

# Deal Drivers: APAC HY 2023

A spotlight on mergers and  
acquisitions trends in 2023

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# Foreword: Slow recovery in China weighs on all of APAC

Through the first half of 2023, the global economy demonstrated that it was much more resilient than most might have expected, with the threat of recession failing to metastasize into full-blown economic contraction.

However, sticky inflation, higher interest rates, geopolitical tensions, and China's lackluster post-pandemic economic recovery did lead to a softening of APAC M&A activity. Strained Sino-US relations, despite some efforts at reconciliation by Beijing and Washington, also weighed heavily on dealmaking.

Chinese Premier Li Qiang pledged targeted measures to stimulate his country's economy after a raft of data suggested its post-pandemic bounce back was losing steam. His comments followed a surprise interest rate cut by China's central bank in June, aimed at easing the burden on over-indebted local governments, property developers, and households.

## Consumers short on confidence

China's economy expanded at a slower-than-expected pace of 6.3% year-on-year in Q2 from a low base. This has raised some doubts over whether the country will comfortably meet its 5% growth target for 2023. Weak GDP growth was attributed to lackluster service-sector focused domestic demand, according to the latest PMI data, and a deceleration in consumer spending growth, according to data for June released by the National Bureau of Statistics. Retail sales rose 3.1% in June from a year earlier, down from 12.7% in May.

Investment banks' advisory fees slumped to the lowest level in almost a decade as the industry suffers from job cuts linked to a prolonged slowdown in deal activity. Bankers in the APAC region earned US\$1.4bn in fees from completed M&A deals, down 44% compared to the same period last year, representing a decade low, according to Refinitiv data. The rising cost of debt and uncertainty over the economic outlook has widened the valuation gap between buyers and sellers.

However, while there was a slowdown in activity, the M&A market did demonstrate resilience in the context of rising interest rates to tame multi-decade high inflation across many regions. Mid-market deals sustained the market as companies pursued strategic growth agendas and sector consolidation, responding to initiatives tied to ongoing digitalization, decarbonization, supply-chain optimization, and, most recently, advances in generative artificial intelligence (AI).



# Outlook: APAC heat chart

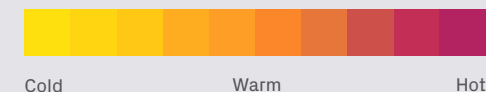
China's economy is in the midst of what its leaders have called a "tortuous" post-pandemic recovery, with consumer spending down and youth unemployment up. In response, a series of countercyclical fiscal measures are to be introduced in the near term to spur growth. Elsewhere in Asia, growth is expected to remain relatively robust, albeit in some cases less strong than was the case in 2022.

This challenged environment for M&A was reflected in lower deal reports across all sectors and economies throughout the APAC region in H1. But according to our heat chart, which illustrates the distribution of 'companies for sale' stories on the Mergermarket intelligence tool from the first six months of this year, a few sectors are showing a strong pipeline of potential M&A deals.

The industrials & chemicals (I&C) sector is likely to be one of the most active in APAC in the near term, with Mergermarket logging 546 stories about I&C companies coming to market, contributing just under 20% of reports across all sectors. The telecoms, media & technology (TMT) sector was the second most prolific, with 443 deal reports (16%), followed at some distance by the financial services and consumer industries, which accrued 284 and 266 stories, respectively.

Heat chart based on potential companies for sale

	Greater China	Southeast Asia	South Korea	Japan	India	Australia & New Zealand	TOTAL
Industrials & chemicals	359	47	45	28	37	30	546
TMT	195	70	45	23	58	52	443
Financial services	108	55	10	27	49	35	284
Consumer	107	35	29	7	39	49	266
Pharma, medical & biotech	134	41	8	12	40	27	262
Energy, mining & utilities	118	50	5	7	18	60	258
Business services	127	20	12	8	27	35	229
Real estate	88	13	1	1	4	8	115
Construction	71	9	8	2	13	11	114
Transportation	44	25	9	2	7	17	104
Leisure	34	24	11	2	6	23	100
Agriculture	21	6	2	1	2	8	40
Defense	2						2
<b>TOTAL</b>	<b>1,408</b>	<b>395</b>	<b>185</b>	<b>120</b>	<b>300</b>	<b>355</b>	<b>2,763</b>



Note: The Intelligence Heat Charts are based on 'companies for sale' tracked by Mergermarket in the respective regions between January 01, 2023 and June 30, 2023. Opportunities are captured according to the dominant geography and sector of the potential target company.

The heat chart again illustrates China's predominance of the APAC M&A arena. Of the 2,763 stories logged across all subregions of APAC in H1, assets in Greater China were the potential targets in 1,408 reports, representing 51% of all reports across the region. Its I&C sector is expected to be especially busy, contributing 359 (25%) of the stories relating to Greater China that came to light in H1.

Greater China is also expected to generate a large number of TMT deals, with 195 related stories logged in the subregion, but the majority of deal reports in the sector related to assets outside of China. Activity in the sector is expected to percolate in Southeast Asia (70), India (58), and Australia & New Zealand (52), reflecting how dealmaking activity through much of the world is being driven today by businesses' pursuit of digital transformation through automation, generative AI applications such as ChatGPT, and domestic consolidation. The adage that 'now all companies are tech companies' continues to hold true, with TMT M&A enabling growth in a variety of essential fields such as cloud computing, cybersecurity, and data analytics.

In the financial services space, too, activity outside Greater China is expected to stand out somewhat, with the burgeoning economies of Southeast Asia (55 stories) and India (49) again contributing an encouraging number of potential M&A stories. Meanwhile, Australia & New Zealand is expected to see an influx of energy, mining & utilities (EMU) M&A, reflecting the region's resource wealth and advanced global industry presence.

It is still the case, evidently, that the health of the APAC M&A market is tied largely to the health of China's dealmaking space, but emerging subregions with excellent M&A potential, especially Southeast Asia and India, will increasingly contribute larger shares of activity.





All sectors

# Summary: Thriving industrials space underpins APAC M&A

M&A across APAC was subdued in H1 2023 with 4,781 transactions announced, a decline of 16% compared to the same period last year, as macroeconomic headwinds and recession fears dented dealmaking. The period was marked by a slowdown in big-ticket deals and resilience in mid-sized transactions. The aggregate value of all deals announced declined by 34.3% year-on-year, tumbling to US\$378bn from US\$576bn in H2 2022.

High interest rates, capital constraints, geopolitical tensions, and regulatory scrutiny weighed on global M&A activity and within the APAC region specifically. The environment has been challenging for leveraged buyouts, which is reflected in the slump in private equity (PE) activity.

These forces softened demand in the first half of the year, but didn't entirely extinguish it. Cash-rich companies and larger PE funds equipped with dry powder continued to pursue M&A that aligned with their strategic growth objectives. Across many sectors, the headwinds reduced the size of deals and increased due diligence to ensure strategic alignment and appropriate valuations.

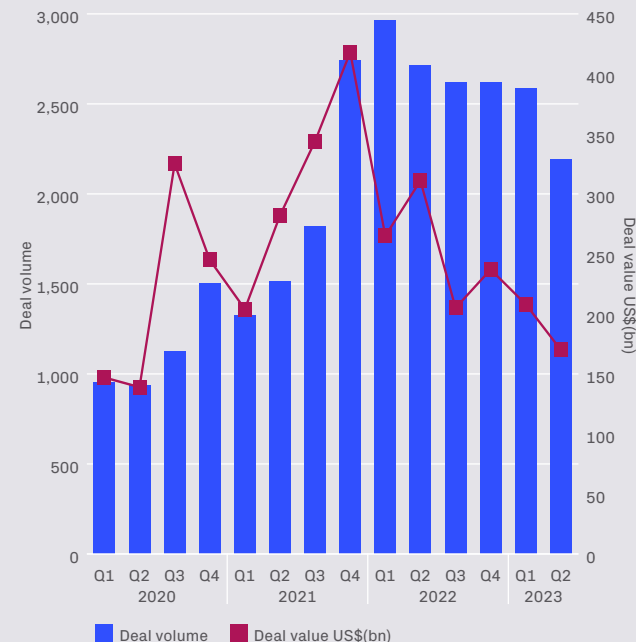
## Japan leads the way

In this context, the broader APAC region remained a dynamic cog in the global growth machine, although the most recent forecasts from organizations such as the International Monetary Fund are not devoid of potential downside risks.

In its May projections, the IMF reported that Asia's economy would expand by 4.6% this year, an upgrade of 0.3% relative to its previous estimate. Asia's momentum during H1 was fueled by expectations of China's post-pandemic recovery, resilient economic expansion in India and Japan, alongside projections for more rapid growth elsewhere in emerging Asia.

Notably in the M&A arena, the aggregate value of APAC deals involving Japanese bidders rocketed by 50% compared to a year ago, rising from US\$38bn in H1 2022 to US\$56.9bn through the first six months of this year. This was the case in spite of Japanese bidders being involved in fewer transactions overall compared to the same period in 2022, when they participated in 1,700 across the region, versus 1,567 in H1 2023. That figure still makes Japanese bidders the most prolific in APAC, with Chinese bidders, involved in 1,324 regional transactions, the next busiest.

## All sectors M&A activity, 2020-HY 2023



Source: Mergermarket



## I&C leapfrogs stuttering TMT

I&C was the standout sector in H1, amid significant declines in APAC dealmaking value and volumes across most industries. The number of I&C deals announced rose 14% year-on-year to 885, including four of the nine largest transactions announced in H1, largely reflecting consolidation in the sector.

The largest deal in H1 was the US\$23.1bn merger between VinFast, the Vietnamese automaker specializing in electric vehicles (EVs), and Black Spade Acquisition, a Hong Kong-based special purpose acquisition company (SPAC). VinFast said in May it would list in the US and aim to expand EV production and global market share. This transaction helped to push aggregate I&C deal value in H1 to US\$103.4bn, up 39% compared to the same period last year.

In comparison, TMT M&A slumped. Total value virtually halved (49%) to US\$60.4bn, while volume dropped 28% to 1,330 announced transactions, as dealmaking was stifled by capital constraints, high interest rates, and geopolitical tensions. The sector's largest deal in APAC in H1, specifically Japan Industrial Partners' tumultuous US\$16bn buyout of Toshiba, was announced in March. The long-running domestic take-private draws a line under a string of scandals and destabilizing strategy shifts at Toshiba over the past decade.

## All sectors top sectors by value | HY 2023

	US\$(m)
Industrials & chemicals	103,402
Energy, mining & utilities	67,340
TMT	60,394
Financial services	33,209
Consumer	24,685

## All sectors top sectors by volume | HY 2023

	Deal count
TMT	1,330
Industrials & chemicals	885
Business services	485
Pharma, medical & biotech	396
Consumer	351

## All sectors top bidders by value | HY 2023

	US\$(m)
China	116,677
Japan	56,928
USA	46,162
Hong Kong SAR (China)	34,522
Australia	22,375

## All sectors top bidders by volume | HY 2023

	Deal count
Japan	1,567
China	1,324
India	324
South Korea	316
Australia	293



## Renewable aspirations

Activity in the EMU sector showed notable resiliency, with deal volume and aggregate value declining much less conspicuously than in other sectors. In H1 297 transactions were announced targeting APAC EMU assets, down just 7% from a year prior.

Those deals were worth a combined US\$67.3bn, representing a dip of just 2% from H1 2022 and making EMU the next largest sector for M&A by value through the first six months of this year in APAC.

