HKSAR Government
Speech by FS at Asia Private Equity Forum 2024 (English only) (with photo/video)
January 26, 2024

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Asia Private Equity Forum (APEF) 2024 today (January 26):

Rebecca (Chairwoman of the Hong Kong Venture Capital and Private Equity Association, Ms Rebecca Xu), Eric (Co-Chairman of the APEF 2024 Organizing Committee, Mr Eric Mason), Kent (Co-Chairman of the APEF 2024 Organizing Committee, Mr Kent Chen), distinguished guests, ladies and gentlemen,

Good morning. It's a pleasure to join you, once again, for the annual Asia Private Equity Forum. It's the seventh year in a row I am addressing this high-powered gathering of venture capital and private equity professionals from Hong Kong, throughout Asia and around the world.

Headwinds, and the silver lining

I'm sure global headwinds have got everyone's rapt attention. The pace of lowering interest rates by major central banks remains unclear. The full impact of previous interest-rate hikes on the global economy has yet to fully play out. Geopolitical tensions continue to affect global investment flows, trade and commodity prices. And this year, countries with more than half the world's population will send their citizens to the polls. That can only add to the global market's complexity, volatility and potential risks. Not surprisingly, forecasts from major international organisations generally indicate slower global economic growth in 2024 compared to last year.

Here in Hong Kong, volatility has dominated our equities market. There is also no lack of negative rhetoric about China, our economy and financial markets, caused by geopolitics and misinformation.

That said, there is a bigger picture, and it should give you all good reasons to be optimistic.

First, our financial market is a good reflection of the state of the Chinese economy. And the Chinese economy is performing better than many people believe. As Premier Li Qiang said at the World Economic Forum meeting in Davos last week, China is firmly on track to reach a GDP (gross domestic product) growth of 5.2 per cent in 2023. The country has established solid fundamentals over the years, and its long-term growth trend will not change. As China continues to pursue high-quality development and high-level opening up, it is sure to present boundless opportunities for businesses everywhere.

I was also in Davos, and met with political leaders, CEOs of multinational corporations, entrepreneurs and investors. I can tell you that they were optimistic about the Chinese economy and Hong Kong in the medium to long term. And they are keen to invest here; just waiting for the right time and opportunity.

Second, Hong Kong has all the distinctive advantages under the "one country, two systems" principle: the rule of law, trusted regulatory regimes, as well as the free flow of capital, information, goods and people. Our institutions, expertise and international connections will continue to underpin our unique role to connect investment opportunities in China and the rest of the world.

Third, Hong Kong continues to enjoy unfailing support and favourable policies from the Central Government. For a long time, Hong Kong is a testing ground and firewall for the gradual opening up of the Mainland's financial markets. For that, we enjoy priority access to the Mainland market. Just this Wednesday (January 24), at the Asian Financial Forum, Mr Li Yunze, the Minister of the National Financial Regulatory Administration, talked of further opening up the banking and insurance sectors to Hong Kong.

On the same day, Mr Pan Gongsheng, the Governor of the People's Bank of China, announced six new measures which will deepen bilateral financial connectivity and facilitate further investment flows. They range from enhancing the Northbound Bond Connect to the GBA (Guangdong-Hong Kong-Macao Greater Bay Area) Wealth Management Connect 2.0.

These measures are bound to further reinforce and enhance our position as an international financial centre and offshore RMB (Renminbi) business hub.

Finally, Hong Kong is actively developing new markets and attracting new capital from both advanced and emerging markets. That includes the Middle East, which is actively seeking investment diversification and is keen to invest in this part of the world. Then there is the booming ASEAN (Association of Southeast Asian Nations), which is on its way to becoming the world's fourth-largest economy, collectively, by 2030. Hong Kong has long established strong relations with ASEAN.

Consider Middle East sovereign funds and assets under their management, which stood at about US$3.6 trillion at the end of 2022. Tapping even a modest proportion of that capital would mean a good deal of business for us.

And the good news is that our connections with the Middle East are rapidly growing. For example, Saudi Arabia's PIF (Public Investment Fund) has established an office here, and is already making investments. Last year, we recognised the Saudi Exchange and the Indonesia Stock Exchange, allowing companies in their markets to do a dual listing in Hong Kong. Last November, Hong Kong also launched the first Asian, and the world's largest, ETF (exchange-traded fund) tracking Saudi Arabian stocks. This is the first step. We are expecting more reciprocal investments.

We have also been planning to establish more Economic and Trade Offices in the Middle East and the ASEAN countries.

New opportunities for PE and VC

Ladies and gentlemen, Hong Kong will continue to be a globally attractive investment hub and hold tremendous opportunities for private equity (PE) and venture capital (VC) practitioners.

Our private equity sector is strong and vibrant, second in Asia, just behind the Mainland. The capital under management stood at more than US$220 billion. That accounts for more than 15 per cent of the region's total.

And looking to the future, there will be even more opportunities. Let me tell you why.

The current high-interest environment has spurred a shift in capital-seeking prospects to upstream industries, at a time when global secondary markets face pressure. PEs and VCs have become increasingly active as a result. They're looking for investment opportunities in tech start-ups and new businesses. Once again, capital is the instrumental force driving inventions and catalysing new business models.

Hong Kong is there. Over the past few years, we have invested heavily in innovation and technology. It will be a new economic engine that spurs our high-quality economic development. We have set our sights on developing four sectors: artificial intelligence and data analytics, life and health technology, fintech and advanced manufacturing, new energy and new materials.

As a result, the ecosystem in Hong Kong is getting more vibrant. There are more than 4 200 startups in Hong Kong, many of them located in our Science Park and Cyberport. But we want to jumpstart our innovation and technology industries. Simply relying on the organic growth of local industries will not go fast enough.

That's why we established the Office for Attracting Strategic Enterprises. It is to attract outstanding companies, particularly those engaging in advanced technologies, to settle in Hong Kong. To date, more than 30 strategic enterprises partners have committed to establishing a presence here. Most of them are in the medical and health sector. Together, they will invest more than HK$30 billion and create more than 10 000 R&D (research and development) and managerial jobs in the initial years.

We are determined to develop our city into a premier health and medical innovation hub. A key pillar to this vision is to establish Hong Kong as an internationally recognised drug and medical device regulatory authority. To that end, we have launched the new "1+" mechanism in drug approval, which will accelerate the development of new drugs and enable earlier patient access to them. We are also making progress in establishing the Hong Kong Centre for Medical Products Regulation. All these will complement the many other efforts that we are taking forward to create a booming life and health technology industry in Hong Kong.

All in all, for those looking to invest in the next wave of unicorns, Hong Kong is where you want to be.

Another key milestone is that we have set up the Hong Kong Investment Corporation (HKIC) Limited to play a proactive role in driving innovation and future growth. The company will not only invest in, but also help channel other possible capital sources into enterprises and projects, with a view to maximising Hong Kong's support to innovative technologies, new business models, and new sectors. I am sure many of you in the market have already met with our HKIC team, which is very dedicated to working with potential partners and corporates across the entire spectrum of both the public and private markets. For the latter, the reach of the HKIC is far and broad, ranging from VC, to growth and also to buyout stages. We believe that this agile and creative approach is important in bringing the best out of the Hong Kong investment ecosystem.

