

Opportunities for
Greater China VC Investment
in European Companies



Opportunities for Greater China VC Investment in European Companies

INTRODUCTION

A key consequence of the global economic downturn has been the decline in investment and venture capital. This has challenged companies, investment funds and government to look to non-traditional sources of foreign investment. China is of growing interest as a source of corporate investment but the reality is that Chinese corporate and VC investment overseas this is still very much in its infancy. In February 2013, Finpro, the Finnish Government's Export Trade Agency, together with China Finland Golden Bridge commissioned a short study to investigate trends and perspectives of Chinese investors in corporate Europe.

The focus of the interviews in the study related to growth capital – mainly venture capital – with European companies that had received funding from investors from Greater China.

Conclusions & Key Findings

CONCLUSIONS

Venture capital is perhaps better defined in French “capital risque” – that is risk capital, which quite rightly reflects the speculative and riskier nature of venture investment. By definition, for every Skype or Facebook, there are a hundred other venture funded companies that have more varying degrees of success and failure. Investors from Greater China VCs have almost identical goals to VCs in London, New York or Silicon Valley – to make a good return on their investment within the target timeframes.

Thus far the majority of Greater Chinese growth capital investments in European companies would have to be considered a success. Perhaps the most high profile success would be Spotify, the online music provider, established in Sweden in 2008, that had received second round funding from Li Ka Shing Foundation. Since then, the company has had three more rounds and was valued at an estimated €2.495 billion at the close of Round 5 in May 2012.

Of course, it is still very early days but the signs are encouraging and there is no doubt that China can provide an additional source of much needed investment at a time when European VC investment is very hard stretched and increasingly more selective – with the very large bonus of opening the doors to the Chinese market opportunities, something which European VCs cannot deliver without a Chinese partner.

KEY FINDINGS

- All but one of interviewed companies' Chinese investments considered to be a success: professional, reliable and flexible investors
- For the most part, very positive experiences – and the one negative felt that the fault lied as much with themselves for not having done good enough due diligence
- All companies are strongly advised to do extra due-diligence and allow more time when seeking investment from Chinese firms. Simple things like communications and cultural factors must be taken into consideration for both parties
- Hong Kong investors are perceived as the key, proven, low-risk entry point to wider Chinese funding sources. Mainland China investment firms have a very limited European presence and generally will prefer to co-invest rather than lead invest in European companies.

In all but one of the cases, company owners considered the investment has been considered a success, that it was the right thing for their company and that the Greater China investors had been very good partners.

However, there was a feeling that whilst the Hong Kong investors were very “Western” and professional in their dealings, company executives would have more reservations about working with mainland China VCs. These reservations related to perceived lack of track record and expertise and potential cultural barriers.

The key finding is that companies are very open to Chinese investment but that experienced Hong Kong institutions would be their preferred lead investors and that these would be seen as the conduit to securing other reputable investors from mainland China.

ADVICE TO COMPANIES SEEKING CHINESE VC INVESTMENT

The key points to consider may seem like common sense. Sadly this is the least common of the senses!

1. Look for Chinese investors that have a Western approach – Hong Kong firms are recommended and can unlock the doors to the region as a whole
2. But be careful about when being introduced to other investors and partners in networks - only where it makes sense for the business
3. Good due-diligence is critical and it is essential not to rush things, no matter how attractive the deal sounds on paper
4. Be very clear and specific about expectations, documentation and ensure nothing is “lost in translation”
5. Work with professional, Western, legal advisers

ADVICE FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

“Chinese VC can assist in opening up doors in the region”

.....

“The value of working with a Hong Kong based VC, which offers a degree of protection from any difficulties that might arise from dealing with a more traditionally Chinese VC, is worth considering”

.....

“Working with a Hong Kong-based VC is a good way to approach China, while retaining a Western approach”

.....

They (Hong Kong investor) have a global skillset with tremendous linguistic skills, so it was very straightforward working with them. But experiences could be different with a “classic” Chinese VC”

.....

“Dealing with Chinese VCs with Western approach is very positive but not at all sure they are all like this and would have reservations”

.....

“Investors may want to introduce you to their network as a way to add value, which is fine as long as there is a genuine business reason for doing so”

.....

“Make absolutely sure that you have all the necessary paperwork done in detail, as they won’t understand it, if you don’t”

.....

“Make a proper check of the background of the investor”

.....

“Be critical in the beginning, no matter how tempting the proposal might sound”

.....

“Document everything that is agreed. If something is unclear, demand explanation”

Experiences of European Companies Receiving Chinese VC Investment

INVESTMENT MODEL

All but one of the companies interviewed had a straight, equity finance model and the other was a model whereby the investors acquired 51% of a joint venture company, established in China, in which the European target company provided the technology and intellectual property. The investment deals were mainly either second or third funding rounds.

In most cases, the investment model was the one which the target had preferred and suggested to the investors – and no other models were given any serious consideration in the negotiations. Only in one case was the model considered to have been highly driven, by the investor.

The **roles of the Chinese investors** ranged from being very actively involved to a much more passive, hands-off, longer-term approach.

COMMENTS FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

“Having a passive investor of this type has been well suited to our strong, founder-led serial entrepreneur-driven structure”

.....

“They were new to my investors, they had a reasonably longer-term perspective, which given the needs of our investment was a helpful thing. We had a slightly unusual investment, that may have a slightly longer than usual horizon, and they were more amenable to that. Also, they have a good track record of having invested in the West, which was a key factor for us, when considering, for instance, how this company would sit on the Board - would they add value as well as capital, and so on”

The **motivations for seeking the investment from Chinese investors varied** from companies actively seeking to diversify their investor base to entirely opportunistic cases.

