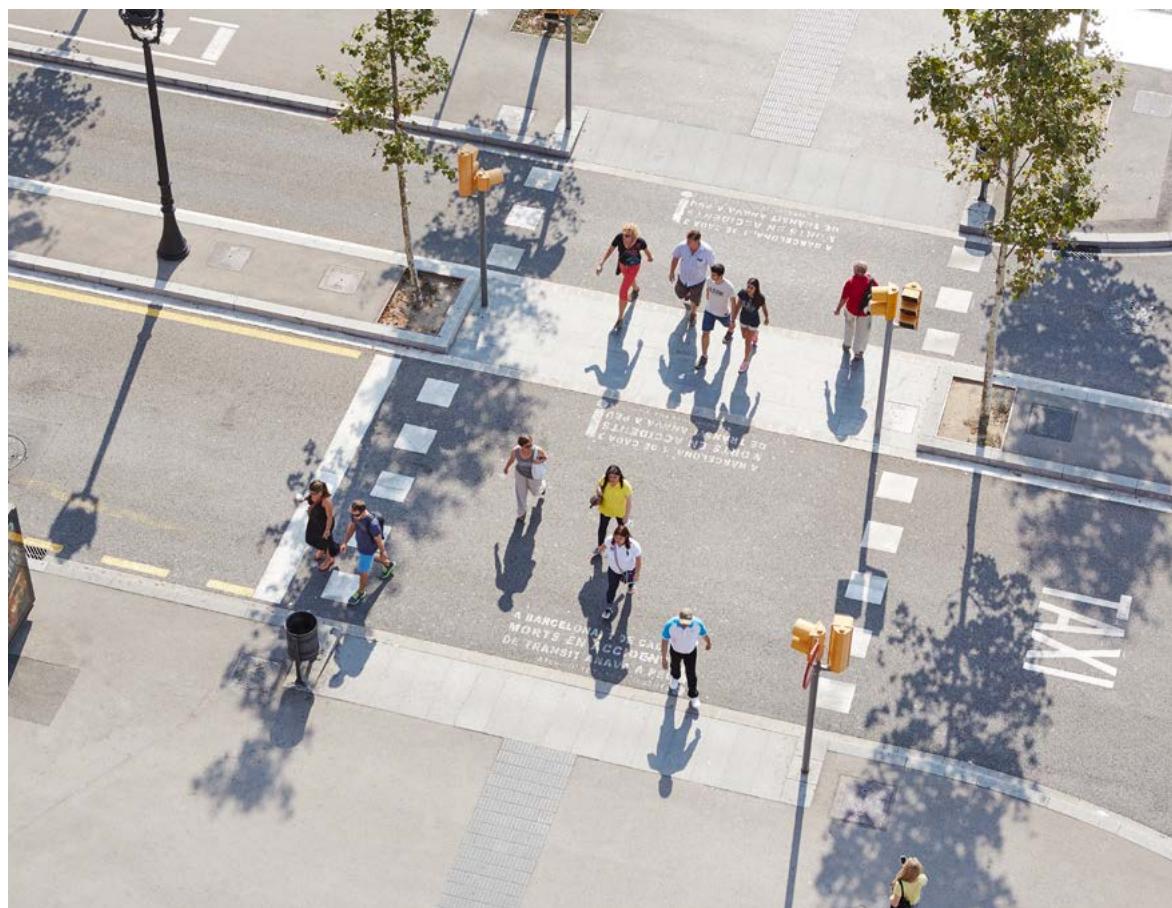


PricewaterhouseCoopers Zhong Tian LLP

# MoneyTree™ China TMT Report

Q1/Q2 2016

Data source: Zero2IPO Research



This **MoneyTree™** China Telecommunications, Media and Technology (TMT) Report includes information on private equity and venture capital (PE/VC) investment in the TMT industry for Q1/Q2 2016, as well as 2015, 2014, and Q3/Q4 2013.



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# 1. Overview

In the first half (H1) of 2016, private equity and venture capital (PE/VC) investment in the Telecommunications, Media and Technology (TMT) industry maintained the strong momentum of 2015, and remained on an upward trajectory. In H1 2016, total TMT deal value surpassed all other industries, accounting for over 50% of overall industry value. The proportion of total deal volume in H1 2016 matched that recorded in H2 2015. Actual deal volume decreased slightly, but remained high compared to recent years.

During the winter of 2015, investments in the TMT industry were unexpectedly active and the trend continued in H1 2016. In Q2 2016, total deal value exceeded US\$20 billion for the first time, with an increase of 44% quarter over quarter (QoQ). The trend is closely related to a higher frequency of substantial investments in unicorns, and buoyed by strategic investors making investments in order to occupy stronger positions in the market. Also of note, in H1 2016, there were more than 20 investments that had a single-deal value of over US\$100 million, with several of these involving an investment value above US\$1 billion.

In H1 2016, the Internet continued to be the best performing TMT sector, with the highest deal volume and value. Both the Technology and the Telecommunications and Mobile sectors had investments with single-deal value of over US\$1 billion. In light of the major investments, the performance of the Entertainment and Media sector was comparatively modest. Investments in TMT during H1 2016 tended to be concentrated in Internet Finance, E-commerce and Mobile Services, each of which pertain to smart, modern lifestyles.

With the resumption of IPOs, the number of IPOs increased gradually, though the proportion didn't exceed strategic sales, which proved to be the most popular type of exit in H1. The proportion of strategic sales in H1 2016 exceeded 60%, an increase of approximately 16% from the prior period, and representing the highest level reached by that category of exit since 2012. Regarding exit by sector, Entertainment and Media stood out in particular in H1 2016, having reached the highest number recorded since 2012, and exceeding the Technology sector for the first time.

As a whole, in H1, TMT stood out as a leading industry in the market, playing a notable role underpinning the technological progress characteristic of modern societies. This report brings you the details of the PE/VC investments and exits in the TMT industry and its three major sectors, serving as a tool that lets you follow the key trends and trajectories shaping TMT industry investments. We would welcome the opportunity to discuss the implications of this report with you, and encourage you to connect with us with any queries you have.



**Wilson Chow**  
PwC China & Hong Kong  
TMT Leader



**Jianbin Gao**  
PwC China TMT Leader

## 2. PE/VC investments in the TMT industry

### **TMT industry investments compared with all industries**

Total industry investment in H1 2016 remained positive, continuing the upward trend of H2 2015. Total TMT deal value and volume accounted for 55% and 39% of overall industry investment, respectively.

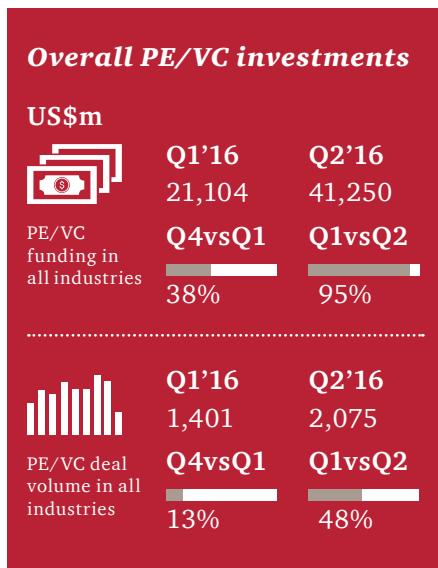
#### **Main findings:**

- 1. In Q1 2016, the proportion of total deal value in the TMT industry to overall industry investment reached a historical high since records started in 2012, reaching 66%.**
- 2. In Q2 2016, total deal value in the TMT industry also reached a historical high, exceeding US\$20 billion for the first time.**

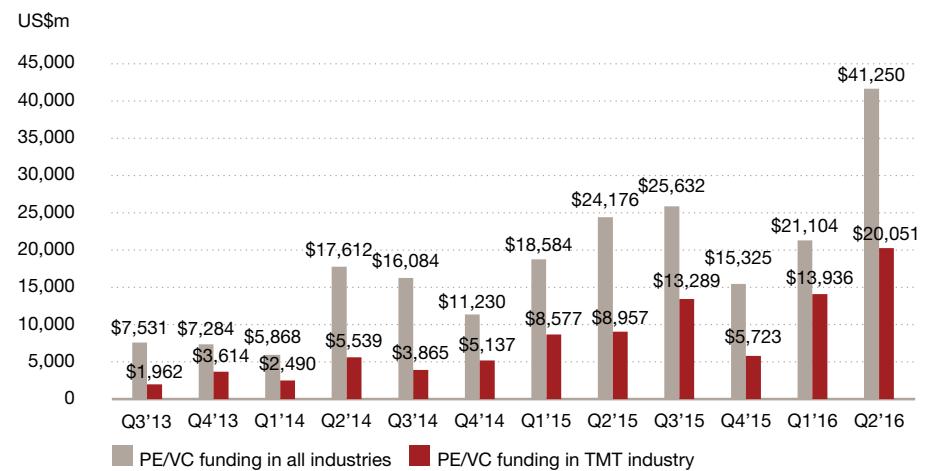


#### **PwC Viewpoints**

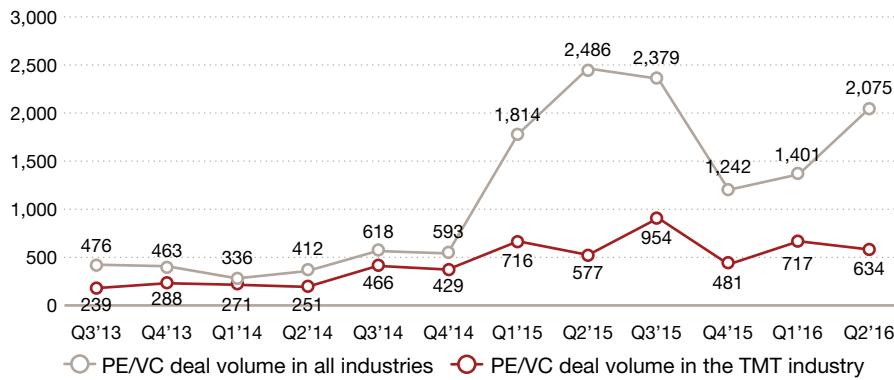
In H1 2016, overall PE/VC investments defied expectations by maintaining high growth. In Q2 2016, total deal value exceeded US\$40 billion for the first time, an increase of almost 100% from Q1 2016. The trend closely relates to the frequent occurrence of huge investments in unicorn companies. Strategic investors made investments to occupy positions in the market. The TMT industry attracted over 50% of the total deal value in H1 2016, while Q2 total deal value exceeded US\$20 billion for the first time, indicating just how hot the industry has been compared with others over the period.



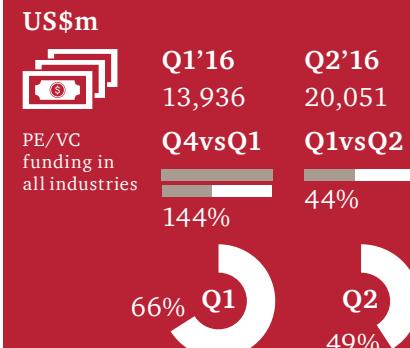
**Figure 1: Comparison of PE/VC investments and TMT investments – Q3 2013-Q2 2016 (Deal value)**



**Figure 2 : Comparison of PE/VC investments and TMT investments – Q3 2013-Q2 2016 (Deal volume)**



### PE/VC investments in TMT



## Investments by quarter

### *In Q1, deal value and volume rose continuously*

In Q1, both the deal value and volume rose notably compared to the previous quarter, and the single-average-deal value increased by 89% compared to Q4 2015. There were 22 deals with investments that had a single-deal value of over US\$100 million, twice as many as the previous quarter. The highest single-deal value amounted to US\$3.3 billion.

### *In Q2, both the total deal value and the highest single-deal value set a new historical record*

In Q2, deal value in the TMT industry broke the historical record, and was higher than the total deal value in H2 2015, maintaining the momentum. Single-average-deal value increased by 60% compared to the previous quarter. In Q2, there were 23 deals with investments that had a single-deal value over US\$100 million. The highest single-deal value amounted to US\$4.5 billion, which was also the highest since 2012.

Figure 3: TMT investments by quarter – Q3 2013-Q2 2016  
(Deal volume/Deal value)

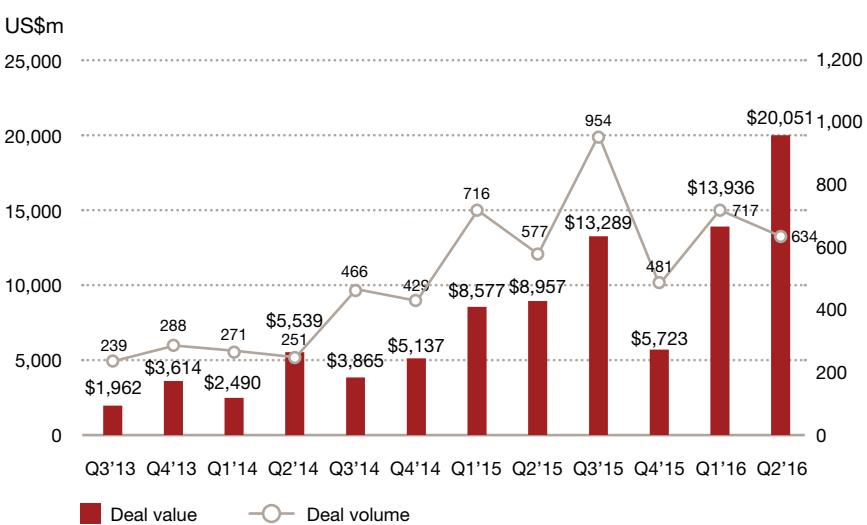


Figure 4: Volume of TMT investments with single value over US\$100 million by quarter – Q3 2013-Q2 2016



### *PwC Viewpoints*

In H1 2016, average deal value in the TMT industry increased from over US\$4 million to US\$36 million. The 800% rise indicates that investors have paid increasing attention to the TMT industry. In H1 2016, there were more than 20 investments with a single-deal value of over US\$100 million. Further, the level of investment value escalated, with many deals seeing an investment value of over US\$1 billion. Both the scale and range of investments gradually increased as unicorn companies emerged and newly-established companies developed into more mature companies.

In H1 2016, the core investment sectors in the TMT industry were predominantly in Internet Finance, E-commerce and Mobile Services, each being closely linked to smart, modern lifestyles. Notably, the majority of large investments were additional investments in companies with high valuations, rather than investments in emerging enterprises, reflecting investors' prudence. We expect to see a continuation of large investments.

