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AsianInvestor - China's co-working assets a risky bet: property experts
31 May 2019
https://www.asianinvestor.net/article/chinas-co-working-assets-a-risky-bet-property-experts/452049

Some real estate specialists warn investors that they should examine every opportunity carefully before putting their money into the co-working and co-living sectors in China.

The emergence of co-working and co-living is creating new opportunities in the real estate industry in China, but some investment professionals are wary of investing in these new sectors due to their lack of track record.

This is despite official statistics from The State Information Center of China revealing that revenue from home-sharing grew by an annual 45.7% on average between 2015 and 2018.

Michael Susanto, managing director and head of China real estate for PAG Real Estate, is not yet convinced about the merits of investing in these flexible office platforms.

"It is quite unusual for traditional real estate players to get into the space. We are not actually not a 100% believer in the sector yet but it is a sector that's worth following," he told the audience at the annual HKVCA (Hong Kong Venture Capital and Private Equity Association) Private Equity summit on May 30.

WeWork and Airbnb are two unicorns – private start-ups worth over $1 billion – that have established their presence in China. The former now has 79 co-working spaces in the country and China accounted for 20% of the global bookings of Airbnb Plus – the company's highest-quality and best-reviewed properties – in 2018, its first year in operation, said Vlad Loktev, vice president of product and home operations of Airbnb.

Susanto added that, as a real estate investor, he has always focused on the cash flow from these investments.

"We don't just look at the blue sky as the potential upside," he said, adding that the same level of due diligence discipline for other real estate investments would be applied, including negotiating with these companies, to make sure the project has enough downside protection to it.

Andrew Weir, global chairman of real estate and construction at KPMG, believes these new types of real estate investments could have enormous potential in China, but they are still in "fairly early days".

That's not to say investors should take a wait-and-see approach all the time.

Susanto said that he, as a building owner, has taken advantage of the trend for co-working and that some of the companies providing such spaces in China are now his tenants. He noted that he had taken some of the retail malls in his portfolio that were occupied by restaurants and leased the space and converted them to flexible office operators for double the rents.

“Some of them are truly adding value – they are giving better working environments, better design, better amenities. For us, real estate landlords, they are willing to pay high rents,” he said.

Susanto had a warning, however, for any landlord looking to rent in the sector. “We have to be very careful and selective in finding the right players that are fully funded, and that are not going to be going bankrupt in the next year or so,” he said.

POTENTIAL OPPORTUNITIES

China is still grappling with a slowing economy and a trade war with no end in sight, but pockets of opportunities can still be found in the country’s real estate sector. Asian investors are flocking towards distressed properties.

Charles Lam, managing director of real estate of Baring Private Equity Asia, said that first-tier cities or those bordering tier one and two in China are where the demand remains strong for offices.

He added that other opportunities in second-tier cities lie in other real estate sectors, such as logistics: “The revenue model and the supply demand equation is very different there from those in a first-tier city.”

The panelists agreed that just acquiring properties and leasing them out in China will no longer suffice – investors will need to “get their hands dirty”.

“What's lacking currently is this culture of being a landlord, and if you can manage a building well, you can actually get a lot of value from there,” said Susanto.

Ivan Ho, chief executive of KaiLong Group, said investors will need a local team to do more than leasing, but also reposition the properties or convert rundown buildings into offices for higher rents.

AVCJ - China-US tensions hinder PE fundraising, redraw investment options
3 June 2019
https://www.avcj.com/avcj/news/3015177/china-us-tensions-hinder-pe-fundraising-redraw-investment-options

Trade tensions between China and the US have held back private equity fundraising in recent months, but industry participants are also considering the long-term challenges – and opportunities – of a schism between the world's two largest economies.

"Since December, every month the number of fund launches we work on has halved," James Donnan, a Hong Kong-based managing director with fund administrator Intertrust, told the Hong Kong Private Equity & Venture Capital Association's (HKVCA) China forum. "For those that do launch, the time to close is delayed as investors hesitate over investing."

This corresponds to broader fundraising trends tracked by AVCJ Research. Commitments to Asia-focused private equity funds reached $17.6 billion in the first three months, having topped $30 billion in each of the previous five quarters. China managers received $7.5 billion, the lowest quarterly total in six years.

Donnan noted that the recent drop-off has come on the back of a period of ferocious fundraising activity, which was unlikely to be sustained. Even so, one trend that appears to have become even more ingrained is the flight to quality among LPs. Commitments to US dollar-denominated China funds increased in the first quarter from the three months prior – largely due to closes by a few large, brand name managers. Donnan expects smaller GPs to have trouble fundraising over the next 12-18 months.

Aman Solomon, general counsel and CCO for Asia Pacific at CBRE Global Investors, said his firm continues to see strong appetite from offshore LPs for exposure to China. However, he admitted that a serious deterioration in China-US relations – to the point where CBRE has difficulty enforcing its shareholder rights onshore and struggles to realize investments – would threaten the status quo.

The tensions are no longer restricted to trade, with China's Huawei Technologies, the world's second-largest smart phone manufacturer, hit by actions that could prevent it from selling products into the US market and complicate efforts to source components from American suppliers. Jian Guang Shen, a vice president and chief economist at JD Digits, a finance subsidiary of JD.com, fears for what might come next, noting that China has suggested it might retaliate by restricting rare earths exports.

"It is important to prevent the escalation of the trade war into the financial sector," he said. "People in China are talking about using exchange rates and dumping US treasuries, while in the US they are talking about stopping Chinese financing. This would be damaging for both sides."

Hypothetical scenarios around decoupling and re-globalization are already being discussed in policy circles. Lawrence Brainard, chief economist for emerging markets at TS Lombard, told the International Finance Corporation's global PE conference last month that China would seek to diversify its supply chains and ease reliance on US markets, especially in areas like technology. This would prompt the emergence of large trading blocs within Asia that are not necessarily integrated with other regions.

PE industry participants are tailoring their expectations accordingly. Donnan insisted that the gap between China and the US is too wide for a trade agreement to be reached this year, with nationalistic sentiment likely to heighten the longer the impasse lasts. Investors must adapt to "the new normal" and focus more on domestic consumption plays than cross-border exposure.

"The tensions have increased China's resolve to reduce its reliance on technology supply chains from the US," he added. "There are more state-backed funds investing in technology. They have a different mindset to US funds – they are not looking to generate returns, they are looking at it from a technology security perspective. They will throw money at start-ups that reduce reliance on the US."

Investors might be able to play both sides of this equation. Taiwan-based KHL Capital has a portfolio company that makes set-top boxes for cable TV companies and sources the chipsets from a mainland manufacturer. It was instructed by regulators that it would have to use alternative suppliers, which potentially creates opportunities for manufacturers in Taiwan. At the same time, KHL is invested in Chinese private equity funds that are benefiting from exposure to the domestic semiconductor industry.

"The technology and knowhow have lagged the US and Europe, but because of these tensions, orders are skyrocketing. These companies are the only onshore source able to meet domestic demand," said Linda Luo, a managing director at KHL Capital.

AVCJ - China GPs target tech angles in consumer plays
31 May 2019
https://www.avcj.com/avcj/news/3015158/china-gps-target-tech-angles-in-consumer-plays

All China consumer deals are now technology deals, but investors must back up this positioning with meaningful value-add capabilities in areas such as digital marketing and data analytics or risk being accused of embellishing a technology thesis for the sake of a higher valuation.

When asking GPs about valuations, much rests on whether a business is perceived by the market as internet-enabled or traditional, Jie Gong, a partner at Pantheon, told the Hong Kong Private Equity & Venture Capital Association's (HKVCA) China forum. GPs are incentivized to emphasize the technology aspect because it can translate into a price premium. However, LPs might be reluctant to play along, in part because they want a portfolio that is diversified rather than tech-heavy.

"You have to peel the onion and understand the genesis of the business, where the entrepreneur comes from. Is it a true TMT [technology, media and telecom] deal or a company with a camouflage of technology?" Gong said.

For most GPs, strong technology capabilities are underpinned by people and partnerships. Nina Gong, a managing director with The Carlyle Group, noted that sector specialization is integral to her firm's approach, but efforts are made to ingrain an appreciation of technology throughout the organization. Carlyle has a dedicated team that examines every deal through this lens, considering the potential impact of disruption and how it can be addressed. In addition, there are operating partners and senior advisors who have backgrounds in technology.

