HKVCA 13th China Private Equity Summit & 1st Hong Kong Venture Capital Forum

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Media	Hong Kong Government News	**Date**	13 June 2014
Page	n/a	**Reporter**	n/a
Headline	Speech by SFST at Hong Kong Venture Capital and Private Equity Association China Private Equity Summit 2014		
Synopsis (For Chinese articles)			
Link	http://www.info.gov.hk/gia/general/201406/13/P201406130371.htm		

Following is the speech by the Secretary for Financial Services and the Treasury, Professor K C Chan, at the Hong Kong Venture Capital and Private Equity Association China Private Equity Summit 2014 today (June 13):

Conrad (Tsang), distinguished guests, ladies and gentlemen,

Good morning. I am very pleased to join you all today at the China Private Equity Summit 2014. I congratulate the Hong Kong Venture Capital and Private Equity Association on organising this event which brings leading practitioners together to share ideas and learn more about the latest trends in the industry. A warm welcome to you all, and especially to our friends from Mainland China and overseas.

Although Hong Kong is a relatively small city, our stock market is the sixth largest in the world and the second largest in Asia with a market cap of over US$3 trillion at end-May. Last year, Hong Kong ranked second in the world in terms of funds raised through initial public offering (IPO). We have been in the top five on the IPO league table for each of the past 12 years. Today, Hong Kong is one of the largest and most active equity markets in the world. The current scale of our market has roots dating back to the first listing of a Mainland China company, or H-share, more than 20 years ago. Tsingtao Brewery was the first Mainland firm to list on the Hong Kong stock market back in July 1993, and the company is still going strong. Today, 822 Mainland enterprises are listed in Hong Kong, accounting for more than 56 per cent of total market cap. The reform and opening of Mainland China has supported the growth of our financial market. At the same time, Mainland enterprises are able to tap into international sources of capital while also adopting our global corporate governance standards.

The development of the offshore Renminbi (RMB) market in the past decade has also highlighted Hong Kong's value to our country as an international financial centre with a robust regulatory environment and free flows of capital, information and talent. These qualities have made our city the ideal testing ground for the country's financial reforms and currency liberalisation. The offshore RMB market was born here in Hong Kong 10 years ago when traditional banking services were offered, for the first time, to local residents. In 2007, the first ever offshore RMB bonds, dubbed "dim sum" bonds, were issued here. This was followed by the cross-border RMB trade settlement scheme introduced in 2009 and the RMB Qualified Foreign Institutional Investor (RQFII) scheme in 2011. In the process, Hong Kong has served as a testing laboratory for new financial initiatives, allowing the Central Government in Beijing to gradually open up markets in a risk-controlled manner and at low regulatory costs.

At the end of April 2014 the aggregate amount of deposits and certificates of deposit in Hong Kong reached RMB1.17 trillion, forming the largest pool of offshore RMB liquidity in the world. A total of 414 offshore "dim sum" bonds have been issued so far, with an accumulative amount raised reaching RMB530 billion between 2007 and April this year. Even more impressive has been the growth of RMB-denominated trades settled by banks in Hong Kong. Increasing by 46 per cent year-on-year, the total value of such trades reached RMB3.8 trillion last year. According to SWIFT (the Society for Worldwide Interbank Financial Telecommunication), the RMB overtook the Swiss Franc as the world's seventh payment currency early this year, with Hong Kong handling 72 per cent of the activity in April 2014.

Many of the initiatives that were first launched in Hong Kong have since been expanded and exported to other financial centres around the world. For example, RMB clearing banks were appointed in Taipei and Singapore last year. This was followed by the expansion of the RQFII scheme to London and Singapore last October, after the scheme had been running smoothly in Hong Kong for about two years.

The Shanghai-Hong Kong Stock Connect pilot programme, announced in April, is the latest example of Hong Kong's role as a facilitator for our country's financial reforms in a risk-controlled manner. The pilot programme will, for the first time, enable investors in Hong Kong and Shanghai to trade eligible shares listed on each other's stock market. It will strengthen the strategic co-operation and interaction between the Hong Kong and the Mainland markets, catalyse the two-way RMB fund flows between the onshore and offshore markets, and further increase the liquidity of the offshore RMB market in Hong Kong. It is also expected to diversify the Shanghai stock market investor portfolio which is currently dominated by individual investors. More Mainland investors will also be attracted to Hong Kong's stock market, where they will have easy access to investment opportunities in companies from around the world. This, in turn, will attract more foreign companies to list in Hong Kong. We look forward to the launch of the Shanghai-Hong Kong Stock Connect pilot programme within this year.

The same principle of using Hong Kong as a highly efficient and low-risk financial gateway to Mainland China also applies to the asset management industry. After more than three decades of reform and development, Mainland China is no longer just the world's factory and an investment destination for foreign capital: it has also become an important source of capital. As more wealth is generated in Mainland China, Chinese investors are keen to invest their funds overseas. With a strong record in policy innovation and market development, Hong Kong is ideally positioned to facilitate the flow of capital from the Mainland in a controlled manner, acting as the asset management centre for outbound capital from the Mainland.

Hong Kong's asset management industry is rising to meet the challenge. The combined fund management business in Hong Kong reached a record high of HK$12.6 trillion (about US$1.6 trillion) in 2012. That is according to the annual Fund Management Activities Survey 2012 published by the Securities and Futures Commission. This represents year-on-year growth of almost 40 per cent. Hong Kong is already home to the largest concentration of Chinese securities and fund management houses outside Mainland China, serving as a base for them to "go global".

As a key component of our asset management industry, the private equity industry is also growing rapidly. As at September 2013, the total capital under management in our private equity funds reached US$94 billion, representing one-fifth of Asia's total. A total of US$9 billion of private equity funds was raised during the first three quarters of 2013, accounting for almost 30 per cent of the regional total. Hong Kong also accommodates most of Asia's top venture capital firms, which are experienced in supporting every funding stage ranging from start-up to IPOs. We also serve as a platform for regional headquarters to a number of private equity firms that invest heavily in Mainland China as well as Japan and Korea.