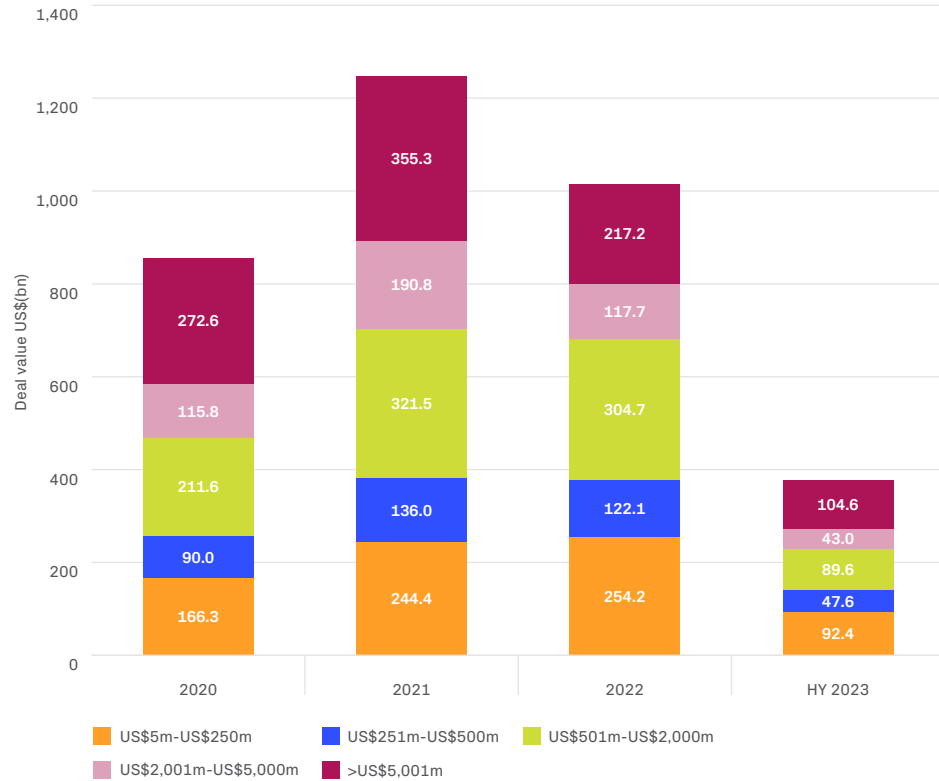
The industry accounted for three of the eight largest deals announced in the region in H1, including the second biggest across all sectors. In that transaction announced in February, Colorado-headquartered Newmont Corporation moved to acquire Australia-based Newcrest Mining for US\$21.1bn, bringing together two of the world's largest gold producers with a view to capitalizing on shared infrastructure and supply-chain optimization.

Then in March, a consortium of investors led by Brookfield Asset Management and EIG acquired power generator and energy retailer Origin Energy, also based in Australia, for US\$12.3bn. The consortium has said it aims to accelerate the development of renewable energy capacity, a burgeoning segment of the EMU industry across all of APAC but especially sun-drenched Australia, energy-hungry India, and solar-panel leader China.

## All sectors top 10 announced deals, HY 2023

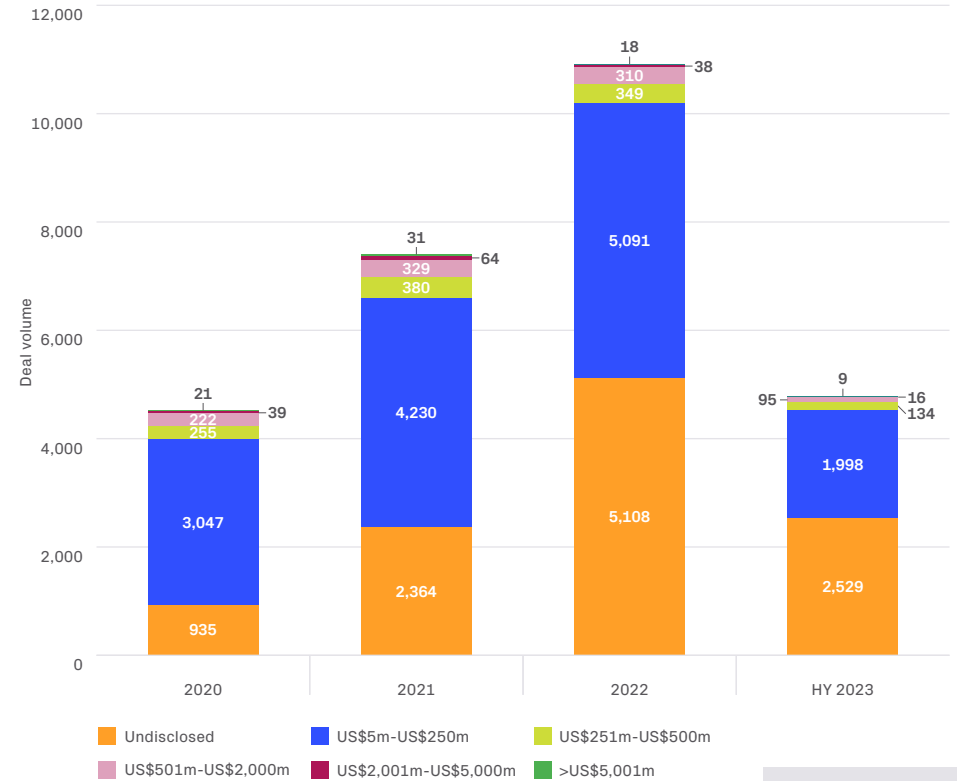
	Announced date	Bidder company	Target company	Target dominant sector	Vendor company	Deal value (US\$m)
1	12-May-23	Black Spade Acquisition Co.	VinFast Auto Pte. Ltd. (100% Stake)	Industrials & chemicals		23,050
2	05-Feb-23	Newmont Corp.	Newcrest Mining Limited (100% Stake)	Energy, mining & utilities		21,106
3	23-Mar-23	Japan Industrial Partners, Inc.; TBJH Inc.	Toshiba Corporation (100% Stake)	TMT		16,076
4	27-Mar-23	Consortium led by Brookfield Asset Management and EIG	Origin Energy Ltd.	Energy, mining & utilities		12,310
5	04-May-23	Hangzhou State-owned Capital Investment Management Co., Ltd.	Zhejiang Yingde Holding Group Co., Ltd. (100% Stake)	Industrials & chemicals	Yingde Gases (Hong Kong) Co., Ltd.; Airpower Technologies Ltd.	7,235
6	26-Jun-23	JIC Capital Ltd.	JSR Corp. (100% Stake)	Industrials & chemicals		6,926
7	29-Mar-23	China Mobile Communications Group Jiangxi Co., Ltd.	Postal Savings Bank of China Co., Ltd. (6.83% Stake)	Financial services		6,534
8	03-Mar-23	Canada Pension Plan Investment Board	ReNew Energy Global plc (17.14% Stake)	Energy, mining & utilities	Goldman Sachs Group Inc.	5,862
9	31-Jan-23	L Catterton Asia Acquisition Corp.	Lotus Tech (100% Stake)	Industrials & chemicals		5,500
10	26-Jun-23	Chow Tai Fook Enterprises Limited; Chow Tai Fook Capital Ltd.	NWS Holdings Ltd. (96.97% Stake)	Construction		4,451

## All sectors M&A value split by deal size



Source: Mergermarket

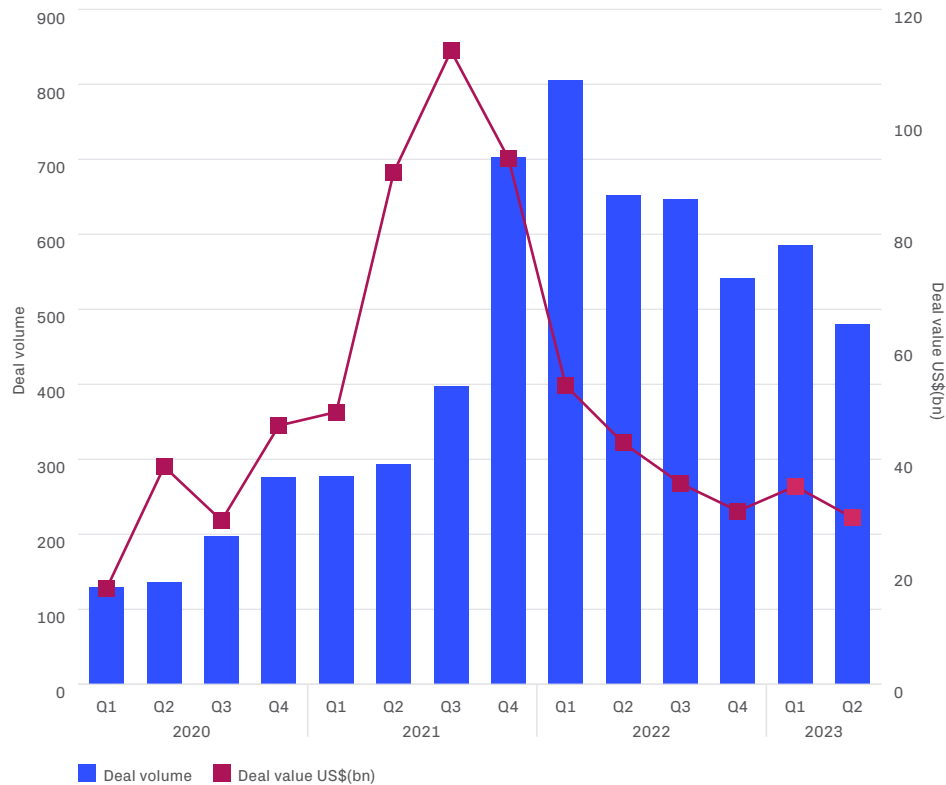
## All sectors M&A volume split by deal size



Source: Mergermarket

## All sectors PE buyouts

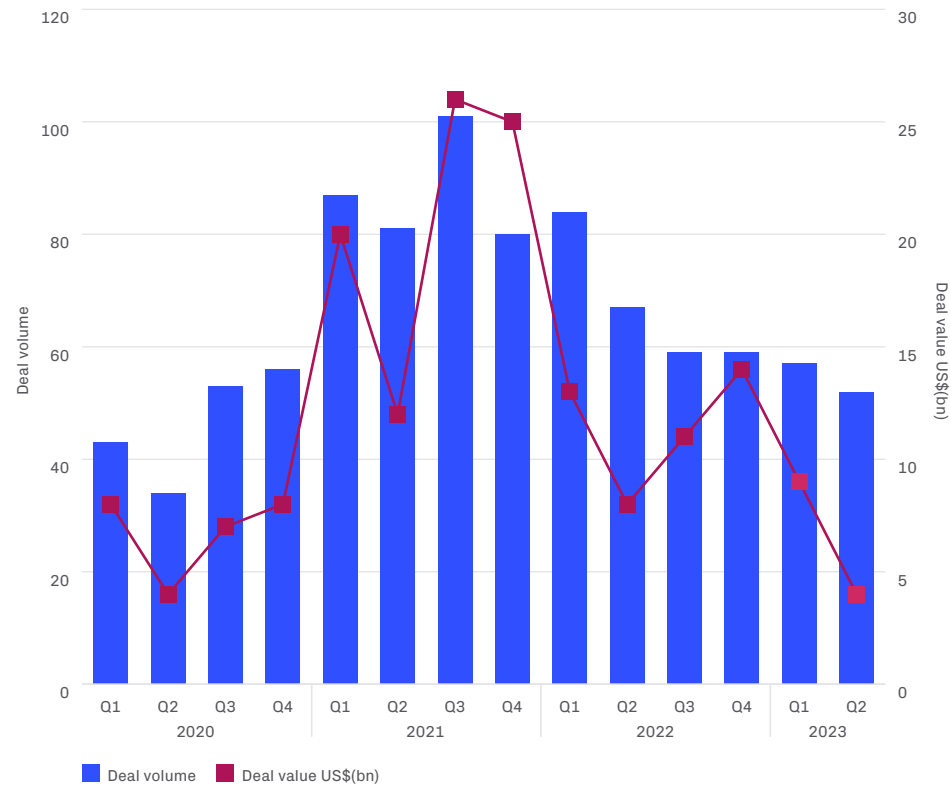
Based on announced buyouts, excluding those that lapsed or were withdrawn, where the dominant location of the target is in APAC.



Source: Mergermarket

## All sectors PE exits

Based on announced exits, excluding those that lapsed or were withdrawn, where the dominant location of the target is in APAC.



