



April Sees Buoyant VC/PE Market & Rising Investment Amount

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April Sees Buoyant VC/PE Market & Rising Investment Amount

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According to Zero2IPO Research Center, a total of 12 funds were newly raised by domestic and overseas VC/PE firms in April 2011, adding US \$3.22B worth capital available for investment in Mainland China. Among these 12 funds, there were five USD funds valued US \$1.75B and seven RMB funds. The 12 funds launched by domestic and overseas VC/PE firms in April 2011 are expected to raise US \$6.485B and US \$540.00M each on average. Furthermore, another four funds were in the works by domestic and overseas VC/PE firms, targeting to raise US \$3.031B.

60 Investment Deals Reported in April, Involving US\$3.246B

Statistics from Zero2IPO Research Center showed that in April 2011, 60 investment

deals were completed in China's VC/PE market, 47 of which disclosing investment amount involved US \$3.25B, averaging US \$69.06M for each fund. From the perspective of industry breakdown, investment deals in April were mainly concentrated on 17

Table 1 Industry Breakdown of Investments in China's PE/VC Market in April 2011

Industry	No. of Deals (Total)	% of Total	No. of Deals (Disclosed)	Investment Amt. (US\$M)	% of Total	Average Investment Amt. (US\$M)
Internet	15	25.0%	14	381.61	11.7%	27.26
IT	8	13.3%	5	24	0.7%	4.8
Clean-tech	7	11.7%	6	171.96	5.3%	28.66
Bio/Healthcare	5	8.3%	5	2421.26	74.4%	484.25
Telecom & Value-added Services	3	5.0%	3	41.17	1.3%	13.72
Agr/Forestry/Fishing	3	5.0%	3	39.02	1.2%	13.01
Machinery Manufacturing	3	5.0%	3	13.44	0.4%	4.48
Textile & Clothing	2	3.3%	2	8.42	0.3%	4.21
Electronic & Opto-electronics Equipment	2	3.3%	1	51.5	1.6%	51.5
Food & Drinks	2	3.3%	1	30.58	0.9%	30.58
Chain & Retail	2	3.3%	1	6	0.2%	6
Construction & Engineering	2	3.3%	0	N/A	N/A	N/A
Chemical Raw Materials & Processing	1	1.7%	1	30	0.9%	30
Automobiles	1	1.7%	1	11.48	0.4%	11.48
Finance	1	1.7%	0	N/A	N/A	N/A
Energy & Mineral	1	1.7%	0	N/A	N/A	N/A
Entertainment & Media	1	1.7%	0	N/A	N/A	N/A
Others	1	1.7%	1	15.3	0.5%	15.3
Total	60	100.0%	47	3245.74	100.0%	69.06

Source: Zero2IPO Research Center

grade-1 industries, including Internet, IT, clean-tech and bio/healthcare. In terms of number of deals, VC/PE institutional investors paid close attention to the Internet industry, which claimed 15 deals, or 25.0% of the total; IT industry ranked second by involving eight investment deals, or 13.3% of the total; clean-tech industry came third with seven investment deals, accounting for 11.7%; bio/healthcare industry garnered the fourth place with five deals, or 8.3% of the total.

When it comes to the investment amount disclosed, bio/healthcare industry topped the list with five deals disclosing US \$2.42B investment amount, accounting for 74.4%,

which was the well-deserved dark horse in April; the always well-received Internet industry followed with 14 investment deals which had disclosed the amount involved US \$381.61M, or 11.7% of the total; clean-tech industry ranked third by completing six deals disclosed US \$171.96M in investment amount, 5.3% of the total.

From the perspective of average investment amount, bio/healthcare industry took the lead with five investment deals and US \$484.25M on average; the electronic & opto-electronics equipment ranked second with an average investment amount of US \$51.50M; food & drinks came third with US \$30.58M in average investment amount;

chemical raw materials & processing industry followed closely with one deal disclosing an investment amount of US \$30.00M.

