

# M&A Between Chinese and U.S. Companies



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Scratch the surface of M&A involving U.S. and Chinese companies and you will quickly begin to appreciate that there has to be a goldmine in deals between the two countries that represent 60% of world trade. Invest in several trips to China pitching deals and you just as quickly begin to appreciate the challenges that keep most people from going much further.

There are many more deals than those that make headlines, but M&A in China is still very new and has a long way to go before it will represent meaningful volume. We've analyzed over 200 M&A transactions through which Chinese companies acquired U.S. companies or were acquired by U.S. companies. Some of our findings might surprise you.

Two thirds of Chinese buy-side M&A activity in the U.S. was done by Hong Kong companies as outright acquisitions. On the flip side, two-thirds of U.S. buy-side activity in China involved Mainland companies and most were for 50–70% stakes in the Chinese companies.

It is not surprising that U.S. acquirors of Chinese companies determine it prudent to have a partner when getting into an inefficient and opaque market where “guanxi” or relationship capital leveraged by connections is both essential and non-transferable. Financial information of Chinese companies is especially tough to deal with because most of it is not accurate or complete.

## Chinese Company Acquisitions of U.S. Companies

BUYER	HQ	TARGET	HQ OF TARGET	INDUSTRY	STAKE	(MILLIONS) VALUE
CDC Software	Hong Kong	Onyx Software	Bellevue, WA	Software	100%	\$87.2
Cornerstone Overseas	Hong Kong	WHAM-O	Emeryville, CA	Leisure Products	100%	(e) 80.0
Henan Zhongpin Food Share	Changge	Strong Technical	Frisco, TX	Outsourcing	100%	27.6
CDC Software	Hong Kong	c360 Solutions	Atlanta, GA	Software	100%	ND
CDC Software	Hong Kong	Horizon Companies	Edison, NJ	Outsourcing	100%	ND
CDC Software	Hong Kong	JRG Software	San Mateo, CA	Software	100%	ND
Ningbo Binbin Stationary	Ningbo	Dickie Walker	Oceanside, CA	Luxury Goods	100%	ND
Jinche Yingang Automobile	Beijing	Deep Field Technologies	Matawan, NJ	Software/Services	100%	ND
Johnson Electric	Hong Kong	Parlex	Methuen, MA	Electronics	100%	75.6
Johnson Electric	Hong Kong	Lear Electric Motors	Southfield, MI	Auto parts	100%	310.0
Johnson Electric	Hong Kong	Arvin Meritor unit	Troy, MI	Auto parts	100%	11.7
Johnson Electric	Hong Kong	Kautex Motor unit	Manchester, NH	Auto parts	100%	12.5
Techtronic Industries	Hong Kong	Milwaukee Electric Tool	Brookfield, WI	Building	100%	712.8
Techtronic Industries	Hong Kong	Royal Appliance Mfg. Group	Glenwillow, OH	Consumer	100%	105.0
Lenovo Group	Hong Kong	IBM, PC Business	Armonk, NY	PCs/peripherals	100%	1,750.0
Moulin Global Eyecare	Hong Kong	Eye Care Centers of America	San Antonio, TX	Eyecare	100%	738.4
CDC Software	Hong Kong	Ross Systems	Atlanta, GA	Software	100%	81.2
Vtech Holdings	Hong Kong	Lucent, Consumer Telephone Business	Murray Hill, NJ	Communications	100%	113.3
Culture.com Technology	Hong Kong	Transmeta's Crusoe	Santa Clara, CA	Semiconductors	100%	15.0
E-Kong Group	Hong Kong	Televista	Clearwater, FL	Telecommunications	100%	12.0
Grand Toys International	Hong Kong	International Playthings	Parsippany, NJ	Leisure equipment	100%	8.9
Li Fung/Millwork	Hong Kong	Briefly Stated	New York, NY	Apparel	100%	124.0
Industries International	Shenzhen	Unical Enterprises	City of Industry, CA	Telecom products	100%	38.5
Sinopec International	Beijing	First International Oil Corp.	Houston, TX	Oil exploration	100%	153.0
ASIMCO Technologies	Beijing	Federal-Mogul's Camshaft Unit	Grand Haven, MI	Auto parts	100%	28.0
Shanghai Huayi	Shanghai	Moltech Power Systems	Gainesville, FL	Batteries	100%	20.0
Shanghai Hailing	Shanghai	Glenoit International Unit	Beloit, WI	Textiles	100%	14.0
Qingdao Iron & Steel	Qingdao	Geneva Steel	Vineyard, UT	Metals and mining	100%	40.0