Source: Mergermarket

## All sectors league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	Morgan Stanley	59,969	36
2	4	JPMorgan	56,441	21
3	2	UBS Investment Bank	41,730	38
4	7	Bank of America	37,314	24
5	8	Nomura Holdings	36,686	39
6	3	Goldman Sachs & Co	34,760	24
7	15	China International Capital	27,509	33
8	29	Mizuho Financial Group	27,386	25
9	23	Sumitomo Mitsui Financial Group	26,453	27
10	45	Lazard	25,843	8

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	PricewaterhouseCoopers	4,470	58
2	2	Deloitte	19,814	51
3	8	Nomura Holdings	36,686	39
4	6	UBS Investment Bank	41,730	38
5	5	Morgan Stanley	59,969	36
6	7	China International Capital	27,509	33
7	3	KPMG	4,984	29
8	14	Daiwa Securities Group / DC Advisory	3,210	28
9	12	Sumitomo Mitsui Financial Group	26,453	27
10	4	Ernst & Young	4,118	26

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	70	Davis Polk & Wardwell	48,645	8
2	28	White & Case	43,329	15
3	17	King & Wood Mallesons	34,519	28
4	135	Shearman & Sterling	31,782	9
5	15	Latham & Watkins	31,231	17
6	69	Cleary Gottlieb Steen & Hamilton	30,071	8
7	14	Nishimura & Asahi	28,335	58
8	35	Herbert Smith Freehills	26,405	37
9	20	Allens	25,279	27
10	68	Slaughter and May	24,527	7

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	2	Khaitan & Co	4,454	69
2	3	Shardul Amarchand Mangaldas & Co	11,636	68
3	5	Nishimura & Asahi	28,335	58
4	6	Cyril Amarchand Mangaldas	7,246	56
5	4	Mori Hamada & Matsumoto	17,378	49
6	61	Haiwen & Partners	727	48
7	7	Kim & Chang	10,335	46
8	1	AZB & Partners	9,017	44
9	11	Herbert Smith Freehills	26,405	37
10	8	Trilegal	6,721	37

## All sectors league tables

### Financial advisors by value—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	5	Nomura Holdings	2,491	20
2	6	UBS Investment Bank	2,020	14
3	1	PricewaterhouseCoopers	1,989	35
4	26	Goldman Sachs & Co	1,714	10
5	11	Daiwa Securities Group / DC Advisory	1,576	15
6	4	Deloitte	1,447	13
7	10	Sumitomo Mitsui Financial Group	1,210	11
8	12	Mizuho Financial Group	1,205	13
9	2	KPMG	1,101	11
10	3	China International Capital	1,095	7

### Financial advisors by volume—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	PricewaterhouseCoopers	1,989	35
2	5	Nomura Holdings	2,491	20
3	9	Daiwa Securities Group / DC Advisory	1,576	15
4	4	Ernst & Young	778	15
5	8	UBS Investment Bank	2,020	14
6	3	Deloitte	1,447	13
7	12	Mizuho Financial Group	1,205	13
8	11	Sumitomo Mitsui Financial Group	1,210	11
9	2	KPMG	1,101	11
10	38	Goldman Sachs & Co	1,714	10

### Legal advisors by value—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	2	Shardul Amarchand Mangaldas & Co	2,769	41
2	3	Cyril Amarchand Mangaldas	2,655	32
3	4	Khaitan & Co	2,251	35
4	5	Kim & Chang	1,835	24
5	11	Mori Hamada & Matsumoto	1,732	20
6	1	AZB & Partners	1,570	24
7	7	Nishimura & Asahi	1,367	17
8	10	Trilegal	1,303	22
9	25	TMI Associates	1,197	14
10	9	Lee & Ko	1,180	20

### Legal advisors by volume—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	3	Shardul Amarchand Mangaldas & Co	2,769	41
2	2	Khaitan & Co	2,251	35
3	5	Cyril Amarchand Mangaldas	2,655	32
4	4	Kim & Chang	1,835	24
5	1	AZB & Partners	1,570	24
6	13	Trilegal	1,303	22
7	8	IndusLaw	1,047	21
8	12	Mori Hamada & Matsumoto	1,732	20
9	6	Lee & Ko	1,180	20
10	9	Nishimura & Asahi	1,367	17

## All sectors league tables

### PR advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	21	Joele Frank Wilkinson Brimmer Katcher	21,669	3
2	4	Kekst CNC (Publicis)	16,897	11
3	11	Brunswick Group	10,609	6
4	52	Headland Consultancy	7,972	2
5	56	Teneo	7,801	4
6	19	Edelman	6,926	1
7	7	EverBloom Investment Consulting Lt. Co	4,446	13
8	3	Greenbrook Communications	3,896	5
9	1	FGS Global	3,541	8
10	23	FTI Consulting Group	2,827	11

### PR advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	6	Citadel Magnus	2,723	15
2	2	EverBloom Investment Consulting Lt. Co	4,446	13
3	1	Kekst CNC (Publicis)	16,897	11
4	9	FTI Consulting Group	2,827	11
5	3	FGS Global	3,541	8
6	8	Brunswick Group	10,609	6
7	4	Domestique Consulting	1,765	6
8	5	Greenbrook Communications	3,896	5
9	56	Teneo	7,801	4
10	10	GRACosway	1,839	4

### PR advisors by value—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	3	Domestique Consulting	521	3
2	1	EverBloom Investment Consulting Lt. Co	491	6
3	4	FTI Consulting Group	487	4
4	13	Citadel Magnus	432	6
5	5	Kekst CNC (Publicis)	371	3
6	2	FGS Global	349	2
7	-	Prosek Partners	175	2
8	-	Barabino & Partners	175	1
9	-	Greenbrook Communications	174	1
10	-	Gregory FCA	170	1

### PR advisors by volume—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	EverBloom Investment Consulting Lt. Co	491	6
2	5	Citadel Magnus	432	6
3	4	FTI Consulting Group	487	4
4	2	Domestique Consulting	521	3
5	6	Kekst CNC (Publicis)	371	3
6	3	FGS Global	349	2
7	-	Prosek Partners	175	2
8	-	GRACosway	164	2
9	31	Jane Morgan Management	153	2
10	7	Citigate Dewe Rogerson	70	2

## All sectors league tables

### PE advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	25	Japan Industrial Partners	16,346	3
2	-	JIC Capital	8,110	2
3	12	Bain Capital LP	6,770	10
4	75	MBK Partners	3,391	5
5	9	Sequoia Capital	2,703	19
6	17	General Atlantic	2,680	8
7	1	KKR & Co	2,638	15
8	11	Hillhouse Investment Management	2,340	30
9	-	Mubadala Capital	2,000	1
10	-	UCK Partners	1,840	3

### PE advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	6	SMBC Venture Capital Co	349	41
2	3	Mitsubishi UFJ Capital Co	318	39
3	7	Osaka Small and Medium Business Investment & Consultation Co	3	38
4	12	SBI Investment Co	257	31
5	5	Hillhouse Investment Management	2,340	30
6	8	Mizuho Capital Co	231	28
7	9	JAFSCO Group Co	268	21
8	1	Sequoia Capital	2,703	19
9	14	CICC Capital Management Co	1,508	18
10	18	Future Venture Capital Co	3	18

### PE advisors by value—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	8	KKR & Co	1,162	8
2	145	Bain Capital LP	827	6
3	4	Hillhouse Investment Management	785	10
4	15	CICC Capital Management Co	683	7
5	107	GF Xinde Investment Management Co	594	4
6	11	Legend Capital Management Co	516	5
7	98	NIO Capital	437	4
8	1	Sequoia Capital	403	14
9	-	UCK Partners	374	2
10	235	Highlight Capital	373	2

### PE advisors by volume—mid-market (US\$5m-US\$250m)

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	7	SMBC Venture Capital Co	300	18
2	6	Mitsubishi UFJ Capital Co	291	15
3	2	Sequoia Capital	403	14
4	13	SBI Investment Co	229	14
5	5	Mizuho Capital Co	199	14
6	8	JAFSCO Group Co	252	13
7	4	Hillhouse Investment Management	785	10
8	18	JIC Venture Growth Investments Co	210	10
9	154	DBJ Capital Co	167	9
10	39	KKR & Co	1,162	8



Consumer



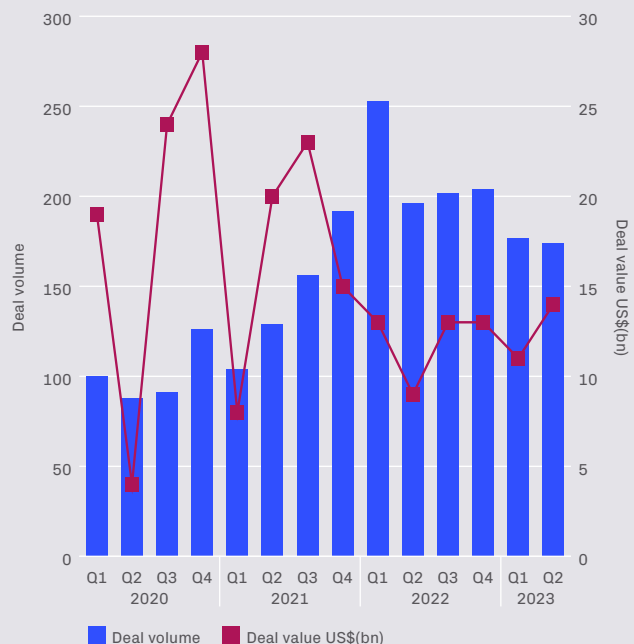
# Consolidation reigns as buyers adapt to lower purchasing power

In H1 2023, M&A deal volume in APAC's consumer sector dropped significantly but increased in aggregate value terms compared to the same period last year. Would-be acquirers are closing fewer deals in a sector highly sensitive to the deleterious effects of inflation on consumer purchasing power.

There were 351 deals announced in the sector through the first six months of this year, with these worth a combined US\$24.7bn, down 22% and up 11%, respectively, from H1 2022. This was a top-heavy sector for M&A in APAC, with the three largest transactions announced accounting for around 40% of total consumer deal value in the region.

The largest deal, announced in late June, was the US\$4.2bn privatization and delisting of Dali Foods from the Hong Kong Stock Exchange by Xu Shihui, chairman, founder, and controlling shareholder via a scheme of arrangement acquired by Rongshi International Investment, a personal investment vehicle. Dali Foods is a food and beverage company based in China with a diversified presence across various market segments, including consumer brands.

Consumer M&A activity, 2020-HY 2023



Source: Mergermarket

## Aussie assets attract attention

Also among the three largest consumer deals announced in H1 was L'Oréal's agreement with Natura & Co to acquire Australian luxury skincare company Emeis Holdings, better known by its brand name "Aēsop", for US\$2.5bn.

The deal positions the French cosmetics giant, which operates around 400 points of sale across the Americas, Europe, Australia, New Zealand, and Asia, to expand its footprint in China, where the brand opened its first store in 2022.

The transaction was the third biggest consumer deal overall announced in APAC in H1 and the largest involving an Australian target, followed by Malteries Soufflet's US\$1.3bn takeover of United Malt Group. InVivo, the French agribusiness that owns Malteries Soufflet, said the acquisition will help expand the business, which produces bulk malt for brewers, distillers, and food companies, into China and Oceania.

Two further Australian companies were targeted in the sixth and seventh largest consumer deals in H1, while Chinese assets were targeted in the fourth and second largest, in addition to the table-topping Rongshi-Dali Foods transaction. Among bidders, those from Japan were the most active in this sector in H1, being involved in 129 transactions, or more than a third of the regional total. These, however, were generally rather small deals, with a combined value of just US\$546m.



## Reviving plans for US listings

In another major transaction involving extra-regional acquirers, United Arab Emirates sovereign wealth fund Mubadala joined PE firm General Atlantic and venture capital group Sequoia Capital in taking a US\$2bn stake in Shein. The fundraising implies a US\$64bn valuation for the Chinese online fashion retailer, representing a significant one-third downgrade compared to its previous fundraising one year earlier.

Shein, which manufactures clothing in China and sells online in the US, Europe, and Asia, has plans for a US listing in H2 of this year. It sets the stage for a major test of US investor appetite for Chinese companies amid volatile capital markets and geopolitical tensions.

Sino-US tensions have hurt investor demand for US listings of Chinese companies. The China Securities Regulatory Commission, China's securities watchdog, published new rules in February to regulate offshore listings and revive IPOs by Chinese firms, after a regulatory freeze imposed in July 2021.

## Consumer top bidders by value | HY 2023

	US\$(m)
China	5,859
British Virgin Islands	4,247
USA	3,913
France	3,834
India	1,541

## Consumer top bidders by volume | HY 2023

	Deal count
Japan	129
China	76
South Korea	33
Australia	28
India	25

## Steering through headwinds

Consumer M&A deal activity is directly affected by the decline in real incomes due to inflation, which has caused consumer sentiment and spending to wane. Though these forces are expected to ease gradually in H2 2023, margin pressure, lower growth, and higher borrowing costs will continue to put valuations under strain, inhibiting some activity. Equally, however, these near-term headwinds may give rise to distressed M&A and restructuring activity across consumer markets.

