A large, multi-masted sailing ship with white sails is shown navigating a massive, curling blue wave. The sky is a mix of blue and white, and a seagull is flying in the upper right corner.

# China VC/PE Market Review H1 2012

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**Market Change Analysis & Zero2IPO Insights**

# VC/PE Policies Guide Market Development in 10+ Years, Multi-level Exit Options Established

**In 2000:**  
Nine Rules for GEM;  
Interim Provisions on  
Domestic Investment by  
Foreign-funded Enterprises;

**In 2001:**  
Interim Provisions on VC  
Investment by Foreign-  
funded Enterprises;  
Regulations of  
Zhongguancun Science  
Park;  
Dot.com bubble;

**In & before 1999:**  
“Proposal No.1” of  
CDNCA in 1998;  
Investment Fund  
Law (Draft);  
Industrial  
Investment Fund  
Law (Draft);  
VC Development  
Advices of MOST,  
etc.

**In 2004:**  
SMEB  
Catalogue of  
Industries for  
Guiding Foreign  
Investment  
Administration  
Storm of  
Outbound/Inbound  
Investments

**In 2003:**  
Measures for the  
Administration of  
Foreign-invested  
VC Investment  
Enterprises;  
Document No.3 of  
the State  
Administration of  
Foreign Exchange;

**In 2002:**  
Provisions on the Administration  
of Foreign-funded  
Telecommunications Enterprises;  
Catalogue of Industries for  
Guiding Foreign Investment;

**In 2007:**  
Pilot of Direct Investment by Securities  
Companies;  
Implementation of New Partnership  
Enterprise Law;  
Measures for the Administration of Trust  
Companies;  
Preferential Tax Policies for VC  
Investment; Enterprises  
Catalogue of Industries for Guiding  
Foreign Investment;

**In 2008:**  
Approval on Independent Investment by Social Security  
Fund;  
Draft on GEM;  
New Rules on Shanghai & Shenzhen Stock Exchanges;  
Measures for the Administration of VC Guiding Funds;  
Guidelines on the Risk Management of M&A Loans of  
Commercial Banks;

**In 2006:**  
Document No.10 of  
MOFCOM;  
Re-launch of China’s IPO  
Application;

**In 2005:**  
Documents No.11, 29 & 75  
of the State Administration of  
Foreign Exchange;  
Interim Measures for the  
Administration of VC  
Investment Enterprises;

**In 2010:**  
Opinions on Encouraging & Guiding Sound  
Development of Private Investment  
Policy on Taxation of Equity Investment Funds;  
Provisions on the Registration of Foreign-funded  
Partnership Enterprises;  
Decision of the State Council on Accelerating the  
Fostering and Development of Strategic Emerging  
Industries;  
12th Five-year Plan;