CITIC Capital is also on a hiring spree, with plans to bring in experts in the internet-of-things and artificial intelligence to complement existing resources in areas such as digital marketing. Eric Xin, a managing partner at the firm, stressed that corporate networks are valuable as well. Tencent Holdings is an investor in CITIC Capital's holding company while telecom software provider AsiaInfo Technologies is a portfolio company. Both are rich sources of strategic and operational information.

Rebecca Xu, co-founder and a managing director at Asia Alternatives, added that the notion of the "gray hair" in private equity has been turned on its head. Where once seasoned executives were brought in to offer advice, now the experts might be younger than junior members of the investment team. "It takes a generational shift to understand what is going on," she said.

In some cases, in-house efforts have moved well beyond simply hiring a digital marketing guy. Mid-market consumer buyout firm Lunar has two stand-alone companies that specialize in digital marketing and e-commerce respectively. The former does contract work for third parties as well as serving businesses in the Lunar portfolio because it delivers broader insights into consumer preferences and behavior. Clients include Louis Vuitton.

The e-commerce company helps businesses in different verticals optimize their distribution channels, often working in tandem with the major online platforms. For example, Lunar-owned babywear supplier Yeehoo teamed up with a leading local detergent manufacturer to create a line of baby skincare products that are only available on Alibaba Group's Tmall platform.

“These platforms are almost like TV stations,” said Derek Sulger, a partner at Lunar. “They need brands like ours to sell. They see you have a good product in this category, and they ask you what you can do to help them make Double 11 [Singles’ Day] successful.”

ClearVue Partners, another mid-market consumer-focused investor, leveraged these channel relationships in a slightly different way. The firm found an anti-aging supplement product, decided it wasn’t right for a fund investment, but recommended one of its portfolio companies – US-listed 111 Inc, which operates the 1 Drugsstore platform – keep an eye on the segment. It ended up doing a distribution deal with the business.

That product was identified through an algorithm ClearVue built to crawl e-commerce channels in China and generate intelligence on which categories are selling well. If this is the quantitative tool, the qualitative element is anchored by a quarterly app-based survey that takes in 3.5 million consumers across 500 cities, from tier one to tier six. Participants are asked about their confidence in the economy, what apps they are using, their favorite foods and their favorite brands.

Harry Hui, ClearVue’s founder and a managing partner, noted that datasets in China are often incomplete or misleading, so they can play a key part in an investment thesis or value creation plan. “Chinese consumers are among the highest trial consumers in the world and the least brand loyal,” he said, stressing the importance of being able to peel back the layers of a business and make a call as to whether it can transition from tens of millions of dollars in revenue to hundreds of millions.

Bloomberg - Venture, PE Investors Warn of Tough `New Normal' With Trade War
30 May 2019
https://www.bloomberg.com/news/articles/2019-05-30/venture-pe-investors-warn-of-tough-new-normal-with-trade-war

The U.S-China trade war is starting to hammer private equity and venture capital investors.

The dispute has resulted in a significant decrease in fund launches, trouble in closing new funds, reductions in startup valuations and delays in deploying capital, according to fund managers, lawyers and administrators speaking at a summit organized by the Hong Kong Venture Capital and Private Equity Association.

“Since December we’ve seen actual material impacts, before that it was a lot of headline-grabbing stories and a lot of talk,” said James Donnan, managing director of fund administrator Intertrust NV in Hong Kong and one of the speakers at the China Private Equity Summit.

Donnan said his business has seen venture capital and private equity fund launches cut in half in the last six months compared with the year before. “This is a new normal,” he warned. “Things have shifted and therefore investments have to shift to make more domestic plays and cutting down on cross border.”

The impact of the trade tensions has also hit funds’ portfolio companies. Recently, the Taiwanese maker of a cable set-top box was told by regulators that the chips it previously employed in its products could no longer be used because they are made by a subsidiary of Huawei Technologies Co., said Linda Luo, managing director of KHL Capital, which focuses on tech and healthcare investments and has about $1 billion under management. She declined to disclose which portfolio company she was describing.

Luo said her fund previously looked for cross-border opportunities where companies could marry the benefits of American technology with the vast China market. Now, the fund is looking for opportunities in greater China tech companies that might benefit as giants like Huawei are locked out of the U.S. market.

Money is also flowing into Chinese tech companies from state-backed PE funds.

“State-backed PE funds are not looking at their investments from a return generation perspective, but a tech security perspective,” Intertrust’s Donnan said. “They are throwing a lot of money to try to come up with solutions to reduce China’s reliance on the U.S.”

Media	DealStreetAsia	Date	10 June 2019
Page	n/a	Reporter	Ka Kay Lum
Headline	Being a unicorn is a nice milestone but also arbitrary, says Lalamove's Blake Larson		
Link	https://www.dealstreetasia.com/stories/lalamove-blake-larson-139123/		

For many startups, achieving that $1-billion valuation or unicorn status is a dream. But for Lalamove, a Hong Kong-based on-demand logistics startup, entering the unicorn club is a nice milestone to achieve but, at the same time, it is very arbitrary, said its head of international Blake Larson.

"…we actually became a unicorn long before that. But anyway, it's not important to us. Our customers and drivers don't care, right? …that's more of like, a milestone that's nice to write about," he told DEALSTREETASIA on the sidelines of HKVCA China Private Equity Summit 2019.

The startup had raised $300 million in a Series D round led by Hillhouse Capital and Sequoia China this February. It also expanded into India in January. Its rival GoGoVan raised $250 million last July from Alibaba-backed Cainiao and others.

Founded in 2013, Lalamove matches drivers with customers via its website and mobile app to fulfill same-day deliveries. The company currently operates in 11 cities in Asia outside China, matching around 15 million registered customers with a pool of 2.5 million drivers of vans, trucks and motorcycles.

It is not surprising for unicorn startups to start thinking about going public. A TechCrunch report had said Lalamove intends to go public in Hong Kong. But Larson said the company so far has no particular plans for doing so.

"We always say as long as you build a good company, you have options. We have no plans for IPO. We don't need an IPO because we don't need the money. And our investors are not asking for liquidity. So then the reasons to IPO become less. As long as we keep growing, I think we'll have options," he said.

On fundraising, Larson said, it has never been easy but the startup had turned away a lot more capital than it took.

"When you need money, there's no one. When you don't need money, there's as much as you want. So fundraising has been a very interesting learning curve for me. Most of our money came from mainland China and most of our revenues are still from there," said the former Rocket Internet executive.

Prior to joining Lalamove in 2014, Larson was the co-founder of Rocket Internet's e-hailing startup Easy Taxi, spearheading its Asia operations in Hong Kong. Reminiscing on his previous role, he said he has learnt a lot from the internet giant.

"So Rocket was amazing for me in a lot of ways, because of the lack of structure. I showed up in Hong Kong, my then CEO gives me a piece of paper with 10 things and he flies off to our HQ in Brazil.

I spent my first two months at the petrol stations handing flyers to drivers. So it teaches you that at the beginning, there's no one but you and there's no backup. You can't be afraid there's no structure – you just have to make it happen. Whatever that means," he said.

With Rocket Internet, Larson learnt about execution and let the market to tell him what it wants.

"Don't overthink, just go do something. Doing something and getting feedback is more valuable. So I really learnt that. That has really helped me now as we (Lalamove) have many countries, I can empathise with the local challenges that each market has," he added.

Edited excerpts:

So how was the fundraising journey for your recently announced $300 million Series D round?

I never did any fundraising before I came to the company. And then I helped with our Series A the first time round.

I learnt a couple of things about fundraising. One, I always said I would never be in sales. And then I had to fundraise, which changed everything. I had never been said no to so many times in my life.

Two, fundraising is when you need money, there's none. And when you don't need money, there's as much money as you want.

So, I don't want to ever say it's easy but we turn a lot more away than we take it because we don't need it. Hence, we're like a better bet for the investor.

When you need the money, it's probably because you're desperate and you're running out of money. So fundraising has been a very interesting learning curve for me. Most of our money came from mainland China and most of our revenues are still from there. We're in about 140-150 cities there, so it's quite a big presence. But the investor appetite across the markets [from Singapore or Hong Kong or other markets] follow very, very different approaches, I found.

The round was led by Hillhouse Capital and Sequoia – so how do these investors add value to the company?

The value is more about validation sometimes because these are investors with track record. So it gives you the confidence that you're on the right path. They can give you some guidance on missteps and what to look out for while getting to the next phase. Being financial investors, as opposed to strategic ones, they are extremely supportive in that they don't try to get too involved. They invested in us because they believe that we know how to operate the company. So, some of the value is actually just having the space to make the strategic decisions and not being overly influenced on strategic decisions by your investors. So there's like a maturity from an investor standpoint that I really appreciate in ours.

