清科集团
Zero2IPO Group

投资界
PEdaily.cn

PEdaily E-Magazine

Issue No.555

Published on Oct.26, 2012

Preface

- PEdaily E-Magazine, formerly known as Zero2ipo e-Weekly first published in 2006, is a information weekly designed for PE/VC insiders, covering weekly investment & financing news, important industry information, data observations, personality profiles, experts' insights, etc.

- Pedaily.cn, relying on the extensive investor networking, is dedicated to providing insiders timely, accurate and in-depth market reports, integrating 10+ years' research resources of Zero2IPO Group and making all efforts to build a professional website with abundant data and in-depth analysis.

- We sincerely welcome you, whoever you are, investors, entrepreneurs, analysts or lawyers, to share your viewpoints and thinking and witness the growth of China's PE/VC industry.

PEdaily Exclusive

Primary Market Valuation Reasonable; Bargaining Power Positively Correlated with High Valuation

With the slowdown in China's economic growth and the continued weakness of the secondary market in 2012, the primary market saw a downward trend in valuation. In September 2012, Zero2IPO Research Center particularly invited hundreds of active VC/PE institutions in China's market to participate in the "project valuation survey" for discussion of the current valuation in China's primary market.

According to Zero2IPO Database, nearly 70% of the surveyed VC/PE institutions reported an average P/E ratio of 7.5-12.5 times in the current primary market, while 85% regarded five-ten times as the reasonable range (Figure 1). Given the fact that buyers generally expect prices lower than market prices and the average P/E ratio in Shanghai and Shenzhen A-share markets is about 13 times as shown by China Securities Index data, Zero2IPO Research Center considers the project valuation in the primary market is close to the reasonable valuation range.

Hot News

Bohai Goldstone Investment Fund and Richlink Equity Investment Fund invest RMB100M in Synear Food

PEdaily.cn , Oct. 24, 2012

According to source from PEdaily.cn on October 24 that Bohai Goldstone Investment Fund and Richlink Equity Investment Fund under the flag of Richlink Capital made a joint investment of RMB100M in the privatization project of Synear Food Holdings Co., Ltd. through debt-to-equity swap. This was another investment made by RMB PE fund in a Chinese red chip company listed abroad during its privatization process.

From the involvement into the project to the actual investment, it took Richlink Capital only less than two months to make the quick decision. For one thing, this was attributed to the uninterrupted overall investigation and analysis made by Richlink Capital's team members on Synear Food and their argumentation for the investment transaction structure; for another, Richlink Capital has long paid close attention and taken an optimistic attitude toward China's fast-moving consumer goods industry.

Hot News

HNA Acquires 48% Stake of French Aigle Azur with US$40M

21st Century Business Herald , Oct. 23, 2012

It was reported on La Tribune on October 22 that HNA Group agreed to acquire 48% stake of French airline company Aigle Azur, and the transaction price is US$40M.

Owned by French businessman Arezki Idjeroudiene, Aigle Azur mainly operates French domestic flights and regular international flights to such countries as Italy, Portugal, Tunisia and Mali. Due to the upper limit of 49% stake set by the EU for a foreign-funded company's ownership in a local airline company, it was previously rumored that the equity ratio acquired by HNA ranged between 40%-49%.

Hot News

Medtronic Acquires Kanghui Medical and Lifetech'S Shares

21st Century Business Herald , Oct. 20, 2012

Currently, the above mentioned valuation is relatively rare in any stock market worldwide. It occurred to Medtronic's buyout of KangHui Medical on September 28.

Half a month later, Medtronic announced to acquire 19% stake of Lifetech from the hand of its shareholder Orchid Asia, with the cost of HK$3.8 per share. Reportedly, Lifetech's diluted earnings per share was merely RMB0.018 in 2011. The valuation remained high even if considering Lifetech's earnings per share up to RMB0.044 in H1'12.

Medtronic is a US medical company specializing in cardiac rhythm disease management (such as cardiac pacemaker), cardiac surgery, vascular intervention (such as aortic valve holder), diabetes mellitus, etc. For a while, it seems like a "white knight" for many PE and VC funds in need.

Hot News

Facebook Finally Paid US$715M to Acquire Instagram

Tech.163.com ,Oct. 25, 2012

According to a quarterly investment report submitted on Monday, Facebook finally paid US$715M to acquire picture sharing service Instagram, instead of the previously rumored US$1B.

The documents submitted to US Securities and Exchange Commission (SEC) showed that the social networking company paid US$521M stocks and cash according to the original transaction agreement. Moreover, upon the completion of the transaction in September, it paid additional 11 million stocks to Instagram's staff members.

The US$521M included around 12 million common stocks and RMB300M cash paid to Instagram's