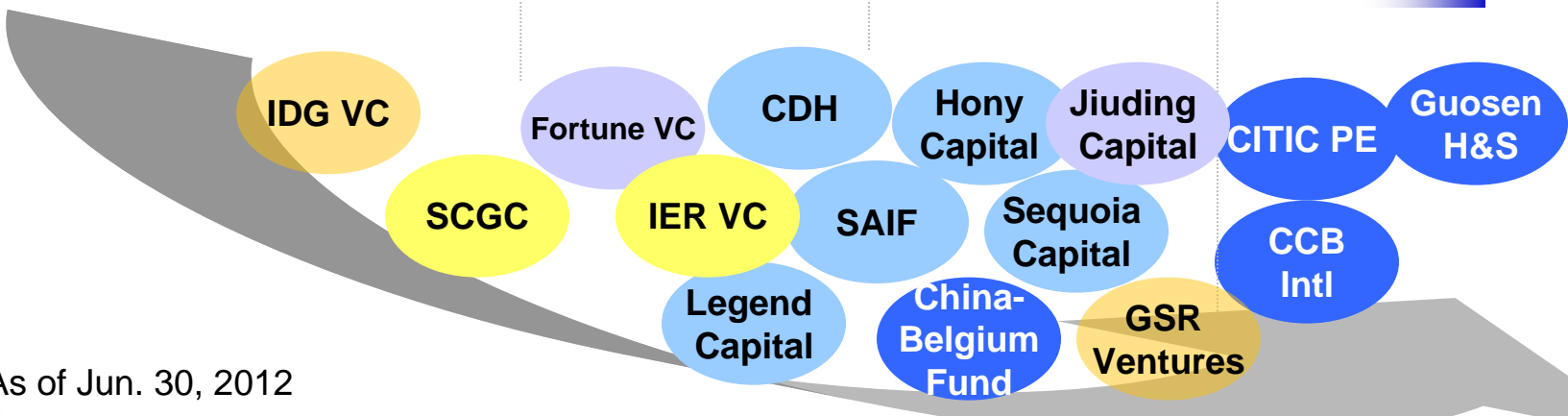
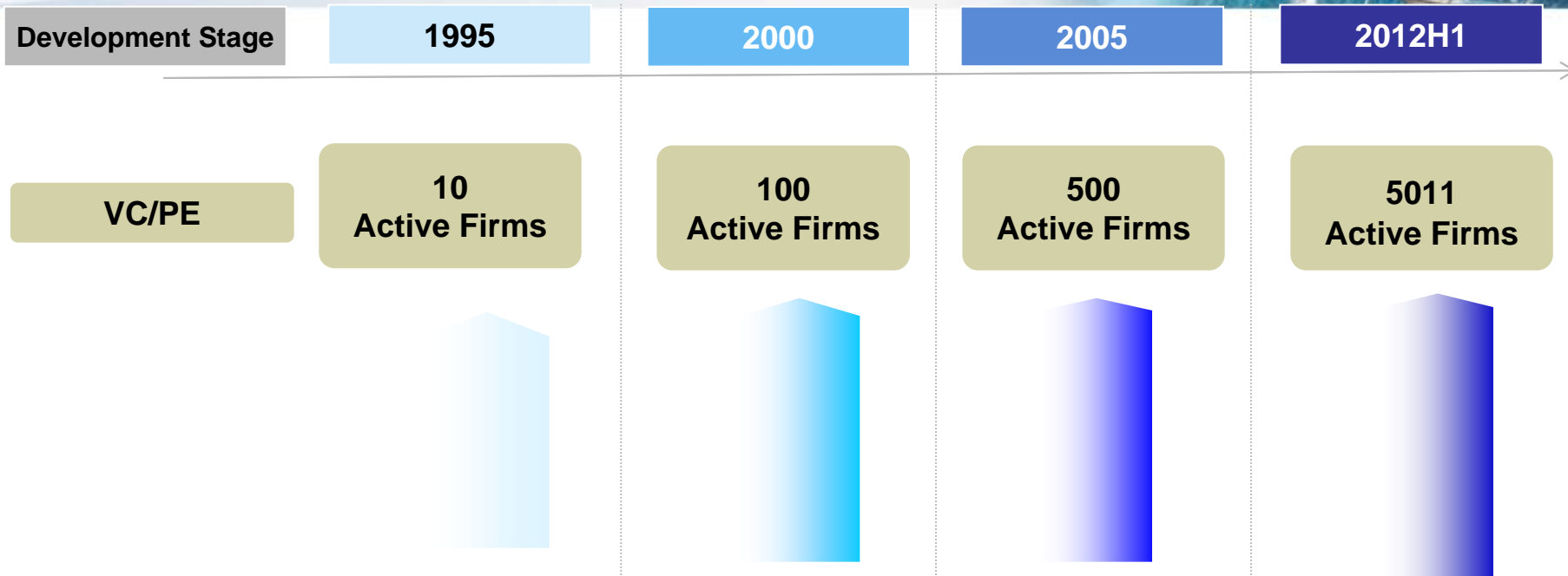
**In 2012H1:**  
Guiding Opinions on Further  
Reforming the System of Issue of  
New Shares;  
Scheme for Improving Delisting  
System;  
Overall Plan of Finance  
Comprehensive Reform  
Experimental Zone in Wenzhou;  
China PE Secondary Market  
Development Alliance.

