



THE WINNERS



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The 22nd AVCJ Awards

Asian Venture Capital Journal tasks itself with highlighting the firms, professionals, investments, exits and fundraises that are a cut above the rest. We do this on a continuous basis through our editorial coverage and then on an annual basis through the AVCJ Private Equity & Venture Capital Awards.

The awards are a showcase for first-class innovation, ingenuity and performance. They are also unique in how they are distributed – relying primarily on nominations and votes cast by Asia's private equity and venture capital community, but with contributions from select panels of industry judges.

For the 22nd iteration of the awards, nominations opened in August 2022 and names were put forward on behalf of third parties as well as directly. Individual firms were restricted to one submission per category. All submissions had to relate to fundraising, investment and exit activity over the 12-month period ended September 22, 2022

The entries were evaluated by the AVCJ Editorial Board and a long list was created. The judges assessed the long list and had the opportunity to review original submission papers and propose alternative candidates. Their collective recommendations formed the basis of the final shortlists drawn up for each category.

The shortlists were posted online for the private equity and venture capital community to cast their votes through October 31. As in previous years, no more than 10 votes were accepted from the employees of a single firm. Registered voters and the judging panel each had a 50% say in the result

This assessment process did not apply in three categories. The Operational Value Add Award and the Responsible Investment Award were both presented based on recommendations by industry professionals with experience in those fields, while the AVCJ Special Achievement Award was

presented at the discretion of the AVCJ Editorial Board, although external suggestions were considered.

As in previous years, we are indebted to our expert judges, who made the time to participate in the process. For 2022, they included representatives from:

- | | |
|-----------------------------------|---|
| • Adams Street Partners | • HarbourVest Partners |
| • Allianz Capital Partners | • HQ Capital |
| • AlpInvest Partners | • International Finance Corporation |
| • Asia Alternatives | • LGT Capital Partners |
| • Azimuth Asset Consulting | • Morgan Stanley Alternative Investment Partners |
| • Capital Dynamics | • Pantheon |
| • Future Fund | • Portfolio Advisors |

The judging panel for the Responsible Investment Award included:

- | | |
|--|--|
| • Asia Impact Investment Exchange | • GPCA |
| • Asian Development Bank | • International Finance Corporation |
| • Control Risks | • LGT Capital Partners |

The judging panel for the Operational Value Add Award included:

- | | |
|------------------------------------|-----------------------------|
| • AlixPartners | • Bain & Company |
| • Alvarez & Marsal | • KPMG |
| • Anchor Strategic Partners | • PwC |



Congratulations to those who took home prizes, and many thanks to everyone who participated.

We will persevere in our efforts to make the AVCJ Awards relevant, appealing and reflective of the work being done throughout the asset class in Asia. With this in mind, any feedback is much appreciated.

Tim Burroughs
Managing Editor
Asian Venture Capital Journal

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Roll of honour

FUNDRAISING OF THE YEAR – VENTURE CAPITAL

Qiming Venture Partners VIII (Qiming Venture Partners)

FUNDRAISING OF THE YEAR – MID CAP

Potentia Capital Fund II (Potentia Capital)

FUNDRAISING OF THE YEAR – LARGE CAP

The Baring Asia Private Equity Fund VIII (Baring Private Equity Asia)

DEAL OF THE YEAR – SMALL CAP

Well-Link Technologies (Temasek Holdings, CDH Investments, Future Capital)

DEAL OF THE YEAR – MID CAP

Honour Lane Shipping (Nexus Point Capital)

DEAL OF THE YEAR – LARGE CAP

Crown Resorts (The Blackstone Group)

EXIT OF THE YEAR – IPO

GoTo (ADIA, Alibaba Group, Astra International, BlackRock, Capital Group, DST Global, Facebook, Fidelity International, Google, JD Group, KKR, Northstar Group, Openspace Ventures, Primavera Capital Group, Sequoia Capital India, SoftBank Vision Fund, Temasek Holdings, Tencent Holdings, Ward Ferry, Warburg Pincus)

EXIT OF THE YEAR – SMALL CAP

CosmoLife (Advantage Partners)

EXIT OF THE YEAR – MID CAP

Probe CX (Five V Capital, Quadrant Private Equity)

EXIT OF THE YEAR – LARGE CAP

Intellihub (Pacific Equity Partners)

RESPONSIBLE INVESTMENT

Sido Muncul (Affinity Equity Partners)

OPERATIONAL VALUE ADD

Owndays (L Catterton) & Sona Comstar (The Blackstone Group)

FIRM OF THE YEAR – MID CAP

Pacific Equity Partners

FIRM OF THE YEAR – LARGE CAP

Baring Private Equity Asia

AVCJ SPECIAL ACHIEVEMENT

Kok Peng Teh



AVCJ Awards 2022: Firm of the Year – Large Cap: Baring Private Equity Asia

Baring Private Equity Asia's 2022 was punctuated by a high-profile merger with EQT, a bumper fundraise, and USD 10bn in exits. Jean Eric Salata, now head of BPEA EQT, shares his thoughts on the market

Q: How do you feel about investment right now?

A: I think that 2023 and 2024 will be interesting vintages and a great entry point for private equity investors. There was a pause – macro conditions were uncertain – and now we are starting to see things settle down. China is re-opening and some of the regulatory crackdowns are easing. Engagement between the US and China is improving. The global macro picture seems to be improving as well: the interest rate cycle is settling down; inflation is peaking; there are some positive signs out of Europe, with Germany's chancellor saying the country is unlikely to go into recession this year; the Ukraine war continues, but the world appears to have adjusted to that and figured out how to handle energy. Generally, it's not so much a worst-case scenario, with a massive pullback and correction, and more a business cycle. We have greater clarity and higher conviction on opportunities we are seeing today compared to 12 months ago.

Q: How are geopolitical factors addressed at the investment committee level?

A: A lot of externalities that come into our thinking now that didn't before in terms of how the world is dividing. It's not just supply chains, but also foreign investment policy and de-globalisation. Other countries have their own versions of CFIUS [the Committee on Foreign Investment in the US] – to the point that it seems easier to invest in China than in companies with exposure to Europe and the US. The dynamic of the world being fully integrated is taking a back seat and the focus ►



Jimmy Mahtani (left) and Jean Eric Salata (centre) of BPEA EQT with HarbourVest's Kelvin Yap

“We have greater clarity and higher conviction on opportunities we are seeing today compared to 12 months ago”

is on security and national interests, especially as they relate to subsidising the transition to green energy. To some extent, this is understandable. We are in a new era characterised by energy transition and huge technological evolutions. The variables are changing, so countries need to adjust their policies. It makes the environment more complicated for investors, but it also creates a lot of new opportunities – for example, national champions will be created in different parts of the world. On the other hand, when it comes to exits, the number of strategic buyers for these assets might be limited because of increased cross-border scrutiny. Public market exits could become the preferred avenue in those situations.

Q: Does de-globalisation mean fewer cross-border deals?

A: We won't decrease our level of activity in cross-border investments. It's important to be very thematic and sector specific. IT services in India is cross-border by its very nature because you are supplying services to global companies from India. Pet food is an innocuous industry that isn't affected by geopolitics, and you see large strategic players from the US investing in China without any regulatory scrutiny. As for technology and areas like semiconductors, it's a very different discussion.

Q: What does a hard-to-access US financing market mean for Asia buyouts?

A: The US market hasn't closed but it's become a lot more expensive and the quantum of debt available is less – the cost of term loan B-style financing has really skyrocketed, nearly doubling the all-in cost. Asia is much more open. The cost and availability of financing is about the same and then it's traditional senior loan-type consortium lending you see among Asian banks. Some of the larger cross-border deals have become more problematic in this environment. Previously, taking on a USD 10bn transaction was fine. Now you would struggle to get it financed. It's not just the terms of the debt, but also the equity syndication because a lot of investors have pulled back from direct co-investments. We have a bit of an

advantage right now, because with a USD 11.2bn fund, we can underwrite large equity cheques.

Q: Did this contribute to a slower pace of deployment in 2022?

A: We invested about USD 3.2bn, which is down 20% on the previous year. There was a big slowdown going into the second half of the year. Prices have adjusted and they need to adjust further. With the issues around leverage and questions about exit multiples, to make the math work we must adjust the prices we pay for assets – because we haven't changed the return we underwrite to. What we have done a lot of is bolt-on acquisitions: 25 in the last 12 months. Bolt-ons are an interesting feature of this environment. You can make small acquisitions at reasonable prices and use them to drive scale and add value.

Q: How about exits?

A: We've generated USD 10bn in exits over the last 18 months – that has proven in hindsight to be an important move. About 70% of our exits were sales, of which more than half were sponsor-related, and the other 30% was public market-related or dividend recap-related.

Q: Isn't the sponsor-to-sponsor share surprisingly – and historically – high?

A: It's a large number, but not an unhealthy industry dynamic. Ten years ago, we had much less of that. You had to rely on a trade buyer getting interested in a business or, more likely than not, an IPO. That led to a challenging and illiquid exit environment and lower returns in terms of IRR. What we have now, like the rest of the world, is a deep market – almost like a capital market. The universe of buyers is larger and that lowers the risk for investors in Asia and it has improved returns.

Q: Where else do you expect to see more large-cap deal flow?

A: There is an increasing amount of corporate carve-out activity. Those deals tend to be more complicated and take longer, but they will



“It will become more difficult over time for players that are purely regional or focused on single countries”

grow in number. In addition, we have seen some evidence of multinational decoupling in the region – carve-outs are coming from global players as opposed to Japanese conglomerates. Then there are take-privates. We’ve looked at a number, we know others are looking at them, but not many have transacted. Part of the problem is the debt markets, given the size of those deals. There has also been a lack of interest or willingness to sell on the part of boards that feel there was a kneejerk steep correction last year. Even though there are lots of opportunistic buyers, they don’t think it’s the right time to do a deal.

Q: In addition to writing bigger cheques, what does a larger fund enable you to do?

A: We can expand resources and capabilities, investing in people who cover sectors or do operations. Following the EQT merger, we now have a dedicated team in Asia for digital transformation work. There is also the “other brain,” an internal platform based on data science and artificial intelligence, which is driving analytics and insights into our businesses and helping us maintain a competitive edge.

Q: What do private equity firms need to be competitive in Asia?

A: You need to be very local to understand the region – there couldn’t be two markets more different than India and Japan. You need teams on the ground, and you need to have trust, processes, and central decision making to form a portfolio view and an investment committee view on very different and distinct underlying markets. There is also a lot of blocking and tackling: buying

businesses in sectors where you have a strong view; finding the right advisors and executives working with you so you understand the dynamics; and having a transformation toolkit and playbook, so you know how to take these businesses from where they are today to where you want them to be in five years. Private equity generates above average returns as an industry because it’s a hands-on, active strategy. It’s not enough just to have a transformation plan. Everything adds up and that’s what gives you those better-than-market returns on a consistent basis.

Q: Does being competitive in Asia also mean being more global?

A: There is a role for firms that specialise in Asia and focus on certain areas, but if you want to compete for larger buyouts, that’s harder and harder to do that without global links. Industries are increasingly global, so you must make decisions based on what is happening globally, not just on what is happening in Asia. That requires a global network and a global team. We were doing it on our own, but I was starting to feel that we didn’t have the capabilities to deliver the same returns over time as some of the global firms. It will become more difficult over time for players that are purely regional or focused on single countries.

Q: Are we likely to see more M&A activity along the lines of BPEA-EQT?

A: It’s not easy to see something like this happening again. Cultural fit and people fit are very important. The two firms must also be at similar stages of evolution. When one firm that is very well developed outside the region comes together with one that is developed in the region, that’s hand in glove. You don’t want situations where there is a lot of overlap because that will create a lot of problems in post-merger integration. The European and Asian angles were also helpful. There is a similar history and culture, growing up in markets with lots of different geographies and local languages. The Europe-Asia fit is a good one. I think US-Asia is harder, in terms of time zones and in terms of cultural backgrounds. ■

AVCJ Awards 2022: Firm of the Year – Mid Cap: Pacific Equity Partners

Reflecting on a 12-month period characterised by a string of bumper exits, Australia's Pacific Equity Partners sees a clear connection between performance and well-established team and culture

Of the 13 managing directors at Pacific Equity Partners (PEP), 12 have spent their entire investing careers with the 25-year-old firm, from three co-founders to the cluster of investment professionals who joined as associates. This longevity – and the culture of apprenticeship that underpins it – is seen as unusual in Australia and New Zealand private equity.

"We are driving transformation in businesses for periods of up to seven years, so we want a team that is prepared to invest for the long term," said Andrew Charlier, a managing director who joined PEP from Bain & Company in 2007 and now co-heads the firm's secure assets strategy.

"You might play a role in sourcing an opportunity as an associate and then stay involved through implementation and exit – and this journey happens several times over. It allows a person to develop, to become part of a culture of performance, which is more long-term in nature than the in-and-out, individualistic approach we often see in private equity."

Terry Miu Neeland, a director at PEP, has accompanied several portfolio companies from start to finish during her eight years with the firm. She points to Allied Pinnacle – a bakery business acquired in 2015 and merged with flour producer Allied Mills before being sold to Japan's Nisshin Foods in 2019 – as an early instructive experience.

More recently, Miu Neeland oversaw the exit of iNova Pharmaceuticals, a prescription medicine business where growth largely came through international expansion. A different time, a different industry, but with some consistent themes: targeting underperforming market leaders; devising value creation plans that can double profit; and empowering management teams to deliver.

"The common piece is having a strong relationship with the management team and helping them develop their strategic goals. Our approach is very inclusive, and it has built up over a long time, and that shines through in how we work with these teams," said Miu Neeland.

"Being part of the asset selection and being the point person who interacts with management during the investment process has, for me, been a very important part of career development."

Strategic significance

PEP realised the fruits of these labours in the 12 months ended September 2022, closing five exits and signing two more, with an average return of 3.9x. It also made three new investments, signed another two, and helped portfolio companies complete eight bolt-on acquisitions.

However, these numbers alone do not capture the strategic significance of the period. Two exits came from PEP's debut secure assets fund, demonstrating the viability of investing at the nexus of private equity and infrastructure. This created helpful momentum for Fund II, which launched with a target of AUD 1bn (USD 702m) but is now aiming for AUD 1.4bn.

