The Rise of Chinese Finance

The Game of Dian Fu 颠覆

by Prof David LEE Kuo Chuen

Sim Kee Boon Institute for Financial Economics

Book Launch “Digital Currency”

17 Aug 2015, Ngee Ann Auditorium

Guest of Honour: Mr Liew Heng San
The Rise of Chinese Finance

The Game of Dian Fu 颠覆
Yu'E Bao
ZhaoCai Bao
Mayi Dake
YuLe Bao
Let us start with HanYu PinYin


- The official phonetic system for transcribing the Mandarin pronunciations of Chinese characters into the Latin alphabet in China and Singapore.

- The Hanyu Pinyin system was developed in the 1950s based on earlier forms of romanization. It was published by the Chinese government in 1958 and revised several times.

- The International Organization for Standardization (ISO) adopted pinyin as an international standard in 1982.

- Singapore also adopted Hanyu Pinyin in the 80’s.

- The system was adopted as the official standard in Taiwan in 2009, where it is used for romanization alone rather than for educational and computer input purposes.

What is Dian Fu

Ancient writing

Falling with the head down

To turn it upside down
Dian Fu
Disrupt;
overturn;
subvert;
overthrow
Crocodile in the Yantze River: The Alibaba Story

http://www.crocodileintheyangtze.com/buynow.html

50mins:52mins

From Start-up to the World’s Largest IPO Ever That Raised USD25b.
Dian Fu No 1

Xin San Ban~新三板

New Third Board

or

NEEQ
The Rise of China GDP: Only Half Way There!

Source: Angus Maddison, University of Groningen, OECD, data post 1980 based on IMF data (GDP adjusted for purchasing power parity). Other countries account for ~35% of global GDP.

China accounted for 33% of world GDP and there is still more room to go with 5% pa more growth than other developed countries!
The Rise of the China Stock Market:
It has grown 10x to RMB 37.4t from 2002!

China Stock Value 2012-2015

2613 companies in 2014 with a market cap of RMB37.24t or USD5.8t!

Source: The Real Value of China’s Stock Market by Fangzhou Lu, SSE and SZSE
Market Capitalisation of the World's Top Stock Exchanges
(As at end Jun 2015)

In 2015, it has increased more than 65% to USD9.6t excluding HK!

But till a long way to catch up with NYSE and NASDAQ!

Sources: WFE and Bloomberg
What is NEEQ or Sin San Ban ~ 新三版

Sin San Ban ~ 新三版
National Equities Exchange and Quotations!

Main Board (1200+)

SME Board (400+)

Second Board (700+)

NEEQ (2811, estimate to be 4000+, by the end of the year)

Regional Equity Market

Large blue chip enterprises

Medium size companies with steady growth

Technology companies with rapid growth

Innovative startup firms

Other SMEs

SSE、SZSE

SZSE

OTC

OTC

David Lee: The Game of Dian Fu
**The Dianfu颠覆 of the China Stock Market - NEEQ**

**NEEQ has become a nation-wide stock exchange**
(NEEQ: National Equities Exchange and Quotations)

<table>
<thead>
<tr>
<th>Requirements for firms</th>
<th>Main board</th>
<th>Second Board</th>
<th>NEEQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profitability</strong></td>
<td>Positive earnings for the past 3 years and total earnings no less than 30 million RMB</td>
<td>Positive earning for the past 2 years and total earning no less than 15 million RMB; or 50 million RMB’s earning in the most recent year and sales grow at no less than 30% per year</td>
<td>Continuous earning</td>
</tr>
<tr>
<td><strong>Cash Flows</strong></td>
<td>Accumulated cash flow exceeds 50 million RMB; or accumulated sales exceed 300 million RMB</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>Intangible asset of the most recent year can not be exceed 10% of the net assets</td>
<td>Net asset of the most recent year exceeds 20 million RMB</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total Capital Stock</strong></td>
<td>Total capital stock exceeds 50 million RMB</td>
<td>Total capital stock exceeds 30 million RMB</td>
<td>NA</td>
</tr>
</tbody>
</table>
### NEEQ Stocks Are for Accredited Investors with >RMB5mil

<table>
<thead>
<tr>
<th>Trade Mode</th>
<th>Main board</th>
<th>Second Board</th>
<th>NEEQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Mode</td>
<td>Auction trading, block trading and after-hour fixed price trading</td>
<td>Auction trading, block trading and after-hour fixed price trading</td>
<td>Auction trading,</td>
</tr>
<tr>
<td>Price up/down limit</td>
<td>The Exchange imposes the daily price limit on trading of stocks and mutual funds, with a daily price up/down limit of 10% for stocks and mutual funds and a daily price up/down limit of 5% for stocks under special treatment</td>
<td>The Exchange imposes the daily price limit on trading of stocks and mutual funds, with a daily price up/down limit of 10% for stocks and mutual funds and a daily price up/down limit of 5% for stocks under special treatment</td>
<td>No price up/down limit</td>
</tr>
<tr>
<td>Purchase limit</td>
<td>Purchases of stocks, mutual funds or warrants in auction trading shall be in a round lot of 100 shares (units) or the multiple thereof</td>
<td>Purchases of stocks, mutual funds or warrants in auction trading shall be in a round lot of 100 shares (units) or the multiple thereof</td>
<td>Purchases of stocks, mutual funds or warrants in auction trading shall be in a round lot of 1000 shares (units) or the multiple thereof</td>
</tr>
<tr>
<td>limits on institutional account</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>limits on personal account</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

#### Source: http://mp.weixin.qq.com/s?__biz=MzA4NTgyOTgzNA==&mid=208155994&idx=1&sn=af9a97f233d68adc1190bce135936ab3&scene=5#rd
National Equities Exchange and Quotations

#### Investors
- **Total capital exceeds 5 million RMB**
- Individuals with no less than 2 years of industrial experiences (trading, finance, accounting and etc.); or individual traders with assets no less than 5 million RMB
Exponential Growth Over the Last Two Years

Numbers of Listed firms on NEEQ, 2006 - 2015

Source: http://mp.weixin.qq.com/s?__biz=MjM5NjUxNDgzMw==&mid=205267509&idx=2&sn=d6efe71bc0a0c0b33ea8eb258355ded3&scene=5#rd
The crash in Chinese stock market has spillover effects to the rest of the world.

Market Value of NEEQ, 2015,1 – 2015,7

David Lee: The Game of Dian Fu
There is A Rush to Privatise Chinese Companies Listed on NASDAQ For “A” Share Listing

<table>
<thead>
<tr>
<th>序号</th>
<th>名称</th>
<th>行业</th>
<th>股票代码</th>
<th>目前/退市前市值（单位：亿美元）</th>
<th>私有化发出时间</th>
<th>完成时间</th>
<th>状态</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>阿里巴巴</td>
<td>科技</td>
<td>MOMO.0</td>
<td>32.15</td>
<td>2015.6.23</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>2</td>
<td>中星微电子</td>
<td>科技</td>
<td>VIMC.0</td>
<td>3.38</td>
<td>2015.6.22</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>3</td>
<td>中国信息技术有限公司</td>
<td>科技</td>
<td>CNIT.0</td>
<td>1.28</td>
<td>2015.6.22</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>4</td>
<td>航美传媒</td>
<td>运营商</td>
<td>AMCN.0</td>
<td>3</td>
<td>2015.6.19</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>5</td>
<td>奇虎360</td>
<td>科技</td>
<td>QIHU.0</td>
<td>87.16</td>
<td>2015.6.17</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>6</td>
<td>创梦天地</td>
<td>科技</td>
<td>DSKY.0</td>
<td>5.59</td>
<td>2015.6.13</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>7</td>
<td>博纳影业</td>
<td>消费服务</td>
<td>BONA.0</td>
<td>7.98</td>
<td>2015.6.12</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>8</td>
<td>如家</td>
<td>消费服务</td>
<td>HMIN.0</td>
<td>15.29</td>
<td>2015.6.11</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>9</td>
<td>世纪互联</td>
<td>科技</td>
<td>VNET.0</td>
<td>17.77</td>
<td>2015.6.10</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>10</td>
<td>人人公司</td>
<td>科技</td>
<td>RENN.0</td>
<td>14.62</td>
<td>2015.6.10</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>11</td>
<td>易居中国</td>
<td>金融</td>
<td>EJ.0</td>
<td>9.26</td>
<td>2015.6.9</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>12</td>
<td>晶澳太阳能</td>
<td>能源</td>
<td>JASO.0</td>
<td>3.9</td>
<td>2015.6.5</td>
<td>——</td>
<td>进行中</td>
</tr>
</tbody>
</table>

Source: http://mp.weixin.qq.com/s?__biz=MjM5OTkzODQ0Mg==&mid=207435837&idx=5&sn=bfedd34dc5149d1984c9f8daa0dd0aa&scene=5#rd

David Lee: The Game of Dian Fu
These are Mostly TMT Companies

<table>
<thead>
<tr>
<th>序号</th>
<th>名称</th>
<th>行业</th>
<th>股票代码</th>
<th>目前/退市前市值 (单位：亿美元)</th>
<th>私有化发出时间</th>
<th>完成时间</th>
<th>状态</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>迈瑞</td>
<td>医疗保健</td>
<td>MR.N</td>
<td>33.89</td>
<td>2015.6.4</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>14</td>
<td>淘米</td>
<td>科技</td>
<td>TAOM.N</td>
<td>1.24</td>
<td>2015.5.30</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>15</td>
<td>中国手游</td>
<td>游戏科技</td>
<td>CMGE.N</td>
<td>6.58</td>
<td>2015.5.18</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>16</td>
<td>药明康德</td>
<td>医疗保健</td>
<td>WX.N</td>
<td>30.77</td>
<td>2015.4.29</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>17</td>
<td>中国脐带血库</td>
<td>生命科技</td>
<td>CO.N</td>
<td>5.16</td>
<td>2015.4.27</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>18</td>
<td>学大教育</td>
<td>消费服务</td>
<td>XUE.N</td>
<td>2.51</td>
<td>2015.4.21</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>19</td>
<td>久邦数码</td>
<td>科技</td>
<td>GOMO.N</td>
<td>1.54</td>
<td>2015.4.13</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>20</td>
<td>世纪佳缘</td>
<td>科技</td>
<td>DATE.N</td>
<td>2.4</td>
<td>2015.3.17</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>21</td>
<td>盛大游戏</td>
<td>游戏</td>
<td>GAME.O</td>
<td>18.66</td>
<td>2015.1.27</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>22</td>
<td>完美世界</td>
<td>游戏</td>
<td>PWRD.N</td>
<td>9.66</td>
<td>2014.12.31</td>
<td>——</td>
<td>进行中</td>
</tr>
<tr>
<td>23</td>
<td>巨人网络 (退市)</td>
<td>游戏</td>
<td>GA.N</td>
<td>28.57</td>
<td>2013.12.19</td>
<td>2014.7.18</td>
<td>已完成</td>
</tr>
<tr>
<td>24</td>
<td>弘成教育 (退市)</td>
<td>教育</td>
<td>CEDU.N</td>
<td>0.6</td>
<td>2013.6.21</td>
<td>2014.1.1</td>
<td>已完成</td>
</tr>
<tr>
<td>25</td>
<td>分众传媒 (退市)</td>
<td>服务网站</td>
<td>FMCN.O</td>
<td>36.21</td>
<td>2012.8.13</td>
<td>2013.5.24</td>
<td>已完成</td>
</tr>
</tbody>
</table>

数据来源：纳斯达克官网（截至2015年6月24日）
制表：中国日报网

Source: http://mp.weixin.qq.com/s?__biz=MjM5OTkzODQ0Mg==&mid=207435837&idx=5&sn=bfeddf34dc5149d1984c9f8daa0dd0aa&scene=5#rd

David Lee: The Game of Dian Fu
Privatisation + Listing = Unwinding VIE Structure
Dian Fu No 2

颠覆

VIE
Variable Interest Entity (VIE) Structure:

- **SPV** = Special Purpose Vehicle
- **WFOE** = Wholly Foreign Owned Enterprise
A Clever Financial Engineering For Baidu, Alibaba, Tencent and Sina (BATs)

<table>
<thead>
<tr>
<th>Company</th>
<th>Listed Location</th>
<th>Listed Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sina</td>
<td>America</td>
<td>2000/4/13</td>
</tr>
<tr>
<td>Tencent</td>
<td>Hong Kong</td>
<td>2004/6/16</td>
</tr>
<tr>
<td>Baidu</td>
<td>America</td>
<td>2005/8/5</td>
</tr>
<tr>
<td>Alibaba</td>
<td>America</td>
<td>2014/9/19</td>
</tr>
</tbody>
</table>

VIE was how the BATs flew out of China!