H2 will provide opportunities for cash-rich corporates and low-leveraged PE funds keen to consolidate market position with strategic acquisitions in companies aligned to evolving consumer behavior trends. M&A that optimizes supply-chain resilience through vertical integration with logistics and transportation partners to improve last-mile delivery and ESG credentials will be favored.

Technology innovation through generative AI will also be a dominant driver of future activity, as retailers look to strengthen and broaden consumer relationships. Elsewhere, increased shareholder activism may motivate divestment of non-core assets and brands, while depressed retail sector public valuations may encourage more take-privates.

## Consumer top 10 announced deals, HY 2023

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	27-Jun-23	Rongshi International Investment Co., Ltd.	Dali Foods Group Company Limited (64.66% Stake)	China	Cantrust Far East Ltd.	4,247
2	17-Jan-23	COSCO Shipping Holdings Co., Ltd.; China Chengtong Holdings Group Ltd.; National Council for Social Security Fund; China State-owned Enterprise Structural Adjustment Fund Phase II Co., Ltd.; China Government-Enterprise Cooperation Investment Fund Co., Ltd.	Fortune COFCO Co., Ltd. (22.2% Stake)	China		3,102
3	03-Apr-23	L'Oreal S.A.	Emeis Holdings Pty. Ltd. (100% Stake)	Australia	Natura & Co Holding S.A.	2,525
4	17-May-23	General Atlantic LLC; Sequoia Capital; Mubadala Capital	SHEIN (3.03% Stake)	China		2,000
5	28-May-23	Malteries Soufflet S.A.S.; InVivo AgroSciences	United Malt Group Ltd. (100% Stake)	Australia		1,309
6	07-Mar-23	TPG Global LLC; TPG Inc.	InvoCare Limited (80.86% Stake)	Australia		1,244
7	05-Apr-23	Viva Energy Australia Pty. Ltd.	OTR (100% Stake)	Australia	Peregrine Corp Pty. Ltd.	773
8	06-Feb-23	Carlsberg	Carlsberg South Asia Pte. Ltd. (33.3% Stake)	Singapore	Khetan Group	744
9	16-Mar-23	Abu Dhabi Investment Authority	Lenskart Solutions Pvt. Ltd. (10% Stake)	India		500
10	17-Jan-23	Diageo Plc	Don Papa Rum (100% Stake)	Philippines		473

## Consumer league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	6	Morgan Stanley	6,074	4
2	12	Goldman Sachs & Co	4,101	3
3	16	China International Capital	3,959	5
4	21	N M Rothschild & Sons	3,920	4
5	-	CITIC Securities Co	3,403	3
6	-	Centerview Partners	2,998	2
7=	-	Bank of America	2,525	1
7=	-	Jamieson Corporate Finance	2,525	1
9=	31	Citi	2,000	1
9=	-	FirstRand	2,000	1
9=	-	Standard Bank Group	2,000	1

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	69	Latham & Watkins	4,888	3
2	-	Global Law Office	3,102	1
3	26	Gilbert + Tobin	2,870	6
4	-	Baker McKenzie	2,644	3
5	86	MinterEllison	2,555	4
6=	-	Cescon, Barriau, Fleisch & Barreto Advogados	2,525	1
6=	37	Davis Polk & Wardwell	2,525	1
6=	-	Lefosse Advogados	2,525	1
6=	-	Pinheiro Neto Advogados	2,525	1
6=	-	Trench, Rossi & Watanabe	2,525	1
6=	-	Wolf Theiss Rechtsanwalte	2,525	1

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	PricewaterhouseCoopers	295	8
2	25	China International Capital	3,959	5
3	6	UBS Investment Bank	1,702	5
4	11	Morgan Stanley	6,074	4
5	15	N M Rothschild & Sons	3,920	4
6	2	KPMG	393	4
7	8	Goldman Sachs & Co	4,101	3
8	-	CITIC Securities Co	3,403	3
9	39	Aventus Capital Pvt	600	3
10	5	Nomura Holdings	399	3

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	7	Shardul Amarchand Mangaldas & Co	1,287	7
2	2	Cyril Amarchand Mangaldas	445	7
3	10	Herbert Smith Freehills	90	7
4	26	Gilbert + Tobin	2,870	6
5	1	Nishimura & Asahi	119	5
6	86	MinterEllison	2,555	4
7	3	Khaitan & Co	949	4
8	19	King & Wood Mallesons	172	4
9	16	KL Partners	151	4
10=	43	Haiwen & Partners	-	4
10=	29	Mills Oakley	-	4
10=	91	Thomson Geer Lawyers	-	4



Energy, mining & utilities

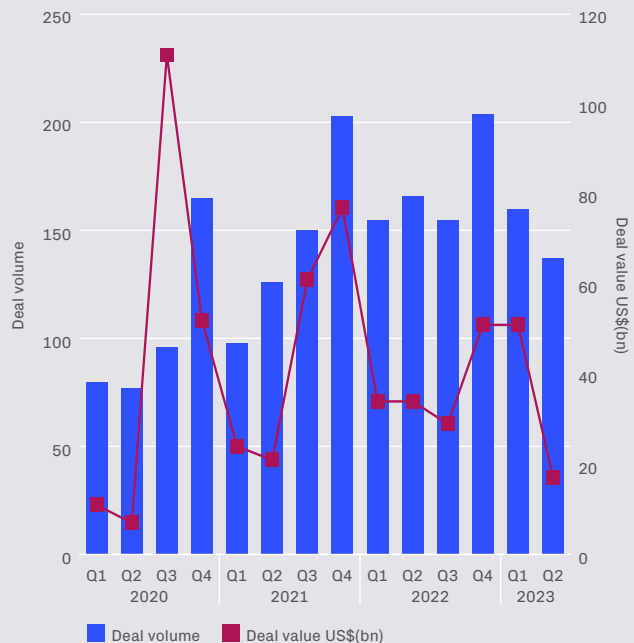
# Activity driven by decarbonization and precious metals demand

M&A activity inspired by the need to support the energy transition, ensure security of supply, and meet rising demand for precious metals underpinned robust EMU deal activity in H1.

Energy price volatility, rising costs, supply disruptions, and broader inflationary pressures eroded margins and kept a lid on volume, which fell by 7.5% year-on-year to 297 deals. The total value of all EMU deals announced in APAC in H1 was US\$67bn, down just under 2% from the same period in 2022.

The two largest transactions in the EMU sector featured targets based in Australia, with both deals touching on the energy transition and supply security. This brace of transactions was worth a combined US\$33.4bn, accounting for almost half of the aggregate EMU deal value recorded in H1.

EMU M&A activity, 2020-HY 2023



Source: Mergermarket

## Low-carbon economy drives deals

The largest deal was Newmont Corporation's US\$21.1bn acquisition of Newcrest, creating a multi-decade gold and copper production profile. This acquisition, which was the second-largest in the APAC region across all sectors, will create a portfolio with a capacity of 8m ounces in total combined annual gold production and approximately 350m pounds in combined annual copper production from various mining jurisdictions worldwide.

The acquisition combines two of the world's leading gold producers to generate US\$500m in annual synergies and an estimated US\$2bn in incremental cash flow from portfolio optimization within the first two years.

Copper is a vital metal for the low-carbon economy as a raw material for clean-energy electronics including cellular devices, EV batteries, wind turbines, solar panels, and large-scale energy storage. Newmont said the deal will optimize the two companies' supply chains and shared infrastructure, facilitating lower costs and helping to improve sustainability practices to meet climate goals.

## Renewables pave the way forward

The second-largest deal in H1 was the delayed acquisition by a consortium of investors led by Brookfield Asset Management of Australia's Origin Energy. The transaction follows Brookfield's failed attempt in 2022 to acquire AGL Energy, the publicly-owned Australian power producer.

Origin Energy will be broken up under the new deal. Brookfield and its joint venture partners GIC and Temasek will take ownership and aim to decarbonize Origin Energy's large utility and generation business, which serves more than 4.5m homes and businesses. Brookfield aims to invest US\$20bn over the next decade in new renewable generation and storage facilities, which will enable the retirement of one of Australia's largest coal plants.

Deals in India and China comprise the bulk of APAC's remaining top-10 EMU deals in H1. The most significant involving an Indian asset was the sale by Goldman Sachs of a 14% equity stake in ReNew Energy Global to the Canada Pension Plan Investment Board (CPPIB), valuing India's largest renewable energy provider at around US\$5.9bn.

The deal provides CPPIB with majority control (51.6%) of ReNew, with a view to shoring up energy security and expanding clean energy production capacity in a country with enormous potential in the field. CPPIB plans to almost triple non-fossil fuel power capacity to 500GW by 2030. The investor is reportedly mulling a complete take-private of Nasdaq-listed ReNew, whose major shareholders include the Abu Dhabi Investment Authority.

## EMU top bidders by value | HY 2023

	US\$(m)
USA	22,851
Australia	14,530
China	13,235
Canada	7,606
Japan	3,353

## EMU top bidders by volume | HY 2023

	Deal count
China	110
Japan	42
Australia	34
India	20
Canada	12

## EMU top 10 announced deals, HY 2023

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	05-Feb-23	Newmont Corp.	Newcrest Mining Limited (100% Stake)	Australia		21,106
2	27-Mar-23	Consortium led by Brookfield Asset Management and EIG	Origin Energy Ltd.	Australia		12,310
3	03-Mar-23	Canada Pension Plan Investment Board	ReNew Energy Global Plc (17.14% Stake)	India	Goldman Sachs Group Inc.	5,862
4	28-Apr-23	Yankuang Energy Group Co., Ltd.	Shandong Energy Group Luxi Mining Co., Ltd. (23.05% Stake)	China	Shandong Energy Group Co., Ltd.	2,421
5	18-May-23	Nippon Telegraph and Telephone Corporation; JERA Co., Inc.; NTT Anode Energy Corporation	Green Power Investment Corp. (100% Stake)	Japan	Pattern Energy Group Inc.	2,160
6	10-Apr-23	Global Power Synergy Public Company Limited; Brookfield Asset Management Ltd.	Avaada Energy Pvt. Ltd.	India		1,305
7	20-Feb-23	National Mineral Development Corporation (Shareholders)	NMDC Steel Limited (100% Stake)	India	National Mineral Development Corporation	1,126
8	09-Jun-23	Taiping Life Insurance Company Limited; Zhejiang Windey Co., Ltd.; BOC Financial Asset Investment Co., Ltd.; ICBC Financial Asset Investment Co., Ltd.; CCB Financial Asset Investment Co., Ltd.; China State-owned Enterprise Structural Adjustment Fund Phase II Co., Ltd.; China Southern Network Jianxin Fund Management Co., Ltd.	Powerchina Renewable Energy Co., Ltd. (20% Stake)	China		1,071
9	25-May-23	Air Products & Chemicals Inc.	Oil & Gas Assets (natural gas-to-syngas processing facility in Qashqadaryo Province) (100% Stake)	Uzbekistan	Uzbekneftegaz; Government of Uzbekistan	1,000
10	18-Jan-23	Dongfang Electric Corporation; Dongfang Electric International Investment Co., Ltd.	Honghua Group Limited (41.76% Stake)	China		828

## Energy sustainability driving deals

Through H1, bidders from the US (US\$22.9bn), Australia (US\$14.5bn), and China (US\$13.2bn) contributed the largest shares of EMU deal value in APAC. Chinese bidders were the most active, being involved in 110 of the 297 deals announced, though of course the bulk of these were intranational transactions, including three of the 10 largest EMU deals overall in the region, each of which saw a Chinese peer takeover a national rival.

Japanese bidders were the next busiest, contributing 42 deals. Their largest transaction, also an intranational affair, saw Nippon Telegraph and Telephone and JERA, the country's top power producer and fossil fuel burner, acquire Green Power Investment (GPI) from Pattern Energy Group for US\$2.2bn. The joint venture will fast-track the acquirers' renewables assets and production capacity with control over GPI's wind and solar farms. GPI owns and operates six renewable energy projects and has another two under construction.

Commodity prices fell back considerably over H1 while demand for raw materials, including copper, lithium, and nickel, continues to increase, aligning with consumer and corporate behavior trends, including the adoption of sustainable energy initiatives and EVs. These forces, and the broader shift towards improving companies' ESG credentials, can be expected to underpin much of EMU M&A over the remainder of this year and beyond.



