Latest Report

NEEQ Boasts 10,000+ Listed Companies; Private Placement Shows Explosive Growth

By Robin Duan, Zero2IPO Research Center

According to PEdata under Zero2IPO Group, the number of listed enterprises on the NEEQ officially surpassed 10 thousand, reaching 10,163 by the end of December 2016. There are 9,211 base-layer enterprises, and 952 innovation-layer enterprises; 8,509 enterprises adopted contract transfer and 1,654 were traded through market makers. 413 companies went listed in December, a slightly drop from the previous month, or a Q-o-Q decrease of 9.03%. Among all the listed enterprises, 74 were backed by VC/PE firms, accounting for 17.92% of the total, a Q-o-Q decrease of 9.76%. By the end of December, the total market cap of the NEEQ reached US$584.41B with an average P/E ratio of 28.71 times.

Figure 1 Month-on-month Comparison of NEEQ Listings in 2016

Source: PEdata, Jan. 2017
Review on Pilot Program of PE Market Making Business Concludes; 10 Enterprises Are Shortlisted including Shenzhen Capital Group


The NEEQ claimed the top 10 PE firms enjoyed greater influence and higher popularity, with every evaluation indicator far exceeding the average level. They not only cover all types of PE firms including venture capital, private equity, securities investment, etc., but also involve both state-owned and private capital background, which are very representative. According to the review plan, the top 10 PE firms will enter the next stage for field acceptance, which signals substantial operation of the pilot program of PE firms engaging in market making business.

![Figure 2 Month-on-month Comparison of Trading Value on the NEEQ in 2016](www.pedata.cn)

322,000 deals were concluded on the NEEQ with 5.05 billion shares traded, amounting to US$4.01B, up 34.60% Q-o-Q. The growth momentum continued. Deals via contract transfer amounted to US$2.54B, and market making deals US$1.48B, accounting for 36.80%. The NEEQ Composite Index went upward in December and closed at 1243.61 points on December 30. The NEEQ Market-making Index corrected downward at the beginning of this month, closed at 1082.92 points on
December 20, and then started going up and closed at 1112.11 points on December 30, the highest in the past four months.

The top 10 listed enterprises by trading amount in December were: Mobvista (NEEQ: 834299), ChinaEquity Group (NEEQ: 833858), Thunip (NEEQ: 835956), Donghai Securities (NEEQ: 832970), Yongan Futures (NEEQ: 833840), CertusNet (NEEQ: 832800), Lianxun Securities (NEEQ: 830899), Wanjiang Financial Leasing (NEEQ: 834237), United Winners Laser (NEEQ: 833684), HEAVEN-SENT Capital Management Group (NEEQ:833044). Specifically, UnitedWinners Laser and Lianxun Securities adopted market making transfer, and the others were traded through contract transfer.

Table 1 Part of VC/PE-backed Companies Listed on NEEQ in December

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Previous Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biochem Group</td>
<td>Special Instrument Industry</td>
<td>Shunxi Capital</td>
</tr>
<tr>
<td>Handu E-commerce</td>
<td>Textiles &amp; Clothing</td>
<td>New Access Capital, Greenwoods Investment, Korea Investment Partners, IDG Capital, Zhuhai Qianheng</td>
</tr>
<tr>
<td>24tidy</td>
<td>Residential Services</td>
<td>Oriza Holdings, Sequoia Capital, UVM 2 Venture ICH</td>
</tr>
<tr>
<td>Kidswant</td>
<td>Retail</td>
<td>Greenwoods Investment, Warburg Pincus, CICCZhide</td>
</tr>
<tr>
<td>Fractalist</td>
<td>Internet Marketing</td>
<td>STAS Asset Management, Shuzi Dianjing Investment, Soochow Buyout Capital</td>
</tr>
<tr>
<td>Acer</td>
<td>Building Material</td>
<td>Junsan Capital, Chengshu Capital, Zhonghui Jinju Investment</td>
</tr>
<tr>
<td>Kintor Pharmaceuticals</td>
<td>Pharmaceuticals</td>
<td>HighLight Capital, Bioventure, Rongfeng Investment, Zhongyi Mingyuan, Legend Star, Oriza Holdings</td>
</tr>
<tr>
<td>51welink</td>
<td>Internet Marketing</td>
<td>CSC Equity Investment, Chun Xin Capital</td>
</tr>
<tr>
<td>Zhenhua New Material</td>
<td>Power Supply</td>
<td>Xintianyu Capital</td>
</tr>
<tr>
<td>Pionner</td>
<td>Special Instrument Industry</td>
<td>Zheke Venture Capital, Zhihui Qianchao</td>
</tr>
</tbody>
</table>