Hong Kong is the major source of foreign direct investment in Mainland China, accounting for 59 per cent of total inflow of realised foreign direct investment during 2012. The liberalisation of the use of RMB for direct investment has paved the way for Hong Kong to become the largest offshore RMB funding centre for companies to raise capital to finance their Mainland China operations.

To facilitate further growth of the asset management industry, the Hong Kong Government will continue to provide a clear and competitive tax environment and a competitive legal and regulatory framework. A three-month public consultation was launched in March on our plan to introduce a new open-ended fund company (OFC) structure as an alternative to the existing unit trust structure. The open-ended investment company is popular in the international fund management industry as a vehicle for setting up investment funds. The OFC legislation will help Hong Kong develop into a comprehensive asset management centre, offering services covering the registration, manufacturing, investment and the sales and marketing of investment funds. I appeal to all of you to submit your views to us before the public consultation period ends next Thursday.

We are also working on the legislative proposal to extend the profits tax exemption for offshore funds to also cover private equity funds. The proposed exemption will cover transactions in private companies which are incorporated or registered outside Hong Kong and do not hold any Hong Kong properties nor carry out any business in Hong Kong. The new measure will provide an incentive for private equity funds to further expand their business in Hong Kong.

The exchange traded funds (ETFs) market is another focus of our efforts. We extended the stamp duty concession in 2010 to cover ETFs that track indices comprising not more than 40 per cent of Hong Kong stocks. The number of ETFs listed in Hong Kong has since risen from 69 at end-2010 to 116 at the end of last year. To further promote the growth of the market, we are planning to waive the stamp duty for the trading of all ETFs as a means to lower the transaction costs. Our goal is to introduce the legislative amendments into the Legislative Council in the next legislative session.

Finally, we are working closely with the Mainland authorities on the mutual recognition and cross-border offering of funds arrangement between Hong Kong and Mainland China. Consensus has been reached between our Securities and Futures Commission and relevant Mainland authorities on the arrangement, pending formal approval from the State Council. Once implemented, this arrangement will further promote the diversification of fund products available to investors in both the Mainland of China and Hong Kong.

I am confident that opportunities for the asset management industry in Hong Kong will continue to emerge, especially those opportunities related to our financial connectivity with markets in the Mainland of China.

I congratulate the Hong Kong Venture Capital and Private Equity Association on its work in supporting the growth of the industry and wish this 13th China Private Equity Summit a great success.

Thank you and have a great day.

Media	Forbes	Date	13 June 2014
Page	n/a	Reporter	Nina Xiang
Headline	China's FountainVest Aims For More Buyout Deals		
Synopsis (For Chinese articles)	This article noted that FountainVest Partners are exploring various kind of buyout potentials in China, as a result of reduced opportunities in the growth capital space. It mentioned the three buyout or take-control deals by FountainVest.		
Link	http://www.forbes.com/sites/ninaxiang/2014/06/13/chinas-fountainvest-aims-for-more-buyout-deals/		

An ancient Chinese sage claims: One will start thinking about changes when one is in extreme difficulty.

It still holds true for today's Chinese private equity players.

"We are exploring various kind of buyout potentials in China, as a result of reduced opportunities in the growth capital space," says Terry Hu, co-founder of US$2.3 billion-under-management FountainVest Partners, at the Hong Kong Venture Capital and Private Equity Association (HKVCA) 13th China Private Equity Summit held in Hong Kong today.

Chinese private equity has endured some tough times lately. The 14-month closure of the Chinese IPO market clogged the exit channels for many funds to realize returns for limited partners (LPs). As a result, fundraising and performance have suffered.

Many private equity managers are therefore seeking a unique edge, either by specializing in certain industry sectors or differentiating themselves on strategy, such as pursuing more sophisticated buyout deals away from the mainstay of minority growth capital transactions.

To be sure, these buyout deals are not the traditional leveraged buyouts in the U.S. where financial engineering is in large part driving returns. When you say "buyout" in China, they are practically all privatization deals, where management and a group of financial investors acquire overseas-listed Chinese companies, which are believed to be undervalued.

FountainVest, based in Hong Kong and headed by Frank Tang, formerly Temasek Holding's head of China investments, has so far announced or completed three buyout or take-control deals.

One is the management take-private deal of NASDAQ-listed Focus Media last year. FountainVest participated in the deal, along with fellow Chinese investors CITIC Capital China Partners, China Everbright Structure Investment Holdings, and Fosun International Ltd. That deal valued the Chinese advertising company at US$3.7 billion.

In April, FountainVest joined an investor consortium including Primavera Capital and Perfect World Co. Ltd. to take NASDAQ-listed Chinese online game developer Shanda Games Ltd. private. The privatization deal values Shanda Games at approximately US$1.9 billion.

Another is Michigan-based U.S. automobile airbags and seat belt maker Key Safety Systems. In a secondary transaction, FoutainVest is in the process of acquiring the company for around US$800 million from its current owner, New York-based buyout firm Crestview Partners.

"It's not because we decided that we are not going to invest in growth opportunities," says Hu. "This is a natural result from expressed desires from various businesses to exit."

It's hard to predict if this approach will work, as Hu himself readily admits, "We have been working on this for several years, but it's difficult." Nevertheless, it's never a bad idea to journey on a road less traveled.

