

We expect China's M&A and IPO activity to cool in the years ahead amid the government's efforts to prevent risks accumulating in the finance sector, uncertainty about China's trading relationship with the US and slower economic growth. As China embarks on its economic rebalancing, GDP growth will slow from an average of 8% since 2010 to 6% from 2017 to 2020. This will temper domestic M&A activity, although liberalization of China's industrial, utilities, transportation and communication sectors should boost inbound investment in the next three years.

M&A AND IPO TRANSACTIONS							
	2014	2015	2016	2017f	2018f	2019f	2020f
<b>TOTAL M&amp;A TRANSACTIONS (US\$B)</b>	<b>183.2</b>	<b>357.9</b>	<b>377.0</b>	<b>221.6</b>	<b>251.0</b>	<b>271.5</b>	<b>256.8</b>
% of Global M&A transactions	7.4	10.6	13.4	8.9	8.5	9.8	11.1
Domestic (US\$B)	156.4	326.2	361.1	187.5	206.7	218.3	214.9
Cross-border, inbound (US\$B)	26.8	31.8	15.9	34.1	44.3	53.2	41.9
<b>TOTAL VOLUME OF M&amp;A TRANSACTIONS (Number of deals)</b>	<b>1,770</b>	<b>1,910</b>	<b>2,322</b>	<b>1,459</b>	<b>1,716</b>	<b>1,852</b>	<b>1,754</b>
Domestic (Number of deals)	1,457	1,660	2,064	1,260	1,440	1,520	1,497
Cross-border, inbound (Number of deals)	313	250	258	199	276	332	257
<b>TOTAL IPO TRANSACTIONS (US\$B)</b>	<b>13.3</b>	<b>25.1</b>	<b>24.2</b>	<b>14.5</b>	<b>24.9</b>	<b>35.2</b>	<b>28.4</b>
% Global IPO transactions	4.9	12.3	18.1	8.5	9.2	12.8	15.0
Domestic (US\$B)	12.7	24.6	23.8	14.1	24.4	34.6	28.0
Cross-border (US\$B)	0.6	0.5	0.4	0.5	0.5	0.6	0.5

FORECAST FOR THE ECONOMY							
	2014	2015	2016	2017f	2018f	2019f	2020f
<b>MACROECONOMIC DRIVERS</b>							
Real GDP growth (% yoy)	7.3	6.9	6.7	6.3	5.9	5.7	5.6
CPI (% yoy)	2.0	1.4	2.0	2.4	2.5	2.8	2.8
Merchandise trade (% of GDP)	39	34	31	31	30	29	28
<b>FINANCIAL DRIVERS</b>							
10-year government bond yield (%)	4.2	3.4	2.9	3.2	3.5	3.8	4.0
Equity prices (LCU, end of year % change)	52.9	9.4	-9.6	5.8	7.5	1.1	-7.7
Stock market capitalization (US\$B)	6,005	8,188	7,004	7,038	7,616	7,923	7,637

### KEY DRIVER SUMMARY (AVERAGE 2015-2020)

	China	Global
<b>GDP growth</b> (% annual)	<b>6.2</b>	<b>2.6</b>
<b>Stock market capitalization</b> (% of GDP)	<b>57</b>	<b>98</b>
<b>Money supply</b> (% of GDP)	<b>212</b>	<b>124</b>
<b>Trade</b> (% of GDP)	<b>30</b>	<b>42</b>
<b>Ease of doing business</b> (World Bank)	<b>63</b>	<b>62</b>
<b>Legal structure</b> (Fraser Institute)	<b>5.9</b>	<b>6.4</b>
<b>Freedom to trade</b> (Fraser Institute)	<b>6.7</b>	<b>7.3</b>

### TRANSACTION ATTRACTIVENESS INDICATOR\*



\*The Transaction Attractiveness Indicator is an overall score calculated using a weighted average of the 10 factors included in the chart above. The score reflects the attractiveness of a country's current environment for M&A and IPO activity on a scale from 0 to 10. It's based on past transactional activity in that country and data on key economic, financial and regulatory factors that drive M&A and IPO activity. Because many of these factors change slowly over time, a country's current score is a strong indicator of whether it will have the right features to attract transactional activity in the future.