Source: PEdata, Jan. 2017  www.pedata.cn
With Clothing Care + Green Plant Order, 24tidy Gains Investment from VC/PE firms including Sequoia Capital and Oriza Holdings

24tidy (NEEQ:839895) was officially listed on the NEEQ on December 16. 24tidy, established at the end of 2012, is engaged in mobile Internet-based order of clothes washing and care as well as fresh flowers. Currently, the company has two subsidiaries and 10 branches. Its online service of clothes washing and care covers 10 cities including Shanghai, Beijing and Suzhou, and its online green plant service covers 11 cities. According to PEdata under Zero2IPO Group, investment firms such as Sequoia Capital and Oriza Holdings had participated in the company’s previous financing.

24tidy disclosed the process of establishing and dismantling its red chip structure in the public transfer statement. It first established Cayman 24tidy as the entity for overseas financing and to seek IPO (registered in Cayman Islands). Cayman 24tidy established Hong Kong 24tidy which set up ShangluTech., an exclusively foreign-owned enterprise in Chinese mainland. Cayman24tidy, Hong Kong 24tidy, Shanglu Tech. and 24tidy Co., Ltd. set up VIE structure. During the process, Oriza Holdings participated in A-round overseas financing of Cayman 24tidy as the affiliated party, Sequoia Fund participated its B-round overseas financing, and Singapore's UOB Venture participated in B+ round financing via UVM2. At the end of 2015, 24tidy purchased Shanglu Tech, so the VIE structure terminated. In February 2016, 24tidy conducted the 5th capital increase. Specifically, funds under Sequoia Holdings invested US$8.40M, accounting for 24.28% of the total; Yuandian Zhengze No.1 Venture Capital Fund under Oriza Holdings invested RMB8.00M (about US$1.24B); Singapore's UOB Venture invested US$3.00M via UVM2. In August 2016, 24tidy signed an investment agreement with ICH, specifying ICH invested US$5.00M to purchase 3.20% of 24tidy’s equities.

Korean Fashion Handu E-commerce Wins Support from VC/PE firms like IDG and Korea Investment Partners

On December 28, 2016, Handu E-commerce (NEEQ: 838711) was listed on the NEEQ. Handu E-commerce, a fast fashion retailer set up in 2013, is committed to providing fashionable clothes and accessories for urban young people. Currently, it has nine holding subsidiaries, three joint stock subsidiaries and one branch office in South Korea.

In February 2011, the company started to build the VIE structure. The founder established a company in British Virgin Islands and a Cayman-based company HanduEsel as an entity for overseas listing. In August 2011, the Cayman-based company introduced many investors including IDG Capital in its A-round financing. In September 2014, Korea Investment Partners (KIP) was introduced in B-round financing. At the end of 2013, the company gradually dismantled VIE structure. According to its transfer statement, Handu E-commerce increased capital in September 2014, with Star VC partners Huang Xiaoming and Li Bingbing each investing RMB5.00M, and Ren Zhenquan(Ren Quan)
RMB3.00M. In August 2014, three funds under Greenwoods Investment invested RMB138M in Handu E-commerce, followed by IDG Capital and funds under Korea Investment Partners.

**Greenwoods Investment Reports Three Investee Listed on the NEEQ, JD Capital and Oriza Holdings Two Each**

Three enterprises invested by Greenwoods Investment landed on the NEEQ this month, including manufacturer of capsules of Traditional Chinese medicine XianChiho (NEEQ: 839989), maternal and children products supplier Kidswant (NEEQ: 839843), and fast fashion retailer Handu E-commerce (NEEQ: 838711). JD Capital and Oriza Holdings had also participated in two enterprises’ historical financings that went listed on the NEEQ this month. JD Capital invested in the software service provider Flying soft (NEEQ: 870342) in document information resources management, and chemical fiber fabric producer Chosion (NEEQ: 870001). Oriza Holdings invested in clothes washing and care brand 24tidy (NEEQ: 839895) and Kintor Pharmaceuticals(NEEQ: 839419) engaged in R&D and manufacturing of innovative drugs.