Media	China Money Network	Date	13 June 2014
Page	n/a	Reporter	Nina Xiang
Headline	China's FountainVest Aims For More Buyout Deals 方源资本：中国私募并购先锋		
Synopsis (For Chinese articles)	This article is the Chinese version of Forbes' article "China's FountainVest Aims For More Buyout Deals"		
Link	http://www.zhongguojinrongtouziwang.com/2014/06/14/6649/		

古语有云：穷则思变。这同样适用于当今的中国私募股权投资者。

"由于成长资本领域的投资机会减少，我们正在探索中国的各类并购交易（buyout）的机遇，"旗下管理 23 亿美元的方源资本共同创始人胡勇敏在本周香港举行的香港风险资本和私募股权投资行业协会（HKVCA）第 13 届中国私募股权投资峰会上表示。

中国私募股权行业这两年经历了一段前所未有的艰难时期。中国 IPO 市场从 2012 年 10 月起关闭了 14 个月，至今仍然属于不明朗的半开放状态，阻碍了很多私募基金的有限合伙人（LP）获取资金回流的渠道，而普通合伙人（GP）的募资和业绩也因此承压。

在这种情况下，许多私募基金经理都在另辟蹊径，试图寻找独特的优势，包括专注于某些特定行业，或是从战略上脱颖而出，比如抛开中国市场主流的增长型资本交易而追求更复杂的并购交易。

可以肯定的是，这些并购交易不属于美国传统的杠杆收购，其回报很大程度上通过金融工程(financial engineering)而获得。当你在中国说"并购"（buyout)，指的几乎都是私有化交易，即管理层和投资者财团联手收购他们认为价值被低估的海外上市中国企业。

以香港为总部的方源资本至今已宣布或完成三笔并购或控股交易。方源资本由原淡马锡中国投资负责人唐葵领导。

其中之一是去年对纳斯达克上市的分众传媒的管理层私有化交易。方源资本与其他中国投资者，包括中信直投、中国光大结构性投资控股公司和复星国际有限公司等参与了该项交易。交易对分众的估值达到 37 亿美元。

今年 4 月，方源加入一个包括春华资本和完美时空在内的投资财团，对纳斯达克上市的中国网络游戏开发商盛大游戏有限公司进行了私有化收购。该私有化交易对盛大游戏的估值约为 19 亿美元。

另一笔交易是总部位于密歇根州的美国汽车安全气囊和安全带制造商 Key Safety Systems。在这笔二次交易中，方源资本据报道将以约 8 亿美元的价格从 Key Safety Systems 的现持有人，总部位于纽约的并购私募股权公司 Crestview Partners，手中收购该公司。

"这不是因为我们决定不投资于增长型机会，而是因为我们接收到了各方希望从其公司退出的意愿的一个自然结果，" 胡勇敏表示。

现在很难预测这种方法是否将带来成功，胡勇敏本人也坦率的承认，其公司在这方面的工作已经开展了好几年，但一切都不容易。

然而，有时候避开拥堵的路径本身可能就是一种优势。

Media	Private Equity International	Date	13 June 2014
Page	n/a	Reporter	James Taylor
Headline	GPs: Hiring talent a growing issue in China		
Synopsis (For Chinese articles)	This article noted that GPs find the importance of getting good management teams in China, yet there is a short supply of top-class talent. They also note that China's slowdown had made it much more difficult for companies to grow, which meant a greater focus was needed on improving revenues and boosting market share.		
Link	https://www.privateequityinternational.com/News_And_Analysis/2014/June/News/GPs__Hiring_talent_a_growing_issue_in_China/		

"Finding good management teams in China is increasingly important, but increasingly difficult, GPs suggest.

The current environment in China is placing an ever greater premium on top-class management teams – but this kind of talent is in short supply, local GPs suggested at an industry conference in Hong Kong today.

Speaking at the HKVCA's 13th China Private Equity Summit, the panel of practitioners argued that China's slowdown had made it much more difficult for companies to grow, which meant a greater focus was needed on improving revenues and boosting market share.

In addition, the increasing prevalence of cross-border plays – whereby GPs help Chinese companies increase sales outside their domestic market, either through acquisitions or exports – was also placing a greater value on good management.

Equally, the rise in buyout transactions – where a GP might need to bring in an entirely new management team – is also driving this issue up the agenda, they suggested.

"There's a shortage of talent that knows international best practice but also understands how to run the local business," said Terry Hu, co-founder and managing director at FountainVest Partners. The best manager of a company was usually the founding entrepreneur, he said – which made life difficult for a GP if they left the company on acquisition.

William Shen, senior partner and head of Greater China at Headland Capital Partners, agreed that the "challenges were overwhelming" if a GP tried to install a new management team as part of a buyout.

"I think we take for granted [in developed markets] the depth of the bench of management," said Paul Yang, chairman and co-founder of CDIB Capital International Corporation. "And good management is 90 percent of the answer."

Media	Hong Kong Daily News	Date	13 June 2014
Page	n/a	Reporter	叶考欣
Headline	Anthony Leung Supports the Dual-class Share Structures 梁锦松撑同股不同权		
Synopsis (For Chinese articles)	This article noted that Anthony Leung shows disappointment for Alibaba choosing to list in the US rather than HK. Anthony stressed that HK is a place filled with creativity and technology is a growing sector.		
Link	http://www.hkdailynews.com.hk/NewsDetail/index/386127		

南丰集团行政总裁梁锦松昨日在一个午餐会上表示，对阿里巴巴弃港赴美上市的决定感到失望，认为香港政府应容许「同股不同权」的股权制度，令本港市场更创新。

去年阿里巴巴原本计划在香港上市，但一直纠结于条例上的问题。阿里巴巴希望香港监管机构批准其以「合伙人」制度上市，容许只持有 10-13%股份的创办人马云及其管理团队继续拥有控制集团的权限，惟这与本港「同股同权」的监管条例具有冲突，最终香港证监会拒绝其申请，导致阿里在港上市的计划胎死腹中。

财经事务及库务局局长陈家强 3 月曾回应阿里巴巴上市失败的事件时指，尊重集团弃港上市的决定，当时亦指「同股同权」的制度在香港已获广泛接受，是一个平衡管理阶层和股东权益之间最好的机制，但不排除制度有调整地方。