The PE firm also built out two more strategies: capital solutions, which makes structured non-control investments with downside protection and a lower target IRR than for buyouts; and PEP Gateway, which gives individual investors access to PE funds globally with a regular liquidity mechanism.

"We ask ourselves three questions. First, does PEP have an edge where we can apply our skillset to achieve strong, consistent results. Second, are our existing investors supportive of it? Third, is it beneficial and synergistic to the wider PEP ►

platform? If answer is yes to all three, we will respond,” explained Alex Ovchar, a director and co-lead of the firm’s partner and client group.

“Secure Assets had that perfect overlay of taking the existing PEP skillset but applying it in a new, more defined vertical relative to our existing buyout strategy.”

The origins of the secure assets strategy can be traced to PEP’s early investments in companies like distributed power provider Energy Developments (EDL), which generated consistent infrastructure-style yield and offered additional upside through an active management approach. EDL proved successful but other opportunities were foregone largely due to cost of capital issues.

“Twenty years ago, what we call secure assets was all private equity. About seven years ago, the distinction began to break down as new pools of capital formed globally to go after assets that sit between infrastructure and private equity. It became clear there was a risk we wouldn’t be able to capture these opportunities – or we could raise a dedicated fund to pursue them,” said Charlier.

This trend dovetailed with the emergence of energy transition. Replacing fossil fuels with renewables or diesel with battery power promised long-term savings but involved massive up-front investment. Moreover, these onerous capital requirements would remain as businesses accumulated scale.

A thesis proven

The first secure assets fund closed in 2020 with a corpus of AUD 660m, including AUD 300m in committed co-investment that PEP could allocate to deals at its discretion. By then, a debut deal had long since been completed: PEP carved out Origin Energy’s smart electricity meter business and combined it with a similar unit under Landis+Gyr. The enterprise value on entry was AUD 397m.

“There was an opening in the digitalisation of

energy – being able to track energy consumption and manage intermittent generation. A couple of the smart meter players were owned by industry incumbents that didn’t have capital to deploy against them, so they came up for sale. We partnered with one to buy the other,” said Charlier. “The real opportunity was to go for scale and go for it quickly.”

At the time of acquisition, Intellihub – as the business became known – had 750,000 units, most of them on Australia’s east coast, and Origin was the primary customer. PEP expanded the business to 2m units with over 30 counterparties across Australia and New Zealand. In addition to diversifying the revenue base, contract tenor was lengthened from 3–5 years to 10 years-plus.

In four years, not only had Intellihub’s market share grown from 20% to 50%, but the asset had been de-risked. It was becoming core infrastructure – with a different risk-return profile to the secure assets fund. Brookfield Asset Management bought a 50% stake at an enterprise value of AUD 3.2bn last year and the other 50% was transferred into a single-asset continuation fund. PEP’s return was 5.2x.

“As the business began to scale up and de-risk, we talked to investors and the feedback was that they would be keen to come in on a partnership basis rather than do a 100% sale. When they saw the results from Intellihub, they were keen to stay in and they wanted us to stay in, it was just a case of doing that with a different style of return and a different investment horizon,” Charlier said.

The second secure assets fund exit saw PEP generate a 7.2x return from the sale of Winconnect, a provider of utility services to multi-tenanted buildings, to Origin. At the same time, Origin’s master services agreement with Intellihub was amended and Origin and Winconnect agreed to sell their embedded network meters to Intellihub.

Energy transition is the dominant theme under the secure assets strategy. The Fund I portfolio also includes Zenith Energy, an off-grid electricity provider not unlike EDL that needed capital to convert thermal power plants to renewable energy, but other investments play indirectly into the theme.

Agright, for example, builds and operates poultry farms for chicken processing companies under long-term contracts. It is an agricultural

“The real opportunity was to go for scale and go for it quickly”

– Andrew Charlier



Shannon Wolfers of PEP

infrastructure play, but PEP is introducing standalone power systems, having calculated that using a combination of solar and battery power, plus a small amount of diesel, works out cheaper than buying electricity from the grid.

Charlier believes the transition happening in distributed energy will spread into traditional energy, increasing capital needs. "We look for businesses that are EBITDA negative when you subtract the capex requirement – they have more opportunity to deploy capital than their existing base allows," he added. "That's what we are investing in because we can drive very material growth."

Picking winners

PEP's three exits from its buyout funds were medical devices distributor LifeHealthcare, which went to Ebos Group, corporate hospital platform Evolution Healthcare, which was acquired by QIC and Sunsuper, and car parts supplier AutoPacific Group, which was picked up by GUD Holdings. The firm also agreed to sell iNova and Patties Foods to TPG Capital and PAG, respectively.

It is consistent with the even split between sales to strategic players and sales to financial sponsors that PEP has witnessed in recent years. During a period in which public markets have been hard to access, financial sponsors have effectively taken the place historically occupied by IPOs.

Meanwhile, new investments have come in

familiar sectors: hospital operator Healthe Care, health and wellness brand Cranky Health, and Agright. "We tend not to follow the hottest sectors, but if you look at our investments over 20 years, the sectors we've done more in are consumer, healthcare, and education," said Miu Neeland.

There is a clear preference for defensive sectors, in addition to market leaders within those sectors. Miu Neeland observed that, although 2021 and early 2022 proved an opportune time to realise returns, none of PEP's exits would have been possible if the companies in question were underperforming – and careful asset selection is a key part of the process.

She pointed to iNova, which struggled during COVID-19 because one of its flagship products is cough medicine and social distancing measures impacted the circulation of common colds. The company rebounded quickly and TPG was suitably impressed by the quality of the platform and its growth potential that it looked past recent volatility. (PEP also re-invested through its latest fund.)

Ovchar added that realised returns from all PEP's buyouts for 2010-2020 are in a narrow range of approximately 2x-4x, with no losses, and an average realised gross IRR of over 40%.

"It's all about consistency – picking high quality, mature businesses where there is scope for transformation and a tangible path to doubling profits," he said. "We don't follow the whims of the market. We want to do in the next decade what we have been doing for the past decade."

Maintaining the firm's culture and supporting the development of investment professionals as they move through the ranks is regarded as essential to these efforts. It is accompanied by a commitment to diversity that has resulted in an associate-level group that is nearing gender parity. There are also initiatives focused on retention, including mentorship programmes.

"We want to build people's careers with them, under the apprenticeship model, and so it's important we address some of the challenges around diversity in our industry," said Miu Neeland. "We want to be market leading and we are making some good progress, especially at the junior level. However, we must ensure we are constantly checking ourselves and creating the best environment for people." ■

AVCJ Awards 2022: Deal of the Year – Small Cap: Well-Link

By taking computing to the cloud, graphics-as-a-service player Well-Link Technologies is looking to broaden access to video games and help power the metaverse. VC investors are keen to get involved

Most China venture capital investors slowed their pace of deployment in 2022 amid economic and policy uncertainty and the suspicion that valuations would adjust downwards. Entrepreneurs also showed patience, conscious that flat rounds and down rounds are beginning to emerge in the industry.

Well-Link Technologies, a provider for real-time cloud rendering solutions for game developers, is the exception to the rule. Despite having enough cash in reserve to sustain operations for five years within the existing scope of operations, the start-up closed a USD 40m Series B extension in September 2022. This not only offered room for exploration and expansion into new parts of the industry value chain.

“Some of our peers may have ‘laid down’ last year, but we kept the pace of deployment stable and even increased investments in some sectors. We are one of few venture capital firms that were still actively deal-sourcing. If you can see opportunities in the next 5-10 years clearly enough, and you have the conviction, now is the best time to deploy,” said Mingming Huang, founding partner of Future Capital.

Future Capital led Well-Link’s CNY 400m (USD 56m) Series B in December 2021, supported by Shunwei Capital, CDH Investments, Xiaomi, and video game developer miHoYo. It re-upped in the extended round, alongside CDH, with Temasek Holdings taking the lead.

Huang’s faith in the resilience of the gaming industry was echoed by People’s Daily article last November. Citing the European Parliament’s resolution to formulate a long-term strategy and support for the industry, it concluded that video games have become a key driver of scientific and

technological innovation in fields such as 5G, semiconductors, and artificial intelligence.

The positive vibes didn’t end there. In an unusual move for state media, the article noted that following the implementation of restrictions intended to curb video game addiction, the industry’s “barbaric growth” phase had ended and now China should focus on seizing the initiative from global competitors.

“Technologies developed in video gaming have spilled over to other industries, even enterprise services with more operators migrating to the cloud,” said Qizhi Guo, a senior partner at CDH Investments. “Chinese companies are competitive globally, and moreover, video games have become a kind of Chinese cultural export. Half the revenue generated by the game Genshin Impact is from overseas.”

Building momentum

Well-Link earned its current reputation by producing a cloud version of Genshin Impact, a role-playing game developed by miHoYo. It quickly became a benchmark for cloud-based games and helped Well-Link post a fourfold year-on-year jump in revenue for the first nine months of 2022.

The company has created strong industry tailwinds. According to IDC Consulting, China’s cloud game market was worth CNY 4bn in 2021, up 93% on the previous year. Meanwhile, iiMedia Research projects the market will be worth CNY 98bn by 2023.

Cloud-based gaming is not so much about convenience for end-users – although that is a factor – as making games accessible to users who don’t have high-performance computers. This extends to providing a better experience for ►

those play games on mobile phones intermittently during the day.

But for Matt Guo, WellLink's founder and CEO, the most transformational aspect of cloud-based gaming is that it eases the burden on developers. Most developers base their planning on expected advances in computing power and rendering capabilities in the two years prior to a game being released. Ambitions are effectively curbed by conservatism. With cloud games, the only limit is one's creativity.

While Well-Link's key service is a third-party real-time rendering solution provider, its ambitions stretch beyond software. The company has moved into the hardware space, establishing a dedicated server – called Siland – that it claims can help game developers reduce rendering costs by up to 25%.

"Ordinary servers are for general-purpose use and are adapted to a suite of various needs. Games require very high computing power, and for a general server to meet such requirements, it must be configured to the highest level, which pushes up operating costs for game developers," said CDH's Guo.

"Siland is a customised, dedicated server for games. It removes unnecessary functions and realises a substantial reduction in overall cost."

Well-Link's objective is to provide all the resources and tools needed for game development on a single operating system. Last August, it released a movie-like cloud-native game demo The Grass of Genesis to showcase such a capability. Investors regard this as another step into the intellectual property ownership space,

which would further enhance the company's competitive moat.

Business and imagination

Well-Link's Guo divides the company into two parts: business and imagination. The business side is driven to generate revenue and turn a profit as soon as possible, reassuring investors and other stakeholders. Imagination is not burdened by such near-term considerations; it is programmed to be the future growth engine. The latest funding round can serve both these purposes.

New business concepts being explored include providing computing power for the future digital world or metaverse. A near-term plan for Well-Link is to capture a meaningful share by serving as an infrastructure builder for virtual reality (VR) and artificial reality (AR) applications.

The Grass of Genesis is notable for introducing movie industry capabilities to cloud game production, which should smooth the way to creating more realistic environments for VR and AR-enabled interaction. Consumer demand is already strong – shipments of VR and AR headsets reached 11m units in 2021, up 92.1% year-on-year, according to IDC – but it is expected to step up a level.

"One of our basic judgments is that in the future all our physical world will be digitalised and mirrored in the metaverse – a fully immersive world based on 3D real-time rendering. In the next 10 years, there will be billions of people who live and work in such a digital world," said Huang.

Instant rendering of virtual worlds means business meetings can take place in grasslands in the foothills of the Alps and car buyers can get up close and personal with new vehicles while absorbing all the specifications.

While China is a powerful global manufacturing base, supported by extensive infrastructure and supply chains, Huang believes the country can establish similar competitive advantages in the digital world. He equates "water, electricity, and coal" in the digital world to computing power – and Well-Link's Guo views the potential market scale in a similar way.

"The visual interaction of all walks of life brought by real-time rendering is the biggest opportunity of web3," he said. ■

"One of our basic judgments is that in the future all our physical world will be digitalised and mirrored in the metaverse"

– Mingming Huang

AVCJ Awards 2022: Deal of the Year – Mid Cap: Honour Line Shipping

Nexus Point Capital secured the acquisition of Honour Line Shipping despite higher offers from rival bidders because it did its homework on the industry and established good relations with the founders

Relatively few China-focused private equity investors exclusively target middle-market control deals. For K.C. Kung, founder of Nexus Point Capital, which does operate in this area, the main competitors are strategic investors. Nexus Point's playbook involves moving faster than its rivals and offering more friendly terms regarding founders' shares and other issues.

Sometimes, its proposal is strong enough to convert an auction process into bilateral discussion. This is what happened with Hong Kong-headquartered freight forwarding business Honour Lane Shipping (HLS), which led to the acquisition of 75% stake from the founders in May 2022.

Bloomberg reported seven months earlier that HLS was contemplating a sale at a valuation of around USD 500m. According to Kung, the price paid is lower than that. Indeed, Nexus Point wasn't even the highest bidder; it won out by establishing strong chemistry with the HLS founders.

"A key factor in any potential acquisition is the target's management. Their ability is very important; whether they are good partners is also very important. If we cannot communicate effectively with them, this would certainly impact development of the business," he explained.

"The three founders of HLS are great partners – they cooperate seamlessly with each other, and they communicate very well with us. Our professional ethics and beliefs are similar,"

This was the first deal from Nexus Point's second fund, which is said to be in the market with a target of USD 700m. (Kung declined to comment on fundraising.) The commitment from the fund was about USD 70m and three LPs topped up the equity piece with co-investment. There was also debt financing. ▶



Wanda Xu of Nexus Point

"A key factor in any acquisition is the target's management. Their ability is very important; whether they are good partners is also very important"

– K.C. Kung

The HLS founders retained a 25% interest and will continue to direct the business during Nexus Point's tenure. They are likely to exit at the same time as the PE firm, in about five years, said Kung.

Founded in 1997, HLS is one of the six largest non-vessel operating common carriers (NVOCC) active in the Asia-US trade lane. It acts as a transportation intermediary or a service provider, coordinating logistics between manufacturers and brands and moving goods from factories to distribution centres. The company doesn't maintain its own fleet, which appealed to Nexus Point.