![Figure 3: Month-on-month Comparison of Private Placement on NEEQ in 2016](https://www.pedata.cn)

**Private Placement Deals See Spurt; China Dragon Securities Completes Largest Deal in 2016**

383 listed enterprises concluded private placement in December, totaling US$4.58B, up 127.49% from the previous month. Here is a quick review of the whole-year performance of private placement market: from January to April 2016, the funds raised stood above RMB10B (about US$1.44B); trade and investment in the private placement market cooled down from May to October, with only RMB5.10B (about US$0.74B) raised in October; the market started picking up in November, with the fund raising amount skyrocketing to an interim peak.
China Dragon Securities (NEEQ: 835337) completed one round of private placement, raising a total of US$1.39B, the largest deal in 2016. The price was RMB2.61 per share. Beside the original shareholders, 33 external investors subscribed the shares such as Shandong State-owned Asset Investment Holdings Co., Ltd., Gansu State-owned Asset Investment Group Co., Ltd. and Qingdao Jinshi Haorui Investment Co., Ltd. In addition, Capital Helicopter (NEEQ: 832494) and Wanjiang Financial Leasing (NEEQ: 834237) raised US$461.10M and US$281.27M respectively this month, ranking the second and third places.

Table 2 Top 10 Private Placement Deals in December

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Company</th>
<th>Industry</th>
<th>Amt. Raised (US$M)</th>
<th>Shares Issued (Million)</th>
<th>Issue Price (USD)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>China Dragon Securities</td>
<td>Other Financial Services</td>
<td>1,386.44</td>
<td>3,686.55</td>
<td>0.38</td>
<td>2016/12/30</td>
</tr>
<tr>
<td>2</td>
<td>Capital Helicopter</td>
<td>Others</td>
<td>461.15</td>
<td>1,600.19</td>
<td>0.18</td>
<td>2016/12/26</td>
</tr>
<tr>
<td>3</td>
<td>Wanjiang Financial Leasing</td>
<td>Other Financial Services</td>
<td>281.27</td>
<td>1,600.00</td>
<td>0.18</td>
<td>2016/12/26</td>
</tr>
<tr>
<td>4</td>
<td>IRENA Group</td>
<td>Sports</td>
<td>186.89</td>
<td>18.93</td>
<td>9.87</td>
<td>2016/12/30</td>
</tr>
<tr>
<td>5</td>
<td>NewMargin Ventures</td>
<td>Finance</td>
<td>174.13</td>
<td>3.54</td>
<td>49.17</td>
<td>2016/12/28</td>
</tr>
<tr>
<td>6</td>
<td>Baihe.com</td>
<td>Internet Services</td>
<td>127.09</td>
<td>280.00</td>
<td>0.45</td>
<td>2016/12/13</td>
</tr>
<tr>
<td>7</td>
<td>Joyu Culture</td>
<td>E-commerce</td>
<td>103.75</td>
<td>11.79</td>
<td>8.80</td>
<td>2016/12/21</td>
</tr>
<tr>
<td>8</td>
<td>Nantong Sanjian Construction Group</td>
<td>Construction of Construction of Building &amp; Civil Engineering</td>
<td>93.66</td>
<td>44.80</td>
<td>2.09</td>
<td>2016/12/6</td>
</tr>
<tr>
<td>9</td>
<td>Jiuzhou Quantum Technologies</td>
<td>Electronic Equipment</td>
<td>57.88</td>
<td>17.33</td>
<td>3.34</td>
<td>2016/12/21</td>
</tr>
<tr>
<td>10</td>
<td>Sinovation Ventures</td>
<td>Other Services</td>
<td>51.87</td>
<td>4.35</td>
<td>11.92</td>
<td>2016/12/12</td>
</tr>
</tbody>
</table>

Source: PEdata, Jan. 2017  www.pedata.cn
Industry Breakdown & Geographic Distribution

The listed enterprises on the NEEQ in December involved 27 Grade 1 industries. Machinery manufacturing, IT, electronic & opto-electronics equipment ranked the top three places, with the number of listed enterprises standing at 65, 55 and 38 respectively or 15.78%, 13.35% and 9.22%. In particular 74 enterprises were backed by VC/PE firms. IT, electronic & opto-electronics equipment and machinery manufacturing had the most listed enterprises of 14, 12 and nine respectively, or 18.92%, 16.22% and 12.16%.

Figure 4 Industry Breakdown of NEEQ Listed Enterprises in December

Source: PEdata, Jan. 2017

www.pedata.cn

Figure 5 Geographic Distribution of NEEQ Listed Enterprises in December

Source: PEdata, Jan. 2017

www.pedata.cn
The listed enterprises on the NEEQ in December are from 28 provinces. Guangdong, Beijing and Jiangsu topped the list with 68, 59 and 58 listed enterprises respectively, accounting for 16.46%, 14.29% and 14.04%. Specifically, 74 enterprises were backed by VC/PE firms. Jiangsu, Beijing and Guangdong were recorded 16, 14 and 12 VC/PE-backed ones, representing 21.62%, 18.92% and 16.22% respectively.

BPEA News

No.61st of BPEA monthly training held successfully.

