APEF 2020 Media Coverage

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HKSAR Government Press Releases - Speech by FS at Asia Private Equity Forum 2020
15 January 2020
https://www.info.gov.hk/gia/general/202001/15/P2020011500486.htm

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Asia Private Equity Forum 2020 at the Hong Kong Convention and Exhibition Centre this morning (January 15):

Chin (Chairman of Hong Kong Venture Capital and Private Equity Association, Mr Chin Chou), Eric (Chairman of Asia Private Equity Forum 2020, Mr Eric Mason), distinguished guests, ladies and gentlemen,

Good morning.

It's a great pleasure to be here with you again for the Asia Private Equity Forum's 10th anniversary edition.

I'm pleased, and grateful to see so many of you here today, to know that the Forum features more than 80 high-profile speakers - from Hong Kong, from the Mainland, throughout Asia and around the world.

The early New Year scheduling of this annual financial highlight is a welcome opportunity to look to the past as well as the future.

I'll do a little of both over the next few minutes, though I'll try to stay clear of predictions – especially about the future.

That includes the United States-China trade conflict. While the upcoming signing of the Phase 1 trade deal is now cause for optimism, there may well yet be complications to contend with down the 2020 road to trade peace in our time.

The global trade impasse has certainly blunted Hong Kong's 2019 economic performance. So, too, has the unprecedented social unrest that has shaken the Hong Kong community over the past six months.

Final figures are not yet in, but the IMF (International Monetary Fund) and private sector analysts estimate our 2019 GDP at anywhere from -2.1 per cent to +0.7 per cent. Our own estimate is about -1.3 per cent.

Let me add that, when it comes to finance, I'm not a fan of the minus sign.

To counter our adverse economic conditions, I've unveiled four sets of relief measures since last August. Totalling some HK$25 billion, the funds are focused on supporting businesses and lightening the burden weighing on the people of Hong Kong.

Meanwhile, we will continue to reach out to the community. Through wide-ranging dialogue communication and the pursuit of policies that address the deep-seated issues at the heart of our divide, I am hopeful that together we will find a path to peace and prosperity.

From an economic perspective, there is reason for optimism. I am heartened by the confidence private equity investors have shown in us. In the third quarter of 2019, some 560 private equity companies here managed US$153 billion.

We have nearly 50 more private equity (PE) firms based here when compared with the previous quarter. Among the world's top 10 PE fund managers, nine have a presence here in Hong Kong. That, ladies and gentlemen, underlines Hong Kong's formidable strengths in the Asian PE market. In that we trail only Mainland.

By channelling capital into corporations and start-ups in the innovation and technology field, PE and VC (venture capital) funds may well become as important as banks and IPO markets one day.

This Government is determined to help unlock the vast potential of the asset and wealth management business, because we believe you are critical to ensuring Hong Kong's status as one of the world's leading financial centres.

That's why we have been stepping up efforts to sharpen Hong Kong's competitive edge on asset and wealth management through a multi-pronged approach including: (a) diversifying our fund structures and streamlining the licensing process to encourage fund formation; (b) adopting a more user-friendly approach to attract family offices; (c) providing a more facilitative tax environment for funds; and (d) expanding our fund distribution network through deepening our mutual access arrangements with other major financial markets.

On fund structure, the long-awaited, limited-partnership fund regime is close to reality, thanks in part to your favourable feedback. Indeed, we are now developing the necessary legislation. Because of the current filibustering at the Legislative Council, the tabling of the legislation got a little delayed, but it remains our top policy priority for the rest of this year to put this forward.

We are confident that the new regime will attract PE and VC funds, and we count on your support for that. With the new regime in place, we aim to bring in as many offshore funds as possible onshore to Hong Kong. We are well positioned to capture the opportunity arising from what happened on the international front over tax base erosion. This is mutually beneficial to Hong Kong as a fund hub and also the PE industry at large as you search for a new home for the funds you manage. My colleague, Chris Sun (Deputy Secretary for Financial Services and the Treasury (Financial Services)1), will have more to say on Hong Kong's promise as a private equity hub later this morning.

PE and VC funds, whether onshore or offshore, have enjoyed a profits tax exemption since last April. A tax-exempt fund can invest in local and overseas private companies. Hong Kong, by now, has a tax regime at fund level that is competitive and caters to the needs of the PE industry. I fully understand that resolving the tax issues at fund level is not enough in itself. It is of even greater importance to tackle head-on the tax arrangement for investment managers. This is a hard nut to crack, but one that I am determined to look into and come up with solutions that will strengthen Hong Kong's position as a leading fund hub with one of the most competitive tax arrangements for investment managers in the PE industry.

The significance of the limited partnership fund regime in completing Hong Kong's fund manufacturing infrastructure is underpinned by its precursor - the open-ended fund company regime. Since its operation in July 2018, a number of open-ended fund companies have sprouted. The SFC (Securities and Futures Commission) is also looking into how to make the regime more business-friendly to facilitate the take-up.

In short, the Government and our regulators are committed to developing Hong Kong into a full-fledged fund-service centre.

We're equally intent on expanding our fund-distribution network. We continue to expand our Mutual Recognition of Funds arrangements. Last year, Luxembourg and the Netherlands joined existing partners, the Mainland, Switzerland, France and the United Kingdom. More international partnerships will follow.

Hong Kong is also an ideal location for the establishment of family offices, and we are boosting our promotional efforts in this regard.

The Hong Kong Monetary Authority and InvestHK will provide comprehensive services to attract family offices to Hong Kong. The SFC has also recently issued licensing guidance for PE firms and family offices. This will enhance clarity and would help address the industry's concerns.

Without a steady flow of talented professionals, of course, we won't be able to cash in on all the opportunities there for us. That's why the Government's Pilot Programme to Enhance Talent Training for the Asset and Wealth Management Sector has been supporting the industry since 2016.

I encourage you to offer exposure, opportunity and jobs for our youth. To give them a stake in the society through the programme.

Zooming out a bit, the Government will continue to boost Hong Kong's singular advantage as the business and financial bridge between international markets and investors and their counterparts on the Mainland.

To that end, we continue to emphasise the established channels - our Stock Connects, Bond Connect and the Mutual Recognition of Funds arrangements. We will also strengthen our position as the global offshore Renminbi business hub.

Then there's the Guangdong-Hong Kong-Macao Greater Bay Area Development, and the extraordinary opportunity that it presents to Hong Kong.

With a GDP in excess of US$1.6 trillion and more than 70 million prosperous consumers, the Greater Bay Area presents vast potential for the asset and wealth management sector. For each and every one of you. The establishment of a Greater Bay Area wealth-management connect scheme, which was, as you know, recently announced, will go a long way towards realising that promise.

Our regulators are working out the details with their counterparts on the Mainland, and we will keep you posted and we are determined to push that forward as soon as possible.

For now, I wish you all a rewarding Forum and a healthy, harmonious and prosperous 2020. Thank you.

News.gov.hk - Unlocking HK's business potential
15 January 2020
https://www.news.gov.hk/eng/2020/01/20200115/20200115_120634_182.html

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Fund-service centre

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Business bridge

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Financial Secretary Paul Chan gave these remarks at the Asia Private Equity Forum 2020 on January 15.

AAStocks - Paul Chan: Pumping Fund into IT Private Funds Equally Crucial as IPO Market
15 January 2020
http://www.aastocks.com/en/stocks/news/aafn-con/NOW.987261/latest-news

At Asia Private Equity Forum, Financial Secretary Paul Chan pointed out that loads of complicated trade topics remain unsettled this year between China and America despite encouragements from the signing of phase one trade deal.

After mentioning the 560 private equity firms in Hong Kong as of 3Q19, Chan accentuated that capital injection into the private and venture capital fund of the innovative technology sector carries an equal importance as banks and IPO market for Hong Kong.