## EMU league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	3	Bank of America	24,587	5
2	5	JPMorgan	23,044	4
3=	-	BMO Capital Markets	21,106	1
3=	-	Centerview Partners	21,106	1
3=	20	Grant Samuel	21,106	1
3=	-	Gresham Advisory Partners	21,106	1
3=	14	Lazard	21,106	1
8	-	Goldman Sachs & Co	5,862	1
9	1	China International Capital	4,394	7
10	23	Nomura Holdings	2,935	3

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	2	China International Capital	4,394	7
2	3	Bank of America	24,587	5
3	23	Morgan Stanley	2,660	5
4	1	PricewaterhouseCoopers	127	5
5	6	JPMorgan	23,044	4
6	-	Mizuho Financial Group	1,725	4
7	20	Nomura Holdings	2,935	3
8	5	Deloitte	506	3
9	25	Barclays	461	3
10	12	Macquarie Group - MGL	423	3

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	36	Cleary Gottlieb Steen & Hamilton	26,968	3
2	31	Herbert Smith Freehills	22,971	9
3	8	Allens	22,250	9
4	3	King & Wood Mallesons	21,802	6
5	18	White & Case	21,335	4
6=	-	Cravath, Swaine & Moore	21,106	1
6=	-	McCarthy Tetrault	21,106	1
6=	15	Weil Gotshal & Manges	21,106	1
9	34	Freshfields Bruckhaus Deringer	5,862	1
10	22	Nishimura & Asahi	3,173	4

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	27	Hamilton Locke	217	12
2	5	Herbert Smith Freehills	22,971	9
3	7	Allens	22,250	9
4	10	Gilbert + Tobin	683	9
5	3	Cyril Amarchand Mangaldas	1,229	7
6	16	Khaitan & Co	569	7
7	1	King & Wood Mallesons	21,802	6
8	24	MinterEllison	521	5
9	4	Kim & Chang	32	5
10	47	White & Case	21,335	4



Financial services

# Modernization-led M&A makes up for ailing sector

The international financial services sector has been put through the wringer over the last several months. In the US, multiple specialist and regional banks failed, while in Europe the Swiss government had to step in to oversee the takeover of collapsing Credit Suisse by national rival UBS. Such developments could not help but soften confidence in the banking sector globally, including in APAC.

These developments follow on from the unprecedentedly fast rate at which systemically important central banks have tightened monetary policy after many years of easy money. Higher borrowing costs and renewed pressure from regulators have limited financing availability and increased the spotlight on M&A oversight.

The total value of the financial services deals announced in APAC in H1 2023 reached US\$33bn, a far cry from the anomalously high sum of US\$125bn recorded in the same period last year, and representing a decline of 33% from H2 2022. Deal volume, at least, was more resilient, with 318 transactions announced, down just 7.3% compared to the first six months of last year.

The sustained volume of smaller-ticket deals reflects, in these challenging financial times, a preference for more strategic, slighter acquisitions designed to enhance an organization's existing capabilities, including its technology requirements and operational efficiency.

## Leveraging fintech

The flagship deal in APAC in H1 was China Mobile's US\$6.5bn share acquisition in Postal Savings Bank of China (PSBC), one of the country's largest commercial lenders. Both companies are government-controlled and publicly-listed on the Shanghai Stock Exchange. China Mobile acquired 6.8bn shares in PSBC's private placement, making it the third-largest shareholder.

The deal aims to strengthen PSBC's capacity to supply credit to households and businesses, improve the lenders' Tier 1 capital adequacy ratio and financial resilience, as well as increase the value of state assets. PSBC operates almost 40,000 outlets, while China Mobile is the country's largest carrier, with more than 900m mobile customers. The deal will also support an integrated strategy between the two companies to bring financial services to rural areas, leveraging financial technology to improve operational efficiency, lower costs, and reduce loan risks.

Modernizing the banking industry is considered a crucial step forward for China's financial infrastructure, further supported by relatively low bank valuations, which are expected to improve as the national economy, as well as the broader APAC region, further stabilizes.

## Financial services M&A activity, 2020-HY 2023



Source: Mergermarket



### Flurry of mid-sized deals

The APAC financial services sector recorded eight further deals in H1 worth in excess of US\$1bn, including four more worth a combined US\$4.7bn targeting assets in mainland China, with Hong Kong SAR, Vietnam, India, and Japan each contributing one deal of this scale.

After the China Mobile-PSBC deal, the next largest transaction, in March, saw Sumitomo Mitsui Financial Group (SMBC) move to acquire a 13% stake in Vietnam Prosperity Joint-Stock Commercial Bank (VPBank), a Vietnamese retail and SME-focused lender, for US\$1.53bn, expanding the Japanese group's position in the fast-growing Southeast Asian economy. SMBC Group aims to bolster an existing arrangement that refers its customers to VPBank to provide financial services to Japanese borrowers growing their businesses in Vietnam.

Meanwhile in Hong Kong in the third largest deal, Asian PE fund BPEA EQT, part of Swedish PE giant EQT, merged two of its financial services firms, fund administrator Vistra and business expansion specialist Tricor, in a US\$1.48bn deal. The merged entity, valued at US\$6.5bn, is expected to begin operations at the start of 2024.

### FS top sectors by value | HY 2023

	US\$(m)
China	16,984
Japan	5,694
Hong Kong SAR (China)	2,619
South Korea	2,112
India	1,809

### FS top sectors by volume | HY 2023

	Deal count
China	83
Japan	54
South Korea	46
India	26
Australia	24
USA	24

## Business model realignment

Though bidders from mainland China continued to dominate financial services M&A, participating in 83 deals in H1 2023, up marginally from the 82 they launched in the same period last year, the aggregate value of those transactions fell conspicuously, from just under US\$25bn to US\$17bn. Meanwhile bidders from other parts of Asia, including Japan, Hong Kong SAR, and South Korea, actually recorded broad year-on-year upticks in activity.

There is some expectation that Chinese financial services M&A will pick up in H2, providing even more of a spur to a still-busy APAC market. Though precise details are yet to be confirmed, Beijing has said it will introduce fiscal stimulus measures to boost growth—a rising tide will lift all boats.

In the interim, markets outside of China, including high-growth Southeast Asia and India, have shown the ability to generate compelling mid-market deals. In particular, smaller cross-border transactions will continue to expedite industry transformation, realign business models, improve operational efficiencies, and facilitate growth at scale. Digitalization and fintech expansion are expected to drive dealmaking as businesses reposition.

## Financial services top 10 announced deals, HY 2023

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	29-Mar-23	China Mobile Communications Group Jiangxi Co., Ltd.	Postal Savings Bank of China Co., Ltd. (6.83% Stake)	China		6,534
2	27-Mar-23	Sumitomo Mitsui Financial Group, Inc.; Sumitomo Mitsui Banking Corporation	Vietnam Prosperity Joint Stock Commercial Bank (13% Stake)	Vietnam		1,527
3	07-Mar-23	Tricor Holdings Ltd.	Vistra Group Limited	Hong Kong SAR (China)		1,484
4	15-Mar-23	Wuxi Guolian Development (Group) Co., Ltd.	Minsheng Securities Co., Ltd. (30.3% Stake)	China	Oceanwide Holdings Co., Ltd.	1,320
5	02-Jan-23	Taikang Insurance Group Inc; Kunlun Trust Co., Ltd.; China Post Life Insurance Corporation Limited; Agricultural Bank Financial Assets Investment Co., Ltd.; Nanwang Nengchuang Equity Investment Fund Guangzhou Partnership Enterprise (L.P.)	State Nuclear Capital Holding Co., Ltd. (52.49% Stake)	China		1,174
6	06-Jan-23	China Electronics Shenzhen Company; China Southern Power Grid Capital Holdings Co., Ltd.	China Resources Bank of Zhuhai Co., Ltd. (29.19% Stake)	China		1,167
7	12-May-23	SBI Holdings Inc (Japan); SBI Regional Bank Holdings Co., Ltd.	SBI Shinsei Bank Ltd. (26.98% Stake)	Japan		1,141
8	19-Jun-23	BPEA EQT Ltd.; ChrysCapital Investment Advisors Pvt. Ltd.	HDFC Credila Financial Services Ltd. (100% Stake)	India	Housing Development Finance Corporation Ltd.; HDFC Bank Ltd.	1,105
9	21-Jan-23	JPMorgan Asset Management Holdings Inc	China International Fund Management Co., Ltd. (49% Stake)	China	Shanghai International Group Corporation Limited	1,032
10	27-Apr-23	First Pacific Co., Ltd.; Mitsui & Co., Ltd.; GT Capital Holdings, Inc.; Metro Pacific Holdings, Inc.; Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development; Mit Pacific Infrastructure Holdings Corp.; MIG Infrastructure Holdings Inc.	Metro Pacific Investments Corp. (36.64% Stake)	Philippines		874

## Financial services league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	15	China International Capital	6,534	1
2	1	Goldman Sachs & Co	3,484	2
3	5	UBS Investment Bank	2,625	5
4	17	PricewaterhouseCoopers	2,337	7
5=	-	Ardea Partners LP	2,000	1
5=	-	Raine Group	2,000	1
7	33	Sumitomo Mitsui Financial Group	1,639	3
8	27	Barclays	1,484	1
9	3	Morgan Stanley	1,384	2
10=	2	Citi	1,141	1
10=	52	Frontier Management	1,141	1

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	24	King & Wood Mallesons	6,559	3
2	1	AZB & Partners	2,184	7
3=	13	Kirkland & Ellis	2,000	1
3=	-	Morrison & Foerster	2,000	1
3=	44	Shearman & Sterling	2,000	1
3=	-	Skadden Arps Slate Meagher & Flom	2,000	1
7	55	Nishimura & Asahi	1,820	6
8	10	Shardul Amarchand Mangaldas & Co	1,539	8
9	14	J Sagar Associates	1,536	3
10	3	Freshfields Bruckhaus Deringer	1,527	1

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	7	PricewaterhouseCoopers	2,337	7
2	5	Nomura Holdings	622	6
3	3	UBS Investment Bank	2,625	5
4	6	Deloitte	294	4
5	8	KPMG	76	4
6	38	Sumitomo Mitsui Financial Group	1,639	3
7	10	Ernst & Young	366	3
8	46	Mizuho Financial Group	315	3
9	2	Goldman Sachs & Co	3,484	2
10	1	Morgan Stanley	1,384	2

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	4	Khaitan & Co	539	12
2	5	Cyril Amarchand Mangaldas	1,117	9
3	2	Shardul Amarchand Mangaldas & Co	1,539	8
4	1	AZB & Partners	2,184	7
5	-	Yulchon	515	7
6	12	Nishimura & Asahi	1,820	6
7	7	Mori Hamada & Matsumoto	1,520	5
8	22	Herbert Smith Freehills	573	4
9	37	Nagashima Ohno & Tsunematsu	165	4
10	6	Trilegal	144	4

# Industrials & chemicals



# EV market growth generates APAC megadeals

Dealmaking in the I&C industry was buoyed by APAC's largest deal across all sectors, namely the US\$23bn merger in Q2 between VinFast, the Vietnamese EV specialist, and Hong Kong-based Black Spade Acquisition, representing more than one-fifth (22%) of total I&C dealmaking in value terms in H1.

In total, 885 I&C transactions were announced through the first six months of this year, with these worth a combined US\$103bn. Both figures represent increases from the same period last year, of 14.3% in volume terms (from 774 in H1 2022) and a massive 39.4% in value terms (from US\$74bn).

Bidders from mainland China and their peers in Hong Kong SAR accounted for the lion's share of dealmaking in value terms, combining US\$64bn worth of transactions, or 62% of all I&C deal value, again thanks in large part to the Black Spade-VinFast deal.