- The VIE structure is also commonly referred to as the Sina-model structure, since it was first used by Sina in 2000.

David Lee: The Game of Dian Fu
BATs Can Now Return to China As They Are

- Circumvent regulation of China Securities Regulatory Commission for company listing and shorten the IPO process in foreign countries.

- VIE structure plays an important role in allowing foreign shareholders participation in some Chinese industries in China, e.g., Internet industry.

- The most recent announcement is that VIE structure can be listed in China!
Dian Fu No 3

Zou Chu Qu~走出去
Chu Hai~出海

Out to the Sea

In Preparation of Investment Abroad
In the Beginning From Our Eyes
Zou Chu Qu~走出去

- Cosco
  - First company to embark on a backdoor listing with foreign assets (ships) in Singapore in 1993

- China Everbright
  - Second company

- China Travel International Investment Hong Kong Ltd
  - Listed in HK in 1992 with 10-15 back door listings

- Tsingtao Brewery H shares
  - HKSE July 1993 first batch of 9 approved companies
  - Late 1994, another 22 companies were approved
Listed Companies Are Investing Offshore:
Chu Hai~出海

- Third week of Aug 2015 alone, 10 listed companies announced M&As of companies based outside China

- 2015Q2 overseas M&A activities increased by 60% to USD32.55b, 128 deals, mainly in TMT, Real estate and Finance

- 顺荣三七 (002555.SZ): Acquired 81.25% of Japanese games company SNK for USD63.5mil

- 苏宁环球 (000718.SZ): Acquired 20.17% of Korea’s REDROVER for RMB242m

- 紫金矿业 (601899.SH): Acquired 100% of Australia’s Phoenix Gold Limited for RMB200m

- 德奥通航 (002260.SZ), 富邦股份 (300387.SZ), 江河创建、巴安水务、歌尔声学、赣锋锂业

http://mp.weixin.qq.com/s?__biz=MzA5OTi0NDgyMg%3D%3D&mid=216468795&idx=2&sn=d7981023e9ee53ca269f02be9f226d60&scene=2&from=timeline&isappinstalled=0#rd
David Lee: The Game of Dian Fu
Dian Fu No 4
Rise of the China VC/PE
(Private Equity)
Investable Amount has crossed USD147bil half year 2015 with 7.2% growth!
Rise of the China PE – Internet Tops the List!

**TOP 5 HOTTEST INVESTED INDUSTRIES OF PE, 2015H1**

- **Internet**, 2,921, 18%
- **Finance**, 2,873.35, 18%
- **Radio, television and digital media**, 2,362, 14%
- **IT**, 1,828, 11%
- **Biotechnology**, 1,489, 9%
- **Others**, 4,934, 30%

**RANKING OF THE PE INVESTED INDUSTRIES, 2015H1**

- 互联网: 2921.46
- 金融: 2873.35
- 广播电视及数字电视: 2362.10
- IT: 1827.98
- 生物技术/医疗健康: 1488.77
- 电子及光电设备: 1149.88
- 电信及增值业务: 763.83
- 农/林/牧/渔: 511.30
- 能源及矿产: 395.05
- 娱乐传媒: 343.44
- 物流: 319.64
- 食品&饮料: 282.02
- 房地产: 195.10
- 汽车: 138.87
- 建筑/工程: 123.03
- 教育与培训: 119.00
- 机械制造: 117.56
- 清洁技术: 105.06
- 连锁及零售: 58.38
- 化工原料及加工: 55.60
- 纺织及服装: 5.39
- 半导体: 5.28
EEQ is the Catalyst for VC/PE

- Currently, there are more than 2811 enterprises listed in the NEEQ, which includes not only high-tech enterprises, but also investment agencies such as Jiu Ding Investment (九鼎投资) and Silicon Valley Paradise (硅谷天堂).

- NEEQ is set up to support the government objectives of capital market development and reform, to support innovation, to upgrade the industry and to encourage corporate restructuring.

- New NEEQ funds were set up. NEEQ is a new source of funding for star-ups, an alternate source for new investment, and an exit route for PE/VE.
<table>
<thead>
<tr>
<th>Rank</th>
<th>English name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CDH investment fund management company</td>
</tr>
<tr>
<td>2</td>
<td>Hillhouse Capital Management</td>
</tr>
<tr>
<td>3</td>
<td>Tiger Global Management</td>
</tr>
<tr>
<td>4</td>
<td>Tencent Collaboration Fund</td>
</tr>
<tr>
<td>5</td>
<td>Shanghai Yunfeng investment management co., LTD</td>
</tr>
<tr>
<td>6</td>
<td>Fosun International</td>
</tr>
<tr>
<td>7</td>
<td>Citic industrial investment fund management co., LTD</td>
</tr>
<tr>
<td>8</td>
<td>Kunwu Jiuding investment management co., LTD</td>
</tr>
<tr>
<td>9</td>
<td>Boyu Capital Advisory</td>
</tr>
<tr>
<td>10</td>
<td>DST</td>
</tr>
</tbody>
</table>

Source: [http://pe.pedaily.cn/201412/20141204374638.shtml](http://pe.pedaily.cn/201412/20141204374638.shtml)
## Top 10 VC Firms in China

<table>
<thead>
<tr>
<th>Ranking</th>
<th>English name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>IDG Capital</td>
</tr>
<tr>
<td>2</td>
<td>Sequoia Capital China</td>
</tr>
<tr>
<td>3</td>
<td>Shenzhen Innovation Investment Group co., LTD</td>
</tr>
<tr>
<td>4</td>
<td>Jiangsu Venture Capital Co., LTD</td>
</tr>
<tr>
<td>5</td>
<td>Delta Capital Markets Ltd.</td>
</tr>
<tr>
<td>6</td>
<td>Dachen Venture Investment Co., LTD</td>
</tr>
<tr>
<td>7</td>
<td>SAIF Partners</td>
</tr>
<tr>
<td>8</td>
<td>Qiming Venture Partners (Shanghai)</td>
</tr>
<tr>
<td>9</td>
<td>Cowin Capital</td>
</tr>
<tr>
<td>10</td>
<td>GSR Ventures</td>
</tr>
</tbody>
</table>

Source: [http://pe.pedaily.cn/201412/20141204374638.shtml](http://pe.pedaily.cn/201412/20141204374638.shtml)
From self governing, separation ownership from shareholding, shareholding restructuring experiment, restructuring of shareholding and strategy, to deepening the restructuring of SOEs.

In a mid July Report, S&P estimated USD14.2t Chinese Corporate Debt at end 2013. On 17th July, Economist estimated that the number is possibly 25% less.

Deducting Local Government Financial Vehicles (LGFVs), the number is closer to USD11.4t.
M&A of SOEs

M&A amounted to USD35b

There were 481 cases in 2014

SCB estimates that China’s overall debt has increased from 150% of GDP in 2008 to 245% of GDP at USD22.8t.

Source:
http://mp.weixin.qq.com/s?__biz=MzI1MTAxNDE0Ng==&mid=211919834&idx=1&sn=87b8df794da30c48a6f24e58eb53448&scene=2&from=timeline&isappinstalled=0#rd
VC/PE Investment amounted to USD8.9b
62 cases in 2014

Local Governments are allowed to issue market-directed debt instruments on top of state-directed debt swap to lower borrowing cost. There are more promotions of Public-Private-Partnerships (PPPs).
Dian Fu No 5

Rise of the China P2P
P2P is the Fastest Growth Sector in Finance

- **US:** P2P market is dominated by 2 large players, Lending club and Prosper, which accounts for 96% of the total market.
  - The revenue sources of Lending Club are transaction fees (1-6%), servicing fees (1% of the repayment) and management fees (0.7%-1.25% of the assets under management)

- **China:** the growth of the P2P platforms has present an exponential pattern since PaiPaiDai 拍拍贷 was introduced in 2007.
  - 2028 P2P platforms: 683.5 billion RMB loans with 208.7 billion RMB outstanding during the first half of 2015.
  - The average annualized interest rate is 14.8% and average lending period is 6.74 months.
  - Over the past 5 years, more and more platforms face solvency issues, the number of such companies is 419 in the first half of 2015, 7.5 times as that of the same period of 2014.

*David Lee: The Game of Dian Fu*
Comparison of P2P in China, UK and US

Size of P2P in China, US and UK

China (US$M)  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015E  | 2016E
---|---|---|---|---|---|---|---
China        | $304.69 | $1,510.94 | $4,193.75 | $14,493.75 | $31,446.88 | $38,621.88 | $54,417.19
US           | $2,400.00 | $6,600.00 |<|> |<|> |<|> |<|>
UK           | $441.20 | $1,151.44 |<|> |<|> |<|> |<|>

Research Cases of P2P Lending, 2014, (P2P小额信贷典型模式案例研究报告), Page 5

China P2P market is still 5 times larger than the US at over USD32b!
China Consumer Credit Has Room to Grow!

Non-Mortgage Consumer Credit as Percentage of GDP

This may have increased but still a long way to go!

Source: CreditEase 2014 report

China Saving Rates are still very high and P2P has a long way to go! BUT.....
Lower Returns and Longer Duration!

The P2P development during 2010-2015

Returns of P2P platforms have dropped to 14.8%

Duration is longer
Returns are lower

RMB683.5b transaction volume!

David Lee: The Game of Dian Fu
Approaching 1 mil Lenders: Problematic Platforms on the Rise

Some problematic platforms are for equity margin financing with many investors involved!

David Lee: The Game of Dian Fu

Source: http://shuju.wangdaizhijia.com/industry-type-2-6-2015.html
Large Increase in the Investment into P2P Companies

Number of Investment = 57
Amount of Investment = RMB 5.7b
Huge Investment from PE – Burning Money

**TOP 10**

**Platforms:**
- WeiDaiWang
- YouLiWang
- RenRenDai
- TouNaWang
- TuanDaiWang
- LuJinSuo
- PaiPaiDai
- LiCaiFan
- YinDouWang
- XinYongBao

**Money Raised and Used (29/07/15):**

- **WeiDaiWang:** USD485mil raised
- **YouLiWang:** RMB334mil burnt or used for the week
- **RenRenDai:** Money Raised: 100.00 Million
- **TouNaWang:** Money Raised: 200.00 Million
- **TuanDaiWang:** Money Raised: 300.00 Million
- **LuJinSuo:** Money Raised: 400.00 Million
- **PaiPaiDai:** Money Raised: 500.00 Million
- **LiCaiFan:** Money Raised: 600.00 Million
- **YinDouWang:** Money Raised: 0.00 Million
- **XinYongBao:** Money Raised: 0.00 Million

**Money Raised ($Million):**

- **Investors:**
  - Sequoia Capital
  - Red杉资本
  - CICC
  - MORNINGSIDE VENTURES
  - Hillhouse Capital
  - CDH

Source: [http://www.pedata.cn/p2p_do/](http://www.pedata.cn/p2p_do/)
### Huge Investment from PE – Burning Money 烧钱 TOP 10

<table>
<thead>
<tr>
<th>Source: <a href="http://www.pedata.cn/p2p_do/">http://www.pedata.cn/p2p_do/</a></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trading Volume</strong></td>
</tr>
<tr>
<td>微贷网</td>
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<tr>
<td>有利网</td>
</tr>
<tr>
<td>人人贷</td>
</tr>
<tr>
<td>投哪网</td>
</tr>
<tr>
<td>囤贷网</td>
</tr>
<tr>
<td>陆金所</td>
</tr>
<tr>
<td>拍拍贷</td>
</tr>
<tr>
<td>理财范</td>
</tr>
<tr>
<td>银豆网</td>
</tr>
<tr>
<td>信用宝</td>
</tr>
</tbody>
</table>

---

**David Lee: The Game of Dian Fu**
Created Massive Employment Opportunities!

The Number of Workers in CreditEase

- Current number of the largest 5 year-old P2P HengChang employees: 47,000

Explosive Growth in the Last 5 years

野草丛生，野蛮生长
Let a thousand flowers bloom!