**In 2009:**  
Properly Broaden Trust  
Investment Businesses;  
Measures for Overseas  
Investment Management;  
Launch of ChiNext;  
Lower Threshold of Direct  
Investment by Securities  
Companies;  
Document No.87 of State  
Administration of  
Taxation;

**In 2011:**  
QFLP Program in Beijing, Shanghai &  
Chongqing;  
Circular on Regulating the Record-filing  
Administration of Equity Investment  
Firms;  
Provisions on the Implementation of the  
Security Review System for Mergers  
and Acquisitions of Domestic  
Enterprises by Foreign Investors;

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012H1

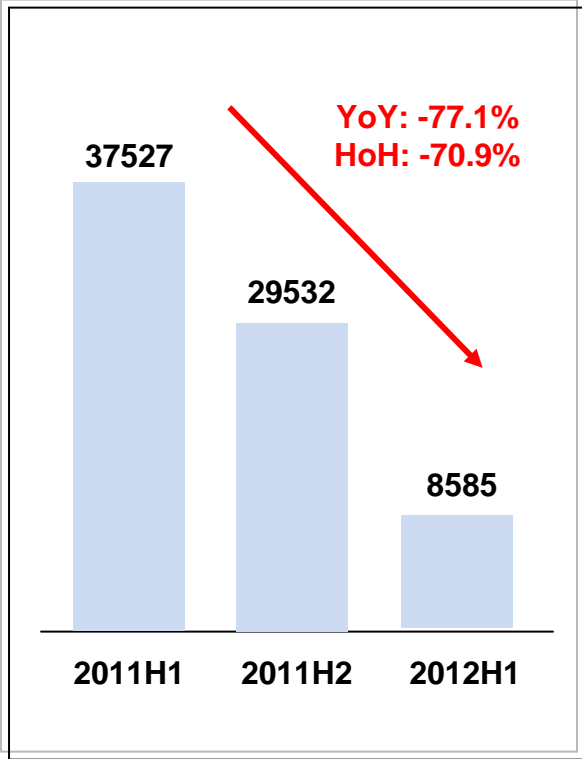
# Fund Management Firms Witness Rapid Expansion in Quantity



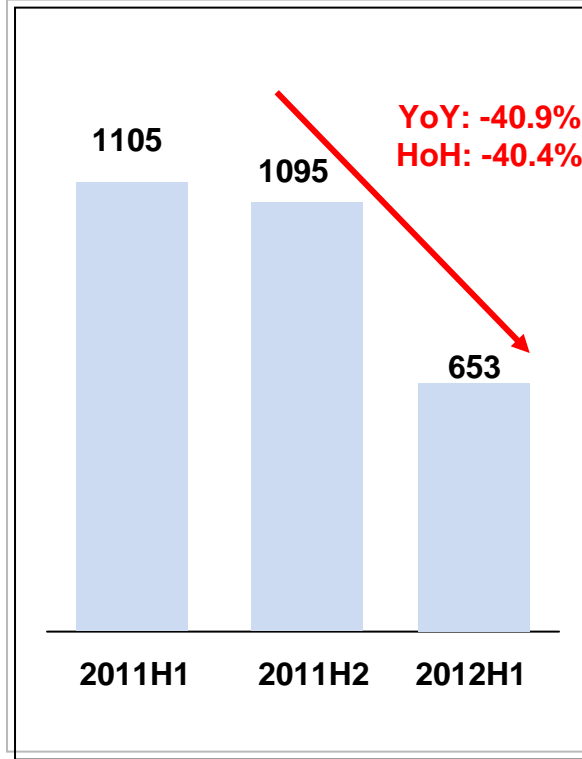
# VC/PE Fundraising, Investments and Exits Fallback on Both H-o-H & Y-o-Y Basis in H1 2012