So is an IPO on the table?

I would say anything's on the table. We always say as long as you build a good company, you have options. We have no plans for IPO. We don't need an IPO because we don't need the money. And our investors are not asking for liquidity. So then the reasons to IPO become less. As long as we keep growing, I think we'll have options.

What's next for Lalamove then?

I think for us, it's more about penetration in our existing markets and offering different types of services. We started selling vehicles to our drivers as a revenue centre and we are seeing some strong early signs there. We have over 2.5 million drivers. Naturally, some of them need a new vehicle. We're a very efficient sales channel to do this. So, we're trying to do some adjacent businesses, and then also like having a more complete portfolio of delivery services.

Will you venture beyond Asia?

I think we'll see how India does. And then and we'll make a call on this. Because if you can't build a great company, across 3.5 billion people which is mainland China, Southeast Asia and India, what business do you have going outside? So we still feel like there's a lot of opportunity. So I think we're pretty pragmatic about that. We want to be successful doing what we're doing, prior to overextending ourselves.

Was being a unicorn startup an important ambition?

I don't think so. Because we actually became a unicorn long before that. But anyway, it's not important to us. It's actually very arbitrary. Because our customers don't care. Right? Our drivers don't care, right? Even for employees, like it feels good. But if they only need shares, or options, it's still on paper. So it's not real yet. So I think that's more of like, a milestone that's nice to write about. But it's not a milestone that we ever said like: We must be a unicorn. We only talk about what our customers care about.

Are you already profitable in all markets?

Not all markets, but as a company, we're right around breakeven. We have lots and lots of cities that are profitable. We're not hoping the model is profitable, we've proven that it is profitable. So the only reason we wouldn't be profitable is if you try to expand quickly. But we're not trying to test the theory that this model is sustainable, because we've proven it in several cities in several different markets in several different countries.

And we have a very different strategy than a consumer-facing [business] because we're mostly focused on SMEs, and enterprises. That's more B2B – it doesn't mean consumers don't use us, for say, flat moving but that's not our core market. And, as a consequence, our subsidy or incentives are less than 1 per cent of our revenue.

For consumer-facing businesses, there are no switching costs for consumers so consumer-facing brands will have to [provide incentives] to build share. So we've tried the mass incentive [model]. I'm sure you'll get volume, but it goes away if your service isn't good, and that's the difference.

While the consumers are much more tolerable to average service for cheap prices, for businesses, if you're a core part of their value proposition to their customer, they can't afford a poor service. I think, consequently, our sustainability and our approach to growing market share is probably a bit different than consumer-facing companies.

You entered India this year – how has the market there performed?

We launched in India in late January. So it's not just New Delhi. We started in Mumbai, New Delhi and now Bangalore and we're going to go beyond these three cities. So far, the reception has been quite good from a market development standpoint. It's quite far behind Southeast Asia even, maybe five years or maybe more. There are parts of India, I was walking around the streets, and it felt like it could have been 1960, but it was 2019.

So smartphone penetration is not a problem. I would say the challenge lies in technical literacy. So I think there's a shift in behaviour that markets go through from like, using the smartphone as a social or a means of communication, right? So instead of talking on chatting, or Facebook, or whatever, to actually looking at your phone is like a a tool. So it actually is like a service provider to you. In India, it is still in its infancy when it comes to this.

So does your experience in Southeast Asia give you leverage when entering India?

I don't think so, I think the Indian market operates more like the mainland [China], at least for our business.

So how has Southeast Asia performed for your business?

It's been alright but it's so fragmented. Everybody talks about the Southeast Asia opportunity. 630 million people in the region and Indonesia alone has 300 million people – they get so excited. But when your company has a high-level of offline presence like us, it's not just like a game.

The complexity of being scalable but local, is why there are very few good tech startups that come out of Southeast Asia. Have any of those who have IPO-ed have an offline presence? The biggest startups are Grab and GOJEK, which people are excited about and they're not bad companies – they've actually done a pretty good job to navigate Southeast Asia. So while the region has a big opportunity, it's very hard to really grow and sustain the business because of the local nature of each culture.

And how do you tackle each market in the region?

We hire local people to run the business. We also don't try to grow just to grow. We try to spend enough time to figure out the local market before we invest heavily in it. At the beginning, the growth in cities might be a bit slow, until we figure out where we can create value, and then we start to invest more money. So this is how we've approached it.

For example, in Taipei, it's not Southeast Asia, but it's one of the markets that runs on the same product and tech. In Taipei, they need a fa piao (发票) – it is like a government receipt. No other market in Southeast Asia needs anything like this. But you can't operate in Taipei without it – legally. So do you go build that, and then customise your product for just that? That's time and resources that you are spending on a small market.

And so you come across these choices all the time, vehicle restrictions in different cities, for example, the ERP (electronic road pricing) in Singapore – do you let that happen offline – which is still happening, or do you go build the technology to support it? So you do these – and then you multiply the number of countries in Southeast Asia and then the number of languages and then building – so it's more about building a good product for Southeast Asia is very, very hard.

FinanceAsia - Private equity raking over US-China trade war debris for bargains
6 June 2019
https://www.financeasia.com/article/private-equity-raking-over-us-china-trade-war-debris-for-bargains/452182

As the US-China trade war rumbles on casualties are beginning to pile up on either side. Huawei Technologies is reeling from a US blockade of component suppliers while China is probing US blue-chip FedEx for delivery failures.

For private equity funds, though, there's a potential opportunity to begin picking up assets on the cheap.

These funds have plenty of firepower for deals. At the end of June 2018, private capital ready for deployment surpassed $2 trillion, a record amount according to data providers Preqin, and about 18% of that sum, or $360 billion, has been set aside to buy companies in Asia.

While portfolio and retail investors have been dumping Chinese equities in droves, redeeming about $200 million-worth of stock in May alone, according to data from EPFR, private equity firms are taking a longer-term view of the Middle Kingdom's growth potential.

In particular, they are hankering after the Chinese operations of multinational companies as they are usually sizeable, have widely recognizable brands and are relatively easy to finance. So far, some of the biggest corporate carve-outs have been in the fast-growing consumer consumption sector, offering private equity funds plenty of scope to make fat returns on their investments.

And it's made them hungry for more.

This trend has already been on a roll as multinationals struggle to compete with nimble local competitors. Ride-hailing firm Uber and Yum Brands, the operator of KFC, have already hived off their Chinese subsidiaries and sold them. US media firm Viacom is also mulling whether to scale back in China, as is German wholesaler Metro and French retailer Carrefour, various market sources have told *FinanceAsia*.

The US-China trade war is likely to accelerate the pullback. A survey by the American Chamber of Commerce mid-May showed US and Chinese tariffs are having a negative impact on the vast majority, 74.9%, of its members' businesses.

THE NEW NORMAL

Economists, including those at Vanguard, think the trade tensions are likely to persist as the pushback against globalisation continues.

Corporate executives and their advisers also expect tensions between the two superpowers to simmer for years to come and are adapting their operations to avoid catching any flak from either side.

"It's the new normal" Andrew Weir, KPMG's vice chairman of China, said at last week's HKVCA China Private Equity Summit 2019.

He added that some of the accounting firm's clients in the manufacturing sector are weighing up whether to relocate parts of their supply chains in China to Cambodia, Vietnam or Thailand.

Vietnam, in particular, could benefit if trade is diverted as a result of US tariffs on Chinese imports – Taiwan too – according to economists at Nomura.

"There will be more carve-outs," due to the US-China trade war, said Eric Xin, one of the founding members of local buyout firm Citic Capital, which has already conducted six such deals in China, including the acquisition in 2017 of the Chinese business of McDonald's.

Xin estimated that there has been $3 trillion worth of foreign investment in China that could be sold "so we will see if we can pick up something good."

Private equity real estate funds are also closely monitoring foreign company retreats for bargains. Ivan Ho, the Hong Kong chief executive of real estate investment firm KaiLong, thinks multinational companies are not as aggressive about expanding in China anymore and that this will impact property prices in Shanghai where many of them have chosen to locate their China headquarters.

"Time for us to cherry-pick some of the good opportunities in the China region," chimed in Charles Lam, a managing director in real estate investing at Baring Private Equity Asia, who is on the lookout for logistics companies and business parks to buy as the trade war continues.