宜信 CreditEase
2006

红岭创投
2009.03

投哪网 touana.cn
2011.06

PPmoney gkkxd.com
2012.12

积木盒子
2013.08

野草丛生，野蛮生长
Let a thousand flowers bloom!

2006
2007
2008-2009
2010-2015

宜人贷 www.yirendai.com
2006

拍拍贷 ppdai.com
2007.06

David Lee: The Game of Dian Fu
2011.07

陆金所 Lufax.com
2012.05

金海贷
2013.03

鑫合汇
2013.12

理财范 licaifan.com
2014.07
Ranking of P2P Organizations

Ranking according to Trading Volume

Trading Volume
David Lee: The Game of Dian Fu
Example: XinHeHui (鑫合汇)

Trading Volume of XinHeHui, 2015.1-2015.7

Source: http://shuju.wangdaizhijia.com/archives-505.html
Many FinTech start-ups in China

Supply chain finance & P2P
Since last year, the payments infrastructure and landscape were relatively established, resulting in many platforms for example, O2O platforms, e-commerce platforms, cars, real estates and large scale logistic supply chain systems etc. to embrace the use of P2P financing. Moreover, the risk management capabilities and financing facilities provided by logistic supply chain and e-commerce businesses successfully merges with the P2P business landscape to further strengthen this supply chain finance.

Apart from Alibaba and Jingdong platforms and the resulting goods sold there, property, automobiles, commodities and industrial goods have generally and recently favoured P2P financing due to the presence of the naturally large market outreach and secure financing capabilities of P2P financing.

<table>
<thead>
<tr>
<th>P2P平台或产品</th>
<th>招财宝</th>
<th>京宝贝</th>
<th>新浪微财富</th>
<th>宜信</th>
<th>云容网</th>
<th>积木盒子</th>
<th>中瑞财富</th>
<th>金联储</th>
<th>陆金所</th>
<th>广州e贷</th>
<th>房金所</th>
<th>银湖网</th>
<th>投哪网</th>
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<tbody>
<tr>
<td>对接资产端</td>
<td>阿里</td>
<td>京东</td>
<td>金银猫、票据宝</td>
<td>eBay</td>
<td>海车无忧</td>
<td>大搜车</td>
<td>瑞茂通</td>
<td>金盈岛</td>
<td>绿地世茂</td>
<td>方圆地产</td>
<td>美林基金</td>
<td>新浪易居</td>
<td>熊猫烟花</td>
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<tr>
<td>服务领域</td>
<td>阿里电商平台供应商</td>
<td>京东电商平台供应链</td>
<td>供应链金融</td>
<td>eBay电商平台供应链</td>
<td>“海车宝”、“二手车商城和购车者融资服务</td>
<td>二手车经销商库存融资</td>
<td>大宗商品供应链</td>
<td>大宗商品供应链</td>
<td>房地产首付款、尾款</td>
<td>房地产首付款</td>
<td>房地产首付款</td>
<td>熊猫烟花供应链企业融资</td>
<td>供应链金融</td>
</tr>
</tbody>
</table>

Source: 2015 China Internet Finance Report, David Lee: The Game of Dian Fu
3 P2P Categories: Original, State/Bank, Internet

- **P2P start-up platforms/original P2P platforms**
  Passed 2000 in China.

- **Bank or state-owned P2P Platforms**
  P2P financing fills the gaps of bank financing (Limited bank outreach due to geographical conditions and no financial services for SMEs)
  Once policies on P2P financing are refined, it is likely that the P2P banking industry would rapidly take off. Although traditional banks have the advantage of lower associated risk as well as the quality of the assets that they hold, they lack experience in the internet business.

- **Internet P2P Financing Companies**
  Internet companies entering the P2P industries in two ways: Building the P2P platform by themselves and acquiring an original P2P platform business.
P2P Supervisors: Finally Guidance was issued in Mid July!

The People’s Bank of China taking charge of Internet payment business

China Banking Regulatory Commission taking charge of P2P lending, Internet Trust and Internet consumer finance business

China Securities Regulatory Commission taking charge of equity crowd funding business

China Insurance Regulatory Commission taking charge of Internet insurance business

Source: http://www.wib.wang/zixun/20150419/2376.html
The Future of P2P

- Industry Disruption
- Declining Interest rates
- Higher barriers to entry
- Vertical Subdivisions
- Cross border cooperation
- Supply Chain P2B
### 2014年互联网金融行业主要并购案例概览

<table>
<thead>
<tr>
<th>并购方</th>
<th>被并购方</th>
<th>被并购方所属二级行业</th>
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<th>并购金额</th>
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<tbody>
<tr>
<td>万达商业</td>
<td>佳得福</td>
<td>互联网金融/第三方支付</td>
<td>2014-12-26</td>
<td>RMB 2000M</td>
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<tr>
<td>兴业全球基金</td>
<td>三湘股份</td>
<td>房地产开发经营</td>
<td>2014-11-24</td>
<td>RMB 532.38M</td>
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<tr>
<td>汇添富基金</td>
<td>三湘股份</td>
<td>房地产开发经营</td>
<td>2014-11-24</td>
<td>RMB 494.5M</td>
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<td>阿里金服</td>
<td>恒生聚源</td>
<td>互联网金融/金融IT服务</td>
<td>2014-11-21</td>
<td>RMB 390M</td>
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<td>中融国际</td>
<td>中盈科创</td>
<td>房地产开发经营</td>
<td>2014-9-19</td>
<td>RMB 1000M</td>
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<td>兴业全球基金</td>
<td>海润光伏</td>
<td>新能源</td>
<td>2014-9-12</td>
<td>RMB 756.56M</td>
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<td>国泰基金</td>
<td>海润光伏</td>
<td>新能源</td>
<td>2014-9-12</td>
<td>RMB 761.19M</td>
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<td>新能源</td>
<td>2014-9-12</td>
<td>RMB 761.19M</td>
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<td>兴业全球基金</td>
<td>太安堂药业</td>
<td>中药材及中成药加工业</td>
<td>2014-8-21</td>
<td>RMB 407.4M</td>
</tr>
<tr>
<td>兴业全球基金</td>
<td>双星新材</td>
<td>包装</td>
<td>2014-8-12</td>
<td>RMB 422M</td>
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<td>大智慧</td>
<td>聚智资本</td>
<td>证券</td>
<td>2014-8-12</td>
<td>RMB 9000M</td>
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<td>兴业全球基金</td>
<td>乐普医疗</td>
<td>医疗设备</td>
<td>2014-7-4</td>
<td>RMB 810.7M</td>
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<td>建信基金</td>
<td>山河智能</td>
<td>其他</td>
<td>2014-7-2</td>
<td>RMB 389.16M</td>
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<tr>
<td>中融国际</td>
<td>华发园林</td>
<td>房屋和土木工程</td>
<td>2014-6-24</td>
<td>RMB 1100M</td>
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<td>华安基金</td>
<td>京东方</td>
<td>其他电子产品</td>
<td>2014-4-4</td>
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<td>银华基金</td>
<td>大立科技</td>
<td>电器机械及器材制造</td>
<td>2014-3-19</td>
<td>RMB 79.1M</td>
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<td>中信房地产</td>
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<td>2014-3-19</td>
<td>RMB 1028.27M</td>
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<td>金枫酒业</td>
<td>酒制造</td>
<td>2014-3-7</td>
<td>RMB 377.65M</td>
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<td>天齐锂业</td>
<td>新材料</td>
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<td>新材料</td>
<td>2014-3-3</td>
<td>RMB 534.8M</td>
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<tr>
<td>华安基金</td>
<td>华联商厦</td>
<td>房地产开发经营</td>
<td>2014-1-23</td>
<td>RMB 490M</td>
</tr>
</tbody>
</table>
DiChan Bao~地产宝
Real Estate Treasure
REITS is knocking the door of China
C-REITs

- HK: 越秀 (Dec 2005), 春泉 (May 2014)
- Spore: Capital Land 凯德、Ascendas 腾飞、Mapletree 丰树、Forterra 富达来
- Dec 2008 Finance Regulation 32
- Mar 2013 Regulation on Real Asset Securitisation 证监会发布《证券公司资产证券化管理规定》
- Jan 2014 Approval of CITIC QiHang Real Estate Management Company 关于核准中信证券股份有限公司设立中信启航专项资产管理计划的批复
- REITs? – no tax advantage, around 5-6% yield
### China:
- **TianJin Real Estate Bond** 天津“债权版”(Aug 2012)
- **CITIC QiHang** (Jan 2014, RMB52.1b, 70% AAA min 5mil investment class A 5.5-7%, 30% unrated min 30mil class B 12-42%, max 200 investors)
- **PengHua** (June 2015, RMB3b, IPO, Hybrid)
- **Wanda (June 2015, RMB5b, Crowdfunding, pre-REITs)**

Wanda’s Crowdfunding of RMB5b Within 3 days! The Retail Portion Was Completed in 1.5 Hours.
Dian Fu No 7
Chuang Ye Jia Su Qi~
创业加速器
\nAccelerator:
Rise of the China FinTech Start ups
Internet and cellphone are changing the consumers’ habit

Source: Companies are eBay, Amazon, Alibaba, JD.com, and Rakuten. Per publicly available company data, Morgan Stanley Research.
Unlike Silicon Valley, Corporates like BAT are driving FinTech Innovation via a holistic approach.
Ants Financial (Alipay), QQ and Baidu Wallet

- Alibaba through Ant Financial布局互联网金融，基本覆盖了金融“存、贷、汇”三大板块，是阿里巴巴“平台+金融+数据”的架构和规划中的重中之重。
- Tencent’s internet finance began with财付通, subsequent launches include WeChat Pay, mobile QQ Pay, Tencent Credit, and理财通等，未来不排除腾讯整合集团的互联网金融业务。
- In BAT’s three giants, Baidu is slightly behind in the internet financial field. Although Baidu has successively launched ‘Bai Fu’, ‘Bai Zuan’ and Baidu Wallet, compared to Alibaba and Tencent, Baidu’s expansion in the internet financial field is generally not as successful.