新科技令就业恶化

梁锦松对阿里巴巴最终赴美上市的决定感到失望，认为对阿里巴巴而言，香港是个有创意，而且资讯发达的地方。

他又指，现在不少公司希望以同股不同权的形式来港上市，例如阿里巴巴，故呼吁香港容纳相关的企业，又谓只要有足够的披露，相信能保障股东利益，认为香港可以容纳以合伙人制度上市的形式。

他认为，政府要对离岸赚钱的公司有税务豁免，才可以发展成区内的资产管理中心。他指，新科技的出现，令到全球的就业数目缩减，在 50 年后职位或递减 20 亿个，即现时的一半，认为香港应推广创意及企业家精神，除成立创新及科技局，亦应从教育着手。

互联网基金规模万亿

另外，中国证券投资基金业协会数据显示，中国互联网基金产品截至首季尾已超过 30 只，资产规模总额有 1 万亿人民币。阿里巴巴支付宝与天弘基金合作去年 6 月推出的余额宝，在不足一年时间，其货币基金已超过 5,000 亿元人民币，成为国内最大的基金。

昨日举行的创业及私募基金投资高峰会，公布了现时基金发展概况。创业及私募基金主要集中于投资电讯、媒体及科技方面，占 92%与 31%。过去 3 年的投资额介乎 12 至 18 亿，但今年因有淡马锡对屈臣氏的投资 57 亿而被大幅拉高。

Media	Hexun	**Date**	13 June 2014
Page	n/a	**Reporter**	段婷
Headline	Denis Tse, Lockheed Martin Investment. Management: Hong Kong Venture Capital Cases are Expected to Increase in 2014 洛克希德马汀谢迪洋：预计 2014 年香港创投宗数将显著提高		
Synopsis (For Chinese articles)	This article quoted Denis Tse, who noted that venture capital investment will increase in 2014 and will focus in TMT sector. As Hong Kong has advantage in regional and structural advantage, it is easier for Mainland China private equity firms to carry out offshore investment.		
Link	http://pe.hexun.com/2014-06-13/165683266.html		

在第十三届投资高峰会及第一届香港风险投资论坛上，洛克希德马汀投资管理有限公司亚洲私募投资总监谢迪洋表示，创业投资（Venture Capital Investment）虽然宗数仍然偏低，但从 2009 年开始在香港的宗数呈明显上升趋势，且投资倾向集中于电信、媒体及科技行业，按年度数字显示，预计 2014 年将会显著高于过往数年。香港私募投资（Private Equity Investment）方面，过去三年的投资额介乎 12 至 18 亿美元之间，但 2014 年的投资总额因淡马锡对屈臣氏的 57 亿美元投资而被大幅拉高。

谢迪洋指出，之所以对香港创业及私募未来发展持正面乐观态度，是因为香港具有区域性投资优势及结构性优势，方便中国内地私募在海外离岸融资；同时，创业及私募社团发展越来越具规模，香港政府与相关技术性委员会也在研究更有效的监管离岸事务的方法，包括税务等方面；另外，开放式创业数据库“创页”有助于缩小信息差距，提高香港创业投资市场的信息流动，降低搜寻成本。

谢迪洋认为，创业及私募基金可以投资经济实体，活化香港经济，主要包括：在香港建立新兴竞争力产业，引领香港成为企业策略运筹中心，协助企业承传，伙拍本地创业家合作成长，支持既有专业管理团队达成创业家梦想，满足大型企业策略配置。

谢迪洋提到的相关数据来自香港创业及私募投资协会于 2012 年发表名为“创业、私募基金与香港创业型企业”的研究报告，报告全文将于 2014 年年底在香港创业及私募投资协会的研究期刊创刊号发布。

Media	Hong Kong Commercial Daily	Date	14 June 2014
Page	n/a	Reporter	n/a
Headline	Hong Kong Private Equity Fund Size of 733.2 Billion Yuan 港私募基金规模 7332 亿元		
Synopsis (For Chinese articles)	This article noted that private equity fund size is up to 733.2 Billion Yuan. According to Hong Kong Venture Capital and Private Equity Association, a survey has found that there are 8 venture investment cases so far.		
Link	http://www.hkcd.com.hk/content/2014-06/14/content_3349462.htm		

财经事务及库务局局长陈家强昨表示，截至去年 9 月底止，香港私募基金规模达到 940 亿美元(约 7332 亿港元)，上述资金于去年首三季的集资额则达到 90 亿美元(约 702 亿港元)，占区内整体集资额的 30%。

另外，香港创业及私募投资协会调查显示，由年初至今，合共录得 8 宗香港创业投资，预期全年创业投资宗数将可打破过去 5 年介乎 7 至 11 宗的纪录。

Media	China News Service	**Date**	14 June 2014
Page	n/a	**Reporter**	李启玮
Headline	The China Private Equity Summit host in Hong Kong, Hong Kong Private Equity Fund Grows Rapidly 中国私募投资峰会在港举行 业界指香港私募基金发展迅速		
Synopsis (For Chinese articles)	This article noted that the rapid growth in private equity fund in Hong Kong can help China to attract foreign investment, and private equity industry will benefit from China's economic development. It noted that this summit has attracted more than 450 venture and private equity investors to discuss the latest trends in Hong Kong and mainland China's private equity market.		
Link	http://www.chinanews.com/ga/2014/06-13/6279661.shtml This is reposted by xinmin.cn: http://biz.xinmin.cn/2014/06/13/24534163.html eastday.com: http://news.eastday.com/eastday/13news/auto/news/society/u7ai1763369_K4.html cqnews: http://news.cqnews.net/html/2014-06/13/content_31047702.htm sina news: http://news.sina.com.cn/o/2014-06-13/204430356623.shtml haiwainet.cn: http://hk.haiwainet.cn/n/2014/0613/c456164-20740045.html takungpao: http://zy.takungpao.com/2014/0614/133977.html htv88.hk: http://www.htv88.hk/hknews/2014/061530722.html		

第 13 届中国私募投资高峰会暨第 1 届香港创业投资论坛 13 日在香港举行。港府官员和业界人士认为香港的私募基金发展迅速，为中国内地吸引海外投资，私募基金业将得益于中国经济的发展。