AsianInvestor - HKMA backs new Hong Kong private equity plans
15 January 2020
Jaycee Man
https://www.asianinvestor.net/article/hkma-backs-new-hong-kong-private-equity-plans/457624

Hong Kong's de facto central bank voices its support for the upcoming limited partnership regime as more details of the developing legal framework emerge.

Hong Kong's de-facto central bank has thrown its weight behind a government initiative to revamp century-old limited partnership laws, in an effort to make the territory appealing for modern private equity funds

"Once the legal framework is out and the tax treatment is clarified, and provide more certainty, then we will probably work even harder to talk to GPs [general partners] and asset owners," said Darryl Chan, executive director for corporate services at the Hong Kong Monetary Authority (HKMA), told the audience of the HKVCA Asia Private Equity Forum 2020 on Wednesday (January 15).

"We believe we understand the market, we speak the market language, we know what the market concerns are. The good thing is, being part of the government, we can also reflect those views from the market to the policymakers on how to improve our ecosystem here," Chan said.

Indeed, HKMA is an investor in alternative assets, which helps to strengthen its argument. It has allocated around 6% of its HK$4.16 trillion ($535.3 billion) Exchange Fund 6% to alternative assets, including private equity and real estate. A lot of this sum has likely been invested via the sort of funds that the updated laws would aim to attract

Anson Law, senior manager of HKMA's market development division, told AsianInvestor on the sidelines of the event that HKMA's dual role as both a market regulator and investor gave it the resources and network to promote Hong Kong's updated limited partnership regime. The efforts will target primarily GPs and LPs [limited partners] based in Asia, he added.

He said the upcoming regime is intended to attract global and Hong Kong-based GPs seeking to invest in China, as well as mainland general partners looking to raise funds from overseas investors.

OFFSHORE STRUGGLES

The government's plans may well require the full support of the HKMA. Industry participants have previously told AsianInvestor that Hong Kong could struggle to gain GPs after it updates its LP scheme.

The city lacks the track record in this space, whereas regional rival Singapore boasts a 10-year private equity fund regime, and it recently launched a new variable capital company fund structure.

But Hong Kong is seeking to launch its plans at a time when offshore fund structures such as those based in Cayman Islands gradually lose their appeal. The Organisation for Economic Co-operation and Development [OECD] now requires such offshore centres to provide a higher threshold of 'domestic economic substance'.

For example, a Cayman Islands-based fund manager that is not a tax resident elsewhere has to comply with the economic substance requirement, according to the Cayman Islands' guidelines.

Law claimed that the rising requirement to align GP fund structures with economic substance is a major driver for fund managers to establish onshore vehicles . This concern has only been amplified by asset owners and other investors expressing concern over the reputational risks of funds being located in offshore financial centres.

"Generally speaking, investors, especially European ones, are increasingly shying away from certain offshore structures and jurisdictions being labelled as tax havens," he said, "Luxembourg structures are gaining popularity and similar consolidation is expected to happen in Asia and our new vehicle can serve as the anchor for private equity funds active in Asia."

"In the future, offshore structures shouldn't work. People will go onshore," Law said, including Chinese investors.

MORE CLARITY

Having kicked off the consultation phase in 2019, the government is now drafting the bill before introducing it to the city's Legislative Council. Chris Sun, deputy secretary for financial services, Financial Services and the Treasury Bureau of the government, said the new framework should go live within this year.

"We try to be as user-friendly as possible … When it comes to Hong Kong's LPF [limited partnership fund] regime, what we hope to achieve is that it should be as efficient, as straight forward, and as easy as setting up a company in Hong Kong." Sun told the audience in the panel discussion.

Rather than enlist the Securities and Futures Commission (SFC) to process fund applications, Sun said the responsibility will fall on Hong Kong's Companies Registry.

He added that the application will have to be submitted through a Hong Kong law firm, along with details including the name of the fund, name of the GP, investment manager and presenter, as well as the vehicle's investment scope and principal place of business.

Questions still remain. The new rules don't yet stipulate fund management fees or how carried interest will be taxed. However, the city already defines carried interest on other investments as compensation rather than capital gains for the purposes of taxation. That has helped partly removed this uncertainty for GPs, unlike in Singapore, said Patrick Yip, vice chair of Deloitte China.

"Singapore doesn't have that…they don't call it anything," said Yip. "It really pushes people to make a decision: 'should I remain in a place where it says is compensation or should I go to a place where it says oh maybe it's capital gain, or likely it's capital gain.'"

The SFC has also provided more recent guidance for private equity firms looking to license in Hong Kong, which will likely ease earlier industry concerns.

AVCJ - Discipline, operations key to PE success in China - DCP's Liu
16 January 2020
https://www.avcj.com/avcj/news/3017879/discipline-operations-are-the-keys-to-pe-success-in-china-dcps-liu

Private equity investors in China should prioritize discipline on valuations and operational capabilities rather than spend their time worrying about macroeconomic risks, according to David Liu, chairman and founder of DCP Capital.

Liu (pictured) told the Hong Kong Venture Capital & Private Equity Association's Asia forum that there will be a lot of opportunities as China adjusts to slower growth and introduces structural reforms. However, GPs should focus on building for the long-term, not following the market's flavor of the day.

China's private equity market has developed rapidly, so most investors have not lived through multiple business cycles. Many of them succumb to short-term temptation and opportunism. "PE investors are different from VC investors. PE invests in 15-20 portfolio companies per fund, so three or four bad deals can tank a fund. Investors should be more focused on risk control instead of finding a unicorn," said Liu.

Due diligence and decision-making for any deal should be an intensely grueling process, he added. When the process becomes too easy, it's often due to a lack of real understanding of the target business. Liu also noted that prudent investment terms and governance structures are frequently neglected in a bull market, but they provide essential downside protection when things don't go as planned.

DCP was established by Liu and Julian Wolhardt, both of whom previously held leadership positions with KKR in China. The firm, which closed its debut fund last year with $2.5 billion in commitments, advocates approaching investments with an industrialist mindset and offer genuine expertise.

This input is likely to be valuable in a slower growth environment as companies look for ways to protect their bottom line. Liu observed that Chinese entrepreneurs tend to be adept at driving revenue or share price growth but they lack disciplined operational practices in supply chain management, procurement, and manufacturing systems. He suggested that investors focus on areas that can generate quantifiable results to earn the trust of entrepreneurs before making broader proposals.

One example was KKR's investment in Haier, a Chinese home appliance manufacturer, in 2014. The private equity firm helped Haier acquire and integrate GE's home appliances business, which delivered a wide range of synergies. In 2016-2017, the company achieved cost savings of RMB1 billion ($145 million) from the integration. KKR also contributed to the development of a more advanced procurement system. In 2015-2016, procurement cost savings amounted to RMB1.7 billion.

"Haier's management worked with us not because that they needed our money but because they needed a partner who could further improve their business," Liu said.

AVCJ - Hong Kong seeks to address carried interest concerns
17 January 2020
https://www.avcj.com/avcj/news/3017897/hong-kong-seeks-to-address-carried-interest-concerns

The Hong Kong government has pledged to resolve uncertainty within the private equity industry on the taxation of carried interest as part of efforts to make the territory more attractive to fund managers.

"We are looking into this seriously and we hope in the coming months to come up with a concrete proposal that will make Hong Kong if not the most competitive location then one of the most competitive in the world," Chris Sun, a deputy secretary with the Financial Services and the Treasury Bureau (FSTB), which is responsible for executing government policy on financial services issues, told the Hong Kong Private Equity & Venture Capital Association's (HKVCA) Asia forum.