<table>
<thead>
<tr>
<th></th>
<th>百度</th>
<th>阿里巴巴</th>
<th>腾讯</th>
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</thead>
<tbody>
<tr>
<td>战略切入点</td>
<td>基于搜索平台</td>
<td>基于交易平台</td>
<td>基于社交关系链</td>
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<td>发展阶段</td>
<td>开始涉足互联网金融</td>
<td>互联网金融和传统金融全方位尝试</td>
<td>更多基于现有业务探索金融方向</td>
</tr>
<tr>
<td>主要面向对象</td>
<td>金融客户、小微企业、公众网民</td>
<td>小微企业、公众网民</td>
<td>公众网民</td>
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<td>现有业务布局</td>
<td>百发、百赚、百度钱包</td>
<td>基本覆盖了存贷汇三大板块</td>
<td>业务较多，但是尚未有序整合</td>
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<td>核心优势</td>
<td>搜索、大数据和云计算技术</td>
<td>最大的电商交易平台</td>
<td>强势的社交关系链</td>
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Source: 2015中国互联网金融报告
# Alibaba’s Strategy – Acquisition & Investment

<table>
<thead>
<tr>
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<th>Firm Name</th>
<th>Name</th>
<th>Amount (US$ M)</th>
</tr>
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<td>2005-08</td>
<td>中国雅虎</td>
<td>Yahoo China</td>
<td>NA</td>
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<td>2006-10</td>
<td>口碑网</td>
<td>KouBei</td>
<td>600</td>
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<tr>
<td>2008-05</td>
<td>phpwind</td>
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<tr>
<td>2009-09</td>
<td>万网</td>
<td>WanWang</td>
<td>540</td>
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<td>2010-03</td>
<td>星辰急便</td>
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<td>2010-06</td>
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<td>Sogou</td>
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<td>MeiTuan</td>
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<td>新浪微博</td>
<td>Sina Corp</td>
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<td>中信21世纪</td>
<td>CITIC 21CN</td>
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<td>2014-03</td>
<td>TangoMe Inc.</td>
<td>TangoMe Inc.</td>
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<tr>
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<td>银泰商业集团</td>
<td>Intime Retail Group</td>
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</table>
## Alibaba’s Strategy – Acquisition & Investment

<table>
<thead>
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<th>Firm Name</th>
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<td>魅族</td>
<td>Meizu</td>
<td>1050</td>
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<td>2014-04</td>
<td>恒生电子</td>
<td>Hundsun Technologies Inc.</td>
<td>515</td>
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<td>2014-04</td>
<td>华数传媒</td>
<td>Wasu Media Holding</td>
<td>1050</td>
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<tr>
<td>2014-04</td>
<td>优酷土豆</td>
<td>Youku</td>
<td>1080</td>
</tr>
<tr>
<td>2014-05</td>
<td>阿斯兰</td>
<td>ASLAN</td>
<td>NA</td>
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<tr>
<td>2014-05</td>
<td>新加坡邮政</td>
<td>Singapore Post Ltd.</td>
<td>223</td>
</tr>
<tr>
<td>2014-06</td>
<td>恒大</td>
<td>Evergrande</td>
<td>187</td>
</tr>
<tr>
<td>2014-09</td>
<td>石基信息</td>
<td>Shiji Information Technology Co</td>
<td>439</td>
</tr>
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<td>2014</td>
<td>快的</td>
<td>Kuaidi</td>
<td>NA</td>
</tr>
<tr>
<td>2014</td>
<td>陌陌</td>
<td>Momo</td>
<td>NA</td>
</tr>
<tr>
<td>2014</td>
<td>茵曼</td>
<td>Inman</td>
<td>NA</td>
</tr>
<tr>
<td>2015-03</td>
<td>光线传媒</td>
<td>Enlight Media Group</td>
<td>375</td>
</tr>
<tr>
<td>2015-06</td>
<td>上海文化广播影视公司</td>
<td>SMG</td>
<td>187</td>
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<tr>
<td>2015-07</td>
<td>魅力惠</td>
<td>Mei.com</td>
<td>100</td>
</tr>
<tr>
<td>2015-08</td>
<td>苏宁云商</td>
<td>Suning Appliance Co</td>
<td>4.4</td>
</tr>
</tbody>
</table>
Many FinTech start-ups in China

Incubators/Accelerators

ZhongGuanCun~中关村

ShenZhen~深圳

HangZhou Dream Town

杭州梦想小镇
Many FinTech start-ups in China

Incubators/Accelerators

ZhongGuanCun~中关村

Source: 2015中国互联网金融报告

David Lee: The Game of Dian Fu
Incubators – over 1600 as at June 2015

- Total number of incubators reach over 1600 in 2015.06
- The number of national-level incubators is over 600

Resource: 投资中国研究院《孵化器2014年度报告》
Incubators

There are 12 national-level incubators located in Shenzhen

Resource: 清科研究中心, 2015/6
颠覆

Crowdfunding
Crowdfunding: Debt, Equity, Reward and Donation Based

1. **Debt-based**
   In this type of crowdfunding, the company raising money does not sell shares, but instead borrows money from the crowd. The individual lending the money receives the company’s legally binding commitment to repay the loan at certain time intervals and at a certain interest rate.

2. **Equity-based**
   Members of the crowd become part-owners of the company that is raising funds. The crowd realizes a return of its investment and, assuming the company performs well, receives a share of the profits in the form of a dividend or distribution.

3. **Reward-based**
   Individuals forming the crowd give money to a business in exchange for a “reward,” typically the product or service that the particular company produces or provides.

4. **Donation-based**
   The crowd give money or some other resources because they want to support the cause.
Another Catalyst for Start-ups!

Crowdfunding

Debt

Equity

Reward

Donation
AngelCrunch is the Archangel for Equity!

Equity-based crowd-funding

In 2014, AngelCrunch 天使汇 dominated the equity crowdfunding market with 2,607 deals amounting to RMB 769mil.

<table>
<thead>
<tr>
<th></th>
<th>AngelCrunch</th>
<th>YuanShiHui</th>
<th>DaJiaTou</th>
<th>TienShiKe</th>
<th>Total</th>
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<tr>
<td>Number of Deals</td>
<td>2,607</td>
<td>281</td>
<td>185</td>
<td>18</td>
<td>3,091</td>
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<tr>
<td>Total Amount RMB10k</td>
<td>76,900.00</td>
<td>19,404.00</td>
<td>3,933.00</td>
<td>2,875.00</td>
<td>103,112.00</td>
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<tr>
<td>Number of Investors</td>
<td>2000</td>
<td>1,526</td>
<td>932</td>
<td>556</td>
<td>5,014</td>
</tr>
</tbody>
</table>

Source: 2015中国互联网金融报告

David Lee: The Game of Dian Fu
Crowdfunding: Equity is Still the Favourite

- Equity-based crowdfunding (98) - 46%
- Reward-based crowdfunding (67) - 32%
- Hybrid-based crowdfunding (42) - 20%
- Donation-based crowdfunding (4) - 2%


- Total amount of crowdfunding platforms reach 211 until 2015.06
Crowdfunding—Beijing Still Leads by Number and Few Closures

- **Number of closed crowdfunding platforms is 24 as at 2015.06**
- **Crowdfunding platforms are located in all 19 provinces and cities.**
- **They are mostly located in the economically more developed coastal areas.**

**Source:** 网贷之家《2015年中国众筹行业半年报》http://www.wangdaizhijia.com/news/baogao/21251-all.html

- **Beijing**: 58
- **Guangdong**: 49
- **Shanghai**: 35
- **Zhejiang**: 15
- **Jiangsu**: 10
- **Sichuan**: 9
- **Other Areas**: 35
Crowdfunding—Total Amount of Money Raised by Geographical Areas

- **Beijing**: 1646
- **Guangdong**: 1303
- **Zhejiang**: 617
- **Shanghai**: 589
- **Other Area**: 511

Raised over **4.6 billion RMB** during the first half of 2015.

Crowdfunding—Beijing Leads Both by Numbers and Capital Raised

- Raise over 4.6 billion RMB during the first half year of 2015.

<table>
<thead>
<tr>
<th>Area</th>
<th>No of Platforms</th>
<th>Amount Raised</th>
</tr>
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<tbody>
<tr>
<td>Beijing</td>
<td>27%</td>
<td>35%</td>
</tr>
<tr>
<td>Guangdong</td>
<td>23%</td>
<td>28%</td>
</tr>
<tr>
<td>Shanghai</td>
<td>17%</td>
<td>13%</td>
</tr>
<tr>
<td>Zhejiang</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Others</td>
<td>26%</td>
<td>11%</td>
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</table>
## Crowdfunding – The Giants Are Joining the Game

<table>
<thead>
<tr>
<th>Company/Group</th>
<th>Name</th>
<th>Type</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>Alibaba</td>
<td>Taobao Crowdfunding (淘宝众筹)</td>
<td>Reward-based crowd-funding</td>
<td>2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Donate-based crowd-funding</td>
<td></td>
</tr>
<tr>
<td>Ant Dake (蚂蚁达客)</td>
<td></td>
<td>Equity-based crowd-funding</td>
<td>2015.6</td>
</tr>
<tr>
<td>Jingdong</td>
<td>Jingdong Crowdfunding (京东众筹)</td>
<td>Reward-based crowd-funding</td>
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<tr>
<td></td>
<td></td>
<td>Donate-based crowd-funding</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Lending-based crowd-funding</td>
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<td>Dongjia (东家)</td>
<td></td>
<td>Equity-based crowd-funding</td>
<td>2015.3</td>
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<tr>
<td>Ping An Insurance (Group)</td>
<td>Qianhai Crowdfunding (前海众筹)</td>
<td>Equity-based crowd-funding</td>
<td>2015.4</td>
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<tr>
<td>Suning</td>
<td>Suning Crowdfunding (苏宁众筹)</td>
<td>Donate-based crowd-funding</td>
<td>2015.4</td>
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<td></td>
<td></td>
<td>Reward-based crowd-funding</td>
<td></td>
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<tr>
<td>Baidu</td>
<td>Baidu Crowdfunding (百度众筹)</td>
<td>N/A</td>
<td>Forthcoming</td>
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<td>David Lee: The Game of Dian Fu</td>
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## Crowdfunding Data—Until 2015.5.31

<table>
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<th>Platform</th>
<th>Project(succesful)</th>
<th>RMB Mil</th>
<th>Investors</th>
<th>Total project amount</th>
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<td>Qingju</td>
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<td>Angelcrunch</td>
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<td>2386</td>
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<td>Renrentou</td>
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<td>Yuanshihui</td>
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<td>15</td>
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<td>352</td>
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<td>Tianshijie</td>
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<td>40</td>
<td>5296</td>
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<td>Dajiatou</td>
<td>55</td>
<td>68</td>
<td>700</td>
<td>69</td>
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</table>

Dragon Blade

天将雄师

https://www.youtube.com/watch?v=TVvpzS8LD78
Example—Debt-based Crowdfunding

Yu Le Bao ~娱乐宝

特 权      简 介      热 点

剧情简介:
《天将雄师》（Dragon Blade）是李仁港编剧并执导的一部古装动作电影，由成龙主演。该片由娱乐宝《天将雄师》即可获得以下丰富娱乐权益～
一、“买1送4”不可错过，乐享超值权益大礼包1、专享成龙拜年视频，视频问候，暖心心意，新年全家人！2、娱乐宝用户专属特权，明星陪你过大年2、独家电影“彩蛋”，银屏看不到，独一无二幕后猛料，唯一专属（影片写真电子书1份/2月13日送出3、《天将雄师》专享超VIP礼遇，VIP住女友“女王”待遇，不景气也能享（成龙海报签名城）4、价值790元“天将雄师”成龙茅台特供酒，娱乐宝用户专享400元代金券折扣，一种身份一种尊贵二、热势2015幸运抽奖，送你羊年好运礼
1、耀莱《天将雄师》之夜韩国金唱片大赏首映中国，29届韩国金唱片大赏颁奖盛典，限定门票先抢先得2、耀莱《天将雄师》之夜韩国金唱片大赏颁奖盛典，千元门票娱乐宝用户专享百元券，礼遇百名韩

项目说明
综合年化收益率：6.7%（国华财富人生1号历年报结算利息）+0.3%（杭州钱斯客网络科技有限公司发行的现金红包）
现金红包温馨提醒：提前的合同生效日1年后的15个工作日内，杭州钱斯客网络科技有限公司将向您发放相当于您购买本金0.3%的现金奖励。现金奖在到期日及产品到期的支付账户，但您未提前1年已获得的现金，不发放现金奖励。
风险提示：国华财富人生1号为万能保险产品，结算利率超过最低保证利率的部分是不确定的。历史年度结算利率不代表产品的投资收益情况，仅代表对历史年度的备案。本产品前三年最低保证结算利率2.5%，超过最低保证利率部分是不确定的。


david lee: the game of dian fu
Example—Equity-based Crowdfunding

• The first Crowdfunding film in China in 2014.
• It has reached 120 million RMB at the box office within 24 days.
Example—Equity-based Crowdfunding

The highest grossing animated film in China to date.