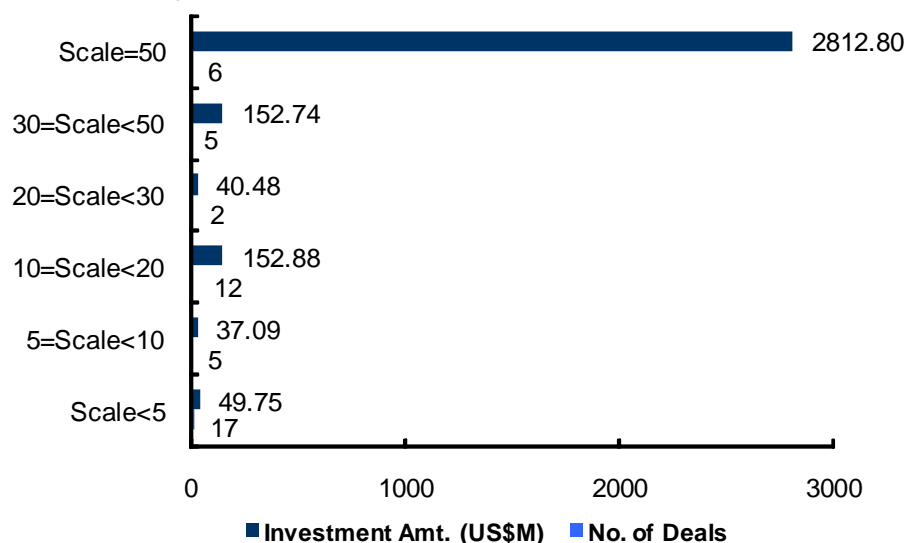
Four large-scale investment deals of over US \$100.00M were recorded in April. On April 4, US Pfizer Pharmaceuticals and US PE Firm KKR announced that they had entered into an

agreement, under which KKR will pay US \$2.40B to acquire the Capsugel business of Pfizer Pharmaceuticals (Suzhou Capsugel Co., Ltd. is a joint-venture of the Capsugel Division of US Pfizer Pharmaceuticals in China). On April 11, the group buying site lashou.com announced that it completed Series C financing totaled US \$111.00M contributed by Milestone Capital, Reinet Fund SCA FIS and Remgro Limited under Richemont Group, GSR Ventures III and another two funds. On April 19, Shanghai-based Comtcsolar Group, a monocrystalline silicon piece manufacturer, introduced investment from US PE firm TPG, announcing to issue HK \$780.00M convertible bonds (with warrants) mature in 2016 to TPG. On April 26, dianping.com, a China-based search and urban consumption portal, announced that it finished the Series C financing totaled over US \$100.00M co-invested by Trust Bridge Partner, Sequoia Capital, Qiming Venture Partners and LightSpeed Venture Partners.

Small-scale Investment Favored; Beijing Well-received by Investors

Judging from the investment scale, small-scale investments were sought after by VC/PE investors in April. Among 47 investment deals with disclosed investment amount, 22 were below US \$10.00M, ac-

Figure 1 Distribution of Investment Deals by Scale
(By No. of Deals and Investment Amt., US \$M)



Source: Zero2IPO Research Center

counting for 46.8% of the total disclosed deals and involving US \$ 86.84M in total; 14 deals ranged between US \$ 10.00M and US \$ 30.00M and involved US \$ 193M, or 29.8% of total deals; 11 deals were over US \$ 30.00M and involved US \$ 2.966B, or 23.4% of the total.

In April, two angel investment deals were reported. On April 12, ladies' direct group

buying site miqi.cn obtained RMB10.00M angel investment. On April 25, vipku.com, a luxury discounts website, were unveiled officially and announced that it obtained RMB10.00M angel investment from Yan Zhifeng.

In addition, four PIPE deals were closed in April. On April 1, eSun Holdings and Rojam Entertainment announced that Rojam

introduced eSun, Yunfeng Fund and sina.com as holders, involving nearly RMB119.00M investment, of which, Yunfeng Fund contributed RMB17.60M, holding 8.0% of the shares. On April 7, China Lumena New Materials Corp. issued an announcement, saying that it issued US \$ 90.00M and US \$ 30.00M in principal convertible bonds due 2014 to Stable Investment Corp., a subsidiary of China Investment Corpora-

Table 2 Geographic Breakdown of Investments in China's PE/VC Market in April 2011

Region	No. of Deals (Total)	% of Total	No. of Deals (Disclosed)	Investment Amt. (US\$M)	% of Total	Average Investment Amt. (US\$M)
Beijing	19	31.7%	17	299.86	9.2%	17.64
Jiangsu	7	11.7%	3	2410.83	74.3%	803.61
Shanghai	6	10.0%	6	279.43	8.6%	46.57
Shenzhen	6	10.0%	5	76.99	2.4%	15.4
Sichuan	4	6.7%	4	101.55	3.1%	25.39
Hunan	3	5.0%	2	23.67	0.7%	11.84
Zhejiang	3	5.0%	0	N/A	N/A	N/A
Shandong	2	3.3%	2	21.48	0.7%	10.74
Hubei	2	3.3%	1	3.06	0.1%	3.06
Guangdong (Excl. Shenzhen)	2	3.3%	1	1.53	0.0%	1.53
Chongqing	1	1.7%	1	10	0.3%	10
Shaanxi	1	1.7%	1	6.55	0.2%	6.55
Jiangxi	1	1.7%	1	4.03	0.1%	4.03
Hong Kong	1	1.7%	1	2.69	0.1%	2.69
Henan	1	1.7%	1	2.53	0.1%	2.53
Fujian	1	1.7%	1	1.54	0.0%	1.54
Total	60	100.0%	47	3,245.74	100.0%	69.06