## Investments by sector

**The TMT industry sectors are:**  
**Technology, Internet,**  
**Telecommunications and Mobile,**  
**and Entertainment and Media.**

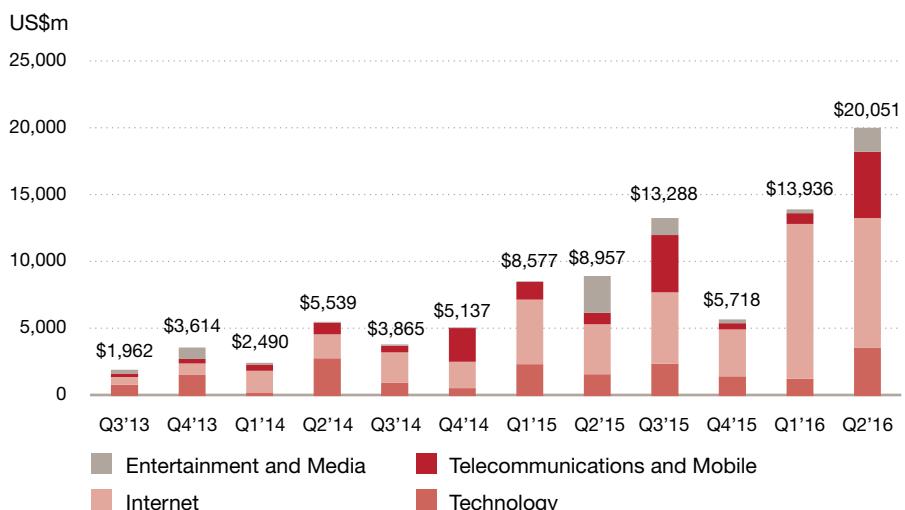
**Internet:** The Internet was the hottest investment sector in the TMT industry over H1 2016, with total deal value above US\$20 billion, an increase of 140% compared to H2 2015. The deal volume saw little change, indicating that there was a significant increase in single-deal value in the Internet sector over the period. There were 32 investments with a single-deal value over US\$100 million. There was also gradual growth in the number of huge deals, including five deals that had a single-deal value exceeding US\$1 billion.

**Technology:** Deal volume for Technology ranked second, only behind the Internet, although investment value for Technology was lower than Telecommunications and Mobile. Deal volume saw a slight slump QoQ, but investment value achieved a historical record by exceeding US\$3 billion in Q2. The boost in sector value was aided by an investment of US\$2.4 billion in an Electronics & Optoelectronics Devices company, which had a sizable impact on the overall investment scenario of Technology for the period.

**Telecommunications and Mobile:** This sector's historically high deal value ranked second in the industry, positioned just after the top placed Internet sector. Deal volume was higher than the Technology sector. Investment volume saw little fluctuations from quarter to quarter, however, deal value witnessed more variations. Investment value in Q2 increased by 523% QoQ, as a consequence of a sizable investment of US\$4.5 billion in a mobile service company in Q2.

**Entertainment and Media:** Investment remained stable in H1 2016 compared to H2 2015. Investments in 67 deals were made in Q2, the most since 2012.

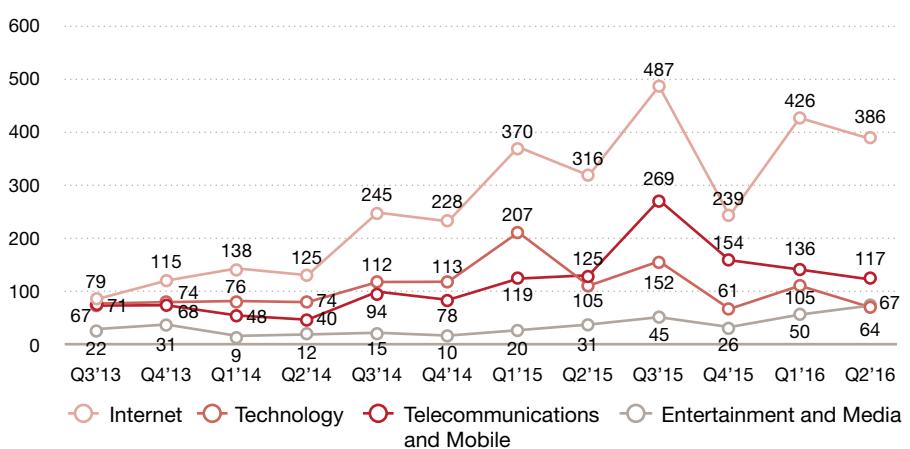
Figure 5: Deal value comparison in TMT sectors – Q3 2013-Q2 2016



In Q1 2016, of the 22 deals with a single-deal value over US\$100 million, Internet, Technology, as well as Telecommunications and Mobile accounted for 77%, 18% and 5%, respectively.

In Q2 2016, of the 23 deals with a single-deal value over US\$100 million, Internet, Technology, Entertainment and Media, and Telecommunications and Mobile accounted for 65%, 13%, 13% and 9%, respectively.

Figure 6: Deal volume comparison in TMT sectors – Q3 2013-Q2 2016



### PwC Viewpoints

In H1 2016, total deal value in the TMT industry was boosted by huge investments in a number of large Unicorn companies with enterprise value above US\$1 billion. The Internet sector continued to be the hottest investment sector across the industry, exceeding other sectors in proportion of both deal volume and value. Huge investments, each with a single-deal value over US\$1 billion also occurred in the Technology sector and the Telecommunications and Mobile sector. By comparison, the Entertainment and Media appeared to perform more modestly.

Besides the huge deals, investments in the TMT industry remained stable in H1 2016, with no major fluctuations in either volume or value. It appears that investors remained relatively measured in their approaches, with a range of advantageous investments made in companies that have continued to heat up over the period.

## Q1 2016

Total deal volume for the TMT industry reached 717 deals, with a total investment value of US\$13.94 billion.

### Deal volume by sectors

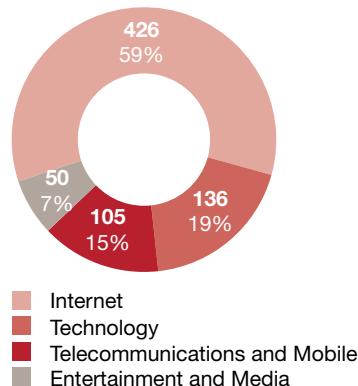
**Internet:** 426 deals, 59% of the total

**Technology:** 136 deals, 19% of the total

**Telecommunications and mobile:** 105 deals, 15% of the total

**Entertainment and Media:** 50 deals, 7% of the total

**Figure 7: Deal volume in TMT sectors Q1'16**



### Deal value by sectors

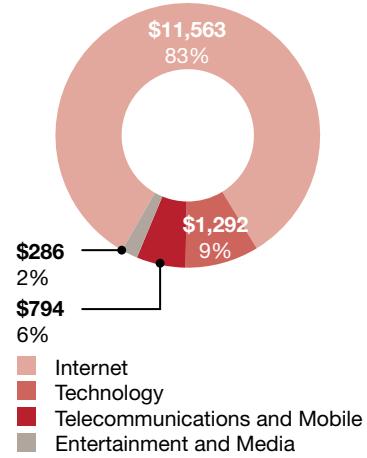
**Internet:** US\$11.56 billion, 83% of the total

**Technology:** US\$1.29 billion, 9% of the total

**Telecommunications and mobile:** US\$0.79 billion, 6% of the total

**Entertainment and Media:** US\$0.29 billion, 2% of the total

**Figure 8: Deal value in TMT sectors Q1'16 (US\$m)**



### QoQ comparison between Q1 2016 and Q4 2015

	Deal volume	Deal value
Technology	12% ↓	12% ↓
Internet	78% ↑	230% ↑
Telecommunications and mobile	72% ↑	65% ↑
Entertainment and Media	92% ↑	5% ↑

## Q2 2016

Total deal volume for the TMT industry reached 634 deals, with a total investment value of US\$20.05 billion.

### Deal volume by sector

**Internet:** 386 deals, 61% of the total

**Technology:** 117 deals, 19% of the total

**Entertainment and Media:** 67 deals, 10% of the total

**Telecommunications and Mobile:** 64 deals, 10% of the total

### Deal value by sector

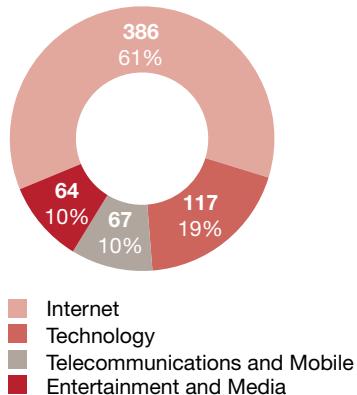
**Internet:** US\$9.71 billion, 48% of the total

**Telecommunications and Mobile:** US\$4.95 billion, 25% of the total

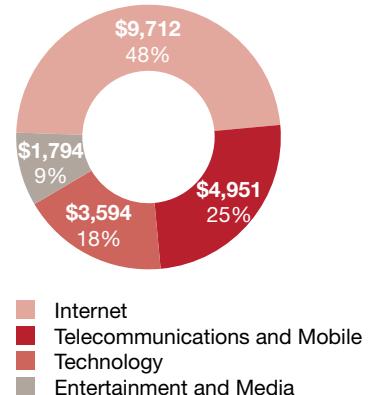
**Technology:** US\$3.59 billion, 18% of the total

**Entertainment and Media:** US\$1.79 billion, 9% of the total

**Figure 9: Deal volume in TMT sectors Q2'16**



**Figure 10: Deal value in TMT sectors Q2'16 (US\$m)**

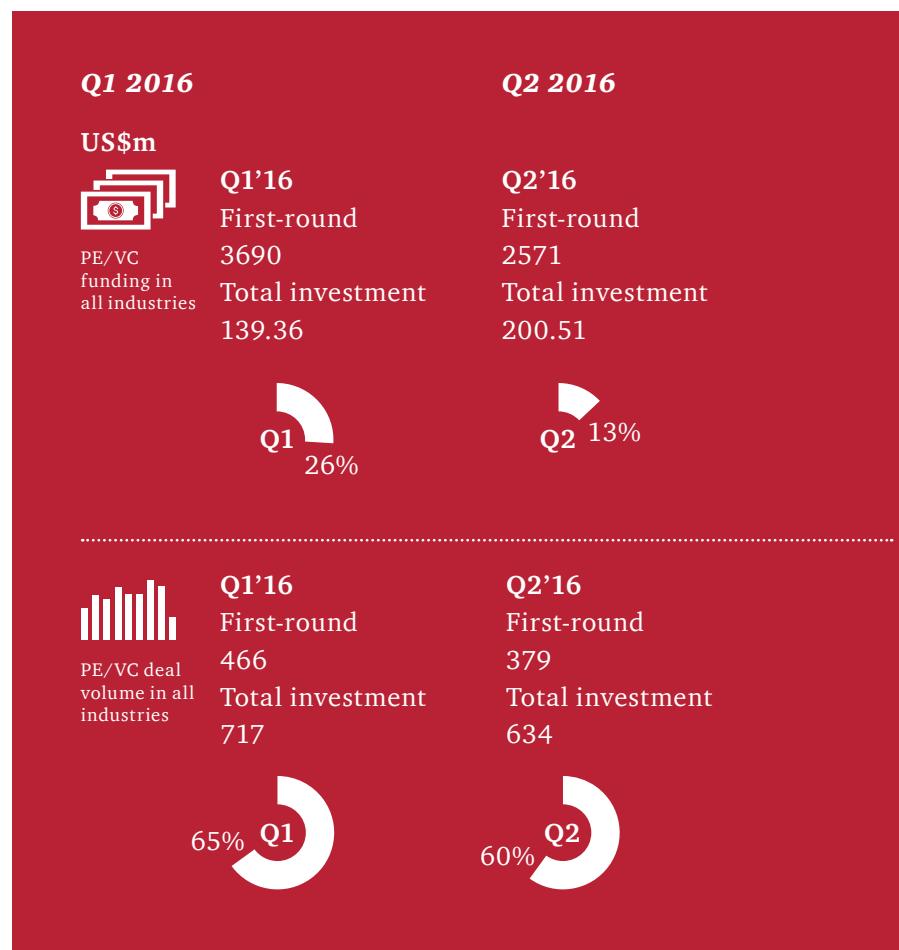
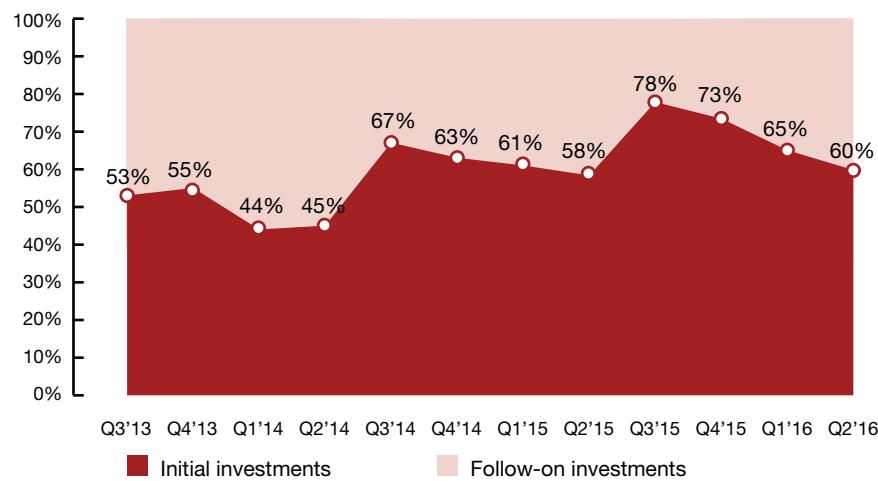


### QoQ comparison between Q2 2016 and Q1 2016

	Deal volume	Deal value
Technology	14% ↓	178% ↑
Internet	9% ↓	16% ↓
Telecommunications and Mobile	39% ↓	523% ↑
Entertainment and Media	34% ↑	527% ↑

## First-time funding compared with follow-on funding

Figure 11: TMT follow-on funding compared with initial investments – Q3 2013–Q2 2016



## Q1 2016

*Enterprises engaged in first-round funding by sector:*

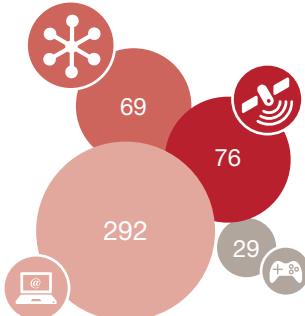
**Internet:** 292 enterprises, funding total US\$3.20 billion

**Telecommunications and Mobile:** 76 enterprises, funding total US\$0.2 billion

**Technology:** 69 enterprises, funding total US\$0.22 billion

**Entertainment and Media:** 29 enterprises, funding total US\$0.08 billion

For first-round funding, 400 enterprises were at the early stage, accounting for 86%; 46 enterprises were at the expansion stage, accounting for 10% and 20 enterprises were at the late stage, accounting for 4%.



## Q2 2016

*Enterprise engaged in first-round funding by sector:*

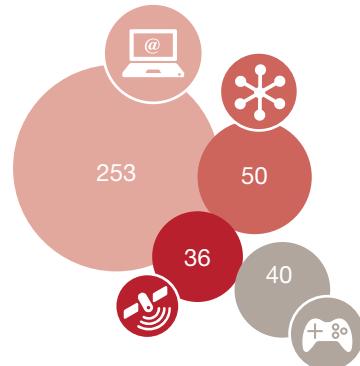
**Internet:** 253 enterprises, funding total US\$1.3 billion

**Technology:** 50 enterprises, funding total US\$0.19 billion

**Entertainment and Media:** 40 enterprises, funding total US\$1.03 billion

**Telecommunications and Mobile:** 36 enterprises, funding total US\$0.11 billion

For first-round funding, 313 enterprises were at the early stage, accounting for 83%; 61 enterprises were at the expansion stage, accounting for 16% and 5 enterprises were at the late stage, accounting for 1%.