- Prior to 4th August, “Monkey King: Hero is Back” has reached 800 million RMB at the box office within 24 days.

- 89 investors invested a total of 7.8 million and expected to get 30 million RMB of principal and interest, i.e., 400% return.
China’s Box Office to Cross USD5bil in 2015 at 15.5% Growth

According to PwC’s Global Entertainment and Media Outlook 2015-2019, China’s box office spending is projected to pass US$5bn in 2015 and to rise at a compounded annual growth rate (CAGR) of 15.5%. It is expected to reach US$8.86bn in 2019.

Sources: [http://www.the-movie-times.com/thrsdir/Yearly.cgi](http://www.the-movie-times.com/thrsdir/Yearly.cgi); [http://www.pwccn.com/home/eng/pr_090615.html](http://www.pwccn.com/home/eng/pr_090615.html)
Example

Source: http://www.the-movie-times.com/thrsdir/Yearly.cgi

[Graph showing China vs. N. America Box Office Growth Index 2002-2013]
Crowdfunding & Bitcoin

- Bikeji (币科技) is attracting more shareholders through getting bitcoin in 2014

- Yinyu (银鱼) raised 5600BTC in the end of 2013, this company’s estimated value is far more than $10 million at that time.

- Raise over 4.6 billion RMB during the first half year of 2015.
Many FinTech start-ups in China

Reward-based crowd-funding

Led by JinDong and TaoBao with 301 and 544 deals, and RMB147mi and RMB63m.

Source: 2015 中国互联网金融报告
Supply Chain Financing is a USD2t Market

Supplementary content: 2015中国互联网金融报告

Supply chain finance & P2P – Big Market

In total, there will be $10,730 Billion of Supply chain finance (non-finance firms).

假设其中有20%具备融资需求，那么供应链融资潜在的业务规模就高达$2,146B.

Source: 2015中国互联网金融报告

David Lee: The Game of Dian Fu
JD and Other e-Commerce are the Lead Players

Supply chain finance & P2P – Jingbaobei (京宝贝)

2013年12月，京东的供应链金融产品“京宝贝”上线。上线当月其融资金额超过$50B，2014年1月份放贷额突破$1,587B。与银行合作一段时间之后，京东根据客户的需求，设计出了进军金融最核心的产品：供应链金融产品“京保贝”和“京小贷”。“京宝贝”上线之后，京东开始使用自有资金放贷。

其供应链金融可以在一个月内完成超过$1,587B规模的放贷，主要原因在于把握住了客户的需求。相对于传统供应链金融，“京保贝”优势明显：门槛低、效率高、客户体验好。
Current Investments are into FinTech

Main investment cases in FinTech firms, 2014

<table>
<thead>
<tr>
<th>投资机构</th>
<th>被投企业</th>
<th>投资时间</th>
<th>投资金额 (US$ M)</th>
<th>二级行业</th>
<th>投资轮次</th>
<th>投资阶段</th>
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<tbody>
<tr>
<td>高榕资本</td>
<td>普惠金融信息服务（上海）有限公司</td>
<td>2014-12-22</td>
<td>50.00</td>
<td>P2P</td>
<td>A</td>
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<tr>
<td>启明创投,IDG资本,鼎晖投资 (天津);启明创投,宽带资本</td>
<td>杭州财米科技有限公司</td>
<td>2014-12-1</td>
<td>50.00</td>
<td>金融网销</td>
<td>C</td>
<td>扩张期</td>
</tr>
<tr>
<td>联想控股</td>
<td>温州翼龙贷经济信息咨询有限公司</td>
<td>2014-11-3</td>
<td>162.70</td>
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<td>初创期</td>
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<td>上海银商资讯有限公司</td>
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<td>19.93</td>
<td>第三方支付</td>
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<tr>
<td>经纬中国、顺为基金、银泰资本、和玉投资、祥峰集团</td>
<td>北京乐融多源信息技术有限公司</td>
<td>2014-9-5</td>
<td>37.19</td>
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<td>昆仲资本、红杉</td>
<td>深圳市金蝶互联网科技有限公司</td>
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<td>扩张期</td>
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<td>源码资本;不公开的投资者</td>
<td>中业昌泰投资（北京）有限公司</td>
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<td>20.00</td>
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<td>凯胜华盈、红杉、光速创投、淡马锡</td>
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<td>若水合投</td>
<td>东奥拾财货（厦门）资产管理有限公司</td>
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<td>鼎晖创投, IDG资本, 启明创投</td>
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</tbody>
</table>
Social Media – No Company Can Beat Facebook!

QQ, QZONE, WECHAT are way behind!

Social media

Monthly Active User (Million)


Resource: Annual financial reports

David Lee: The Game of Dian Fu
The Game of Dian Fu is in Digital Wallet

<table>
<thead>
<tr>
<th>Digital Wallet</th>
<th>User Amount</th>
<th>Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>WeChat &amp; QQ Wallet</td>
<td>Over 100 million</td>
<td>The forth quarter 2014 result</td>
</tr>
<tr>
<td>Alipay Wallet</td>
<td>270 million</td>
<td>The first quarter 2015 result</td>
</tr>
</tbody>
</table>
颠覆

Dian Fu No 9
RenMinBi~人民币
People’s Currency
Vice President of Zimbabwe proposed to China to have the Yuan as a legal tender during July 2015 visit to China!
Internationalization of RMB in Africa

Trade Volume between China and Africa (Billion RMB)

Mandarin will be second language in South Africa and not without resistance!

David Lee: The Game of Dian Fu
From 2000 to 2012, Sino-African trade accounted for the proportion of China's total foreign trade, increased to 5.13% from 2.23%.

From the perspective of Africa, Sino-African trade accounted for Africa's total foreign trade rose from 3.82% to 16.13% during the same period.

Source: 《中国与非洲的经贸合作(2013)》白皮书
Internationalization of RMB in ASEAN

ASEAN or Dong Meng 东盟
Will be the real catch for China!


David Lee: The Game of Dian Fu
Internationalization of RMB in the world
## Clearing Banks for RMB in the world

<table>
<thead>
<tr>
<th>RMB Clearing Bank Location</th>
<th>Date</th>
<th>Clearing bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. HONG KONG</td>
<td>2003.12</td>
<td>BOC</td>
</tr>
<tr>
<td>2. MACAU</td>
<td>2004.09</td>
<td>BOC</td>
</tr>
<tr>
<td>3. VIENTIANE</td>
<td>2012.06</td>
<td>ICBC</td>
</tr>
<tr>
<td>4. TAIPEI</td>
<td>2012.12</td>
<td>BOC</td>
</tr>
<tr>
<td>5. SINGAPORE</td>
<td>2013.02</td>
<td>ICBC</td>
</tr>
<tr>
<td>6. PHNOM PENH</td>
<td>2014.03</td>
<td>ICBC</td>
</tr>
<tr>
<td>7. LONDON</td>
<td>2014.06</td>
<td>CCB</td>
</tr>
<tr>
<td>8. FRANKFURT</td>
<td>2014.06</td>
<td>BOC</td>
</tr>
<tr>
<td>9. SEOUL</td>
<td>2014.07</td>
<td>BOCM (BANK OF COMMUNICATIONS)</td>
</tr>
<tr>
<td>10. PARIS</td>
<td>2014.09</td>
<td>BOC</td>
</tr>
<tr>
<td>11. LUXEMBOURG</td>
<td>2014.09</td>
<td>ICBC</td>
</tr>
<tr>
<td>12. QATAR</td>
<td>2014.11</td>
<td>ICBC</td>
</tr>
<tr>
<td>13. TORONTO</td>
<td>2014.11</td>
<td>ICBC</td>
</tr>
<tr>
<td>14. SYDNEY</td>
<td>2014.11</td>
<td>BOC</td>
</tr>
<tr>
<td>15. KUALA LUMPUR</td>
<td>2015.01</td>
<td>BOC</td>
</tr>
<tr>
<td>16. BANGKOK</td>
<td>2015.01</td>
<td>ICBC</td>
</tr>
<tr>
<td>17. CHILE</td>
<td>2015.05</td>
<td>CCB</td>
</tr>
<tr>
<td>18. JOHANNEBURG</td>
<td>2015.07</td>
<td>BOC</td>
</tr>
</tbody>
</table>
RMB Qualified Institutional Investors

RQFII Country/Area Quota (Until the end of 2015)
Unit: 100mil Total: RMB270Bn

Starting in 2002, the Chinese government began allowing QFII to access the A-share market in an attempt to entice more investment into its markets. Using offshore currency accounts, licensed QFII can directly invest in A-share equities on both the Shanghai and Shenzhen exchanges, as well as bonds, index futures, warrants, open/closed-end funds and ETFs.

RQFII participants can invest in the same range of investment products as QFIIs and are subject to many of the same restrictions. However, a RQFII uses renminbi to purchase securities, while a QFII uses their foreign home currency.

Source: http://www.cenet.org.cn/index.php?m=wap&c=index&a=show&catid=1510&typeid=0&id=67466&page=3
Dian Fu in Singapore

- RMB 17.2b bond issued in Singapore
- RMB 27t transaction for 2015H1
- RMB 67t transaction 2013
- Singapore is the largest clearing center outside Hong Kong
One Belt, One Road

- Yi Dai Yi Lu ～ 一带一路
- Video
对外贸易方面，2015年第1季度中国与“一带一路”沿线国家双边贸易额2360亿美元，占全国进出口总额26%。其中，中国对沿线国家出口增长10%，占出口总额28%，大幅领先于4.9%的整体出口增速；

利用外资方面，“一带一路”沿线国家对华投资增长迅速。1季度“一带一路”沿线国家在华设立外商投资企业457家，同比增长18.4%。蒙古、俄罗斯及中亚国家对华实际投资金额整体增长超过一倍；中东欧、西亚北非地区国家对华实际投资金额增长超过四倍。其中，对广东省投资项目50个，同比增长6.4%；对福建省投资项目22个，同比增长100%。

对外投资方面，1季度中国对“一带一路”沿线国家实现非金融类直接投资25.6亿美元，占同期对外直接投资总额的9.9%。位居前三位的国家地区分别为新加坡、印尼和老挝。
One Road, One Belt: Is the US in or Out?

▪ “中国版马歇尔计划”“TPP1和TPP2的反制方案”
▪ 据估算，“一带一路”将涵盖包含亚洲在内的26个国家和地区，合计44亿人口，将产生21万亿美元的经济规模。
▪ 目前中国在“一带一路”沿线国家共有70多个在建的经济产业合作区项目，年产值超过200亿美元，为当地创造20万个就业机会
▪ The Press viewed it as an Anti Trans-Pacific Partnership (TPP) Chinese’s Marshall Plan
▪ Spread over 26 Asian countries, 4.4b population, USD2.1t Output
▪ 70 projects with annual output of over USD20b and 200k new jobs.
▪ ADB estimates: USD8t worth of infrastructure projects
The US$40bn Silk Road Infrastructure Fund is to provide funding to carry out infrastructure, resources, industrial cooperation, financial cooperation and other projects related to YDYL.