Darryl Chan, executive director for corporate services at the Hong Kong Monetary Authority (HKMA) also emphasized the importance of providing clarity on tax treatment. This came after Financial Secretary Paul Chan said in his opening remarks at the event that he recognized there were concerns over tax policy. Neither mentioned carried interest specifically.

In his budget speech last year, Chan announced plans to explore competitive tax arrangements for private equity and an update to the limited partnership ordinance. Progress has been made on the latter issue. Sun told the HKVCA forum that a bill would be introduced to the Legislative Council in the coming months and hopefully pass into law this year. Enabling PE firms to domicile funds in Hong Kong is integral bringing every part of the management and investment process onshore.

Steps have already been taken to make it easier for private equity firms to carry out meaningful activities in Hong Kong without triggering permanent establishment from a taxation perspective.

Amendments came into effect last year that made the profits tax exemption for PE funds – introduced in 2015 but beset by execution challenges – more usable.

However, there are still areas in which industry wants more clarity, among them carried interest. Asian PE firms usually establish funds and investment management entities in the Cayman Islands and then advisory entities in Hong Kong and other locations. The 2% management fee accrues to the holding company and cash is remitted to the advisory entities to cover costs plus a little extra. This is taxed as income at 16.5%. Carried interest is deemed a capital gain, so there is no tax at all.

The issue arose in 2016 when the Inland Revenue Department (IRD) published practice notes relating to the application of the profits tax exemption. It stated that carried interest received by the investment manager outside of Hong Kong could be targeted under anti-avoidance provisions and taxed as income onshore, at the corporate or individual level.

"People will realize tax has to be paid, at least on the 2%. It's hard to convince the authorities you don't do much in Hong Kong, but you do a lot in Cayman," said Patrick Yip, China vice chairman at Deloitte, highlighting the impact of increased global regulatory pressure for greater tax transparency.

By introducing a workable limited partnership ordinance, Hong Kong aims to put itself on par with Singapore, which already has an onshore funds framework. But the Southeast Asian nation has the edge in terms of tax policy: fees derived from managing or advising funds are taxed at a concessionary rate of 10% instead of the standard corporate income tax rate of 17%, while there is official silence on carried interest in what appears to be a "don't ask, don't tell" stance.

It remains to be seen whether PE firms would fully or partially relocate their Asian operations from Hong Kong to Singapore for the sake of having carried interest treated as a capital gain instead of income. Equally, Hong Kong may seek a compromise solution. It has already done this in other areas, halving the corporate tax rate for aircraft lessors corporate treasury centers, in part to discourage flight to Singapore.

The question is how much managers are willing to pay for certainty. "Would you be willing to pay 7.5% and the IRD would never bother you again?" Yip asked. "There's still a distance between 7.5% and 0%, but we can't be too greedy."

AVCJ - LPs want to see how GPs learn from mistakes in Asia
20 January 2020
https://www.avcj.com/avcj/news/3017926/lps-want-to-see-how-gps-learn-from-mistakes-in-asia

GPs should be open and transparent with LPs about their previous difficulties in order to demonstrate an ability to learn from past mistakes, the Hong Kong Venture Capital & Private Equity Association's (HKVCA) Asia Forum heard.

Rebecca Xu, co-founder and managing director at Asia Alternatives, observed that markets like China have witnessed significant changes over the past 10 years, including technological disruption and increasing cross-border activity. Studying how a GP has adapted to these shifts is therefore a key part of due diligence.

"In a direct conversation with managers, this is a test of whether you are open to talking about failures and lessons learned from them - whether it's an organizational failure with a partnership break-up, underestimation of technology disruption, or overestimation of the ability to generate change in a portfolio company," Xu said.

For Warburg Pincus, one of the lessons learned during a decade of investing in China - and which it now seeks to apply in Southeast Asia - is that portfolio concentration leads to better performance.

"I think we really made some conscious decisions on the back of paying some school fees in the early days in China. One of those was making sure that we weren't trying to spread ourselves too thin by investing in a bunch of things that honestly weren't going to be meaningful in the context of the overall fund. We cut the number of investments and saw performance accelerate," said Jeff Perlman, the firm's head of Southeast Asia.

Another is that if something looks too good to be true, it probably is. For example, a pre-IPO investment may promise an attractive guaranteed minimum return, but a poor structure can disincentivize management. "You need to try to layer in the structure and make sure you have alignment. If you don't have alignment with your partner, your partner will probably deliver 50% of the outcome of the transaction,” Perlman said.

LPs also want to see evidence of an evolving culture, especially important when it coincides with generational succession within a GP. Many founders and managing partners are now in their 50s and preparations for leadership transition can cause internal disruptions, potentially harming performance.

Eric Manson, a managing director at The Church Pension Fund noted that half of his portfolio managers in Asia are talking about succession. “It's never too early to be thinking about that because you want to be developing your steps as jumping-off points to go through that difficult path,” he said.

China Daily - Financial secretary expects limited-partnership fund regime to attract capital
15 January 2020
https://www.chinadailyhk.com/article/118672

The new limited-partnership regime, a registration program catering to private equity funds, will diversify fund structures for investors in Hong Kong, simplify the procedures and increase efficiency of the funds that register and operate in Hong Kong

Paul Chan Mo-po, Financial Secretary of HKSAR

Hong Kong's proposed new limited-partnership fund regime, which remains a top policy priority for the government this year, is expected to attract more private equity funds and venture capital funds to the city, Financial Secretary Paul Chan Mo-po said at a forum on Wednesday.

Private equity funds and venture capital funds may become as important as banks and the IPO markets in the future by channeling capital into corporations and startups in the innovation and technology field, Chan said at the HKVCA Asia Private Equity Forum 2020, held in Hong Kong.

The new limited-partnership regime, a registration program catering to private equity funds, will diversify fund structures for investors in Hong Kong, simplify the procedures and increase efficiency of the funds that register and operate in Hong Kong, Chan said. In addition, the regime will provide elasticity in capital investment and profit distribution as well as contractual flexibility for partnerships, he said.

The new regime will be business-friendly with simple registration, but no Securities and Futures Commission authorization at the fund level, said Chris Sun, deputy secretary of Financial Services and the Treasury Bureau, during the Hong Kong panel at the forum.

Sun said that the regime has been introduced to the Legislative Council and is expected to launch this year.

Positioning Hong Kong to develop into a full-fledged fund service center, the government has been stepping up efforts to provide a more facilitative tax environment for funds and expand the fund distribution network through deepening mutual access arrangements with other major financial markets, Chan said.

At the end of the third quarter last year, Hong Kong accommodated about 560 private equity firms, with US$153 billion under management. In the last decade, Hong Kong saw an average annual growth rate of private equity firms at 6 percent.

The city is now Asia's second-largest private equity hub after the Chinese mainland, and the market is still growing, Darryl Chan, executive director (external) and executive director (corporate services) of the Hong Kong Monetary Authority, said at the forum.

The HKMA manages HK$4 trillion (US$515 billion) in total exchange funds, of which about 6 percent is in alternative assets, including private equity, real estate and infrastructure.

Darryl Chan attributed the fast growth of the city’s private equity firms and assets under management to Hong Kong’s unique location, which offers “unparalleled” accesss to investment opportunities on the mainland.

In addition, the development of the Guangdong-Hong Kong-Macao Greater Bay Area, where high-growth and high-tech firms have emerged, further fueled Hong Kong’s role as an Asian private equity hub, he added.

International Financial Law Review - Limited partnership agreements see more co-investments in Asia

30 Jan 2020

https://www.iflr.com/Article/3916347/Limited-partnership-agreements-see-more-co-investments-in-Asia.html

Co-investments and are becoming increasingly common in limited partnership agreements, according to speakers at the Hong Kong Venture Capital Association's Asia Private Equity Forum in January. However, both limited partners (LPs) and general partners (GPs) should be wary of some of the terms in agreements, such as no default divorce clauses.

