

Angel Investment

An overview of the investment environment, preferences and the current market trends

2013 The government issued a new policy to foster angel investment in China. Various new policies and proposals were issued by the central government in regard to building a startup ecosystem, and its role in helping to transition the Chinese economy.

2014 The beginning year of Chinese angel investment. Prime Minister Li Keqiang called for "popular entrepreneurship and innovation" as one of the two engines for growth in the Chinese economy at the World Economic Forum in Davos. In addition to a clear policy signal to invest in startups, news of many successful exits of Angel investors during Initial Public Offering (IPO) has also directed investors' interest to this new high return investment type.

2015 The government sped up the process of IPO application (Early 2015). As a result, investors rushed to invest in different startups in hopes to gain high yields. Various companies, including Baofeng Group Co. Ltd., Sichuan Xun You Network Co. Ltd., and Chinese All Digital Publishing Group Co. Ltd., has successfully registered in the Growth Enterprise Board in Shenzhen and Shanghai Stock Exchange.

The government launched the 13th 5-Year Plan. According to the plan, in order to foster entrepreneurship and innovation and the transformation of the Chinese manufacturing industry in line with Made in China 2025, state governments were also encouraged to set up a Fund of Funds (FoF) and issue other policies that help build up the entrepreneurship ecosystem.

Low Trading Volume in the Stock Market (Late 2015, Early 2016). Overheating in the stock market in early 2015 triggered government intervention to cool down the market. Low trading volume in the secondary market has also affected trading volume in the primary market. The government imposed many financial measures, including delaying the IPO process to drive down the trading volume. News of many startup failures has also caused the VC market to be more cautious when investing. There was lack of continuous investment from VC/PE firms for startups that have received seed funding from Angel investors.

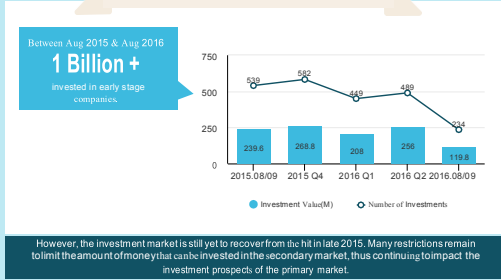
2016 Angel Investment Market Matures. Investors became more realistic and focused more on the sustainability of the startups. Funds have also started to focus more on the cash-flow in order to control the risk.

While the Chinese government calls early stage funds Angel Funds, Angel is defined as individual in the United States. Angel Fund is classified as Venture Capital (VC) and Private Equity (PE).

Famous Angel investors in China include: Lei Kaifu, Lei Jun, Zhou Hongyi, Xu Xiaoping.

Early Angel investments come mainly from high net worth individuals. Recently more and more early stage funds are being set up by venture capital firms.

Market Size



Regions of Investment



Areas of Investment