The company that manages the fund, The Silk Road Fund Co. Ltd, is backed by China’s foreign exchange reserves, China Investment Corp, Export-Import Bank of China, and China Development Bank. The fund started operation in February 2015 with US$10bn in capital, which was 65% contributed by China’s SAFE, which manages China’s Foreign Reserve. The fund is chaired by Jin Qi, the assistant governor of PBOC.

Jin Qi, the chief executive of the Silk Road Fund, said in March 2015 that the fund will invest in projects with reasonable mid- and long-term returns, and it is not an aid agency that does not consider returns. She added that the Silk Road Fund will not be the sole financer of projects; rather it will seek to cooperate with other financial institutions when investing in projects in the future.
China, Brazil, South Africa, Russia, India’s infrastructure gap is huge so that need a common financial cooperation at the national financial force incompetent. BRICS Development Bank not only for the five BRICS countries, but for all developing countries. As a BRIC member countries may be given priority lending authority.

- Voting right: China39.95%, Brazil/Russia/India:18.10%, South Africa 5.75%
New Development Bank

According to announcement of BRICS publish in July 15th 2015, headquarters located in Shanghai, China.
Chairman of the bank will be rotating among the five countries, a five-year term

<table>
<thead>
<tr>
<th>Composition and power</th>
<th>Name</th>
<th>Nationality</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>Kundapur Vaman Kamath</td>
<td>Indian</td>
</tr>
<tr>
<td>Chairman of the Board of Governors</td>
<td>Anton Siluanov</td>
<td>Russian</td>
</tr>
<tr>
<td>Chairman of the Board of Directors</td>
<td>卡内罗</td>
<td>Brazilian</td>
</tr>
</tbody>
</table>
## Comparison

<table>
<thead>
<tr>
<th></th>
<th>AIIB</th>
<th>BRICS</th>
<th>ADB</th>
<th>WB</th>
<th>IMF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Leading country</strong></td>
<td>China</td>
<td>N/A</td>
<td>Japan</td>
<td>America</td>
<td>America&amp;Euro</td>
</tr>
<tr>
<td><strong>Headquarters</strong></td>
<td>Beijing, China</td>
<td>Shanghai, China</td>
<td>Metro Manila, Philippine</td>
<td>Washington D.C., United States</td>
<td>Washington D.C., United States</td>
</tr>
<tr>
<td><strong>Formation</strong></td>
<td>2014</td>
<td>2015</td>
<td>1966</td>
<td>1944</td>
<td>1945</td>
</tr>
<tr>
<td><strong>Capital</strong></td>
<td>$100 Bn</td>
<td>$100 Bn</td>
<td>$175 Bn</td>
<td>$223 Bn</td>
<td>$238 Bn</td>
</tr>
<tr>
<td><strong>Purpose</strong></td>
<td>A proposed international financial institution that will focus on supporting infrastructure construction in the Asia-Pacific region.</td>
<td>To mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries.</td>
<td>A regional development bank to facilitate economic development in Asia.</td>
<td>An international financial institution that provides loans to developing countries for capital programs.</td>
<td>An international organization working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth around the world.</td>
</tr>
</tbody>
</table>

**Member number**

|                      | 57                    | 5 (Brazil, Russia, India, China, South Africa) | 67       | 188                  | 188                  |
# Bitcoin Exchange Ranking

<table>
<thead>
<tr>
<th>Name</th>
<th>Total volume [BTC]</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td>OKCoin</td>
<td>63,206</td>
<td>40.07%</td>
</tr>
<tr>
<td>Huobi</td>
<td>29,489</td>
<td>18.68%</td>
</tr>
<tr>
<td>BTC China</td>
<td>12,646</td>
<td>8.02%</td>
</tr>
<tr>
<td>LakeBTC</td>
<td>11,638</td>
<td>7.38 %</td>
</tr>
<tr>
<td>ANX</td>
<td>4,910</td>
<td>3.11%</td>
</tr>
</tbody>
</table>

Source: [http://bitcoinity.org/markets/list?currency=ALL](http://bitcoinity.org/markets/list?currency=ALL)
Bitcoin Mining Pool in China

- China owns 57% in total.

Miner Ranking

- F2Pool: 19%
- Antpool: 17%
- BTCChina Pool: 13%
- BW.COM: 8%
- Other Pools except China: 43%

Source: https://blockchain.info/pools
The Final showdown between Internet Banking and Internet Finance!
• The biggest bank in the world measured in asset size (USD3.3tri) and capital (USD62.5bil) as at June 2015
Ranking by capital amount


David Lee: The Game of Dian Fu
ICBC around the world

- 6 continents, more than 42 countries around the world
- 17,122 domestic branches, 400 overseas branches, 2,007 agencies
- 456 million individual customers, 5.09 million corporate clients
- Global RMB clearing network covering 76 countries and regions
- 100m cards in China, Asia largest and 3rd in the world among the banks
- Acquired 60% stake in Standard Bank PLC on Feb 1 2015 for USD690m
- Since 2007, ICBC has spent about USD7 billion on more than 10 acquisitions from South Africa to the U.S.
Mr. JIANG Jianqing, Chairman of ICBC, stated, “China is the world’s largest consumer of commodities. Many Chinese corporates have become active participants in commodities trading and global capital markets.

This, along with the liberalization of China’s interest rates and exchange rates, the internationalization of China’s capital markets, the development of offshore RMB business, and the launching of the “One Belt and One Road” (the Silk Road Economic Belt and the 21st Century Maritime Silk Road) initiative, as well as the acceleration of Chinese enterprises’ overseas investment, has stimulated huge demand for global markets business.

The acquisition of Standard Bank Plc is of strategic importance as ICBC proactively responds to this demand.
融e购 ~“Rong e Gou”

Rong Yi sounds like Rong e!

Rong Yi

Rong e

EASY

PURCHASE WITH EASE

Gou

To Buy

Singlish!

David Lee: The Game of Dian Fu
Three Platforms:

- e-Commence: 融e购 ~“Rong e Gou” (Jan 2014)
- Instant Message Platform: 融e联 ~“Rong e Lian” (Jan 2014)
- Direct Online Platform: 融e行 ~“Rong e Hang” (March 2015)

Three Product Lines:

- Transaction:
  - “ICBC e-payment” - 工银e支付 (Oct 2010)
  - “ICBC e-charging” - 工银e缴费 (March 2013)

- Investment:
  - ”ICBC e-investment” - 工银e投资 (Aug 2014)

- Funding:
  - 逸贷 ~“Yi Dai”: a credit product for personal client (Sep 2013)
## Three Platforms

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of introduction</th>
<th>No. of Customers</th>
<th>Amount of Transactions</th>
<th>Remark/nature of business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rong e Gou</td>
<td>Jan. 2014</td>
<td>more than 20 m</td>
<td>RMB 0.2044 t (increase 26.8 times in one year)</td>
<td>e-commence</td>
</tr>
<tr>
<td>Rong e Lian</td>
<td>Dec. 2014</td>
<td>1.3 m</td>
<td>N/A</td>
<td>Instant Message platform</td>
</tr>
<tr>
<td>Rong e Hang</td>
<td>Mar. 2015</td>
<td>N/A</td>
<td>RMB23 b</td>
<td>Direct Online Platform</td>
</tr>
</tbody>
</table>

Source: [http://m.21jingji.com/article/20150807/684a78853a4bd513569aa7e79f9a74f3.html](http://m.21jingji.com/article/20150807/684a78853a4bd513569aa7e79f9a74f3.html)

David Lee: The Game of Dian Fu
<table>
<thead>
<tr>
<th>Product lines</th>
<th>Name</th>
<th>Date of founded</th>
<th>No. of customers</th>
<th>Remark/nature of business</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction</strong></td>
<td>ICBC e-payment</td>
<td>Oct. 2010</td>
<td>60m</td>
<td>For micropayment transaction</td>
</tr>
<tr>
<td></td>
<td>ICBC e-charging</td>
<td>Mar. 2013</td>
<td>N/A</td>
<td>Mobile APP for charging transaction</td>
</tr>
<tr>
<td><strong>Investment</strong></td>
<td>ICBC e-investment</td>
<td>Aug. 2014</td>
<td>0.15m</td>
<td>For personal investment</td>
</tr>
<tr>
<td><strong>Funding</strong></td>
<td>Yi Dai</td>
<td>Sep. 2013</td>
<td>11k</td>
<td>A credit product for personal client</td>
</tr>
<tr>
<td></td>
<td>Wang Dai Tong</td>
<td>Sep. 2013</td>
<td>More than 70t small and micro companies</td>
<td>A B2B credit product for small and micro businesses, including 短频急，公司逸贷，个人自助质抵押贷款</td>
</tr>
</tbody>
</table>

Sources: [http://m.21jingji.com/article/20150807/684a78853a4bd513569aa7e79f9a74f3.html](http://m.21jingji.com/article/20150807/684a78853a4bd513569aa7e79f9a74f3.html); [http://finance.cqnews.net/html/2015-05/18/content_34248488.htm](http://finance.cqnews.net/html/2015-05/18/content_34248488.htm)
Started Operation on 12 Jan 2014

RMB 204b Gross Merchandise Value (GMV) for 2015H1 (26.8x more)

Within 14 months: 16 million register users with RMB 100b GMV;

Average time for online to surpass RMB10 billion is 7 years
  • 204 days for 融 e购 ~“Rong e Gou”

Average time for online to surpass 10 million users is 3 years
  • 10 months for 融 e购 ~“Rong e Gou”
Disadvantage

• **Higher Prices**（没有价格竞争优势，但是可以保障质量）

• **Higher Barrier of Entry for Merchants**（入驻商户标准高，不像在淘宝上可以很容易就开店）

• **Higher Logistic Cost**（物流成本高，入驻商家需要自行解决物流问题）
“ICBC e-payment” - 工银e支付 Now

- RMB55 billion 2014 transaction amount (8x more than 2013)
- 2015H1 RMB80b (5.4x more)
- 60 million registered users
- Capacity to deal with 11.2 million transactions per second

Source: http://bank.gucheng.com/2015/3093167.shtml
Outstanding Individual Loans: RMB 190 billion (2015H1)

Gross Loans: RMB 230 billion

As large as the entire P2P market

Source:
http://www.icbc.com.cn/icbc/%E5%B7%A5%E8%A1%8C%E9%A3%8E%E8%B2%8C/%E5%B7%A5%E8%A1%8C%E5%BF%AB%E8%AE%AF/%E4%B8%AD%E5%9B%BD%E5%B7%A5%E5%95%86%E9%93%B6%E8%A1%8C%E5%85%AC%E5%B8%832014%E5%B9%B4%E7%BB%85%E6%83%85%E5%86%B5.htm
1. 短频急

- largest lending e-finance product
- Outstanding Micro Loans: RMB200b
- Total Loans: RMB1.73tri
- Micro-enterprise Base: 69k
- Start Date: June 20

2. 公司逸贷

- Total Corp Loans: RMB8.73b

3. 个人自助质押贷款

- Outstanding Loans: RMB24.7b (4.6x)
- Total Loans: RMB38.2b
T+0 Settlement

- e灵通
- T+0 settlement
- Commodity trading with crude oil transaction vol of RMB56b (30.5x)
no commission or annual fees

Info, logistic and payment e-commerce platform

accept third party bank cards

70% merchants are manufacturers and 1/3 were not customers

20m registered accounts

O2O (Online to Offline & Offline to Online)

15k free WIFI spots, 154 smart banks, 35 branch platforms and 431 points of connection

Expanded to 42 countries and regions

End to end to Spanish - China free trade zone in Hangzhou

Mobile platform was introduced on July 20 2015

From factory of the world to store of the world!
Rong e Gou ~“Rong e Gou” Vs JD 京东 ~“Jing Dong”

### Transaction volume

<table>
<thead>
<tr>
<th></th>
<th>Rong E Gou</th>
<th>JD</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ (mil)</td>
<td>¥204,400</td>
<td>¥202,300</td>
</tr>
</tbody>
</table>