COMMENTS FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

“The company wanted to build a global shareholder base, so in that investment round it took in investors from Argentina, Brazil, Saudi Arabia and Hong Kong”

.....

“One of the strong drivers to negotiate funding with them was the potential for opportunities in Asia. We also wanted to diversify our investor base, and it is always good to get something more than just capital out of our investors.”

.....

“The company had wanted US or European investors but struggled and was introduced to Chinese investors via networking”

WERE THERE ANY CHINA SPECIFIC ANGLES TO THE INVESTMENT MODEL?

In over half of the deals, there was a relevant China specific angle to the investment. These motivations were categorized in two ways:

- Market facing dimension – there was a large business opportunity for the **recipient companies’ products or services** in China itself but also in the wider South East Asian market. In one deal, establishing an operation in China was a fundamental requirement by the investor.
- Diversification of investor base – in these cases the recipient cases was **actively seeking** a more globalized investor base and access to Greater China investment sources.

COMMENTS FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

"We were a relatively small investment for them and they wanted to see that the company had products and ambition in Asia, so this was technology that they wanted to back, with regional relevance."

EXIT MODEL

There was a mix of exit models with the majority planning a trade sale or an IPO. However, a key point is that most investors maintained a flexible approach to potential exit models depending on the development of the business.

COMMENTS FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

"The only changes that we've experienced since the investment are business related, caused by the environment in which we operate, but objectives and higher-level missions have remained largely the same. "

.....

"There has been a change of direction in terms of what the initial exit hypothesis was. The investors have been involved in those discussions and have added tremendous value. The network of investors understand each other and are able to work effectively, which allows the company to have a well-functioning board. Our initial plan had been that the exit would be some kind of trade sale, but over time as people have seen the progress we've made, it has become clear that not a huge amount of additional funding is needed for the company, and the returns are good, so we may take the company further ourselves or take it public. - So this was a fluid decision that took place with the passage of time."

But a word of caution from an investment that did not meet the company's expectations

COMMENTS FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

"There were no changes to the plan in good faith. There were complications due to delays in the cash contribution from the investor which caused financial difficulties to the company. The investor also bought out the other investors on the Chinese side. In the event of the company going bust, the Chinese investor would have taken over 100% ownership"

POSITIVE LEARNING POINTS

COMMENTS FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

"The experience with the investor has been superb- a very good experience. True to their word, consistent and supportive"

.....

"Our view is that China (at least Hong Kong) is a very good place to seek venture capital"

.....

"The investment model - straight equity- was right for us, and dealing with the Hong Kong based VC has been useful for us in approaching the Chinese market."

.....

"This was the only option for us, and has worked well"

COMMENTS FROM COMPANIES THAT RECEIVED GREATER CHINA INVESTMENT

“This investment model has been “fairly successful. They have been a long term investor, but have had no strong presence in the company (e.g on the board) . They have been a supportive, but in our case quite passive investor”.

.....

“They set up introductions to other super high net worth investors , and that was a slightly more complicated process, which perhaps was not as successful from our perspective, in terms of finding them to be potentially attractive investors. Some investors have plenty of money but really have no idea what they're investing in- Then there are others who understand what you're doing, understand the possible exit points, and are able to help you with network opportunities, and in those terms, they were quite good. The less sophisticated the potential investor is, the less likely it is to understand when things get more complicated, as things inevitably do, and to get a clear perspective as to the risk factors and to navigate the trickier waters. – At that point one needs to be able to have a reasonable dialogue”

.....

“The main learning in this case was that giving the VC the controlling interest (51% of shares) gave them the power to out-manoeuvre our company. They took the management positions in the JV and in effect the operation of the company. According to the Articles of Association the investor was not supposed to be taking part in the operation”

.....

“Documentation was in Chinese. They signed English translations also, but in case there are any differences in interpretation - misunderstanding or lost in translation- the Chinese text is primarily legally binding”

Chinese Investors Perspective

A key distinction needs to be made between Hong Kong investors and those from mainland China.

Clearly Hong Kong is a global financial centre and investors based there are considered to be as mature and sophisticated as those found in the USA, London and Helsinki. In contrast, mainland Chinese investors are indeed much younger in terms of their global investment experience in European and US private companies, particularly in earlier stage, venture or angel backed companies.

So what do they look for? Just like anywhere else in the world, stereotyping is never the wisest of ideas and the reality is of course that each Chinese investor follows its own course in terms of strategies and preferences.

“Some China VCs invest on certain industry sectors which they have strong and developed expertise and deep industry knowledge. Within these VC's most common industry sectors are life sciences, retail industry, media and technology. But others don't focus on certain industry sectors but search for operationally strong companies that need capital for example for expansion”

.....

““We can be quite flexible on this- It's very much a case by case decision. If the technology is really strong and makes sense to us, we will go in at a much earlier stage – or indeed a much later stage. “

Mobile technologies are currently one of the hottest topics and Chinese investors are scouting and investing worldwide to find the latest technologies

"We're looking for companies whose technology has a mobile element, consumer facing. There are a lot of these companies around, but we tend to focus on companies with really deep technology. We wouldn't invest in a platform business or an ecommerce platform. That's why we haven't found anything in Asia, or China, because there's no technology- there's more copying. That's why we've been focusing for instance on Israel, where there is a plentiful supply of this kind of company, and good technical people. - We're even finding it difficult to find the right companies in the States, with deep technology and the right entrepreneurial experience."