香港特区政府财经事务及库务局局长陈家强表示，香港财富管理业资产每年均有两位数增长规模，而作为关键成份的私募基金近年增长迅速，私募基金总额截至去年 9 月达 940 亿美元，已占亚洲地区总额的五分之一。

香港作为国际金融中心和吸引海外到内地投资的主要来源地，长期为众多向中国内地投资的私募基金公司提供多方面服务。陈家强指出，香港将继续受惠于内地资本帐开放和人民币国际化进程。

他表示，港府正在研究全面豁免交易所买卖基金(ETF)的印花税，以及让离岸基金税务豁免的优惠包括私募基金，相信可吸引更多海外投资者投资内地市场。

业界人士强调，私募基金对于香港经济的发展起到了积极的促进作用。香港创业及私募投资协会研究委员会主席谢迪洋表示，私募基金有利于香港建立新兴竞争力产业，引领香港成为企业策略运筹中心，协助企业传承成功战略，帮助创业者合作成长。

谢迪洋指出，受惠于香港和内地私募市场之间的相对价值套利，香港在过去 3 年内的私人投资公开股票市场交易非常频繁，私募基金规模平均在 12 至 18 亿美元之间。

此次峰会共吸引超过来自中国内地、香港和海外的 450 名创业和私募基金投资从业者，聚焦讨论香港和中国内地私募投资市场发展的最新情况及趋势、人民币基金等。

Media	Ta Kung Pao	Date	14 June 2014
Page	n/a	Reporter	n/a
Headline	K C Chan: Double-digit Growth in Local Funds 陈家强：本地基金双位增长		
Synopsis (For Chinese articles)	This article mentioned K C Chan’s speech during the 13th China Private Equity Summit. He noted that private equity in Hong Kong is growing at double digit. He noted that the economic development in the last two decades has opened much opportunities for Hong Kong financial industry, and the future growth in economy remains strong.		
Link	http://news.takungpao.com/paper/q/2014/0614/2537366.html		

财经事务及库务局局长陈家强昨于第十三届中国私募投资高峰会致辞时表示，本港发展基金市场基础良好，目前约 63%的私募基金都属于海外投资者所有，而本地财富管理业的资产规模，近年亦有双位数字增长，截至去年 9 月底，本港私募基金规模更达 940 亿美元，他们于去年首三季共集资 90 亿美元，占区内集资总额的 30%。

陈家强表示，香港除了为国际投资者投资中国内地创造条件外，随着内地财富增加，资本帐开放，香港亦成为内地资金走向国际的重要平台，香港政府将继续创造合适的营商环境予所有市场参与者，亦相信本港资产管理行业可以从中受惠。财库局早前亦就引入以公司形式成立开放基金进行公众谘询，期望可吸引更多基金以香港为注册地，巩固香港金融中心地位，及创造更多相关工作机会。

另外，陈家强表示，本港人民币存款已达 1 万亿元，香港继续为全球最大的人民币离岸资金池，并致力协助人民币国际化，为国家经济改革开放作出重要贡献。陈家强称，以香港的国际地位、多年来在国际上信誉，未来可成为继续推动人民币国际化的重要动力，并帮助国家与国际银行系统接轨。而人民币要走向国际，亦必须透过香港这个中介。

陈家强亦指出，国家过去二十年的经济开放，带动香港金融业发展，未来经济增长将仍然强劲，相信会继续为香港带来更多商机。而中资企业持续来港上市，亦透过香港，逐步与国际习惯看齐，并将与国际投资者沟通的经验带回国，香港对内地与国际接轨的作用功不可没。

逾 200 券商有意参与沪股通

港交所股本证券与定息产品及货币业务联席主管陈秉强，昨出席第十三届中国私募投资高峰会后表示，港交所早前向本港约 500 多个券商查询参与沪股通的意向，至 5 月底，有超过 200 间券商表示有兴趣，其中超过 70 间为 C 组经纪，情况令人鼓舞，但实际首批参与券商数目，需待 6 月底要求券商正式提交沪股通申请表时方能清楚。

Media	FinTV (TV Broadcast)	Date	14 June 2014
Page	n/a	Reporter	黃合秀
Headline	HKVCA: Market to Determine if there are too many TMT Start-ups HKVCA: TMT 初創企業是否氾濫須由市場判斷		
Synopsis (For Chinese articles)	This article quoted that Denis Tse, Chairman of the research committee of the Hong Kong Venture Capital and Private Equity Association noted that private equity in China is facing an oversupply, urging a higher price for start-ups.		
Link	http://www.fintv.hk/Zhtw/116/4261/296987		

Media	Hkfe.hk	**Date**	13 June 2014
Page	n/a	**Reporter**	n/a
Headline	Private Equity Fund Plays a Positive Role in Hong Kong's Economy 私募基金对於香港经济的发展起到了积极的促进作用		
Synopsis (For Chinese articles)	This article noted that Denis Tse, chairman of the research committee of the Hong Kong Venture Capital and Private Equity Association stressed private equity is good for Hong Kong to establish new competitive advantage, and lead Hong Kong to become corporate strategy logistic centre.		
Link	http://www.hkfe.hk/news/data/2014-6-15/80263.html		

香港创业及私募投资协会研究委员会主席谢迪洋表示，私募基金有利於香港建立新兴竞爭力產业，引领香港成为企业策略运筹中心，协助企业传承成功战略，帮助创业者合作成长。

Media	FinanceAsia	Date	16 June 2014
Page	n/a	Reporter	Jing Song
Headline	Chinese buyers must revamp overseas deal approach		
Synopsis (For Chinese articles)			
Link	http://www.iflr.com/Article/3352761/China-private-equity-needs-new-strategies.html		

Investment experts suggest Chinese companies and private equity investors need to work on image building but also be more aggressive.