## Q1 2016

First-time funding summary (US\$)	Number of enterprises
<= 1m	395
1m-5m	3
>5m-10m	0
>10m	1
N/A	67

## Q2 2016

First-time funding summary (US\$)	Number of enterprises
<= 1m	332
1m-5m	2
>5m-10m	1
>10m	0
N/A	54



### PwC Viewpoints

We have seen a continual emergence of new companies that have contributed to innovation and entrepreneurship in fields that are changing people's lifestyles and living environments. This is the trend of the times, and so new projects in this arena have attracted attention from investors. In H1 2016, the proportion of the deal volume of initial investments remained high, at over 60%, but the proportion of deal value continued to drop. Indeed, these trends can be seen as an indication of how investors have assessed the future value of such new projects. For projects with a fair degree of uncertainty, deal value was relatively small.

## Investments by stage of development

### Deal value for early-stage investments reached the highest point since 2012

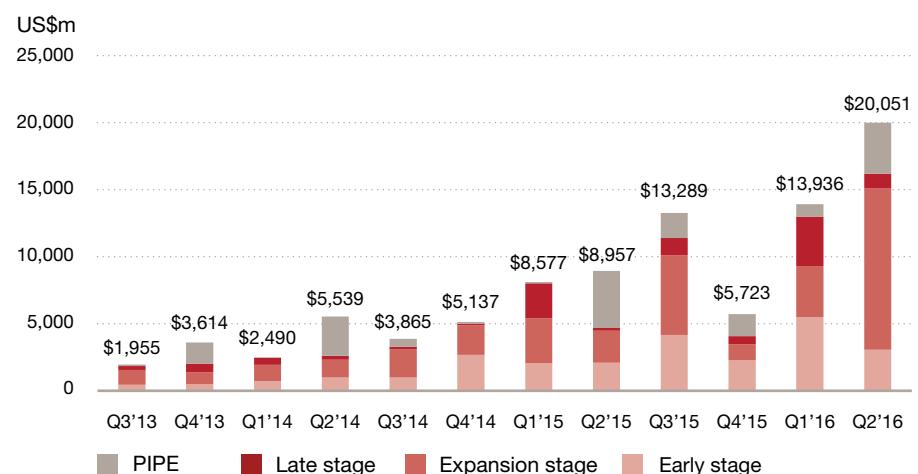
Among the four stages of investment, the deal volume for early-stage investments took the lead as usual, accounting for over 50%. Deal volume declined slightly compared to H2 2015 though saw little fluctuation.

Investments in Q1 reached US\$5.5 billion, a historical high. There were two huge deals in H1 2016, both of which exceeded US\$1 billion. One related to an Internet service company and the other to a high profile Internet Entertainment company.

### In Q2, expansion-stage investments experienced explosive growth

The deal value of expansion-stage investments was less than that of early-stage investments in Q1, though in Q2 it exceeded that of early-stage investments, reaching US\$12 billion, or 60% of the total, becoming the highest quarter on record since 2012. The figures were boosted by two unicorn investments in Q2, amounting to US\$4.5 billion. These also happened to have the highest single-deal value in H1 2016, for the TMT industry. Deal volume in H1 2016 increased slightly from quarter to quarter and maintained steady growth of over 20%.

Figure 12: TMT investments by stage of development – Q3 2013-Q2 2016 (Deal value)



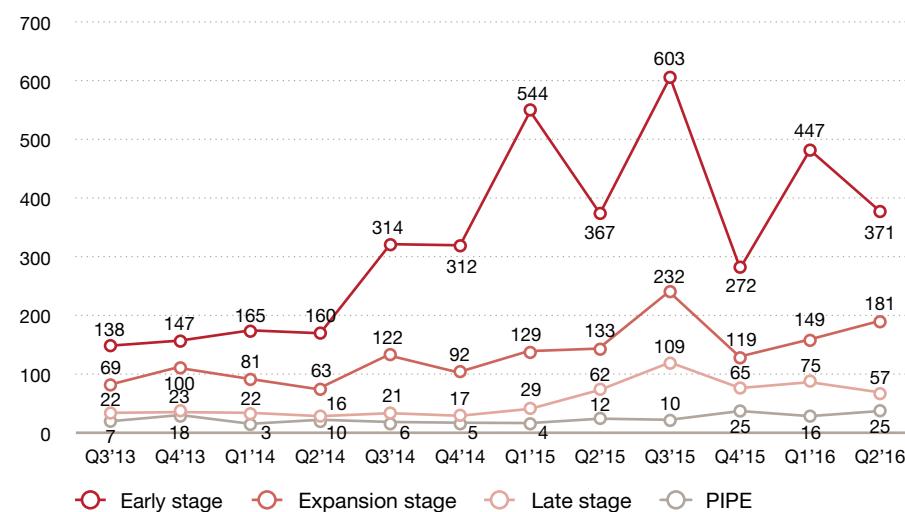
### Quarterly deal value for late-stage investments hit the highest level since 2012

The deal value for investments in Q1 increased by 521% QoQ, the highest since 2012, but dropped by 70% in Q2. Major factors included an investment of US\$3.3 billion in a high profile B2C company, which ranked as the third highest of all investments recorded in H1 2016. The deal volume of late-stage investments accounted for 10% of the industry total, and experienced little fluctuation.

### Quarterly investments in PIPE experienced a slight initial fall but increased sharply in Q2

Deal value and volume declined in Q1, but both increased in Q2. Investment value in Q2 was nearly US\$4 billion, benefitting from a deal worth US\$2.4 billion in an Electronics & Optoelectronics Devices company.

Figure 13: TMT investments by stage of development – Q3 2013-Q2 2016 (Deal volume)



## Q1 2016

Total deal volume for the TMT industry reached 717 deals, with a total investment value of US\$13.94 billion.

### Deal volume by stage of development:

**Early stage:** 477 deals, 66% of the total

**Expansion stage:** 149 deals, 21% of the total

**Late stage:** 75 deals, 11% of the total

**PIPE:** 16 deals, 2% of the total

### Deal value by stage of development

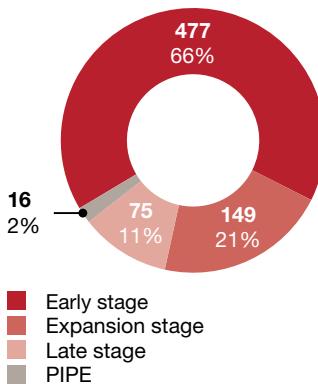
**Expansion stage:** US\$5.50 billion, 39% of the total

**Early stage:** US\$3.80 billion, 27% of the total

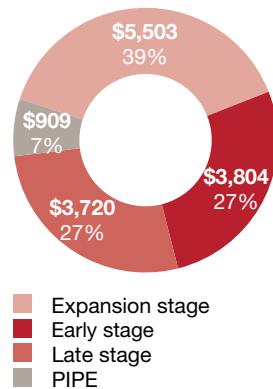
**Late stage:** US\$3.72 billion, 27% of the total

**PIPE:** US\$0.91 billion, 7% of the total

**Figure 14: Deal volume in TMT industry by stage of development Q1'16**



**Figure 15: Deal value in TMT industry by stage of development Q1'16 (US\$m)**



## QoQ comparison between Q1 2016 and Q4 2015

	Deal volume	Deal value
Early stage	75% ↑	142% ↑
Expansion stage	25% ↑	219% ↑
Late stage	15% ↑	521% ↑
PIPE	36% ↓	45% ↓

## Q2 2016

Total deal volume for the TMT industry reached 634 deals, with a total investment value of US\$20.05 billion.

### Deal volume by stage of development

**Early stage:** 371 deals, 59% of the total

**Expansion stage:** 181 deals, 28% of the total

**Late stage:** 57 deals, 9% of the total

**PIPE:** 25 deals, 4% of the total

### Deal value by stage of development

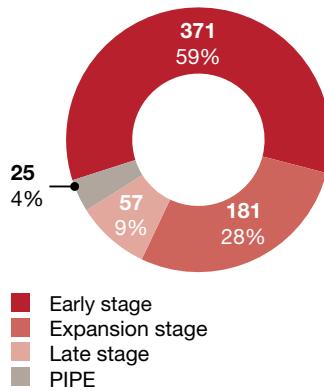
**Expansion stage:** US\$12.06 billion, 60% of the total

**PIPE:** US\$3.83 billion, 19% of the total

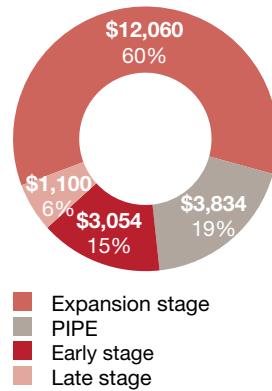
**Early stage:** US\$3.06 billion, 15% of the total

**Late stage:** US\$1.10 billion, 6% of the total

**Figure 16: Deal volume in TMT industry by stage of development Q2'16**



**Figure 17: Deal value in TMT industry by stage of development Q2'16 (US\$m)**

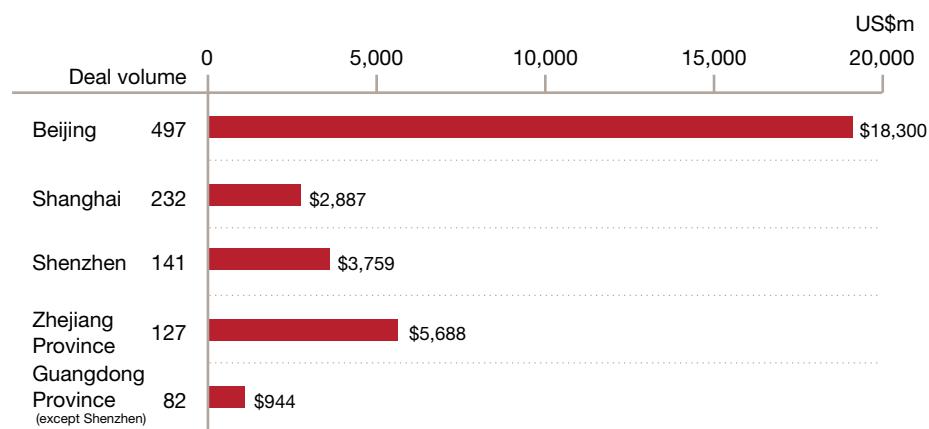


### QoQ comparison between Q2 2016 and Q1 2016

	Deal volume	Deal value
Early stage	22%	44% ↓
Expansion stage	21% ↑	217% ↑
Late stage	24% ↓	70% ↓
PIPE	56% ↑	332% ↑

## Investments by region

Figure 18: The top six regions for TMT investments in Q1/Q2'16  
(Deal volume/Deal value)



### PwC Viewpoints

In terms of investment by region, both the deal volume and value in Beijing were far above the figures seen by other areas in H1 2015; Beijing remained the core area for the Chinese TMT industry, and is unlikely to be surpassed by other regions in the short term.

In H1 2016, the deal value in Zhejiang Province saw a significant increase, due to an investment of US\$4.5 billion in Hangzhou, elevating the Province ahead of Shenzhen and ranking third. However, Shenzhen remained ahead of Zhejiang Province by deal volume.

### 3. PE/VC exits in the TMT industry

#### Exits by quarter

There were 46 exits in both Q1 and Q2 2016, following the 115 exits which occurred in H2 2015. In total, the amount of exits in H1 2016 decreased by 20% compared to H2 2015.

Figure 19: Exit volume in the TMT industry – Q3 2013-Q2 2016

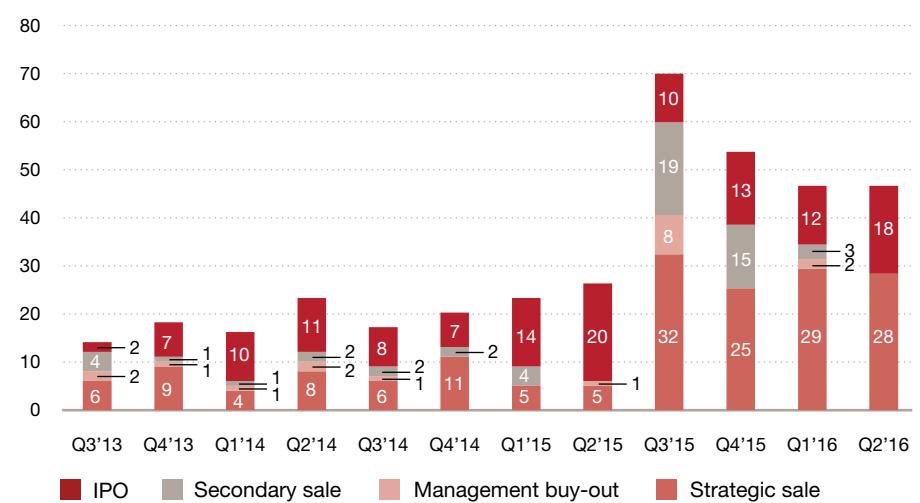


PwC Viewpoints

With the resumption of IPOs in H2 2015, the number of IPOs increased gradually, but the level still didn't surpass that of strategic sales. In H1 2016, the number of strategic sales exceeded 60% of total exits, suggesting that there had been little if any affect from the resumption of IPOs. IPOs in A-shares are still facing a long waiting period at present, which is a big challenge for TMT companies that have seen relatively big fluctuations and this is a key factor underpinning the recent trends by TMT companies considering strategic sales, and other exit methods.