There are also firms that are committed for long-term investment such as China Investment Corporation (CIC) and Jade Invest. Similarly Li Ka Shing Foundation (LKSF) is a charitable organization focus on the necessity of quality education and healthcare for families and society as a whole to thrive

Scale of funding also varies significantly. At the smaller, earlier stage, end of the scale, investments range from \$3-20 million in varied capital structures. Further along the investment chain, three well known firms invest from \$10-75 million and \$20-200 million in equity capital. Acquisitions can be even larger e.g.in April 2011, Unitas Capital, a China based private equity firm, invested \$525 million in Hyva Group B.V.

The role that Chinese investors take within the investment recipient varies very significantly from a purely passive role to one where the investor takes a far more direct and operational input.

PASSIVE

"Different VCs have different management practices. Some usually do not take a controlling role - or seek to influence operations in the companies in which it invests - the fundamental approach being long-term - to hold, manage, and invest its mandated assets to maximize shareholder's value"

ACTIVE

"Besides the investing team, it also has a consulting team to enable maximum value creation within their portfolio companies. It is looking to make significant impact in the companies which they invest, and will hold its stake long enough until value is fully realized. It is involved in its portfolio companies business and together with the company it wants to expand the companies' corporate governance, strategic planning, financial expertise and capital market access and companies' international business development"

As one professional services advisor summarized - it's a step by step approach in the case of stakes leading to acquisitions:

"For majority shareholding deals, usually board seats are sought. But more Chinese companies try to do this step by step by first having a few monitoring managers on the site to "learn" and "watch" rather than to manage the target companies from the very beginning, especially if they don't already know the operations there"

China Outbound Corporate Investment Trends into Europe

It is important to set this in the context of trends in broader European corporate investments by Chinese companies.

GROWTH CAPITAL INVESTMENTS

Chinese VC and PE investment is still very focused on China and Asia, reflecting the need for a strong local engagement with portfolio companies.

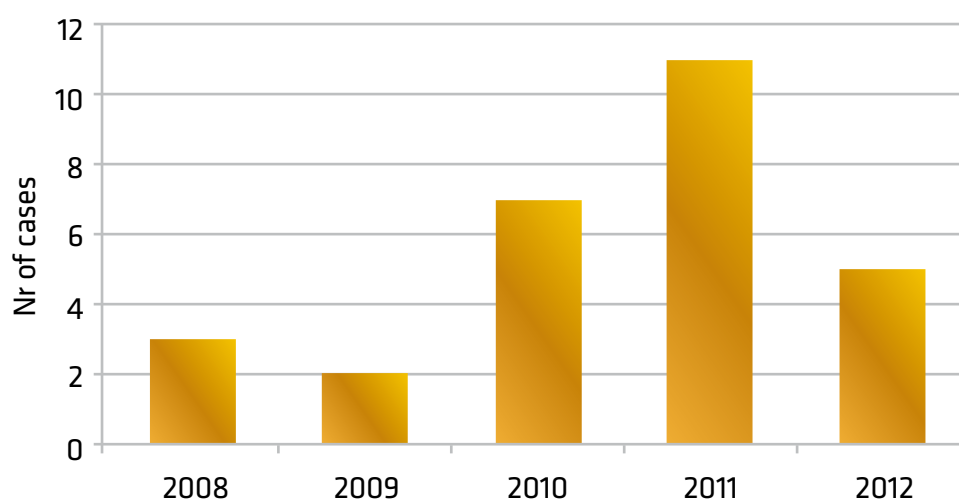
“Most of the VCs have strong Asia and China focus as informed investment decisions require a strong local presence. Most don’t any have investments in Europe”

Growth capital investments include venture capital, corporate venturing and angel investments made in companies that are either at seed or growth stages of their life cycle. In 2012, during the on-going economic crises, the number¹ of European VC deals fell by 11% and the value² of European venture capital funding declined by 9% according to Dow Jones Venture Source.

Consequently, Chinese investors have started to emerge as potential sources of investment for European companies with high-growth potential and a “born-global” vision

According to Bureau van Dijk’s Zephyr database, between January 2008 - December 2012 there were only 28 such growth capital investments made by Greater Chinese companies in Europe. Indeed 2012 was slower in terms of investment activity with only 5 deals, compared to 11 in 2011. The average deal value during 2008-2012 was approximately €14 million.

Number of Growth Capital Investments by Greater Chinese Companies in Europe, 2008-2012



1 1074 deals in 2012 vs 1211 deals in 2011

2 €4,4 billion in 2012 vs €4,9 billion in 2012

So far, Greater China investment in Europe has been very largely focused on UK companies which accounted for 19 (68%) of the 28 deals between 2008 and 2012. All but one of the deals were in Western Europe. The three investments in Nordic companies were in a Danish business and in two Norwegian businesses (Acqualyng Holding and Bach Technology). The Danish investment, via private equity, was in a mature company – the world renowned Bang & Olufsen entertainment technology company.

The table below clearly shows how that – so far – Greater China growth capital investments in European companies have been dominated by Hong Kong and Taiwan based firms. In particular, Morningside (which includes both Morningside Group and Morningside Technology Investments) and Porton Capital have been involved in 12 of the 28 deals recorded.

