

China's
next 100
global giants
2016 edition



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Two years on from the first global giants report, this report identifies the next generation of 100 fastest-emerging Chinese businesses that will be competing globally over the next three to five years. These businesses have established strong bases in China, are internationalising more rapidly and, perhaps most importantly, continue to grow at rates that are far faster than either global growth or growth in China. China's next global giants 2016 are bucking the trend of a slowdown in economic activity worldwide.

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This report is ACCA's second ranking of emerging global businesses debuting from China that are expected to grow and contend with established global players; the first such ranking was in 2014.

China's economic health and performance, whether tracked via the fortunes of the renminbi, GDP, export figures or, indeed, the host of other economic indicators, is one of the most eagerly anticipated and monitored of any country's around the world.

This report is ACCA's second ranking of emerging global businesses debuting from China that are expected to grow and contend with established global players; the first such ranking was in 2014. This ranking is unlike any other league tables, which rely on a small number of financial measures, mainly size, rather than on wider measures of performance and competitiveness. This approach of ranking of China's emerging global giants provides a fuller, deeper and more wide-ranging analysis than other league tables of Chinese businesses.

So what has happened since 2014? Chinese businesses have been busy. Firstly, they have increasingly focused on expanding overseas, not only through exporting but increasingly through mergers and acquisitions, strategic partnerships, and establishing research and development and innovation centres around the globe. Secondly, Chinese businesses in 2016 are even more international than they were in 2014.

What is more impressive, however, is that the annual growth rate of the 100 companies identified in this report outstrips not only the nation's GDP but also that of the global economy – and this trajectory is expected to continue in future.

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Two years on, the 2016 report looks again at China's emerging global businesses, revisiting companies that were in the first top 100 ranking and identifying new entrants in this league table. These companies follow in the footsteps of large and now well-known Chinese businesses such as Haier, Lenovo and Alibaba, and less well-known, but still global, companies. These businesses have established strong bases in China, are internationalising more rapidly and, perhaps most importantly, continue to grow at rates that are far faster than both global growth and growth among Chinese companies in general. China's next global giants 2016 are bucking the trend of a slowdown in economic activity worldwide.

THE APPROACH

In order to identify these businesses, companies listed on domestic Chinese and international stock exchanges were considered. The companies were filtered by size. Five-year growth rates were also considered, in order to ensure that businesses were growing sustainably over a longer period. Maintaining high levels of annual growth over time indicates that a business has a sound business model and the capacity to cope with growth. The ranking also considers the market positioning and performance of emerging Chinese businesses, in terms of: domestic market presence in China; extent of activity in international markets outside China; and business model and strategy.

The rationale for the approach can be summarised as follows.

1. **Size** provides an indication of a company's scope to generate sufficient surpluses to invest in or to secure funding for continued growth, and of whether it has sufficient scale to be able to compete from a position of strength in domestic and international markets.
2. **Growth** over a considerable period, five-year, demonstrates the ability of the business to scale up and expand in a sustainable way.
3. **Domestic presence.** The identified companies are establishing a strong domestic market presence before building markets overseas. The Chinese market represents a platform for international expansion, following on from success in the home market.
4. **International presence.** In the 2014 ranking, this was largely defined by export markets, and export sales were used as a key measure. Since then, Chinese companies' international presence has expanded to include international acquisitions, partnerships and presences, particularly logistics hubs, and design and R&D centres.
5. **Business model and strategy.** Although this was the most complex measure to determine and assess, it was also the most significant.



This report identifies the 100 fast-growing Chinese businesses that are becoming emerging global giants. Their growth and overall competitiveness indicate that they are likely to continue to expand. Over the next few years, if they continue on their current trajectories, many of these businesses will become China's next generation of global corporations.

No futures work of this type can ever expect to be definitive, but it is hoped that it will provide a glimpse of the future of Chinese businesses in the coming years.