## Exits by type

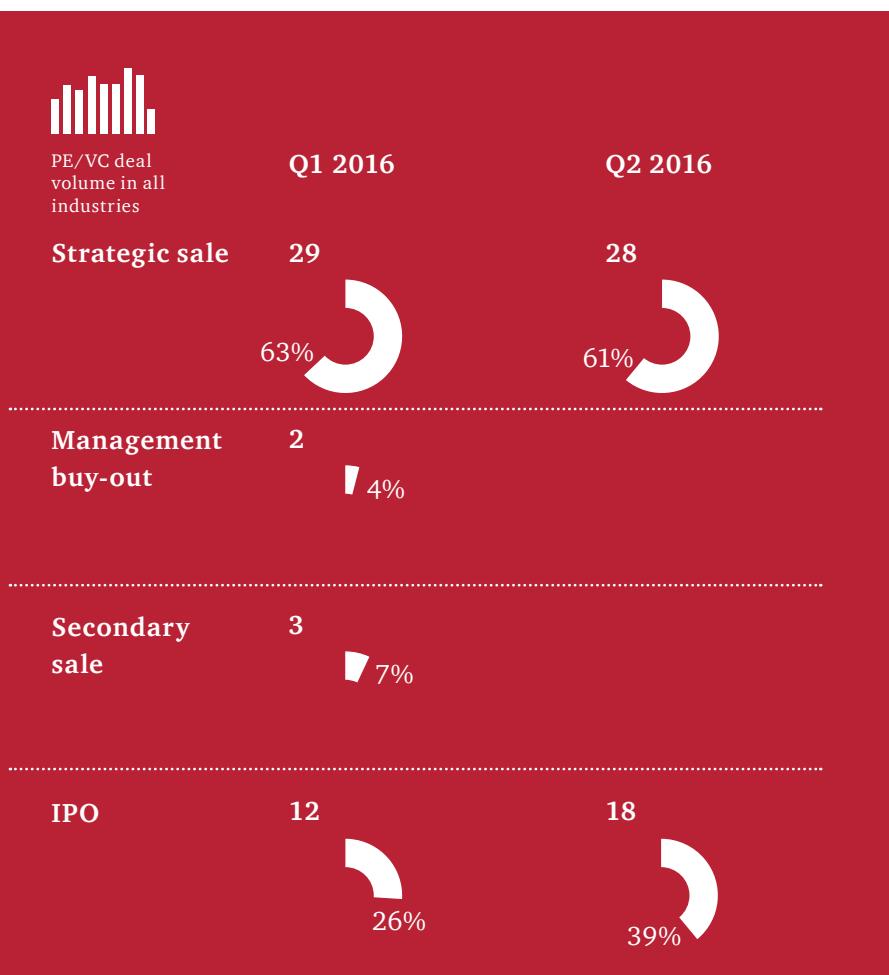
Figure 20: TMT exit trends by type – Q3 2013-Q2 2016

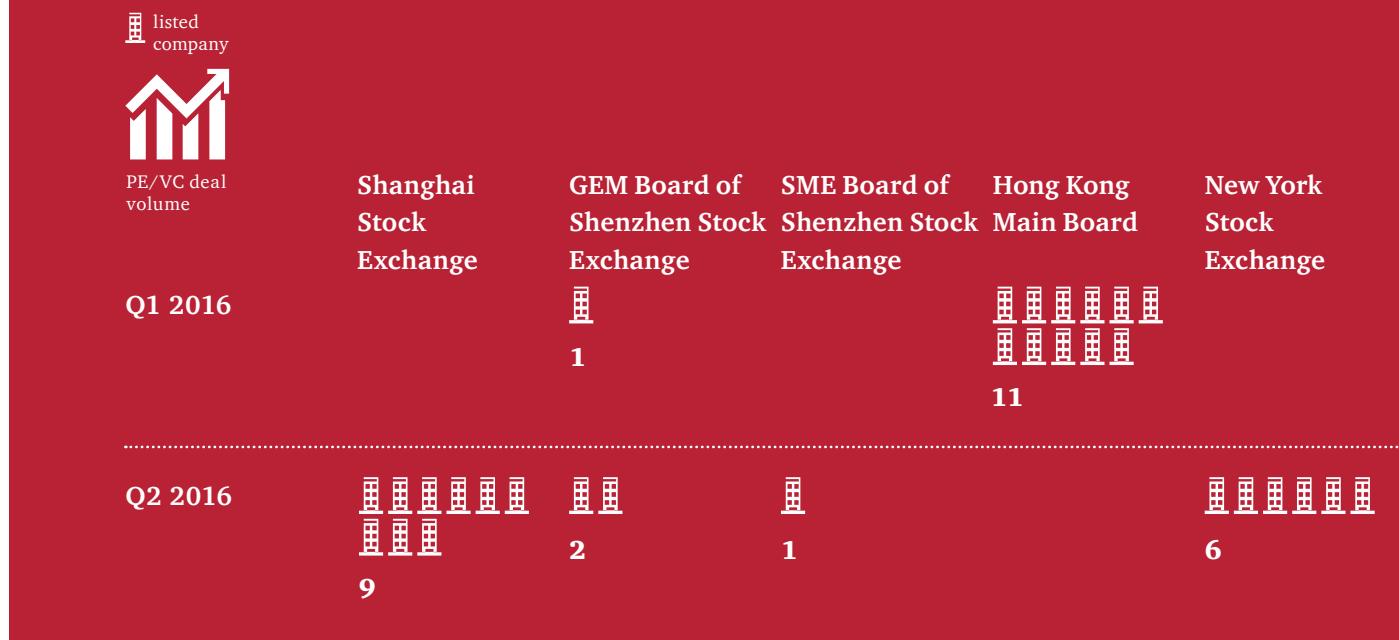


The number of IPOs slightly increased in H1 2016 due to the resumption of IPOs in November 2015.

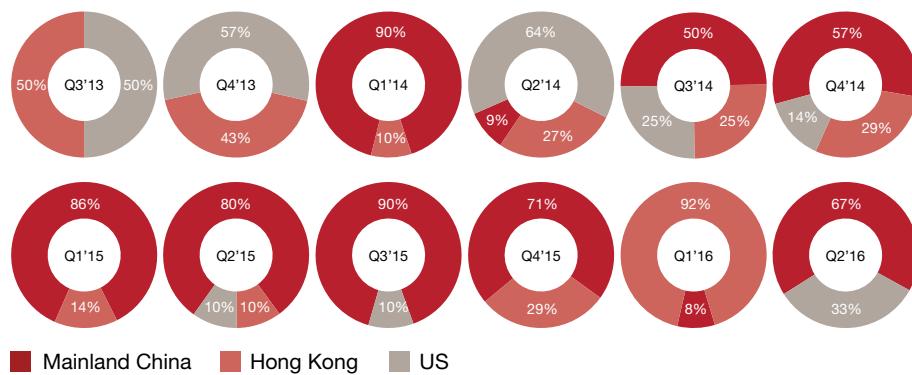
Strategic sales accounted for more than 60% of exits for the first time in H1 2016, an increase of approximately 12%.

Management buy-out and secondary sale made up only a small percentage of the exits in H1 2016, with no occurrences of either in Q2.





**Figure 21: Comparison of TMT exits in mainland China, Hong Kong and US capital markets – Q3 2013-Q2 2016**



In Q1 2016, there were 46 exits in total, broken down as follows:

**Strategic sale:** 29 deals, 63% of the total

IPO: 12 deals, 26% of the total

**Secondary sale:** 3 deals, 7% of the total

### **Management buy-out (including buy-back): 2 deals, 4% of the total**

In 2016, the resumption of IPOs in the A-shares market led to increasing exits via IPOs, which rose by 20% from H2 2015.

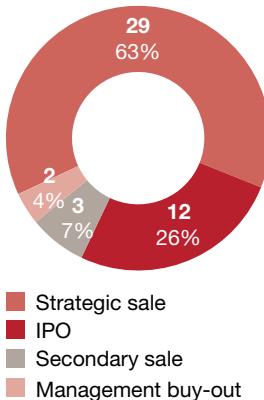
As for the destination of IPOs, Shanghai Stock Exchange and the Growth Enterprise Board (GEM) of the Shenzhen Stock Exchange were the core areas for domestic IPOs, while the Hong Kong Main Board and the New York Stock Exchange were the main locations for IPOs overseas.

In Q2 2016, there were 46 exits in total, broken down as follows:

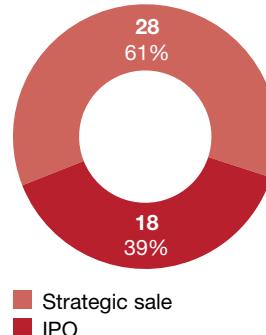
**Strategic sale:** 28 deals, 61% of the total

**IPO:** 18 deals, 39% of the total

**Figure 22: Exit types in the TMT industry Q2'16**



**Figure 23: Exit types in the TMT industry Q2'16**



## Exits by sector

### Q1 2016

Exits by sector in the TMT industry:

**Entertainment and Media:** 22 deals, 48% of the total

**Technology:** 16 deals, 35% of the total

**Internet:** 5 deals, 11% of the total

**Telecommunications and Mobile:** 3 deals, 6% of the total

### Q2 2016

Exits by sector in the TMT industry:

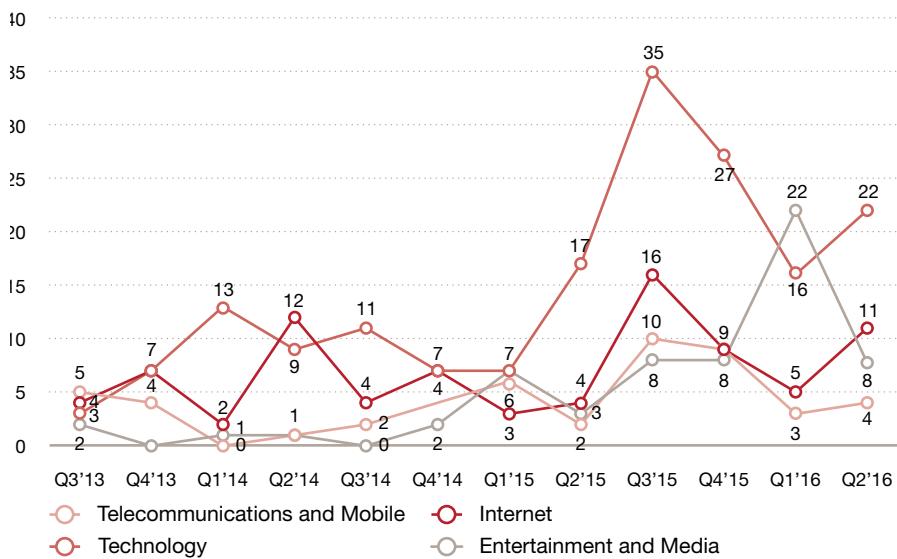
**Technology:** 22 deals, 48% of the total

**Internet:** 11 deals, 24% of the total

**Entertainment and Media:** 8 deals, 20% of the total

**Telecommunications and Mobile:** 4 deals, 8% of the total

Figure 24: IPO exits in the TMT industry – Q3 2013-Q2 2016



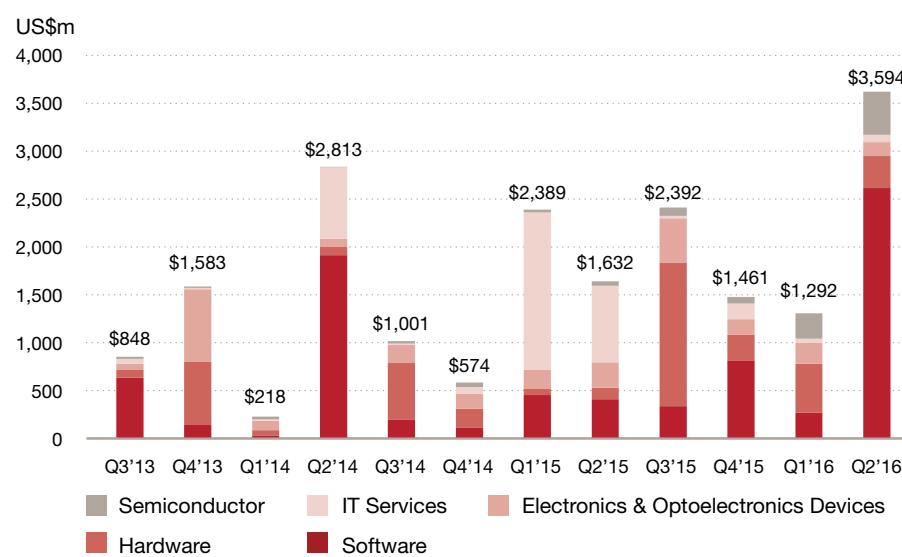
- **Exits in the Technology, Internet, and Telecommunications and Mobile sector decreased significantly in Q1, but rose slightly in Q2.**
- **Exits in the Entertainment and Media sector increased greatly, the number of which reached a historical high since 2012, accounting for over 50% in Q1, but decreasing slightly in Q2.**

## 4. Sector focus: Technology, Internet, and Telecommunications and Mobile

### Investments in Technology

The Technology sector includes IT Services, Hardware, Software, Electronics & Optoelectronics Devices and Semiconductor.

Figure 25: Deal value in the Technology sector – Q3 2013-Q2 2016



In Q1 2016, deal value in the Hardware subsector reached the highest since 2012

In Q1 2016, deal volume and deal value in the Hardware subsector increased by 106% and 281%, respectively, compared to Q4 2015. This marked a substantial improvement from 2015, with the proportion of both surpassing the IT and the Semiconductor subsectors.

In H1 2016, investments in the IT and the Semiconductor sector decreased substantially

There were declines in investments in the IT and the Semiconductor subsectors in H1 2016, though the drops were minor compared to prior years.

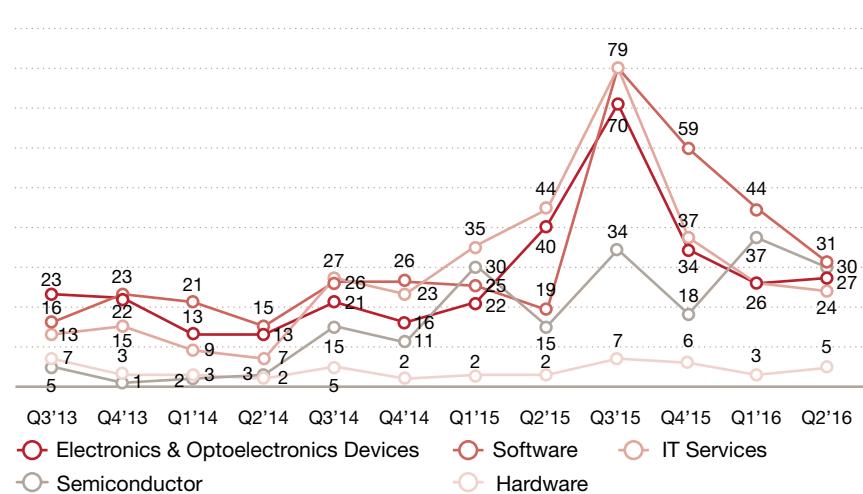
In Q2 2016, the deal value in the Electronics & Optoelectronics Devices subsector was the highest recorded since 2012

In Q2 2016, deal value in the Electronics & Optoelectronics Devices subsector increased by 907% compared to Q1 2016, reaching the highest level since 2012. The value was helped along by a deal worth US\$2.4 billion in an Electronics & Optoelectronics Devices company.

In H1 2016, deal volume in the Software subsector accounted for the majority of the sector

In H1 2016, deal volume in the Software subsector experienced a decline, but still accounted for the majority of deals in the Technology sector. Deal value in Q1 2016 also surpassed other subsectors, but ranked second in Q2 2016, largely as a result of a huge investment in the Electronics & Optoelectronics Devices subsector.

Figure 26: Deal volume in the Technology sector – Q3 2013-Q2 2016



## Deal volume and value

### Q1 2016

There were a total of 136 deals in the Technology sector, with a total investment value of US\$1.29 billion.