For China deals, while LPs still consider the terms from the economic and governance perspective, increasingly they are considering co-investment opportunities.

Co-investments allow the GP to invest in a portfolio that exceeds the typical investment restrictions of a fund. "For the participating LPs, it helps to establish their direct investment track records, increase their exposure to a selective number of portfolios, and reduce the overall fees and costs attributable to such portfolio, as quite often co-investments are made on a no-fee no-carry or low-fee low-carry basis," said Daisy Shen, counsel at DLA Piper.

Most GPs do not want to hardwire co-investments into their agreements with LPs upfront, according to Brian Lee, general counsel at FountainVest Partners. "This is because GPs owe a fiduciary duty to all LPs in their main fund, so such arrangements might prejudice the GP's ability to win a deal for their main fund in a competitive situation," he said. "GPs prefer the flexibility to work with LPs seeking co-investments to be able to complete due diligence within a compressed timeframe and to make quick investment decisions."

When it comes to allocations, LPs who can help the GP win a deal with their knowhow and input are likely to be approached first.

GPs are faced with a dilemma when they want potential LPs to come forward as soon as possible for the current fund by offering them the first right of refusal for co-investments, according to Colin Sau, managing partner at TR Capital. "However, GPs also need the flexibility to conduct co-investments with non-LPs, which may come to the next fund," said Sau.

Korean M&A: a budding market for PE and VC funds

"LPs are protected in that if they are not treated well on the co-investment arrangement, they can wield a big stick – as they can simply not re-up in the next fund, which would be disastrous for the GP," said Lee.

Trust is essential because, according to private equity sources, an investment in a PE fund is similar to a marriage between GPs and LPs. "It's best practice to have clear guidelines and a bright line test on how an investment should be allocated, either to the US dollar fund or the renminbi fund, to minimise future conflicts of interest," said Lee.

Both parties will need to share the expenses if the deal is broken. Lee said that his firm requires LPs to agree upfront to share broken deal expenses.

In recent years, the US Securities and Exchanges Commission has focused its efforts on the allocation of expenses between private fund managers and the funds they manage. For broken deals, enforcement actions in recent years have focused on broken deal expenses which are improperly allocated.

Co-investing LPs are generally reluctant to take on large broken deal expenses. One way of making the possibility more palatable and easier to be approved by the co-investing LPs – which some have opted for – is to split such costs into smaller portions for the same co-investing LPs to pay under a different name for their subsequent co-investment projects, explained Shen.

Clauses to watch for

An important clause to be aware of is the most favoured nation (MFN) provision, according to Lorna Chen, Asia regional managing partner at Shearman & Sterling. An MFN clause stipulates that specific investors may be entitled to preferential terms, and other investors may also be able to benefit from these entitlements. GPs must be wary of these because typically when a certain right is given to an investor, others are likely to ask for the same thing.

Another feature of LP agreements to be aware of is no default divorce clauses. They allow investors to remove the GP and either terminate the partnership or appoint a new GP after the final closing date. Typically, a 75% majority is needed from LPs for GP removal. According to independent advisor Wen Tan, this is the nuclear option, and it’s rarely seen: in 12 years in the Asian market, he’s only come across it once.

"While LPs may want to remove a GP, they need to have a replacement that can manage the portfolio well," said Sau.

He added that rather than putting it to a vote, interviews with potential replacement GPs can help LPs to better understand candidates and make the right decision.

"The removal of a GP, whether for cause or on a no-fault basis, has a huge reputation impact, and the stigma associated with such event can end the career of that GP," said Shen.

GP replacement on a no-fault basis is inherently difficult because such a high threshold of LP approval is required. "Even if the LPs agree to find a replacement, it’s still hard because there are not many asset managers around who will willingly step into a situation where there’s no prior relationship with the LPs, low visibility of the portfolios, and no certainty on the economic rewards to justify the risk," said Shen. "The process can also be very expensive for the LPs."

Private Equity International - Side Letter: Hong Kong carry, BX's insurance chief, EQT's target, ADIA sale
15 January 2020
https://www.privateequityinternational.com/side-letter-hong-kong-carry-bxs-insurance-chief-eqts-target-adia-sale/

Just happened

Hong Kong dispatches

Panelists at the HKVCA Asia Private Equity ForumTwo takeaways from today's HKVCA Asia Private Equity Forum, from PEI's Alex Lynn. Full reports coming soon, but in the meantime:

Chinese GPs are on the back foot after a tough two years A domestic liquidity crisis, trade tensions and a clampdown on tech have all contributed to something of a fundraising slump. As a result, LPs are finding renewed strength during LPA negotiations. That's according to Lorna Chen, head of greater China at law firm Shearman & Sterling. Chen (pictured second from right) told delegates that LPs are having more success when negotiating terms such as deal allocation and GP removal now that local GPs have less sway.

Hong Kong carry It has been discussed before, but it seems carry tax reform in Hong Kong is getting closer. "We're going to come up with concrete proposals that will make Hong Kong, if not the most competitive, one of the most competitive [markets] in the world," said Chris Sun, deputy secretary at the Financial Services and Treasury Bureau. "Barring unfortunate circumstances, we hope to introduce the bill into [the Legislative Council] in the coming months and have it done within this year."

Blackstone's insurance hire

Blackstone has appointed Gilles Dellaert as head of its insurance solutions business in New York. It'll be interesting to see what the former co-president and chief investment officer of retirement and life insurance company Global Atlantic does to expand this part of Blackstone's offering. Back in 2018, executive vice-chairman Tony James said it had "the clear potential to be our single largest business group" in terms of AUM. Blackstone Insurance Solutions manages more than $60 billion in assets for insurance companies.

EQT sets sights on €15bn

EQT has set the target for its ninth flagship fund at €14.75 billion. This will be its first fundraise since it listed last year. The investment strategy and commercial teams are "expected to be materially in line" with the predecessor vehicle. Isobel Markham has more details.

Essentials

B-Corp status for Helios Pan-African firm Helios Investment Partners has gained B-Corporation status. B-Corp companies are assessed on certain impact criteria, including governance and environment. Helios follows in the footsteps of TowerBrook, Ambienta and Alpine Investors, which have all been certified in the past year. It probably won't be the last.

Friendly misfire A dramatic headline about PE "hoodwinking" investors on Institutional Investor turns out to be a much less dramatic walk through how IRR is a flawed measure and how investors also like to see multiple of invested capital.

Gulf mega sale update Four months after sister title Secondaries Investor reported that the Abu Dhabi Investment Authority was mulling a secondaries sale, it appears the process has gathered steam. PJT Park Hill has won the mandate to sell around $2 billion worth of PE stakes and the SWF will begin marketing the portfolio within weeks, Bloomberg (paywall) is reporting. With a rush of final closes expected for secondaries funds in 2020, including mammoth vehicles from Ardian and Lexington Partners, ADIA's sale is likely to be the first of many this year.

Inside tip

We hear a well-known UK-focused mid-market manager is facing a "GP removal" by its LP base. It's a rare occurrence and we understand in this case that the removal is warranted. Any tips on who the GP is? We're dying to find out.

Dig deeper

Fubon's eyes for the Tiger Fubon Life Insurance has agreed to commit $50 million to Tiger Global Private Investment Partners XII. Its recent commitments suggest a broad geographic footprint and a penchant for tech and growth.

For more information on Fubon, as well as more than 5,900 other institutions, check out the PEI database.

He said it

"[We've] got to make sure that we can give you better pricing than you would get otherwise"

Vanguard chief exec Mortimer Buckley says in a Facebook webcast that the mutual funds giant wants to add value to any private equity products it offers clients

We would love your feedback to help us make this newsletter more useful; click here to give us your opinion.

Today's letter was prepared by Toby Mitchenall, Isobel Markham, Adam Le, Philippa Kent and Alex Lynn.