So is the Hong Kong Monetary Authority (HKMA) which has long engaged PE firms in making investments. To support small to medium-cap GPs (general partners) in Hong Kong, I have asked the HKMA to set up a fund-of-funds mandate targeting general partners that raise smaller funds or have smaller assets under management.

What's more, we are actively developing Hong Kong into a premier hub for asset and wealth management and family offices. At the end of 2022, assets under management amounted to US$4 trillion, with two thirds thereof coming from outside Hong Kong. In March 2023, we launched a policy statement outlining our vision and action plan in this regard. Last month, we further announced the details of the new Capital Investment Entrant Scheme. All these are expected to bring in more ultra-high net-worth individuals and capital. In other words, a new wave of business opportunities for the PE and VC sector is coming.

Closing remarks

Ladies and gentlemen, I have just touched on some of the initiatives we're working on. These and other policies and plans will ensure that Hong Kong enhances its ecosystem as an international financial centre comprehensively.

We are just over two weeks away from Chinese New Year - the Year of the Dragon. It promises dragon-size opportunity - for Hong Kong and for each and every one of you. I wish you all a rewarding Forum and the best of business, investment and health in the New Year.

Thank you.

South China Morning Post

Hong Kong luxury property owners turn to high-interest private loans for relief from liquidity pain

Aileen Chuang, Jiaxing Li and Salina Li

February 3, 2024

- Cash-strapped owners are taking out loans with rates of up to 29 per cent, with luxury properties in areas like The Peak and Repulse Bay as collateral
- Asia-Pacific private credit market has grown 3.5 times larger in a decade and is expected to top US$100 billion by 2027, says data provider Preqin

On a road that winds through Hong Kong's posh Repulse Bay neighbourhood, a multistorey luxury residential building with Roman columns and sweeping views of the South China Sea has been put forward as collateral for a loan, before construction is even finished.

The loan was taken out by Luk Sin-fong, who owns 39 South Bay Road and whose husband is Chen Zhoulin, chairman of distressed Chinese developer Agile Group Holdings, according to a source familiar with the matter.

Although the amount is unknown, Luk, herself a former vice-chairwoman of Agile, had been shopping for a HK$500 million (US$64 million) facility, according to the source.

That amount matches what she paid for the Repulse Bay land plot in 2011 at what was then the second-highest price per square foot ever paid in the city, HK$38,500 (US$4,900).

Agile, based in the Guangdong's provincial city of Guangzhou, has borrowed against more than one Hong Kong property.

It took out a two-year, HK$894 million loan in June 2022 at an interest rate of 20 per cent per annum as part of a plan to trim a debt load that amounted to 59.49 billion yuan (US$8.3 billion) at the time.

Luk could not be reached for comment, and Agile did not respond to requests for comment.

The substantial gap between that 20 per cent rate and the current bank lending rate of 5.88 per cent underlines the desperation of borrowers who find themselves short of liquidity at a time when public capital markets are stagnant and banks are cautious about lending.

It also outlines the opportunities available to lenders willing to underwrite private credit – a market that has expanded 3.5 times in the last decade, according to data provider Preqin.

With interest rates at eye-watering levels, property valuations falling and the local economy recovering only slowly, an increasing number of distressed developers and wealthy families in Hong Kong are turning to the private market despite its higher interest costs.

As a result, the private credit asset class in Asia-Pacific, including Hong Kong and mainland China, reached US$81.3 billion in 2022 and is expected to exceed US$100 billion by 2027, according to Preqin.

"There are more potential borrowers," said Francis Ng, managing director and chief investment officer of Pacific Aegis Capital Management Group (PACM), a Hong Kong-based company specialising in real estate private debt investment.

"They are more in need of alternative and creative capital solutions than before, meaning the cash flow is getting tighter because the cost of capital has gone up."

The number of projects the firm has in the initial screening stage has doubled from last year, Ng added.

While Hong Kong's real estate sector is not in a crisis like its counterpart in mainland China, sluggish home sales, falling home prices and record-high office vacancy rates have weighed on companies and individuals.

The number of unsold units has accumulated over the past two years as demand slumped amid 11 rounds of interest rate hikes since March 2022.

The city's developers sold 49 per cent of their completed units in 2022 and 72 per cent last year, Citigroup estimated, adding that home prices are set to weaken by another 10 per cent this year.

Dwindling transactions and falling prices have also made it harder to find buyers, especially for properties tarnished by foreclosures. A US$192 million mansion on The Peak, linked to top China Evergrande Group executive Hui Ka-yan, has been on the block since November last year. Meanwhile, Evergrande's US$1.6 billion building in Wan Chai has yet to find a buyer 15 months after it was seized and put on the market by receivers.

While the environment is dire, the pain is not evenly distributed among developers, said Foster Lee, head of credit investments at private equity firm Gaw Capital.

Blue-chip developers have stronger balance sheets and enough support from commercial banks and bond and equity investors, while "smaller developers will struggle, especially those developing projects recently that have not yet disposed of their inventory", he said.

Banks have generally lowered their exposure to the city's real estate sector. Total loans for property development and investment started to drop in the second quarter of last year, and the tally in the third quarter was down 5 per cent from the first quarter, according to the Hong Kong Monetary Authority.

"Private credit in the real estate sector will continue to grow because banks are retreating," said Ryan Chung, head of principal investment at Hong Kong-based broker Huatai International.

"The wave of senior banks retrenching is not at its peak. Many borrowers cannot refinance their existing positions with the banks, or even if they do, the financing tends to be expensive, with lower leverage."

As falling rental yields and higher interest rates create cash flow pressures, private credit has become an alternative funding source for borrowers looking for extra leverage and payment flexibility – but at a cost.

A unit of debt-laden developer Country Garden turned to private credit lender Flow Capital (HK) to raise a HK$900 million loan in April last year. The loan carries a "double-digit rate", with an east Kowloon residential property, Allegro, as collateral, according to a source familiar with the matter.

Agile, meanwhile, is now seeking to refinance its HK$894 million facility, for which residential projects on Mount Parker Road and King's Road in the city's Quarry Bay area serve as collateral, sources said.

The company's total borrowings, including bank loans, senior notes and mainland corporate bonds, added up to 57.57 billion yuan as of June 30, 2023, down slightly from 59.49 billion yuan a year earlier. The company reported a loss of 4.48 billion yuan for the six months to June 30.

"Before mid-2023, it used to be a borrowers' market in Hong Kong, but the turnover has been dropping since then," said Kenny Chung, executive director and money manager at Astera Capital.

"Borrowers are scared of rising rates, while lenders also turned more cautious with property valuations falling fast. They would rather wait for more signs of stabilisation in the property market before deploying their money."

Private credit lenders are often able to offer loan-to-value (LTV) ratios higher than commercial banks because the HKMA requires the latter to cap its LTVs at 50 per cent against commercial properties.

Banks also tend to have sectoral limits, which makes them more conservative towards borrowers with constrained debt servicing capabilities.

Under the challenging market conditions, Luk's family is not the only wealthy clan borrowing against its Hong Kong properties to free up cash.