#### Software:

44 deals, 33% of the total; deal value of US\$0.51 billion, 40% of the total

#### Hardware:

37 deals, 27% of the total; deal value of US\$0.26 billion, 20% of the total

#### Electronics & Optoelectronics Devices:

26 deals, 19% of the total; deal value of US\$0.26 billion, 20% of the total

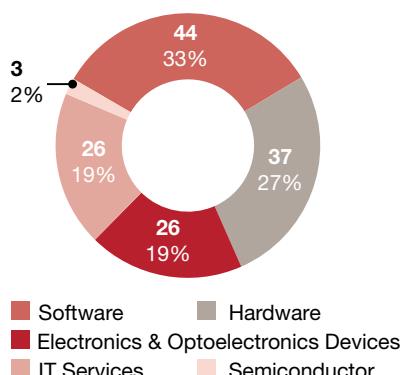
#### IT Services:

26 deals, 19% of the total; deal value of US\$0.22 billion, 17% of the total

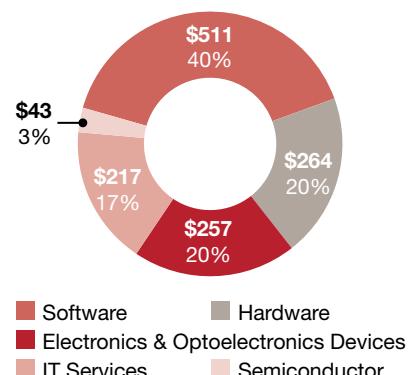
#### Semiconductor:

3 deals, 2% of the total; deal value of US\$0.04 billion, 3% of the total

**Figure 27: Deal volume by Technology subsector Q1'16**



**Figure 28: Deal value by Technology subsector Q1'16 (US\$m)**



**QoQ comparison between Q1 2016 and Q4 2015**

	Deal volume	Deal value
Electronics & Optoelectronics Devices	24% ↓	68% ↓
Software	25% ↓	88% ↑
IT Services	30% ↓	36% ↑
Semiconductor	50% ↓	74% ↓
Hardware	106% ↑	281% ↑

## Deal volume and value

### Q2 2016

There were a total of 117 deals in the Technology sector, with a total investment value of US\$3.59 billion.

#### Software:

31 deals, 27% of the total; deal value of US\$0.33 billion, 9% of the total

#### Hardware:

30 deals, 26% of the total; deal value of US\$0.45 billion, 13% of the total

#### Electronics & Optoelectronics Devices:

27 deals, 23% of the total; deal value of US\$2.60 billion, 72% of the total

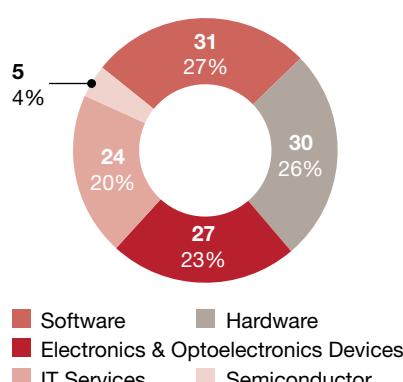
#### IT Services:

24 deals, 20% of the total; deal value of US\$0.14 billion, 4% of the total

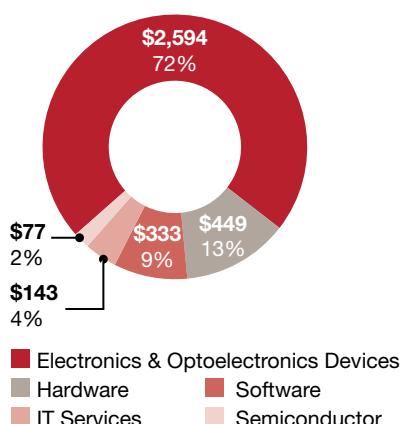
#### Semiconductor:

5 deals, 4% of the total; deal value of US\$0.08 billion, 2% of the total

**Figure 29: Deal volume by Technology subsector Q2'16**



**Figure 30: Deal value by Technology subsector Q2'16 (US\$m)**



*QoQ comparison between Q2 2016 and Q1 2016*

	Deal volume	Deal value
Electronics & Optoelectronics Devices	4% ↑	907% ↑
Software	30% ↓	35% ↓
IT Services	8% ↓	34% ↓
Semiconductor	67% ↑	79% ↑
Hardware	19% ↓	70% ↑

### Investments by stage of development

#### PIPE investments continued to increase, and ranked first in terms of deal value

In H1 2016, PIPE investments maintained the robust momentum seen in H2 2015, with the deal volume and value repeatedly setting new records since 2012 and the deal value ranked the highest in the sector. The ranking benefited from a deal worth US\$2.4 billion in an Electronics & Opto-electronics Devices company in Q2 2016.

#### Early-stage deal value increased while deal volume decreased slightly

In H2, early-stage deal volume accounted for the majority of the Technology sector as a whole, but total deal value was only slightly higher than that seen in late stage deals. From Q1, deal volume of early-stage investments decreased QoQ while deal value increased QoQ. The single-average-deal value rose sharply, but there was no investment with a single-deal value that was over US\$100 million in H1 2016.

Figure 31: Deal value by stage of development in the Technology sector – Q3 2013-Q2 2016

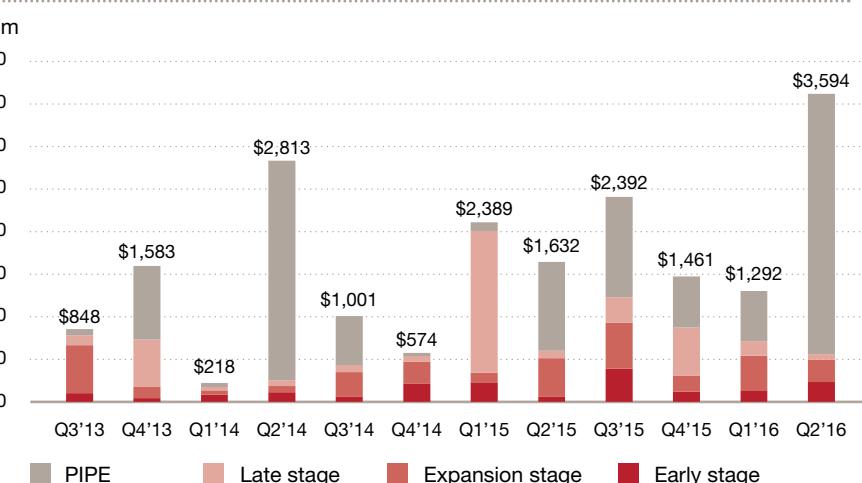
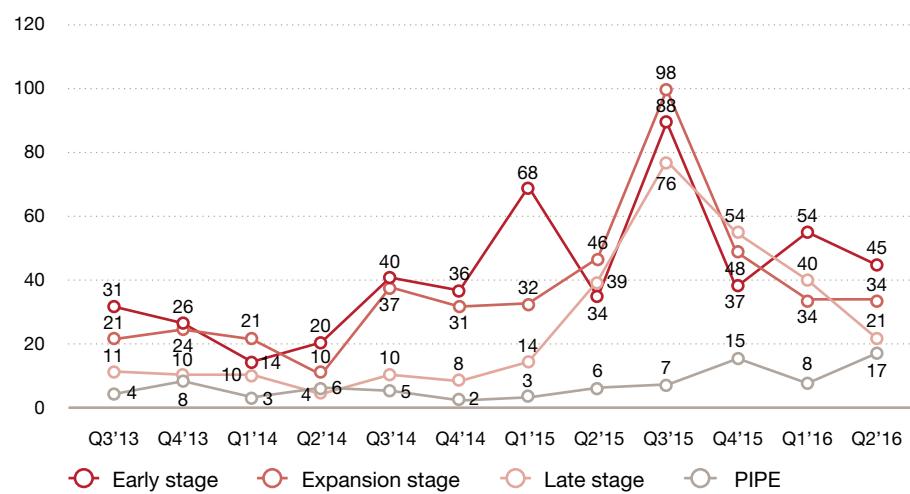


Figure 32: Deal volume by stage of development in the Technology sector – Q3 2013-Q2 2016



#### Investments at the expansion and late stages decreased in H1 2016

In H1 2016, volume in expansion and late stage deals decreased by 53% compared to H2 2015, while deal value decreased by 7% and 73%, respectively. There was only one deal with a single-deal value of over US\$100 million in H1 2016. No huge investments were made in late-stage companies.

## Investments by stage of development

### Q1 2016

#### Early stage:

54 deals, 40% of the total; deal value of US\$124 million, 10% of the total

#### Late stage:

40 deals, 29% of the total; deal value of US\$170 million, 13% of the total

#### Expansion stage:

34 deals, 25% of the total; deal value of US\$415 million, 32% of the total

#### PIPE:

8 deals, 6% of the total; deal value of US\$584 million, 45% of the total

Figure 33: Deal volume by stage of development in the Technology sector Q1'16

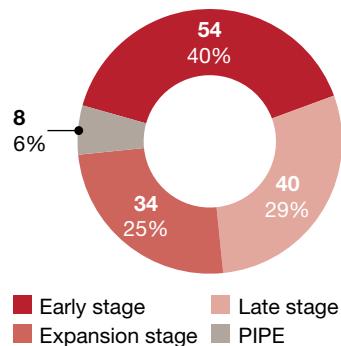
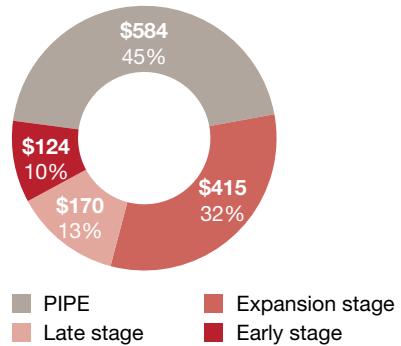


Figure 34: Deal value by stage of development in the Technology sector Q1'16 (US\$m)



### Q2 2016

#### Early stage:

45 deals, 39% of the total; deal value of US\$228 million, 6% of the total

#### Expansion stage:

34 deals, 29% of the total; deal value of US\$262 million, 7% of the total

#### Late stage:

21 deals, 18% of the total; deal value of US\$64 million, 2% of the total

#### PIPE:

17 deals, 14% of the total; deal value of US\$3,040 million, 85% of the total

Figure 35: Deal volume by stage of development in the Technology sector Q2'16

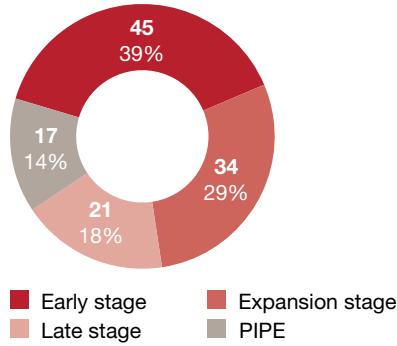
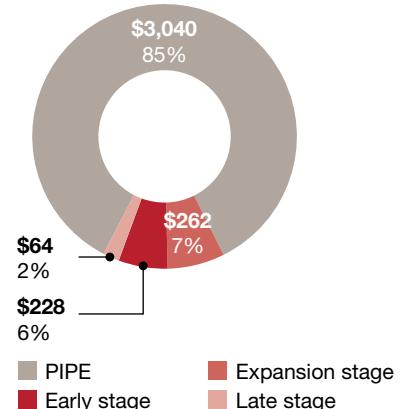


Figure 36: Deal value by stage of development in the Technology sector Q2'16 (US\$m)



QoQ comparison between Q1 2016 and Q4 2015

	Deal volume	Deal value
Early stage	46%	4%
Expansion stage	29%	124%
Late stage	26%	70%
PIPE	47%	2%

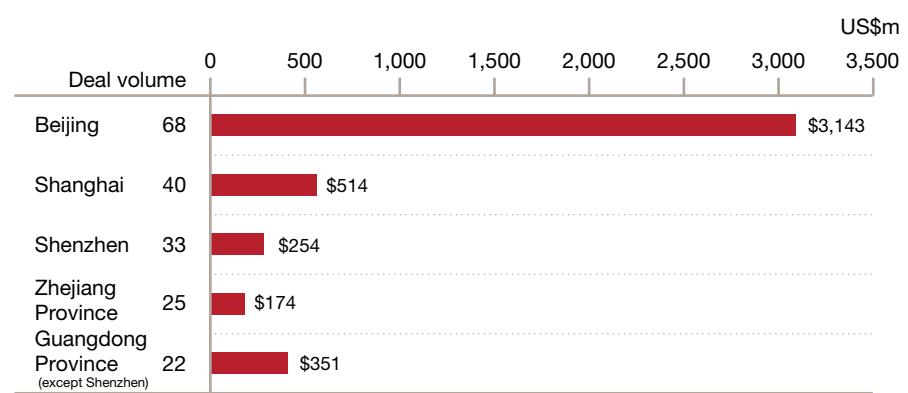
QoQ comparison between Q2 2016 and Q1 2016

	Deal volume	Deal value
Early stage	17%	84%
Expansion stage	-	37%
Late stage	48%	62%
PIPE	113%	421%



### *Investments by region*

Figure 37: The top six regions for Technology investments Q1/Q2'16  
(Deal volume/Deal value)



## Investments in Internet

**The Internet sector includes E-commerce, Online Education, Internet Services, Online Entertainment, Social Media, Internet Marketing and Internet Finance.**

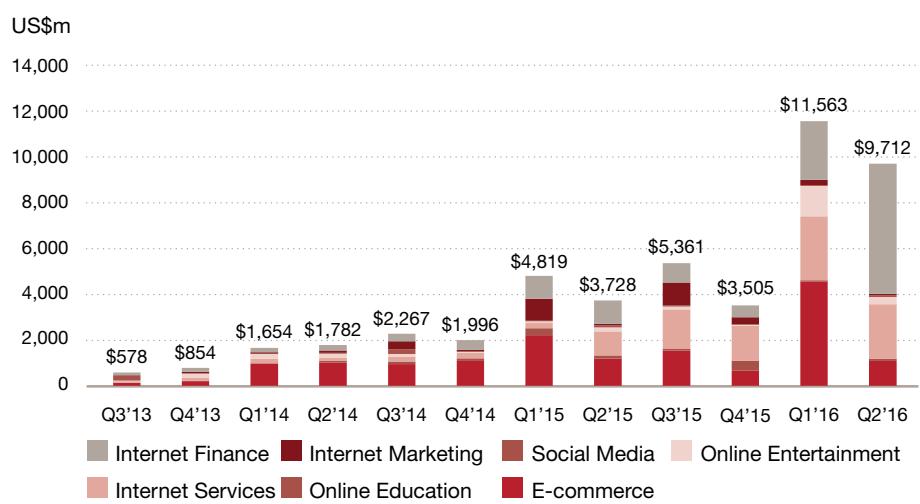
**The total quarterly investment value of Internet Services in Q1 reached the highest level recorded since 2012**

In H1 2016, investments in the Internet Services sector performed well and accounted for more than 40% of Internet sector investments, which was in line with the sector performance in H2 2015. The deal value in both Q1 and Q2 exceeded US\$2 billion, with the deal value in Q1 reaching US\$2.8 billion, the highest level recorded since 2012. In H1 2016, there were a total of seven deals in the Internet Services subsector, each with a single deal value of over US\$100 million. Among the seven deals, the largest by value was worth US\$1.5 billion, involving a well-known online network data company.

