venture	2023 08
26	Volkswagen acquire a 4.99% stake in XPeng	Volkswagen	XPeng	Automotive	Equity Investment	2023 07

Over the course of the last few years China's status has shifted from the number 1 investment destination for multi-national companies ("MNCs") to one characterized by uncertainty, negative sentiment, and exits, fueled by sluggish growth post-Covid, rising geopolitical tensions, regulatory uncertainties, and intense competition from local players. Some MNCs are opting to reduce their China exposure via divestiture or carve-out and also lead to creation of a "China Plus One" strategy. The current economic malaise has also negatively impacted Private Equity in China, following 2 decades of robust deployment. LP's desire to reduce their China exposure has led many at the recent Singapore Super Return Conference to declare that "DPI is the new IRR". With almost frozen IPO, compounded by a few failed auction processes driven by low conviction amongst PE buyers, many PEs have turned to other options including use of continuation fund or exits to secondary funds at a discount.

Stella Yuan
Managing Partner, Alvarez & Marsal

	Deals in China	Company A	Company B	Business Sectors	Deal Types	Year
27	BASF and Mingyang Establish a Joint Venture	BASF	Mingyang Smart Energy	Energy	Joint Venture	2023 07
28	BASF acquire assets of Shanghai Lianheng Isocyanate	BASF	Shanghai Lianheng Isocyanate	Chemical	Acquisition	2023 07
29	Mann+Hummel acquire a 70% stake in Suzhou U-Air Environmental Technology	Mann+Hummel	Zisun Technology	Industrial	Equity Investment	2023 07
30	Linde and Fujian Energy Petrochemical Establish a Joint Venture	Linde	Fujian Energy Petrochemical	Energy	Joint Venture	2023 06
31	Brenntag Acquire Shanghai Saifu Chemical Development Co.	Brenntag	Shanghai Saifu	Chemical	Acquisition	2023 06
32	STMicroelectronics and Sanan Establish a Joint Venture	STMicroelectronics	Sanan Optoelectronics	Semiconductor	Joint Venture	2023 06
33	Linde and Wanhua Chemical Establish a Joint Venture	Linde	Wanhua Chemical	Chemical	Joint Venture	2023 06
34	BNP Paribas AM and ABC WM Establish a Joint Venture	BNP Paribas AM	ABC WM	Financial	Joint Venture	2023 06
35	Panasonic Divest Bingshan Refrigeration (Dalian) Co., Ltd	Panasonic	Bingshan Refrigeration	Industrial	Divestiture	2023 05
36	BP and Zhejiang Energy Establish a Joint Venture	BP	Zhejiang Energy	Energy	Joint Venture	2023 05
37	Veolia and Tongling Chemical Establish a Joint Venture	Veolia	Tongling Chemical	Environmental	Joint Venture	2023 05
38	AkzoNobel Acquire Sherwin-Williams' Chinese Decorative Paints Business	AkzoNobel	Sherwin-Williams	Chemical	Acquisition	2023 04
39	Benteler and Beijing Hainachuan Auto Parts Establish a Joint Venture	Benteler	Beijing Hainachuan	Automotive	Joint Venture	2023 04

I would like to use 'diversity' to describe the trend of M&A deals involving China. We see not only inbound but increasing number of outbound M&A deals driven by Chinese companies to penetrate overseas markets. Diversity is seen also from the source of deals. We recently represented a Chinese company to close a deal with a Chilean buyer. In addition to EU and the US, we see more cross-border transactions involving South America, Africa and Middle East jurisdictions. Most importantly, the drives of M&A deals have been changing along with the dynamic roles of China in the global economy. Nowadays Chinese buyers in M&A deals are looking for market shares, cost-efficient raw materials and trained workers like what Western investors did 10-20 years ago when they looked at Chinese targets. There are more 'exchanges' of technologies while China used to 'import' technologies only in the past.

Jerold Zheng
Partner, Merits & Tree Law Offices

	Deals in China	Company A	Company B	Business Sectors	Deal Types	Year
40	Elekta and Sinopharm Establish a Joint Venture	Elekta	Sinopharm	Pharma	Joint Venture	2023 Q3
41	Gap complete divestiture of Gap Greater China	GAP	Baozun	Consumer	Divestiture	2023 Q2
42	GE HealthCare and Sinopharm Establish a Joint Venture	GE HealthCare	Sinopharm	Medical	Joint Venture	2023 Q2
43	Sino French and Shandong Water Establish a Joint Venture	Suez	Shandong Water	Environmental	Joint Venture	2023 Q2
44	Gestamp and Changchun Xuyang Establish a Joint Venture	Gestamp	Changchun Xuyang	Automotive	Joint Venture	2022 12
45	PPG Acquire Huangshan Huajia Surface Technology	PPG	Huangshan Huajia	Chemical	Acquisition	2022 12
46	Unicharm obtained a 41.85% equity interest in Jia Pets	Unicharm	Jia Pets	Consumer	Equity Investment	2022 11
47	Glen Dimplex divest Morphy Richards to Guangdong Xinbao	Glen Dimplex	Guangdong Xinbao	Consumer	Divestiture	2022 10
48	IMCD acquire Shanghai Sanrise	IMCD	Shanghai Sanrise	Chemical	Acquisition	2022 10
49	Toyoda Gosei acquire a 34% stake in Wuhan Binyu Auto Part Company	Toyoda Gosei	Wuhan Binyu	Automotive	Equity Investment	2022 09
50	Shell and Shenergy Establish a Joint Venture	Shell	Shenergy	Energy	Joint Venture	2022 07

According to SS&C Intralinks Q4 2024 Deal Flow Predictor, APAC outperformed the market in Q2 2024 on a QoQ basis where the region achieved over 20 percent growth in new deal activity. However, balancing that against a strong Q2 2023, the region was flat on a QoQY basis. The markets remained relatively stable and ended the quarter with an upward trajectory. Mainland China, Hong Kong and India are all well on the upside of our overperform prediction, indicating growth in those countries that the data suggests will be sustained.

GREATER CHINA BUSINESS conducted a survey in 2024 to learn the current views from multinational companies and private equity firms on cross-border investment, mergers & acquisitions, joint ventures, and divestitures in the current business environment. This survey provide a glimpse into the latest trends of doing deals in China.

The report is based on a survey of 637 global and regional CEOs, presidents, CFOs, legal counsels, corporate strategy and M&A leaders, finance and tax leaders, business unit heads, HR leaders, Joint Venture management, former staffs, consultants, and interviews with key person from several leading companies across a variety of industries.

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