



# 2011 China capital market

10 August 2011

 **ERNST & YOUNG**  
安 永

# Contents

---

- 1) Q2'2011 Capital market overview
- 2) 1H2011 China IPO market review

# Q2'2011 capital market overview



# Q2'2011 capital market overview

---

- ▶ Global IPO volume reached US\$64.6 billion in 378 deals in Q2'11
- ▶ In the first 6 months of 2011, there were 672 deals which raised US\$111.1 billion. This was 10% higher than the US\$100.5 billion via 607 IPOs in 1H 2010
- ▶ PE/VC-backed listings continue to drive global IPO activity in Q2'11.
- ▶ The top three IPOs accounted for 22% of the second quarter's global capital raised
  - ▶ Swiss commodities trader Glencore International's IPO raised US\$10.0 billion\*, which constituted 15.5% of global capital raised in Q2'11. It is the largest IPO globally so far this year. It is also the largest non-Asian IPO completed on **Hong Kong Stock Exchange (HKEx)** on record
  - ▶ The second largest IPO in Q2'11 was the Italian fashion house, Prada SpA which raised US\$2.14 billion on **HKEx**
  - ▶ The third largest IPO was the US\$2.06 billion IPO listing of China's Shanghai Pharmaceutical Holdings on **HKEx**

\* Including offering on HKEx and international exchanges

Source: Dealogic, Thomson Financial, Ernst & Young

# Q2'2011 capital market overview

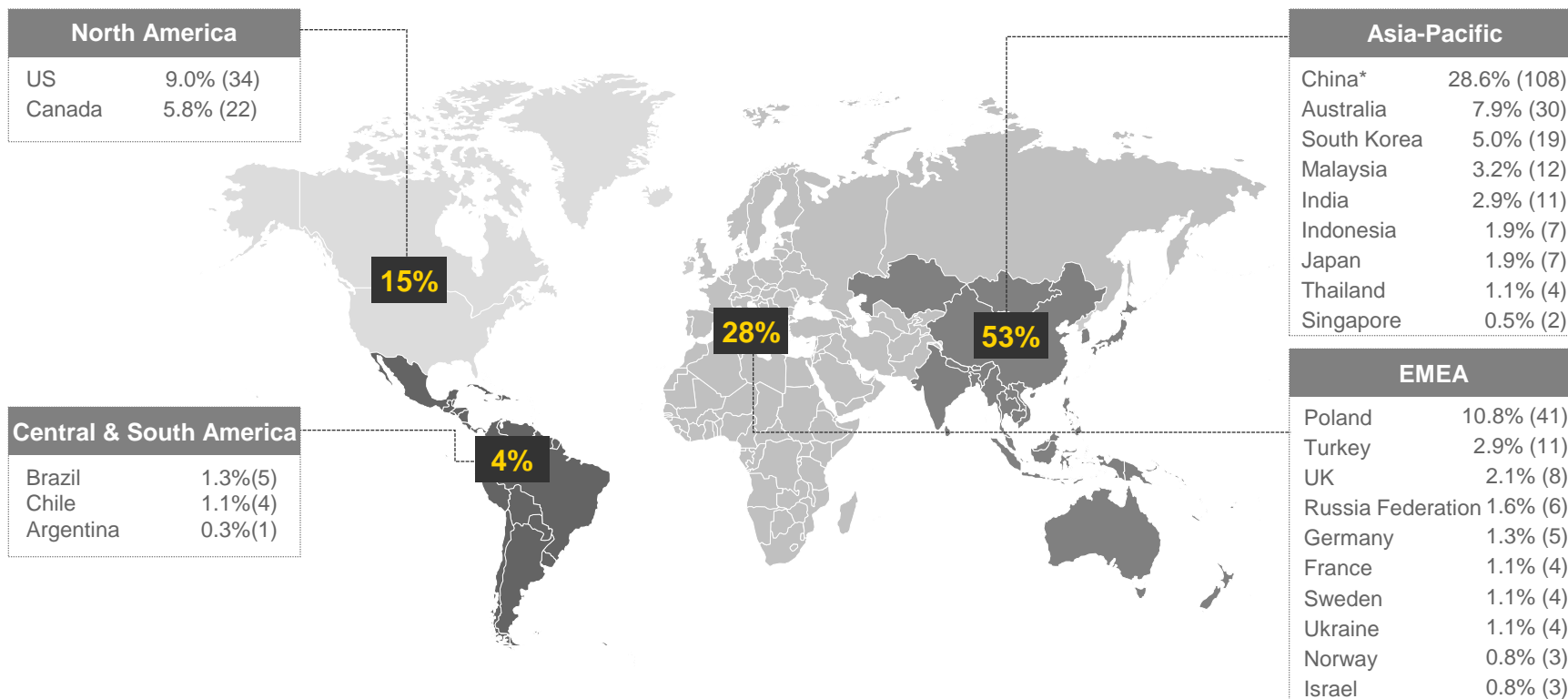
---

- ▶ **China issuers still dominated the global IPO market. China issuers made up around 32% of global fundraising in Q2'11**
  - ▶ China issuers raised US\$20.4 billion in 108 deals (at home exchanges or cross-border listings) – a 24% increase in total proceeds from Q2'10
- ▶ **HKEx ranked first by global capital raised. HKEx raised US\$21.3 billion in 22 deals in Q2'11.**