Private Equity International - Chinese GPs cede ground in the battle over LPAs
16 January 2020
https://www.privateequityinternational.com/chinese-gps-cede-ground-in-the-battle-over-lpas/

Chinese private equity managers have lost some of their leverage when negotiating Limited Partner Agreements due to diminished appetite for their funds.

Speaking at the Hong Kong Venture Capital and Private Equity Association's annual conference on Wednesday, Lorna Chen, head of greater China at law firm Shearman & Sterling (pictured, second right), told delegates that investors are having more success when negotiating deal allocation and GP-removal clauses.

"[LPs] now have more say," Chen said. "It's up to the GPs whether to agree or not. Two or three years ago they may say: 'Sorry, we don't need your money,' but now they have to think twice, because of the scarcity of capital in the market."

No-fault removal clauses, which enable investors to circumvent lengthy court processes when removing a GP, featured in 85 percent of European funds launched in 2019, according to a report by funds lawyer MJ Hudson. This is compared with just 22 percent of funds in the US; Asia was not included in the data.

Chinese managers – those headquartered in the country – raised $16.3 billion last year, the same figure as in 2018, according to PEI data. However, only 30 funds reached final close in 2019, compared with 40 the previous year.

“The fundraising market, especially for first funds or second funds, has been extremely challenging,” Chen noted, attributing the slowdown in part to trade war uncertainties, high valuations and concerns around exposure to technology amid heightened scrutiny from the Committee on Foreign Investment in the US.

“Some of our clients have had to postpone their fundraising period from a very aggressive six-month period to 12 months, or even longer,” she added.

“Their US pension plan LPs, for example, have told them that, even though they wanted to roll up…to Fund II or Fund III, they’re now sitting on the borderline because they’re not sure whether they would be allowed.”

Chinese managers have also struggled to raise yuan-denominated private equity vehicles after Beijing tightened rules on asset management firms last year to crack down on domestic shadow banking and over-leveraging. Such vehicles collected just $33 billion in 2019, almost half of the $65 billion raised the previous year.

The slowdown has impacted spending. Domestic private equity managers deployed $47 billion in China during the first 11 months of 2019, roughly half the $88 billion invested in 2018, according to S&P Global Market Intelligence.

“There’s concern over macro-economic conditions,” Vince Ng, a Hong Kong-based partner at placement agent Atlantic-Pacific Capital, told Private Equity International in December. Downside expectations have not been matched by a correction in sales price, leading to a gap between buyside and sellside pricing expectations, Ng said.

Private Equity International - HK could become 'one of the most competitive' on carried interest
20 January 2020
https://www.privateequityinternational.com/hk-could-become-one-of-the-most-competitive-on-carried-interest/

Hong Kong could introduce a hyper-competitive tax treatment for carried interest to bolster its appeal as a private equity fund domicile.

Speaking at the Hong Kong Venture Capital and Private Equity Association's annual forum on Wednesday, Chris Sun, deputy secretary at the Financial Services and Treasury Bureau (pictured), said the office was "seriously" considering such a move to accompany its proposed Limited Partnership Fund regime.

"We're going to come up with concrete proposals that will make Hong Kong, if not the most competitive, one of the most competitive in the world," Sun told delegates. "Barring unfortunate circumstances, we hope to introduce the bill into [the Legislative Council] in the coming months and have it done within this year."

Hong Kong's Inland Revenue Department has previously treated carried interest as a fee for services, or a type of disguised management fee. It is unclear whether the reforms would cut the existing tax on carried interest or change its status to that of an exempt gain or distribution.

"Carry looks like capital gains, but the HK government says it doesn't," said Patrick Yip, vice-chair at Deloitte China and a fellow HKVCA panellist. "That scares a lot of people."

The Special Administrative Region is hoping to lure managers from the Cayman Islands, which has been ramping up its tax transparency efforts and economic substance requirements. "These are the things that will probably help push some of the managerial activities back to HK," Yip said.

Last April, Hong Kong lawmakers passed legislation to ensure locally managed vehicles are not subject to tax. Its proposed LPF regime, if adopted, is also intended to modernise and simplify the existing fund structure. The government aims to introduce the bill into the Legislative Council for first and second reading in 2020.

"The Limited Partnership Regime sounds like a highly efficient model and vehicle, [so] as far as the fund is concerned, we're all good, because at least we're on par with Singapore," Yip added.

Asset and wealth managers in Hong Kong oversaw $3.1 trillion as of 31 December, 2018, according to the SAR's Securities & Futures Commission. Singapore's asset management industry – itself also vying for regional dominance – oversaw $2.5 trillion.

The latter has no specific rules for tax treatment of carried interest and instead determines whether it qualifies as a capital gain on a case-by-case basis. If, for example, carry is structured as a performance fee, it would not receive beneficial treatment.

Singapore does, however, offer a Financial Sector Initiative – Fund Management scheme, which charges qualifying firms a preferential 10 percent corporate tax rate, versus the standard 17 percent.

The incentive is not universally enjoyed by firms as it has strict conditions that must be satisfied on an on-going basis.

Hong Kong’s efforts to create a more welcoming environment for private equity comes amid heightened focus on the role of the asset class from US politicians. Democratic nominee Elizabeth Warren’s The Stop Wall Street Looting Act of 2019 would stop carried interest being taxed at the capital gains rate of up to 20 percent, much lower than the regular income rate that reaches as high as 37 percent.

Reuters Breakingviews - Lazy days are over for buyout barons in China

16 January 2020

https://www.breakingviews.com/considered-view/lazy-days-are-over-for-buyout-barons-in-china/

HONG KONG, Jan 16 (Reuters Breakingviews) - Kettles and widgets will be the new focus for buyout barons in China. Financiers were notably gloomy on Wednesday at an annual powwow organised by the Hong Kong Venture Capital and Private Equity Association. As growth slows in the mainland and tech bets sour, funds can no longer rely on passive minority stakes. The next batch of investors will have to work harder to earn decent returns.

Private equity in China took a beating in 2019. Investments plunged 63% to $9.5 billion, according to Dealogic, as trade war tensions ramped up and new regulation made fund managers warier of investing. Just 12 exits were recorded, the worst year for sales in a decade.

The hangover in tech, where many firms bet on an easy ride, was particularly painful. Shares in Uxin, a loss-making used-car sales startup backed by TPG and Warburg Pincus, are trading at less than one third of their 2018 listing price. A Chinese subsidiary of U.S. office-sharing outfit The We Company that Hony Capital invested in is also struggling.

A disappointing year gives dealmakers more reason to change their ways. Private equity investors in China have long resorted to buying small, passive stakes in companies and relying on GDP growth to boost returns, as owners have been reluctant to give up much in the way of control or influence. Pamela Fung of Morgan Stanley Alternative Investment Partners notes many investors have simply been riding companies until they go public, and predicts more diverse styles of investing in the years ahead.

One option is to spend more time trying to replicate KKR's success with its 2014 bet on white goods maker Haier. Although it only had a 10% stake, a board seat gave it a say in operational improvements and M&A. Haier’s share price more than tripled in the next four years.

Dealmakers can look to more established markets like Europe, where managers like EQT and Triton are making 20%-plus annualised returns from carving out unloved divisions of industrial conglomerates in countries that are barely growing. The time is coming when success for private equity in China might not look so different.

South China Morning Post - Shanghai government hands out policies and incentives to attract investments and talent in five-year fintech hub master plan
15 January 2020
https://www.scmp.com/business/companies/article/3046253/shanghai-government-hands-out-policies-and-incentives-attract

- In announcing various incentives to draw fintech companies and talents to the municipal, Shanghai has officially thrown down the gauntlet to Hangzhou, which also vies for role as global fintech centre by 2030
- Shanghai grooms fintech unicorns such as Lufax, Ping An OneConnect; Hangzhou are home to tech giants Alibaba and Ant Financial

Shanghai's municipal government has set a five-year goal to develop and nurture fintech research and innovation in China's premier commercial hub, introducing a slew of incentives and policies to attract hi-tech companies and talent to turbocharge its drive.