"Because the business is asset-light, it is not heavily affected by the shipping price fluctuation. It earns a certain commission no matter the price rises or drops. It also a better cash flow model: it can grow volumes rapidly without large investments in working capital," explained Calvin Chen, a managing director at the private equity firm.

While large players like Walmart maintain direct relationships with third-party logistics providers, small and medium-sized enterprises prefer to use NVOCCs because these operators consolidate dozens of small orders and extract more favourable prices from carriers. NVOCCs are also known for their flexibility, working with multiple carriers and offering more choice to customers.

NVOCCs handle about 60% of all goods shipped globally, and Kung believes this share hasn't changed much in the past decade. Among those targeting the Asia-US ocean shipping route, Nexus Point found little difference between the top players – HLS, in sixth, is about 30% smaller than the leading player.

The private equity firm identified HLS through a combination of top-down sector research and bottom-up work that leveraged its networks within the freight forwarding industry. Several other opportunities were assessed and discarded before the concerted pursuit of HLS began.

"The most important issue is the scale – not the scale of your overall revenue, but your position in a single trade lane. Carriers choose their partners for each route based on scale. A freight forwarder with large scale also gets more favourable prices from carriers," said Kung.

Other factors include whether the freight forwarder has a stable relationship with all major carriers on a certain route, as opposed to just

one or two, and whether its customer base exhibits concentration risk. For example, if a freight forwarder only serves certain sectors, it might be adversely affected by US-China trade tensions.

Nexus Point approached HLS with a view to using it as a platform investment. There are likely to be bolt-on acquisitions of smaller operators, which should bring down the overall valuation multiple and make the business more diversified. Some targets the GP passed on can now be revisited if they offer attractive synergies. Air freight, where HLS has a relatively small presence, is a priority.

"Air freight and ocean freight are complementary because they often serve clients that have needs in both areas. The two businesses, therefore, have a natural synergy," said Chen..

Driving digital

In addition to M&A-driven growth, Nexus Point wants to improve performance through digitalisation. It has already helped HLS hire a chief technology officer to upgrade customer-facing and back-end IT systems. Meanwhile, a CFO has been brought in to work on financial planning and analytics capabilities.

"Digitalisation is twofold. First, it is an upgrade of internal management – the experience-driven decision-making process should become data-driven. Second, the freight forwarding business is very traditional with paperwork and phone communications still dominant. Moving online is a big trend," said Kung. "After all, efficiency is key in logistics. If you can remove frictions and improve speed, you can provide services at lower cost, which is most beneficial to your customers."

Nexus Point also wants to broaden the HLS customer base by adding more cross-border e-commerce players. Shipments tend to be small packages comprising goods of mixed nature. While a US department store chain may order 2,000 chairs in a single batch, individuals shopping online are more likely to accumulate a range personal and household products in their baskets.

The challenge for HLS and other freight forwards is how to consolidate these packages into single containers to realise high shipping efficiency. The company is looking to establish partnerships with cross-border e-commerce platforms to address these issues. ■

AVCJ Awards 2022: Deal of the Year – Large Cap: Crown Resorts

Crown Resorts represented a daunting target, given its size and pandemic and regulatory-related challenges. The Blackstone Group drew on its global knowhow to make the USD 8.1bn deal work

The Blackstone Group has rich experience in turning around hospitality and leisure assets. Hilton Worldwide evolved from mediocre performer to outperformer, doubling in size during an 11-year holding period. The Cosmopolitan in Las Vegas went from foreclosure to USD 5.65bn trade sale in eight years, helped by the private equity firm's capital, renovations, and operational improvements.

"Each experience reinforced the importance of close and open communication with our stakeholders – our success was only made possible because we had the support of employees, regulators, investors, and other stakeholders," said Alan Miyasaki, Blackstone's head of real estate acquisition in Asia.

This gave the private equity firm a degree of conviction in taking on Australia-based resort and casino operator Crown Resorts in June 2022, following a year-long pursuit. Still, there were plenty of complications, with Miyasaki noting that the company was undergoing "a large-scale, high-profile regulatory investigation, unlike anything we've seen in the region."

A troubled asset

With an enterprise value of AUD 11.3bn (USD 8.1bn), it was at the time Blackstone's largest investment in Asia Pacific, and it remains the largest sponsor-backed take-private completed in Australia. The deal also stands as testament to private equity's ability to take a long view, looking beyond pandemic and regulatory-driven strictures and recognising transformational potential.

Crown owns various casinos, hotels, and restaurants, though it is best-known for three properties in Melbourne, Perth, and Sydney that

comprise over 3,000 hotel rooms and 6,000 gaming tables and machines. It is the sole casino license holder in Melbourne and Perth and one of only two in Sydney.

The company's problems began in 2020 with COVID-19 lockdowns eating into revenue and Austrac, a national financial crimes agency, launching an investigation into possible breaches of anti-money laundering and counterterrorism financing rules. This was tied to VIP gamblers brought in by junket operators in China, prompting Crown to say it would cease dealing with junket operators.

It didn't end there. After gaming authorities in New South Wales decreed that the Sydney casino wasn't fit to retain its license, class action lawsuits and state investigations related to money laundering allegations were launched in Victoria and Western Australia.

Crown's revenue for the 12 months ended June 2021 declined 31.3% year-on-year and EBITDA slid by 77.4%. Meanwhile, a net profit of AUD 81.9m in 2020 became a net loss of AUD 261.6m in 2021.

Blackstone acquired a 9.99% stake in the company in early 2020, taking advantage of market volatility while recognising the quality of the underlying asset. The private equity firm tabled its first take-private offer in March 2021. This was rejected, but it put Crown into play.

Over the next six months, Blackstone submitted an improved offer, while Star Entertainment Group, another Australia-listed gaming business, proposed a merger and Oaktree Capital Management put forward a structured solution.

None of the bidders made progress until Blackstone returned to the fray in November 2021 with an offer that ultimately won board



Blackstone's Alan Miyasaki

endorsement three months later. Closing coincided with the New South Wales gaming license being restored. Regulators in Victoria and Western Australia had already decided not to act, arguing that doing so would damage their economies.

This followed a resolution of various legal issues. In October 2021, Crown settled a class-action lawsuit filed in federal court, without admission of liability, by agreeing to pay AUD 125m.

"We were obviously aware of the regulatory risks facing the business. Our view was that Blackstone's stewardship of these marquee assets could see Crown realise its full potential, and a key component would be working with regulators in respect of the issues faced by the business," said Miyasaki, citing the firm's experiences in other markets and its resources in Australia.

The private equity firm claims to have spent 18 months – it started after making the initial investment in 2020 – positioning itself as credible counterparty in the eyes of stakeholders including regulators and unions. Various regulatory and licensing approvals were obtained during this period.

The deal, for which the equity purchase price

was AUD 8.9bn, featured a AUD 5.4bn unitranche facility from real estate investor Starwood Capital Group and debt funds affiliated to Blackstone. The use of real estate-backed financing emphasises the hybrid nature of the deal, with the firm's private equity and real estate teams working in tandem.

Miyasaki noted that collaboration across strategies and geographies is relatively common; Blackstone's portfolio operations team is also involved in Crown. "Running an integrated resort involves many different aspects – from managing properties to overseeing all the various layers of the operating a business," he added.

Looking forward

Having secured the gaming licenses, Blackstone moved to deploy the capital and resources required to reinvigorate the business. It has also strengthened Crown's leadership, with 10 key hires made to date, pending regulatory approvals. They include a CEO who has 30 years of industry experience, latterly heading up Wynn Macau, and a chairman who previously served as CEO The Cosmopolitan.

Crown's compliance and corporate affairs capabilities are being built out as well, with a focus on ensuring productive working relationships with regulators, legislators, and government officials.

"Our focus is also on the non-gaming aspects of the business including the food and beverage offerings and live entertainment," Miyasaki said. "We want to continue to enhance the integrated resorts experience and provide a diverse offering, which makes the Crown properties a place where both Australians and international guests want to be."

There is an acceptance that gaming investments everywhere face tighter regulatory scrutiny to ensure operators promote a safe and responsible gaming environment. At the same time, Crown attracts attention as a key source of employment – the company has 32,000 staff nationwide and is the largest single-site employer in Melbourne – and a recognisable brand.

As such, efforts to work with the company and assorted stakeholders on remediation are ongoing. "We're proud of what we've been able to accomplish, but we know that we still have a lot more work to do," Miyasaki observed. ■

AVCJ Awards 2022: Fundraising of the Year – Venture Capital: Qiming Venture Partners

Qiming Venture Partners defied tough conditions to close its eighth US dollar-denominated fund on USD 2.5bn. Managing Partner Nisa Leung looks back on the process and examines the prospects for healthcare

Q: How challenging is the fundraising environment for China-focused managers?

A: Venture capital fundraising was difficult in 2022. It was much easier in 2021 when many GPs achieved great returns before markets declined. With the global downturn in public markets in the last nine months, LP interest in venture capital has decreased. One explanation is the denominator effect, which has left investors overallocated to alternatives. Another is macro uncertainty, such as the Ukraine war crisis, US-China tensions, and China travel restrictions. We were fortunate to close new funds amid the challenges.

Q: Do you expect conditions to improve in 2023?

A: There remain uncertainties in 2023: the Ukraine war is ongoing, inflation concerns in US and Europe still exist, and US public markets may continue to experience challenges in 2023. However, on a more positive note, global mutual funds and other investors may view Asia and China more favorably. Especially with China's re-opening,

investors will be able to undertake in-person due diligence on companies for the first time in three years. This may motivate them to increase their investments and help boost market sentiment.

Q: And what about valuations, following the adjustments across numerous industries in 2022?

A: First, if public markets rebound, private market valuations will rise, with a usual lag of several months. Second, there are currently more than 130 companies waiting to list in Hong Kong. If the IPO window opens and public market absorbs part of this backlog, private markets will pick up.

Q: Despite the difficult environment, Qiming's eighth US dollar fund is twice the size of its seventh. How did you cultivate new LP relationships?

A: We have long term relationships with many of our LPs, although it was not easy to meet people in person during COVID-19 given the international travel restrictions. Our funds have been small historically and minimum cheque size constraints made it difficult for some investors that have been following us through several vintages to participate. We were happy to include some of them this time and we were oversubscribed, even at our current size.

Q: Does a larger fund size signal a shift in

“A bigger fund will allow us to participate in later rounds, which also makes sense for our LPs”



Yar-Ping Soo of Adam Street Partners (left) and Qiming's Nisa Leung

strategy, for example towards growth-stage deals?

A: No, we have always been a seed and Series A investor. Most of our portfolio companies only have small teams of 2-10 people when we invest. We like to participate early, building long-term relationships with entrepreneurs and helping steer the direction of companies. Ideally, we continue supporting them in every round through IPO, but we have not always had enough capital to do so. A bigger fund will allow us to participate in later rounds, which also makes sense for our LPs as many of our portfolio companies have grown to become industry leaders in China.

Q: Are you looking to expand the team?

A: No, we're good. Our team is relatively small, even compared to some of the smaller funds in China. We have 15 people covering healthcare and the overall investment team comprises about 30 professionals. It helps that we work with a lot of amazing entrepreneurs who have scaled companies basically on their own. Since March 2020, we've had 35 IPOs, and 26 or 27 of them are healthcare businesses.

Q: In Fund VI, 40% of the corpus went into healthcare. In Fund VII, it was 50%. How did this sector become your core strategy?

A: Qiming has a long-term dual focus in terms of sectors. We started going deeper into healthcare 20 years ago and have since invested in nearly 200 healthcare companies. Many have become leaders in their respective industries in China. Our healthcare portfolio represents a dynamic ecosystem spanning all sub-sectors – biotech, early-stage drug discovery, medical devices, diagnostics, and healthcare services. Each sub-sector has its own route to success. On a broader societal and policy level, our investments are also in line with China's 14th Five-Year Plan and its Healthy China 2030 initiative.

Q: There have also been significant valuation adjustments in healthcare specifically. What are your expectations for 2023?

A: In 2022, the XBI [which tracks US-listed biotech stocks] dropped about 65% and the MSCI China Health Care Index fell by about the same, but we started seeing an uptick towards the end of the year. Some companies bottomed out and have since gained 30%-50%. Largely due to COVID-19, the healthcare sector has been oversubscribed in the last three years, especially by generalist funds and crossover funds. Now, many non-traditional healthcare investors have shied away from the space and switched to portfolio management mode. It is likely that more than 20% of healthcare start-ups in the US and China will close. These cycles have happened a few times in the last 20 years. We believe now is a good time for strong entrepreneurs to build strong teams, focusing on R&D, corporate development, and other core business areas. The sector previously attracted a lot of talent as well as a lot of capital. Now, that talent is consolidating in the best companies.

Q: Did Qiming's investment pace change in 2022?

A: Our investment pace started to slow down in 2021 because we believed that valuations were



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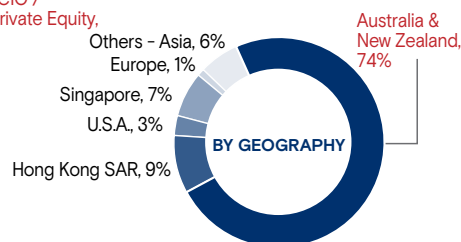
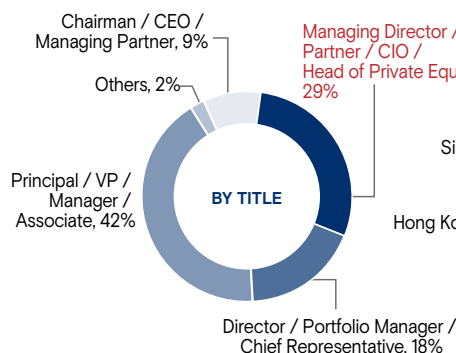
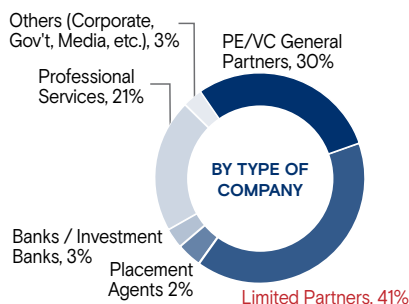
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“We are waiting to see how AI-derived drugs turn out. A clearer picture will only emerge after data from phase-three clinical trials is released and drugs get approved”

unreasonable, and the prudence continued in 2022. But we didn't stop investing and have been working diligently on portfolio management. We've also been quite active in facilitating IPO processes for our portfolio companies.

