

# China 2021

AVCJ private equity and venture capital report



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# Assets under management and M&A

## Activity and pandemic



Overall GDP in China stayed pretty steady throughout 2020, despite the impacts of Covid-19 and geopolitical tensions. The China GDP total for 2020 was over \$14.86 trillion, versus the previous year's total of just over \$14.4 trillion. Private equity's share of this activity rose, from 0.46% in 2019 to 0.65% in 2020. All the same, it's worth noting that China's GDP is no longer rising at the roughly \$1 trillion per annum rate seen over the past few years.

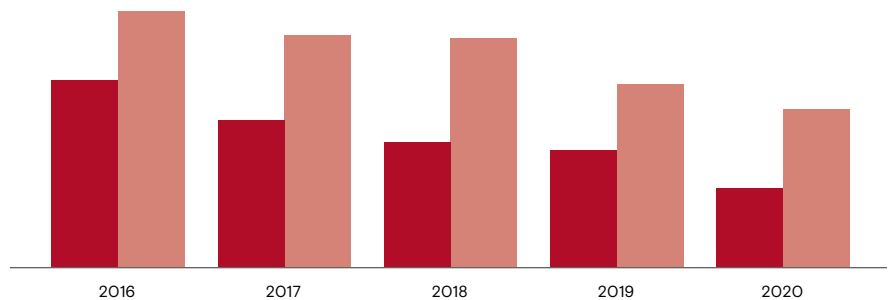
# Fundraising

## Down – and further down

Total funds raised for China-focused private equity in 2020 continued its downward slide, reaching its lowest level for the past five years at just slightly over \$52 billion, a 32.6% contraction on the 2019 total of almost \$82 billion. This pullback was almost double the contraction seen in the US, which contracted 13.7% in 2020, to just below its 2019 level. This external imbalance between China RMB-denominated funds raised and US dollar-denominated funds raised remained almost unchanged in 2020, with 63% of funds raised in RMB in 2019 and 64% in 2020.

**SAMPLE**

Total Private Equity



Source: AVCJ Research

The largest China-focused private equity fund closing in 2020 by amount closed was the National Green Development Fund, which closed on target at just over \$12.57 billion. Second largest closing was the National SME Development Fund f-o-f, which hit a first close of just over \$5 billion versus its target of just over \$8.47 billion. Third largest was the Hangzhou Xiaoshan Ping An Cornerstone II Equity Investment Fund, which closed at almost \$4.4 billion versus its target of just over \$4.24 billion. Those three funds were also the largest three closes by target size in 2020.

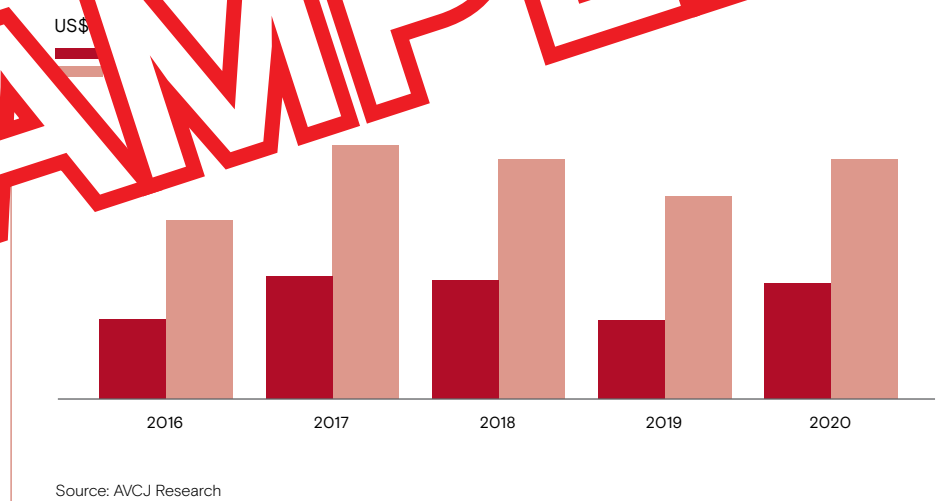
# Investments

## Dealmaking delivers

Despite the contraction in fundraising for China in 2020, private equity investment bounced back from its 2019 slump, to a very respectable \$96.9 billion, a 46.4% increase on the 2019 total of just \$66.1 billion. As a share of total Asia Pacific private equity investment, 2020 activity also saw a recovery to a more familiar figure, with China accounting for \$20.1 billion of the total.

Total Private Equity Investments Made

**SAMPLE**



Growth capital and expansion stage investments extended their dominance of China-focused private equity in 2020 if anything – at least in dollar value terms. Just under \$47.5 billion, or some 49% of the 2020 total, was invested in 1,047 deals, 674 disclosed, compared to just over \$39.1 billion, or 59.1% of the 2019 total, invested in 739 deals in 2019, 415 disclosed. PIPE financings, meanwhile, leaped ahead to be 2020’s most lucrative exit sub-class – perhaps no surprise in view of the number and value of private equity-backed IPOs in 2020. PIPEs jumped to over \$18.9 billion in 2020, or 19.5% of the year’s total, from 80 deals, 77 disclosed; versus just under \$9.9 billion, or 14.9% of the 2019 total, from 29 PIPEs, 26 disclosed. China buyouts also forged ahead in 2020, at over \$16 billion, or 16.6% of the year’s total invested, from 28 deals, 23 disclosed – up from just under \$3.6 billion, or just 5.4% of the 2019 total, from 30 deals, 20 disclosed. Only startup and early stage deals saw relatively little