Top 20 Greater China Growth Capital Investors in European Companies-2008 to 2012						
	Company name	Location	No of deals	Deals with disclosed values	Total deal value (EUR millions)	Average deal value (EUR millions)
1	Porton Capital Ltd	Hong Kong	7	6	29,2	4,9
2	Morningside Group (Holdings) Ltd	Hong Kong	4	3	21,2	7,1
3	Asia Debt Management Hong Kong Ltd	Hong Kong	1	1	74,4	74,4
4	Li Ka Shing Foundation Ltd	Hong Kong	2	1	37,4	18,7
5	Jade Invest	Shanghai	2	2	7,8	3,9
6	Horizons Ventures Ltd	Hong Kong	2	2	6,7	3,3
7	First Eastern Investment Group	Hong Kong	2	1	4,8	2,4
8	Morningside Technology Investments Ltd	Hong Kong	1	1	31,6	31,6
9	CLSA Capital Partners (HK) Ltd	Hong Kong	1	1	24,3	24,3
10	Fung Capital Asia Investments Ltd	Hong Kong	1	1	20,6	20,6
11	Interlink Investments Ltd	Hong Kong	1	1	15,0	15,0
12	Pacific Venture Partners	Taiwan	1	1	10,6	10,6
12	SerComm Corporation	Taiwan	1	1	10,6	10,6
12	UMC Capital Corporation	Taiwan	1	1	10,6	10,6
15	Asia Pacific Capital (HK) Ltd	Hong Kong	1	1	9,5	9,5
16	Amalfi Capital Management Ltd	China	1	1	1,1	1,1
16	Pacific Tiger Group	Hong Kong	1	1	1,1	1,1
18	Signeo International Ltd	Hong Kong	1	0	n.a.	n.a.
19	DFR Asia Ltd	China	1	0	n.a.	n.a.
20	Baring Private Equity Partners Asia	Hong Kong	1	0	n.a.	n.a.

Other significant Greater China based capital investors in European companies

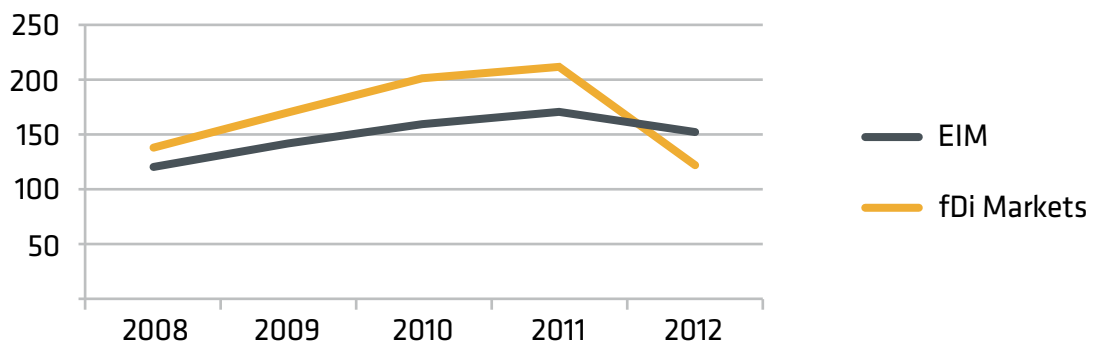
Other Significant Greater China Corporate and Institutional Investors in European Companies			
Investor	Location	Type of Company	European investment targets
Advanced Technology & Materials	Beijing, China	Metallic & non-metallic materials	Odersun (Germany)
AVIC Xian Aircraft Industry (Group) Co., Ltd	Shaanxi, China	Aerospace	FACC (Austria)
Baiyin Nonferrous Metals Group Co., Ltd	Gansu, China	Metals	Oxus Gold (UK)
Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd	China	Heavy industries	Compagnia Italiana Forme Acciaio(Italy)
Chang Xin Yuan Su (Tianjin) Equity Investment Fund Management LP	Tianjin, China	Private equity	Oxus Gold (UK)

China Investment Corporation	China	Sovereign wealth fund	Diageo (UK), Kemble Water (UK),
CSSC Nanjing Luzhou Machine Co	China	Marine lifting equipment	Hatlapa Uetersen Maschinenfabrik (Germany)
CITIC Construction Co Ltd	Beijing, China	Construction	Oxus Gold (UK)
Hony Capital	Hong Kong	Private equity	Compagnia Italiana Forme Acciaio (Italy)
HNA Group	Taiwan	Diversified transport, leisure and property group	HNA Holdings Co., Ltd (UK), NH Hoteles (Spain)
HTC Corp	Taiwan	Communications & networks: Wireless communications equipment	Abaxia (France), Saffron Media Group (UK)
Kerogen Capital (Asia) Ltd	Hong Kong	Private equity	Cuadrilla Resources (UK), New Age-African Global Energy (UK)
Lite-On Technology Corporation	Taiwan	Electronics and computer equipment	Epyon (Netherlands), Payom Solar (Germany)
Pacific Century Group	Hong Kong	Private equity	Balgarska Telekomunikatsionna Kompania (Bulgaria)
Poem Technologies Co. Ltd	Shenzhen	Renewable energy technologies	SiConnect (UK)
Sino-American Silicon Products Inc	Taiwan	Silicon wafers, semiconductor materials	Silifab (Italy)
Suntech Power	Wuxi	Renewable energy technologies	Nitol Solar (Russia)
Unitas Capital Pte Ltd	Hong Kong	Private equity	Hyva Holding (Netherlands)
Yellow Dragon Enterprises	Hong Kong	Business consulting and advisory services	Suntrica (Finland)

ORGANIC (“GREENFIELD”) FOREIGN DIRECT INVESTMENT

For the five-year period 2008-2012, there were 841 recorded corporate investments announced by companies from Greater China into Europe. There were 152 announcements in 2012. It is clear that the financial crisis of 2009 did not slow down growth in Chinese foreign investment, but in 2012 investment activity seems to have been hit by the prolonged recession and economic uncertainty in Europe – the two international databases (Ernst & Young European Investment Monitor-EIM - and Financial Times fDi Markets both recorded a significant decline in deal flows in 2012).