Q: Which sectors are most interesting?

A: Consumer-related investment in China has slowed in the past year, and we've seen a lot of consumer internet-focused GPs migrate to Southeast Asia in search of new opportunities. Meanwhile, healthcare and health technology still receive much government policy support, along with semiconductors, clean energy, and sustainability-related industries.

Q: There was a lot of hype – and now there are some doubts – about artificial intelligence-driven drug development. As an early investor in this area, what's your take on it?

A: We did feel the hype. We have been very selective in our AIDD [AI-driven drug design] investments, only backing a small number of companies, including Schrodinger and Insilico Medicine. We heard some TMT funds invested in 10-15 AIDD companies. This is still a nascent area, and we are waiting to see how AI-derived drugs turn out. A clearer picture will only emerge after data from phase-three clinical trials is released and drugs get approved.

Q: What is the biggest challenge or uncertainty around AI-driven drugs?

A: The bar is very high and far more difficult to achieve than one might imagine. The most challenging part is drug discovery and development, not the AI part. For traditional drug companies, that is the core activity – choosing the therapeutic area, discovering drug candidates, and developing clinical trial protocols. Some start-ups in the US and China have reached the clinical trial stage, including Insilico Medicine. It's probably the only company in the world that utilises its platform both to identify targets and help design small molecule drug structures. And then it is the first company in China to launch clinical trials for an AI-derived drug. This led to a collaboration agreement with Sanofi that is worth up to USD 1.2bn, the largest AI drug discovery deal in Asia.

Q: There is also increased focus on novel drug discovery in China, but where should investors look?

A: Last November, the FDA [US Food & Drug Administration] approved a gene therapy drug for haemophilia developed by uniQure and licensed by CSL. It is the most expensive drug in the world with one-time treatment costing USD 3.5m. We have a portfolio company based in China with this drug in the pipeline, and the price will likely be a fraction of its US counterpart. I think this example illustrates why healthcare in China continues to play an important role in the global value chain, contributing to a more affordable and accessible solution for global patients.

Q: Given the regulatory upheavals in China, has the balance shifted in terms of access to start-ups for US dollar versus renminbi funds, with the latter becoming more important than the former?

A: No, because it depends on what currency companies need for different types of operations. We still receive demand from our entrepreneurs for US dollars as they may plan to conduct clinical trials overseas or build global sales teams. Some companies prefer renminbi because it is easier to receive government grants, or they do not want to deal with the hassle of converting US dollars to renminbi. ■

AVCJ Awards 2022: Fundraising of the Year – Mid Cap: Potentia Capital

For Australia's Potentia Capital, the beauty of its sophomore fundraise was not that it took four months, but that it took two years. Putting out feelers well before the official launch created buzz

Raising its first mid-market tech buyout fund, Potentia Capital faced the classic obstacles: a debut fund, a new team, a country-specific approach, a sector-focused strategy.

But the Australia-based GP's founders – Andrew Gray, formerly of Francisco Partners and Archer Capital, and ex-MYOB CEO Tim Reed – wove a convincing narrative that combined their personal credentials with a data-based thesis about a thriving tech scene ignored by global investors.

"Our contention was that by being focused solely on a single thematic of technology and software that we generate differential insights and deal flow, and that's certainly been the case so far," Gray said. "The challenge is, do [global investors] need to add Australia to that thematic? Our pitch is that there is a lower competitive environment down here and so we can generate superior returns, even to what they're seeing in the US."

Fund I closed in January 2021 on AUD 458m (USD 326m), mostly from local LPs, after 18 months in the market. It is currently marked at more than 2x, in part thanks to a 4.3x return on the sale of compliance software provider CompliSpace for AUD 110m after a less-than-two-year hold.

That exit, in November 2021, provided the proof-of-concept required for a formal launch of Fund II, although background work had been ongoing for 18 months. The target was AUD 500m. Last June, it achieved a first and final close on AUD 670m, including a AUD 70m GP commitment.

Two other exits contributed to the proof-of-concept. Software provider Micromine was not formally exited during the fundraising period but considered well on its way to a trade sale. That deal was finalized one month after Fund II closed, generating an almost 10x return.

The third exit driving the Fund II result was not even part of Fund I, although it did feature co-investment from some returning LPs. Potentia acquired a controlling stake in payroll software specialist Ascender in 2015 with support from the likes of HarbourVest Partners and MLC at a valuation around USD 25m. It was sold to a US strategic in January 2021 for USD 500m.

HarbourVest participated in Fund II, as did the likes of New York State Teachers' Retirement System, Neuberger Berman, and Asia Alternatives. The latter two were maybes from Fund I that required more proof. Only one Fund I investor, a high net worth individual (HNWI) facing liquidity challenges, did not re-up.

A broader base

The plan was to transition to a more US and Europe-centric LP base while retaining a backbone of Australian institutional investors. It worked. Australasia represented 71% of Fund I and 50% of Fund II, while the US and Europe went from 24% of Fund I, combined, to 37% of Fund II.

There were 25 LPs in Fund II versus 12 in Fund I. Fund-of-funds weighed more; HNWIs weighed less. Big tickets were scaled down in the process.

The process was effectively 100% virtual, with only one LP, a European foundation, making the trip to Australia. There was a hiatus at the start of the pandemic, but then almost everything went online immediately: virtual data rooms, virtual office tours, and virtual annual general meetings. Only 13% of Fund I capital was raised virtually.

"Of businesses that can be diligenced virtually, software and technology are top of the pack. You're looking at desks and computers – there's nothing to see. It's all virtual anyway," Gray said. ►

“We’ve bought businesses without visiting their offices [hotel platform NewBook]. We’ve exited businesses where the team never met the buying company [CompliSpace]. We did stuff right in the eye of the storm with COVID and managed to continue to grow the businesses and do well.”

The fundraising also featured two virtual on-sites, hosted by placement agent Asante Capital. These talk show-style affairs were in part intended to create a sense that opportunities to participate were dwindling. Questions were given anonymously. None of the LPs knew who else was there.

“For the past 12 months, it seems like most fundraises are either a single close or a protracted series of rolling closes. The first close, final close model is no longer prevalent in the current landscape,” said Ricardo Felix, head of Asia at Asante. “So, it was crucial to drive scarcity value on the back of strong LP interest at the outset.”

Felix emphasises that the success of the fundraising was in starting early in a pre-premarketing phase. Hundreds of prospective LPs were given updates quarterly about everything from upcoming deals and co-investment opportunities to what’s going on in Australia versus the rest of Asia. A rapport was established without a pitch.

“Premarketing is no longer enough to map out an efficient process, and so we have incorporated an earlier seeding stage of preparation for new fundraises,” Felix added.

Keen to deploy

The strategy for Fund II will mostly stick to Potentia’s established formula. Australian and New Zealand B2B software B2B software companies with scope for global expansion will be the preferred targets. Asia will be targeted for expansions through bolt-on acquisitions and

perhaps some core investments given Potentia recently established a team in Singapore.

“We would certainly do platform investments there,” Gray said of Asia, flagging recent bolt-on success in Singapore and Japan offset by limited scope in China. “I think it’s a market that we will develop over time. We’re not in a rush, and we want to make sure we walk before we run.”

As a mid-market buyout specialist targeting profitable companies, Potentia appears unfazed by the chill in market sentiment overcoming earlier-stage tech companies globally.

Indeed, Gray observed some momentum in talent leaving loss-making software companies to join the more mature players in Potentia’s crosshairs. This could help alleviate a period of labour shortages in Australia, which has been challenging even in a seemingly borderless industry.

Investment activity so far this year appears to support this optimism, at least in terms of deal flow. One investment has been confirmed with Potentia taking a 25% stake in mobile messaging systems technology supplier Soprano Design for AUD 66.3m.

It is hoped three more deals will come together in the first quarter, including a buyout of listed e-signing player Nitro Software, despite repeated board-level rejections. Potentia, which has a 19.8% stake in the company, is in competition for a controlling position with Alludo of Canada.

Like its predecessor, Fund II will make eight to 10 investments, reflecting a need to accommodate rising valuations and help companies scale. At least two of the transactions under review are sizeable enough to mobilise both of funds.

Historically, about half of Potentia’s investments have leveraged LP support, and this is expected to continue. Soprano, Nitro and the other two prospective deals all involve co-investment. So, does a snowballing tech opportunity set and a growing appetite for large deals mean the next vintage will be outsized?

“Maybe we’ll do more [than USD 600m of external capital] in Fund III, but we do like less than USD 1bn in terms of capital under management,” Gray said. “We don’t have a lot of capacity, but we’re keen to add a couple of good names. There are folks we’d like to start having conversations with early.” ■

“Maybe we’ll do more than USD 600m in Fund III, but we do like less than USD 1bn in capital under management”
– Andrew Gray

AVCJ Awards 2022: Exit of the Year – IPO: GoTo

GoTo's rocky start on the Indonesia Stock Exchange betrays the pioneering nature of the listing and cements a legacy as an ecosystem lynchpin. Long-time backer Openspace Ventures reflects

Openspace Ventures saw something in Indonesia's GoTo when the super app was basically a call centre motorbike service with vision for something bigger but no precedent to follow. That investment came in late 2014, when Openspace was a VC unit of Northstar Group.

Fast-forward eight years, and the mobility, commerce, and financial services platform is regularly cited as evidence that Southeast Asia's start-up and digital business scene has come of age.

The company's IDR 15.8trn (USD 1.1bn) IPO in April 2022 represented a landmark event. Moreover, coming on the heels of a IDR 21.9trn Jakarta offering by e-commerce player Bukalapak, it bolstered the regional venture capital thesis. Regional technology IPOs are now on the cards.

Or are they? This is a difficult time in the cycle to wax poetic about unicorns going public, especially in developing markets. GoTo's stock has fallen 69% since the IPO, giving the company a market capitalisation of IDR 118.3trn as of late January. For long-time believers making a handsome exit like Openspace, it sours a deserved victory lap for all parties – especially the employees.

"We continue to make good money even at these price levels, so we can't be the most upset, and our LPs are sitting on very positive returns. But it's not fair to the thousands of team members internally who priced options at the beginning and worked hard on this over the years," said Shane Chesson, a co-founder of Openspace.

"They're seeing that the progress they are making is being harshly undervalued. That's the most painful part."

Still, the unfortunate timing, in some ways, ►



Shane Chesson of Openspace and George Aluwi of GoTo

"They became Indonesia-wide in only a few years, showed margin progression out of COVID-19, and then listed in a market that was already turning down"

– Shane Chesson

highlights the IPO as a branding and deal structuring effort. This achievement came from a company that was only recently dismissed as a poor cousin of Uber, which was still operational in the market when growth started accelerating.

"The fact is, they were able to become Indonesia-wide in only a few years, show margin progression out of COVID-19, and then put this listing together in a market that was already turning down. The management team deserves full credit for that," Chesson added.

Building firepower

There's more to GoTo's post-IPO blues than a global tech rout, however. Years of intense competition with Singapore-headquartered counterpart Grab morphed into a capital-raising war with significant collateral damage.

From the GoTo camp, Grab was seen as pursuing a brute force approach to outspending its opponents, backed by a risk-happy SoftBank Vision Fund among other big cheque writers. Indeed, it was Grab that acquired Uber's Southeast Asia business in 2018, thereby intensifying the rivalry.

GoTo raised about USD 5bn under the name Gojek and another USD 1.3bn in pre-IPO funding after merging with Vision Fund-backed e-commerce unicorn Tokopedia in 2021. Tokopedia had raised almost USD 3bn before the merger. Grab raised around USD 15bn before listing on NASDAQ via a merger with a special purpose acquisition company (SPAC) in late 2021.

For GoTo, this led to an unwieldy and fragile cap table. In addition to Vision Fund, names in the mix included Alibaba Group, Temasek Holdings, Tencent Holdings, Google, BlackRock, KKR, Warburg Pincus, Sequoia Capital, Astra International, Capital Group, JD Group, Facebook, Primavera Capital Group, Abu Dhabi Investment Authority (ADIA), and DST Global.

These investors – each of which enjoyed at least a partial exit in the IPO – recognised Gojek and Tokopedia as Indonesian champions and believed in the country's long-term consumption and services narrative. But market conditions at the time of IPO did not support such a large proportion of the cap table being global tech investors.

Several of these investors were expected to back a secondary offering that didn't happen after

an eight-month lockup expired in November. It's a matter of speculation to what extent the ensuring selling pressure has come from those large shareholders, given relatively short-term traders were also a significant presence. But the question remains whether GoTo stayed private too long.

Should the company have been more cautious with its spending in competition with Grab? Should it have secured a more productive overall cost position prior to IPO in a tough market? Chesson recognises hindsight in these areas will be instructive for the market going forward but he doesn't lose focus on the long-term outcome in terms of ecosystem development.

"In the last 12 months, Southeast Asia has been one of the busiest sources of tech IPOs globally in one of the worst environments for tech IPOs in over a decade. These companies are leaders and they're on track to be very important parts of the regional economy, but the listing processes and their traction toward being large, listed companies are not one directional," he said.

Ecosystem angle

One need look no further than Openspace's portfolio to understand the net impact of GoTo on the broader Southeast Asian start-up scene. Five companies in the VC firm's second and third funds were started by entrepreneurs who learned their trade at GoTo. More importantly, they did so leveraging logistics, payment, and go-to-market infrastructure established by their former employer.

This goes some way in explaining why market perception of GoTo already appears to be in recovery. The stock climbed 25% from the first session of 2023 to January 26, when it was trading at IDR 115 as of midday. So, as a postscript to the GoTo story, will the past few weeks of selloffs tarnish the company's or Southeast Asia's brand value to a meaningful degree?

"Hopefully, this is not the only postscript," Chesson said. "I think a lot of investors seeing this stock market performance will understand the specifics involved and that there's still a great opportunity for GoTo, Indonesia, and Southeast Asia more broadly. For some, the short-term lessons of this will mean they'll need more evidence before redeploying. Others will see a longer-term lesson." ■

AVCJ Awards 2022: Exit of the Year – Small Cap: CosmoLife

When selling CosmoLife, Advantage Partners prioritised strategies with existing customer bases that could help the Japanese drinking water company in its next chapter. This coincided with a healthy valuation

Advantage Partners canvassed a range of potential buyers in the exit process for Japanese spring water distributor CosmoLife. The company – which rents out water dispenser units and delivers replacement bottles – is recognised as the number-two player in its space locally. This naturally led to significant interest from fellow water companies, although they were eventually priced out.