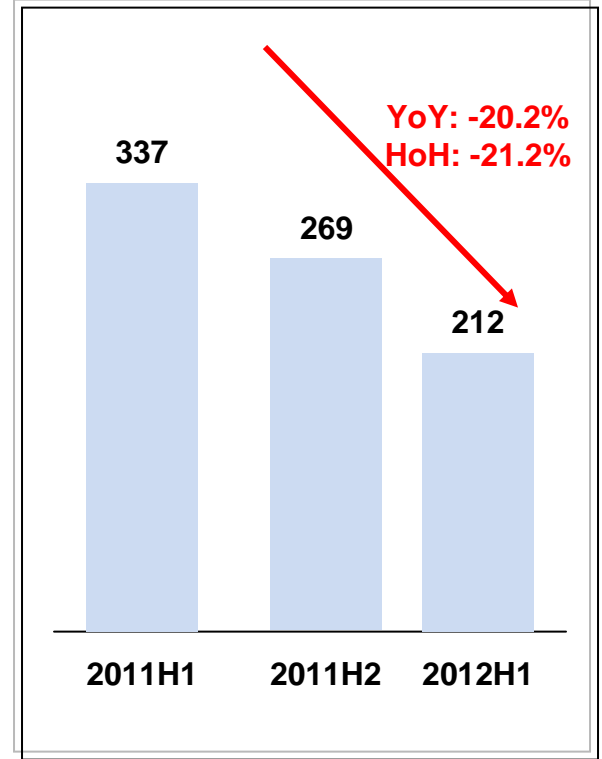
## Fundraising



## Investment Deals



## IPO Exits



Unit: US\$ M



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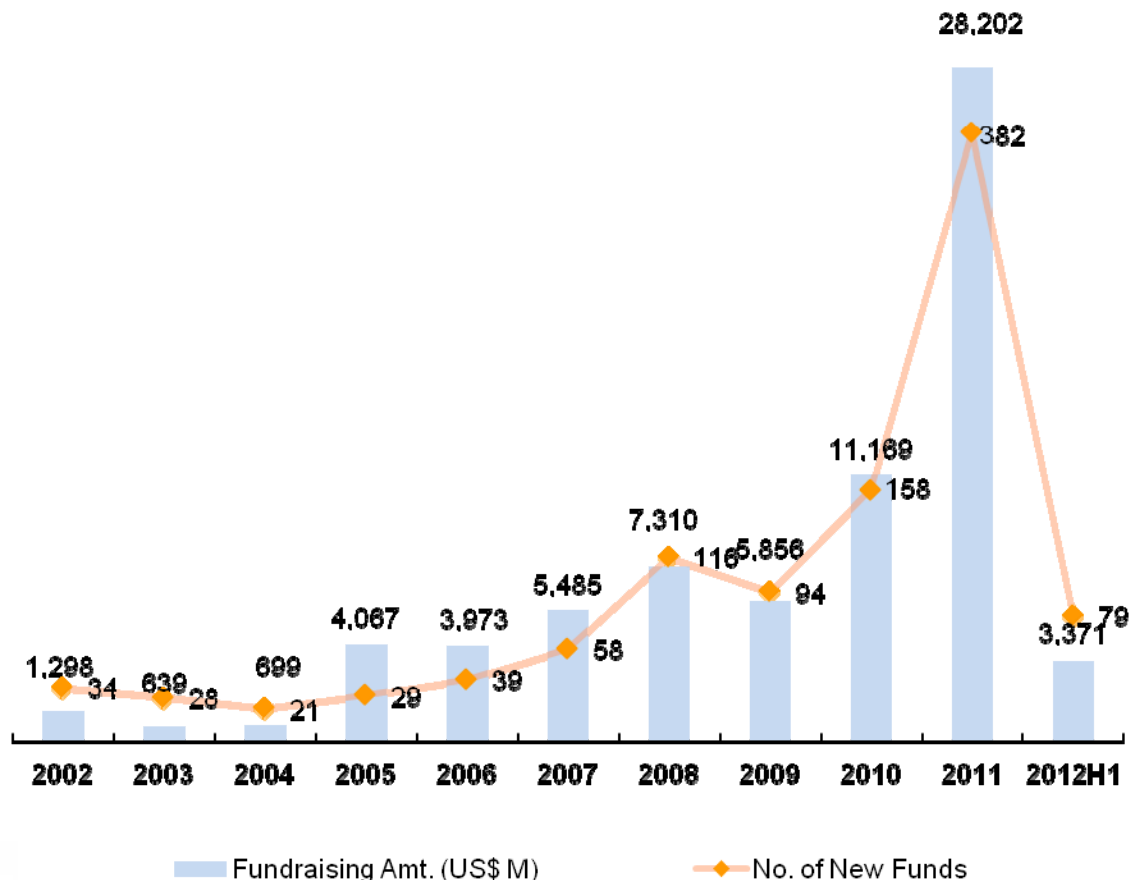
6

