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Hot News

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Market and Capital Warm up Investment in China's Mobile Internet Industry 2010

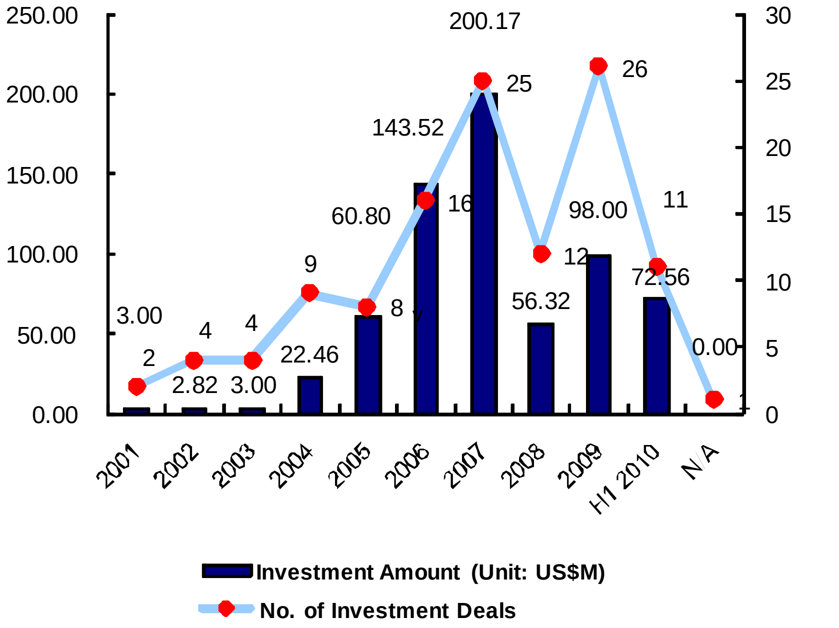
Written by Yolanda Zhang, Zero2IPO Research Center

According to the *2010 Research Report on Investment in China's App Store Online Market* by Zero2IPO Research Center, in the mid 2000-2010 period, China's mobile Internet industry witnessed 118 investment deals, 96 of which had their amounts disclosed. The disclosed investment totaled US$663.00M, and the investment per deal was US$6.90M on average.

In view of the investment scale in the past years, the investment deals in China's mobile Internet industry reached the peak in 2009, and 22 deals out of the total 26 disclosed their amounts, with a total investment of US$98.00M and an average investment of US$4.45M. Moreover, the disclosed investment in China's mobile Internet industry reached the peak in 2007. There were 25 investment deals in total, 24 of which disclosed their amounts, with a total investment of US$200.17M and an average investment of US$8.34M. However, the annual average investment amount reached a historic high of US$10.25M in 2006.

The first boom of investment in the mobile Internet industry occurred in 2007, driven by three major factors. First, the number of subscribers and the scale of income kept expanding in the mobile Internet industry, laying a foundation for its rapid development. Second, the Internet firms, such as Tencent Inc., gradually strengthened the penetration into the mobile Internet market, while original mobile Internet firms including Kong.net and 3G.cn experienced further development. The differentiated applications/services enriched the mobile Internet products and also injected new vitality to the exploration of the business mode of the mobile Internet industry. Third, the advent of the various subdivided businesses and other businesses including cell phone games, mobile payment, wireless advertisement and various kinds of independent cell phone client software, except the conventional mobile value-added services, helped the investors find investments in the mobile Internet industry. In addition, the expansion of China's mobile network also optimized the media of the mobile Internet applications.

Chart 1 Comparison of Investment in China's Mobile Internet Industry between 2001 - H1 2010



Source: Zero2IPO Research Center

In mid 2010, China's mobile Internet industry recorded 11 investment deals, of which 8 deals had their investment amounts disclosed, with a total investment of US$72.56M and an average investment of US$9.0M. It is estimated that, due to the rise of the subdivided applications of the mobile Internet including cell phone game, mobile video and mobile payment, the mobile Internet industry will still be the focus of the capital market in H2 2010. Furthermore, according to the analysis by Zero2IPO Research Center, under push of the more active capital market and adequate funds, the average investment per deal in mobile Internet industry would see slight increase in 2010.