In announcing the policies mooted since last year, the Shanghai municipal government has also formally thrown down the gauntlet to neighbouring Hangzhou city, the capital of Zhejiang province, which is home to some of China's biggest tech companies including the cryptocurrency mining gear maker Canaan, China's biggest e-payment company Ant Financial Services and Alibaba Group Holding, owner of South China Morning Post.

In Shanghai's latest rules, roughly translated as "implementation plan on expediting Shanghai's fintech centre development", the municipal government has promised to cut the enterprise tax on hi-tech companies to 15 per cent, from the standard 25 per cent. The government is also looking to attract talent through favourable housing and medical benefits.

To support Shanghai's push, Ant Financial announced yesterday that it would host its inaugural fintech conference from April 23-25 in the city. The first "INCLUSION" fintech conference is expecting an estimated 20,000 to 30,000 global attendees, Ant Financial said in a press release, and will cover major themes such as the global digital economy, digital finance, innovative technology, commerce and cities, and sustainability.

Hangzhou isn't standing still. The local government formulated a plan in May 2019 to turn the city into an international fintech centre by 2030, aiming to extract more than 120 billion yuan (US$17.4 billion) in added value from the sector by 2022.

"The implementation plan proposes that Shanghai should spend five years to develop itself into a fintech research and technology [centre]; a centre of innovation application, amalgamation of fintech companies and talents; a place for fintech standard-setting, and a pilot district for regulatory innovation," according to a report by Yicai the local government-linked media outlet. The official document is not yet available on the Shanghai municipal government website.

The latest plan calls for dialling up effort in research and fintech applications related with big data, artificial intelligence, blockchain and 5G. It also calls for the deepening of the semiconductor, cloud computing as a foundation technology supporting various fintech innovation.

Continuous effort will also be made on further improving China's well-entrenched internet payment technology and ecosystem, whereby nonbank payment operators, including Alipay and Tencent's WeChat Pay, have processed some 181.3 trillion yuan (US$25.9 trillion) in online payment during the first three quarters of 2019.

But while Hangzhou groomed Alibaba and Ant Financial – the latter raised a record US$13.9 billion in 2018 from private equity investors – Shanghai took pride in being the home base to several leading fintech groups. These include China UnionPay, which is the country's largest bank card network. Ping An's OneConnect, one of the eight virtual banking licences issued by the Hong Kong Monetary Authority; and online lender and wealth management group Lufax, reportedly valued at US$39.4 billion last year.

The race to become China's fintech hub comes amid additional resources being put into intellectual property by Chinese entrepreneurs, said Chuan Thor, general partner of private equity firm AlphaX Partners, speaking at a private equity conference organised by the Hong Kong Venture Capital and Private Equity Association.

"Ten years ago, Chinese entrepreneurs had less interest and were spending less capital on registering patents. But in the last few years, we found that the number of patents are increasing significantly in China," Thor said.

AAStocks - 陳茂波：將資金流入創新科技的私募基金與新股市場同樣重要
15 January 2020
http://www.aastocks.com/tc/stocks/news/aafn-news/NOW.987261/2

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Line Today
Yahoo! Hong Kong Finance

財政司司長陳茂波出席亞洲私募投資論壇時表示，雖然中美雙方簽署第一階段貿易協議為市場帶來樂觀因素，但相信今年中美貿易方面仍有很多複雜問題需解決。雖然未有正式公布，但國際貨幣基金組織及市場均預測香港去年 GDP 增速介乎負 2.1%至正增長 0.7%，而政府的預測為負 1.3%。

他提到，去年第三季香港共有 560 間私募股權公司，管理 1,530 億美元資金，而私募股權企業數目相比起前一季增加了近 50 間。全球首十大私募基金中，有 9 間有落戶香港。他認為將資金流入創新科技的私募及創投基金對香港而言，會與銀行及新股市場一樣重要。

他指出，政府會致力提升香港資產及財富管理的競爭力，包括令資金結構更多元化，並簡化牌照申請程序，以吸引更多家族辦公室在港成立。(jc/da)

Commercial Radio Hong Kong - 陳茂波指今年貿易關係仍有很多複雜問題要解決
15 January 2020
https://www.881903.com/Page/ZH-TW/newsdetail.aspx?ItemId=1249263&csid=261_341

Reprinted by
Line Today

財政司長陳茂波在一個論壇致辭時表示，中美將簽署首階段貿易協議，雖然帶來樂觀情緒，但中美今年貿易關係仍有很多複雜問題要解決，而本港經濟同時受環球貿易環境及社會不穩震盪影響，政府未來會繼續與市民溝通，推出措施解決深層次問題，期望為重返和諧，找到出路。

陳茂波說，去年第三季，有 560 家私募基金公司在港管理 1530 億美元資金，較前一個季度增加 50 家私募基金公司在港營運。在全球頭十位私募基金經理當中，有 9 個有在香港經營，顯示香港在亞洲私募基金市場的優勢。陳茂波認為，在促進資金流入創新科技企業上，私募和創投基金將會和銀行和新股集資一樣重要。

他指，政府將會致力令基金結構更多元化、簡化申請牌照程序，令本港環境更有利成立家族辦公室，為基金提供更有利的稅制，透過加強和其他資本市場互認基金安排來擴大基金發行網絡，以釋放香港資產管理的潛能。陳茂波又指，理財通計劃需要很漫長的過程實現，但當局正在和內地當局商討細節，期望能盡快推出。

ET Net - 【金融論壇】陳茂波：續多樣化私募基金結構，吸引家族辦公室來港
15 January 2020
http://www.etnet.com.hk/www/tc/news/categorized_news_detail.php?category=latest&newsid=ETN300115542

《經濟通通訊社１５日專訊》財政司司長陳茂波今早於２０２０亞洲私募基金論壇上表示，儘管中美貿易第一階段協議即將達成，為市場帶來部分樂觀情緒，但今年仍存有不少不明朗因素，過去６個月的社會騷亂及中美貿易摩擦亦影響本港經濟。

他續指，去年第三季，有５６０個私募基金在香港管理１５３０億美元規模資金，而於上一個季度，亦增加逾５０個私募基金來香港，未來會繼續多樣化私募基金結構，簡化其牌照申請程序，及為私募基金提供更有利的稅制，以吸引更多家族辦公室來香港。