Ho Shung-pun, known as one of Hong Kong's "invisible rich", raised a short-term loan from Gaw Capital last year, which is securitised against his properties on Plantation Road on The Peak and Kowloon Investment Building in Mong Kok, according to two sources. The loan size is unknown.

Additionally, Ho and other borrowers in his family on January 17 obtained a one-year, HK$85 million loan from X8 Finance, a wholly owned unit of Hong Kong-listed Termbray Industries International, a stock exchange filing showed.

A former professor at Hong Kong Polytechnic University, Ho and his family members are the directors of Kowloon Investment Company, a Hong Kong-based property investment and management firm established in 1955, according to the Companies Registry.

An unknown residential property the family owns in the city is the security for the HK$85 million loan, which carries an interest rate as high as 29 per cent in the first two months from the drawdown date and 18 per cent after that.

The loan is a refinancing of a HK$44 million facility the borrowers raised in June last year, which had interest rates of 25 per cent in the first month and 13 per cent thereafter.

Defaults may increase among assets that are difficult to liquidate amid interest rate uncertainty and slow economic growth, according to private credit lenders.

"There will be more defaults in 2024," said Gaw Capital's Lee. "For some of the private credit transactions that have been done in the market, the situation has changed and perhaps deteriorated."

PACM has seen a 20 per cent increase in defaults year on year, according to Ng.

"It's taking a lot longer to liquidate loans that are secured by real assets," he said. "I think it's taking about twice the time it needs. And exit prices need to be further adjusted down.

"In our investment universe, we have to price in the possibility of default, which has at least 51 per cent chance of happening for each project."

Many defaults will be resolved behind closed doors.

"Having spoken to investors in this space, it is desired by all parties involved to resolve all issues amicably, hopefully away from the public eye and on a low-key basis, whether it is in the secondary space or in the primary space where lenders could be willing to take a haircut to recuperate as much of the loan as possible," said Jonathan Chau, head of investment property and private office of capital markets for Hong Kong at CBRE Group.

Asia's fast-growing private credit market has attracted private-equity firms, asset managers, family offices and retail investors.

"Due to its attractive returns compared with traditional property investment, private family offices have rushed into this space over the past few years and have either invested passively into credit funds or have committed to larger 'club' lending deals with consortiums of private investors," Chau said.

The average annualised return for private credit is 12 per cent to 15 per cent, up from the 8 per cent to 12 per cent range before the interest-rate hikes, according to PACM's Ng.

The internal rate of return for private debt in the Asia-Pacific region stood at 11.17 per cent from 2019 to 2022, compared with 10.34 per cent in North America and 8.56 per cent in Europe during the same period, according to Preqin. For distressed debt, it jumped to 14.78 per cent in Asia-Pacific.

"The asset class is great for family offices and retail investors for a few reasons," Jeffrey Lau, head of private credit and special situations at Chinese private-equity firm Primavera Capital Group, said at the Private Equity Forum in Hong Kong on January 26.

"One is their familiarity with the local economies, which means, if we're dealing in Asia, it's often easier to talk to Asia-based investors because they understand the market dynamics.

"And secondly, we're achieving returns for which they would otherwise need to look at equity-type products."

Market participants remain optimistic about the continued growth of the private credit market even though interest rate cuts are anticipated later this year.

"Private credit will continue to be a spotlight in the currently grim market," said Maggie Kwok, Asia head of funds and regulatory practice at law firm Harneys.

"If the interest rate is going to come down, it will come down gradually. And there are always going to be businesses that need access to capital, which banks, frankly speaking, are not going to be able to satisfy."

"It will not be surprising to see more deal pipeline growth in the first half of 2024, but we don't envision seeing the market flooding with 'distressed' opportunities," said CBRE's Chau.

While some property owners are facing financial difficulty, most investment properties are in the hands of financially sound corporate and professional landlords, he added.

AVCJ
GPs advise LPs to dig deeper into Asian PE performance – forum
Tim Burroughs
January 30, 2024

Investors should take a nuanced view of Asian private equity, considering the performance and investment opportunities of specific geographies rather than treat the region as a single market, the Hong Kong Venture Capital & Private Equity Association's (HKVCA) Asia forum heard.

"When you look at returns, there are two parts – North Asia and emerging Asia. They are very different, and people don't recognise that. The returns from North Asia have been broadly comparable to the US and Europe, said K.Y. Tang, founding chairman and managing partner of pan-regional buyout firm Affinity Equity Partners.

Over the past 15 years, private equity firms have exited 149 investments in Korea where the equity cheque size on entry was more than USD 100m, Tang noted. The average holding period was 4.3 years and the average return was 2.5x. Similar numbers were reported by Korean media last week. They compare favourably to US buyouts over the same period, where the average return is 2.4x.

“We should stop trying to be defensive,” Tang said, adding that Australia has also performed well. As for emerging markets, he admitted inherent volatility and cyclicality, as well as limited scalability, presented challenges to investors.

For Jenny Lee, a managing partner at venture capital firm GGV Capital, Asia is “the kingmaker of all diversification strategy” in an LP’s portfolio. It operates on two levels – by geography and by duration, given the region comprises markets with different local conditions and at different points on the technology adoption and innovation journey.

“I look at venture capital as a 10-year duration movie that is being played out at different speeds and with different stories in every region when it is localised,” Lee said, observing that developments in electric vehicles that she saw 10 years ago in China are now being replicated in India.

“Understanding what has happened in mature markets and being able to translate that – I wouldn’t say copy – to the region you are in, that’s where you get the alpha.”

The notion that some investors fail to identify this diversity, because they “tend to simplify Asia into one market,” was echoed by Stephanie Hui, head of private equity and growth equity in Asia Pacific and global co-head of growth equity at Goldman Sachs Asset Management. “As a responsible asset allocator, you cannot say that for the next five years, I’m not going to do this,” she said. “It is important to look under the hood.”

These observations come at a difficult time for Asian private equity, which is suffering more than most in a global fundraising downturn. Last year, commitments to managers in the region, excluding renminbi-denominated funds, reached USD 56bn, down 50% on 2022 and the lowest total in a decade, according to AVCJ Research. Japan was the only market to see an increase in fundraising.

An aversion to China, uncertainty regarding exits, and performance that fails to match the US and Europe on a risk-return basis are commonly stated reasons for LP reluctance to commit to Asia. However, Hui noted that Asia’s performance wasn’t being questioned before 2010.

“It depends on what picture people see, what vantage point they have. What happened in the last 10 years in the US and Europe was very cheap leverage, multiple expansion in the stock markets, and some growth investing,” she said, drawing comparisons between the focus on valuation multiples based on revenue and average recurring revenue and behaviour during the tech bubble.

“If you are middle aged and you put steroids in your body, you will feel younger and run faster. Now, with interest rates where they are at, the steroids are gone. In Asia, you see a younger population that hasn’t used steroids, and now it’s coming on faster. Natural growth here will be very helpful.”

The onus is on LPs to pick the right managers, as Lee of GGV observed. According to Tang, the longevity of the asset class in Asia means it is easier to identify the likely outperformers.

“It’s like a classical pianist – the more you play, the better you become,” he said. “Many firms have been around 20-25 years; the partners have been there for 15-20 years. They have gone through COVID, they have gone through the GFC [global financial crisis], they have gone through the AFC [Asian financial crisis], and they have become much cleverer in how they play the game.”