BROKEN SUPPLY CHAINS

China's desire for more autarchy after the US weaponised access to components for telecoms equipment makers ZTE and, more recently, Huawei, could also create investment opportunities.

For one, it is likely to transform China's chip industry. China imported $260 billion-worth of semiconductors in 2017, according to a study by the China Semiconductor Industry Association. China, the world's largest consumer of chips, is now trying to wean itself off this reliance on overseas technology by investing in domestic design and fabrication.

Domestic chipmakers are now blossoming as a result of the state's enthusiastic husbandry.

"Because of this [trade] tension forward-looking logs or orders have skyrocketed because they are the only source now to fuel domestic demand," said Linda Luo, a managing director at KHL Capital, a technology and healthcare-focused private equity firm.

Private equity funds have traditionally sought to marry advanced US technology to China's massive market place. As an example, Citic Capital bought Santa Clara, California-headquartered Cmos chipmaker OmniVision, in 2016 and helped it to expand in China.

Now, the smart move is to back ambitious Chinese chipmakers, Citic Capital's Xin said. "Anything in the US, you always find a copycat."

Of course, such investments won't be a slam dunk; these companies are still relatively slow and years behind their US peers in chip design.

The Chinese government's new drive towards greater self-sufficiency, which promises to transform swathes of its domestic industry, is also creating formidable competitors for private equity funds in the form of state-backed investment vehicles.

"The semiconductor sector is going crazy!" said Wayne Shiong, a partner at venture capital investor China Growth Capital. He said it is tough to compete with government-backed funds for deals as they have deep pockets and are willing to pay high prices.

Much of that investment is guided by the state-controlled China Integrated Circuit Industry Investment Fund, which invests across the entire chip supply chain and has raised about Rmb140 billion ($20.2 billion) since its 2014 launch.

Chinese chemical-sensing chip company Quanta Eye, which generated revenue of just Rmb10 million ($1.5 million) last year, was recently valued at a pricey $100 million after raising capital from government-related funds, according to a market source.

Beyond China, as already indicated, private equity firms are eyeing Southeast Asian companies that could benefit from the re-routing of supply chains out of China. Olympus Capital Asia has already backed Vietnamese e-commerce and logistics company SCommerce, for one.

SPLASHBACK

Not that private equity firms are having it all their own way, given many of the companies already in their portfolios are likely to suffer from trade flow disruption. KHL Capital, for example, recently acquired a Taiwanese broadband business that uses chips from HiSilicon, Huawei's in-house chip design unit, in its set-top boxes. It is now having to rethink its supply chain.

"We are told by regulators that we are no longer allowed to use any PRC supply chips in Taiwan," said KHL Capital's Luo. She did not name the portfolio company in question but KHL Capital bought China Network Systems, the largest broadband operator in Taiwan, in 2018.

She also told *FinanceAsia* that Taiwan's ruling on Chinese components is not official yet, but that regulators are guiding companies in this direction. KHL Capital's portfolio company has not yet switched to another component supplier but will consider its options for future supply contracts.

The trade war is also proving tough on private equity firms caught trying to raise funds from institutional investors such as pension or sovereign wealth funds.

A fundraising drive takes on average a year to hit its target but fund administrators can offer an early indication of any changes in the market.

James Donnan, a managing director at Intertrust in Hong Kong, said that the number of private equity and venture capital fund launches his team are working on has halved in the first half of this year versus a year ago.

He said that it is also taking funds longer to raise capital, whereas in the gung-ho atmosphere a year ago it wasn't uncommon for funds to launch and close simultaneously.

COMING HOME?

Even so, private equity funds are keen to spend the capital they have already accumulated.

A few fund managers think they have a chance of persuading Chinese companies listed in the US to place themselves in private hands, encouraged by the growing consternation among US politicians over a lack of transparency at many Chinese companies, especially with regards to state influence.

Stephen Bannon, Trump's former chief strategist, said Chinese companies should be shut out of American capital markets. "The next move we make is to cut off all the IPOs, unwind all the pension funds and insurance companies in the US that provide capital to the Chinese Communist Party," Bannon told the *South China Morning Post*.

"A lot of the Chinese companies listed in New York will think about listing again in Hong Kong," said Jian Guang Shen, chief economist, at JD Digits, the financial technology arm of JD.com.

This could be with private equity investors help or they could just hedge their bets, as Alibaba is mulling, by opting for a secondary listing in Hong Kong and keeping their primary listing in the US.

Ashok Pandit, Deutsche Bank's global co-head of sovereign wealth funds and pension fund coverage as well as head of financial sponsor coverage for Asia Pacific, said that discussions with management and shareholders should be more strategic and question whether the company is being incorrectly valued due to a lack of liquidity or the wrong investor base.

"If there are assets that have strong cash flows – take sectors like education and healthcare – those are strong candidates for take privates," he added.

While the thinking behind many of these themes may still be forming in the minds of many eager private equity professionals, they still have plenty of time to fine-tune their plans and make their pitches.

As James Lau, Hong Kong's secretary for financial services and the treasury at HKVCA event in Hong Kong, said: "[It] seems obvious that tensions are going to be around for a while."

Financial Times - Trade war sparks fall in China-linked fund launches
30 May 2019
https://www.ft.com/content/2fc9e5aa-82a9-11e9-9935-ad75bb96c849

Fund services group Intertrust says the number of China-linked private equity and venture capital fund launches it has handled over the past six months has fallen sharply with the worsening of the trade war between Washington and Beijing.

The warning from the Netherlands-based company, which was previously controlled by Blackstone, comes as Asian investors increasingly fear the next frontier in the trade war will be the financial sector.

Intertrust Funds started to see the impact of the trade war on China-focused funds and China-based funds investing abroad in December. The number of private equity and venture capital fund launches handled by the group has halved every month since then, from an average of about 10 per month last year to about two or three now, said James Donnan, managing director of Intertrust's Hong Kong office.

"For those that do launch and close successfully, we are seeing delays in investments as they sit and watch what is happening," Mr Donnan said at the annual China Private Equity Summit in Hong Kong.

Earlier this month, US president Donald Trump sharply increased tariffs on Chinese goods, a move that drew retaliation from Beijing. Mr Trump followed up by blacklisting Huawei, the Chinese telecoms equipment maker, sparking concerns he could take similar action against a wider range of companies.

The gap between the world's two largest economies on the trade war was now so wide that a deal was looking less likely, said Mr Donnan.

"I don't think a deal will be done in June or November. This is the new normal," Mr Donnan said. "We are not facing barriers or bumps navigating the China trade tensions. That was eight to nine months ago. We are [now] on a totally different road."

His comment came as JD Digits, the financial spin-off of JD.com, China's largest publicly listed retailer by revenue, warned that the trade war risked extending into the financial industry.

News this week that Alibaba, which is already listed in New York, was considering a $20bn dual-listing in Hong Kong to diversify its market exposure away from the US, has added to expectations that the US might target mainland companies on Wall Street.

Such fears gained traction after Steve Bannon, Donald Trump's former chief strategist, said last week that Washington should rethink China's role in US stock markets due to issues with transparency.

"We are at a critical time to prevent the trade war turning into a finance war," said Shen Jianguang, vice-president and chief economist at JD Digits. "It's quite important to prevent this from happening."

Dr Shen said he expected Alibaba to start a trend for Chinese companies to return to Hong Kong to list.

One prominent Chinese venture capital group, which invests in healthcare companies around the world, said on condition of anonymity that it was now looking at alternative regions such as south-east Asia thanks to an increasingly hostile environment in the US. This was partly due to increasing scrutiny of China-US deals by the Committee on Foreign Investment in the United States, or Cfius.

“A lot of American entities are pushing back or refusing to have relationships with us. New regulations by Cfius have made investing in US companies very hard as well,” the investor said.

Investors in funds are also being hit by falling valuations, particularly in China’s tech sector.

Brian Snyder, mergers and acquisitions of counsel for Morrison & Foerster in Asia, said he had not seen deal flow change as a result of the US-Sino tensions but he was seeing lower prices.

“We are seeing some down-round valuations which [provides] a bit of a chill but companies are still starting up and trying to raise capital,” Mr Snyder said.

Private Equity International - China's tech revolution creates diversification headache for LPs
4 June 2019
https://www.privateequityinternational.com/chinas-tech-revolution-creates-diversification-headache-lps/

A growing number of Chinese businesses are being marketed as TMT-based, an industry conference in Hong Kong has heard.