Source: Dealogic, Thomson Financial, Ernst & Young

# In Q2'2011, Chinese companies led global IPO activity by both number of deals and total capital raised

**China, with 108 deals in total, made up 29% of the number of deals globally**

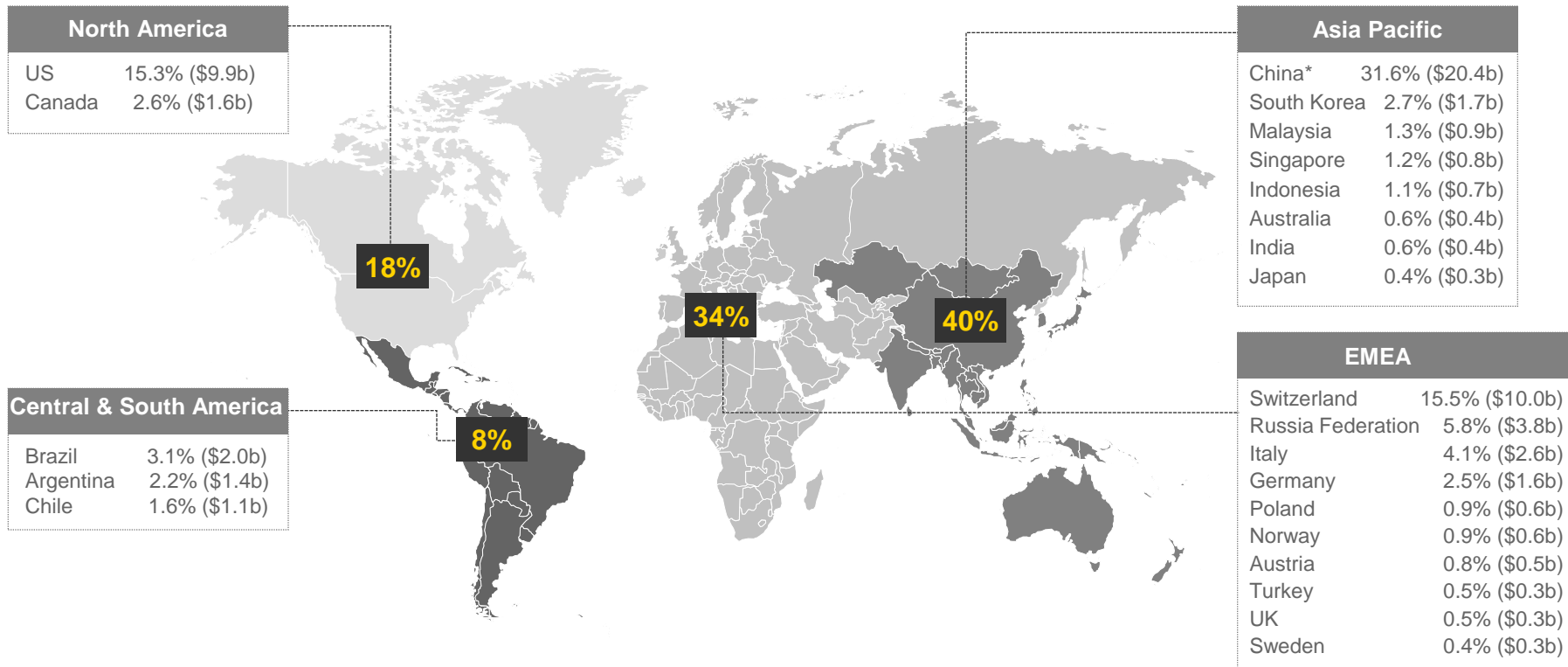


\*China issuers includes Mainland China, Hong Kong, Macau and Taiwan.

Source: Dealogic, Thomson Financial, Ernst & Young

# In Q2'2011, Chinese companies led global IPO activity by both number of deals and total capital raised (Cont'd)

**China, raised US\$20.4 billion, making up 32% of total global capital raised**



\*China issuers includes Mainland China, Hong Kong, Macau and Taiwan.

Source: Dealogic, Thomson Financial, Ernst & Young

# 1H2011 China IPO market review





# Shenzhen Stock Exchange led global IPO activities in 1H 2011

## Top stock exchanges with the most deals

Rank	Main listing stock exchange(s)	Number of deals	Percentage
1	Shenzhen Stock Exchange**	144	21%