**The total quarterly investment value of E-commerce in Q1 reached record highs**

In H1 2016, E-commerce performed comparably to Internet Services. Although the deal volume kept basically the same as H2 2015, the deal value rose by 158% QoQ. The total investment value reached as high as US\$4.6 billion in Q1, mainly due to a deal worth US\$3.3 billion involving a

**Figure 38: Deal value in the Internet sector – Q3 2013-Q2 2016**



well-known B2C company.

### Investments in Internet Finance developed rapidly in H1 2016

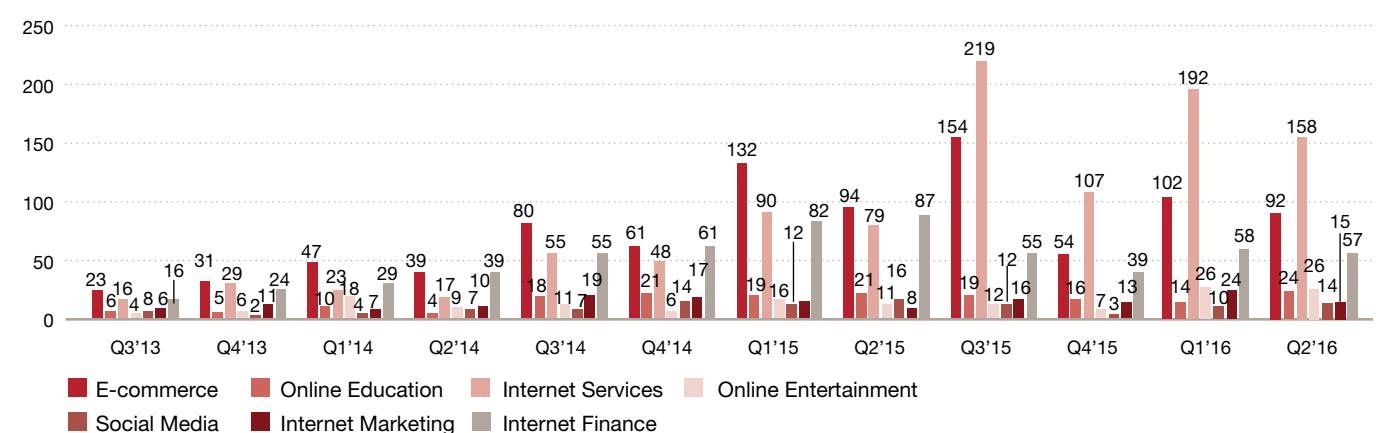
In H1 2016, the Internet Finance sector saw its biggest growth since 2012. The deal value in Q1 was four times that of Q4 2015, and deal value in Q2 was more than twice the level of Q1, with a total of more than US\$5 billion. Among the 10 deals with a single deal value of over US\$100 million each in H1 2016, two deals were worth US\$1 billion or more, with one valued at US\$4.5 billion and the other US\$1 billion. The two deals played a key role in shaping investments in Internet Finance over

the period.

**The quarterly deal value of Online Entertainment in Q1 hit US\$1 billion for the first time since 2012, with deal volume equalling the highest on record**

The quarterly deal value of Online Entertainment in Q1 hit US\$1 billion, a dramatic increase compared to 2015, and reaching the highest value seen since 2012. The deal volume in Q1 and Q2 was the same, equalling the record level set in Q2 2012. In H1 2016, Online Entertainment also saw a huge investment of US\$1 billion, which was made in a well-known network video enterprise.

**Figure 39: Deal volume in the Internet sector – Q3 2013-Q2 2016**



## Deal volume and value

### Q1 2016

There were 426 deals in the Internet sector in Q1 2016, with a total investment value of US\$11.56 billion.

#### Internet Services:

192 deals, 45% of the total; deal value of US\$2.79 billion, 24% of the total

#### E-commerce:

102 deals, 24% of the total; deal value of US\$4.56 billion, 39% of the total

#### Internet Finance:

58 deals, 14% of the total; deal value of US\$2.56 billion, 22% of the total

#### Online Entertainment:

26 deals, 6% of the total; deal value of US\$1.33 billion, 12% of the total

#### Internet Marketing:

24 deals, 6% of the total; deal value of US\$0.23 billion, 2% of the total

#### Online Education:

14 deals, 3% of the total; deal value of US\$0.05 billion, 0.7% of the total

#### Social Media:

10 deals, 2% of the total; deal value of US\$0.03 billion, 0.3% of the total

Figure 40: Deal volume by Internet subsector Q1'16

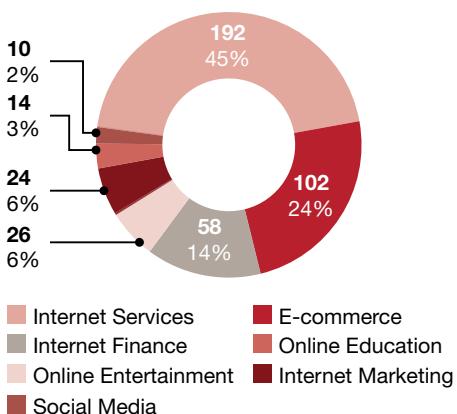
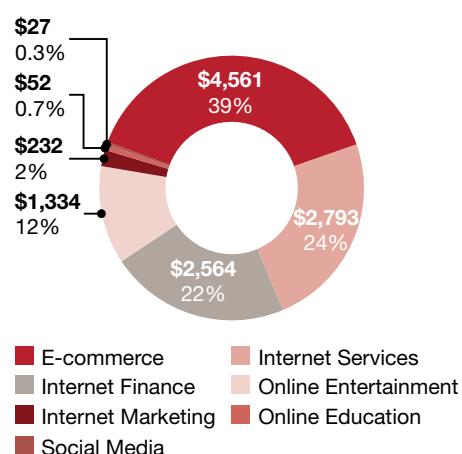


Figure 41: Deal value by Internet subsector Q1'16 (US\$m)



QoQ comparison between Q1 2016 and Q4 2015

	Deal volume	Deal value
E-commerce	89%	597%
Online Education	13%	88%
Internet Services	79%	82%
Online Entertainment	271%	2,846%
Social Media	233%	284%
Internet Marketing	85%	26%
Internet Finance	49%	399%

## Deal volume and value

### Q2 2016

There were 386 deals in the Internet sector in Q2 2016, with a total investment value of US\$9.71 billion.

#### Internet Services:

158 deals, 41% of the total; deal value of US\$2.38 billion, 25% of the total

#### E-commerce:

92 deals, 24% of the total; deal value of US\$1.09 billion, 11% of the total

#### Internet Finance:

57 deals, 15% of the total; deal value of US\$5.69 billion, 59% of the total

#### Online Entertainment:

26 deals, 7% of the total; deal value of US\$0.31 billion, 3% of the total

#### Online Education:

24 deals, 6% of the total; deal value of US\$0.10 billion, 1% of the total

#### Internet Marketing:

15 deals, 4% of the total; deal value of US\$0.06 billion, 0.4% of the total

#### Social Media:

14 deals, 3% of the total; deal value of US\$0.08 billion, 0.6% of the total

Figure 42: Deal volume by Internet subsector Q2'16

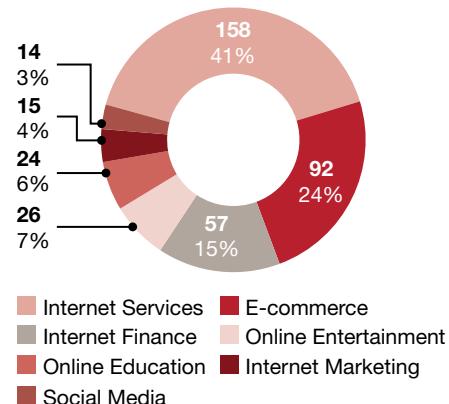
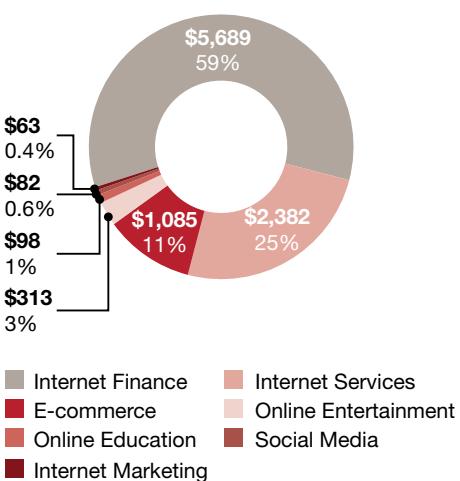


Figure 43: Deal value by Internet subsector Q2'16 (US\$m)



### QoQ comparison between Q2 2016 and Q1 2016

	Deal volume	Deal value
E-commerce	10% ↓	76% ↓
Online Education	71% ↑	89% ↑
Internet Services	18% ↓	15% ↓
Online Entertainment	—	77% ↓
Social Media	40% ↑	209% ↑
Internet Marketing	38% ↓	73% ↓
Internet Finance	2% ↓	122% ↑

## Investments by stage of development

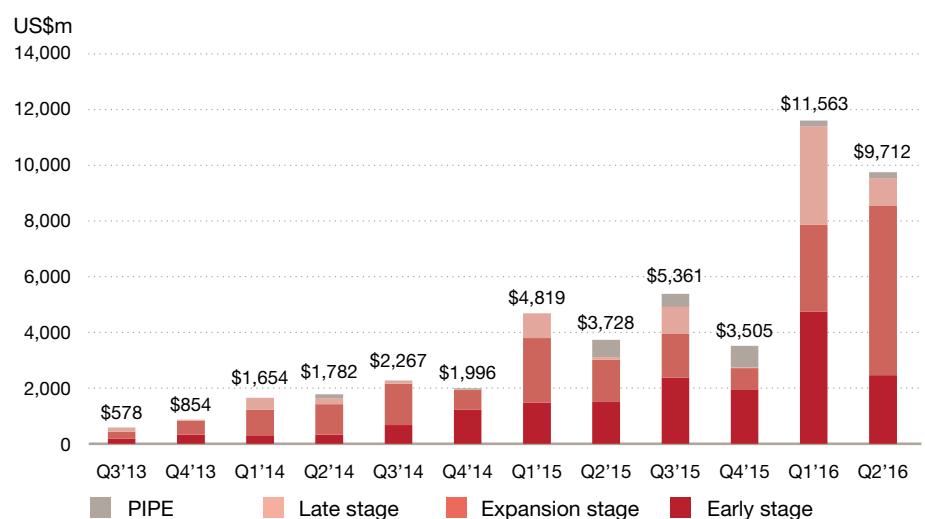
*In H1 2016, as multiple huge deals were made, early-stage investments increased rapidly, with deal value reaching the highest levels recorded since 2012.*

Early-stage deal value in Q1 reached nearly US\$5 billion, which was more than the total value of investments in H2 2015, and marked a new historical high since 2012. In Q2, this figure decreased slightly, but remained at a high level. In the year prior, there had been a total of 15 deals which had single values in excess of US\$100 million, with the average single deal as high as US\$300 million.

*The deal volume and value of the expansion and late stages in H1 2016 hit new highs since 2012*

The development of expansion-stage and late-stage investments was relatively steady. But the investment development in H1 2016 rose substantially, with both deal value and volume creating a new historical high since 2012. Regarding deals with value over US\$100 million in H1 2016, 11 deals were made at expansion stage and five deals at late stage. The single deal with the highest value at the expansion-stage was in Internet Finance and was valued at US\$4.5 billion and for the late-stage, in E-commerce the largest deal was US\$3.3 billion.

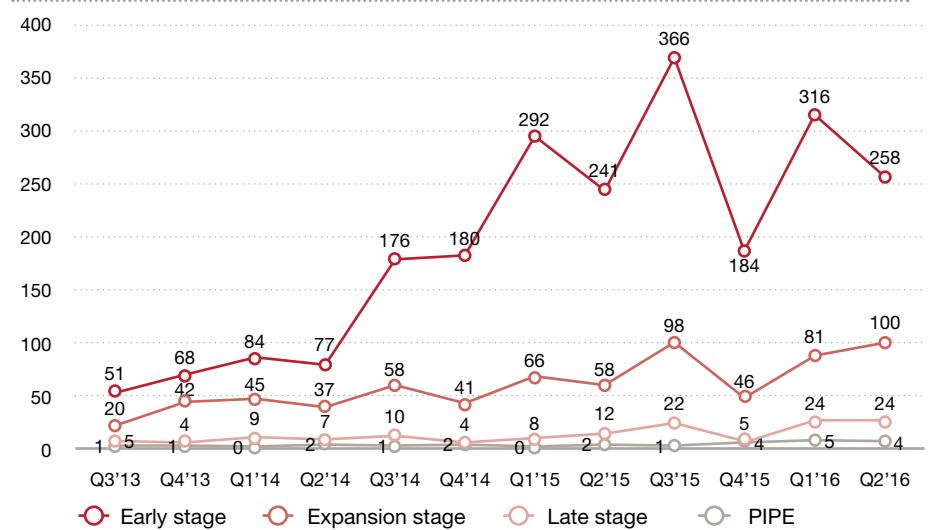
**Figure 44: Deal value by stage of development in the Internet sector – Q3 2013-Q2 2016**



*In H1 2016, the investment of PIPE stage was at a low level*

Though investments of the PIPE stage in H1 2016 increased slightly, the deal value decreased dramatically and took the smallest share among the four investment phases, and overall followed a trend of decline.

**Figure 45: Deal volume by stage of development in the Internet sector – Q3 2013-Q2 2016**



## Investments by stage of development

### Q1 2016

There were 426 deals in the Internet sector, with a total investment value of US\$5.36 billion.

#### Early stage:

316 deals, 74% of the total; deal value of US\$4.73 billion, 41% of the total

#### Expansion stage:

81 deals, 19% of the total; deal value of US\$3.11 billion, 27% of the total

#### Late stage:

24 deals, 6% of the total; deal value of US\$3.52 billion, 30% of the total

#### PIPE:

5 deals, 1% of the total; deal value of US\$0.20 billion, 2% of the total

### Q2 2016

There were 386 deals in the Internet sector, with a total investment value of US\$9.71 billion.