Two pretenders with considerably more firepower came to the fore in the form of a global PE firm trying to build out its North Asia presence and, perhaps counterintuitively, an electric utility. Tokyo Electric Power (Tepco) is an active energy and technology investor, but where does mineral water fit in strategically?

“It’s similar to Cosmo in that it is a utilisation company with a monthly fee,” said Tsutomu Hirakawa, a partner at Advantage. “Water is fundamental infrastructure for individual customers, like Tepco’s electricity business. Water and electricity fees should be a good combination.”

Hirakawa led Advantage’s acquisition of the company from Orix Corporation in June 2019 for an undisclosed sum said to be equivalent to 5x EBITDA. At the time, Cosmo’s biggest competitor, Premium Water, was valued at 7x to 10x.

Orix had purchased Cosmo in 2015 for JPY 20bn (then USD 166m). Investments were made to develop the business, but performance generally stagnated, and morale languished. EBITDA was flat for the following four years.

Advantage’s short holding period overlapped with the lockdowns and home isolation tendencies of COVID-19, which is believed to have driven uptake of in-home water dispensers and stoked appetite for impeccably clean mineral water. The ►



Advantage’s Richard Folsom (right) with Erik Gustavsen of AlphaSights

“Water is fundamental infrastructure for individual customers, like Tepco’s electricity business”

– Tsutomu Hirakawa

sale to Tepco, finalised in January 2022, generated a 12x return for Advantage's fifth Japan buyout fund, which closed on JPY 60bn in 2017.

"Tepco showed a plan to grow this company using its customer base, and it has a strong base in the Kanto region," said Shinichiro Kita, a senior partner at Advantage. "They can introduce Cosmo products to 20m."

Satisfying a thirst

Cosmo's core business is in the supply of tower water dispensers for home installation and contracting subscription refills. The dispensers, which feature hot and cold taps, are squarely marketed at families. Several competitors are active in supplying offices; Cosmo considers its specialisation a point of differentiation.

Tap water in Japan is among the cleanest in the world but drinking water services in this vein are multiplying. This is in part attributed to public finicking about taste and greater awareness of plastic pollution. Cosmo makes a feature of its environmental credentials, offering recycling services for its large refill bottles.

There is also the gadget factor and the idea that Japan has the highest density of vending machines globally (one for every 23 people). But for those with taste and freshness preferences, the convenience of not having to buy small bottles from the store seems to be a major driver.

These insights appear to have informed one of the company's key value creation initiatives. A water purifying dispenser that is loaded with tap water – in development for a year before Advantage began its due diligence – was launched in the first year after acquisition. The business line, called Humming Water, is said to offset the need for up to 20 individual-serve water bottles per day. Monthly fees start at JPY 3,000 versus JPY 3,800 for CosmoLife.

"Younger generations like the concept of water purifiers because they're a bit cheaper than the monthly fee, and they're eco-friendly. You don't need a big bottle delivered to the house with the delivery costs," Kita said. "There was a risk of cannibalisation with the existing water bottle business, but we decided we were selling totally different brands. If we could make those two product lines differently and sell them to different customers, we could avoid that risk."

This was clearly well calculated. Humming scaled rapidly, coming to represent 20% of Cosmo's overall business on exit. Indeed, the global GP that lost out to Tepco in the sale process was said to have been particularly attracted to the upside potential of Humming.

Growth can also be attributed to a digital revamp. Hirakawa said that after his first look at the marketing tools, circulation system, and customer database, he thought Advantage would have to hire outside resources to get the operation up to snuff. "There was a really big customer base, over 300,000 customers, but the company couldn't utilize their data," he said.

At the time, customer acquisition was primarily through direct interactions at shopping malls and department stores. With the onset of the pandemic and rising home media consumption, online marketing came into focus. The share of customers acquired via the internet doubled to 60%.

Customer acquisition costs were soon balanced by income, and by 2020, the strategy was already exceeding Advantage's expectations in terms of revenue growth. By 2021, EBITDA was roughly double the projected levels in the investment plan.

It's worth noting that Advantage's digital marketing plan was a tough sell with management. Hirakawa described it as a long conversation, with the private equity firm visiting the company on a weekly or twice-weekly basis for the first year of the investment. That conversation moved online with COVID-19, and on-site meetings were pared down to twice-monthly.

The rapport was amiable, however, with Hirakawa describing the team as open to collaboration and reinvigorated by the chance to redirect the company under new ownership. It reflects a general sense that the relationship was not optimal under Orix, control of operations and strategy arguably too restrictive.

"The team's attitude drastically changed. We talked to each other about a lot of initiatives in terms of lifetime value," Hirakawa said, noting that has a common language around performance criteria was established, activities were streamlined and financial performance improved.

"They were very reasonable and tended to come up with good ideas. Gradually the sentiment changed positively." ■

AVCJ Awards 2022: Exit of the Year – Mid Cap: Probe CX

Five V Capital identified an opportunity in Australia-based outsourced business services and brought in Quadrant Private Equity to help scale the concept. A USD 792m exit to KKR was their reward

C OVID-19 represented an opportunity for customer experience and business process outsourcing (BPO) services provider Probe CX, but at first it posed numerous problems. Chief among them was ensuring continuity when the Philippines – home to 7,000 of the Australia-headquartered company's employees – was rolling out lockdowns and work-from-home directives.

"At one point, the team was literally driving around Manila handing out laptops to staff who weren't set up to be operating from home. Management did a great job in seeing that impact quite early and getting on the front foot in terms of transition," said Tim Cooper, an investment professional at Five V Capital, which backed Probe CX through January 2022.

"It meant that the challenge turned into an opportunity because we were able to maintain strong up-time and delivery levels while a lot of competitors struggled."

These sentiments are echoed by Jonathon Pearce, a managing partner at Quadrant Private Equity, which also invested in Probe CX. He notes that providers in India found it especially difficult to navigate this period – and the difference was even more notable given the reams of sensitive tax and health data handled by Probe CX's government agency-heavy Australian customer base.

If anything, the situation demonstrated the viability of an Australia-centric BPO model. While the industry is well-supported by PE globally, local deals have been sparse. Multinationals such as Teleperformance, Concentrix, TTEC Holdings, and TaskUs are the dominant players, but Five V reasoned that a well-managed domestic player would offer an element of differentiation.

"These are operationally intensive businesses you have to manage and optimise every minute of every day. We thought we could be very nimble, responsive, and dynamic, and ultimately that served us well with customers," said Cooper.

Five V had already found success in Australia business services, a payroll software player that was acquired by a US strategic buyer in 2021 for USD 500m. The firm hit the jackpot again when KKR bought Probe CX for around AUD 1.1bn (USD 792m), generating a more than 4x return. Quadrant, which came in when the company needed capital to scale, exited with 2.83x.

Seeking scale

The anchor asset was Probe Group, a BPO platform established by Rodney Kagan in 1979. Kagan was keen to develop the business and had already recruited Andrew Hulme, who previously led Salmat, an Australia multi-channel marketing company, to explore expansion. Kagan and Hulme developed a thesis around acquiring a range of different businesses in the sector.

Five V agreed to support this growth and took a controlling interest in Probe in 2018. They quickly identified two bolt-on acquisitions – MicroSourcing, which was a division of Salmat, and Stellar, a provider of customer contact and communication solutions – but the private equity firm lacked the resources to do both. At the time, it was deploying its second fund of AUD 65m.

Quadrant, which had closed its sixth flagship fund on AUD 1.15bn in late 2017, was approached as a potential co-investor. The dialogue was facilitated by Pearce and Adrian Mackenzie, Five V's founder, having previously worked together at CVC Capital Partners.



Five V's Tim Cooper (left), Quadrant's Christopher Coates (centre), and Anzhi Cheng of AlphaSights

"We hadn't looked at BPO or outsourced customers services before because there wasn't an asset in the market of interest. But Five V had built something interesting. Probe had scale and was Australia-centric, but it was also diversified with operations in the Philippines," said Pearce.

"They wanted to stay in the asset because they saw the longer-term opportunity, and the pitch was that we would come in, take the lead, and provide capital to fund future acquisitions."

Quadrant bought a majority stake in early 2020 at an enterprise value of AUD 282m, facilitating a partial exit for Five V. The MicroSourcing deal closed soon after. It was a significant acquisition. At the time, Probe was generating AUD 200m in revenue and AUD 20 in earnings. MicroSourcing's revenue and profit were AUD 100m and AUD 15m.

They lined up Stellar, which was posting AUD 250m in revenue, as the next acquisition but progress was stymied by COVID-19. The deal didn't close until September 2020, despite uncertainty around funding and operating conditions.

The business, rebranded as Probe CX, established itself as the largest provider of outsourced customer experience and BPO services in Australia and New Zealand, employing more than 15,000 staff across five countries, and working with over 600 clients. The Philippines remains a key outsourcing location, but Probe CX entered India as

well with a view to future capacity expansion.

"As the service offering evolved, digital channels became more important. Customers used to pick up the phone and call their telecom carrier or just buy products online. Increasingly, they were turning to email, text, and chatbot functionality, and Probe CX's job was to provide a seamless customer journey across all those," said Cooper. "COVID helped accelerate that."

The PE owners oversaw investment in emerging areas such as in-cloud BPO delivery services, where software provider Genesys became a key partner, and robotic process automation, which involved Probe CX developing its own technology solution called Convai. Much of this happened while the company was providing essential services to government agencies during the pandemic.

A broader platform

With revenue and earnings having grown to around AUD 600m and AUD 100m, respectively, there was a recognition that the next stage in Probe CX's journey would require a different capital structure and a larger sponsor or strategic owner. Inbound enquiries were received from several parties, prompting Quadrant and Five V to launch a process. KKR then made a pre-emptive approach.

"We were looking at the international consolidation story, including interesting deals in the UK and US, but Probe CX needed a larger fund to address them. There aren't many opportunities to enter the market at scale – and there aren't many businesses in Australia with AUD 100m in earnings and a global growth angle – so Probe CX is accretive from that perspective," said Pearce.

"Global private equity firms have a lot of levers to support growth in this industry, with strong insights, large networks for M&A, and portfolio companies that can use the services."

Asked whether Five V envisaged such an outcome when it first invested, Cooper demurs. The strength of the team and client roster, the industry tailwinds, and the potential for acquisitions were readily evident, but Probe CX outperformed based on the scale it achieved on exit.

"It's a – very resilient business with solid growth and defensive characteristics," he said. "And then you've got the M&A opportunities on top of that. ■"

AVCJ Awards 2022: Operational Value-add: Owndays

L Catterton's investment in Japanese eyewear brand Owndays demonstrated a hands-on approach to sharing commercial networks, expertise in omnichannel scaling, and operating capabilities

When L Catterton acquired Owndays alongside Mitsui & Co in January 2019, the Japanese eyewear retailer had conducted millions of eye examinations for customers but had not put the data to good use. Those examinations could not be done online. Post-purchase touchpoints with customers were few. There was no app.

The service was good, however, and the stores stylish. Some international expansion was underway, but the company operated more like a small family-run business than a professional organisation. L Catterton now refers to it as one of the first mid-cap retail businesses from Japan to become truly regional, with revenue and profit mostly derived outside of Japan.

A digital revamp was critical. The company built a robust customer database that could be linked to social media apps. This started with Line in Japan. Within a year, more than 900,000 customers signed up for online loyalty programmes and the number of active users topped 600,000. Website visits doubled, as did conversions.

Now, in Japan, there are targeted advertisements, and repeat customers can be catered to more efficiently in-store. Basically, the idea is to make the online and offline channels seamless. Owndays is in the process of rolling out the strategy to the rest of its 4.7m customers.

"In this day and age, the need to leverage online channels and platforms to raise awareness of our product quality and range, facilitate product discovery, and provide customer service cannot be underestimated," Owndays COO Takeshi Umiyama said.

"At the same time, consumers in our key markets still generally prefer to try on spectacles ►



Taka Shimizu of L Catterton with Oliver Stratton of Alvarez & Marsal

"Making the process fuss-free is key, which is why our quick-simple-and-valuable proposition resonates with consumers"

– Takeshi Umiyama

in person before making purchases, and regulations in many jurisdictions mandate that eye examinations need to be conducted in person by licensed optometrists. Making the process fuss-free is key, which is why our quick-simple-and-valuable proposition resonates with consumers.”

L Catterton invested Owndays via its third Asia fund, which makes deployments of USD 50m to USD 150m. At the time, the company was fully owned by its management team and in a profitable, net cash position; it had no pressing need for investors and was not running any auction process.

Ultimately, CEO Shuji Tanaka was attracted to L Catterton’s expertise in fashion and retail and its connection to luxury goods giant LVMH. He was also impressed by a track record that includes turning the likes of Singaporean fashion retailer Charles & Keith into recognised names in Asia.

Building scale

The private equity firm optimised analytics, supply chain, procurement, inventory levels, prices, and operating costs, while entering new markets, expanding the brand offering, and lifting margins. Its exit in June last year to India’s Lenskart, a PE-backed eyewear maker, generated a 3-4x return, according to a source close to the situation.

The deal was a minor breakthrough on several fronts. It was L Catterton’s first investment in Japan and the first buyout in Japan’s mid-cap space involving a collaboration between a global GP and a large local conglomerate. Owndays was also the first Japanese brand to be acquired by a Softbank Vision Fund portfolio company (Lenskart).

Owndays and Lenskart together have around 1,500 stores across 13 markets in Asia complemented by their apps, which have achieved over 20m downloads. The merged entity is touted as having offline scale and online reach unmatched by any other similar business in the region.

Scale was a significant component of the Ownday’s plan. L Catterton helped the company enter Hong Kong and the United Arab Emirates (UAE), while cementing footholds in Japan, Taiwan, Singapore, Thailand, Malaysia, Cambodia, Vietnam, Indonesia, India, Australia, and the Philippines. It is now said to be the leading private eyewear brand

in Singapore, Taiwan, and Thailand.