Source: Zero2IPO Research Center

Table 3 Distribution of Exits via IPOs by Market

c	No. of Deals	% of Total	No. of IPOs	% of Total
ChiNext	22	40.7%	9	47.1%
SMEB	18	33.3%	6	29.4%
NASDAQ	13	24.1%	1	5.9%
HKMB	1	1.9%	1	11.8%
Total	54	100.0%	17	100.0%

Source: Zero2IPO Research Center

tion, and PE Fund under CITIC Capital respectively. On April 26, Youngor announced that it invested RMB206.00M in Chengdu Xingrong Investment Co., Ltd., holding a 2.08% stake. Another PIPE investment was that Comtecsolar Group issued HK \$780.00M convertible bonds (with warrants) mature in 2016 to TPG, and TPG would invest another HK \$390.00M in Comtecsolar with a 20.7% stake in Comtecsolar, assuming the full exercise of the conversion of convertible bonds.

In terms of geographic breakdown of investment, 60 investments deals in April 2011 were recorded in 16 provinces and cities, including Beijing, Jiangsu, Shanghai, Shenzhen and Sichuan. From the perspective of number of deal, Beijing ranked first with 19 deals, accounting for 31.7%; followed by Jiangsu Province with seven deals, or 11.7%; Shanghai and Shenzhen were both ranked third each with six deals, or 10% respectively; Sichuan came fourth with four

performed Beijing and Shanghai, topping the list with three investment deals disclosing investment amount involved US \$2.41B, or 74.3%; Beijing and Shanghai ranked second and third respectively, with 17 deals involving US \$300M and six deals involving US \$279M, or 9.2% and 8.6% respectively; Sichuan garnered the fourth place, claiming four deals with disclosed investment amounts involved US \$102M, 3.1% of the total.

57 Exits Completed; IPO Exits Dominated Market

According to the database of Zero2IPO, a total of 57 exit deals were recorded in China's VC/PE market in April 2011, 54 of which exited through IPO, 94.7% of the total; three deals were closed via M&As, 5.3% of the total.

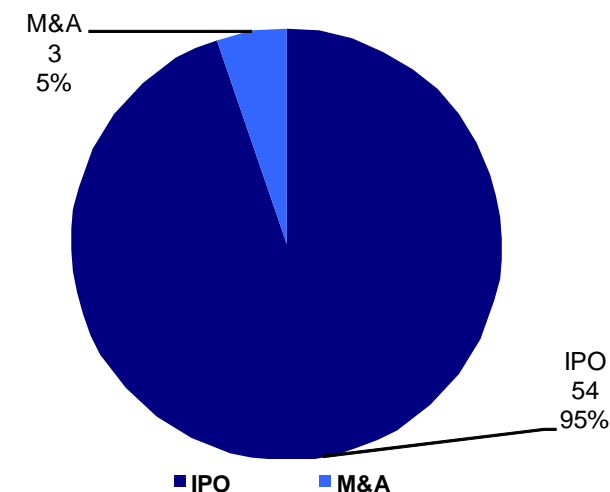
When it comes to the market distribution of IPO exits, domestic capital markets witnessed 40 exits, while overseas counterparts complet-

ed 14 exits. Specifically, Shenzhen ChiNext witnessed 22 exits, involving nine VC/PE-backed listings, outstripping other markets in terms of exit activity in April; Shen-

zhen SMEB had altogether 18 exit deals, involving six enterprises; NASDAQ completed 13 exits, involving one enterprise; in addition, one enterprise listed on HK main board posted one exit deal.

April 2011 reported three exit deals via M&A. On April 7, Shanghai Pharmaceutical announced that it gained the approval for acquiring 34.76% stake in CITIC Pharmaceutical Co., Ltd. from Qiming Weichuang Venture Capital Management (Shanghai) Company Limited, FountainVest Partners and Warburg Pincus Investment Consulting Company Ltd. for RMB1.24B. ■

Figure 2 Distribution of Exits by Option (By No. of Exits)




Source: Zero2IPO Research Center

The 3rd China Venture Capital & Private Equity Forum @ Europe

2011第三届中国创业投资暨私募股权投资欧洲论坛

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