#### Early stage:

258 deals, 67% of the total; deal value of US\$2.47 billion, 25% of the total

#### Expansion stage:

100 deals, 26% of the total; deal value of US\$6.06 billion, 63% of the total

#### Late stage:

24 deals, 6% of the total; deal value of US\$0.96 billion, 10% of the total

#### PIPE:

4 deals, 1% of the total; deal value of US\$0.23 billion, 2% of the total

Figure 46: Deal volume by stage of development in the Internet sector Q1'16

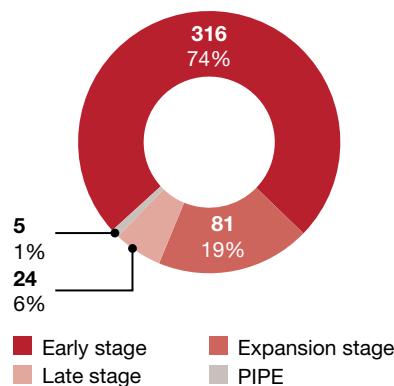


Figure 47: Deal value by stage of development in the Internet sector Q1'16 (US\$m)

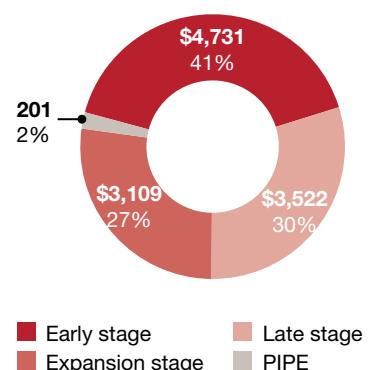


Figure 48: Deal volume by stage of development in the Internet sector Q2'16

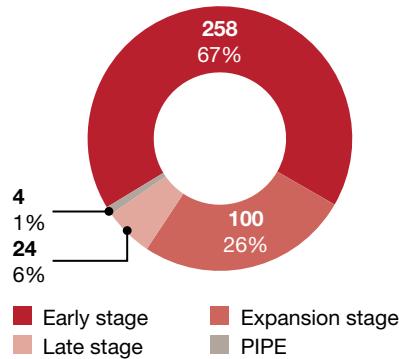
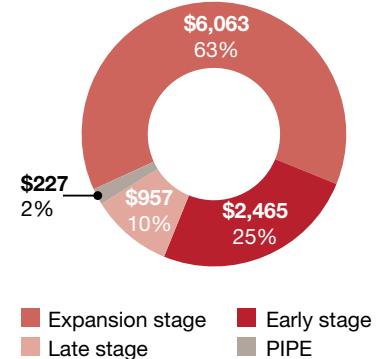


Figure 49: Deal value by stage of development in the Internet sector Q2'16 (US\$m)



QoQ comparison between Q1 2016 and Q4 2015

	Deal volume	Deal value
Early stage	72%	143%
Expansion stage	76%	308%
Late stage	380%	14,512%
PIPE	25%	74%

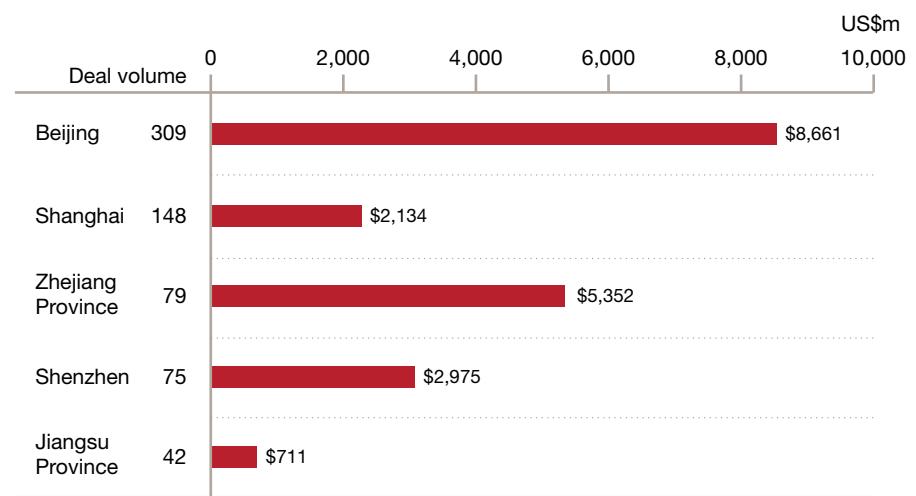
QoQ comparison between Q2 2016 and Q1 2016

	Deal volume	Deal value
Early stage	18%	48%
Expansion stage	23%	95%
Late stage	-	73%
PIPE	20%	13%



### Investments by region

Figure 50: The top six regions for Internet sector investments in Q1/Q2'16  
(Deal volume/Deal value)



## Investments in Telecommunications and Mobile

The Telecommunications and Mobile sector includes Telecom Equipment and Terminals, Other Telecommunications Sectors and Mobile.

### Deal volume and value

#### Q1 2016

There were 105 deals in the Telecommunications and Mobile sector, with a total investment value of US\$794 million.

#### Mobile:

96 deals, 91% of the total; deal value of US\$697 million, 87.7% of the total

#### Telecom Equipment and Terminals:

7 deals, 7% of the total; deal value of US\$95 million, 12% of the total

#### Other Telecommunications Sectors:

2 deals, 2% of the total; deal value of US\$2 million, 0.3% of the total

Figure 51: Deal volume by subsegment in the Telecommunications and Mobile sector Q1'16

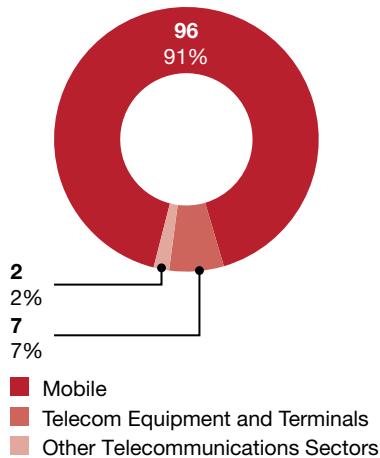
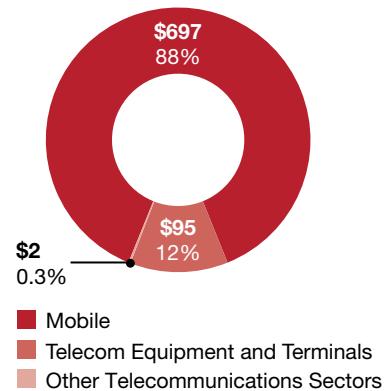


Figure 52: Deal value by subsegment in the Telecommunications and Mobile sector Q1'16 (US\$m)



**Mobile:** The largest single deal value was in Q2, which was the highest value recorded in the TMT industry since 2012

In Q1, the deal value increased by 77% QoQ compared to Q4 2015, and deal value in Q2 was nearly US\$5 billion, almost six times that in Q1, a dramatic increase that represented the highest level recorded since 2012. The deal value in Mobile accounted for 98% of the total, mainly due to the US\$4.5 billion invested in a well-known taxi hailing app enterprise in Q2. This deal value also reached the highest single-deal value in the TMT industry since 2012, equalling another large deal within Internet Finance.

**Other Telecommunications Sectors and Telecom Equipment and Terminals:** Investments remained stable in H1 2016

Other Telecommunications Sectors and Telecom Equipment and Terminals took a relatively small share compared to the Mobile sector, and both the deal value and volume in H1 2016 were at a relatively low level, without large fluctuations when compared with prior years.

## Q2 2016

There were 64 deals in the Telecommunications and Mobile sector, with a total investment value of US\$4.95 billion.

### Mobile:

56 deals, 87% of the total; deal value of US\$4.84 billion, 97% of the total

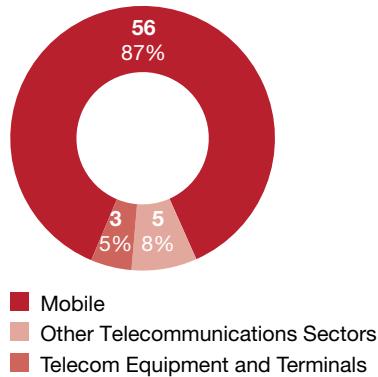
### Other Telecommunications Sectors:

5 deals, 8% of the total; deal value of US\$0.07 billion, 2% of the total

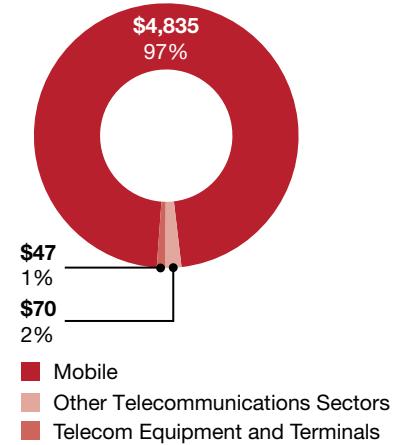
### Telecom Equipment and Terminals:

3 deals, 5% of the total; deal value of US\$0.05 billion, 1% of the total

**Figure 53: Deal volume by subsectors in the Telecommunications and Mobile sector Q2'16**



**Figure 54: Deal value by subsectors in the Telecommunications and Mobile sector Q2'16(US\$m)**



**QoQ comparison between Q1 2016 and Q4 2015**

	Deal volume	Deal value
Mobile	96%	77%
Telecom Equipment and Terminals	75%	417%
Other Telecommunications Subsectors	75%	97%

**QoQ comparison between Q2 2016 and Q1 2016**

	Deal volume	Deal value
Mobile	42%	594%
Telecom Equipment and Terminals	29%	27%
Other Telecommunications Subsectors	50%	2,238%

## Investments by stage of development

### Q1 2016

#### Early stage:

79 deals, 75% of the total; deal value of US\$450 million, 57% of the total

#### Expansion stage:

21 deals, 20% of the total; deal value of US\$261 million, 33% of the total

#### Late stage:

4 deals, 4% of the total; deal value of US\$7 million, 1% of the total

#### PIPE:

1 deals, 1% of the total; deal value of US\$77 million, 9% of the total

Figure 55: Deal volume by stage of development in the Telecommunications and Mobile sector Q1'16

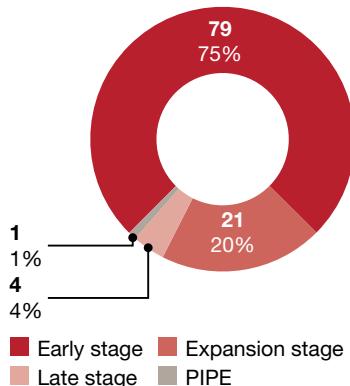
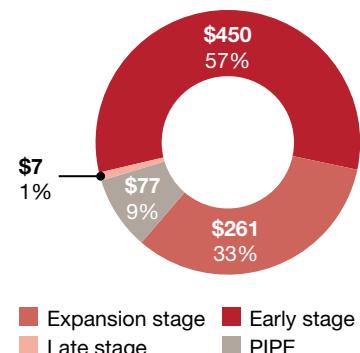


Figure 56: Deal value by stage of development in the Telecommunications and Mobile sector Q1'16 (US\$m)



### Q2 2016

#### Early stage:

38 deals, 59% of the total; deal value of US\$296 million, 6% of the total

#### Expansion stage:

20 deals, 31% of the total; deal value of US\$4.60 billion, 93% of the total

#### Late stage:

6 deals, 10% of the total; deal value of US\$52 million, 1% of the total

#### PIPE:

No deals

Figure 57: Deal volume by stage of development in the Telecommunications and Mobile sector Q2'16

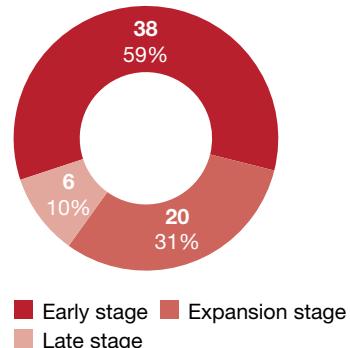
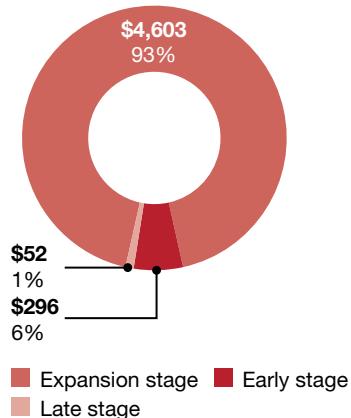


Figure 58: Deal value by stage of development in the Telecommunications and Mobile sector Q2'16 (US\$m)



QoQ comparison between Q1 2016 and Q4 2015

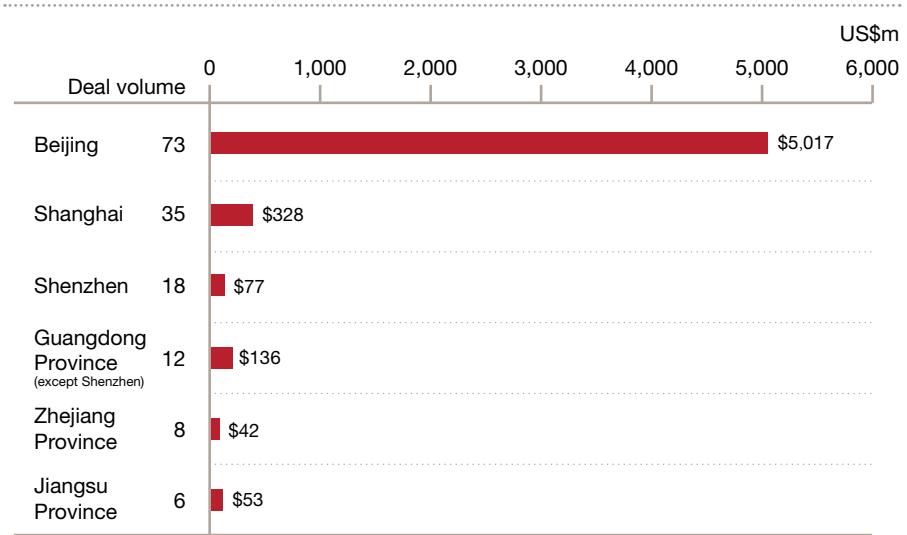
	Deal volume	Deal value
Early stage	88%	127%
Expansion stage	62%	53%
Late stage	100%	40%
PIPE	75%	24%

QoQ comparison between Q2 2016 and Q1 2016

	Deal volume	Deal value
Early stage	52%	34%
Expansion stage	5%	1,664%
Late stage	50%	691%
PIPE	100%	100%