Stores were established in prime locations such as Shinsaibashi in Japan, Dubai Mall in the UAE, and Marina Bay Sands in Singapore. The latter location, opened in 2021, is promoted as a global premium concept store that opened by giving guided tours to the media and influencers.

To capture a wider spectrum of clientele, a lower-priced sister brand called Seven Day was test-marketed in Thailand, where it has grown from four locations in 2020 to seven currently. Further expansion will be explored in developing economies. The Owndays footprint went from 216 locations across 10 markets to 460 across 13.

L Catterton introduced benchmarks, assessment methodologies, and reporting protocols for evaluating new store performance. New stores were profitable from their first year of operations, while existing stores continued registering same-store sales growth.

Talent injection and leveraging L Catterton’s ties to LVMH were also integral to the plan. LVMH senior advisors Norbert Leuret and Vispi Patel helped with accessing iconic shopping malls known for having a selective tenant mix.

“Norbert and Vispi have decades of experience in the consumer industry across multiple geographies, providing us with tremendous market insights and access to retail networks, as well as a global perspective,” Umiyama said. “They were very affable and also generously enabled us to tap on LVMH’s expertise and resources as needed.”

L Catterton’s network was tapped to fill new roles such as head of financial planning and analysis, head of accounting, and head of store development. Meanwhile, non-Japanese employees were promoted to senior positions to improve management diversity.

“Besides giving employees more opportunities for career progression, it also instilled in them a greater sense of fulfilment and ownership, which led to higher productivity and performance,” said Taka Shimizu, a partner at L Catterton, who led the investment and joined the board.

“In addition, it enlarged the pool of functional experts that Owndays could tap and enabled the company to better serve customers across different geographies based on such employees’ local market knowledge.”

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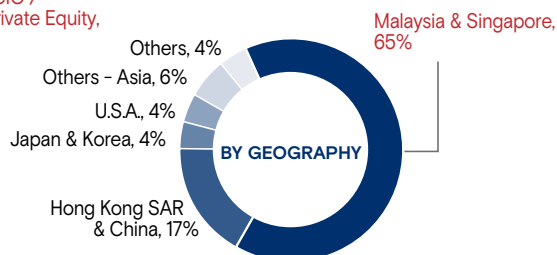
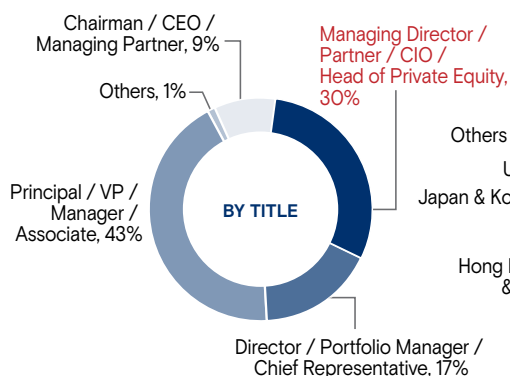
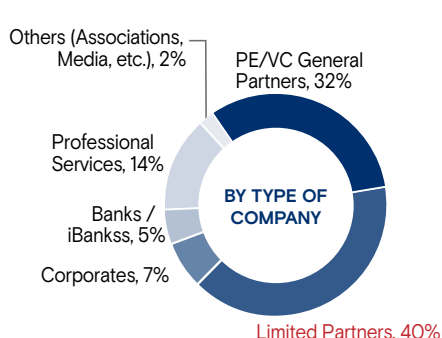


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“Besides giving employees more opportunities for career progression, it also instilled in them a greater sense of fulfilment and ownership”

– Taka Shimizu

Much of the investment rationale stems from the idea that, although under-digitised and under-professionalised, Owndays was a disruptor of the traditional prescription eyewear paradigm. The company is known for being able to give a customer eye exams and glasses, all in about 20 minutes.

The product range spans frames, sunglasses, contact lenses, accessories, and gift cards. All spectacles and sunglasses come with high index aspheric lenses that cause less visual distortion, have dust-repellent coating, and offer UV protection.

There are also various premium options, including lenses said to be anti-reflection, anti-fog, scratch resistant, and resistant to the blue glare that comes from electronic devices. Some claim to control myopia and offer a wider field of vision by providing vision support for near and far zones.

The company says lenses can be positioned based on individual facial anatomy to optimise visual comfort and performance in every wearing condition. Frames are available in more than 20 special collections, some of which involve crossovers with brands like Pokemon.

Owndays is also a beneficiary and follower of industry trends such as increasing preferences for cross-border brands, personalisation, and made-in-Japan premium products, as well as the bifurcation of value and luxury. To wit, consumers are increasingly buying glasses like lifestyle products rather than mere vision aids.

This is credited with helping drive performance,

alongside rising disposable incomes and competitive pricing. Owndays' one-year repurchase rate – which tracks customers coming back to buy a second pair of glasses within one year – climbed 9 percentage points in Japan during the L Catterton holding period.

“Spectacles themselves have evolved over time too, with frames now coming in a wide range of shapes, sizes, and designs,” Shimizu added. “There are now more lens types with varying functional benefits as well. Together, these have led to consumers buying multiple pairs of spectacles for use across different settings, to match their clothes and activities.”

Pandemic problems

As a predominantly brick-and-mortar retail business, Owndays' biggest challenge so far has been COVID-19. L Catterton intervened by helping secure emergency loans and negotiating rental terms, reliefs, and waivers with landlords.

Further initiatives included disinfecting all frames and ophthalmology machines before and after use, implementing strict distancing protocols, and having optometrists wear face shields.

Operating hours and working arrangements were restructured – in part to reduce contact between staff – and customer numbers were monitored to maintain social distancing requirements. Manager meetings and staff training sessions moved online.

Still, lockdowns and various restrictions on retail operations and physical stores permeated the company's core markets, severely impacting operations. The Seven Days rollout in Thailand, for example, was stalled. Regulations differed across countries and kept changing. Support schemes offered by governments were complex.

“It was difficult to navigate all these, juggling financial considerations and our determination to protect our employees' livelihoods,” Umiyama said.

“Thankfully, the L Catterton team worked with us in the trenches, monitoring and managing our cashflows, supporting negotiations with landlords, working through various governments' support schemes, and accelerating our digital transformation initiatives. As a result, we were able to not only overcome the challenges without retrenchments or pay cuts, but also grow our business.” ■

AVCJ Awards 2022: Operational Value Add: Sona Comstar

The Blackstone Group built a leader in India's electric vehicle components space by combining – and then re-orienting – two traditional automotive players. Not even COVID-19 could stymie its progress

From the outset, Sona Comstar was intended to be a platform play. The Blackstone Group wanted to buy an automotive components manufacturer and, through M&A, reposition it to serve the electric vehicle (EV) market. What it did not anticipate was how quickly the two parts – Comstar Automotive Technologies and Sona BLW Precision Forging – would gel.

"We've done buy and build before and we have a playbook – putting in place the right management, doing M&A, investing in technology, driving forward and backward integration. We use our global network and our portfolio operations team," said Ganesh Mani, a managing director at Blackstone.

"But the scale of what we have achieved with Sona Comstar in a short period is unique. To complete the journey the company has undertaken – from pivoting to EV, creating new products, improving business development – to delivering public market results in four years is incredible."

The private equity firm has already locked in some of the gains. Sona Comstar went public in June 2021, raising INR 55.5bn (then USD 750m) in the largest IPO by a PE-controlled company in India. Blackstone received INR 52.5bn of the proceeds and pared its holding from 66.3% to 34.2%. The stock performed strongly on debut and ended the year at a 155% premium to its IPO price.

Another partial exit came through a block trade – the largest Blackstone has transacted in India – in August 2022. Priced at a 75% premium to the IPO price, it generated proceeds of INR 40.4bn (USD 506m). The private equity firm retains a 20.5% interest in Sona Comstar valued at INR 54.6bn as of late January. The stock remains 57% above the IPO price.

"An IPO was always the goal. Such assets

are rare in India, so we thought there would be significant demand in the public markets," said Mani. "It is the only company listed in India that has sustained 20%-plus revenue growth, a 20%-plus EBITDA margin, and 20%-plus return on equity consistently over the last five years."

Mix and match

The first piece of the puzzle fell into place in 2018 when Blackstone acquired Comstar for a reported enterprise value of INR 10bn. (The private equity firm declined to comment on specific sums invested across the different transactions.) The company was a traditional automotive systems and components manufacturer, best-known for producing the world's lightest starter motor.

Blackstone assessed several merger targets based on scale, margins, geographic coverage, customer type, and product range, but ultimately settled on Sona, a leading player in the automotive drivetrain solutions space. Sunjay Kapur, the company's promoter, who took a minority stake in the combined entity, played a key role in making the deal happen in July 2019.

"It wasn't an easy transaction because there were two businesses at Sona, one in India and one in Europe. We carved out the India piece and merged it with Comstar," said Mani. "But when we approached Sanjay, he realised the potential of what we were proposing and was very supportive. Full credit to him and the management team led by the CEO, Vivek Vikram Singh, for seeing the bigger picture."

That bigger picture involved building a business that leveraged India's reputation as a component supplier to international original equipment manufacturers (OEMs) and extending it into EV. ►

Global EV penetration was 4% in 2020, according to International Energy Agency. It surpassed 8% in 2021 and is expected to reach 22% by 2030, with sales rising from 6.6m units to 27m units.

Completing took nine months, given the structural complexity and the need for regulatory approvals. This gave Blackstone ample time to plan integration – thinking about how to bring the teams together and align cultures while preserving some elements of independence.

There were obvious opportunities in cross-selling: the two companies had very different product suites and Comstar primarily served the Indian market while Sona was export-focused. However, the overriding objective was EV-oriented product innovation. To this end, Blackstone consolidated the engineering and M&A capabilities and invested heavily in technology.

A team of more than 200 engineers was recruited to work on traditional hardware competencies, system design and integration, and software. This contributed to the development of differential assemblies, traction motors and controllers for EVs and predictive active suspension systems for autonomous or connected passenger vehicles.

Blackstone also strengthened management – promoting the CFO of Sona to CEO of the merged entity and bringing in executives who had previously worked at General Motors and Hyundai India – and revamped business development strategy. In the three years ended March 2022, new annual order wins exceeded 50% of revenue and the current order book is 10x annual revenue.

“It was a case of making sure the company was focused on the right areas and had the right targets. The company went from supplying components to supplying systems; we had strong

products and customer references worked well said Mani. “In addition, we helped add business development people in North America to help them penetrate those geographies. Previously, it was just a team working out of India.”

By the numbers

As of March 2022, Sona Comstar had 3,555 staff in nine manufacturing plants, three R&D centres, and eight warehouses. Revenue for the year reached INR 21.3bn, up from INR 15.7bn in 2021 and INR 12.2bn in 2020. Over the same period, EBITDA grew from INR 2.4bn to INR 4.4bn to INR 5.5bn.

Net profit has been more volatile, in part reflecting the impact of discontinued operations, falling from INR 3.6bn to INR 2.2bn and then rebounding to INR 3.6bn.

Notably, EV accounted for INR 5bn in revenue in the 2022 financial year, representing a 29x increase on 2019. In percentage terms, the segment has risen from 1% to 25%. The company has become India's largest EV components supplier with 36 programmes serving 23 customers across North America, Europe, and Asia. When Blackstone invested, there was just one programme.

Moreover, this performance came despite the wider automotive industry struggling with the effects of COVID-19. Light vehicle sales rebounded in 2021 but they remain well short of pre-pandemic levels and growth was flat last year. According to Blackstone, the industry has shrunk by about 7% over the past two years. In contrast, Sona Comstar's sales have grown nearly 75%.

Mani acknowledges that COVID-19 has been disruptive, not least to supply chains. The slump in automotive sales prompted semiconductor manufacturers to prioritise growth areas like data centres and consumer electronics, which meant there wasn't enough product available when demand returned. But Sona Comstar emerged stronger from the experience.

“There was a period when supply chains were severely impacted. The management team did well to go out and win new orders and executed on them flawlessly – that's how we got through it – with a focus on growth,” he added. “It goes to show that if you've got a play on EV competence globally, and the right technology and solutions, you can gain global market share.” ■

“It was a case of making sure the company was focused on the right areas and had the right targets”
– Ganesh Mani

AVCJ Awards 2022: Responsible Investment: Sido Muncul

Affinity Equity Partners leveraged a minority position to exert significant influence on the growth of Sido Muncul, an Indonesian herbal wellness brand with a complex, fragmented operating model

Affinity Equity Partners' plan for Indonesian herbal wellness and medicine brand Sido Muncul was all about being holistic in environmental, social, and governance (ESG) practices. Five pillars were considered core to the strategy: environmental preservation, inclusive business, employee welfare, product integrity, and sustainable sourcing.

It would be an ambitious agenda in a control situation, perhaps doubly so with a minority stake in a publicly listed company. Affinity acquired 21.1% of Sido in December 2017 for approximately USD 180m. About 60% of the company was in the founding family's hands at the time.

Affinity's position has been pared back to 17.1% today, but it remains the largest institutional investor. The stock has almost tripled in value during the holding period. It was trading around IDR 770 as of late January, giving the company a market capitalisation around IDR 23.3trn (USD 1.5bn).

"Gaining momentum on ESG initiatives comes from doing one initiative, doing it well, showing results, and then bringing that positive momentum into the next project. Sido's growth trajectory shows us how, with ESG principles, we're able to grow sustainably over time," said Sarah Pang, head of ESG and sustainability at Affinity.

"People in the business community have realised that by managing community relationships well and producing a good product, we were able to have some really good growth even during a difficult period like COVID-19."

The pandemic had a pervasive impact on the business, from sales and product positioning to employee retention and work-from-home policies. Still, the company grew significantly. The number of distribution outlets increased 69% between

2019 and 2021 to 135,000. Headcount rose from 4,088 to 4,247 and there were no layoffs.

Part of this is attributable to greater health and wellness awareness. From 2020 to 2022, 15 new products were launched that specifically catered to COVID-19 symptoms. These included vitamin C drink sachets and immunity boosting capsules based on various herbal or mineral extracts.

There was also a sense that Sido was becoming a more integral part of the communities in which it operates. During virus outbreaks, the company worked with regional police and government organisations to donate and distribute vitamins and supplements to staff and the general public across South Sumatra and Central Java. The programme cost IDR 12.8bn.