2	Warsaw Stock Exchange***	79	12%
3	Australian Stock Exchange (ASX)	57	8%
4	New York Stock Exchange (NYSE)	44	7%
5	HKEx****	34	5%
6	NASDAQ	32	5%
7	Shanghai Stock Exchange	23	3%
7	KOSDAQ	23	3%
8	Bombay Stock Exchange (BSE)	20	3%

Source: Dealogic, Thomson Financial, Ernst & Young

\* Data based on domicile of the exchange, regardless of the listed company domicile

\*\* Shenzhen Stock Exchange includes Small and Medium Enterprise board and ChiNext

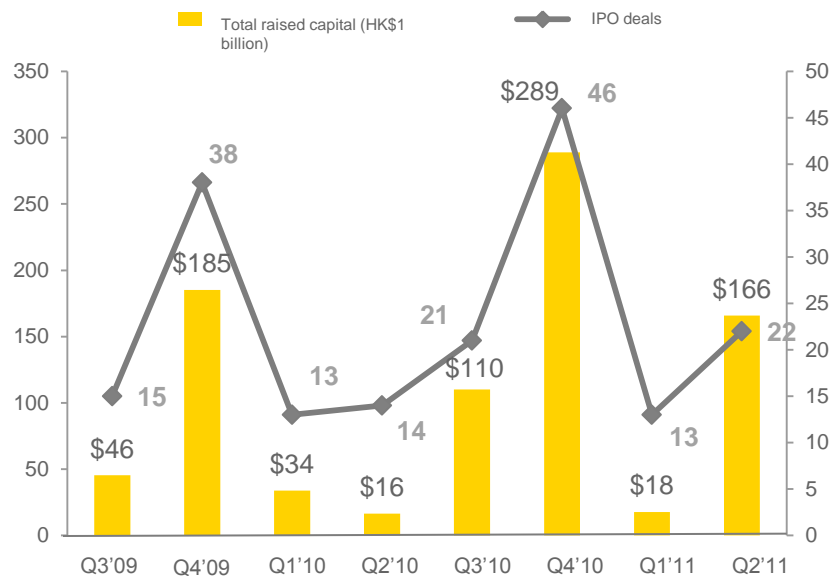
\*\*\* Warsaw Stock Exchange includes Warsaw - NewConnect

\*\*\*\* HKEx includes Hong Kong main board and GEM

# Hong Kong market: despite more bad news in 1H2011, IPO raised capital sets new high of 10 years

Comparison between 1H2010 and 1H2011 :

IPO deals			Total funds raised: HK\$1 billion		
1H2010	1H2011	Change	1H2010	1H2011	Change
27	35	30%	50	183.7	264%



\*Including Hong Kong IPO and international part  
Source: Dealogic, Thomson Financial, Ernst & Young