**Market Change Analysis & Zero2IPO Insights**

# H1'12 Witnesses VC Fundraising Hitting A Low Since H2'09



## Comparison of Fundraising of VC Funds in 2002-H1'12



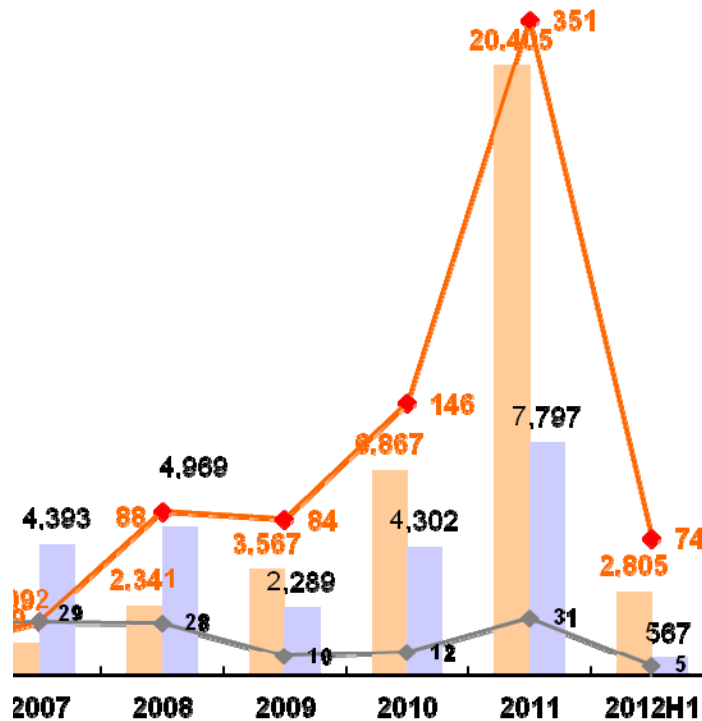
## Major Findings

- A total of 79 VC funds were closed in Chinese market in H1'12, down 56.8% h-o-h or 60.3% year-on-year, with an aggregate capital of US\$3.37B newly raised in Chinese mainland, down 74.9% h-o-h or 77.1% year-on-year, hitting a new low since H2'09.
- Impacted by the frequent promulgation of new policies by the China Securities Regulatory Commission in 2012, nosedive of IPOs, low stock prices and so on, VC faced narrower exit channel and declining ROI. Market return rate further dropped to the rational level and the era featured by windfall profits ended.

# ding Role Is Entrenched with ounting for Over 90%



## estments of VC Funds in 2004-H1'12



(US\$ M)

— Amt. Raised by USD Funds (US\$ M)

◆ No. of USD Funds

## Major Findings

- H1'12 saw 74 RMB funds closed, raising a total of US\$2.81B, and five foreign currency funds involving US\$566.50M.
- Thanks to the persistent increases in domestic LPs, RMB funds have begun dominating the VC market since 2009, the situation that the fundraising and exits of VC funds on overseas markets has also changed. In H1'12, RMB funds further enhanced its dominating role with a share of 93.7% in funds and 83.2% in fundraising amount.

预览已结束，完整报告链接和二维码如下：

[https://www.yunbaogao.cn/report/index/report?reportId=1\\_15902](https://www.yunbaogao.cn/report/index/report?reportId=1_15902)