Private Equity International
Church Pension Fund: NAV financing not a ‘free lunch’ for LPs
Alex Lynn
January 26, 2024

- Speaking at the HKVCA's Asia Private Equity Forum on Friday, Eric Mason, head of PE at the Church Pension Fund, told delegates that using NAV facilities to create distributions increased financial risk.

Distributions generated via NAV facilities should not be viewed as a "free lunch" for investors, a conference has heard.

Speaking at the Hong Kong Venture Capital & Private Equity Association's Asia Private Equity Forum on Friday, Eric Mason, head of private equity at the $17 billion Church Pension Fund, told delegates that using NAV facilities to create distributions increased financial risk.

"Sooner or later, you have to pay for that, right," he said. "So, it's not a free lunch."

New York-based Church Pension Fund has a more than 22 percent actual allocation to private equity, according to PEI data. It invests to generate retirement, health and life insurance benefits to employees of the Episcopal Church.

Mason, who spent 14 years in the Church Pension's Hong Kong office before relocating to New York in 2022, said distribution trades were less common among Asia-Pacific managers than in the US.

NAV facilities have proliferated in western markets as GPs seek new ways to generate liquidity in a market starved of exits. Though distribution trades – in which a GP uses these facilities to increase DPI – are becoming more common, these loans are more often used for reinvestment or refinancing.

"There's a lot of different structures that are happening, particularly around end of life or creative ways to generate liquidity," Mason added. "Our portfolio, we haven't seen as much borrowing against the NAVs to pay out distributions."

As Private Equity International noted in January, NAV distributions have proven somewhat controversial among LPs. Capstone Partners' Liquidity Solutions Survey 2023 found that more than half of LP respondents view NAV financing and preferred equity as a 'poor' way to generate liquidity. Some take issue with the fact that these facilities can be recallable and must therefore be treated as an unfunded commitment, rather than a genuine distribution.

However, not all investors have taken issue with the use of fund finance. Joining Mason at the event, Samson Wong, chief investment officer for private markets at the Hong Kong Monetary Authority, said that the HK$4 trillion ($509.2 billion; €470.3 billion) institution doesn't take issue with fund finance facilities provided they're used "very prudently".

"I have seen some GPs using that," he noted. "It's really down to risk management… I don't see why we should object to that."

Private Equity International
DPI key to India converting 'window shopping' investors
Katrina Lau
January 30, 2024

Indian GPs need to deliver on distributions to attract more capital from international investors, a conference has heard.

Speaking at the Hong Kong Venture Capital & Private Equity Association's Asia Private Equity Forum on Friday, Rochelle Dsouza, managing director at India-based growth equity firm Lighthouse Funds, told delegates that DPI is key to capturing this capital.

Indian venture capital funds have delivered a 1.5x median TVPI to date, yet, only a 0.25x median DPI, according to CEPRES data. Indian buyouts funds, meanwhile, have delivered 1.45x and 0.54x respectively.

"What happened with India a few years back… [was] our inability to create returns and DPIs in the older vintages," Dsouza said. "I hope that with the upcoming vintages we are able to give that DPI because now everyone's looking at us from the sidelines. They are all window shopping right now, so we hope that we are able to give the DPI to sort of say: 'Why don't you come into the store and shop?'"

Lighthouse Funds is a home-grown Indian fund manager with four vehicles to date, according to Private Equity International data. Its latest flagship is still in market, targeting $425 million, and counts the National Investment and Infrastructure Fund as one of its LPs.

Dsouza noted that despite India having strong tailwinds – including a growing digitalised population and a rising middle class – the manager would remain cautiously optimistic.

India has seen increasing investor appetites of late, PEI noted last year. Sovereign investors such as Korea Investment Corporation have also developed an appetite for the market, with the institution this week launching an office in Mumbai to strengthen its deal sourcing and networking abilities on the ground. Min Lan Tan, head of the Asia-Pacific investment office at UBS Global Wealth Management, told delegates at the Asian Financial Forum last week that India should be part of investors' asset allocations.

Some believe India's comparatively stable political environment, vast development of infrastructure, young workforce and shifting demographics represent a compelling opportunity for investors. This is compounded by the country's growing higher education landscape, which in turn could contribute to the development of entrepreneurial companies and create a larger pool of opportunities for late-stage and growth equity firms.

"Most of the stock of market cap belonged to family business groups or multinational companies," said Gautam Mago, general partner at A91 Partners, at the HKVCA event.

"Today it's different, the share is shifting towards entrepreneurial companies, towards first generation entrepreneurs in areas that don't require hundreds of millions of dollars to set up a business. The cohort of people that have the confidence, capability and capital to get going as an entrepreneur is up maybe 50-times in the last 15-20 years. It's a very big change from 15 years back – from mostly talking to family business groups to now only talking to a person and that's the other reason that makes us optimistic."

India as a market still has a lot of room for growth. Scalability is one obstacle preventing its private equity industry from matching the depth of those in developed markets.

"The big risk in India is scalability," added Imran Jafar, managing partner at Mumbai-based firm Gaja Capital. "There are two or three industries in India that have demonstrated global scale, but we have a whole long tail of companies and industries that need to catch up to global scale."

Private Equity International

Neuberger Berman: Secondaries buyers could find themselves in China's 'best vintage'
Alex Lynn
January 30, 2024

China funds are trading at a 50% discount to NAV even after a decline in private markets valuations, managing director Kent Chen tells PEI.

Secondaries investors buying into Chinese private equity funds could enjoy some of the market's best vintages, according to a senior executive at Neuberger Berman.

Speaking on the sidelines of the Hong Kong Venture Capital & Private Equity Association's Asia Private Equity Forum on Friday, managing director Kent Chen told Private Equity International that some China funds were trading at a 50 percent discount to net asset value.

This follows a decline in valuations caused by less dry powder chasing the same deals, he added, noting that fundraising had become more difficult due to pandemic disruption and some investors "pulling back" from the market.

"If something which has already come down in NAV terms is then applying another 50 percent discount to NAV, it is definitely more attractive than a few years ago. So, if certain investors have the dry powder and the perspective to do some deals in this market, they may end up in one of the best vintages for China investors relative to five or 10 years ago."

Secondaries transaction volume in China reached 102.1 billion yuan ($14.4 billion; €13.3 billion) in 2022, up 53 percent from 66.8 billion yuan in 2021, according to data compiled by Zerone, a Chinese secondaries marketplace and data platform. Activity was driven in part by the fact that many Chinese government investors were keen to exit funds that were approaching the end of their life cycles, according to a Chinese-language white paper published by Zerone last year.

A growing number of international firms are eyeing the domestic secondaries market, including yuan-denominated assets and funds. Coller Capital, Schroders Capital and Hamilton Lane are among those active in this space, with the former seeking 1.5 billion yuan for its debut China fund, affiliate title Secondaries Investor reported.

Some, including Schroders and Hamilton Lane, have opted to enter China through the Qualified Foreign Limited Partnership scheme, which enables firms to convert overseas currencies into yuan. Neuberger Berman is looking at this strategy "with interest", Chen said.