For the full report: www.accaglobal.com/chinasglobalgiants2016

Diversification continues for China's next global giants

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Just over half of the 2016 next global giants are new entrants, indicating the dynamism of competition and business emergence in China. Of the 2016 top 100 emerging global giants, 46 were in the 2014 top 100 ranking. In other words, roughly half the 2016 global giants have kept their place and just over half are new entrants into the ranking. Some notable companies dropped out of the 2016 ranking. This indicates that even highly successful businesses face challenges in sustaining high-level to hyper-level growth over a sustained period.

The geographical spread of businesses span across China, though major cities are well-represented, especially Beijing, Shanghai, Shenzhen and Wuhan (Table 1 and Figure 1). The top 100 companies were based in many different parts of China. Many headquarters are in China's major cities or along the eastern coast, reflecting the extent of economic development in these parts of China. There appears, however, to be a shift southwards in the distribution of these emerging global giants. In the 2014 ranking, Shenzhen was the headquarters for seven such companies. In the 2016 report, the number there has risen to 11, and the number with headquarters in Beijing has fallen, from 17 to 13. This reflects the growing economic significance of Shenzhen, which is closely connected to Hong Kong and to the world economy.

Figure 1: Headquarter locations of China's next 100 global giants



These companies have adapted to a less positive economic environment by developing counter-cyclical business models that have enabled them to grow very rapidly, even though demand has softened.

Different sectors are represented in the top 100, and the presence of services and intangible products in the top of the ranking points to an increasingly diverse economy and a move away from manufacturing and production (see Figure 2).

The computing and communication equipment industry was the most commonly represented sector in the top 100, with 21 of the top 100 in this category.

Broadly, the top 100 firms can be characterised as relatively large businesses measured by turnover, although there is variation in both size and growth rates.

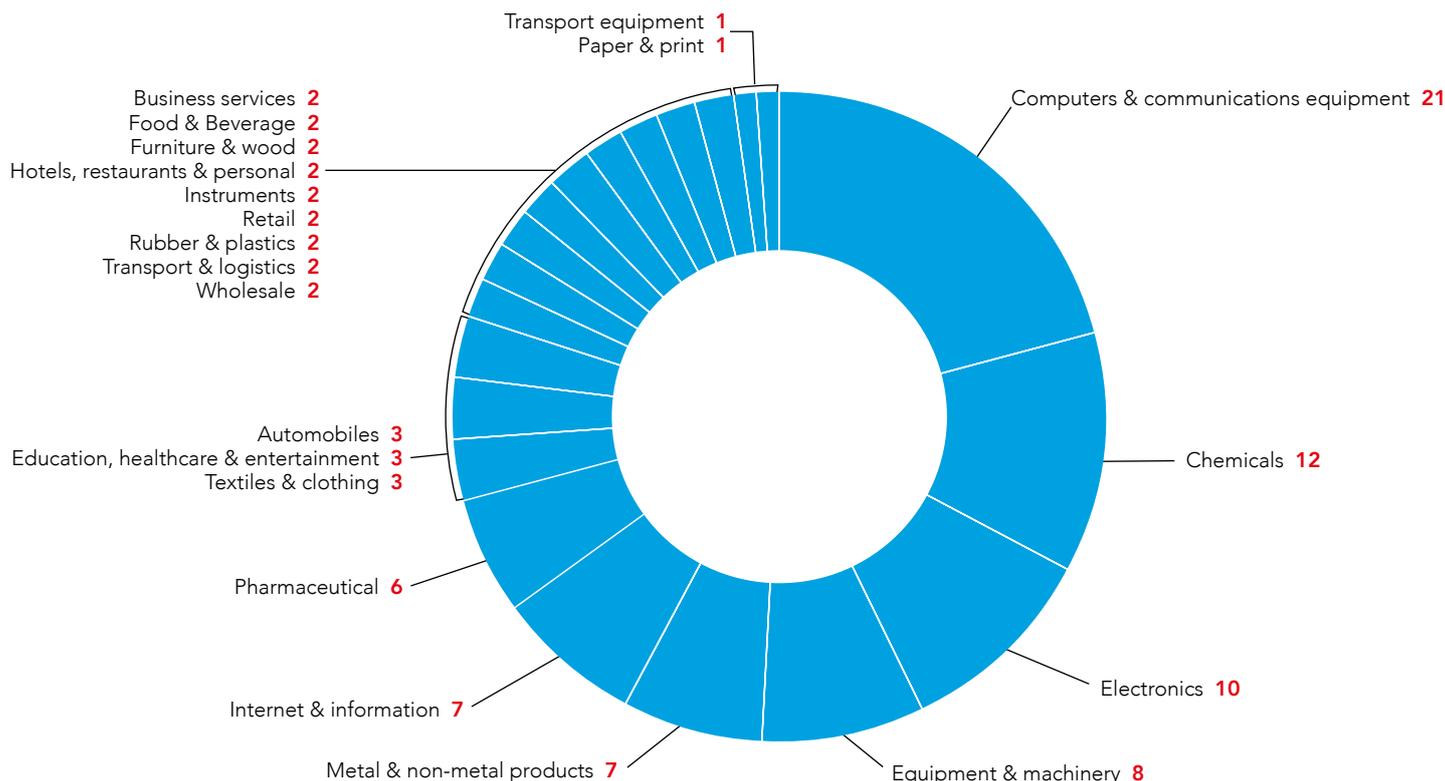
Among the top 100, growth rates vary between 12% and 64%: annual levels of growth were measured over five years, demonstrating sustained performance and hyper-growth. This is especially impressive given further cooling of the Chinese economy in recent years to a national GDP growth rate of around 6%. In other words, the slowest growing of these companies was expanding at more than twice the national GDP growth rate and the fastest growing at 10 times national growth rates.

