

China Equity Investment Report, 2007-2008



China's equity investment has developed much rapidly in the past several years. In 2002, China's total equity investment was only US\$534 million, but it already reached US\$2.18 billion in 2006.

From January to September of 2007, the investment of the private equity fund in Mainland China was on the upward trend. The accumulative number of companies, in which investment was made, reached 126 and the accumulative value of the investment totaled US\$8.37 billion, up 3.3% compared with the same period of previous year.

47 private equity funds completed their fundraising in the first three quarters of 2007, up 74% year on year. The total amount was US\$23.05 billion, 3.36 times the figure in the same period of the previous year.

Investment Growth of China Equity Investment

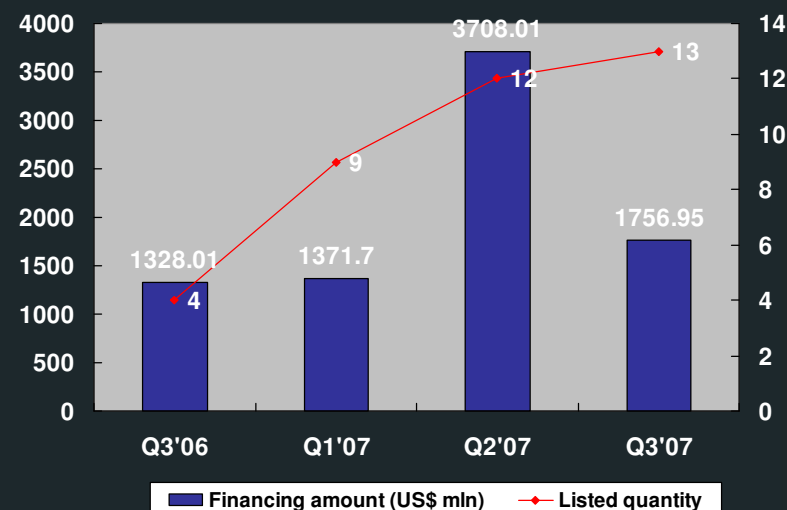
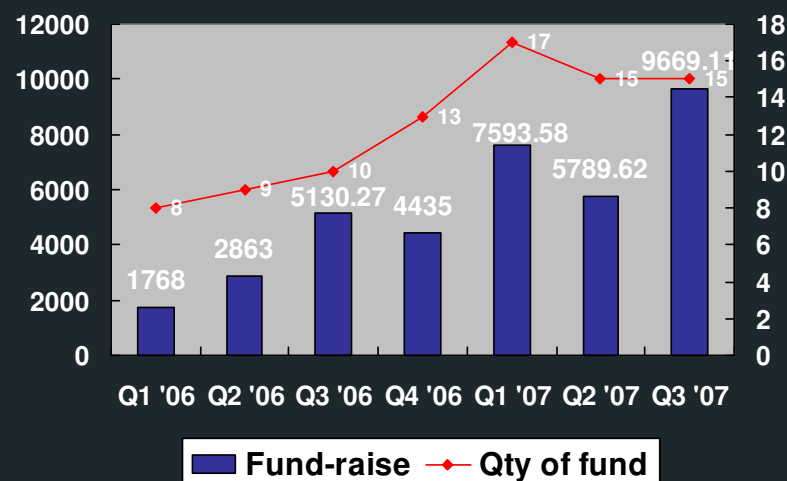
Market, 2002-2006

Year	Cases	Annual Increase Rate	Amount of Investment(US \$ million)	Annual Investment Increase Rate
2002	178	-	584.32	-
2003	164	-0.079	746.2	39.70%
2004	194	0.183	873.56	17.10%
2005	198	0.536	1430.4	63.70%
2006	352	0.215	2181.38	52.50%

In the first three quarters of 2007, 34 companies invested by private equity funds and venture capital firms completed their initial public offering or IPO and raised US\$6.3 billion.

The number of Chinese companies invested by private equity funds and venture capital firms, and total amount of fund raised by these companies (unit: USD \$ million)

Fundraising by private equity fund in each quarter, which could be invested in Mainland China, 2006-2007
(unit: USD \$ million)



ResearchInChina collected ten typical cases of China equity investment in 2007 based on the investment amount, as follows:

Ten typical cases of China equity investment, 2007

Investment Amount (US\$million)	Fund Raiser	Investors	Investment Time	Industry	Company Profile
600	Bluestar Group	Blackstone Group	Sep. 10th	chemistry	It specializes in new chemical materials and special chemical products, and its annual sales reach RMB30 billion
400	Evergrande Real Estate Group	Merrill Lynch /Deutsche Bank/TEMAS EK	Jan. 29th	real estate	It is qualified as the State first-class developer and it is developing more than 30 gold-green projects
95	7DaysInn Group	Merrill Lynch	Sep. 4th	hotel	A leader in economical hotel chain in Southern China created by US venture capital firms
85	Hanting Hotels Inc.	CDH Investments /IDGvc/ Chengwei	July 9th	hotel	It has more than 100 chain hotels in over 30 cities
80	Jiangsu Chengde Steel Tube Share Co.,	Carlyle Group	Mar. 30th	industry	A large seamless steel tube manufacturer in China
74	China Fiberglass Co., Ltd.	Lenovo Group Ltd.,	Jan. 9th	manufacturing	It has 3 units: Jushi Group Co., Ltd., BNS, Lixin Jiayuan Building Material Market.
60	Jinsheng Group	BainCapital	Feb. 16th	real estate	It is a large private multinational company with total assets reaching RMB3 billion and its business covers housing decoration, building material, household articles
54	Ambow Education Co., Ltd.	Macquarie Bank	Oct. 9th	software industry for training	one of "Top Ten Brands" in China's educational industry in 2006"
52	Century 21 Real Estate LLC	Avenue Capital	Oct. 22nd	finance, insurance, real estate	It focuses on real estate industry, including housing finance and house insurance and derivatives

According to the research on the cases and the authoritative statistics issued by the listed companies and institutions, the report analyzes the status quo, the policy environment, the investment cases and the key enterprises' development of China equity investment industry in 2007. It makes a detailed summary of 25 active equity investment companies in China and their investment cases. Furthermore, the report also forecasts the developing trend of the industry in 2008 by analyzing the development situation of China equity investment in 2007 and before 2007.



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