

### Overseas M&A deals peaking, says PwC

Chinese companies may increase overseas mergers and acquisitions (M&As) by 40 percent next year while outbound deal value may hit a record high of \$30 to \$35 billion this year, PricewaterhouseCoopers LLP (PwC) said in a report yesterday.

With the global financial crisis making overseas assets more attractive, the value of Chinese companies' announced outbound M&A deals might triple this year over 2008, said the report.

The major risk for Chinese companies in fostering overseas M&A deals is the insufficient risk analysis capabilities, particularly in financial and legal aspects, said Wang Xiaogang, a partner at PwC China.

"Integrating the business after an M&A is also a daunting task for Chinese companies," Wang said.

Despite the impressive growth this year, the value of overseas M&A deals is still only a third of the domestic and inbound transactions values.

According to PwC, domestic M&A activity may increase by 20 percent next year.

Domestic and inbound M&A deal volumes in China (including Hong Kong and Macao) in the second half of 2009 are also returning to robust 2008 levels, indicating that the impact of the global economic downturn on Chinese M&As seems to be short lived.

More than 1,800 domestic transactions are likely to be recorded in the second half of this year, for a total of about 3,200 deals for the full year. That compares with 2,000 deals for the second half of 2008, and 3,797 deals for 2008, according to the report.

The financial services sector has the highest announced deal value in 2009, followed by the real estate sector.

Foreign strategic deal activities, however, continued to decline, with only 400 deals for the whole of this year, representing a 40 percent drop from 2008 levels. Foreign buyers have been sorting out problems in their home markets and this has shifted focus from acquisitions.

*Source: China Daily*