

**M&A INVESTMENTS OF CHINESE POES IN DEVELOPED
COUNTRIES - ACQUIRING AND BUNDLING STRATEGIC ASSETS**

(EXTENDED ABSTRACT)

Authors:

Juan WU & Dirk Morschett,

University of Fribourg/Switzerland

Keywords: EMNCs, Chinese MNCs, Strategic Assets, Bundling, FSA, CSA

EXTENDED ABSTRACT

While literature has argued that cross-border mergers and acquisitions by Chinese companies in developed countries are motivated by asset-seeking, this study takes a more detailed look and investigates which exact assets are sought by Chinese private-owned companies (POEs). It is based on information from 33 interviews with top executives of 11 Chinese POEs and their 15 Western acquisition targets.

Literature usually assumes that Chinese companies possess country-specific assets but no firm-specific assets. Our study contradicts this assumption and shows that in many cases Chinese acquirers possess valuable firm-specific assets but also have distinct asset gaps. Knowing the asset profile of the Chinese POEs helps understand what assets they seek when they acquire Western companies.

Furthermore, our study shows how they bundle strategic assets of the acquired companies with their own assets to create synergies. Different from the common view, our study provides evidence that technology transfer between Chinese POEs and Western targets goes in both directions. For example, Chinese POEs do not only acquire R&D assets but also bring their own R&D assets which they bundle together. Asset bundling can be distinguished into horizontal, vertical and other asset bundling in order to create operational, collusive and growth synergies.