On January 12th, 2017, No.61st of BPEA monthly training held successfully in the meeting room of Dacheng law office. This training was focused on risk management of private equity fund. Ms. Liu Linsen, a senior partner of Beijing Dacheng law office shared her experiences with the attendees. >Read more

The first monthly activity of “BPEA LP committee” held successfully

On January 13th, 2017, the first monthly activity of “BPEA LP committee” hosted by BPEA LP committee and Beijing E-town international investment & Development Co., Ltd held successfully in Beijing. This activity was aimed to strengthen the communication and cooperation between members of LP committee. Many leading cadres and CEO attended this activity. >Read more

No. 49th of " SmartMatch roadshow " - A special roadshow of the New Material Projects successfully held in BPEA

No. 49th of SmartMatch roadshow – a special roadshow of the New Material Project successfully took place in Beijing on January 13th, 2017. The founder of Beijing Green Energy company and the CEO of Liuwan science and technology company introduced their main products and business models to investment professionals who attended this meeting. >Read more

The first media communication meeting of CAPE&BPEA held successfully.

The first media communication meeting of CAPE&BPEA held successfully in our meeting room on January 17th, 2017. At the beginning, Ms.Yan Xiaolu, secretary-general of CAPE made a welcome speech to all the attendance. Then, chairman assistant of CAPE and deputy secretary-general of BPEA Mr. Li Ming introduced the history of CAPE and BPEA, he also made a work review of 2016 and a prospect of 2017. Chief editors and senior journalist from People’s daily online, Economic daily, China financial information network, Caixin Media and other 10 financial medias attend this meeting.
The first special event of BPEA Cultural Investment committee successfully held.

The first special event of BPEA Cultural Investment committee successfully held on January 18th, 2017. In this event, we organize more than 20 institutions to visit Beijing Cultural Center fund. Dr. Teng Zhenghui, deputy secretary-general of CAPE hosted this event. >Read more

The first special events of BPEA Cross-border Investment and Financing committee successfully held.

The first special events of BPEA Cross-border Investment and Financing committee successfully took place in Beijing on January 22th, 2017. Ms. Yan Xiaolu, secretary-general of CAPE, hosted this event. The theme of this symposium was the expectation of 2017’s merger and acquisition market. Since December 2016, the outbound capital flow was restricted. Therefore, the challenge of cross-border investment projects became the hot issue in this activity. Professionals from banks, law firms and investment institutions attend this event and made a warm discussion. >Read more

No. 10th activity of BPEA NEEQ committee held successfully.

On February 15th, 2017, No. 10th activity of BPEA NEEQ committee successfully held in our meeting room. The theme of this lecture was “investment decision and disposition management”. Professor Zhao Yue, from HKUST Business school, shared his ideas to attendees. >Read more

No.62nd of BPEA monthly training held successfully.

No.62nd of BPEA monthly training successfully held on February 23rd, 2017. Mr. Jili, senior director of Zero2IPO research center was specially invited to share his view about the private equity in 2016. More than 20 investment professionals attend this activity. >Read more
BPEA Upcoming Events

Nordic Fundraising Summit 2017

March 8th and 9, 2017 | Deloitte | Weidekampsgade 6, 2300 Copenhagen S, Denmark

The Danish Venture Capital and Private Equity Association (DVCA), in association with NVP, ESTVCA, LTVCA, IVCA, CAPE, SECA, NVCA, BVA, BVK, PSIK, BVCA, FVCA and SVCA, is proud to present the 9th Nordic Fundraising Summit in Copenhagen on March 8th and 9, 2017.

This conference will bring together some of the most important LPs worldwide. The objective is clear: to pair them with some of the most successful venture and buyout funds from all over Europe. Along with an exciting programme and general networking, meetings between LPs and GPs are possible from 9:30 - 18:00 on March 8th and from 09:00-15.00 on March 9th.

Speed dating takes place in dedicated meeting rooms with optimum privacy.

Registration and questions:
Participation fee for GPs and associated members of the CAPE is 495 € pr. person.
(Non-members of CAPE may also participate for 995 € pr. person.)
Contact DVCA’s Viktoria Kanto, vka@dvca.dk to register.
Please note that the number of participants is limited to 150 persons.
For more information, please also consult: www.nordicfundraisingsummit.com
Beijing Private Equity Association (BPEA) was established on Jun 20, 2008

BPEA committed to:

Promote the issuance of preferential policies for PE industry
Build the self-regulatory discipline of PE industry
Safeguard the legitimate rights of members
Research development trends of PE industry
Train relevant professional individuals
Cooperate with domestic and overseas institutions

BPEA Service Center:

BPEA provides services for members and relevant industrial individuals: professional consultation and guidance, fund registration and recording, business conference, training and so on.

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