Greater Chinese Foreign Direct Investment in Europe, 2008-2012



The Nordic countries (Denmark, Finland, Norway and Sweden) are still relatively undiscovered by Greater Chinese companies, accounting for just under 6% of all European organic FDI deals between 2008 and 2012. UK, Germany and France have been the main focus, accounting for a combined 73% of deals between 2008 and 2012.

Chinese companies have been investing across the full range of different business functions in Europe, with manufacturing and R&D operations accounting for 15% and 7% respectively. Furthermore, Chinese manufacturing investment is still focused on the more sophisticated markets of Western Europe (54% share of investments) rather than the lower cost options in Central & Eastern Europe and Russia.

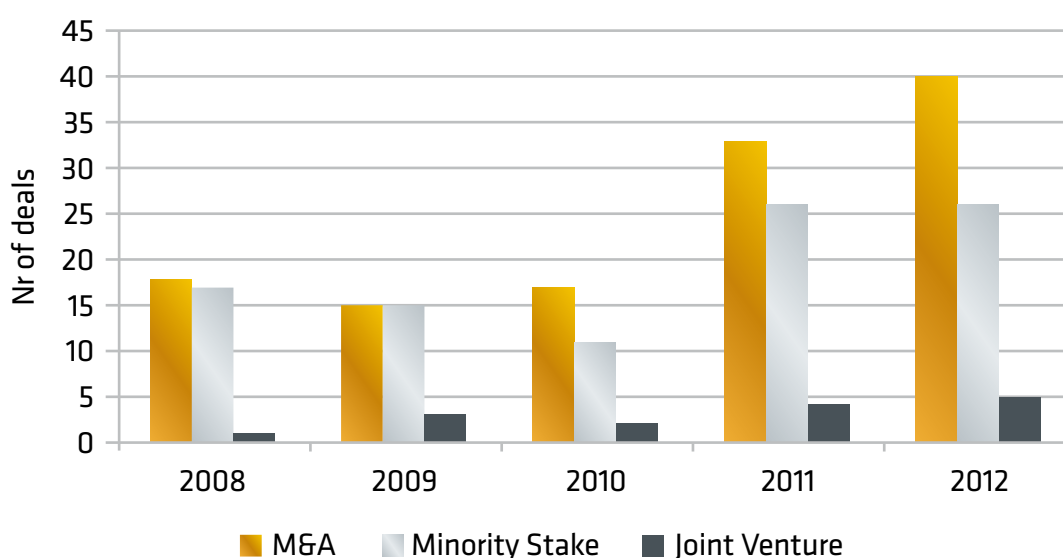
Huawei has been one of the most high-profile Chinese corporate investors into Europe in recent years and it announced a €94 million investment in a new mobile handsets R&D facility in Helsinki, Finland, that is set to create over 100 jobs in the next 4 years.

M&A INVESTMENTS

Between 2008 and 2012, Bureau van Dijk's Zephyr database of global equity investments recorded 123 M&A, 95 minority stake deals and 15 joint ventures by Greater China investors into Europe. The trend has been increasing during the past two years. There were 73 M&A investments in 2011 and 2012. In 2012 the average value for acquisitions was €312 million and €238 million for minority stake investments, according to Zephyr.

M&A, JV and equity stakes are clearly becoming an increasingly attractive option for Chinese investors interested in accessing companies with interesting technologies and business models with scalable potential in China itself and globally. In 2012 acquisitions and minority stake deals reached 1.5% of all cross-border M&A and minority stake investments in Europe – so there is still enormous potential.

Number of M&A, Minority Stake and Joint Venture deals by Greater Chinese Companies in Europe, 2008-2012



Germany and the UK have been the preferred target investments for Greater China companies, together accounting for 42% of deals between 2008 and 2012. Including France and Netherlands, the top 4 accounted for 67% of investments. The UK has attracted by far the most Chinese minority stake investments - 44% of the entire stock of minority stake deals.

Between 2008 and 2012, the Nordic countries attracted 11 M&A (9% share) and 8 minority stake investments (8% share). Of the Nordics, Sweden ranks highest with 6 acquisitions and one minority stake deal. The two Finnish investments, both in 2012, were realized by Guangxi Liugong Machinery Co., Ltd (investment in Maanrakennus-liike Powerman Oy) and by Mr Juan Zhu, Mr Sheng Chen who acquired Kjisik Ky.

It's interesting to note that companies like Huawei and ZTE, which are the most active Chinese FDI players in the Nordics (see Appendix 2, 3), are not present in the top M&A investors list at all.