A common feature of almost all the top 100 businesses was an effective business model. Overall, the businesses' managers demonstrated in-depth knowledge of the dynamics of their industries, as well as the needs of their customers. Strategies were clear and coherent, and there was evidence of strong management control of the businesses and their performance.

These businesses' future growth prospects appear strong. If they sustain their growth rates, they will be competing against established giants both in China and in other markets.

Six Chinese businesses, Eternal Asia, a supply chain management company; Fosun Pharma, pharmaceuticals and medical services company; Citrip.com International, Ltd., a travel company; Changyuan Group, a company specialising in electric vehicle and smart technology and equipments; Homeinns Hotel Group, a leading budget hotel chain; and Han's Laser Technology Industry Group Co., a company focusing on advanced laser technology, are showcased in the report with an outline of what makes them the next businesses to watch out for in the coming years.

Figure 2: Industry sectors represented by China's next 100 global giants



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Table 1: China's next 100 global giants

2016 rank	Change from 2014	Company name	2016 rank	Change from 2014	Company name
1	1	Huapont Life Sciences Co.	52	new	Leo Group Co.
2	5	Hongfa Technology Co.	53	new	Zhejiang Huahai Pharmaceutical Co.
3	2	Hangzhou Hikvision Digital Technology Co.	54	new	Shenzhen Laibao Hi-Tech Co.
4	new	Zhejiang Unifull Industrial Fiber Co.	55	-24	Changyuan Group
4	new	Sanan Optoelectronics Co.	55	-17	China Lodging Group
6	-5	Jiangsu Hengtong Photoelectric Stock Co.	57	-18	Fiberhome Telecommunication Technologies Co.
7	63	Shunfeng International Clean Energy	58	new	Hollysys Automation Technologies
8	-5	Zhejiang Dahua Technology Co.	58	-22	Tianma Microelectronics Co.
8	new	Bitauto Holdings	60	-51	Anhui Zhongding Sealing Parts Co.
10	new	Suzhou Dongshan Precision Manufacturing Co.	60	-9	Jiangsu Changjiang Electronics Technology Co.
11	4	China Xd Plastics Co.	62	new	Merry Garden Holdings
12	1	Shenzhen Desay Battery Technology Co.	62	new	Shenzhen MTC Co. Ltd.
13	new	21vianet Group Inc.	62	-33	New Oriental Education & Technology
14	7	Eternal Asia Supply Chain Management	65	new	Zhejiang Narada Power Source Co.
15	new	Suzhou Jinfu New Material Co.	66	new	Grimm Advanced Materials Co.