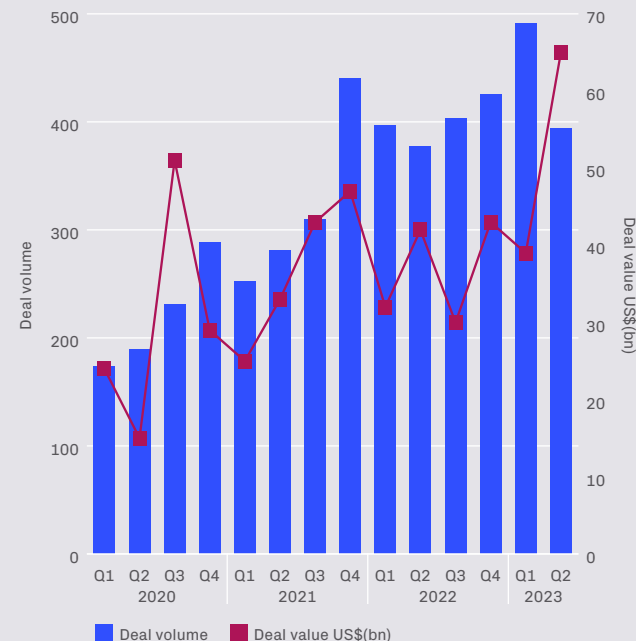
## Consumer trends underpin sector shifts

The US\$23bn merger between VinFast and SPAC Black Spade Acquisition paves the way for a US listing, which would be the largest-ever by a Southeast Asian company. The IPO will accelerate the Vietnamese automaker's international expansion plans. VinFast currently has an annual maximum production facility of up to 300,000 EVs, including e-SUVs, e-scooters, and e-buses. It plans to build a factory in North Carolina, having started to deliver vehicles to the US in November 2022, while deliveries to Canada and Europe are targeted for later this year.

Besides the Black Spade-VinFast transaction, three further I&C transactions announced in H1 eclipsed the US\$5bn mark, meaning the sector contributed almost half (4) of APAC's megadeals (9) through the first six months of this year.

The second largest I&C deal in H1 was an intra-Chinese affair, with state-owned investment company Hangzhou Capital and other investors setting up a special purpose vehicle to acquire national industrial gas producer Zhejiang Yingde Holding Group for US\$7.2bn. Following internal restructuring, the target will engage in on-site gas generation, retail gas supply and specialty gases, as well as the production of air separation units and clean energy production.

## I&C M&A activity, 2020-HY 2023



Source: Mergermarket



## I&C top bidders by value | HY 2023

	US\$(m)
China	38,761
Hong Kong SAR (China)	25,225
Japan	12,412
Singapore	6,074
South Korea	4,627

## I&C top bidders by volume | HY 2023

	Deal count
China	362
Japan	224
South Korea	83
India	49
USA	30

## Semiconductors as strategic products

The third-largest deal was a surprise strategic acquisition by a Japanese state-backed fund. Japan Investment Corporation, the government-backed fund overseen by Japan's ministry of economy, trade and industry, buying JSR Corp, a leading Japanese semiconductor equipment maker, for US\$6.9bn. JSR's customers include Intel, Samsung, and Taiwan Semiconductor Manufacturing Company.

The deal represents a notable government intervention in the country's chip industry, signaling the strategic importance of the sector to national policy. Japan's government has identified semiconductors as strategic products with the capacity to strengthen economic security. Competitor consolidation, advancements in research, and increased development costs have prioritized JSR's need to restructure, which may prove a catalyst for the industrials sector more broadly.

The last of APAC's I&C megadeals in H1 involved the US IPO of EV maker Lotus Technology via a merger with a SPAC controlled by affiliates of L Catterton, a global consumer-focused investment firm. The deal values Lotus Technology, the luxury EVs manufacturing division of sports car brand Group Lotus, owned jointly by Chinese automaker Geely and Malaysia's Etika Automotive, at US\$5.5bn. The deal will leverage Geely's 150,000 annual unit capacity and EV manufacturing facility in Wuhan, China, allowing Lotus Tech to operate with an asset-light business model, focused on research and development and global distribution of EVs.



## I&C top 10 announced deals, HY 2023

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	12-May-23	Black Spade Acquisition Co.	VinFast Auto Pte. Ltd. (100% Stake)	Singapore		23,050
2	04-May-23	Hangzhou State-owned Capital Investment Management Co., Ltd.	Zhejiang Yingde Holding Group Co., Ltd. (100% Stake)	China	Yingde Gases (Hong Kong) Co., Ltd.; Airpower Technologies Ltd.	7,235
3	26-Jun-23	JIC Capital Ltd.	JSR Corp (100% Stake)	Japan		6,926
4	31-Jan-23	L Catterton Asia Acquisition Corp.	Lotus Tech (100% Stake)	China		5,500
5	27-Mar-23	Saudi Arabian Oil Co; Aramco Overseas Company B.V.	Rongsheng Petro Chemical Co., Ltd. (10.66% Stake)	China	Zhejiang Rongsheng Holding Group Co., Ltd.	3,578
6	16-Jun-23	Shenyang Automobile Co., Ltd.; Shenyang Cairui Investment Co., Ltd.	Huachen Automotive Group Holdings Co., Ltd. (and other 12 companies) (100% Stake)	China		2,304
7	11-Jan-23	Apollo Future Mobility Group Ltd.	WM Motor Global Investment Ltd. (100% Stake)	China	WM Motor Holdings Limited	2,029
8	02-Apr-23	CITIC Group Corp; Nanjing Iron and Steel Group Co., Ltd.	Nanjing Nangang Iron & Steel United Co., Ltd. (60% Stake)	China	Fosun International Ltd.	2,021
9	03-Apr-23	CITIC Group Corp; Hubei Xinyegang Steel Co., Ltd.	Nanjing Iron and Steel Group Co., Ltd. (55.25% Stake)	China		1,973
10	03-Feb-23	China Hainan Rubber Industry Group Co., Ltd.	Halcyon Agri Corporation Limited (64% Stake)	Singapore		1,574

### Dealmaking outlook bright

Overall, bidders from China and Japan dominated APAC I&C dealmaking in H1, fronting 362 and 224 transactions, respectively, accounting for two-thirds of all activity in the sector. While acquirers from Japan were involved in only one top-10 I&C deal, the aforementioned JIC-JSR transaction, their peers from Greater China were involved in seven. Besides these two traditional industrials behemoths, South Korean acquirers were the next most active in H1, being involved in 83 deals.

The I&C sector's high growth potential is underpinned by consumer trends favoring EVs, the increasing adoption of sustainability-minded Initiatives in business, and, of course, the ongoing demand for high-value manufacturing of the component products that are essential to high-end electronics products, appetite for which will only continue to increase as emerging Asia's middle class matures. Consolidation, innovation, and the industry disruption through the entry of new market participants will support M&A activity over the remainder of the year.

## I&C league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1=	-	Chardan Capital Markets	23,050	1
1=	-	JonesTrading Institutional Services	23,050	1
3	3	Morgan Stanley	22,096	9
4	5	CITIC Securities Co	18,543	11
5	2	JPMorgan	14,083	9
6	1	UBS Investment Bank	11,765	8
7	12	Goldman Sachs & Co	9,077	3
8	13	Mizuho Financial Group	8,643	8
9	14	Nomura Holdings	8,427	8
10	10	China International Capital	6,939	8

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	10	CITIC Securities Co	18,543	11
2	1	PricewaterhouseCoopers	494	10
3	8	Morgan Stanley	22,096	9
4	14	JPMorgan	14,083	9
5	6	UBS Investment Bank	11,765	8
6	11	Mizuho Financial Group	8,643	8
7	7	Nomura Holdings	8,427	8
8	4	China International Capital	6,939	8
9	12	Sumitomo Mitsui Financial Group	730	7
10	2	Deloitte	346	7

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	46	Davis Polk & Wardwell	29,976	3
2	45	Latham & Watkins	24,725	2
3	-	Appleby	23,050	1
4	38	Fangda Partners	12,897	11
5	101	Shearman & Sterling	12,426	3
6	1	Mori Hamada & Matsumoto	8,892	8
7	103	Skadden Arps Slate Meagher & Flom	7,175	2
8	14	Anderson Mori & Tomotsune	6,926	5
9	26	Kirkland & Ellis	5,551	2
10	50	Han Kun Law Offices	5,507	3

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	55	Haiwen & Partners	210	19
2	3	Kim & Chang	5,249	16
3	1	Khaitan & Co	564	12
4	11	Fangda Partners	12,897	11
5	4	Nishimura & Asahi	2,370	11
6	2	Mori Hamada & Matsumoto	8,892	8
7	9	Shardul Amarchand Mangaldas & Co	555	8
8	5	Lee & Ko	2,112	7
9	51	Trilegal	619	7
10	41	TMI Associates	565	7



Pharma, medical & biotech

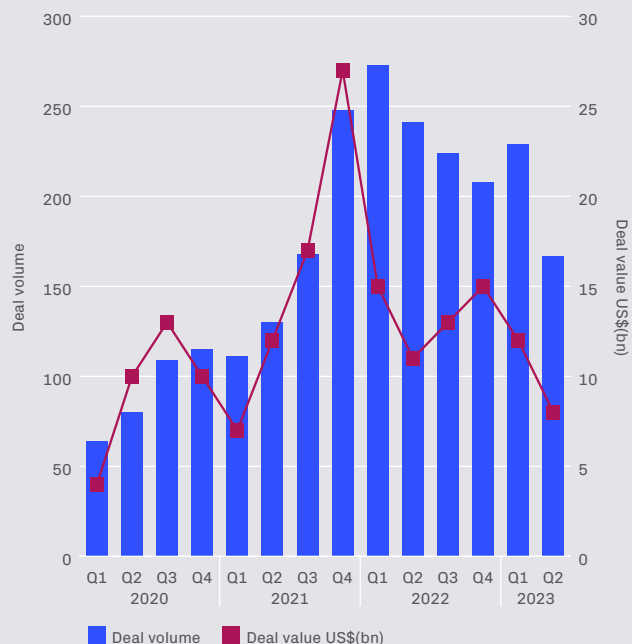
# APAC's emerging markets are a hotbed for healthcare growth

Deal activity in the pharma, medical & biotech (PMB) space was a little lackluster in H1, as regulatory scrutiny delayed some large deals globally and higher interest rates made the financing environment more challenging.

In APAC, 396 PMB deals were announced in H1, down 23% from the 514 recorded during the same period last year. Aggregate deal value was somewhat more resilient, falling by 20% from US\$26bn in H1 2022 to US\$21bn through the first six months of this year, with Q1 accounting for the bulk of this activity (229 deals worth a combined US\$12bn).

Only three deals announced in APAC's PMB sector in H1 eclipsed the US\$1bn threshold, one each involving assets in Australia, India, and South Korea. One point of pride, however, is the regional industry's appeal to overseas bidders, with acquirers from the US and UK participating in the fifth, sixth, and seventh largest deals logged in H1.

## PMB M&A activity, 2020-HY 2023



Source: Mergermarket

## Regulatory hurdles

The largest of APAC's PMB transactions in H1 saw Australian Clinical Labs (ACL) offer to acquire national medical center operator Healius through an all-share takeover worth just under US\$2.2bn. Healius is Australia's second-largest pathology provider and ACL is the third-largest, with national market shares of 28% and 14%, respectively.

The deal is proving somewhat contentious. Healius rebuffed the original offer, advising its shareholders not to take any action and describing ACL's bid statement as "misleading", "inadequate", and "not taking place in an efficient, competitive, and informed market." The Healius board also unanimously recommended to reject a revised second offer, while ACL maintains the proposed merger represents "the most value accretive option available to Healius shareholders".

If the two rivals were to merge, the combined business would become Australia's largest pathology services provider, with 171 labs and 3,413 collection centers across the country. ACL estimated the expected cost synergies from a successful merger would be between US\$53.5m-US\$77.5m, though this point may prove moot—the Australian Competition and Consumer Commission has said the merger would lessen competition in the pathology services space and "could lead to adverse consequences for patients". The regulator is unlikely to give the deal the green light.

## PMB top sectors by value | HY 2023

	US\$(m)
China	5,934
Australia	3,268
South Korea	2,964
Singapore	2,567
USA	2,486

## PMB top sectors by volume | HY 2023

	Deal count
China	147
Japan	100
India	36
Australia	27
USA	24

## Emerging market boom

Temasek, the sovereign wealth fund of Singapore, acquired an additional 41% stake in India-based Manipal Health Enterprises for just over US\$2bn from investors including PE firm TPG and the National Investment and Infrastructure Fund, India's own sovereign fund, in what was the second largest APAC PMB deal in H1 and likely the largest to come to fruition.

The deal cements Temasek's majority control in one of India's largest hospital chains, boosting its stake to 59%, while TPG will reinvest via a successor fund. Manipal is one of the biggest healthcare providers in India, serving more than 5m patients annually across a pan-Indian network of 29 hospitals across 16 cities with more than 8,300 beds, 4,000 doctors, and an employee headcount in excess of 12,000.