APPENDIX I – EUROPEAN COMPANIES FUNDED BY CHINESE GROWTH CAPITAL INVESTORS 2008-2012

European Growth Capital Investment Targets, 2008-2012					
	Company name	No of deals	Deals with disclosed values	Total deal value (EUR millions)	Average deal value (EUR millions)
1	ACAL Energy Ltd	2	2	11,1	5,57
2	Microvisk Ltd	2	2	9,93	4,96
3	Procarta Biosystems Ltd	2	2	1,46	0,73
4	Russkie Bashni ZAO	1	1	74,4	74,4
5	Odersun AG	1	1	40,0	40,0
6	Plastic Logic Ltd	1	1	31,6	31,6
7	Aqualyng Holding AS	1	1	24,3	24,3
8	Bang & Olufsen A/S	1	1	23,2	23,2
9	PCH International Ltd	1	1	20,6	20,6
10	Oxyrane UK Ltd	1	1	19,7	19,7
11	Occlutech GmbH	1	1	15,0	15,0
12	UbiquiSys Ltd	1	1	10,6	10,6
13	Oxitec Ltd	1	1	9,54	9,54
14	Epyon BV	1	1	7,00	7,00
15	P2i Ltd	1	1	6,50	6,50
16	BigDNA Ltd	1	1	2,36	2,36
17	Warwick Audio Technologies Ltd	1	1	1,66	1,66
18	Qriously Ltd	1	1	1,15	1,15
19	Summly Ltd	1	1	0,19	0,19
20	SmartKem Ltd	1	0	n.a.	n.a.
21	CellCentric Ltd	1	0	n.a.	n.a.
22	Bach Technology AS	1	0	n.a.	n.a.
23	zero1.tv GmbH	1	0	n.a.	n.a.
24	Lulu Guinness Ltd	1	0	n.a.	n.a.
25	Nord Anglia Education Ltd	1	0	n.a.	n.a.
	Total	28	22	310,3	14,1

APPENDIX II – MOST ACTIVE GREATER CHINA INVESTORS IN EUROPE 2008-2012

Organic Investments

	Company	No. of Projects	Source Country	Source City	Turnover (EURm)	Primary Sector	Date of Last Project
1	Huawei Technologies	37	China	Shenzhen	24 482	Communications	Jan/2013
2	ZTE	17	China	Shenzhen	10 454	Communications	May/2012
3	Bank of China	15	China	Beijing	62 200	Financial Services	Jan/2013
4	Industrial and Commercial Bank of China (ICBC)	13	China	Beijing	84 281	Financial Services	Aug/2012
5	Suntech Power Holdings	10	China	Wuxi	2 405	Electronic Components	Oct/2011
6	China National Chemical (ChemChina)	10	China	Beijing	21	Chemicals	
7	YingKe	9	China	Beijing		Business Services	Mar/2012
8	Chint Group	8	China	Wenzhou		Alternative/Renewable energy	Dec/2008
9	Hon Hai Precision Industry	7	Taiwan	Taipei	77 896	Electronic Components	Feb/2011
10	Hutchison Whampoa	7	Hong Kong	Hong Kong	22 984	Communications	Jan/2013
11	TP-Link Technologies	7	China	Shenzhen	772	Communications	Mar/2012
12	Fair Friend	6	Taiwan	Taipei		Industrial Machinery, Equipment & Tools	Jun/2011
13	Clenergy International	6	China	Xiamen	5	Electronic Components	May/2012
14	Crown Worldwide Holdings	6	Hong Kong	Hong Kong	367	Transportation	Jun/2012
15	Midea Group	6	China	Foshan	1 774	Consumer Electronics	Jan/2012
16	Trina Solar Limited	6	China	Changzhou	1 565	Electronic Components	Sep/2012
17	Dragon Power	5	China	Shenzhen	8	Industrial Machinery, Equipment & Tools	
18	High Tech Computer (HTC)	5	Taiwan	Taoyuan	3 425	Communications	Mar/2012
19	Mitac	5	Taiwan	Taipei	93	Business Machines & Equipment	
20	Aviation Industry Corporation of China	4	China	Beijing	19 237	Automotive Components	
21	Haier Group	4	China	Qingdao	4 137	Consumer Electronics	Aug/2012
22	AU Optonics	4	Taiwan	Hsinchu	12 141	Electronic Components	Dec/2011
23	Zhejiang Geely Holding Group (Geely Holding Group)	4	China	Hangzhou	2 517	Automotive OEM	Aug/2012
24	Acer	4	Taiwan	Taipei	11 929	Business Machines & Equipment	Oct/2012
25	Sany	4	China	Changsha	38	Industrial Machinery, Equipment & Tools	Dec/2011
26	China North Industries Group (NORINCO)	4	China	Beijing	13 801	Automotive Components	

27	XCMG	4	China	Xuzhou	14	Industrial Machinery, Equipment & Tools	Sep/2011
28	Xinhua News Agency	4	China	Beijing		Business Services	Apr/2011
29	ET Solar	3	China	Nanjing		Electronic Components	Jul/2012
30	Beiqi Foton Motor	3	China	Beijing	6 057	Automotive OEM	Nov/2012
31	BYD Electronics	3	China	Shenzhen	5 559	Automotive OEM	Dec/2012
32	XBOSoft	3	China	Beijing		Software & IT services	Jul/2010
33	YAPP Automotive Parts	3	China	Yangzhou	258	Automotive Components	Jul/2011
34	Yingli Green Energy Holding Company Limited (Yingli)	3	China	Baoding	1 780	Electronic Components	Oct/2012
35	China Sunergy	3	China	Nanjing	433	Electronic Components	Nov/2012
36	China South Industries Group (CSG)	3	China	Beijing		Automotive OEM	
37	Great Wall Motors (GWM)	3	China	Baoding	1 074	Automotive OEM	Mar/2011
38	China Construction Bank	3	China	Beijing	69 002	Financial Services	Sep/2012
39	Chery Automobile	3	China	Wuhu	2 750	Automotive OEM	May/2011
40	Rotam Global AgroSciences	3	Hong Kong	Hong Kong	98	Chemicals	Jan/2011
41	XY Group	3	China	Beijing		Paper, Printing & Packaging	Dec/2011
42	Winsun New Energy	3	China	Wujiang	33	Electronic Components	Aug/2010
43	Brightoil Petroleum (First Sign International)	3	Hong Kong	Hong Kong	1 339	Coal, Oil and Natural Gas	Feb/2011
44	China Guodian Corporation	2	China	Beijing	247	Electronic Components	
45	China International Marine Containers	2	China	Shenzhen		Automotive Components	May/2010
46	Royale International Group	2	Hong Kong	Hong Kong		Transportation	Apr/2011
47	Kweichow Moutai	2	China	Zunyi	1 344	Beverages	May/2011
48	JinkoSolar	2	China	Shanghai	887	Electronic Components	Mar/2012
49	ADATA Technology	2	Taiwan	Taipei	1 105	Business Machines & Equipment	Feb/2011
50	ChinaCache	2	China	Beijing	49	Software & IT services	Dec/2011