"It's not a market that we are comfortable enough with to move [into] in a big way," he noted. "We are a patient, long-term investor. So, we will continue to study and monitor the market and when it's ready – when we are ready – certainly we will be in a good position to pull the trigger. But not at this moment."

China's wave of secondaries opportunities follows a slowdown in private equity activity driven, in part, by geopolitical tensions and regulatory uncertainty. Fundraising has become significantly more challenging, presenting a potential opportunity for managers with the means and conviction to deploy.

"For those Chinese GPs who are able to raise a decent amount of capital, I think they will be in a very unique, advantageous position, because simply there's less competition and valuations are much more attractive," Chen said.

"And then there will be more distressed sellers, large conglomerates or property developers who need to sell their non-core assets to repay their loans, etc. So, those are actually very attractive opportunities for GPs who have the dry powder and expertise to execute."

Private Equity International

PE sets its sights on Japan's 'sizeable' take-private opportunity

Alex Lynn
January 29, 2024

Private equity firms are increasingly excited about the prospect of delisting Japanese companies.

Speaking at the Hong Kong Venture Capital & Private Equity Association’s Asia Private Equity Forum on Friday, Ming Lu, KKR’s executive chairman of Asia-Pacific, said there were “sizeable opportunities” in Japan’s public-to-private cohort.

The Tokyo Stock Exchange last year requested that all listed companies on its Prime and Standard markets take “action to implement management that is conscious of cost of capital and stock price”. Under its new rules, companies trading below a price-to-book ratio of one could face being delisted.

Lu noted that over 40 percent of companies in the TOPIX 500 Index are trading at below one-times book. This compares with just 5 percent of companies in the S&P 500 Index and 24 percent in the Bloomberg European 500 Index, according to McKinsey.

“There’s no fundamental reason for them to not be able to improve [return on equities],” Lu added. “However, they need to do this with some structural reforms which can be better executed in the private sector.”

Lu’s comments follow the news last year that tech giant Toshiba had accepted a 2 trillion yen ($13.5 billion; €12.5 billion) take private offer from a consortium led by Japan Industrial Partners after pressure from activist investors. KKR, for its part, completed the privatisation of Hitachi Transport System in March 2023 for a reported $5 billion.

“Activist shareholders now can make a real impact on corporate Japan’s decision making and you start to find that this opportunity will open up,” Lu said.

Yamazaki (left): TSE reforms driving opportunities

His sentiment was echoed later in the day by Tsuyoshi Yamazaki, a partner at Japan’s Integral Corporation, on a panel about the appeal of Japanese private equity. Yamazaki said the firm was seeing “more and more” take-private deals happening.

“I think one of the big reasons driving this trend is about the Tokyo Stock Exchange… trying to make the reforms. They’re pushing a lot of the listed companies to improve their RoE or increase their [price-to-book ratio] and strengthen the governance,” he added.

“These efforts taken by the TSE is kind of pushing the Japanese enterprises, especially like listed companies, to… focus on core business… Or if the company is not good enough to be listed in the exchange, you just should go private.”

Global managers have increased their focus on Japan over the past half-decade. Apollo Global Management and EQT are among those to have launched Tokyo offices since 2018. Bain Capital, meanwhile, raised 110 billion yen for its 2020-vintage Japan Middle Market Fund and Carlyle Group is in market with Carlyle Japan Partners V, according to Private Equity International data.

"I think [there is] definitely excessive amounts of dry powder coming to Japan, which is good and bad," said Megumi Kiyozuka, president and representative director of CLSA Capital Partners, which invests in Japan via its Sunrise Capital unit.

"We have been competing with major, very capable, competitive GPs in history. The good news is they have been raising two times, three times, four times larger funds due to this strong demand from the global investors. As a result, their fund size is far bigger than us, so therefore we don't compete [against] each other."

AsianInvestor
CPP Investments sees increased activity in APAC private credit
Hans Poulsen
February 1,2024

- As bank financing retrenches across the region, the Canadian pension manager eyes the opportunity to fill that gap.

CPP Investments, the investment arm of the Canada Pension Plan, expects increased activity in private credit markets across the Asia Pacific in 2024.

Raymond Chan, managing director and head of Asia Pacific credit at CPP Investments, pointed out that an estimated two-thirds to 80% of private credit in Asia used to be run by bank financing.

With changes taking place in the financing sector across the region, the market is shifting and offering opportunities for private credit investors, Chan explained at the Asia Private Equity Forum hosted by the Hong Kong Venture Capital and Private Equity Association on January 26.

"The retrenchment is happening across this region and in the US, but I think Asia in particular because the reliance on bank financing is huge. This is a very good opportunity for private credit investors to fill up the gap," he said.

HIGHER ACTIVITY

Across private equity and private debt, CPP Investments sees rising activity in the region this year.

"We will expect private equity activity to increase, people are especially very keen on Australia, India, and Japan. I think we will see a lot of increase in those markets," Chan said.

He pointed out that last year was not particularly busy for private credit in the Asia Pacific.

A widened discount margin affected the Asia credit market, a type of yield-spread calculation designed to estimate the average expected return of a variable-rate security, usually a bond. This made the public credit market more attractive and in demand.

"But I think the trend has started to reverse because there is a very strong yield compression starting from around two months ago. The interest will swing back to Asia because of the yield compression," Chan said.

RISK ASSESSMENTS

China is currently facing concerns as a financial market, on the private side as well as the public side. However, Chan suggested that China is hard to ignore.

"Being a global investor, China is the second-largest economy. We remain active and have done investments in China in the past few years. We see a lot of opportunities that are quite unique," Chan said.

He emphasized that CPP Investments sets a very high bar for China investments because of uncertainty in the Chinese economy and its financial markets, and because of macroeconomic changes.

"Every transaction is more tailormade for the situation and bespoke," Chan said. "For us, it really boils down to the assessment of the risk."

CPP Investments uses its established network in China and partners in the market to help risk assessment, according to Chan. While the Canadian asset owner relies on legal professionals to make sure that there is very tight documentation, partnerships are vital in the Chinese market.

"It is more important for us with a good network of experienced counterparties or partners who can help us assess the risk, because once you step into the wrong transactions, it doesn't matter how robust the documentation is – it will be painful," Chan said.

DealStreetAsia
The LP View: Private market investors in post-Great Reset era look to secondaries
Simran Vaswani
January 29, 2024

Investing in private markets post-Great Reset era has imposed headwinds on limited partners (LPs) and general partners (GPs) alike, with a muted fundraising and investment pace, but seasoned investors still see bright spots such as secondaries transactions.

"For us, [2023] was a very, very busy year," said Tim Huang, partner at Lexington Partners at the HKVCA Asia Private Equity Forum 2024 on Friday. Founded in 1994, the firm is one of the largest managers of secondary acquisitions and co-investment funds globally.

Defying the odds, it raised a record-breaking $22.7 billion for Lexington Capital Partners X, surpassing its initial fundraising target of $15 billion and closing over 60% larger than its predecessor.

"Last year was a great year for us, throughout the whole vintage year we saw a discount of about 35%, which is quite phenomenal."

The need for liquidity amid a crunch, difficulties in investment exits, and larger secondaries funds being raised will likely drive more players into the market.