Private equity portfolios are at risk of becoming less diversified as Chinese businesses take advantage of rampant demand for technology deals, according to remarks at a conference.

Speaking at the HKVCA China Private Equity Summit 2019 in Hong Kong on 30 May, Jie Gong, partner at fund of funds Pantheon, said Chinese portfolios could be heavily weighted towards technology as more companies introduce a telecommunications, media and technology (TMT) angle to their business model.

Some managers have been accused in recent years of "tech-washing" assets to secure higher valuations. As of November, global tech companies had traded at 22x EBITDA in 2018, according to S&P Global Intelligence.

"Aspirational GPs, as well as entrepreneurs, very much want to make their companies in the mode of technology companies and have every incentive to enlarge that technological layer into being the core of the company," Gong told delegates.

"Being an LP, that presents somewhat of a challenge because from a diversification point of view you don't want your whole portfolio to look like an overall tech fund."

The incentive is clear for GPs. Global software buyouts delivered a 1.9x median gross return between 2005 and 2014, compared with 1.6x for non-software deals, according to data from CEPRES PE.Analyzer.

Gong said early stage venture is "more isolated from the language troubles" of the market, as investors can assess an entrepreneur's background and true nature of the business.

"It's important to keep that diversification across industries and to go back to basics to ask ourselves: 'Is this actually a retail company, or is this a technology company?' It's very useful to peel the onion several layers to understand […] whether this is a true TMT deal or a deal with a layer, or even camouflage, of technology."

Gong was joined on stage by Nina Gong, managing director at The Carlyle Group, who noted that almost two-thirds of deals the firm has completed in China above the $150 million ticket size in the eight months to April can be characterised as TMT or new economy.

"In every deal we look at, there's always a tech angle," said Gong, who specialises in consumer and retail.

"There is no consumer and retail company in China or even the world that doesn't have a tech theme or doesn't have a digital strategy. Most of the deals or successful companies we look at as targets have at least 20, 30 [percent], or even half of their revenue coming from new economy channels or e-commerce channels."

The internet and technology sectors, which make up China's new economy, accounted for almost 85 percent of the growth in greater China private equity since 2010, according to Bain & Co's Asia-Pacific Private Equity Report 2019. China claimed more than 70 percent of the total value of Asia-Pacific internet and technology private equity deals last year with $59 billion deployed – more than 20 times what was spent in 2010.

Eighty percent of greater China-focused funds were considering or actively pursuing new economy deals as of April.

Private Equity International - US-China trade war threatens emerging manager fundraising
30 May 2019
https://www.privateequityinternational.com/us-china-trade-war-threatens-emerging-manager-fundraising/

LPs are opting to back larger, brand-name firms with more established track records in China, an industry conference in Hong Kong has heard.

China's emerging fund managers are struggling to raise capital due to US trade tensions, a conference has heard.

Speaking at the HKVCA China Private Equity Summit 2019 in Hong Kong on Thursday, James Donnan, managing director of fund administrator Intertrust, said the firm had seen a decline in the number of funds coming to market since December as managers await a potential deal between the sparring nations.

Funds are also taking longer to reach final close as limited partners opt to commit to larger, brand-name managers with more established track records in the region, he added.

"The GPs that are perhaps suffering is the smaller emerging managers; these ones [that] don't have a track record," Donnan told delegates.

"Coupled with that, the typical investor base they would target – some of the smaller investors, the high-net-worth investors and some smaller family offices – are sitting on the sidelines these last few months. So they're struggling to close their funds."

Capital is flowing towards blue-chip managers. CVC Capital Partners is understood to have raised $3.2 billion in the initial closing of its fifth Asia fund and Warburg Pincus has more than doubled the target for its latest Asia-focused private equity vehicle, which has a large China mandate.

The country's fundraising slowdown could mark an end to "unsustainable activity" in recent years, Donnan noted. China-focused funds collected $22.8 billion last year, the highest amount raised since 2015's $13.3 billion, according to PEI data. Average fund size targets have almost doubled in the last four years to $490 million last year.

Total private equity investment value in China rose to $94 billion in 2018, up 64 percent over the previous five-year average, according to Bain & Co's Asia-Pacific Private Equity Report 2019.

Allianz Capital Partners, the German insurance giant's in-house investment manager, expects 2019 to be a slower fundraising year for China-focused strategies as LPs "look to rationalise" their China allocations across all PE strategies due to Sino-US trade tensions and slowing growth, director Willa Hong told Private Equity International in January.

South China Morning Post - Private-equity, venture capital investors bet on China's pivot to domestic demand, self-reliance
31 May 2019
https://www.scmp.com/business/money/article/3012494/private-equity-venture-capital-investors-bet-chinas-pivot-domestic

- Domestic demand will feature much more importantly, says Shen Jianguang, vice-president and chief economist at JD Digits

China having to become more self-reliant amid its trade war with the United States will present attractive buying opportunities for private-equity and venture capital investment, industry experts have said.

"As the private-equity and venture capital sector, we need to understand that this is the new norm – we can't wait until a deal is done," James Donnan, managing director of fund administration services company Intertrust Hong Kong said on the sidelines of the HKVCA China Private Equity Summit 2019 on Thursday.

"We need to understand that things have shifted, and therefore our investment thesis needs to shift, looking more towards domestic consumption play.

"There is a lot of negativity in the market, but still tremendous opportunity if you are selective in deal making," he said.

The number of new venture capital funds launched by foreign and Chinese managers for China-bound investment slowed in the first quarter this year, dropping 55.6 per cent year on year to total 106, according to private-equity research group Zero2IPO. The amount of newly raised capital too declined, and was down 17.2 per cent to 41.1 billion yuan (US$5.95 billion).

While the trade war between Beijing and Washington escalates, there are still plenty of investors interested in China's private-equity market, particularly in sectors that will help it become more self-reliant, and that are focused on domestic consumption.

"Domestic demand will feature much more importantly," said Shen Jianguang, vice-president and chief economist at JD Digits, a financial affiliate of Chinese e-commerce giant JD.com. "Increasingly, China will focus on the services sector, innovation, research and development and things that are [currently] reliant on US companies. Now China will try to catch up more quickly."

Huawei Technologies, for instance, sources components from 22 suppliers listed in the US, according to the Jefferies group. Semiconductors, therefore, pose an attractive bet, said Eric Xin, senior managing director and managing partner at Citic Capital, the investment arm of Chinese financial conglomerate Citic Group.

"There will be opportunity to look at domestic supply chains of semiconductors, because if the US doesn't sell to China, then all of a sudden the market is available," Xin said. "Anything that is in the US, you always have a copycat [in China].

"Whenever one door closes, another one opens," he said.

Investors are looking at sectors such as logistics and technology, most of which are based in Shenzhen, "China's Silicon Valley", said Andrew Weir, regional senior partner at KPMG Hong Kong and vice-chairman of KPMG China. "I know [of Hong Kong-based] private-equity firms jumping on anything that moves in Shenzhen," he said.

According to Frankie Fang, managing partner of Starquest Capital, a Beijing-based fund of funds and direct investment firm that holds assets under management worth 25 billion yuan, China's private-equity market has not been swayed by the US-China trade war.

"I have asked some of these foreign investors why they continue to invest in China despite the escalation in US-China trade war," Fang said. "They told me the returns from investing in China remained attractive relative to other markets, and that is a key reason why they continue to allocate their capital in Chinese private businesses."

The country's maturing domestic venture capital firms and a start-up environment that has become more regulated in recent years, are positive developments that give comfort to foreign investors putting their money into China, he said.

The Asset - How should Asian PE/VC act upon the trade war?
6 June 2019
https://theasset.com/wealth-management/37746/cccc?id=37746&subm=weath-management

Sino-US tensions are posing a multitude of challenges for investors, but one common theme is that markets such as Vietnam, Taiwan and Korea are benefiting from the trade war

Escalating Sino-US trade tensions are undoubtedly impacting the investment market including the private equity/venture capital (PE/VC) sector and investors are taking note. New opportunities are arising even in sectors like technology that are directly affected by the trade war.

Indeed, some analysts suggest the ongoing trade spat is contorting the PE/VC sector significantly. “Twelve months ago, there was such an intense fundraising environment. Yet since last December, the number of PE/VC fund launches that we have been working on has halved,” says James Donnan, managing director at Intertrust Hong Kong, during the HKVCA China Private Equity Summit 2019.

He also notes that of late it takes longer to close the funds. “For those funds that do launch and are successfully closed, we are seeing delays in the investment they are making,” Donnan adds.