M&A Investments

Top 50 Acquirors 2008-2012					
	Company name	No of deals	Deals with disclosed values	Total deal value EUR millions	Average deal value EUR millions
1	Wistron Corporation	4	3	59,5	19,8
2	HTC Corporation	3	3	57,0	19,0
3	Weichai Power Co., Ltd	2	2	274,0	137,0
4	Lite-On Technology Corporation	2	2	28,0	14,0
5	Ningbo Huaxiang Electronics Co., Ltd	2	1	19,0	19,0
6	AVIC Xian Aircraft Industry (Group) Co., Ltd	2	0	n.a.	n.a.
7	Anshan Iron & Steel Group Corporation	2	0	n.a.	n.a.
8	Kerry Logistics Network Ltd	2	0	n.a.	n.a.
9	Fung Brands Ltd	2	0	n.a.	n.a.
10	Cheung Kong Infrastructure Holdings Ltd	1	1	6 608,1	6 608,1
11	Hongkong Electric Holdings Ltd	1	1	6 608,1	6 608,1
12	Li Ka Shing Foundation Ltd (Hong Kong)	1	1	6 608,1	6 608,1
13	Li Ka Shing (Overseas) Foundation	1	1	6 608,1	6 608,1
14	Jynwel Capital Ltd	1	1	2 742,3	2 742,3
15	GSO Capital Partners LP	1	1	2 742,3	2 742,3
16	Mubadala Development Company PJSC	1	1	2 742,3	2 742,3
17	China National Bluestar (Group) Corporation	1	1	1 649,3	1 649,3
18	Zhejiang Geely Holding Group Co., Ltd	1	1	1 378,0	1 378,0
19	Yantai Wanhua Polyurethane Co., Ltd	1	1	1 230,0	1 230,0
20	Bright Food (Group) Co., Ltd	1	1	874,6	874,6
21	China Huaneng Group	1	1	853,4	853,4
22	Taurus Mineral Ltd	1	1	734,6	734,6
23	Sany Heavy Industry Co., Ltd	1	1	360,0	360,0
24	CITIC Private Equity Funds Management Co., Ltd	1	1	360,0	360,0
25	Honiton Energy Group	1	1	319,2	319,2
26	Grand China Logistics Holding (Group) Co., Ltd	1	1	278,4	278,4
27	Mandarin Capital Management SA	1	1	271,0	271,0
28	Changsha Zoomlion Heavy Industry Science and Technology Development Co., Ltd	1	1	271,0	271,0
29	Hony Capital Co., Ltd	1	1	271,0	271,0
30	Sichuan Changhong Electric Co., Ltd	1	1	210,4	210,4
31	China Merchants Holdings (International) Co., Ltd	1	1	150,0	150,0
32	Xiamen Zijin Tongguan Investment Development Co.	1	1	105,2	105,2
33	Wolong Holding Group Co., Ltd	1	1	100,0	100,0
34	Millennium Marine Ltd	1	1	80,0	80,0
35	HNA Group Co., Ltd	1	1	64,2	64,2
36	Citic Group Inc.	1	1	50,0	50,0
37	Mr Yunfeng Gao	1	1	41,5	41,5
38	Xinjiang Goldwind Science & Technology Co., Ltd	1	1	41,2	41,2
39	Beijing Automotive Industry Holding Co., Ltd	1	1	31,0	31,0
40	Geeya Technology (Hong Kong) Ltd	1	1	28,8	28,8
41	Eure Council	1	1	22,0	22,0

42	Double A International Hong Kong Ltd	1	1	22,0	22,0
43	CDC Software Corp.	1	1	18,9	18,9
44	YGM Trading Ltd	1	1	18,6	18,6
45	Hon Hai Precision Industry Co., Ltd	1	1	15,9	15,9
46	Shandong Kaitai Metal Abrasive Co., Ltd	1	1	11,0	11,0
47	COFCO Ltd	1	1	10,0	10,0
48	Microelectronics Technology Inc.	1	1	8,3	8,3
49	YTO Group Corporation Ltd	1	1	8,0	8,0
50	Win Win Precision Technology Co., Ltd	1	1	7,7	7,7