## Chinese Acquisitions of Significant Stakes in U.S. Companies

BUYER	HQ	TARGET	HQ OF TARGET	INDUSTRY	STAKE	(MILLIONS) VALUE
CK Life Sciences Int'l. Holdings	Hong Kong	VitaQuest International	West Caldwell, NJ	Nutritional products	80%	\$345.0
Grande Holdings	Hong Kong	Emerson Radio	Parsippany, NJ	Audio equipment	37%	52.0
United Pacific Industries	Hong Kong	Spear & Jackson	Chicago, IL	Household appliances	62%	5.0
Mediamaster	Hong Kong	M8 Entertainment	Los Angeles, CA	Film production	51%	42.5
Rexcapital International	Hong Kong	Terra Solar Global	Brooklyn, NY	Elec equipment	51%	15.9
Global-Tech Appliances	Hong Kong	Lite Array	Novato, CA	Elec components	77%	9.8

## U.S. Company Acquisitions of Chinese Companies

BUYER	HQ	TARGET	HQ OF TARGET	INDUSTRY	STAKE	(MILLIONS) VALUE
FedEx Express	Memphis, TN	Tianjin Datan W Air, Domestic Business	Tianjin	Air Freight/Logistics	100%	\$400.00
Chardan N. China Acquisition	San Diego, CA	HollySys	Beijing	Machinery	100%	174.83
Verint Systems	Melville, NY	Multivision Holdings	Hong Kong	Commerical Services	100%	47.96
Kadant	Acton, MA	Jining Huayi Light Industry Machinery	Jining	Industrial Machinery	100%	20.00
Deli Solar (USA)	Lime Rock, CT	Beijing Four Seasons Solar Power Technology	Beijing	Technology	100%	10.50
Owens-Illinois	Toledo, OH	Tianjin New World Glass Containers	Tianjin	Metal/Glass Containers	95%	9.00
Ashland Specialty Chemical	Dublin, OH	Nanjing Clear Environment Protection	Nanjing	Water Utilities	100%	ND
Darwin Partners	Wakefield, MA	Suzsoft	Suzhou	Software	100%	ND
CP Kelco U.S.	Atlanta, GA	Shandong Gold Millet Biological Products	Wulian	Commodity Chemicals	100%	ND
HNI	Muscatine, IA	Lamex	Hong Kong	Office Svcs/Supplies	100%	ND
Kaplan	New York, NY	Hong Kong Putonghua Vocational School	Hong Kong	Education Services	100%	ND
M-Gab Development	California	Dalian Runze Chemurgy	Dalian	Agriculture Products	100%	ND
Archer Ent Media Comm.	Los Angeles, CA	Creations Tech. Dvlpmnt, Alpha D-Cinema unit	Shenzhen	Movies/Entertainment	100%	ND
Dolphin Productions	Salt Lake City, UT	Innocom	Hong Kong	Software/Services	100%	ND
Sigma-Aldrich	St. Louis, MO	Beijing Superior Chemicals & Instrument	Beijing	Technology Dist.	100%	ND
Terex	Westport, CT	Power Legend International	Hong Kong	Machinery-Diversified	100%	ND
Omnicom	New York, NY	Unisono Fieldmarketing	Shanghai	Advertising	ND	ND
China Voice Holding	Dallas, TX	Candidsoft Technologies	Beijing	Software	ND	ND
R.R. Donnelley & Sons	Chicago, IL	Asia Printers Group	Hong Kong	Printing	100%	95.0
Merix	Forest Grove, OR	Eastern Pacific Circuits	Hong Kong	Printed Circuitry	100%	236.0
IPC Information Systems	New York, NY	Gains Int'l. Asia Holdings	Hong Kong	Telecommunications	100%	15.5
Engage	Andover, MA	Engage Asia	Hong Kong	Marketing services	100%	38.4
Sanmina-SCI	San Jose, CA	Ocean Manufacturing	Hong Kong	Electronic equipment	100%	65.0
Market Facts	Arlington Heights, IL	Asia Market Intelligence	Hong Kong	Market research	100%	24.0
Viasystems	St. Louis, MO	Kalex Printed Circuit Board	Hong Kong	Printed circuitry	100%	325.0
DII Group	Niwot, CO	Greatsino Electronic Technol	Hong Kong	Semiconductors	100%	84.0
CHS Electronics	Miami, FL	SIS Distribution	Hong Kong	Computers/peripherals	100%	70.4
Emerson Electric	St. Louis, MO	Huawei Tech's Avansys Unit	Shenzhen	Telecommunications	100%	750.0
Amdocs	Chesterfield, MO	Longshine Information Technology	Beijing	Software	100%	30.0
United Parcel Service	Atlanta, GA	Sinotrans, Express Delivery unit	Beijing	Logistics	100%	100.0
Amazon.com	Seattle, WA	Joyo.Com	Beijing	Internet services	100%	75.0
eBay	San Jose, CA	EachNet	Shanghai	Internet services	100%	150.0
EasyLink Services	Piscataway, NJ	eLong.com	Shanghai	IT services	100%	58.0
Anheuser-Busch	St. Louis, MO	Harbin Brewery Group	Harbin	Beverages	100%	93.1
Carlisle Companies	Charlotte, NC	Zhejiang Kete Auto Parts	Hangzhou	Auto parts	100%	36.0
Key Principal Partners	Cleveland, OH	ASIMCO Technologies	Chaoyang	Auto parts	100%	100.0
Smith	Milwaukee, WI	Jiangsu Cangheng Group, motor unit	Changzhou	Industrial Machinery	100%	15.3
E. I. DuPont de Nemours	Wilmington, DE	Yun Meng Protein Co.	Wuhan	Consumer staples	100%	20.0