**Period:** Jan 2015 – Jun 2015

### Total register users

<table>
<thead>
<tr>
<th></th>
<th>Rong E Gou</th>
<th>JD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Register users</td>
<td>18,000</td>
<td>105,200</td>
</tr>
</tbody>
</table>

**Source:**

David Lee: The Game of Dian Fu
The Ranking of Rong e Gou is Number 3 in 2014

Transaction volume in 2014

<table>
<thead>
<tr>
<th></th>
<th>Rong e Gou</th>
<th>JD</th>
<th>Alibaba</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mi (RMB)</td>
<td>70,000</td>
<td>260,200</td>
<td>2,300,000</td>
</tr>
</tbody>
</table>

Sources:
JD: http://tech.gmw.cn/jd/2015-03/04/content_14993388.htm
Rong e Gou Has Overtaken JD in 2015H1

**Transaction volume in 2015 Q1-Q2**

<table>
<thead>
<tr>
<th>Period</th>
<th>Rong E Gou</th>
<th>JD</th>
<th>Alibaba</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction amount</strong></td>
<td>¥204,400</td>
<td>¥202,300</td>
<td>¥1,273,100</td>
</tr>
<tr>
<td><strong>Total register users</strong></td>
<td>18</td>
<td>105</td>
<td>367</td>
</tr>
</tbody>
</table>

**Sources:**
- 京东交易额: 为两季财报公布交易额的加总: 878亿+1145亿

Period: Jan 2015 – Jun 2015 (6 months)

<table>
<thead>
<tr>
<th></th>
<th>Rong E Gou</th>
<th>JD</th>
<th>Alibaba</th>
</tr>
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<tr>
<td><strong>Total register users</strong></td>
<td>18</td>
<td>105</td>
<td>367</td>
</tr>
</tbody>
</table>
1. Internet + Real Estate model (May 2014)

A total of 14 developers (保利、富力、碧桂园、雅居乐、合生地产) and e-ICBC initiated the Internet + Real Estate model (售房+装修+物业) for Sales, Renovate, Purchase of Furniture & Fixture

300 projects in 60 cities, 1800 units, gross amount RMB5.1b

2. Internet + Construction + Finance model

Turnover: RMB600b

3. Next move is mortgage financing

4. Flow of information, logistic and capital

5. Consumption + Finance + Internet

David Lee: The Game of Dian Fu
Big Data

- Big data from POS system
- No guarantee or mortgage required
- No repetitive application
- Work within approved limit
- Hire purchase

大银行巧用“大数据”服务“小商户”
Use Experience

- Use experience:

1. one PW one QR Code

2. ICBC+VISA+HCE Cloud Payment Services (May 5 2015)

- Mobile NFC/HCE (Host-card emulation Cloud Service + Token), verification are done backend. Max Transaction Value = RMB5000
Very similar!

1.3mil users versus 500m active users
Quick loans

Ant Financial 花呗 (Hua Bei)

工行逸贷

招行闪电贷

建行快贷

JD 白条

David Lee: The Game of Dian Fu
逸贷 (Yi Dai) VS 白条(Bai Tiao)，花呗(Hua Bei)

- **Rapid Lending:**
  - 白条(JD), 花呗(Ant financial)
  - **Banks:**
    - China Construction Bank: “快贷” includes“快e贷”、“融e贷”与“质押贷”三种产品
    - China Mingsheng Bank - ”民生E贷”
    - China Merchants Bank - “闪电贷”
    - Guangdong development Bank - “个人网络带宽”
    - China Citic Bank - “POS贷”
    - Shangshan Pudong Development Bank - “网贷通”

David Lee: The Game of Dian Fu
<table>
<thead>
<tr>
<th>Name</th>
<th>JD</th>
<th>Ant financial</th>
<th>China Construction Bank</th>
<th>China Mingsheng Bank</th>
<th>China Merchants Bank</th>
<th>Guangdong development Bank</th>
<th>China Citic Bank</th>
<th>Shanghai Pudong Development Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan modes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>credit ceiling (RMB)</td>
<td>15k</td>
<td>50k</td>
<td>50k (500k for private client)</td>
<td>90% of your credit limit</td>
<td>500k</td>
<td>300k</td>
<td>500k</td>
<td>3mil (^{\dagger})</td>
</tr>
<tr>
<td>Interest-free period</td>
<td>30 days</td>
<td>41 days</td>
<td>12 months</td>
<td>12 months</td>
<td>1-24 months</td>
<td>3 years</td>
<td>90 days</td>
<td>1 year</td>
</tr>
<tr>
<td>Loan interest (annual)</td>
<td>6%</td>
<td>18%</td>
<td>7.20%</td>
<td>9.60%</td>
<td>13%</td>
<td>8.30%</td>
<td>18%</td>
<td>Depends</td>
</tr>
<tr>
<td>Founded</td>
<td>Feb-14</td>
<td>Dec-14</td>
<td>Dec-14</td>
<td>Jan-15</td>
<td>Jan-15</td>
<td>Dec-14</td>
<td>Jan-14</td>
<td>Jan-14</td>
</tr>
</tbody>
</table>

\(^{\dagger}\)mortgage and meet other application requirement

Sources:
- 网贷通: http://www.icbc.com.cn/ICBC/%E5%85%AC%E5%8F%B8%E4%B8%9A%E5%8A%A1/%E4%BC%81%E4%B8%9A%E6%9C%8D%E5%8A%A1/%E7%BD%91%E7%BB%9C%E8%9E%8D%E8%B5%84/%E7%BD%91%E8%B4%B7%E9%80%9A/
- 新E贷: http://www.knet.cn/topic/kx/20131127/
Direct bank – ICBC is the first one and more than 20 banks have direct selling banking services in China.
# Wealth Management Products Comparison

<table>
<thead>
<tr>
<th>Name</th>
<th>Alipay</th>
<th>Ping An Bank</th>
<th>Industrial Bank</th>
<th>Industrial and Commercial Bank of China</th>
<th>Shanghai Pudong Development Bank</th>
<th>Mingsheng Bank</th>
<th>China Zheshang Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Yu'E Bao</td>
<td>橙E宝</td>
<td>掌柜钱包</td>
<td>节节高号2</td>
<td>普发宝</td>
<td>如意宝</td>
<td>增金宝</td>
</tr>
<tr>
<td>Annual Interest</td>
<td>3.850%</td>
<td>4.08%</td>
<td>3.562%</td>
<td>30% above Central Bank interest rate</td>
<td>5.192%</td>
<td>4.610%</td>
<td>5.000%</td>
</tr>
</tbody>
</table>

Sources: 橙E宝: http://www.orangebank.com.cn/
P掌柜钱包: http://www.yypt.com/home/about/index!walletIntro.action
增金宝: http://news.xinhuanet.com/fortune/2015-05/19/c_127817396.htm
A. Independent:
1. 农行 - 掌上银行 - 2014
2. 民生银行 - Direct selling banking system
3. 包商银行 - 小马bank
4. 工行 E-ICBC
5. 交通银行 - 好生意 - O2O

B. Cooperation:
1. 北京银行联合荷兰国际集团 (ING)
2. 北京银行联合腾讯 (Tencent) - more than 10 billion investment
3. 中国银行联合百度 (Baidu) - 兴业银行联合蚂蚁金服 (Ant-Financial services)
4. 华夏银行联合微众银行 - “接力贷”

C. Diversification:
平安银行联合微众银行，和邦股份，深圳光启 - Logistic finance, small and micro business, Diversified financials
<table>
<thead>
<tr>
<th>Banks</th>
<th>Partner</th>
<th>Product</th>
<th>Nature of Business</th>
<th>Founded time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Bank of China</td>
<td>N/A</td>
<td>掌上银行</td>
<td>Mobile App: E-payment, E-business, E-social</td>
<td>Mar-14</td>
</tr>
<tr>
<td>China Minsheng Banking</td>
<td>N/A</td>
<td>如意宝 · 定活宝 · 民生金 etc.</td>
<td>Direct banking</td>
<td>Feb-14</td>
</tr>
<tr>
<td>Baoshang Bank</td>
<td>N/A</td>
<td>XiaoMa Bank: 千里马; 马宝宝</td>
<td>Online Wealth management product(bond and Money market fund)</td>
<td>Jun-14</td>
</tr>
<tr>
<td>ICBC</td>
<td>N/A</td>
<td>e-ICBC</td>
<td>Internet Finance Platform</td>
<td>Mar-15</td>
</tr>
<tr>
<td>Bank of Communications</td>
<td>N/A</td>
<td>好生意</td>
<td>Small and Micro Finance &quot;O2O&quot;</td>
<td>May-15</td>
</tr>
</tbody>
</table>
## Cooperation: Letting the BATs and Others In

<table>
<thead>
<tr>
<th>Banks</th>
<th>Partner</th>
<th>Product</th>
<th>Nature of Business</th>
<th>Founded time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beijing Bank</td>
<td>ING Group</td>
<td>N/A</td>
<td>Internet + Direct Banking (the first one)</td>
<td>Sep-13</td>
</tr>
<tr>
<td>Beijing Bank</td>
<td>Tencent</td>
<td>京医通</td>
<td>Internet + Medical, Third party payment and retail selling</td>
<td>Apr-15</td>
</tr>
<tr>
<td>Bank of China</td>
<td>Baidu</td>
<td>N/A</td>
<td>O2O, Data + risk management, clients+ costs, consumer credit services</td>
<td>Jun-16</td>
</tr>
<tr>
<td>Industrial and commercial bank</td>
<td>Ant-Financial services</td>
<td>N/A</td>
<td>strategy corporation in payment, financial services, financial inclusion</td>
<td>Jun-15</td>
</tr>
<tr>
<td>Huaxia Bank</td>
<td>Webank</td>
<td>&quot;Jielidai&quot; - 接力贷</td>
<td>strategy corporation in resource sharing, credit card, wealth management, interbank business etc.</td>
<td>Feb-15</td>
</tr>
</tbody>
</table>

Bank of Beijing * ING Bank
将直销银行概念引入中国，北京银行的直销银行采用的是“互联网平台+直销门店”的方式。直销银行在服务渠道上提供线上和线下融合、互通的渠道服务。

Bank of Beijing * Tencent
北京银行将向腾讯提供意向性授信100亿，双方将围绕京医通项目、第三方支付、集团现金管理、零售金融等领域开展业务合作。

Bank of China * Baidu
百度旗下的百度小贷牵手中国银行，将在“线上+线下”、“数据+风控”、“获客+资金成本”多维度展开。同时，还将面向个人消费信贷领域。

Industrial Bank * Ant Financial Service
前期已在支付结算、客户/商户服务、资产平台等方面建立了较为深入的合作关系。双方将在现有业务合作的基础上，将合作范围与深度进一步拓展至渠道互通、业务互补、产品共建、客户共享等具有增值效应的领域，优化和共营投融资平台及服务，开发新型获客途径。

Hua Xia Bank * WeBank
双方将在资源共享、小微贷款、信用卡、理财、同业业务、生态圈业务等多个领域开展深入的合作。华夏银行已给予了微众银行20亿元的同业授信额度，并且双方合作的产品小微企业信贷产品“接力贷”已上线。
## Diversification: Searching for the Unicorn and Disrupting Oneself!