Minority Stake Investors

Top 25 Minority Stake Investors 2008-2012					
	Company name	No of deals	Deals with disclosed values	Total deal value (EUR millions)	Average deal value (EUR millions)
1	Porton Capital Ltd	7	6	29,2	4,9
2	China Investment Corporation	6	4	2 799,5	699,9
3	Morningside Group (Holdings) Ltd	4	3	21,2	7,1
4	Mr Yunfeng Gao	4	3	10,5	3,5
5	Fosun International Ltd	3	2	110,2	55,1
6	Yanggu Xiangguang Copper Co., Ltd	2	2	15,4	7,7
7	Zhongrun International Mining Co., Ltd	2	2	14,9	7,4
8	Lite-On Technology Corporation	2	2	10,5	5,3
9	First Eastern Investment Group	2	1	4,8	4,8
10	Mr David Wong	2	2	4,5	2,2
11	Wistron Corporation	2	2	1,1	0,5
12	HNA Group Co., Ltd	2	0	n.a.	n.a.
13	China Three Gorges Corporation	1	1	2 693,2	2 693,2
14	Zijin Mining Group Co., Ltd	1	1	1 543,4	1 543,4
15	Taiwan Semiconductor Manufacturing Co., Ltd	1	1	837,8	837,8
16	State Administration of Foreign Exchange	1	1	472,7	472,7
17	Weichai Power Co., Ltd	1	1	467,0	467,0
18	State Grid International Development Ltd	1	1	403,5	403,5
19	Chengdong Investment Corporation	1	1	328,1	328,1
20	Ping An Insurance (Group) Company of China	1	1	262,3	262,3
21	Bank of China Ltd	1	1	236,3	236,3
22	Hongkong and Shanghai Hotels Ltd, The	1	1	100,0	100,0
23	Asia Debt Management Hong Kong Ltd	1	1	74,4	74,4
24	Sociedade de Turismo e Diversoes de Macau SA	1	1	60,9	60,9
25	Advanced Technology & Materials Co., Ltd	1	1	40,0	40,0

FinNode–Venture Capital Markets in Greater Finpro China

This project has been commissioned and funded by FinNode China.

FinNode

FinNode is the global network of Finnish innovation organisations, linking Finnish and international experts and competencies to facilitate innovation. The organisation's activities promote strategic cooperation between enterprises and other actors, as well as partnerships in the markets and innovation sectors most interesting to Finland.

Success in a global networked economy is based on a pioneering approach. This requires both early recognition of changing trends in innovation activity and partnerships with international top players.

In the countries in which it operates, the FinNode network relays information to Finland on new phenomena in innovation activity. Some observations are studied in more detail through FinNode projects. The aim is to understand development trends at the earliest possible stage and capitalise on new business opportunities and models. Information is communicated to Finland, for instance during FinNode signal sessions. These are interactive events at which enterprises and other innovation actors can pick up the latest signals in international innovation activity, via teleconference links at Centres for Economic Development, Transport and the Environment.

Within their host states, FinNodes represent the entire Finnish innovation system. Through FinNodes, foreign partners can reach Finland's key public innovation organisations. FinNode activity strengthens the ability of Finnish organisations to exert a joint influence on international innovation activity networks.

The FinNode network cooperates with national innovation platforms and networks, in particular by supporting the international networking of competence clusters, Centres of Strategic Excellence (CoSE), and Centres for Economic Development, Transport and the Environment (ELY Centres).

In addition to the Ministry of Employment and the Economy, Tekes, Finpro, VTT, Sitra, and the Academy of Finland are all involved in the FinNode network.

The Ministry of Education and Culture, and the Confederation of Finnish Industries EK, participate in steering the network, too. In the host countries, FinNode activities are led by Sari Arho-Havrén (China), Jukka Salmi (the United States), Virpi Herranen (Russia), Reijo Munther (Japan) and Riku Mäkelä (India).

TEKES

Tekes is a publicly funded expert organization that finances research, development and innovation in Finland. The funding offers opportunities for renewal and growth of Finnish industries and it is targeted to projects that create the greatest benefits for the Finnish economy and society in the long-term. The goal is to create new growth enterprises with a special emphasis on SMEs seeking international growth.

In China Tekes promotes science and technology cooperation between Chinese and Finnish universities, research institutes, companies and officials and it has special programs in China that act as gateways to the researcher groups and innovative R&D companies in Finland.

Former Finnode - from the beginning of 2013 Team Finland Future Watch under Tekes - provides understanding on future trends of the Chinese market for Finnish companies and Team Finland players.

FINPRO

FINPRO – INTERNATIONAL GROWTH AND SUCCESS

Finpro is the national trade, internationalization and investment development organization in Finland. We support our clients' international growth and success by enabling them to be in the right markets at the right time with a competitive concept and offering.

Both locally and globally, Finpro networking benefits our clients and our partners. As well as carrying out assignments for companies, Finpro runs several major international projects, such as Cleantech Finland, and Future Learning Finland.

Founded in 1919 by Finnish companies, Finpro now has some 550 members: Finnish companies, the Confederation of Finnish Industries, the Federation of Finnish Enterprises and the Federation of Finnish Technology Industries. A public-private organization and part of the Ministry of Employment and the Economy Group, Finpro also works closely with other players in Finnish innovation ecosystem such as ELY-centers, Tekes and the Ministry for Foreign Affairs.

Finpro has 375 professionals in 69 offices in almost 50 countries.

Golden Bridge

China Finland Golden Bridge Innovation Center is a transparent service platform supported by both countries' governments. We identify complementary elements and create synergies between Chinese and Finnish innovation ecosystems. Being a close partner to both countries' technology hubs, Golden Bridge increases visibility and access to innovation resources.

- Golden Bridge helps Chinese hi-tech growth companies and high-tech parks in innovation exchange and business expansion
- Golden Bridge helps Chinese VCs and PEs by matching the investors with most potential investment targets, co-investors and fund partner candidates
- Golden Bridge helps Finnish companies by introducing relevant Chinese VCs and PEs to them in order to make China market entry possible