Chinese companies and private equity investors need to swap their conservative investment style for a more active approach when they invest overseas, according to a panel at the China Private Equity Summit in Hong Kong.

The panel, which discussed challenges facing Chinese buyers when making overseas investments, included private equity managers, M&A advisors as well as investment managers working with Chinese investors.

Their view differs from the general impression of China's outbound investments, which have been developing rapidly.

On average, 200 large outbound M&A deals worth of more than $50 billion from China are made each year during the past three years, according to data provided by Morgan Stanley.

However, Chinese buyers should be more active in seeking opportunities, work more on image-building and pay more for deals, according to foreign PE managers at Friday's summit.

Despite the size of its economy, China is still a relatively small player in overseas investments.

Last year, US companies spent $390 billion overseas and European investors $560 billion, respectively, while China overseas investments amounted to $90 billion, according to André Loesekrug-Pietri, founder and managing partner with A Capital, a European mid-cap growth fund focused on Euro-Asia PE transactions.

"It's still early days [for Chinese investors to conduct outbound purchases]," said Loesekrug-Pietri, suggesting that Chinese outbound investments could be a much bigger market than it is.

Also, analysts like to compare Chinese investors with Japanese investors since they both were known for overpaying.

Japanese investors used to be active in overseas M&A transactions but paid hefty valuations in the 1980s and ended up losing money in many investments — especially in pursuing high-tech companies. Chinese investors until a few years ago paid a 25% to 30% "China premium" for assets.

But the panel said the situation is changing as the premium Chinese investors pay is decreasing.

In many unsuccessful overseas deals, Chinese investors were not overpaying now but generally underpaying, according to Paul DiGiacomo, managing director with BDA, an investment banking firm that advises on cross-border M&A deals.

“Maybe Japanese went too far and too high [in valuation] but I personally feel Chinese are too shy and too late [in going out],” said Loesekrug-Pietri.

The panelists offered up examples of why Chinese investors need to pay attention to their image. Chinese investors may lose opportunities because most of them are completely unknown by foreign sellers.

In some western countries, if a company can choose an acquiring company and the price offered is exactly the same from a Chinese buyer and a US buyer, in 99% of the cases the US investor will win the deal, according to A Capital’s Loesekrug-Pietri.

“Everybody wants to be bought by Google but not everybody wants to be bought by Alibaba, yet,” said Loesekrug-Pietri. “Nowadays, deals are not just about money; it’s about media, public opinion and image.”

The foreign PE managers encouraged Chinese companies to engage more with the western world, talk to global media and have more exposure.

The panel also included China-based investors James Cen Bonsor, a director at China’s largest privately owned investment company Fosun Group, and Martin Tornberg, executive director in charge of Ping An Group’s overseas private equity business.

They mentioned several challenges that prevented Chinese investors from becoming more involved in overseas investments.

One major challenge is China’s regulation in terms of financing and business development. It remains difficult for Chinese investors to use leverage in financing overseas investments, because foreign banks are not familiar with the investors’ names and the country’s banking regulators strictly control domestic banks’ lending for such investments.

The other challenge is the cultural integration issue — overseas companies have concerns about being controlled by Beijing.

To tackle the problem, Chinese companies need to find a good local partner, respect the original management, as well as take a minority stake to cooperate with the acquired companies rather than control them, the panel said.

Media	South China Morning Post	Date	16 June 2014
Page	n/a	Reporter	George Chen
Headline	Why dealmakers prefer to talk with 'rich second generation'		
Synopsis (For Chinese articles)			
Link	http://www.scmp.com/business/article/1533572/why-dealmakers-prefer-talk-rich-second-generation		

With family successors drawn more to Silicon Valley-style business models over 'boring' manufacturing, many are willing to sell their stakes.

Economic uncertainties on the mainland have indirectly helped private equity dealmakers to make more acquisitions as capital-starved companies struggle to survive. Making their job easier is the rise of the second generation holders of family wealth, and even the next generation down.

On the mainland, the term "rich second generation" refers to the sons and daughters of the business founders who built fortunes for themselves and their families. Nowadays, we are also seeing the grandchildren as the wealth moves down to the third generation.

We all know a generation gap can easily see misunderstandings escalate into disputes and that may also explain why some private equity dealmakers find talking to the younger generations can lead to some interesting prospects.

Last week, a private equity industry forum was held in Hong Kong, where many of the participants observed a trend: a growing number of successful private businesses on the mainland are keen to get new shareholders on board - and even new controlling shareholders.

While the economic challenges are a factor, it is clear that the younger generations are increasingly thinking about what to do next with the family business. Some of them simply lack the interest to keep running these business, and may even think some enterprises in industries such as manufacturing or coal mining are, well, kind of boring.

"The new generation has many new ideas. They have read many successful stories in Silicon Valley and they will naturally ask themselves: why can't I do that kind of new and fancy business to make quick money rather than to stick to a just-so-so but boring manufacturing plant?" said one private equity fund partner.

"Thanks to the second or third rich generation, I actually find now it is easier for me to talk to these pretty successful private businesses about a controlling stake investment deal," said the fund executive, in comments that help explain why parents are inclined to seek private equity when they realise their children are neither ready nor willing to take the helm.

Private equity in Asia does not have a long history. In China and India, in particular, many dealmakers often complain about lack of buyout opportunities at family businesses. While many family business founders tend to feel strongly about family succession, something is clearly changing.

"I once asked a 'rich second generation' kid what he wanted to do if he sold his company to me. He talked about making investments in financial derivatives to make more money, perhaps even faster than what the company his dad founded could earn in a year, without worries about hiring so many people, pressure for pay rises and other troubles," the fund executive said.

If we look at these changes purely from a business perspective, it might be a good thing for both private equity and the family business owners and their successors. As with most things, passion is the key to success. Lack of interest will not lead to a good result. However, such decisions also come with sentimental considerations.