APAC's final PMB deal worth over US\$1bn announced in H1 arose in South Korea, with PE firms MBK Partners and UCK Partners acquiring a 65.05% stake in Osstem Implant, the country's top dental implant maker. The deal paves the way to delist the company from Kosdaq, South Korea's tech-heavy small-cap focused bourse. The share deal was followed by a second tender offer between 22 March and 11 April for a further 10.62% stake. The two tender offers increased the consortium's ownership to 93.97%. In January 2022, trading in shares of Osstem Implant was suspended after the dental implant maker revealed itself the victim of the largest-ever embezzlement scandal for a Korean listed company.

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## Low fertility rates drive structural demand

The outlook for PMB M&A in H2 is brighter than it was for the first half of this year. Investors remain eager to expand into emerging markets with increasingly affluent populations and high growth potential, such as in Southeast Asia and India, while low fertility rates and rapidly aging societies in countries like South Korea and Japan will continue to create long-term structural demand for healthcare services.

Cross-border M&A dealmaking is expected to increase in markets with more friendly regulatory environments, while weaker equity markets globally and subsequently depressed share prices may see listed companies increasingly targeted in take-privates.

Additionally, growing demand for personalized medicine and innovative treatment approaches is driving demand for smaller-sized strategic M&A deals of companies that own cutting-edge technologies and intellectual property rights linked to new revenue streams and services in submarkets such as biotechnology and gene therapy.

## PMB top 10 announced deals, HY 2023

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	20-Mar-23	Australian Clinical Labs Ltd.	Healius Ltd. (100% Stake)	Australia		2,174
2	10-Apr-23	Temasek Holdings Pte. Ltd.	Manipal Health Enterprises Pvt. Ltd. (41% Stake)	India	National Investment and Infrastructure Fund Limited; TPG Inc.	2,001
3	25-Jan-23	MBK Partners Inc.; UCK Partners	Osstem Implant (65.05% Stake)	South Korea		1,466
4	29-Mar-23	HMC Capital Ltd.; HealthCo Healthcare & Wellness REIT	Medical Properties Trust (Healthscope hospital portfolio) (100% Stake)	Australia	Medical Properties Trust, Inc.	802
5	25-May-23	Medtronic Plc	EOFlow Co., Ltd. (71.09% Stake)	South Korea	Jesse J Kim (Private Individual); Luis Malave (Private Individual)	718
6	24-Mar-23	Bain Capital L.P.	Estia Health Ltd. (100% Stake)	Australia		629
7	12-May-23	AstraZeneca Plc	Lixin Pharmaceutical Technology (Shanghai) Co., Ltd. (LM-305) (100% Stake)	China	Lixin Pharmaceutical Technology (Shanghai) Co., Ltd.	600
8	09-Jun-23	Hahn & Company	Lutronic Corp (80.26% Stake)	South Korea		595
9	22-Mar-23	Shanghai Shengbang Private Equity Management Co., Ltd.	Southern Shuanglin Bio-pharmacy Co., Ltd. (20.99% Stake)	China	Zhejiang United Investment Group; Hangzhou Zhemian Investment Management Consulting Co., Ltd.	558
10	22-Feb-23	China Resources Medical Holdings Co., Ltd.	China Resources Healthcare (Liaoning) Group Co., Ltd. (76.1% Stake); Shenzhen China Resources Healthcare Industry Investment Co., Ltd. (100% Stake)	China	LR Management	492

## PMB league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	8	Goldman Sachs & Co	4,116	5
2	-	Gresham Advisory Partners	2,803	2
3	33	NH Investment & Securities Co	1,618	2
4	-	JPMorgan	955	2
5	3	UBS Investment Bank	921	5
6	34	Sumitomo Mitsui Financial Group	750	2
7	40	Jefferies	750	1
8	21	China International Capital	591	3
9	-	Maxa Capital	591	2
10	37	CITIC Securities Co	577	2

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	Deloitte	122	6
2	11	Goldman Sachs & Co	4,116	5
3	5	UBS Investment Bank	921	5
4	4	China Renaissance Holdings	67	4
5	2	PricewaterhouseCoopers	25	4
6	13	China International Capital	591	3
7	8	Ernst & Young	139	3
8	12	Nomura Holdings	110	3
9	7	Haoyue Capital	56	3
10	3	CEC Capital Corp	25	3

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	15	Shardul Amarchand Mangaldas & Co	2,564	7
2	8	AZB & Partners	2,357	6
3	10	Gilbert + Tobin	2,275	3
4	5	King & Wood Mallesons	2,214	3
5	63	Trilegal	2,038	2
6	32	J Sagar Associates	2,001	1
7	1	Kim & Chang	1,775	6
8	4	Lee & Ko	1,715	4
9	-	Yoon & Yang	1,471	2
10	2	Ropes & Gray	1,411	4

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	Khaitan & Co	182	8
2	33	Haiwen & Partners	165	8
3	-	Shihui Partners	58	8
4	8	Shardul Amarchand Mangaldas & Co	2,564	7
5	3	AZB & Partners	2,357	6
6	6	Kim & Chang	1,775	6
7	2	Fangda Partners	812	6
8	-	AnJie Broad Law Firm	128	6
9	5	Jingtian & Gongcheng	76	6
10	41	Cyril Amarchand Mangaldas	170	5





Real estate

# Rising interest rates top risk for real estate M&A

Real estate M&A deals pulled back significantly in H1 in both value and volume terms, as the higher interest rate environment made deal financing deeply unattractive for many potential acquirers or put it entirely out of reach.

The sector saw 200 deals announced in APAC in the first half of 2023, down 11.5% from the 226 logged during the same period last year, with these worth a combined US\$24bn, representing a year-on-year decline of more than a quarter from H1 2022's US\$33bn.

The bulk of real estate dealmaking by volume and value was contributed by bidders from China and Japan, who together accounted for 138 transactions (69% of the regional total) worth US\$17.2bn in aggregate (71%).

Moreover, despite the downturn in volume for the region overall, would-be Chinese and Japanese acquirers were involved in exactly the same number of real estate deals as in H1 2022, albeit that their fortunes diverged in value terms—the total value of Chinese real estate bids fell to US\$8.7bn in H1, down 23.6% compared to the same period last year, whereas the deals in which Japanese bidders were involved stood at a combined US\$8.5bn, two-and-a-half times the total achieved in the same period in 2022.

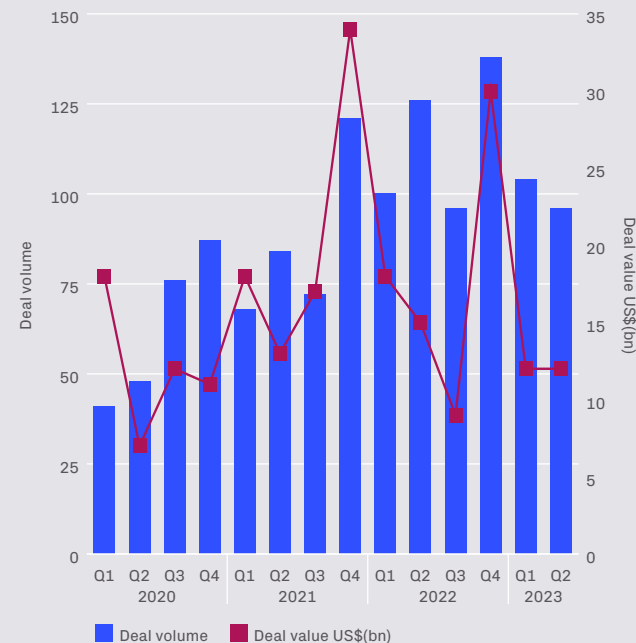
## Seeking stability

Japan's remarkable year-on-year performance was due in great part to it generating the two largest real estate deals announced in APAC in H1. This brace of transactions, worth US\$4.7bn, involved the interrelated merger of three real estate investment trusts (REITs) by Japanese fund manager Kenedix into a single trust. Under the plan, Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation will be absorbed into the surviving trust, Kenedix Office Investment.

Kenedix Residential, listed in 2012, holds 182 assets, while the Kenedix Retail trust, listed in 2015, controls a further 70 properties. The combined REIT will be renamed KDX Realty Investment Corporation and boast a total of 350 properties after the execution of pending acquisitions and disposals, which will place it third in the Japanese REIT market in terms of asset size, with AUM totaling US\$8.2bn.

The decision to merge the three REITs was made to mitigate continued instability in the Japanese REIT market, in particular due to the “fear for the rise in the long-term interest rates due to future changes of the monetary policies by the Bank of Japan”, the trusts explained in a statement. The new enlarged REIT will continue to seek acquisitions of mid-sized office buildings, residential properties, healthcare facilities, and shopping centers, while also pursuing logistics facilities and hotels purchases more aggressively.

## Real estate M&A activity, 2020-HY 2023



Source: Mergermarket



### Betting on urban development

In the third largest deal, Hong Kong-based AIA Life Insurance, made a US\$1.3bn bid for a controlling stake in Shanghai Shisen Property, in the process obtaining the rights to a Shanghai commercial property development scheme. The plot, occupying around 23,000 square meters and located in Shanghai's Hongkou neighborhood to the north of the Lujiazui central business district, is earmarked for a combination of office buildings, shopping malls, and a 1,700-seat theater.

AIA Life will provide funding for the construction and subsequent operation of the project. The deal is the largest asset acquisition made by the Chinese unit of AIA since its establishment, underscoring the insurance company's confidence in the Chinese real estate market, which has been rattled in recent years by overleveraged property development.

The deal was the largest targeting a Chinese real estate asset in H1, of which five such transactions featured among the eight biggest announced across all of APAC through the first six months of this year. Besides the aforementioned Kenedix three-way merger, Japan also contributed the ninth largest real estate deal, while an Indian and a Singaporean asset were targeted in the sixth and 10th biggest, respectively.

### Real estate top bidders by value | HY 2023

	US\$(m)
China	8,725
Japan	8,450
India	2,343
Singapore	1,813
Hong Kong SAR (China)	742

### Real estate top bidders by volume | HY 2023

	Deal count
China	93
Japan	45
India	17
Vietnam	7
Hong Kong SAR (China)	7

## Real estate top 10 announced deals, HY 2023

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	13-Jun-23	Kenedix Office Investment Corp.	Kenedix Residential Next Investment Corp. (100% Stake)	Japan		2,678
2	13-Jun-23	Kenedix Office Investment Corp.	Kenedix Retail REIT Corp (100% Stake)	Japan		2,022
3	16-Jan-23	AIA Life Insurance Company Limited	Shanghai Shisen Property Co., Ltd. (9.63% Stake)	China		1,250
4	04-Jan-23	CapitaLand Investment Ltd.	Tishman Speyer PCA Partners (Springs Center) (100% Stake)	China	Tishman Speyer PCA Partners	1,103
5	17-Jan-23	Xiamen C&D Inc.	Red Star Macalline Group Corporation Ltd. (29.95% Stake)	China	Red Star Macalline Holding Group Co., Ltd.	929
6	18-May-23	Brookfield India Real Estate Trust; GIC Pvt. Ltd.	Property Portfolio (Grade-A Commercial Portfolio) (73% Stake)	India	Brookfield Asset Management Ltd.	926
7	24-Mar-23	Shanghai Lujiazui Finance and Trade Zone Development Co., Ltd.	Shanghai Lujiazui Changyi Real Estate Development Co., Ltd. (43.22% Stake); Shanghai Dongmao Real Estate Co., Ltd. (12.97% Stake); Shanghai Yaolong Investment Company Limited (25.93% Stake); Shanghai Qirong Investment Company Limited (43.22% Stake)	China	Shanghai Lujiazui (Group) Co., Ltd.	838
8	25-Apr-23	Xiamen Yangguang Quanshun Real Estate Development Co., Ltd.	Quanzhou Zhenmao Real Estate Co., Ltd. (50% Stake)	China	Mingqin Co., Ltd.	714
9	29-Mar-23	TIS Inc.	Gotenyama SH Building (100% Stake)	Japan	Sekisui House Reit, Inc.	532
10	26-Jan-23	Frasers Centrepoint Trust; Frasers Property Ltd.; Thai Charoen Corporation Group (TCC)	Gold Ridge Pte. Ltd. (50% Stake)	Singapore	Mercatus Co-operative Ltd.	497

## Meeting emerging trends

All but one of the 10 largest real estate deals announced in H1 were intranational. The sole cross-border M&A transaction, and the fourth biggest overall, saw Singapore-based CapitalLand Investment acquire Springs Center, a 10-building office campus in China currently leased to various leading multinational companies such as Nike.