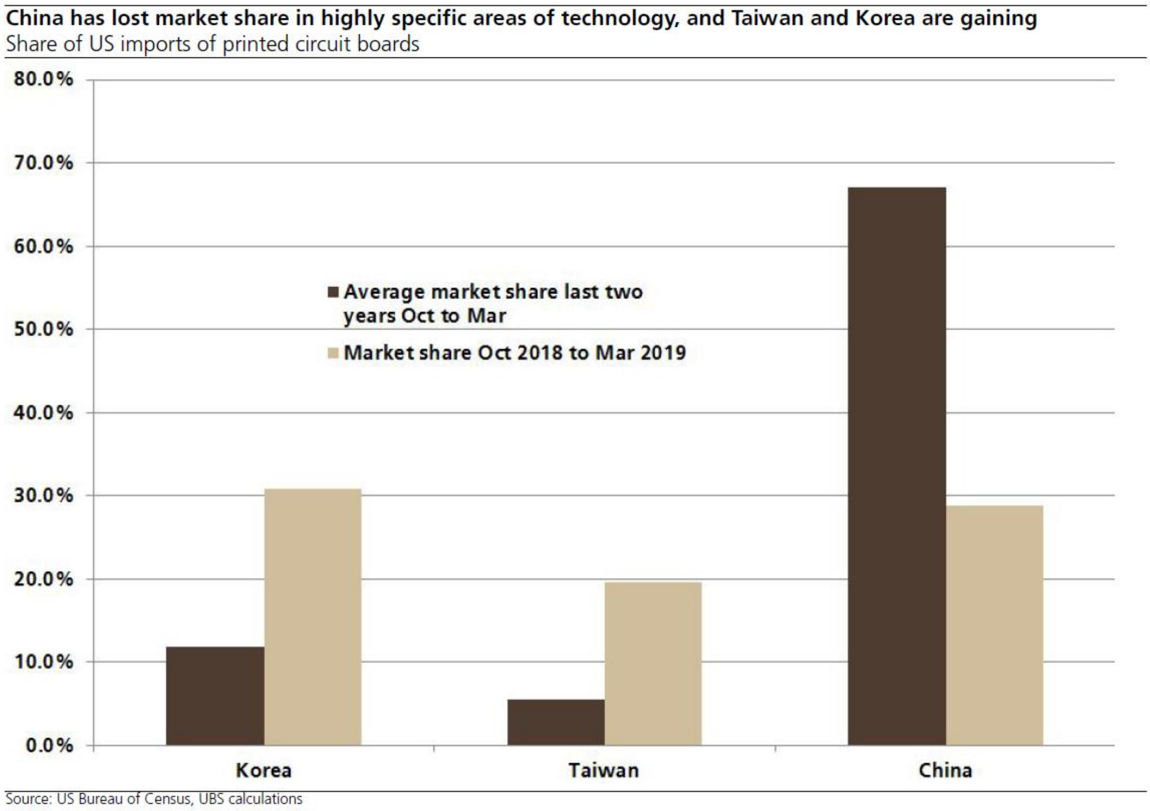
Interestingly, some markets such as Vietnam and Taiwan are benefiting from the trade war, according to Jian Guang Shen, vice president and chief economist at JD Digits.

Luo echoes this viewpoint. “We have mostly invested in Taiwan domestically-focused business, so the US-China trade tensions have not really impacted our business,” says Linda Luo, managing director at KHL Capital, noting that her company focuses on telecommunications, media and technology (TMT) and healthcare investments and most of their LPs are onshore Chinese institutions.

In fact, as a result of the trade war, while China is losing market share in terms of share of US imports, other countries such as Taiwan and Korea are benefiting from trade diversion.

“The areas where China is a big loser include printed circuits, data processing machine parts and handbags,” according to Paul Donovan, chief economist at UBS Global Wealth Management.

“China's lost electronics market share is largely being absorbed by two countries – Korea and Taiwan. US customers seem to have bought more from China in advance of the September tax increase, but since then have switched to Korean and Taiwanese suppliers,” Donovan adds, who then reveals that Mexico and Vietnam have also picked up significant market share from China.



Other Southeast Asia markets such as Indonesia and Thailand, which are countries often viewed as alternative locations for low-cost production, have not seen significant signs of any upturn in market share at China's expense, according to Donovan.

Current market conditions are creating opportunities that investors are willing to grasp. In addition to those markets that are benefiting from China's loss, there are new investment themes to notice even within China – such as the Chinese domestic technology sector, which analysts suggest could yield investment opportunity.

"Through some of the fund of funds (FOFs) that we invested in, which engage in earlier stage TMT and healthcare investments, we are seeing a renewed interest in onshore China technology. Previously, people were looking for cross-border investment opportunities where they could marry the benefits of US technology and the China market. With the latest tensions, some of the Chinese domestic technology businesses are seeing much pick-up and potential," says Luo.

Nevertheless, the trade war poses a challenge for investors. Plus, LPs are becoming more cautious and are now doing more due diligence, according to Donnan.

"As an investor, we have to try to separate the controllable factors and uncontrollable factors. Focus on the controllable from the internal perspective while reserving options and flexibility for the uncontrollable factors and potential outcomes," Luo suggests.

China News Service - 香港财经事务及库务局局长：香港能扮演好区域性绿色金融中心角色
30 May 2019
https://www.chinanews.com/ga/shipin/cns/2019/05-30/news817807.shtml

【解说】5 月 30 日，“第 18 届中国私募投资高峰会”在香港举行，香港特区政府财经事务及库务局局长刘怡翔、香港交易所行政总裁李小加出席。刘怡翔表示希望香港能扮演好区域性绿色金融中心的角色。

刘怡翔谈到，如今全球各国越来越重视可持续发展，绿色金融成为未来发展大趋势，中国是全球仅次于美国的第二大绿色债券市场，中国在太阳能、新能源汽车方面引领全球发展。以国际通用的绿色债券定义而言，2017 年，中国发行的绿色债券总额约为 235 亿美元，2018 年则为 312 亿美元，约占全球市场的 18%。

刘怡翔指出，特区政府也在积极推动绿色金融及可持续发展。5 月 22 日，香港成功发售为期 5 年、共 10 亿美元的绿色债券，在香港交易所和伦敦证券交易所上市。绿色债券认购反应良好，超额认购超过三倍。

【同期】香港特区政府财经事务及库务局局长 刘怡翔

香港是全球区域性的绿色金融中心，2017 年，大约 110 亿港元的绿色债券在香港被成功发售。发售方包括香港的、中国内地的还有跨国性的综合银行，比如世界银行、亚洲开发银行和欧洲投资银行。

【解说】刘怡翔表示，在特区政府大力倡导下，香港寻求成为绿色金融领域的思想领导和国际对话的中心。2020 年初，香港金融管理局和世界银行集团国际金融公司(IFC)将共同在香港举办第六届气候商业论坛。该论坛将汇集全球政商界精英，分享有关新兴市场气候业务投资增长的专业知识。

记者 郑兴 香港报道

Finet.hk - 劉怡翔：香港是自由貿易的支持者
30 May 2019
https://www.finet.hk/newscenter/news_content/5cef3aadbde0b33646b9c50c

【財華社訊】香港政府財經事務及庫務局局長劉怡翔今日出席第十八屆中國私募投資高峰會並致開幕辭。劉怡翔指出，中國目前成為全球第二大經濟體，在中美貿易摩擦的陰雲之下，中國的發展仍有大量機會。他稱，當下環境中見到各經濟體有貿易保護主義抬頭，但香港和其他世貿組織成員都是自由貿易的支持者，反對保護主義，而自由貿易可令到全球眾多發展中國家獲得發展機會，同時也是全球化的關鍵。

中國自改革開放四十年來，經濟雖然不再有雙位數增長，但每年仍然抱持著穩定的增速，劉怡翔稱，中國貢獻全球經濟增長的三分之一，而今年首四個月中國內需維持穩定，國家亦推出減稅降費、降準等措施，從深化改革到經濟轉型，中國經濟未來會維持高質量的穩定發展。而在貿易摩擦影響全球經濟體和供應鏈的情況下，中國未來會進一步加強開放政策，包括加大與國際合作、知識產權保護以及改善法規等眾多措施。

劉怡翔認為，中國亦面臨粵港澳大灣區和「一帶一路」發展機遇，在多元經濟體的參與下，相信會為各國發展帶來益處。此外，他指出，中國過去在可持續發展方面亦有所行動，包括在太陽能、新能源汽車方面引領全球發展，中國綠債市場亦發展迅速，未來在綠色和可持續發展方面亦有眾多發展機遇。