Media	International Financial Law Review	**Date**	17 June 2014
Page	n/a	**Reporter**	Ashley Lee
Headline	China private equity needs new strategies		
Synopsis (For Chinese articles)			
Link	http://www.iflr.com/Article/3352761/China-private-equity-needs-new-strategies.html		

Market participants have agreed that private equity houses can no longer rely on China's growth rate for investment success. Instead they must find companies with better business models.

Speaking at the Hong Kong Venture Capital Association's 13th China Private Equity Forum in Hong Kong on Friday, GPs agreed that easy growth is no longer available in China. Instead private equity must look for companies that deliver better business models and strategies.

That will require new strategies and will take time. Panellists predicted that 2014 and 2015 would be slow years for private equity - particularly the exit market - as the Chinese economy rebalances, but were positive for long-term investment.

"Easy growth is no longer available," said Paul Yang, co-founder and chairman of CDIB Capital International Investment, adding that businesses can no longer grow because of the sheer size of the market.

"Today we're seeing the best growth from companies that deliver a better model - a better mousetrap – thereby removing a lot of inefficiencies in the market," he said.

Panellists were sanguine about long-term growth. But William Shen, senior partner and head of greater China at Headland Capital Partners, believed 2014 would be a tough year for target companies, and therefore a tough year for private equity.

The market has changed since changed since 2007 to 2010, in which companies in fast-growing industries didn't have to excel as long as they kept up with competitors. Because the market was growing, they could generate 20% to 25% year-on-year returns, he said.

That's no longer the case. Instead, he added, funds are seeking a specific company with a clear core competency and sustainable growth, as well as excellent management.

KEY TAKEAWAYS

Private equity firms in China can no longer rely on fast-growing industry growth for their own portfolio growth;

Instead they must find companies with strong businesses and management;

While private equity has had a difficult time in China - especially with exits - economic rebalancing has also affected target companies.

Target receptiveness

However, China's rebalancing economy may benefit private equity because it has changed target companies' attitude towards investment.

Five to six years ago, founders were asking whether private equity firms competing for an investment were good to work with and whether they offered better terms, Shen said. Founders would argue that they were generating 30% growth year-on-year, so they could maintain control of the target until going forward with a listing.

Today entrepreneurs are less confident. He observed that the owners are having self-doubts, and are actively seeking help from experienced private equity that adds value - not only for bolstering corporate governance, but also improving the value proposition of the company's product.

Media	StartUps Hong Kong	**Date**	17 June 2014
Page	n/a	**Reporter**	n/a
Headline	HKVCA Publishes 2014 Report on Hong Kong's Venture Capital and Private Equity Space		
Synopsis (For Chinese articles)			
Link	http://www.startupshk.com/hkvca-2014-report/		

Following the Hong Kong Venture Capital Forum on June 13th, the HKVCA has released data on how the venture capital and private equity space has changed in Hong Kong, especially after the recession.

Besides breaking down the local venture capital investment industry, the report also lists the most active VCs in Hong Kong by number of deals and also notes the re-emergence of home-grown venture firms. Red Chapel Advisors tops this list.

Our growing ecosystem directory StartBase.HK also got an honorary mention in the report as a grassroots, open source, startup profiling database that's helped reduce search costs and improved the deal information flow.

All in all, the report projects that venture deals within Hong Kong are expected to hit an upswing in 2014, and these stats are measured outside of incubating funding by the government.

Media	Lowtax.net	Date	17 June 2014
Page	n/a	Reporter	Mary Swire
Headline	HK Targets Tax-Friendly Policies For Asset Management		
Synopsis (For Chinese articles)			
Link	http://www.lowtax.net/news/HK-Targets-TaxFriendly-Policies-For-Asset-Management_64976.html		

"As more wealth is generated in Mainland China, ... Hong Kong is ideally positioned to facilitate the flow of [investment] capital from the Mainland in a controlled manner, acting as the asset management center for outbound capital from the Mainland," Secretary for Financial Services and the Treasury Professor K C Chan told the Hong Kong Venture Capital and Private Equity Association China Private Equity 2014 Summit on June 13.

With Mainland China no longer being just an investment destination for foreign capital, Chan noted that it has also become an important source of capital. Speaking about the opportunities for Hong Kong in the asset management field, Chan said Hong Kong can act as a "highly efficient and low-risk financial gateway to Mainland China."

"Hong Kong is the major source of foreign direct investment in Mainland China, accounting for 59 percent of total inflow of realized foreign direct investment during 2012," he said. "The liberalization of the use of RMB for direct investment has paved the way for Hong Kong to become the largest offshore RMB funding center for companies to raise capital to finance their Mainland China operations."

Chan confirmed that: "To facilitate further growth of the asset management industry, the Hong Kong Government will continue to provide a clear and competitive tax environment and a competitive legal and regulatory framework."

He pointed out that the Government launched a three-month public consultation in March on the plan to introduce a new open-ended fund company (OFC) structure as an alternative to the existing unit trust structure. As the open-ended investment company is popular in the international fund management industry as a vehicle for setting up investment funds, the OFC legislation is intended to help Hong Kong develop further as a comprehensive asset management center.

The Government, he added, is "also working on the legislative proposal to extend the profits tax exemption for offshore funds to also cover private equity funds. The proposed exemption will cover transactions in private companies which are incorporated or registered outside Hong Kong and do not hold any Hong Kong properties nor carry out any business in Hong Kong. The new measure will provide an incentive for private equity funds to further expand their business in Hong Kong."

Chan said the exchange-traded funds (ETFs) market is another area that is receiving the Government's support. The stamp duty concession in 2010 was extended to cover ETFs that track indices comprising not more than 40 percent of Hong Kong stocks. Chan pointed out that the number of ETFs listed in Hong Kong rose from 69 at end-2010, to 116 at the end of last year.

"To further promote the growth of the market," he stated, "we are planning to waive the stamp duty for the trading of all ETFs as a means to lower the transaction costs. Our goal is to introduce the legislative amendments into the Legislative Council in the next legislative session."