Sources: 综合化的金融需求。http://finance.ifeng.com/a/20150508/13693211_0.shtml
橙E创业易：http://finance.ce.cn/rolling/201505/15/t20150515_5378452.shtml

<table>
<thead>
<tr>
<th>Banks</th>
<th>Partner</th>
<th>Product</th>
<th>Nature of Business</th>
<th>Founded time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ping An Bank</td>
<td>Webank</td>
<td>&lt;business corporation agreement&gt;</td>
<td>strategy corporation</td>
<td>May-15</td>
</tr>
<tr>
<td></td>
<td>Shopex</td>
<td>&quot;big data credit&quot; platform</td>
<td>Internet funding based on Big data</td>
<td>May-15</td>
</tr>
<tr>
<td></td>
<td>He Bang corporation</td>
<td>N/A</td>
<td>Internet + agriculture service</td>
<td>Jun-15</td>
</tr>
<tr>
<td></td>
<td>GuangQi corporation</td>
<td>光子支付</td>
<td>A new Mobile payment technology— tap to pay, don’t need card</td>
<td>Jun-15</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>橙e创业易</td>
<td>support star-up companies</td>
<td>Jun-15</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>橙子银行：“定活通”，“平安盈”等</td>
<td>Direct banking</td>
<td>Aug-14</td>
</tr>
<tr>
<td></td>
<td>N/A</td>
<td>橙E网</td>
<td>E-commerce</td>
<td>Jun-14</td>
</tr>
</tbody>
</table>
Webank
在深
签
署
《全面业务合作协议》

和邦股份
宣布与平安银行成都分行就互联网+现代农业电子商务项目结成全面、紧密、深入的战略合作伙伴关系。

商派
签署互联网金融合作协议，
双方将建立面向小微企业的
互联网金融服务平台，第一
步将展开基于大数据的互联
网金融融资服务。

光启
联合深圳光启推出新型移动
支付方式“光子支付”。

David Lee: The Game of Dian Fu
Banks E-Commerce

- 工行的“融E购” (Rong e Gou)
- 农行的“e商管家” (e Shang Guan Jia)
- 建行的善融商城（Shan Rong Shang Cheng）
- 交行的“交博汇” (Jiao Bo Hui)
<table>
<thead>
<tr>
<th>Name</th>
<th>Product</th>
<th>Register customers</th>
<th>Accumulated transaction volume</th>
<th>Founded time</th>
</tr>
</thead>
<tbody>
<tr>
<td>China construction Bank</td>
<td>善融商城 (Shan Rong Shang Cheng)</td>
<td>10b</td>
<td>RMB 90b</td>
<td>Jun 2012</td>
</tr>
<tr>
<td>Agriculture bank of China</td>
<td>E商管家 (E Shang Guan Jia)</td>
<td>More than 11t merchants</td>
<td>RMB 1.3t in 2014</td>
<td>Apr 2013</td>
</tr>
<tr>
<td>ICBC</td>
<td>融e购 (Rong e Gou)</td>
<td>18b</td>
<td>RMB 100b</td>
<td>Jan 2014</td>
</tr>
</tbody>
</table>

Source: [http://tech.gmw.cn/newspaper/2015-07/23/content_108080096_2.htm](http://tech.gmw.cn/newspaper/2015-07/23/content_108080096_2.htm)
2014年3月30日，农行重点推出其最新版本的“掌上银行”，“掌上银行”提供移动银行、移动支付、移动商务、移动社交等应用。继掌上银行之后，农行多个B2B平台和产品也陆续推出。
2014年2月民生银行率先推出的直销银行，提供如意宝、定活宝、民生金等门槛低、体验好的纯线上金融服务。除探索直销银行新型银行经营模式外，民生银行也持续发力移动金融，新推自助注册客户小额支付、小微客户在线贷款和续授信、信用卡在线申请和实时购汇等手机银行特色功能。
2014年6月19日，包商银行独立研发的被业内誉为中国银行业第一家智能理财平台“小马bank”正式上线。该平台上线初期主推的重点产品包括两类产品债券（千里马）和货币基金（马宝宝）。产品债券是指把包商银行传统的小贷业务的贷款转化成为债券在线上出售，小马bank是包商银行内部100%的全资控股子公司。
2015年3月23日上午，中国工商银行在京正式发布互联网金融品牌“e-ICBC”及其“三大平台+三大产品线”，成为国内第一家发布互联网金融品牌的商业银行。此次工行发布的互联网金融品牌包括“三大平台”和“三大产品线”，其中，三大平台分别为“融e购”电商平台、“融e联”即时通讯平台、“融e行”直销银行平台；三大产品线则分别为支付、融资、投资理财，以及“支付+融资”、“线上+线下”和“渠道+实时”等多场景应用。
2015年5月底，交通银行正式对外发布其小微金融O2O创新产品——“好生意”。据悉，该产品基于互联网云+端技术，整合软硬件平台，为小微商户提供了线上线下（O2O）一体化收单、商品管理、财务管理、理财融资等综合解决方案。
The Banks Will Now Be In the Chart!

Market share of China E-commerce

- Tmall (天猫) 59.30%
- JD (京东) 20.20%
- Suning (苏宁) 3.10%
- Vipshop (唯品会) 2.80%
- Gome Eshop (国美商城) 1.70%
- Amazon China (亚马逊中国) 1.50%
- 1Hao dian (1号店) 1.40%
- Dangdang (当当网) 1.30%
- Yixun (易迅) 1.10%
- JuMei (聚美优品) 0.60%

Source: file:///Users/smu/Desktop/%E3%80%8A2014%E5%B9%B4%E5%BA%A6%E4%B8%AD%E5%9B%BD%E5%8A%A6%E5%95%86%E5%9C%BA%E6%95%B0%E6%8D%AE%E7%9B%91%E3%80%8B.pdf

David Lee: The Game of Dian Fu
A New Era Where Internet Finance and Internet Banking Complement Each Other and More

- Internet Banking
  - 金融互联网
  - JinRong HuLianWang
  - Finance before Internet

- Internet Finance
  - 互联网金融
  - HuLianWang JinRong
  - Internet Comes first, then Finance

- Internet of Things and More
  - There will be no distinction
  - End to End
  - O2O
  - LBS
  - You no longer organise your corporates, society, rules and regulation as before
# The Growth of Mobile Payment


<table>
<thead>
<tr>
<th>Year</th>
<th>Mobile Payment in Volume (Billion)</th>
<th>Growth Rate</th>
<th>Mobile Payment in Value (billion RMB)</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1.18</td>
<td>77.08%</td>
<td>5700</td>
<td>102.01%</td>
</tr>
<tr>
<td>2011</td>
<td>2.47</td>
<td>109.32%</td>
<td>9900</td>
<td>73.68%</td>
</tr>
<tr>
<td>2012</td>
<td>5.35</td>
<td>116.46%</td>
<td>23100</td>
<td>132.39%</td>
</tr>
<tr>
<td>2013</td>
<td>16.74</td>
<td>212.86%</td>
<td>96400</td>
<td>317.56%</td>
</tr>
</tbody>
</table>

David Lee: The Game of Dian Fu
Mobile Phone Penetration Rate in China

The US Mobile Penetration Rate is only 81.5%!

Source:
http://data.stats.gov.cn/search.htm?s=%E7%A7%BB%E5%8A%A8%E5%8F%8A%E7%8E%87

David Lee: The Game of Dian Fu
Penetration rate of internet users in China from 2005 to 2014

There is more upside than the current 47.8%! US is 60% and Europe 70%!

David Lee: The Game of Dian Fu
Number of internet users in March 2015 (in millions)

- China: 478.51
- United States: 201.6
- India: 81.79
- Japan: 75.66
- Russian Federation: 68.12
- Brazil: 62.99
- Germany: 51.84
- United Kingdom: 39.61
- France: 37.01
- Turkey: 28.13
China is leading the world in Mobile Banking!

Figure 8: Mobile banking penetration by country

Source: UBS Evidence Lab and UBS research analysis
Transaction volume for China mobile banking is still growing at 18.6%!

The Connectivity Inclusion Programme is World Class!

Source: http://www.chinabgao.com/freereport/66449.html
Alipay 9.0 – The Technology is World Class
• 3 months ago, Alipay launched Non-Gesture Password Model

• Near 30 million people accept this new model.

Source: 支付宝《给新支付宝用户的一份安全报告》
Alipay 9.0—— Security Analysis
Within 9 Months: Attracted 25% of all bank deposits onto its Yu’E Bao platform as a cash deposit with good interest payments

Winning the competition against eBay that had over 70% of e-commerce market in China

Expanded services into Fund supermart (Zhao Cai Bao), Insurance (Zhong An), Credit Rating (Zhima), Lending (Ali Credit), Movie (YuLe Bao and moving making), medical hospitality services, tax refund, moving booking, travel services, and almost every financial services that we can think of within months of each new product.

Expanding into logistic and logistic financing with OBOR.

All services provided within a few seconds using an app with insurance coverage for theft and loss.
What is the End Game of Dian Fu

David Lee: The Game of Dian Fu
Round One: Internet Finance
Round Two: Internet Services
Round Three: OBOR, AIIB, Connectivity Inclusion and More
Reorganisation is key to joining the game!
Immediate: Technology + Mandarin
Are We Ready for 颠覆？

- Do we have the technology as advance as China?
- Do we have as many Strategists, Talents, etc. as in China?
- Do our traditional institutions have the experience to withstand and ride on the Dian Fu?
- Do we have the experience to work with rural areas as the Chinese financial inclusion model for ASEAN?
- Do we have any strategy to work along the OBOR strategy to take advantage of AIIB, Bi-lateral Swap, RQFII, and other financial facilities?
- Is the smart nation smart enough?
Singapore banks need to quicken response to disruptive innovations

They must harness digital technology and practise financial inclusion to grow their business. BY DAVID LEE
Chinese Article that presented arguments for using “Blockchain Technology” for Singapore to expand into ASEAN and to use the Financial Inclusion model of China and Kenya for Singapore’s neighbours.

-David Lee and Yan Li
15th May 2015, Lian Zaobao
中国应该停止使用“战略”这个字

"一带一路"与"一网一融"

近来新加坡再举办论坛，以"一带一路"与"一网一融"作为论题。与此相对，中国在"一带一路"与"一网一融"的论坛中，中国则将"一带一路"作为政策来谈。中国认为，"一带一路"是国家政策，而"一网一融"则是中国"一带一路"政策的实施方式。这表明，中国在"一带一路"与"一网一融"的论坛中，对中国政策的"一带一路"有新的解释。
In a joint commentary, SMU Sim Kee Boon Institute for Financial Economics Director Professor David Lee and SMU Lee Kong Chian School of Business Senior Lecturer in Strategic Management Yan Li commented on China’s ‘One Belt, One Road’ initiative which aims to rejuvenate two ancient trade routes and further open up markets within and beyond the region.

They said it is not possible for China and some ASEAN countries to dispel all reservations and cooperate merely on the basis of economic gains. Trusted by both sides, Singapore can act as a platform for China to enter the ASEAN market. Furthermore, Singapore could adopt the strategy supported by “Smart Nation” policy to set up infrastructure to boost internet finance and inclusive investment, which will not only improve the quality of life in underdeveloped regions in ASEAN countries, but further sustain Singapore’s leadership.

They also commended the Monetary Authority of Singapore for setting up the new FinTech and Innovation Group to enhance efficiency and competitiveness of Singapore’s financial sector, and guide the transformation of Singapore’s leading traditional financial institutes.

Time for More Chinese Helicopters!

CAIC Z-10 Chinese Helicopters!

CAIC 直-10 for 直升机-10

Z-10 is known as Fierce Thunderbolt (霹雳火) from the Chinese classic novel Water Margin (水浒传).

Z-10 and ZW-10

Sounds like

Chinese Educated Singaporeans are known as Chinese Helicopters!
Case Study: Bi-lingual Start-up

Yami Monster

Available on the
App Store

bit.ly/yami_ios

Available on
Google Play

bit.ly/yami_android
 Appreciation to Members of the SKBI Dian Fu Research Team

Zhang Han 
Chang Su 
Chi YingYing 
Lin JingXian 
 
David Lee: The Game of Dian Fu
Public Talk delivered by

Professor David LEE Kuo Chuen 李国权

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