"[2023] was an average year in terms of activities, because where there are certain areas of slack, there are other areas of buoyancy that come to offset them. So overall, the fundraising pace is still there," said Jie Gong, partner at Pantheon Ventures.

Pantheon scored its largest fundraise at $5.3 billion earlier this month, with the close of its infrastructure secondaries fund. It also closed a separate $3.25 billion for its global secondaries fund in November 2023.

But Lexington and Pantheon are few of the many asset managers that have managed to hit such fundraising milestones under the current climate, which has made prolonged fundraising periods and closing below target the new reality.

Most LPs and GPs extended both the fundraising period and investment period due to the difficulties in the market, said Lorna Chen, Asia regional managing partner & head of Greater China at Shearman & Sterling. She added that she was constantly seeing such extension requests, with fewer GPs closing funds and more LPs hitting the pause button on investments.

Gong said the firm is seeing a lot of investment opportunities in Japan, Australia, and India. "I would say that this is the magic of the region as an asset allocator, you can flex in and out of a market and choose your spot."

Raymond Chan, managing director & head of APAC credit at CPP Investments shared a similar view on the same panel. He said the three markets are expected to produce more buyout activity going into 2024.

These are regions that are coming into more of a focal point with China on the back burner for some investment firms. The country is dealing with a doubly tough environment — a global uncertain economic outlook as well as ongoing geopolitical tensions with the US.

"We set a very high bar for China investments, because of the uncertainty in the economy or the market changes," said Chan.

Last September, CPP cut back on the number of investment professionals it had in its Hong Kong office as it was hitting pause on its investments in China, according to a Reuters report last September.

"As a secondary investor, we were never so hot on China when it was going through its rise," said Lexington's Huang.

"We have never been too enthusiastic, nor have we ever been too cold about the second largest economy in the world. You have to have a very sanguine view."

Nikkei Asia
China stimulus measures greeted with skepticism by foreign investors
Echo Wong and Kenji Kawase
January 27, 2024

- Investors question why Chinese and Hong Kong shares can't get cheaper

A series of collaborative measures rolled out this week by Beijing and Hong Kong officials aimed at boosting Asia's worst performing markets appears to have done little toward persuading foreign investors to return.

Investors from well-known global institutions and local star firms who gathered in Hong Kong this week cast doubts on how effective the policies would be. So far, key concerns such as China's property crisis and low confidence appear unaddressed.

"Policy has to drive investor confidence domestically so that the economy can reboot," Susan Chan, head of Asia-Pacific for BlackRock, said at the Asian Financial Forum, a major annual conference hosted by the Hong Kong government.

When "China for China becomes healthier," foreign flows will return and become "sticky," Chan said in a session on Thursday. "If not, for now, we're going to see flows in and out, because people are trading it as opposed to investing in it."

Her comment follows a week where Beijing acted in a "forceful" manner to "stabilize the market and confidence," Premier Li Qiang said at a State Council meeting on Monday.

On the following day, news emerged of mobilizing up to 2 trillion yuan ($282 billion) from state-owned companies' offshore accounts to buy stocks at home via Hong Kong. Then on Wednesday, Chinese central bank Gov. Pan Gongsheng announced that reserve requirements for banks would be slashed, while Hong Kong said it would widen the ability of foreign investors to use Chinese government bonds for liquidity offshore.

These measures helped push the Shanghai Composite Index back above the 2,900 level, a key psychological benchmark for Chinese retail investors. In Hong Kong, the Hang Seng Index also recovered a large chunk of losses incurred this year and climbed above 16,000, before dropping again on Friday.

For the week, foreign investors bought a net 12.1 billion yuan worth of A-shares via the trading link with Hong Kong -- yet for the month, they still net sold 19.4 billion yuan worth of mainland stocks, Chinese financial information provider Wind reports.

Rene Buehlmann, CEO of investments at Abrdn, one of the U.K.'s largest asset managers, said changing interest rates alone will not be enough to bring foreign investors back to China.

"I will be honest: It's quite challenging to explain structural things [in China]," he said at the panel that Chan attended. Flows from international investors are certain to return only when this confidence is restored, he said.

"And quite frankly, that's not a function of just one measure or whether the interest rate goes up or down," Buehlmann said.

Min-Lan Tan, who heads the Chief Investment Office, Asia-Pacific, at UBS, said at the same panel that investors have to size up exposures to retain rewards while navigating risks. She likes China banks that give her dividend yields while waiting for structural change in China.

"China is in the midst of a policy-induced economic transition," Tan said, "so it's going to be painful, and it carries with it significant risks."

Liu Yang, a prominent portfolio manager in Hong Kong who also spoke at the forum, cited two key factors to revive Hong Kong share prices: improvements in the Sino-American relationship and Beijing using national capital to prop up the stock market. Neither is likely to take place in near term, she added.

Others say the style of the government announcements risks making things worse, likely driving up policy anxiety among foreign investors.

"The package, in my view, confirms the fact that the Chinese authorities don't want to go big," Samy Chaar, chief economist at Swiss private bank Lombard Odier, told Nikkei Asia on Tuesday.

"But frankly, if you want to go big, you don't do something like that," Chaar said, referring to the reported stock rescue package. "What they are doing is a bit of service minimum, to prevent financial risk, to prevent things from getting worse."

The Swiss bank's multiasset portfolio sold out China government bonds in 2022 and reduced Chinese equities holdings in 2023, said Michael Strobaek, global chief investment officer of the bank. Lombard Odier "fundamentally" questioned its China assets position in a review late last year, he said.

"Assets look cheap for a reason, and there's no reason why they can't become cheaper," Strobaek said, adding the bank is in no hurry to buy.

Before China solves the structural problems, "I think everybody should think of China tactically more than strategically and may not be in a rush to go back in," Strobaek said.

On the other hand, U.S. hedge fund Bridgewater Associates has been recording double-digit returns from its investment in China, co-chief investment officer Bob Prince said. When asked about his secret sauce in China at a forum session on Thursday, he said it was a "timeless and universal" approach, using the same "fundamental, systematic investment process" applied in any country, including China.

"We try to understand economies and markets almost like a machine," he said. That understanding would translate into a "prespecified game plan" that is programmed by computer and exposed to various stress tests.

So to Prince, who saw that China's economy was drifting away from equilibrium, it was "inevitable" for the government to step in with a stimulus to rectify the situation, though he thinks Beijing "probably needs more."

Ming Lu, executive chairman of Asia-Pacific at KKR, tries to analyze the current weakness as part of a long process of rejuvenation. He conceded that China today shows a "pretty sluggish picture" due to rising geopolitical tensions and recent economic data.

But if one looks back from five years in the future, "you will likely see China is actually in the middle of a multi-year, maybe a decade-long, economic transformation," he said at a major private equity forum in Hong Kong on Friday.

Paul Chan, the Hong Kong financial secretary who is firmly in line with Beijing's narrative, told the same audience immediately prior to Lu that "the Chinese economy is performing better than many people believe." Chan cited Premier Li Qiang's speech at Davos last week, where he publicly leaked the country's annual growth figure in advance.

"China continues to pursue high-quality development and high-level opening up," Chan said.