Between 2017 and 2021, revenue increased 56% to IDR 4trn, EBITDA grew 140% to IDR 1.6trn, and net profit more than doubled to IDR 1.3trn. These figures weakened during 2022, with EBITDA and net profit tracking at IDR 730.7m and IDR 720.4bn, respectively, as of September.

Major player

Affinity's initial approach to the investment emphasised alignment with management around financial goals. Aston Zheng, a vice president who led the deal, said the starting points were the immediate tangible benefits of growing revenues, growing the bottom line, and strengthening supply chains by pursuing change in an ESG friendly manner.

"Investors and the public markets recognise that. Sido had been added as a constituent of all four IDX [Indonesia Stock Exchange] ESG indices since our investment," said Zheng, who is also responsible for Affinity's ongoing day-to-day



Affinity's Aston Zheng and Sarah Pang with Oliver Stratton of Alvarez & Marsal

work with the company.

"Consequently, the share price has continually re-rated upwards, which provides a positive feedback loop for the company to continue improving on ESG initiatives."

Sido is touted as the largest and most established herbal products and medicine brand owner and manufacturer in Indonesia with a market share of 84%. The company, listed in Jakarta since 2013, has more than 70 years of heritage.

There are currently 317 halal-certified products, largely represented by drink powders, lozenges, and capsules made from ingredients such as ginger, mint, fennel, honey, and local plants. Raw ingredients are 100% locally sourced. The main brand is Tolak Angin, a cold and fever remedy first formulated in 1930 that has shown efficacy in improving the immune system in pre-clinical trials.

Scaling such a business with an ESG lens is a delicate prospect. Each product has 30–40 ingredients, which are sourced in remote areas and brought to a central production facility in Semarang, the capital of Central Java. The harvesting process is necessarily something of a cottage industry, and a collaborate approach across the supply chain is important.

"If you want high-quality raw ingredients for medicinal purposes, you do need the farming

methods to be quite organic and to be multi-cropping with various types of other plants and herbs to enhance soil nutritional content within the ecosystem," Pang said. "It is hard to do large-scale, mechanised farming for these types of products."

As such, efforts around community relations and the development of farmer networks are arguably key features of the ESG agenda.

Farmer outreach

Much of this comes down to teaching farmers in tribal communities better agricultural practices. Sido works indirectly with some 1,700 farmers who traditionally exploit slash-and burn cultivation methods. In addition to limiting deforestation, mentoring in agroforestry has delivered farmers access to carbon credits and additional income.

Meanwhile, mentoring around the use of better fertilisers, pesticides, and watering schedules, as well as how to choose good seeds from bad seeds, is said to have improved product quality and increased income for farmers.

The support for cardamom farmers in the village of Sambirata provides a standout case study in community partnership. Farmers received training on cultivation methods and learned to make biopesticides and compost. This led to a sixfold increase in their income, and it encouraged young people to return to the village to take advantage of more lucrative cardamom farming work.

There is also a physical aspect to community partnerships. With Sambirata, this involved building a cardamom drying facility powered by a micro hydroelectric plant at a cost of around IDR 56.5m. This included the construction of a dam, which was handled by the local government.

The drying facility (500 kilograms of capacity per shift) improved efficiency and product quality in the sense that the climate is too rainy for the traditional sun-drying techniques, which left significant amounts of product soggy and unusable. Moreover, product quality and crop volumes have been supported by better seed selection.

Beyond improved yields and incomes, the initiatives have a nuanced, skills-oriented social element. Last September, Sido trained five youths in the village to perform repairs on the facility.

"There's a short-term way to do it and a long-term way to do it. The longer and ESG-friendly ►

way usually has additional upfront costs, but the benefits are clear and quantifiable,” Zheng said.

“As investors who understand the tangible benefits of an ESG friendly approach, Affinity places emphasis on ensuring our message on the longer-term benefits of ESG comes across clearly to gain strong stakeholder buy-in, as part of our investment consideration.”

Equipment upgrade

The private equity firm has also made material investments in the business at the main manufacturing site in Semarang. These have contributed to the expansion from one to three production lines, the addition of renewable power installations, and the establishment of a tissue culture laboratory and greenhouse.

The renewable energy projects feature solar panels with peak capacity of 2,000 kilowatts and a biomass generator that runs on plant waste and by-products. The latter is said to account for about 50% of the operation’s energy needs. As a result, carbon emissions intensity – a measure of CO2 per kilowatt hour of electricity produced – was reduced by 22% between 2020 and 2021.

The tissue culture laboratory and greenhouse help in the production of large quantities of seeds that are more resistant to disease and pests, as well as more adaptable to climate change. Those seeds are distributed to farmers who then supply ingredients that can be manufactured into higher-quality end-products.

“We are confident that strengthening the core capabilities of the business in an ESG-friendly manner would allow us to see multiples of return on our investments over the medium term, and more importantly, sets up the company and the community to reap further benefits years ahead in the future,” Zheng added.

At the main manufacturing plants, staff upskilling around farming, food quality, wellness product making, machine maintenance, and safety management systems is a priority. Those whose work requires competency certification – such as forklift drivers, boiler operators, and electricians – attend certification training and sit examinations at government-recognised institutions.

Furthermore, Affinity has supported the establishment of an in-house learning centre, Sido

Muncul Academy, where the number of training hours grew 51% during 2021 to 39,426 hours, mostly online. One of the Academy programmes is an annual forum that encourages employees to contribute ideas for improving operations and business processes.

This is believed to have had a meaningful impact on diversity and inclusion, especially in terms of female participation, with women now accounting for 50% of the overall staff and 37% of managerial positions. However, there has been a decline in this area during the past few years; women represented 53.5% of staff and 53.7% of managerial positions in 2018.

Work on this front has extended outside the company. For example, Sido has encouraged and trained a local women’s group in the village of Bergas Kidul to run a snack business called Mbok Jajan. The business can fulfill orders outside the village and is expanding through digital platforms. It can provide an average additional income of IDR 1.8m per person per month for its 15 members.

Community action

Sido’s earliest corporate social responsibility (CSR) activities were mostly charitable donations. But with a view to helping underprivileged communities improve their standard of living, the company has gradually shifted focus toward sustainable community empowerment programmes.

The idea is to encourage people to solve problems independently. It is hoped this will allow them to achieve economic, social, cultural, and technological independence in their respective regions by leveraging local economic resources and local wisdom.

Sido’s CSR programme cost IDR 1.1trn in 2021, on par with the prior two years but well above the IDR 697bn in 2018. This effort is said to have directly benefited 16,000 people, including the company’s approximately 1,700 partner farmers.

“It’s a virtuous cycle,” Pang said. “With better seeds, bio-fertilizers and training on farming technique that Sido provides, you have happy farmers who are able to farm better, raw materials for Sido, and you’re able to pay a better price for them because they’re higher quality. Both the farmers and consumers benefit. It’s all tied together.” ■

AVCJ Awards 2022: Special Achievement: Kok Peng Teh

Kok Peng Teh spent most of his career at GIC, helping build out what has become one of the world's largest private equity programmes and nurturing the careers of numerous industry participants

“When people told me that GIC was one of the most sophisticated private markets investors in the world, I usually took it with a pinch of salt. Wouldn't all GPs say that when they are trying to raise money from you?” observes Kok Peng Teh, who worked for the sovereign wealth fund for 30 years, serving as president of GIC Special Investments from 1999 until his retirement in 2011.

Nevertheless, he attributes the group's success to two factors: putting in place processes and structures that enabled rigorous screening of investments; and effective development of talent.

Recruitment was difficult in the early days, as Teh discovered when he was tasked with bolstering the private equity team in the early 1990s, but ultimately it became a virtuous cycle. “Once we got some momentum, it became easier to hire people,” he said. “It's good to know GIC has done well and I'm proud it has done even better after I left. That's how it should be.”

His contribution is visible not only in the expansion of GIC's private markets programmes, but also in the talent that went on to populate both the organisation and the wider industry.

Andress Goh, co-CIO of PE at Allianz Global Investors, and Yar-Ping Soo, head of Asia fund investments at Adam Street Partners, both worked for Teh. Others who came under his tutelage have risen far within GIC, including Lim Hock Tay, now deputy group CIO and group COO, and Eng Seng Ang, who serves as CIO for global infrastructure.

Recruiting at a time when GIC's PE exposure was still limited, its compensation packages relatively modest, and few Singaporeans had experience of the asset class, Teh's solution was to be unorthodox. He pursued government scholars – students who won support for overseas study ►



Kok Peng Teh (left) with Allen Lee, publisher of AVCJ

“I was willing to take a risk on people who came from different backgrounds but had skillsets that were relevant to PE”

and worked for the civil service on their return – and talent from other industries.

Ang worked in the auditor-general's office before joining GIC, while Tay had studied aeronautical engineering in France and then served in the air force. Arjun Gupta, a later recruit who is now GIC's president of Europe, previously spent 20 years with Kraft Foods.

"I was willing to take a risk on people who came from different backgrounds but had skillsets that were relevant to PE and who could bring something extra to the table," Teh said.

From DC to GIC

His journey to GIC began at the World Bank in 1975. Originally from Malaysia, he completed undergraduate and postgraduate studies in Australia and the UK, respectively, before winning a place on the organisation's young professionals programme in Washington D.C. He stayed six years and then answered the urge to return to Asia. The Monetary Authority of Singapore (MAS) was hiring.

MAS offered Teh the role of chief economist in 1981. This was also the year GIC was established and mandated to manage a portion of the country's foreign exchange reserves. He straddled both organisations between 1986 and 1998 – which was not unusual for MAS officials at the time – before formally moving to GIC.

The investment programme was initially relatively small and solely in fixed income. Public equities came next, and then GIC formed separate units for private equity – though it was referred to as venture capital – and real estate. Given GIC was unable to invest in Singapore, the US was a natural focal point. The public markets team set up an office in New York and the private markets team went to the Bay Area.

Teh moved into private equity following an internal shake-up in 1990. He led a team of six based entirely in the Bay Area. An early mover in a nascent industry, GIC participated in the debut funds raised by KKR, TPG Capital, and Hellman & Friedman, but passed on Carlyle's first offering.

"They were Washington guys, and we weren't sure what they knew about private equity. But we stayed in touch, they showed us some co-investments that worked out well, and it became clear that being the only game in town in D.C.

private equity meant they understood government policy and regulation," said Teh. "We invested in Fund II and it grew from there."

Having a US base was a competitive advantage for GIC as an Asian LP because it facilitated face-to-face engagement with managers. Teh also travelled to the US regularly. Once the private equity unit became a standalone division [this predated the formation of GIC Special Investments in 1999, which saw PE moved into a separate company], he chaired the investment committee and had the authority to make commitments up to a certain amount, which reassured GPs.

The relationships that emerged from those early investments in the likes of KKR, TPG, and Carlyle led to a shift in GIC's portfolio in the early 1990s from venture to buyout. Getting into the top VC funds was difficult and quotas tended to be small. Private equity, by contrast, was relatively accessible and GIC could write cheques that were meaningful relative to its overall size. Subsequently, co-investment became a factor as well.

"We waited until we had invested for a few years to see how the funds worked out. If you can get co-investment from a manager that you regard highly it makes sense to do it because you don't pay management fees or carried interest," said Teh. "But if you say you're in then you're in. You can't ask for USD 40m and then a few weeks later the investment committee turns it down."

GIC was happy to convene its investment committee once a week if necessary, which meant it was more fleet of foot than most state pension funds at the time.

Going global

PE investment professionals were dispatched to London to cover Europe in the early 1990s and Asia didn't appear on the agenda until after the Asian financial crisis when global firms arrived in the region. GIC ended up making direct investments alongside fund commitments and co-investments.

The sovereign wealth fund also became a pioneer in Chinese private equity as one of four anchor investors in CDH Investments' debut fund. The opportunity emerged after GIC signed up as a founding shareholder in China International Capital Corporation (CICC), which was formed by China ►

“They don’t have the bandwidth to invest in too many funds, so they write larger cheques for global managers. To me, that’s a risk”

Construction Bank and Morgan Stanley in 1995 as the country’s first joint venture investment bank.

“It wasn’t about the money as much as getting into something new and strategic and understanding how China worked from the inside,” said Teh. “They had a private equity equity division and I sent one of my staff to be attached to them. He was there for three years and then set up our Beijing office in 1998.”

In 2002, the PE division spun out for regulatory reasons. Shangzhi Wu, who led the team, pitched GIC for a commitment to a USD 100m fund. It put in USD 20m and took a share of the management entity as well. This was one of GIC’s first GP stake acquisitions; years later – mostly after Teh’s retirement – it invested in the likes of TPG, CVC Capital Partners, and Apax Partners.

During his time at GIC, Teh encountered all-too-familiar challenges around rising fund sizes and contracting investment cycles. GPs would return to market so early that it was hard to assess the performance of the previous vintage. At the same time, GIC’s private equity allocation was rising in absolute terms and the team was under pressure to put capital to work again when it came back.

“You might say to a manager, ‘Your return is lower but it’s still better than what I can get in public markets or fixed income, so I’ll continue to invest.’ There is a tension, because at the back of your mind, you know you are judged on absolute return,” he explained.

“When someone oversees a fund for a long time, relationships develop. This makes it hard to let go. There is a tendency to give them the benefit of the doubt and stay longer than you should. That’s why it is important to have someone who is detached and neutral between firms and geographies.”

Teh also witnessed the institutionalisation of

global firms GIC backed in the early days. They rolled out new strategies, added headcount at all levels, and made improvements to governance, facilitating an explosion in fundraising. However, in most cases, this increase in the size and complexity of the industry hasn’t been matched by a scaling up in resources at the LP level.

“They don’t have the bandwidth to invest in too many funds, so they write larger cheques for global managers. To me, that’s a risk,” he said. “As the industry grows, the incumbents are in a better place – they are more professional, have more domain expertise, have people who do nothing but investor relations – but the next generation of potential founders will have a harder time.”

Assessing Singapore

Despite departing GIC over a decade ago, Teh retains a professional interest in the industry through a string of directorships. They include a board seat at the Temasek Holdings-owned parent entity for Azalea Investment Management, InnoVen Capital, Fullerton Fund Management, and Seatown Holdings International, and the chairmanship of Azalea. All have interests in private markets.