16	new	Nanjing Xinjiekou Department Store Co.	67	-52	Whirlpool China Co.
17	-5	Ningxia Zhongyin Cashmere Co. Ltd.	68	4	Keda Clean Energy Co.
17	new	Tal Education Group	68	new	Zhongshan Broad-Ocean Motor Co.
19	new	Accelink Technologies Co.	70	-44	Lianhe Chemical Technology Co.
20	34	Shanghai Fosun Pharmaceutical Co.	70	new	Jiangsu Zhongtian Technologies Co.
21	41	Ningbo Huaxiang Electronic Co.	72	-14	Zhejiang Sanhua Co.
21	new	Shenzhen Tat Fook Technology Co.	72	new	China National Complete Plant Import
21	new	Wolong Electric Group Co.	72	-25	Homeinns Hotel Group
24	-17	Zhejiang Wanfeng Auto Wheel Co.	75	new	Sina Corp
24	new	Eging Photovoltaic Technology Co.	75	-29	Zhejiang Supor Co.
26	new	Skyworth Digital Co.	77	-34	Humanwell Healthcare Co.
26	3	Huayi Brothers Media Corporation	77	new	Qinchuan Machine Tool & Tool Group Co.
28	new	Dalian Huarui Heavy Industry Group Co.	77	-46	Han's Laser Technology Industry Group Co.
28	58	Soufun Holdings	77	-5	Hubei Angel Yeast Co.
28	new	Alpha Group	77	-21	Jinkosolar Holding Co.
31	new	Ever-Glory International Group Inc	77	new	Kingold Jewelry Inc.
32	-6	Ctrip.com International Ltd.	77	new	Bolina Holding Co.
33	new	Haining China Leather Market Co.	84	-64	Zhejiang Dun'an Artificial Environment Co.
33	23	Apeloa Pharmaceutical Co.	85	new	Zhongtong Bus & Holding Co.
35	-18	Zhuzhou Times New Materials Technology Co.	85	new	Zhe Jiang Xinan Chemical Industrial Co.
35	new	Shenzhen Zowee Technology Co.	87	new	Longxing Chemical Industry Co.
37	-31	Hosa International	87	new	Guangdong Vanward New Electric Co.
38	new	Shenzhen Deren Electronic Co.	89	7	Sohu.Com Inc.
39	56	Xinjiang Zhongtai Chemical Co.	90	new	Yihua Lifestyle Technology Co.
40	new	Suzhou Victory Precision Manufacture Co.	90	-18	Changyou.com Ltd.
41	new	Tianshui Huatian Technology Co.	92	new	Changshu Fengfan Power Equipment Co.
41	-5	Beijing Tongrentang Co.	92	new	Wuxi Baichuan Chemical Industry Co.
43	new	Cpt Technology Co.	94	-32	E-Commerce China Dangdang*
43	new	Yantai Jereh Oilfield Services Group Co.	95	new	Shenzhen Salubris Pharmaceuticals Co.
43	new	Cofco Tunhe Co.	96	new	Fujian Longking Co.
46	-29	Xi'an Longi Silicon Materials Co.	97	new	Nanjing Redsun Co.
47	new	Jiangsu Huifeng Agrochemical Co.	97	new	Avic Aero-Engine Controls Co.
47	33	Fujian Furi Electronics Co.	97	-64	Sinoma Science & Technology Co.
47	new	Holitech Technology Co.	97	new	Cosco Shipping Co.
50	-25	Jiangxi Black Cat Carbon Black Co.			
50	new	Jiangsu Yangnong Chemical Co.			