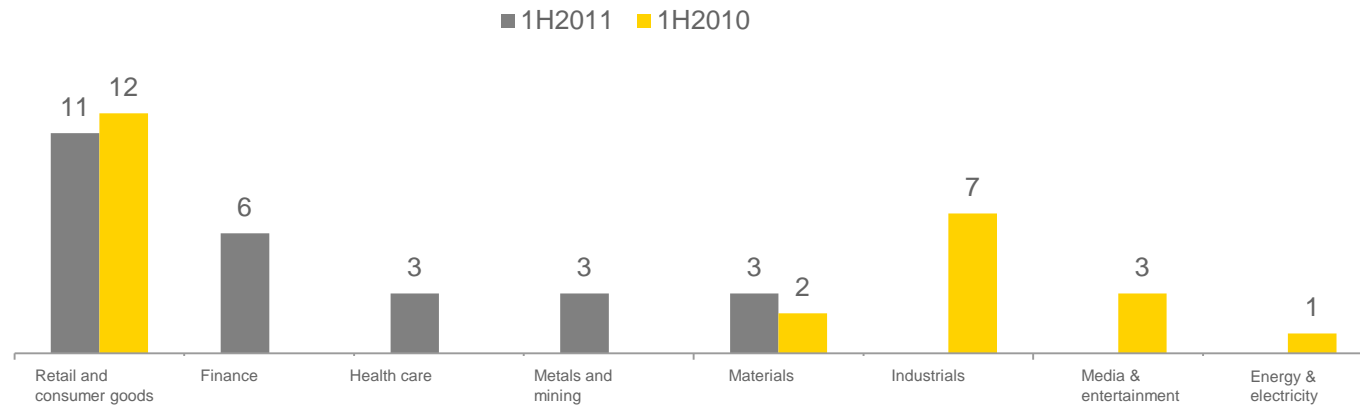
Top 10 IPOs

HK\$ million

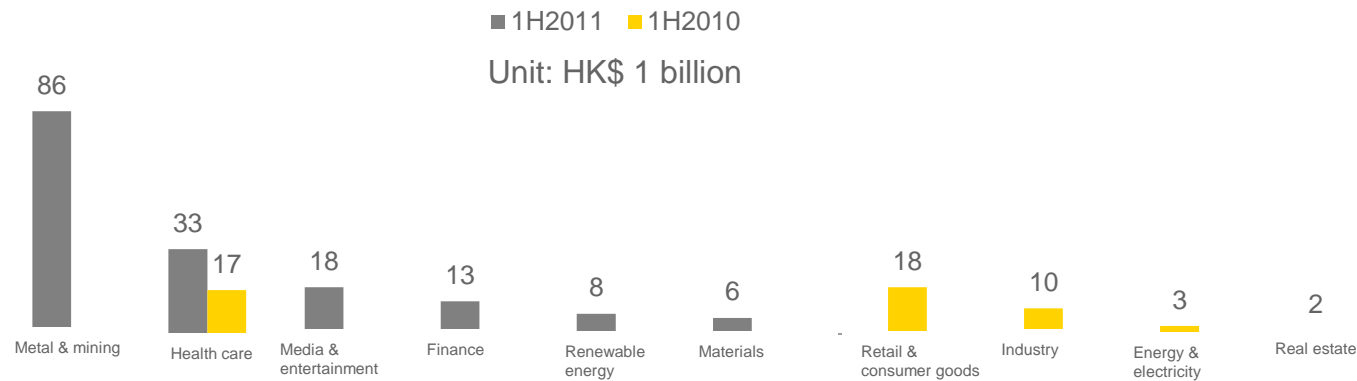
Enterprise	Listing Date	Raised capital
Glencore International plc	25 May 2011	77,746 *
PRADA SpA	24 June 2011	16,719
Shanghai Pharmaceuticals Holding Co., Ltd.	20 May 2011	16,014
MGM China Holdings Limited	3 June 2011	12,569
Hui Xian REIT	29 April 2011	12,487
Samsonite International S.A.	16 June 2011	9,733
China Hongqiao Group Limited	24 March 2011	6,372
Huaneng Renewables Corporation Limited	10 June 2011	6,214
Far East Horizon Limited	30 March 2011	5,903
Billion Industrial Holdings Limited	18 May 2011	2,977