Teh is interested in how financial services can contribute to the real economy, for example by promoting local innovation and venture capital and by supporting small businesses. Environment, social, and governance (ESG) is also top of mind, specifically climate change and sustainable development and financial inclusion. Azalea is already working on the latter, having issued several series of bonds – backed by LP interests in private equity funds – that are open to retail investors as well as institutional and accredited players.

“Financial inclusion is traditionally about being able to borrow. Here, the definition has been extended to include lower income groups that have savings but do not have access to higher return products. Azalea is looking to give these people access without having them take on excessive risk,” Teh said.

“Ever since the global financial crisis, there has been an increasing view that financial services doesn’t do anything for the real economy. That is something Singapore should do more work on, especially as we are in a very different world to the one of the last four decades.” ■

AVCJ Awards: Past Winners

2021

Fundraising of the Year – Venture Capital: 5Y Capital Evolution Fund II & 5Y Capital Growth Fund I

Fundraising of the Year – Mid Cap: Kedaara Capital III

Fundraising of the Year – Large Cap: KKR Asian Fund IV

Deal of the Year – Small Cap: Ajaib

Deal of the Year – Mid Cap: Danggeun Market

Deal of the Year – Large Cap: China Biologic Products Holdings

Exit of the Year – IPO: Zomato

Exit of the Year – Small Cap: Integreon

Exit of the Year – Mid Cap: Infogain

Exit of the Year – Large Cap: Softex Indonesia

Responsible Investment: The Arnott's Group

Operational Value Add: Best & Less & Integreon

Firm of the Year – Mid Cap: Quadrant Private Equity

Firm of the Year – Large Cap: Baring Private Equity Asia

AVCJ Special Achievement: Weijian Shan

Deal of the Year – Mid Cap: Hangzhou UCO Cosmetics

Deal of the Year – Large Cap: Baosteel Gases

Exit of the Year – IPO: Innovovent Biologics

Exit of the Year – Small Cap: Gong Cha Korea

Exit of the Year – Mid Cap: Manuka Health

Exit of the Year – Large Cap: KCF Technologies

Responsible Investment: Organica

Operational Value Add: EuroKids International

Firm of the Year – Mid Cap: Centurium Capital

Firm of the Year – Large Cap: PAG Asia Capital

AVCJ Special Achievement: Renuka Ramnath

2018

Fundraising of the Year – Venture Capital: Sequoia Capital China Venture Fund VII

Fundraising of the Year – Mid Cap: Japan Industrial No.5 Investment Enterprise

Fundraising of the Year – Large Cap: Affinity Asia Pacific Fund V

Deal of the Year – Early Stage Technology: Deskera

Deal of the Year – Late Stage Technology: Ant Financial

Deal of the Year – Mid Cap: Joy Rent a Car

Deal of the Year – Large Cap: Toshiba Memory Corporation

Exit of the Year – IPO: Pinduoduo

Exit of the Year – Mid Cap: Novotech Holdings

Exit of the Year – Large Cap: Carver Korea

Venture Capital and Private Equity Professional of the Year: Sanjiv Kaul

Responsible Investment: Manuka Health

Operational Value Add: Qingdao Haier

Firm of the Year – Mid Cap: Quadrant Private Equity

Firm of the Year – Large Cap: Bain Capital

AVCJ Special Achievement: Daniel E. Carroll

2017

Fundraising of the Year – Venture Capital: LAV Biosciences Fund IV

Fundraising of the Year – Mid Cap: Kedaara Capital Fund II

Fundraising of the Year – Large Cap: KKR Asian Fund III

Deal of the Year – Early Stage Technology: Beijing SenseTime

Deal of the Year – Late Stage Technology: Ofo

Deal of the Year – Mid Cap: Press & Converting

Deal of the Year – Large Cap: Yingde Gases

2020

Fundraising of the Year – Venture Capital: Ince Capital Partners I

Fundraising of the Year – Mid Cap: Ascendent Capital Partners III

Fundraising of the Year – Large Cap: Carlyle Japan Partners IV

Deal of the Year – Small Cap: TaniGroup

Deal of the Year – Mid Cap: Perfect Diary

Deal of the Year – Large Cap: Jio Platforms

Exit of the Year – IPO: SBI Cards & Payment Services

Exit of the Year – Small Cap: China Feihe

Exit of the Year – Mid Cap: EMC Holdings

Exit of the Year – Large Cap: Velocity Frequent Flyer

Responsible Investment: Canvest Environment

Operational Value Add: Nexus Day Hospitals & TEG

Firm of the Year – Mid Cap: Advantage Partners

Firm of the Year – Large Cap: Warburg Pincus

AVCJ Special Achievement: Lip-Bu Tan

2019

Fundraising of the Year – Venture Capital: A91 Partners Fund I

Fundraising of the Year – Mid Cap: ChrysCapital VIII

Fundraising of the Year – Large Cap: PAG Asia III

Deal of the Year – Small Cap: AffaMed Therapeutics

Exit of the Year – IPO: Au Small Finance Bank
Exit of the Year – Mid Cap: Riraku
Exit of the Year – Large Cap: Universal Studios Japan
Venture Capital Professional of the Year: JP Gan & Nisa Leung
Private Equity Professional of the Year: Yichen Zhang
Operational Value Add: Great Southern Rail
Firm of the Year: KKR
AVCJ Special Achievement: Victor Fung

2016

Fundraising of the Year – Venture Capital: GGV Capital VI, GGV Discovery I & GGV Capital VI Entrepreneurs Fund
Fundraising of the Year – Mid Cap: Quadrant Private Equity No.5
Fundraising of the Year – Large Cap: PAG Asia II
Deal of the Year – Early Stage Technology: Zai Lab
Deal of the Year – Late Stage Technology: Go-Jek
Deal of the Year – Mid Cap: Wendy's Japan
Deal of the Year – Large Cap: Golden Apple Education Group
Exit of the Year – IPO: Focus Media
Exit of the Year – Mid Cap: Golden Foods Siam
Exit of the Year – Large Cap: Loen Entertainment
Venture Capital Professional of the Year: Shailendra Singh
Private Equity Professional of the Year: Frank Tang
Operational Value Add: China Hydroelectric
Firm of the Year: Quadrant Private Equity
AVCJ Special Achievement: K.Y. Tang

2015

Fundraising of the Year – Venture Capital: Banyan Partners Fund II
Fundraising of the Year – Mid Cap: Ascendent Capital Partners II
Fundraising of the Year – Large Cap: Baring Asia Private Equity Fund VI
Deal of the Year – Early Stage Technology: Ninebot
Deal of the Year – Late Stage Technology: Didi Kuaidi
Deal of the Year – Mid Cap: SBI Life Living Corp
Deal of the Year – Large Cap: Halle Visteon Climate Control
Exit of the Year – IPO: Hong Kong Broadband
Exit of the Year – Large Cap: Spotless Group
VC Professional of the Year: Neil Shen
PE Professional of the Year: Jean Eric Salata
Operational Value Add: ECO Industrial Environmental Engineering
Firm of the Year: Bain Capital
AVCJ Special Achievement: Ta-Lin Hsu

2014

Fundraising of the Year – Venture Capital: Qiming Venture Partners IV
Fundraising of the Year – Mid Cap: Quadrant Private Equity No.4
Fundraising of the Year – Large Cap: CVC Capital Partners Asia Pacific IV
Deal of the Year – Venture Capital: Flipkart
Deal of the Year – Mid Cap: IMAX China
Deal of the Year – Large Cap: Nanfu Battery
Exit of the Year – IPO: Alibaba Group
Exit of the Year – Mid Cap: United Cinemas
Exit of the Year – Large Cap: Oriental Brewery
VC Professional of the Year: Jixun Foo
PE Professional of the Year: David Liu & Julian J. Wolhardt
Operational Value Add: Oriental Brewery
Firm of the Year: Affinity Equity Partners
AVCJ Special Achievement: Victor Chu

2013

Fundraising of the Year: KKR Asian Fund II
Private Equity Exit of the Year: Matahari Department Store
Venture Capital Deal of the Year: Tujia
Private Equity Deal of the Year: Panasonic Healthcare
Venture Capital Professional of the Year: Richard Liu
Private Equity Professional of the Year: Michael B. Kim
Operational Value Add: Yonghui Superstores
Firm of the Year: KKR
AVCJ Special Achievement: Wu Shangzhi

2012

Fundraising of the Year: PAG Asia I
Private Equity Exit of the Year: King's Safetywear
Venture Capital Deal of the Year: Xiaomi
Private Equity Deal of the Year: Tianhe Chemicals Group
Venture Capital Professional of the Year: Sanjeev Aggarwal
Private Equity Professional of the Year: Roy Kuan
Firm of the Year: Bain Capital
AVCJ Special Achievement: Lewis Rutherford

2011

Deal of the Year: Hyva Holdings
Firm of the Year: Archer Capital
Fundraising of the Year: Baring Asia Private Equity Fund V
IPO of the Year: Yonghui Superstores

Trade Sale of the Year: Beijing Leader & Harvest Technology

Private Equity Professional of the Year: Peter Wiggs

Venture Capital Professional of the Year: Sandeep Singhal

Lifetime Achievement: Philip Bilden

2010

Venture Capital Professional of the Year: Joe Zhou

Venture Capital Firm of the Year: Sequoia Capital India

Deal of the Year: Sanyo Logistics

Trade Sale of the Year: Parkway Holdings

IPO of the Year: China Pacific Insurance

Fundraising of the Year: CDH Fund IV

Private Equity Professional of the Year: Weijian Shan

Private Equity Firm of the Year: TPG Capital

Lifetime Achievement: David Bonderman

2009

Firm of the Year: India Value Fund Advisors

Buyout of the Year: Oriental Brewery

Private Equity Professional of the Year: Jean Eric Salata

Venture Capital Professional of the Year: Andrew Yan

Exit of the Year: Shenzhen Development Bank

Entrepreneur of the Year: Gautam Adani

Fundraising of the Year: MBK Partners II

Lifetime Achievement: George Raffini

Publisher's Award: Daniel Schwartz

2008

Firm of the Year: Affinity Equity Partners

Buyout of the year: Magnum Corp

Private Equity Professional of the Year: John Zhao

Venture Capital Professional of the Year: Sonny Wu

Exit of the Year: Himart

Entrepreneur of the Year: Tulsi Tanti

Fundraising of the Year: Hony Capital Fund III

Lifetime Achievement: William Ferris

2007

Firm of the Year: Advantage Partners

Buyout of the Year: DCA Group

Professional of the Year: Joe Bae

Exit of the Year: Belle International Holdings

Entrepreneur of the Year: Ben Fan

Fundraising of the Year: Affinity Equity Partners

2006

Entrepreneur of the Year: Jason Jiang

Buyout of the Year: Brambles Industries

Exit of the Year: Suntech Power

Private Equity Firm of the Year: Pacific Equity Partners

Private Equity Professional of the Year: Daniel E. Carroll

2005

Entrepreneur of the Year: Jack Ma

Buyout of the Year: Himart

Exit of the Year: Korea First Bank

Private Equity Firm of the Year: Newbridge Capital

Private Equity Professional of the Year: K.Y. Tang

2004

Entrepreneur of the Year: Neil Shen

Buyout of the Year: Hanaro Telecom

Exit of the Year: Pacific Brands

Private Equity Firm of the Year: JP Morgan Partners Asia

Private Equity Professional of the Year: Maarten Ruijs

2003

Entrepreneur of the Year: Yibo Shao

Buyout of the Year: Yellow Pages Singapore

Exit of the Year: Vantec Corporation

Private Equity Firm of the Year: CVC Capital Partners

Private Equity Professional of the Year: T.J. Huang

2002

Entrepreneur of the Year: Richard Chang

Buyout of the Year: Haitai Confectionery

Exit of the Year: Good Morning Securities

Private Equity Firm of the Year: UBS Capital

Private Equity Professional of the Year: Chang Sun

Special Achievement: Inter-Asia Venture Management

2001

Entrepreneur of the Year: Narayana Murthy

Private Equity Firm of the Year: Telecom Venture Group


Private Equity Professional of the Year: Lip-Bu Tan

2023 Conference Series Asia Schedule of Events

Global perspective, local opportunity

 PRIVATE MARKETS PLATFORM	Event details
Private Equity & Venture Forum Australia & New Zealand 2023	Sydney, 7-9 March 2023 community.ionanalytics.com/avcj-australia-2023
Private Equity & Venture Forum Southeast Asia 2023	Singapore, 26-27 April 2023 community.ionanalytics.com/avcj-southeastasia-2023
Private Equity & Venture Forum Japan 2023	Tokyo, 27-28 June 2023 community.ionanalytics.com/avcj-japan-2022
Private Equity & Venture Forum China 2023	Beijing, 5-6 September 2023 community.ionanalytics.com/avcj-china-2023
ESG Forum 2023	13 November 2023 community.ionanalytics.com/avcj-esg-2022
Diversity & Inclusion Forum 2023	13 November 2023 community.ionanalytics.com/diversity-inclusion-2022
36th Annual Private Equity & Venture Forum	14-16 November 2023 community.ionanalytics.com/avcj-35th-forum

 INFRASTRUCTURE PLATFORM	Event details
Infralogic Investors Forum Australia 2023	Sydney, 15 March 2023 community.ionanalytics.com/infralogic-australia-2023

 M&A PLATFORM	Event details
M&A Forum Australia 2023	Sydney, 16 March 2023 community.ionanalytics.com/mergermarket-australia-2023
M&A Forum Southeast Asia 2023	Singapore, 25 April 2023 community.ionanalytics.com/mergermarket-singapore-2023
M&A Forum Japan 2023	Tokyo, 29 June 2023 community.ionanalytics.com/mergermarket-japan-2022
M&A Awards Australia 2023	Sydney, October 2023 community.ionanalytics.com/mergermarket-ma-awards-2022-australia
M&A Forum Hong Kong 2023	Hong Kong SAR, 6 December 2023 community.ionanalytics.com/mergermarket-hong-kong-2022

 LEVERAGE CAPITAL MARKETS PLATFORM	Event details
Debtwire Forum Asia Pacific 2023	Hong Kong SAR, 10 October 2023 community.ionanalytics.com/debtwire-asia-pacific-forum-2022