The Springs Center deal was the flagship M&A transaction by Singaporean investors, making up more than 60% of the aggregate value of deals involving bidders from the city state (US\$1.8bn). That total represents a pronounced decline from the almost US\$6bn worth of real estate transactions that Singaporean dealmakers announced in H1 2022, as investors became more judicious in repricing real estate cash flows amid a more challenging interest rate environment.

Looking ahead, the dealmaking outlook is expected to hold up better in markets where liquidity is deepest and asset quality is best-in-class, across real estate sectors aligned to structural long-term demand trends, such as logistics and residential. Markets including Singapore, Tokyo, and Sydney are expected to be among the most resilient. Alternative asset classes, including data centers, life sciences offices, senior housing, and self-storage, are also expected to be in vogue.

## Real estate league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	1	Morgan Stanley	6,044	4
2=	27	Nomura Holdings	4,700	2
2=	6	Sumitomo Mitsui Financial Group	4,700	2
4	3	China International Capital	1,448	3
5	13	Bank of America	1,344	2
6	4	Deloitte	1,199	4
7=	7	CITIC Securities Co	929	1
7=	2	UBS Investment Bank	929	1
9	-	Axis Capital	926	1
10	-	Haitong Securities	838	1

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	2	Morgan Stanley	6,044	4
2	1	Deloitte	1,199	4
3	4	China International Capital	1,448	3
4	6	PricewaterhouseCoopers	255	3
5=	12	Nomura Holdings	4,700	2
5=	14	Sumitomo Mitsui Financial Group	4,700	2
7	18	Bank of America	1,344	2
8	-	Octal Capital	152	2
9=	5	CITIC Securities Co	929	1
9=	3	UBS Investment Bank	929	1

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1=	3	Anderson Mori & Tomotsune	4,700	2
1=	-	Miura & Partners	4,700	2
1=	-	Morrison & Foerster	4,700	2
4	7	King & Wood Mallesons	1,924	5
5	31	Shardul Amarchand Mangaldas & Co	1,776	9
6	-	Zhong Lun Law Firm	1,510	2
7	21	Khaitan & Co	1,344	3
8	18	Trilegal	1,175	4
9	8	Clifford Chance	929	1
10	25	AllBright Law Offices	838	1

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	33	Shardul Amarchand Mangaldas & Co	1,776	9
2	16	King & Wood Mallesons	1,924	5
3	2	Trilegal	1,175	4
4	11	Khaitan & Co	1,344	3
5	22	Jipyong	172	3
6	9	AZB & Partners	71	3
7	-	Talbot Sayer Lawyers	68	3
8=	1	Anderson Mori & Tomotsune	4,700	2
8=	-	Miura & Partners	4,700	2
8=	-	Morrison & Foerster	4,700	2



Telecoms, media & technology

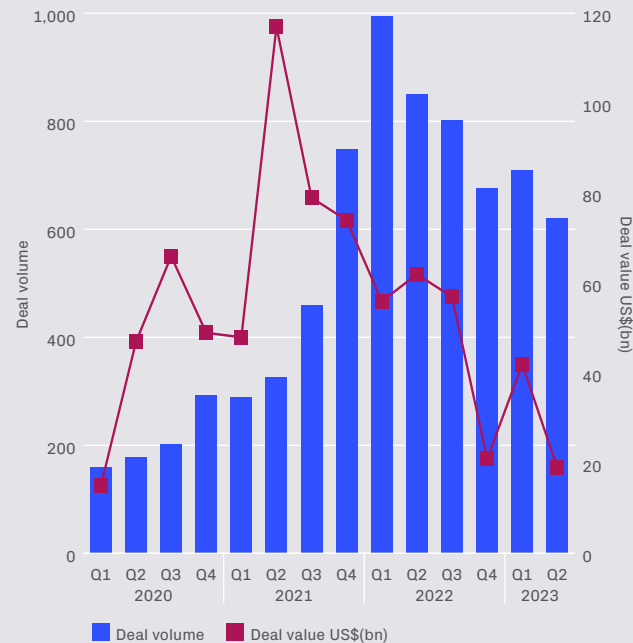
# TMT dealmaking plunges as Chinese slowdown saps demand

TMT dealmaking slumped in APAC in H1, as stiff short-term M&A headwinds stifled investor appetite and invited caution. Deal volume was down 28% year-on-year to 1,330 announced transactions, while the aggregate value of those deals almost halved over the same period, from US\$118bn in H1 2022 to US\$60bn through the first six months of this year.

In recent times, the TMT sector has consistently been a generator of some of the very largest deals in APAC. However, the industry could conjure up only one megadeal in H1, albeit that it was a markedly large one and the third biggest transaction announced in APAC across all sectors—this being the US\$16bn buyout of much-maligned Toshiba by PE firm Japan Industrial Partners. Leaving aside this fraught deal, no TMT transaction in APAC even eclipsed US\$3bn in value.

Dealmaking by Chinese bidders was especially reserved. Would-be acquirers from the country were involved in 227 deals in H1, down 21.5% from the same period last year—the drop in the aggregate value of those transactions was even more pronounced, falling from US\$33bn in H1 2022 to just US\$12.4bn so far this year, reflecting the continued turmoil in the Chinese economy. Indeed, Chinese assets were targeted in only two of the 10 largest TMT deals announced in APAC in H1.

TMT M&A activity, 2020-HY 2023



Source: Mergermarket

## End of the analogue approach

After the Toshiba takeover, the next largest TMT deal saw GIC, the Singaporean sovereign wealth fund, enter into joint ownership of Japanese human resources software provider Works Human Intelligence (WHI) with US PE firm Bain Capital in a US\$2.6bn transaction.

Bain established WHI in 2019 through a spin-off of the human resource software business department from its predecessor company, Works Applications. WHI provides cloud-based enterprise resource planning software products and has grown at a double-digit pace as a value-added partner to help around 1,200 Japanese companies position their workforce in remote and hybrid work environments.

The move by GIC suggests that the growth prospects for the enterprise cloud sector, which is dominated by Amazon and Google, are rapidly improving in Japan, a market that has, despite its technological strengths, long maintained a reputation for sticking with traditional and largely analogue ways of doing business.

## TMT top bidders by value | HY 2023

	US\$(m)
Japan	23,520
China	12,377
USA	6,359
South Korea	3,784
Singapore	3,678

## TMT top bidders by volume | HY 2023

	Deal count
Japan	645
China	227
USA	112
India	82
South Korea	73

## Telecoms lumbers along

APAC saw four further large TMT deals worth between US\$1bn-US\$2bn, with one each targeting an asset in India, Indonesia, China, and New Zealand, which speaks to the wealth of opportunities that dealmakers can source throughout the region.

The largest of these four deals, worth just under US\$2bn, saw the Indian government take a 33.44% stake in Vodafone Idea, in lieu of interest due from revenues and spectrum auction payments. The debt-to-equity conversion makes the Indian government the largest single shareholder in the country's loss-making telecom operator.

Also in the telecoms space, Telekomunikasi Selular (Telkomsel), the Indonesian arm of Singapore Telecommunications (Singtel), agreed to merge with IndiHome, its parent's fixed broadband business. The US\$1.4bn deal allows Telkomsel to expand into Indonesia's growing broadband market, which to date has a penetration rate of 14%, compared to 40% across Southeast Asia.

And in New Zealand, infrastructure investor Infratil acquired Brookfield Asset Management's 49.95% stake in One New Zealand Group for US\$1.1bn, in a deal that secures full control over the country's second biggest mobile market operator. Infratil's M&A strategy is focused on strengthening its digital and renewables portfolio. One New Zealand, previously called Vodafone NZ, has 2.7m mobile and broadband customers.





## TMT top 10 announced deals, HY 2023

	Announced date	Bidder company	Target company	Target dominant country	Vendor company	Deal value (US\$m)
1	23-Mar-23	Japan Industrial Partners, Inc.; TBJH Inc.	Toshiba Corporation (100% Stake)	Japan		16,076
2	30-Mar-23	GIC Pte. Ltd.	Works Human Intelligence Co., Ltd. (50% Stake)	Japan	Bain Capital L.P.	2,625
3	03-Feb-23	Government of India	Vodafone Idea Ltd. (33.4% Stake)	India		1,968
4	06-Apr-23	Telekomunikasi Selular, PT	IndiHome (35% Stake)	Indonesia	Telekomunikasi Indonesia Tbk, PT	1,366
5	19-Jan-23	Zhonghuan Lingxian Semiconductor Material Co., Ltd.	Xinxin Semiconductor Technology Co., Ltd. (100% Stake)	China		1,145
6	07-Jun-23	Infratil Ltd.	One New Zealand Group Ltd. (49.95% Stake)	New Zealand	Brookfield Asset Management Ltd.	1,091
7	07-Mar-23	Kakao Corp; Kakao Entertainment Co, Ltd.	S.M. Entertainment Co., Ltd. (35.36% Stake)	South Korea		956
8	12-Jan-23	GIC Pte. Ltd.; Public Investment Fund	Kakao Entertainment Co, Ltd. (10.21% Stake)	South Korea		928
9	15-Jun-23	Canna-Global Acquisition Corp.	New Quantum Holdings Pty. Ltd. (100% Stake)	Australia		800
10	30-Jan-23	Prime Impact Acquisition I	Beijing Cheche Technology Co., Ltd. (100% Stake)	China		770

## Securing digital transformation via M&A

Despite the near-term headwinds that have blunted M&A activity in H1, the TMT sector remains an integral driver of global and regional economic growth and innovation. Digital transformation is creating opportunities for M&A activity, as businesses seek to invest in new technologies—such as cloud computing, AI, and 5G—to reorient business models and develop new products and services that meet customer expectations.

M&A offers one important route to accelerate that evolution, which should support dealmaking activity through H2 2023 and beyond. Digital transformation is near or at the top of many businesses' to-do lists, and investor sentiment towards the TMT sector remains enthusiastic. However, price expectations aligned to the prevailing interest rate environment will be crucial to ensure deals get over the line.

## TMT league tables

### Financial advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	8	Nomura Holdings	19,383	11
2	26	Sumitomo Mitsui Financial Group	18,060	7
3	11	JPMorgan	17,558	4
4	5	UBS Investment Bank	17,351	7
5	16	Deloitte	17,062	15
6	27	Mizuho Financial Group	16,542	5
7	-	Crosspoint Advisors	16,076	1
8	3	Morgan Stanley	11,840	7
9	17	HSBC	8,888	2
10	30	Moelis & Co	7,829	4

### Legal advisors by value

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	-	Slaughter and May	23,798	3
2	47	Nishimura & Asahi	20,658	16
3	24	TMI Associates	17,643	10
4	186	Shearman & Sterling	16,701	2
5	27	Nagashima Ohno & Tsunematsu	16,543	4
6	16	White & Case	16,415	4
7	41	Morrison & Foerster	16,351	2
8	33	Davis Polk & Wardwell	16,104	3
9=	38	De Brauw Blackstone Westbroek	16,076	1
9=	-	Hengeler Mueller	16,076	1

### Financial advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	4	Deloitte	17,062	15
2	10	Nomura Holdings	19,383	11
3	6	Daiwa Securities Group / DC Advisory	1,807	11
4	2	KPMG	3,266	9
5	3	Ernst & Young	332	9
6	20	Sumitomo Mitsui Financial Group	18,060	7
7	12	UBS Investment Bank	17,351	7
8	7	Morgan Stanley	11,840	7
9	19	Tokyo Financial Advisers	24	7
10	9	Goldman Sachs & Co	2,388	6

### Legal advisors by volume

HY 2023	HY 2022	Company name	Value (US\$m)	Deal count
1	4	Mori Hamada & Matsumoto	2,506	18
2	11	Nishimura & Asahi	20,658	16
3	5	Cyril Amarchand Mangaldas	2,174	15
4	7	IndusLaw	964	13
5	76	Haiwen & Partners	352	13
6	18	Anderson Mori & Tomotsune	4,383	11
7	10	Kim & Chang	1,647	11
8	2	Shardul Amarchand Mangaldas & Co	1,007	11
9	8	Trilegal	593	11
10	1	AZB & Partners	224	11



#### About this report

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For a full version of the Mergermarket M&A deal database inclusion and league table criteria, go to: [www.mergermarket.com/pdf/deal\\_criteria.pdf](http://www.mergermarket.com/pdf/deal_criteria.pdf)

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