# Industry analysis on 2011 Hong Kong IPO

## 1H2011 top 5 industries by number of deals



## 1H2011 top 5 industries by total raised capital

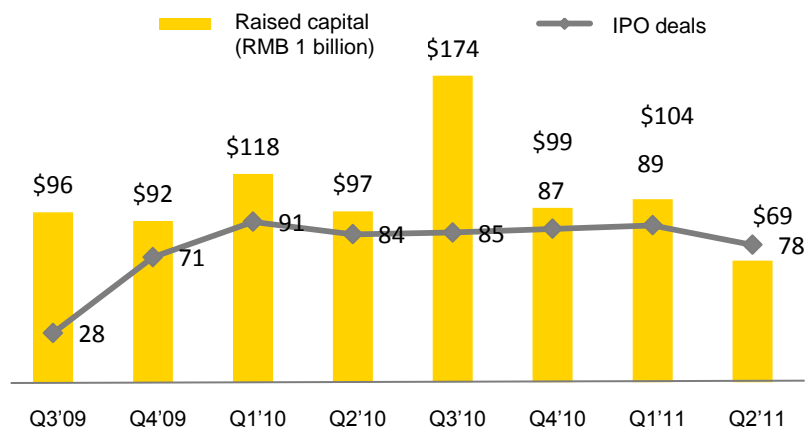


Source: Dealogic, Thomson Financial, Ernst & Young  
Materials industry includes metal, mineral resources, building materials, packing materials, forest products and others.

# A-share market: Shanghai Stock Exchange (SSE) doubles in IPO; ChiNext increases, while total fund raised goes down

Comparison between 1H2010 and 1H2011:

	IPO deals			Total funds raised: RMB1 billion		
	1H10	1H11	Change	1H10	1H11	Change
SSE	11	23	109%	61	53	(13%)
SME	110	62	(44%)	45	57	27%
ChiNext	54	82	52%	109	63	(42%)
<b>Total</b>	<b>175</b>	<b>167</b>	<b>(5%)</b>	<b>215</b>	<b>173</b>	<b>(20%)</b>