According to the analysis on investment per deal, the investment deals in China's mobile Internet industry in the past ten years show that the investment per deals in China's mobile Internet industry stayed below US$5.00M mostly, with 55 investment deals, accounting for 46.61% of the total deal number.

As for the analysis on the series of investment, in the mid 2001-2010 period, the Series A investment deals remained the majority in the market, with 53 investment deals disclosed, 44.92% of the total deal number, out of which 45 deals were disclosed with a total investment of RMB204.86M and a proportion of 30.92%. In addition, there were 24 investment deals whose investment series were not disclosed, accounting for 20.34%.

From the perspective of analysis on geographic breakdown, in the mid 2001-2010 period, Beijing was the hot spot of investment in China's mobile Internet industry, with 57 investment deals accounting for 48.31% of the total, of which 48 deals was disclosed with a total investment of US$388.49M accounting for 58.63% and an average investment of US$8.09M. Shanghai ranked the second with 17 investment deals, accounting for 14.41%, of which 13 deals was disclosed with a total investment of US$28.49M accounting for 58.63% and an average investment of US$2.19M. In Chinese mobile Internet industry, Beijing, Shanghai and Shenzhen were proactive in investment. Especially in Beijing, the investment was far ahead of other regions. ■

Time: September 15th, 2010 | **Venue:** Sheraton Miyako Hotel Tokyo | http://events.zero2ipo.com.cn/2010/jp2010/

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Time: October 21th,2010 Venue：Beijing, China

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Quwan.com Gets Tens-of-Millions-USD Investment from Trustbridge Partners and Matrix Partners

Sep. 9, 2010, fawan.com, Ma Haipeng

It is said that the tens-of-millions USD financing by Quwan.com, a retail platform for creative life, was finally confirmed by its CEO Zhou Pin. The company has accomplished its second round of financing that involved tens of millions of USD, once again giving a stabilizing injection to the B2C industry. It is learnt that the investors were Trustbridge Partners and Matrix Partners, the investor of Quwan.com's first round of financing.

In the first six months of 2010, domestic e-business companies have completed 23 financing transactions that involved a total amount of US$331M. It is expected that the full-year scale will exceed the historical high set in 2008 (US$337M).

During a short one-plus-year period from its establishment on Apr. 29, 2009 to its second round of financing, Quwan.com has won hundreds of thousands of active users, selling thousands of authorized creative home supplies and hundreds of famous brands on line. ■

Hubei Sees Launch of Its First Bio-agriculture VC Fund

Sep. 9, 2010, Hubei Daily, Yang Nianming

Wuhan High-tech Agriculture Biological Venture Capital Co., Ltd., initiated by Wuhan High-tech Agriculture Group, officially acquired its business license on Sep. 8. This marks the official operation of Hubei's first bio-agriculture VC fund.

Founded in 2003, Wuhan High-tech Agriculture Group is a large-sized wholly state-owned group devoted to operation and development of high-tech agricultural industries and biotechnologies. With a registered capital of RMB108M, the high-tech agriculture biological fund it launched is a private holding fund with a state stake of 31%.

The fund will mainly go to agricultural pro-bio-agriculture VC fund. At present, the fund is entrusted to Hesai Investment Management Co., Ltd. (in preparation) for operation. ■

Changde VC Fund Established

Sep. 8, 2010, Zero2IPO News

Recently, Hunan High-Tech Venture Capital Co., Ltd. established Changde Deyuan High-Tech Venture Capital Co., Ltd. in collaboration with Changde Municipal People's Government and such private capitals including Hunan Deyuan Investment and Beijing Huahui Hengye. The fund became the first specialized VC fund in Changde Economic Development Zone, a state-level high-tech development park.

With a size of RMB160M in first round, Changde VC fund was established according to the mode of close-ended fund. Assuming a structure of "local government department + professional VC agency + private capital", it obtained RMB20M investment from the VC agency established with equity of the venture capital guidance fund of Hunan province. The fund will be mainly invested in high-tech, innovative small and medium-sized enterprises and strategic emerging industries in conformity