他亦向業界呼籲向香港年輕人提供工作機會，讓他們在香港社會能佔有一席位（Ｇｉｖｅ ｔｈｅｍ ｔｈｅ ｓｔａｋｅ ｉｎ ｓｏｃｉｅｔｙ）。（ｂｎ）

HK01 - 陳茂波稱基金架構改革待立會通過　期望引入更多離岸基金
15 January 2020
https://reurl.cc/YlAmAo

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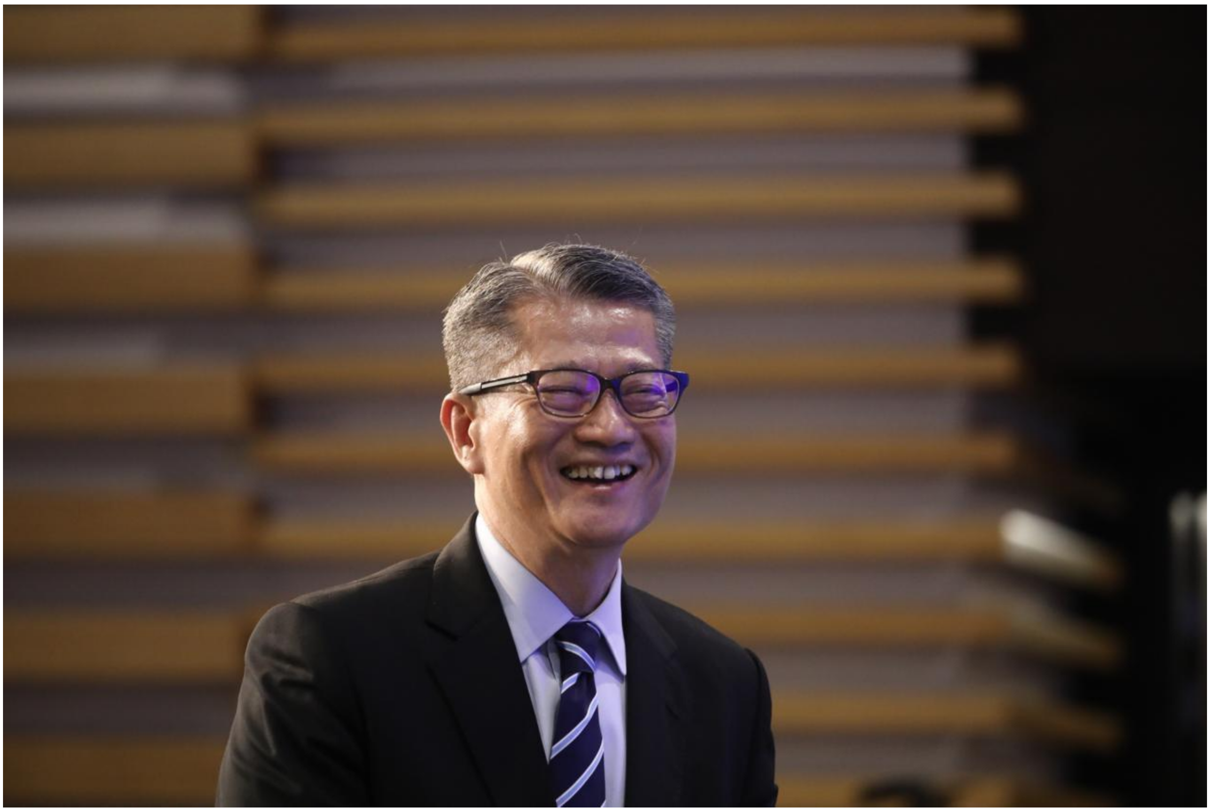

財政司司長陳茂波今早出席論壇時指出，截至去年第 3 季，共有 560 間投資私募基金公司在港管理 1,530 億美元資產，認為將資金引導至初創領域的重要程度，及得上新股市場。

他指出政府已就釋放資產及財富管理行業潛力拆牆鬆綁，為基金發展提供優惠的稅務環境，及其他金融市場擴闊基金分銷網絡。

陳茂波又指出，目前就基金架構進行改革，有待立法會通過，相信有助本港吸引私募及創投基金，期望引入更多離岸基金，認為香港在稅務等方面有優勢，香港有能力成為世界領先金融中心及基金匯聚中心。

稱續推支援措施

陳茂波又指出，中美將簽署首階段貿易協議，有利改善市場氣氛。可是香港經濟仍面臨不同挑戰，政府會繼續提供支援措施。

他表示政府去年推出 4 輪紓解民困措施，涉及 250 億元，並表示政府希望透過對話及政策，解決深層次爭議，冀可共同尋找出路，達致和平及繁榮。

HK01 - 陳茂波：香港為亞洲第二大私募基金市場　冀擴大稅收豁免
16 January 2020
https://reurl.cc/4g0YxR

財政司司長陳茂波今早出席 2019 年亞洲私募投資論壇時指出，香港為亞洲第二大私募基金市場，截至去年中，本地私募基金管理資產規模達到 1,520 億元（美元·下同），佔亞洲區的 16%。

陳茂波又指出去年上半年香港私募基金共集資 120 億元，為亞洲區總集資額的兩成。

隨着內地居民財富持續增加，他認為有助帶動本港資產及財富管理市場發展，並指出截至 2017 年底，香港的資產管理規模達到 3.1 萬億元，其中三分二的投資者為非香港投資者。

他亦提及政府建議將離岸私募基金的利得稅豁免範圍，擴大至在岸基金，並已交由立法會審議，期望條例可以盡快實施。

Hong Kong Economic Journal - 陳茂波: 未來續推措施解決深層次問題
15 January 2020
https://www2.hkej.com/instantnews/hongkong/article/2354487

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財政司司長陳茂波出席論壇致詞時表示，中美雖然將簽署首階段貿易協議，但今年貿易關係仍有很多複雜問題要解決，而本港經濟同時受環球貿易環境及社會不穩影響，政府未來會繼續與市民溝通，推出措施解決深層次問題，冀重返和諧找到出路。

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陳茂波續稱，政府將會致力令基金結構更多元化、簡化申請牌照程序，令本港環境更有利成立家族辦公室，為基金提供更有利的稅制，透過加強和其他資本市場互認基金安排來擴大基金發行網絡。

他又指出，理財通計劃需要很漫長的過程實現，但當局正在和內地當局商討細節，期望能盡快推出。

Hong Kong Economic Journal - 基金架構改革待通過 陳茂波冀吸私募創投
16 January 2020
https://reurl.cc/EK9YAn

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財政司司長陳茂波出席論壇活動致詞時表示，去年第三季有 560 家私募基金公司在香港管理 1530 億美元（約 1.2 萬億港元）資金，按季增加 50 家；而且在全球首 10 位私募基金經理當中，其中 9 個在香港經營，顯示香港在亞洲私募基金市場的優勢。他續稱，政府將致力令基金結構更多元化、簡化申請牌照程序，令本港環境更有利成立家族辦公室，為基金提供更有利的稅制，透過加強與其他資本市場互認基金安排來擴大基金發行網絡。

致力簡化申請牌照程序

此外，目前基金架構改革正在進行，有待立法會通過，相信有助本港吸引私募及創投基金，並期望引入更多離岸基金。他認為，香港在稅務等方面有優勢，有能力成為世界領先的金融中心及基金滙聚中心。

他又提到，中美雖然將簽署首階段貿易協議，但今年貿易關係仍有很多複雜問題要解決；加上本港經濟同時受環球貿易環境及社會不穩影響，政府未來會繼續與市民溝通，推出措施解決深層次問題，冀找到出路重返和諧。

對於理財通計劃，他坦言需要很漫長的過程才可實現，政府正與內地當局商討細節，期望能盡快推出。

Metro Radio Hong Kong - 陳茂波指政府會擴大溝通推措施解決深層次問題

15 January 2020

http://www.metroradio.com.hk/news/default.aspx?SearchText=%E9%99%B3%E8%8C%82%E6%B3%A2&NewsId=20200115102534&page=0

財政司司長陳茂波表示, 對中美首階段貿易協議感樂觀, 但今年環球貿易關係仍有很多複雜問題, 而貿易緊張及社會事件亦影響本港經濟, 政府會擴闊溝通範圍, 推出措施解決深層次問題.

陳茂波在一個論壇致辭時表示, 去年第三季有 560 個私募投資基金公司, 在港管理 1530 億美元資產, 現時正改革基金架構, 有待立法會通過, 相信有助吸引更多私募基金和離岸基金來港.