## U.S. Acquisitions of Significant Stakes in Chinese Companies

BUYER	HQ	TARGET	HQ OF TARGET	INDUSTRY	STAKE	(MILLIONS) VALUE
Yahoo!	Sunnyvale, CA	Tao Bao Holding	Hangzhou	Online trading	40%	\$360.0
Starwin Media Holdings	Industry, CA	Strategic Media International	Hong Kong	Media	70%	225.0
JWT	New York, NY	Always Mktg/Shanghai Power Force	Shanghai	Mktg/Merchandising	65%	ND
Calypte Biomedical	Lake Oswego, OR	Beijing Marr BioPharmaceutical	Beijing	Healthcare products	49%	ND
Yellow Roadway	Overland Park, KS	JHJ International Transportation	Shanghai	Logistics	50%	45.0
Yahoo!	Sunnyvale, CA	Alibab.com	Hangzhou	Internet services	40%	1,030.0
Bausch & Lomb	Rochester, NY	Shandong Chia Tai Freda Pharma	Jinan	Pharmaceuticals	55%	200.0
Pacificnet	Eagan, MN	Guangzhou 3G Info Technology	Guangzhou	Telecommunications	51%	5.6
BTU Power	Burlington, MA	Meiya Power Co.	Hong Kong	Power generation	50%	236.0
Monster Worldwide	New York, NY	ChinaHR.comHoldings	Beijing	Human resources	40%	50.0
IAC/Interactive	New York, NY	eLong	Beijing	Travel services	51%	166.7
H.J. Heinz	Pittsburgh, PA	Phoenix	Beijing	Food products	70%	57.0
Providential Holdings	Huntington Bch, CA	Yutian Saw Corp.	Yutian	Steel production	60%	45.0
Spectrum Brands	Atlanta, GA	Ningbo Baowang Battery Co.	Ninghai	Electrical Equip	85%	24.0
Starbucks	Seattle, WA	Shanghai President Coffee Co.	Shanghai	Restaurants	50%	21.3
Warburg Pincus	New York, NY	Harbin Pharmaceutical Group	Harbin City	Pharmaceuticals	55%	250.0
InterVideo	Fremont, CA	Ulead Systems	Taipei, Taiwan	Software	63%	32.6
PTS	Las Vegas,NV	Han Bo Science & Technology	Shanghai	Software	70%	20.2

MidMarket is a valuable resource for Western and Chinese companies as well as investors interested in exploring strategic cross-border financing and/or M&A.

We invite you to contact us regarding your interests in matching Western and Chinese companies for strategic investments and business combinations.