Ming Lu, executive chairman of Asia-Pacific at KKR, told venture capitalists and private equity managers to take a long-term view on China's current economic issues at a Jan. 26 event. (Photo by Kenji Kawase)

For Chan, the gap in perception over the Chinese economy stems from Sino-American tensions, fueled by the media.

"There is also no lack of negative reporting about China, our economy and financial markets, caused by geopolitics and misinformation," he said.

A participant who spoke at the same forum following Chan and Lu revealed a conversation between investors during a series of financial conferences this week in Hong Kong.

Due to the Chatham House rules applied to this particular session, the speaker cannot be identified, but the participant heard a foreign investor ask a local investor a question that likely reflects the sentiment over Chinese assets: "Are you buying? If you're buying, we're buying, but we're not going to be the first one to buy."

Hong Kong Economic Journal / Now Finance
陳茂波:中國經濟表現較外界預期好
January 26, 2024

財政司司長陳茂波表示，中國經濟表現較外界預期好，過去多年建立良好根基，長期增長趨勢不會改變。隨着中國不斷追求高質量發展和高水平開放，將為世界各地企業帶來無限機遇。

陳茂波在一個論壇上致詞稱，地緣政治緊張局勢持續影響全球投資，今年多個國家將舉行選舉，增加全球市場複雜性、波動性和潛在風險，而主要央行多次加息對全球經濟的影響尚未充分反映，國際組織預測普遍顯示今年全球經濟增長按年放緩。

陳茂波表示，香港在「一國兩制」下具有優勢，有法治及資金人才自由流動等，亦有中央政府支持。人民銀行發布 6 項新措施，深化內地與香港金融對接，有助提升及鞏固本港國際金融中心地位。

他提到，早前出席達沃斯論壇期間與多名政治領袖及跨國企業高層會面，他們對中國經濟和香港的中長期發展均持樂觀態度，有意在港投資，正等待合適時間和機會。

他又指，香港近年致力發展創新科技，創科生態充滿生機，將成為推動經濟高質量發展的新引擎。本港目前有逾 4000 間初創公司，是發展獨角獸企業的理想地方。

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Ta Kung Pao
陳茂波：外資看好內地及港 投資意欲大
January 27, 2024

【大公報訊】財政司司長陳茂波昨在一個論壇上致辭時表示，早前在瑞士達沃斯與多位政治領袖及跨國企業高層會面，他們均對內地及香港中長期發展樂觀，亦有意投資，正在等待合適時間和機會入市。他重申，香港在「一國兩制」下具優勢，法治及司法獨立，資金、人才自由流通等，而且有中央政府支持。最近人民銀行發布 6 項新措施，深化內地與香港金融對接，有助提升及鞏固本港國際金融中心地位。

陳茂波指出，中國經濟表現較外界預期好，過去多年建立良好根基，長期增長趨勢不會改變，加上中國持續追求高質量發展及開放，有龐大商機。他續稱，香港正致力發展中東等新興市場，亦與東盟國家有長久關係，而本港私募股權領域強大和廣泛，位居亞洲第二，排名在內地之後。
經濟高質量發展 培育獨角獸

他又提到，香港過去幾年在創科方面投入大量資金，將成為推動經濟高品質發展的新引擎。他指出，香港有超過 4200 家初創公司，其中不少在科學園及數碼港，亦設立了引進重點企業辦公室，吸引優秀企業，特別是先進科技企業進駐香港，已有 30 多家此類企業承諾落戶香港，當中大部分是在醫療衛生領域的企業，總共將投資超過 300 億美元，僱用約 1 萬名研發和管理人員。他形容香港正是讓企業投資下一波獨角獸的理想地方。

至於環球經濟，他認為，全球逆風已引起所有人注意，主要央行多次加息對全球經濟的影響尚未充分反映。地緣政治緊張局勢亦持續影響全球投資。他提到，今年全球一半以上人口的國家及地區將舉行選舉，增加全球市場複雜性、波動性和潛在風險，主要國際組織預測普遍顯示今年全球經濟增長按年放緩。

Hong Kong Commercial Daily
陳茂波：外國對內地及香港中長期發展樂觀
程向明
January 26, 2024

財政司司長陳茂波出席香港創業及私募投資協會開幕式致詞中表示，中國經濟表現較外界預期好，過去多年建立良好根基，長期增長趨勢不會改變。隨着中國不斷追求高質量發展和高水平開放，將為世界各地企業帶來無限機遇。

另一方面，他提及，早前出席達沃斯論壇期間與多名政治領袖及跨國企業高層會面，他們對中國經濟和香港的中長期發展均持樂觀態度，有意在港投資，正等待合適時間和機會。

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他又指，香港近年致力發展創新科技，創科生態充滿生機，將成為推動經濟高質量發展的新引擎。本港目前有逾 4000 間初創公司，是發展獨角獸企業的理想地方。

陳茂波強調，今年依舊對香港市場成為世界投資中心抱有信心，擁有大量風險資本以及私募股權機會。他舉出數據指，香港私募股權行業實力雄厚，在亞洲排名第二，僅次於內地。資本和管理超過 2200 億美元，佔地區總額的 15%以上。

展望未來，陳茂波表示，還會有更多機遇。他指，當前的高利率環境刺激資本前景向上游行業的轉移。在二級市場面臨壓力的時候，私募股權和風險資本變得越來越活躍，其正在尋找科技初創公司和新業務的投資機會。過去幾年香港在創新科技方面投入了大量資金，這將是推動高品質經濟增長的新經濟引擎。香港着眼於發展人工智慧、數據科學、材料製造、新能源和材料、健康科技、科技金融。

Hong Kong Commercial Daily
本港有 4000+初創公司 陳茂波：創科充滿生機
January 27, 2024

【香港商報訊】財政司司長陳茂波昨日出席香港創業及私募投資協會開幕式致辭時表示，中國內地經濟表現較外界預期好，過去多年建立良好根基，長期增長趨勢不會改變。隨□中國不斷追求高質量發展和高水平開放，將為世界各地企業帶來無限機遇。

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RTHK
陳茂波：外國對內地及香港中長期發展樂觀有意投資
January 26, 2024

[Video]

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他提到，本港目前有超過 4000 間初創，創科生態充滿生機，形容香港能發展出一批獨角獸企業。

Commercial Radio Hong Kong
陳茂波：中國經濟表現比普遍人認為的更好
January 26, 2024

財政司司長陳茂波在一個論壇上致辭時表示，相信全球逆風已引起所有人注意，主要央行多次加息對全球經濟的影響尚未充分反映。地緣政治緊張局勢亦持續影響全球投資。

他提到，今年全球一半以上人口的國家將舉行選舉，增加全球市場複雜性、波動性和潛在風險，主要國際組織預測普遍顯示今年全球經濟增長按年放緩。

陳茂波說，香港的金融市場有效地反映中國經濟狀況，中國經濟表現比普遍人認為的更好。國務院總理李強上周在達沃斯世界經濟論壇年會上提到，去年中國 GDP 增長 5.2%，多年來基本面已經奠定，長期增長的趨勢不會改變。隨著中國不斷追求高質量發展和高水準開放，將會為世界各地的企業帶來無限的機會。