Now Finance - 【經濟挑戰】陳茂波：中美簽署協議屬好消息 但仍存在複雜問題
15 January 2020
http://finance.now.com/news/post.php?id=559648

【Now 財經台】財政司司長陳茂波指出，中美將簽署首階段貿易協議，有利市場氣氛改善。不過指出香港經濟仍面對不同的挑戰，因此會繼續提供支援措施。

陳茂波指去年政府推出四輪紓困措施，涉及 250 億元撥款。政府將繼續支援社會，透過對話及政策解決深層次爭議，希望可共同尋找出路達致和平及繁榮。

RTHK News - 陳茂波：政府已為釋放資產及財富管理行業潛力拆牆鬆綁

15 January 2020

https://news.rthk.hk/rthk/ch/component/k2/1502856-20200115.htm?archive_date=2020-01-15

財政司司長陳茂波表示，去年第三季有 560 個私募投資基金公司在香港管理 1530 億美元資產，認為將資金引導至初創領域的重要程度比得上新股市場。

他出席論壇時提到，政府已就釋放資產及財富管理行業的潛力拆牆鬆綁，為基金發展提供優惠的稅務環境，以及與其他金融市場擴闊基金分銷網絡。

陳茂波又說，現時已就基金架構進行改革，有待立法會通過，相信有助本港吸引私募及創投基金，並期望引入更多離岸基金，認為香港在稅務等方面有優勢，香港有能力成為世界領先的金融中心及基金匯聚的中心。

另外，陳茂波表示，環球貿易環境及持續的社會動盪影響香港經濟，去年本港增長或會按年收縮 1.3%，雖然對中美達成首階段貿易協議感到樂觀，但仍面對不少複雜問題，未來會繼續推出措施，解決深層次問題。

Sing Tao Daily - 陳茂波指中美簽署協議利好市場氣氛 但仍存在複雜問題
15 January 2020
http://std.stheadline.com/instant/articles/detail/1180846/%E5%8D%B3%E6%99%82-%E9%A6%99%E6%B8%AF-%E9%99%B3%E8%8C%82%E6%B3%A2%E6%8C%87%E4%B8%AD%E7%BE%8E%E7%B0%BD%E7%BD%B2%E5%8D%94%E8%AD%B0%E5%88%A9%E5%A5%BD%E5%B8%82%E5%A0%B4%E6%B0%A3%E6%B0%9B-%E4%BD%86%E4%BB%8D%E5%AD%98%E5%9C%A8%E8%A4%87%E9%9B%9C%E5%95%8F%E9%A1%8C

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財政司司長陳茂波在一個論壇致辭時表示，中美將簽署首階段貿易協議，帶來樂觀情緒，有利市場氣氛改善，不過中美今年貿易關係仍有很多複雜問題要解決，加上本港經濟同時受環球貿易環境及社會不穩震盪影響，政府未來會繼續與市民溝通，推出措施解決深層次問題，期望為重返和諧，找到出路。

陳茂波指，去年第三季有 560 個私募投資基金公司在香港管理 1530 億美元資產，認為將資金引導至初創領域的重要程度比得上新股市場。在全球頭 10 位私募基金經理當中，在香港經營佔 9 個，顯示本港在亞洲私募基金市場的優勢。他又認為，在促進資金流入創新科技企業上，私募和創投基金將會和銀行和新股集資一樣重要。他指，政府將會致力令基金結構更多元化、簡化申請牌照程序，令本港環境更有利成立家族辦公室，為基金提供更有利的稅制，透過加強和其他資本市場互認基金安排來擴大基金發行網絡，以釋放香港資產管理的潛能。

他又指，現時已就基金架構進行改革，有待立法會通過，料有助本港吸引私募及創投基金，他期望引入更多離岸基金。他又說，香港有能力成為世界領先的金融中心及基金匯聚的中心。

China Finance - 香港创业及私募投资协会亚洲私募投资论坛 2020 圆满闭幕
16 January 2020
http://www.cnfinance.cn/articles/2020-01/16-29914.html

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（中国金融在线报道）2020 年 1 月 15 日， 亚洲历史最悠久、规模最大的私募股权行业组织——香港创业及私 募投资协会(HKVCA)举办的 2020 年度亚洲私募基金论坛(APEF)圆满闭幕。

此论坛为期一天，逾 80 多名嘉宾发表演讲及参与小组讨论，吸引超过 750 位业界代表参与，出 席论坛的贵宾包括：香港特别行政区财政司司长陈茂波先生，大紫荆勋贤，GBS，MH，JP、德弘资本 董事长刘海峰先生、TPG 中国管理合伙人孙强先生以及贝恩资本管理合伙人 Jim Hildebrandt 先 生。

香港创业及私募投资协会主席周玄沁先生(H. Chin Chou) 表示："过去十年，亚洲私募投资市场 经历重大演变，而亚洲私募投资论坛一直是行业领先平台，为私募投资业界提供了难得机会，让业界人士可以聚首一堂，讨论行业趋势、崭新机遇以及当下业内时事。适逢活动举办第十届，回顾私募行业过去十年并展望将来，香港创业及私募投资协会与本论坛在整合普通合伙人、有限合 伙人及专业服务机构上所扮演的角色，比以往任何时候都更加重要。"

亚洲私募投资论坛主席马恩瑞先生(Eric Mason)补充道："虽然过去一年市场见证了诸多事件， 但今次论坛破纪录的出席人数以及精彩的深入讨论，既反映了私募行业的韧性，也显示了亚洲市 场对私募投资的兴趣正持续增长。检视过去十年的里程碑与趋势，亚洲地区无疑充满刺激人心的机遇，在未来势必继续蓬勃发展。"

本年度亚洲私募投资论坛迎来第十周年。会议期间，与会嘉宾一同回顾了过去十年行业的发展以 及未来十年行业将面对的挑战及机遇。

论坛探讨了包括亚洲私募投资的演变、香港作为私募投资中心的角色、金融科技、食品科技，以 及 ESG 等投资者日益关注的议题。

FoF Weekly - 亚洲私募股权论坛 2020 圆满落幕
18 January 2020
https://www.fofweekly.com/yixiankuaixun/3892.html

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由亚洲历史最悠久及规模最大的 PE 行业团体香港创业及私募投资协会（HKVCA）主办的“亚洲私募股权论坛（APEF）2020” 于 1 月 15 日在香港圆满落幕。

活动为期一天，共有 80 多名演讲者及小组成员参与，并吸引逾 750 名代表及嘉宾出席，包括香港多项荣誉勋章获得者，香港特别行政区政府财政司司长陈茂波先生（Mr Paul Chan Mo-po）；德弘资本（DCP Capital）董事长刘海峰（David Liu）；TPG 中国执行合伙人孙强（Chang Sun）；以及贝恩资本董事总经理吉姆·希尔德布兰特（Jim Hildebrandt）。

香港创业及私募投资协会主席周玄沁(H. Chin Chou)表示:“过去的 10 年对亚洲 PE 行业的格局具有变革性意义，APEF 一直是行业的风向标。这次活动为我们一起讨论行业面临的趋势、机遇和问题提供了一个重要的平台。回顾过去十年，并展望未来 HKVCA 和 APEF 将 GP，LP 和服务提供商整合在一起，这将会对我们行业的未来的产生重要深远的影响，。”

APEF 会议主席埃里克•梅森(Eric Mason)补充道:“虽然在过去一年里市场受到了不同寻常的外部事件影响，但今天创纪录的出席率和一流的会议内容体现了私募行业的韧性，以及亚洲对 PE 行业持续增长的兴趣。回顾过去十年的一些成功和主题时，亚洲这个广阔而充满活力的领域毫无疑问充满了机遇，未来必将方兴未已。”

今年的论坛标志着其成立十周年，在上午的会议上，与会嘉宾回顾了过去十年行业的发展以及展望未来十年所面临的挑战和机遇。

论坛期间讨论的主题包括亚洲私人市场投资的演变，香港作为 PE 枢纽的角色，金融科技，食品科技以及环境，社会和治理标准等投资者日益关注的议题。

有关活动详情，请浏览:http://apef.hkvca.com.hk/