文：鄒舒惠

Finet.hk - 李小加評貿易摩擦：「解鈴還須繫鈴人」
30 May 2019
https://www.finet.hk/newscenter/news_content/5cef480bbde0b33646b9c52a

【財華社訊】港交所（00388-HK）行政總裁李小加於今日出席第十八屆中國私募投資高峰會時作主題演講。他指出，過去傳統用來衡量一間公司是否成熟的標準是看其財務、資金流狀況等客觀數字，之後公眾才會去投資。但是對於生物科技公司而言，這些公司在藥物上市審批之前，都無利潤可賺，因此傳統的判斷方法並不適合用來衡量生物科技公司的價值，因為即使沒有盈利的情況下，其在達到臨床試驗一定階段便意味著已經可讓大眾開始投資了。李小加指出，這樣的評判標準並非「偷工減料」，而是另類的衡量方法。

而談到目前的貿易摩擦問題，李小加認為，現階段是考驗市場的時候，中美之間的「婚姻」出現岔子，而未來亦難以預料，目前市場信心變差主要是「因為不知道對方想要的是什麼」。李小加引用中國一句古話「解鈴還須繫鈴人」，又用「金錢」、「行為」和「家務事」來形容中美之間的分歧，他認為「金錢」事小，「行為」亦可以通過協商慢慢解決，而「家務事」則不應該由別人插手，若一意孤行則可能適得其反。

在市場信心不佳的情況下，李小加稱期望藉此機會向市場傳達信心，認為香港未來仍有很多機遇，港交所未來在上市規則方面還會有大大小小的調整和新政策實施，而對於公司來說，無論在內地、香港還是美國市場都有發展機遇。他形容公司在選擇上市地時，在中國內地市場就像在「家」，擁有熟悉的市場環境，而在香港則頗似在「寄宿學校」，但如果能在美國覓得「知音」，也可以選擇遠赴美國上市，但相信有的公司也會選擇回家。

文：鄒舒惠

Fintv – 【財經速遞】劉怡翔：香港是自由貿易倡導者 大灣區
http://vs.fintv.hk:8317/publish/2019/05/480p/20190530_DF07.mp4

【財經速遞】劉怡翔：香港是自由貿易倡導者 大灣區

[VIDEO]

FOF Weekly - 香港创业及私募投资协会中国私募投资高峰会 2019 圆满闭幕

31 May 2019
https://www.fofweekly.com/m_j_j_z_k/3545.html

2019 年 5 月 30 日，由香港创业及私募投资协会(HKVCA)主办的 2019 年中国私募投资高峰会于香港圆满闭幕，母基金周刊 CEO 陈能杰受邀出席。

中国私募投资高峰会旗舰活动为期一日，逾 70 名有限合伙人、投资人、顾问以及专家代表发表主题演讲或参与小组讨论，近 700 名风险投资及私募投资高管及业界专业人士出席是次高峰会。

会议于香港会议展览中心举行，出席本年度论坛的嘉宾有:香港特别行政区财经事务及库务局局长, JP，刘怡翔先生;香港交易及结算所有限公司集团行政总裁李小加先生;以及太盟投资集团主席兼首席执行官单伟建先生。

是次中国私募投资高峰会时值中国经济增长有所放缓，中美贸易关系日趋紧张的大背景，会议主题紧贴经济转型、新政策以及新机遇和新增长。会上，众业界翘楚就中国新规范下的私募股权投资、中美关系对私募创投领域的影响以及人民币基金如何推动大湾区的发展等话题展开讨论。此外议题还涉及教育投资、医疗投资、金融科技投资以及电动汽车、自动驾驶和人工智能等转型领域。

香港创业及私募投资协会会长曾光宇先生评论道：“中国私募投资高峰会是区内业界认可度高且参与最广的盛会，汇聚业界翘楚及领先行业专家探讨中国私募股权界最新发展及趋势。当前中国国内生产总值增长有所放缓，‘新经济’领域在过去几年中实现了大幅增长。中国市场的活力及其不断扩大的规模吸引了众多市场投资者。作为区域内最大的行业协会之一，我们将继续致力于与协会会员一同开拓思维及实施战略从而在新的机遇中获取价值。”

Hong Kong China News Agency - 劉怡翔：希望香港能扮演好區域性綠色金融中心的角色
30 May 2019
http://www.hkcna.hk/content/2019/0530/766000.shtml

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China Galaxy Securities

香港中通社 5 月 30 日電 (記者 陳瑤)"第 18 屆中國私募投資高峰會"30 日在香港舉行，香港特區政府財經事務及庫務局局長劉怡翔在會上表示，希望香港能扮演好區域性綠色金融中心的角色。

劉怡翔表示，如今全球各國越來越重視可持續發展，綠色金融成為未來發展大趨勢；中國是全球僅次於美國的第二大綠色債券市場，在太陽能、新能源汽車方面引領全球發展。他認為，以國際通用的綠色債券定義而言，2017 年，中國發行的綠色債券總額約為 235 億美元，2018 年則為 312 億美元，約占全球市場的 18%。

劉怡翔還指出，香港特區政府也在積極推動綠色金融及可持續發展。5 月 22 日，香港成功發售為期 5 年、共 10 億美元的綠色債券，在香港交易所和倫敦證券交易所上市。綠色債券認購反應良好，超額認購超過 3 倍。

"香港是全球區域性的綠色金融中心，2017 年，大約 110 億港元的綠色債券在香港被成功發售。發售方包括香港的、中國內地的還有跨國性的綜合銀行，比如世界銀行、亞洲開發銀行和歐洲投資銀行。"劉怡翔希望，在特區政府的倡導下，香港尋求成為綠色金融領域的思想領導和國際對話的中心。

據悉，香港交易及結算所有限公司集團行政總裁李小加，太盟投資集團主席兼首席執行官單偉建以及逾 70 名有限合夥人、投資人、顧問以及專家代表在高峰會上發表主題演講或參與小組討論，近 700 名風險投資及私募投資高管及業界專業人士出席是次高峰會。(完)

Infocast - 劉怡翔冀中美續有建設性對話包盡快達成協議
30 May 2019
http://www.infocastfn.com/fn/ajax/news/newsDetail?newsId=3241905

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<匯港通訊> 財庫局局長劉怡翔在香港創業及私募投資協會 2019 中國私募投資高峰會上表示，內地首季的經濟增長 6.4%，仍然保持平穩，而首四個月的經濟增長亦保持健康水平；去年的經濟增長 6.6%，比全球的經濟體系的經濟增長快。

他指，國際貨幣基金組織(國基會/MF)早前指出中美貿易戰短期或影響全球經濟增長放慢 0.3%，認為中美貿易戰除了影響兩國的經濟，對其他國家亦沒有益處。他冀中美兩國繼續有建設性的對話，盡快達成協議。劉怡翔提到，雖然沒有水晶球去預料未來，但希望各國可以維持多邊貿易主義; 本港有良好的貿易系統去支持其他發展中的國家。

他又指出，本港推廣綠色金融及可持續發展，政府早前發佈首批為期 5 年的綠色債券 ，發行規模達 10 億美元，並超額認購 3 倍。

港交所(00388)行政總裁李小加出席同一活動上表示，去年實行上市新規，至今已有良好的進展(huge progress)，又指期待中國的孩子(即中國的公司)最終也會「回家」，即使他們選擇在其他地方上市，亦可透過互聯互通機制讓國際投資者參與。

RTHK - 劉怡翔：希望中美能開展建設性對話　盡快達成共識
30 May 2019
https://news.rthk.hk/rthk/ch/component/k2/1460060-20190530.htm

財經事務及庫務局局長劉怡翔表示，中美貿易戰對所有國家均有影響，希望雙方能開展建設性對話，盡快達成共識。他又指，各國需維持多邊貿易主義，而非貿易保護主義。

劉怡翔出席中國私募投資高峰會致辭時表示，中國是全球第二大經濟體，去年增長 6.6%，較大部分經濟體發展較快。

他又指，香港成功發售 10 億美元，為期 5 年的綠色債券，並將會持續推動綠色金融及可持續發展。他表示，政府將積極推動創新科技，已投放資金當中亦會發展醫療保健。

出席同一場合的港交所行政總裁李小加提及中美貿易戰時，認為「解鈴還需繫鈴人」，雙方仍需時間談判。

Metro Radio - 劉怡翔冀中美雙方續談判達成貿易協議

30 May 2019

http://www.metroradio.com.hk/News/default.aspx?NewsId=20190530103327

財經事務及庫務局局長劉怡翔表示, 民族主義興起, 多邊貿易主義轉向為單邊貿易主義, 中美貿易戰就是其中一例, 但他希望各國能夠繼續保持多邊貿易主義.