而陳茂波出席達沃斯論壇期間，會見了跨國公司行政總裁、創業家和投資者，指他們對中國經濟和香港的中長期發展持樂觀態度，熱衷於在港投資，只是等待合適的時間和機會。

陳茂波又指，國家金融監督管理總局局長李雲澤日前在亞洲金融論壇上提到，會進一步向香港開放內地銀行業和保險業。人民銀行行長潘功勝亦宣布了六項深化雙邊金融互聯互通的新舉措，將進一步便利投資流動，鞏固和提升香港作為國際金融中心和離岸人民幣業務中心的地位。

陳茂波：香港是企業投資下一波獨角獸理想地方

陳茂波又指，高利率環境促使資金轉向上游產業，二級市場面臨壓力，私募股權和創投因此變得越來越活躍，尋找科技創新公司和新業務的投資機會。香港過去幾年在創科方面投入了大量資金，將成推動經濟高品質發展的新引擎。

他指，香港有超過 4200 家初創公司，其中不少在科學園及數碼港，亦設立了引進重點企業辦公室，吸引優秀企業，特別是先進科技企業進駐香港，已有 30 多家此類企業承諾落戶香港，當中大大部分是在醫療衛生領域的企業，總共將投資超過 300 億美元，僱用約 1 萬名研發和管理人員。他形容香港正是讓企業投資下一波獨角獸的理想地方。

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陳茂波:香港風險資本和私募股權實力雄厚且未來更多機遇
Infocast
January 26, 2024

＜匯港通訊＞ 財政司司長陳茂波於香港創業及私募投資協會開幕式致詞中表示,儘管去年形式逆風,但今年依舊對香港市場成為世界投資中心抱有信心,擁有大量風險資本以及私募股權機會。香港私募股權行業實力雄厚,在亞洲排名第二,僅次於內地。資本和管理超過 2200 億美元，佔地區總額的 15%以上。

陳茂波稱，展望未來還會有更多機遇，當前的高利率環境刺激資本前景向上游行業的轉移。在二級市場面臨壓力的時候。私募股權和風險資本變得越來越活躍，其正在尋找科技初創公司和新業務的投資機會。過去幾年香港在創新科技方面投入了大量資金，這將是推動高品質經濟增長的新經濟引擎。香港著眼於發展人工智慧、數據科學、材料製造、新能源和材料、健康科技、科技金融。

香港有超過 4200 家初創企業，仍希望快速啟動創新和技術產業。香港已設立戰略企業辦公室，從而吸引優秀的從事先進技術的公司來香港。目前已有 30 多家這樣的戰略企業合作夥伴承諾在這裏建立業務，大多數是在醫療和衛生領域。

政府還成立「香港投資管理有限公司」，在推動創新和技術集團方面發揮積極作用。公司不僅在港投資（invest in），還將其他可能的資本資源引導到企業和項目中，最大力度支援香港對創新科技、新商業模式和新行業的支援。此外，香港正積極發展資產財富管理及家族企業，上個月，香港進一步公佈了新的資本投資准入計劃的細節，這一切都有望帶來更多高水平人才和資本。換言之，風險資本和私募股權的新一波商機即將到來。

陳茂波還稱，香港的金融市場有效地反映內地經濟狀況，內地經濟表現比普遍人認為的更好，GDP 增長 5.2%，多年來基本面已經奠定，長期增長的趨勢不會改變。隨著內地不斷追求高質量發展和高水準開放，將會為世界各地的企業帶來無限的機會。

香港正在「一國兩制」的基礎下具有顯著優勢，將繼續發揮獨特作用，聯通內地與世界其他地區的投資機會。香港正積極開拓新市場，吸引來自高端和新興市場的新資本。（JJ）

#陳茂波 #香港創業及私募投資協會

AAStocks
陳茂波:香港風險資本和私募股權實力雄厚且未來更多機遇
January 26, 2024

財政司司長陳茂波於香港創業及私募投資協會開幕式致詞中表示,儘管去年形式逆風,但今年依舊對香港市場成為世界投資中心抱有信心,擁有大量風險資本以及私募股權機會。香港私募股權行業實力雄厚,在亞洲排名第二,僅次於內地。資本和管理超過 2200 億美元，佔地區總額的 15%以上。

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HK01
陳茂波：外資對中港長期發展感樂觀 正等待合適投資時機
黃文琪
January 26, 2024

財政司司長陳茂波表示，儘管去年形式逆風，但中國經濟表現較外界預期好，過去多年建立良好根基，長期增長趨勢不會改變，中國持續追求高質量發展及開放，有龐大商機。

陳茂波於香港創業及私募投資協會開幕式致詞中表示，早前在瑞士達沃斯與多名政治領袖及跨國企業高層會面，指出他們均對內地及香港中長期發展樂觀，亦有意投資，正等待合適時間和機會。

他表示，展望未來還會有更多機遇，香港正致力發展中東等新興市場，亦與東盟國家有長久關係。

陳茂波又指，香港近年致力發展創新科技，相信會是推動高質量發展新引擎，並銳意發展人工智能等領域。本港目前有超過 4000 間初創，創科生態充滿生機，香港能發展出一批獨角獸企業。

Zhitong Caijing
陈茂波：香港风险资本和私募股权实力雄厚 未来还有更多机遇
January 26, 2024

智通财经 APP 获悉，香港财政司司长陈茂波在香港创业及私募投资协会开幕式致词中表示，过去几年，香港在创新科技方面投入了大量资金，这将成为推动高品质经济增长的新经济引擎。尽管去年形势逆风，但今年对香港市场成为世界投资中心依旧有信心，香港拥有大量风险资本以及私募股权机会。香港的私募股权行业实力雄厚，在亚洲排名第二，仅次于内地。资本和管理超过 2200 亿美元，占地区总额的 15%以上。

展望未来，还会有更多机遇，当前的高利率环境刺激资本向上游行业的转移。在二级市场面临压力的时候。私募股权和风险资本变得越来越活跃，其正在寻找科技初创公司和新业务的投资机会。香港着眼于发展人工智慧、数据科学、材料制造、新能源和材料、健康科技、科技金融。

香港有超过 4200 家初创企业，但仍希望快速启动创新和技术产业。香港设立了战略企业办公室，从而吸引优秀的从事先进技术的公司到香港。目前已有 30 多家这样的战略企业合作伙伴承诺在香港建立业务，大多数是在医疗和卫生领域。香港政府还成立“香港投资管理有限公司”，在推动创新和技术集团方面发挥积极作用。该公司不仅在港投资(invest in)，还将其他可能的资本资源引导到企业和项目中，最大力度支援香港对创新科技、新商业模式和新行业的发展。

此外，香港正积极发展资产财富管理及家族企业，上个月，香港进一步公布了新的资本投资准入计划的细节，这一切都有望带来更多高水平人才和资本。换言之，风险资本和私募股权的新一波商机即将到来。

陈茂波指，香港的金融市场有效地反映内地经济状况，内地经济表现比人们普遍认为的更好，GDP 增长 5.2%，基本面已经奠定，长期增长的趋势不会改变。内地不断追求高质量发展和高水准开放，将会给世界各地的企业带来无限的机会。

香港在“一国两制”的基础下具有显著优势，将继续发挥独特作用，连接内地与世界其他地区的投资机会。香港正积极开拓新市场，吸引来自高端和新兴市场的新资本。