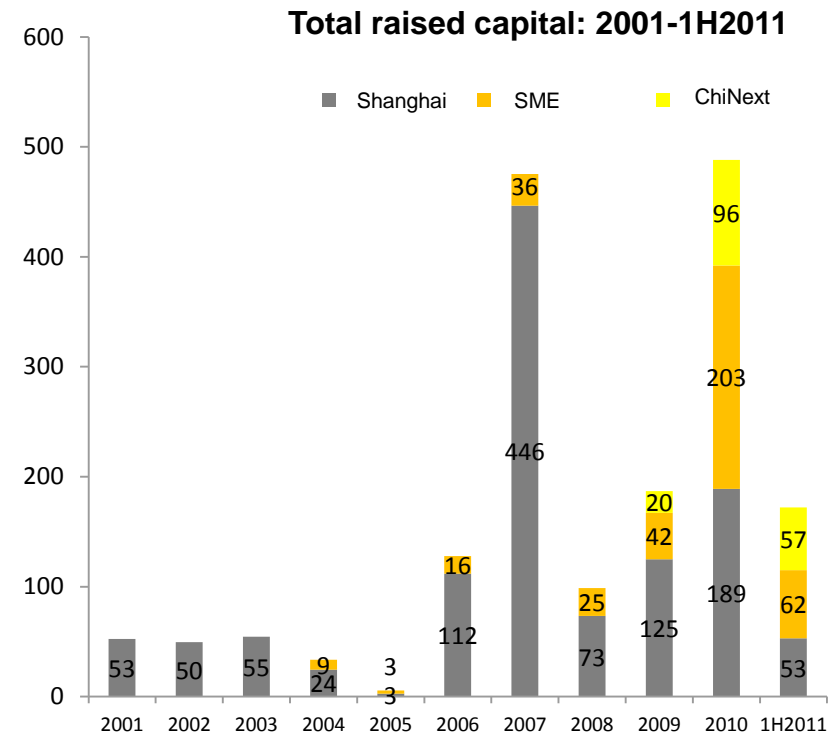
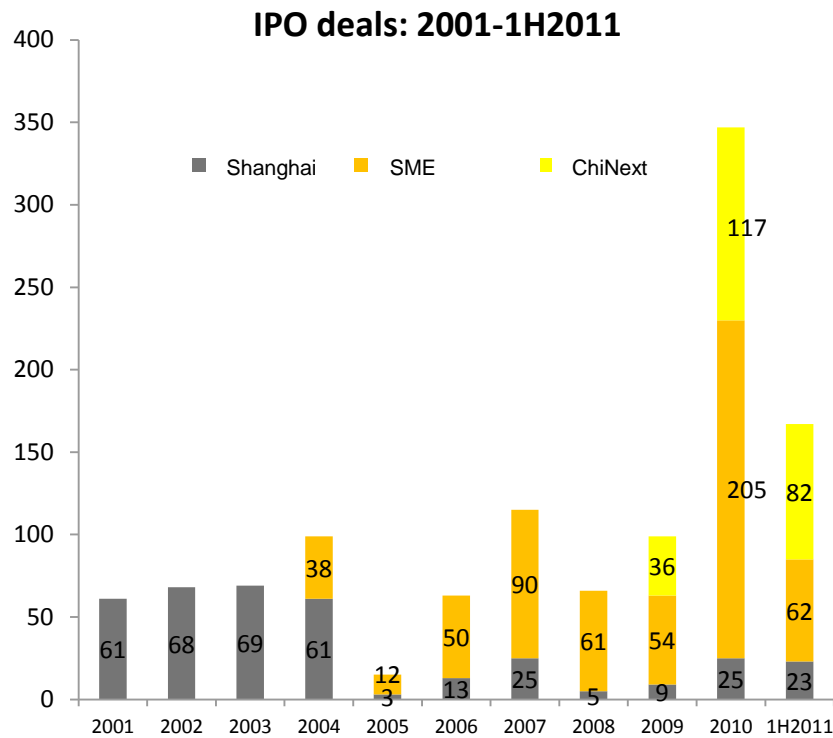
Source: Dealogic, Thomson Financial, Ernst & Young

Top 10 IPOs

RMB million

Enterprise	Listing date	Raised capital	Stock exchange
Sinovel Wind Co. Ltd.	13 Jan 2011	9,459	Shanghai Stock Exchange
Pang Da Automobile Trade Co. Ltd.	28 April 2011	6,300	Shanghai Stock Exchange
China Hainan Rubber Industry Group Co., Ltd.	7 Jan 2011	4,708	Shanghai Stock Exchange
Zhejiang Semir Garment Co., Ltd.	11 March 2011	4,690	Small & medium stocks
Tongkun Group Co., Ltd.	18 May 2011	3,240	Shanghai Stock Exchange
Inner Mongolia Junzheng Chemical Industry Co., Ltd.	22 Feb 2011	3,060	Shanghai Stock Exchange
Jiangsu Shuangxing Color Plastic New Materials Co., Ltd.	2 June 2011	2,860	Small & medium stocks
JOEONE Co., Ltd	30 May 2011	2,640	Shanghai Stock Exchange
Superview	28 Jan 2011	2,552	Shanghai Stock Exchange
Tongyu Heavy Industry Co., Ltd.	8 March 2011	2,250	ChiNext

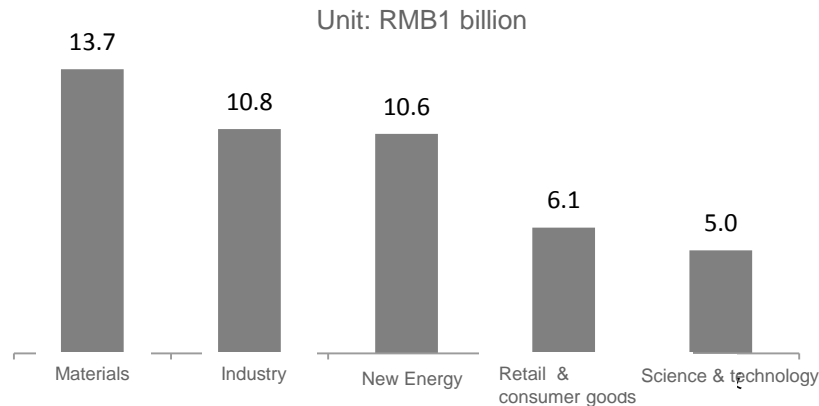
# ChiNext IPOs surpass SME for the first time in 1H2011