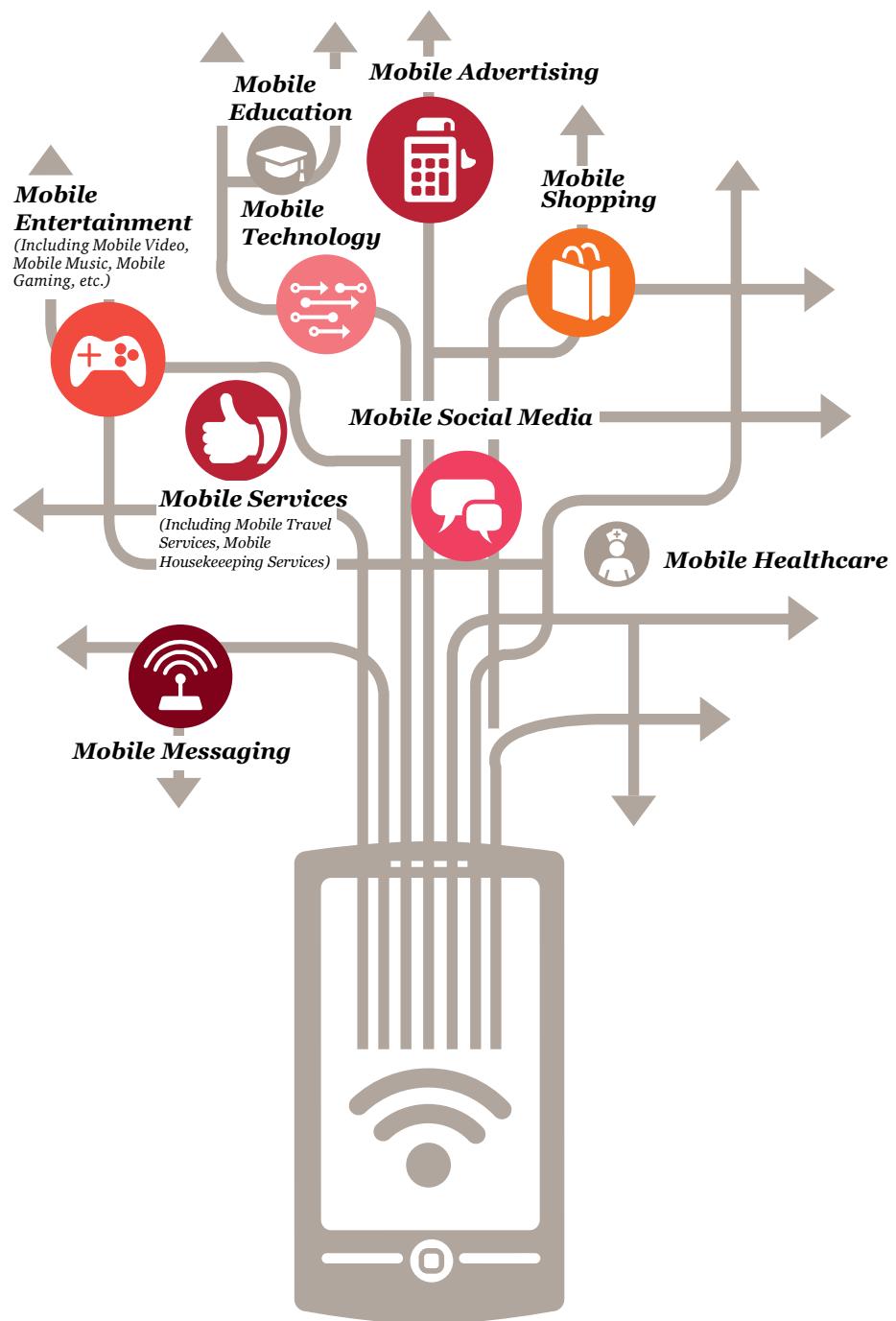
### *Investments by region*

Figure 59: The top six regions for investment in the Telecommunications and Mobile sector Q1/Q2'16 (Deal volume/Deal value)



## 5. A close look at investments in Mobile

The Mobile sector includes Mobile Entertainment, Mobile Advertising, Mobile Shopping, Mobile Healthcare, Mobile Technology, Mobile Education, Mobile Services, Mobile Social Media and Mobile Messaging.



## Deal volume and value

### Q1 2016

There were 96 deals in the Mobile sector in Q1 2016, with a total investment value of US\$697 million.

#### Mobile Services:

35 deals, 37% of the total; deal value of US\$243 million, 35% of the total

#### Mobile Social Media:

17 deals, 18% of the total; deal value of US\$28 million, 4% of the total

#### Mobile Entertainment:

14 deals, 15% of the total; deal value of US\$35 million, 5% of the total

#### Mobile Healthcare:

10 deals, 10% of the total; deal value of US\$131 million, 19% of the total

#### Mobile Shopping:

8 deals, 8% of the total; deal value of US\$136 million, 19% of the total

#### Mobile Advertising:

6 deals, 6% of the total; deal value of US\$87 million, 12% of the total

#### Mobile Technology:

3 deals, 3% of the total; deal value of US\$34 million, 5% of the total

#### Mobile Education:

3 deals, 3% of the total; deal value of US\$3 million, 1% of the total

#### Mobile Messaging:

No deals

## Deal volume and value

### Q2 2016

There were 56 deals in the Mobile sector in Q2 2016, with a total investment value of US\$4.84 billion.

#### Mobile Services:

19 deals, 34% of the total; deal value of US\$4.58 billion, 95% of the total

#### Mobile Social Media:

13 deals, 23% of the total; deal value of US\$171 million, 3% of the total

#### Mobile Entertainment:

12 deals, 21% of the total; deal value of US\$47 million, 1% of the total

#### Mobile Technology:

3 deals, 5% of the total; deal value of US\$5 million, 0.1% of the total

#### Mobile Education:

3 deals, 5% of the total; deal value of US\$8 million, 0.2% of the total

#### Mobile Advertising:

2 deals, 4% of the total; deal value of US\$2 million, 0.1% of the total

#### Mobile Shopping:

2 deals, 4% of the total; deal value of US\$13 million, 0.3% of the total

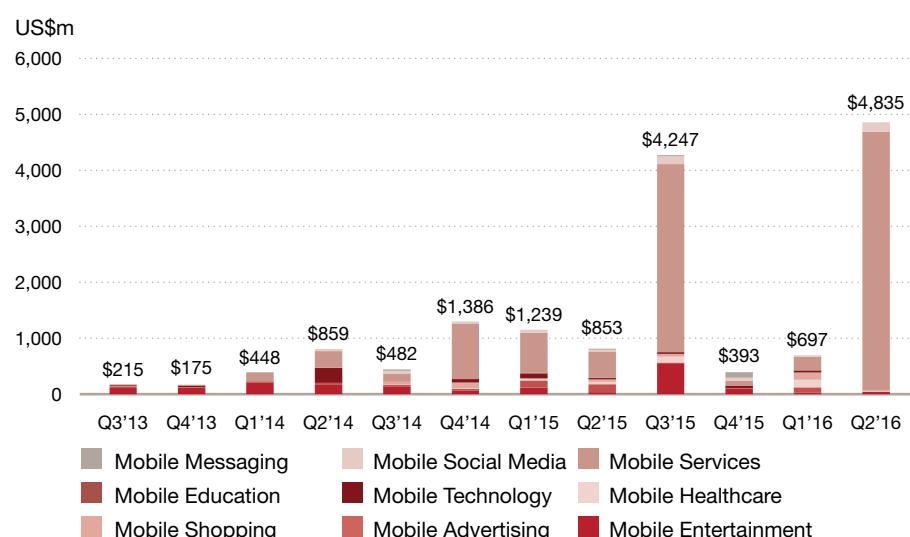
#### Mobile Healthcare:

2 deals, 4% of the total; deal value of US\$12 million, 0.3% of the total

#### Mobile Messaging:

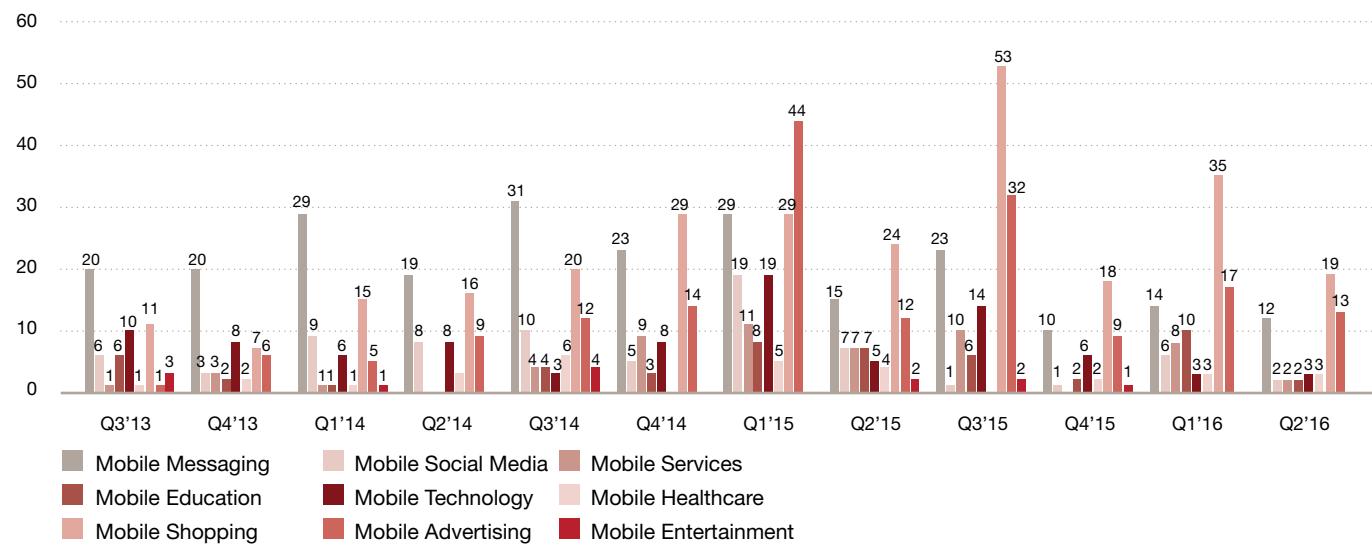
No deals

Figure 60: Deal value by Mobile Internet subsegments – Q3 2013-Q2 2016



**In H1 2016, Mobile Services, Mobile Social Media and Mobile Healthcare were the three pillars of the Mobile sector**

**Figure 61: Deal volume by Mobile subsegments – Q3 2013-Q2 2016**



**Mobile Services: The top ranking subsector had huge investments once again in taxi-hailing APPs**

Taxi-hailing apps have been the major investment area for the Mobile Services subsector since 2014. In Q2 2016, a single deal valued at US\$4.5 billion for a taxi-hailing app company was the biggest single-deal value in the TMT industry since 2012, creating a historical high for the total investments in Q2. Deal volume accounted for over 30%, and though it decreased slightly, there were no significant fluctuations.

**Mobile Social Media: Ranking second, deal value in Q2 surpassed the previous peak since 2012**

In H1 2016, the deal volume in Mobile Social Media decreased slightly compared to H2 2015. However, the deal value in Q2 surpassed that of Q3 2015, the highest level recorded since 2012. Additionally, there was a B round with a huge investment amounting to US\$100 million in Mobile Social Media in Q2.

**Mobile Healthcare: Ranking third, with both deal value and volume reaching new highs since 2012**

In H1 2016, Mobile Healthcare surpassed Mobile Entertainment and jumped to the third spot, with a dramatic QoQ increase in both deal volume and deal value, both reflecting new record highs since 2012. The deal volume reached 10 for the first time, while deal value exceeded US\$100 million.



**PwC Viewpoints**

Mobile is by now widely recognised as a sector located at the forefront of development, with broad appeal stemming from innovative developments such as Mobile Services and Mobile Social Media. Additionally, mobile service apps for the O2O platform remain red hot, while many traditional enterprises are striving to formulate strategies to adapt to "Internet +" in order to seek new breakthroughs and fresh opportunities. In the near future, fields such as social media and entertainment will mature, while more attention will be paid to areas such as healthcare and education.

# 6. Methodology and definitions

TMT is an acronym for Telecommunications, Media and Technology. The three words represent Telecommunications and Mobile, Media and Technology, respectively. In this report, we have carried out analysis of the three most active sectors within TMT. They are Technology, Internet and Telecommunications and Mobile.

This report covers Q1 and Q2 2016. However, in order to show trends and make comparisons in the industry, we have included data from the year H2 2013 to 2015. In this report, only deals disclosing specific investment data were included in relevant analysis. Deals that did not disclose the specific investment period, deal value or investment stage were excluded from the relevant analysis in order to maintain the accuracy of the report.

All data in this report was provided by Zero2IPO Research.

## Definitions

### Technology sector

**Hardware:** Computer hardware, computer peripherals, network equipment, etc.

**Software:** Basic software, software applications, etc.

**IT Services:** IT consultation, software outsourcing, hosting services, computer and network security, etc.

### Electronics & Optoelectronics

**Devices:** Optoelectronic components, optoelectronics, electronics, power supply, etc.

**Semiconductor:** IC design, IC testing and packaging, IC equipment manufacturing, etc.

### Internet sector

**E-commerce:** B2C, B2B, C2C, etc.

**Internet Marketing:** Information portal, search engine, advertising agency and Internet marketing services

**Internet Services:** Online travel services, online recruitment services, online housekeeping services, etc.

**Online Education:** E-learning, online classroom, etc.

**Online Entertainment:** Online gaming, online video and online music

**Social Media:** BBS/Forum, online networking, etc.

**Internet Finance:** I-finance, E-payment, etc.

### Telecommunications and Mobile sector

**Telecom Equipment and Terminals:** Telecommunications and mobile equipment, telecommunications and mobile terminals, telecommunications and mobile software, etc.

### Other Telecommunications

**Subsectors:** Mobile operators, Fixed-line operators, Virtual network operator (VNO) and others

**Mobile:** Mobile entertainment, Mobile advertising, Mobile shopping, Mobile healthcare, Mobile technology, Mobile education, Mobile services, Mobile social media, and Mobile messaging

### Entertainment and Media sector

**Traditional Media:** Newspaper, magazines, publishing, etc.

**Outdoor Media:** Outdoor print ads, outdoor LED TV, mobile TV, building TV, etc.

**Video Production and Distribution:** Film and television production and distribution, film projection, etc.

**Advertising Creation/Agency:** Ad creation, media buying, ad agency, etc.

**Cultural Transmission:** Culture brokerage and agency, etc.

**Entertainment & Leisure:** Animation and other industries

### **Stage of development**

**Early stage:** This stage varies from one to five years while the product or concept is under development and not yet in mass and commercial production. During this stage, funds are mainly used for acquiring production equipment and developing products as well as marketing and setting up management systems.

**Expansion stage:** The investment period at this stage usually lasts about two or three years. The products or services have been recognised by the market. The company generally needs more funds to further develop the product, as well as to expand facilities and production. Inventory planning and marketing efforts are also ramped up.

**Late stage:** During this stage, the company has grown its operating revenue, and is more likely to be, but not necessarily, profitable. The company may have plans to go public. The main purpose of financing is to seek capital to grow capacity, and to introduce shareholders with industry experience and influence, thereby increasing corporate recognition and attracting shareholders. The company will aim to improve its financial structure and management system in preparation for listing. At this stage, the investment risk is the lowest, but the chance of high returns is also lower.

**PIPE (private investment in public equity):** PE investments in publicly listed companies via preferential allotments or private placements, and the acquisition of shares by PE firms via the secondary market.

### **Exits**

**IPO:** IPO is short for initial public offering. IPO refers to listing on the stock markets in Shanghai, Shenzhen, Hong Kong, and overseas.

**Strategic sale:** This includes the sale of the PE or VC investors' equity stakes (or the entire investee company itself) to a third-party company.

**Management buy-out:** The purchase of a company by its management through either debt-credit finance or stock transaction, which results in relevant changes in corporate ownership, control, residual claim and assets, in order to alter the structure of corporate proprietary rights. Through management buy-out, the company's operators become its owners.

**Secondary sale:** Any purchase of the PE or VC investors' equity stakes by another PE or VC investors constitutes secondary sale.

# 7. Contacts

If you'd like to discuss what's happening in your particular TMT market or how PwC might be able to help your company meet its challenges, please reach out to one of the TMT industry leaders listed here.

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