Finally, Chan said, to promote the diversification of fund products available to investors, "we are working closely with the Mainland authorities on the mutual recognition and cross-border offering of funds arrangement between Hong Kong and Mainland China. Consensus has been reached between the SFC and relevant Mainland authorities on the arrangement, pending formal approval from the State Council."

According to the annual Fund Management Activities Survey 2012, published by the Securities and Futures Commission (SFC), the combined fund management business in Hong Kong reached a record high of HKD12.6 trillion (USD1.6 trillion) in 2012, an annual growth of almost 40 percent. Hong Kong is already the largest base for Chinese securities and fund management houses outside Mainland China.

The private equity industry is also growing rapidly. As at September 2013, total capital under management in Hong Kong's private equity funds reached USD94bn, representing one-fifth of Asia's total. Furthermore, Hong Kong accommodates most of Asia's top venture capital firms, and serves as a platform for regional headquarters to a number of private equity firms that invest heavily in Mainland China, as well as Japan and South Korea, Chan said.

Media	Mena Report	**Date**	18 June 2014
Page	n/a	**Reporter**	n/a
Headline	China : CHINA remains small player in foreign investments		
Synopsis (For Chinese articles)			
Link	n/a This is reposted by Hispanic Business: http://www.hispanicbusiness.com/2014/6/18/china_china_remains_small_player_in.htm		

China continues to be a relatively small player in foreign investments, in spite of its economy's size. At the China Private Equity Summit in Hong Kong, a panel has urged Chinese firms and private equity investors to exchange their conservative investment style for a more active approach when they invest abroad. The panel was made of private equity managers, M&A advisors as well as investment managers working with Chinese investors. It discussed issues faced by Chinese buyers when making foreign investments. Their opinion differs from the overall impression of China's overseas investments, which have been growing fast. Foreign PE managers said at the summit that Chinese purchasers should more actively seek opportunities, work more on building image and pay more for deals.

Media	South China Morning Post	**Date**	21 June 2014
Page	n/a	**Reporter**	Bien Perez
Headline	Venture capital showing more money for Hong Kong's tech start-ups		
Synopsis (For Chinese articles)			
Link	http://www.scmp.com/business/banking-finance/article/1536751/venture-capital-showing-more-money-hong-kongs-tech-start		

Hopes are growing among technology start-ups that venture capital cash will finally start pouring into the sector this year and give Hong Kong a chance of laying claim to being a true "tech town".

New ventures continually complain of a chronic shortage of cash, particularly for expansion and development after the initial start-up period, despite government incentives to support home-grown technology companies.

But fresh data from the Hong Kong Venture Capital and Private Equity Association (HKVCA) and a flurry of recent funding successes signals that change might be in the air.

The average size of investments made by venture capital firms in local technology start-ups topped US$6 million in the first half of this year, versus US$4 million for the whole of last year, HKVCA data shows.

Meanwhile the legendary California-based venture capital firm Sequoia Capital recently joined Li Ka-shing's Tom Group and other investors to invest US$14 million in the Series A funding - the first round of financing from external investors after seed capital - conducted by WeLab, an internet finance technology company that launched the first social lending platform in Hong Kong last year.

"We expect the average size of funding for tech start-ups to significantly rise as more venture capital deals are consummated this year," Alfred Lam, research manager at the association, told the South China Morning Post.

That is good news for the more than 300 technology start-ups operating in the city, according to the latest estimate from the Startbase.hk directory.

But that would still be a tiny amount of money compared with the HK$6.46 trillion in total loans outstanding recorded by Hong Kong's banking sector last year. Those represent the kind of resources unavailable to fund local technology start-ups.

In Lam's estimation, Hong Kong is on course for a record year for venture capital investments, but the absolute number and size of deals are miniscule when compared with those in the United States. Venture capital investments there hit US$36.81 billion last year on a total of 4,012 deals, according to venture capital database CB Insights.

The HKVCA reckons there were a total of eight venture capital deals reported in Hong Kong in the first six months of this year.

It says the highest number of reported venture capital deals in the city was 11, which was reached last year and in 2011.

Lam said this year "could significantly surpass previous years in terms of consummated venture capital deals in Hong Kong".

"We consider the first start-up investment made by Sequoia Capital in Hong Kong as an important milestone that could encourage other overseas venture capitalists to enter the local market," he said.

Technology, media and telecommunications made up about 90 per cent of deals completed since 2009, followed by retail, consumer, industrial and healthcare investments. Funding raised from government-related entities was excluded in the estimate.

Lam said home-grown venture capitalist Red Chapel Advisors has been the city's most active investor in technology start-ups. Other active firms included 500 Startups, Arbor Ventures, Fresco Capital Advisors, Horizon Ventures and Mandra Capital.

Most technology start-ups, however, still need help to strike deals with "angel" investors for seed financing and venture capital firms for larger investments to expand their businesses.

Yat Siu, a local angel investor and chief executive at technology group Outblaze, said: "There are hundreds of software developers in Hong Kong who can't really make ends meet by just making games and mobile apps.

"What Hong Kong needs are investors for Series A and Series B funding rounds. I think Hong Kong can fill that gap if the city's strong banking sector can provide facilities to start-ups."

Successive rounds of financing for venture capitalists or private equity investors are termed Series A, Series B and so on. In general, the Series B round will take place when a start-up has realised certain milestones in developing its business.

Siu said current funding levels, from either angel investors or government-backed schemes, was not big enough.

"It's the Series A financing that gives the push companies need to expand," he said, noting that the city's manufacturing and movie industries grew because of support from banks.

Unlike banks in California's hi-tech hub of Silicon Valley, those in Hong Kong lack the expertise to fund technology start-ups.

"Because the local tech sector hasn't grown, other than the IPOs for Chinese companies, nobody felt the need to offer financing facilities," Siu said.

WeLab chief executive Simon Loong, a former banker with Standard Chartered, expected no change on that front, "because banks still look at profit and loss" statements when considering business loans.