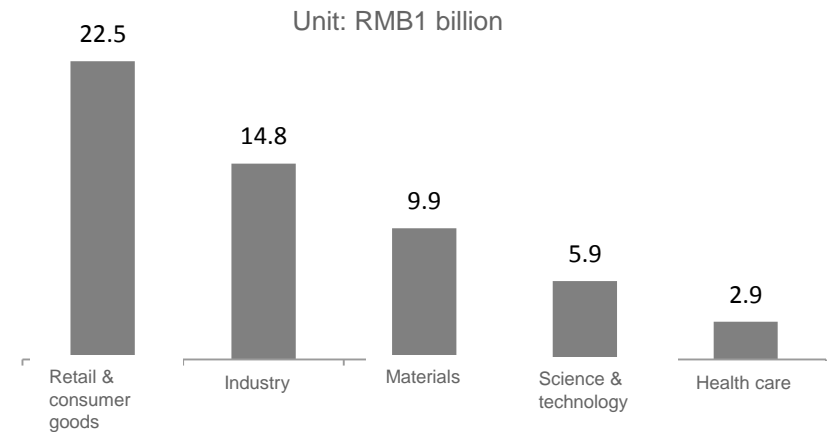
Source: Dealogic, Thomson Financial, Ernst & Young

# Industry analysis of IPOs on Shanghai main board, Shenzhen SME and ChiNext

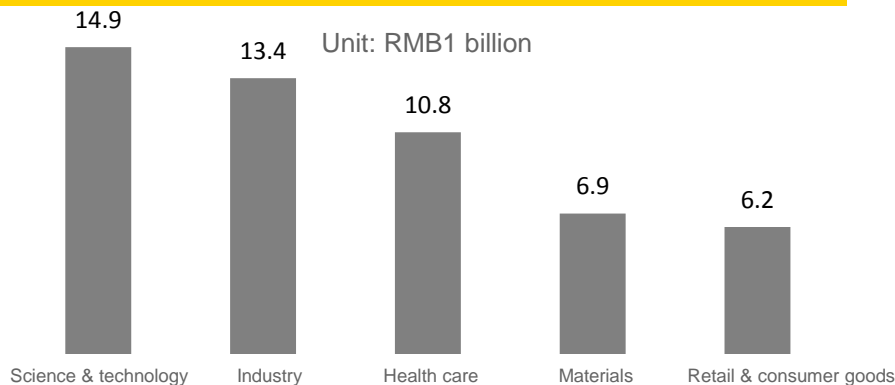
## Shanghai Stock Exchange



## Small & medium board of Shenzhen Stock Exchange



## ChiNext of Shenzhen Stock Exchange



Source: Dealogic, Thomson Financial, Ernst & Young

Materials industry includes metal, mineral resources, building materials, packing materials, forest products and others.

# Contact information

---



**Woo Tuck Hong**

Assurance  
Partner

Tel: +86 21 2228 2372  
Fax: +86 21 2228 0943  
Mobile: +86 1391 860 7432  
Email: [tuckhong.woo@cn.ey.com](mailto:tuckhong.woo@cn.ey.com)

Ernst & Young

Assurance | Tax | Transactions | Advisory

**About Ernst & Young**

Ernst & Young is a global leader in assurance, tax, transaction and advisory services. Worldwide, our 141,000 people are united by our shared values and an unwavering commitment to quality. We make a difference by helping our people, our clients and our wider communities achieve their potential.

Ernst & Young refers to the global organization of member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [www.ey.com](http://www.ey.com).

© 2011 Ernst & Young, China  
All Rights Reserved.  
FEA No. 03001330

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither the Ernst & Young, China practice nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

[www.ey.com/china](http://www.ey.com/china)