劉怡翔出席中國私募投資高峰會致辭時指, 無人能夠在貿易戰得益, 國際貨幣基金組織估計, 貿易戰短期內會拖低全球經濟增長 0.3 個百分點, 希望中美雙方能夠繼續談判, 達成協議.

他又指, 港府近年積極發展創新科技, 當中醫療保健服務潛力很大, 香港於藥物研發亦有優勢

劉怡翔表示, 中國是全球最大可再生能源投資經濟體, 香港扮演區域性綠色金融平台角色尤其重要, 政府亦已經發行首批十億美元的五年期綠色債券, 認購反應很好

Metro Radio - 李小加料中美貿易摩擦仍會維持一段時間
30 May 2019
http://www.metroradio.com.hk/news/default.aspx?NewsId=20190530105345

港交所(00388)行政總裁李小加表示, 中美貿易摩擦仍然會維持一段時間, 並指「解鈴還需繫鈴人」,兩國需要繼續就金錢、貿易行為和其他因素三方面談判,了解雙方需求, 達至協議.

李小加在出席中國私募投資高峰會致辭時表示, 中國能輕易解決金錢問題, 內地亦可以慢慢改變貿易上的「壞習慣」, 不過, 如果美國想干涉甚至監管中國其他事務, 就認為是無必要, 並指這些跟美國沒有關係.

他又指, 貿易戰可能使企業對業務發展產生幾個考慮, 究竟留於中國、香港還是到美國發展, 但他強調, 中國經濟發展潛力大, 香港亦有面向中國市場的優勢, 又以「家」比喻香港, 港交所隨時歡迎曾到外國發展的企業回港發展.

Securities Daily - 2019 年中国私募投资高峰会圆满闭幕

3 June 2019
http://www.zqrb.cn/huiyihuodong/2019-06-03/A1559558014164.html

日前在中国香港，由香港创业及私募投资协会（以下简称“HKVCA”）主办的 2019 年中国私募投资高峰会圆满闭幕。

据了解，此次中国私募投资高峰会会议主题紧贴经济转型、新政策以及新机遇和新增长。会上，众多业界翘楚就中国新规范下的私募股权投资、中美关系对私募创投领域的影响以及人民币基金如何推动大湾区的发展等话题展开讨论。此外，活动议题还涉及教育投资、医疗投资、金融科技投资以及电动汽车、自动驾驶和人工智能等转型领域。

HKVCA 会长曾光宇先生评论道：“中国私募投资高峰会是区内业界认可度高且参与最广的盛会，汇聚业界翘楚及领先行业专家探讨中国私募股权界最新发展及趋势。当前中国国内生产总值增长有所放缓，‘新经济’领域在过去几年中实现了大幅增长。中国市场的活力及其不断扩大的规模吸引了众多市场投资者。作为区域内最大的行业协会之一，我们将继续致力于与协会会员一同开拓思维及实施战略从而在新的机遇中获取价值。”

Southern Metropolis Daily - 除了过会率和交易量，港深投资人士还关注科创板的这个方面

31 May 2019

https://m.mp.oeeee.com/a/BAAFRD000020190531166486.html?&layer=2&share=chat&isndappinstalled=0

南都·深圳大件事讯 记者黄玮 5 月 30 日，2019 年中国私募投资高峰会在香港会议展览中心举行。出席本次论坛的嘉宾包括香港特别行政区财经事务及库务局局长刘怡翔、香港交易及结算所有限公司集团行政总裁李小加、以及太盟投资集团主席兼首席执行官单伟建。

记者在现场了解到，本次峰会由香港创业及私募投资协会(HKVCA)主办，近 700 名风险投资及私募投资高管及业界专业人士出席本次活动。业界嘉宾基于中国经济升级转型所面临的新机遇，就中国新规范下的私募股权投资、人民币基金如何推动大湾区的发展等话题展开讨论。另外，议题还涉及教育投资、医疗投资、金融科技投资等转型领域。

值得关注的是，科创板也成为本次高峰会的热门话题。不少业内人士表示，科创板的设立无疑有利于国家和国内资本市场的长期发展，也是一个良好的投资机遇，但在吸引新兴企业的同时仍要关注对其的监管问题，这样才能保证科创板企业的高质量。

招商局资本基金部总经理石晓辉认为，科创板所处的制度环境、市场环境要比之前新三板设立的时候好了很多。他指出，业界目前比较关心以下几个方面：一是现在科创板受理了 100 多家公司，其过会率将会是多少？其次就是上市以后的交易量会是什么情况，退出机制是何。还有一个很重要的方面便是监管问题。

深圳市创新投资集团副总裁蒋玉才表示，科创板的设立有利于国内资本市场的完善，盈利门槛的降低也是十分必要的调整，但其中需要注意的是如何能在降低门槛的同时，加强对企业的监管，让上市公司的老板对市场有充分的敬畏心，对二级市场的投资者不再造假，不出逃资金，规范地发展业务则十分重要。

对此，香港创业及私募投资协会会长曾光宇表示，这也事关于监管机构是否愿意投入资源配备专业人才，参与到科创板企业的审批当中，同时这也对保荐人资质有所要求，保荐人应该要有相关领域的经验。此外，惩罚制度要相对严格才能有警示作用。久而久之，保荐企业的质量才会高。

编辑：陈欣

Wen Wei Po - 李小加：可 3 層面破貿戰困局
31 May 2019
http://paper.wenweipo.com/2019/05/31/FI1905310006.htm

香港文匯報訊 (記者 周紹基) 中美貿易戰陷入僵局，雙方互相出動反制措施，市場預估兩國緊張關係仍會持續一段時間。港交所(0388)行政總裁李小加昨日出席論壇時認為，「解鈴還需繫鈴人」，要解決貿易戰，必須了解雙方需要，認為中國可從金錢、行為和教育，以及國家信念這三大層面思考，如何去解決貿易戰困局。

李小加昨出席香港創業及私募投資協會（HKVCA）舉辦的中國私募投資高峰會時認為，若金錢能解決兩國的摩擦，對中國來說並不困難，最大的困難反而是中國可能要慢慢改變一些貿易上的「壞習慣」。改變壞習慣不但有利於他人，更可有利自己。至於教育及國家信念層面問題，李小加認為，這是中國自身的事，不需要任何人提出意見。如果美國想干涉甚至監管中國事務，那是無必要的，這些亦與美國無關係。

生科領域發展 中美並非敵人

李小加又指，貿易戰可能使企業對業務發展產生很多考慮，包括業務繼續留在中國內地、香港，還是到美國或其他地方發展。但他強調，中國經濟發展潛力大，香港亦有面向中國市場的優勢。現時中美貿易關係緊張，中美正在全球化與保護主義中競爭着，但李小加認為，在生物科技領域上，中美並非敵人，因為生物科學的敵人只有一個，就是疾病。

出席同一場合的財庫局局長劉怡翔表示，中美貿易戰對所有國家均有影響，希望雙方能開展建設性對話，盡快達成共識。他又指，各國需維持多邊貿易主義，而非貿易保護主義。他又表示，中國是全球第二大經濟體，去年增長 6.6%，較大部分經濟體發展較快。

創投協會：內地市場具活力

香港創業及私募投資協會會長曾光宇表示，當前中國國內生產總值增長有所放緩，「新經濟」領域在過去幾年中實現大幅增長。中國市場的活力及其不斷擴大的規模吸引了眾多市場投資者。作為區域內最大的行業協會之一，該會將繼續致力於與協會會員一同開拓思維及實施戰略從而在新的機遇中提升價值。

李小加：可3層面破貿戰困局

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創投協會：內地市場具活力

香港創業及私募投資協會會長曾光宇表示，當前中國國內生產總值增長有所放緩，「新經濟」領域在過去幾年中實現大幅增長。中國市場的活力及其不斷擴大的規模吸引了眾多市場投資者。作為區域內最大的行業協會之一，該會將繼續致力於與協會會員一同開拓思維及實施戰略從而在新的機遇中提升價值。

■李小加認為，中國可從金錢、行為和教育，以及國家信念這三大層面思考，如何去解決貿易戰困局。
資料圖片