AVCJ Weekly Digest

22 February 2023

COVER STORY

DATA SOVEREIGNTY: COMPLIANCE COMPLEX

Deglobalisation is broadening the concept of cyber risk from preventing attacks to navigating a minefield of data regulations. GPs are under pressure.

Read more

PROFILE

JAMES MI OF LIGHTSPEED CHINA PARTNERS

Rejecting a life-changing job offer from Google and overseeing a failed start-up are two of James Mi's mistakes. He learned from them and then made a success of Lightspeed China Partners.
Read more

DEAL FOCUS

VCs BACK LOAM BIO'S AGRI-CLIMATE OFFERING

Soil carbon sequestration specialist Loam Bio's Series B is the largest ever seen in Australian agricultural technology. The company's backers expect it to go big and go global.
Read more

DEAL FOCUS

AFFINE PLANS FOR AN OFFICE BEYOND OFFICE

Adamantem Capital bought Retail Zoo from Bain Capital with a view to continuing the rollout in Australia and overseas while potentially picking up more food and beverage brands.
[Read more]

DEAL FOCUS

SMALL IS BEAUTIFUL AT QUANTUM BRILLIANCE

Australia-based Quantum Brilliance has raised USD 18m in pre-Series A funding on the back of technical breakthrough that delivers quantum computing without large-scale cooling infrastructure.
[Read more]

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.
[Read more]

AVCJ AWARDS 2022

FUNDRAISING OF THE YEAR - VENTURE CAPITAL: QIMING

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.
[Read more]

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.
Read more

By the Numbers

AVCJ RESEARCH

THE RENMINBI QUESTION

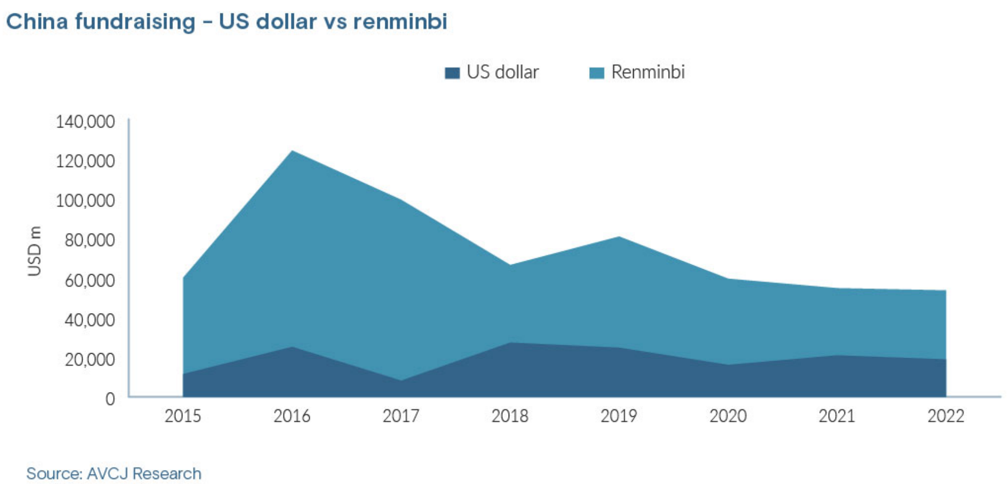
DCM raised renminbi-denominated funds at the behest of its target entrepreneurs. Complaining that changing US dollars into local currency was too difficult, they petitioned the venture capital firm to give them local currency instead. DCM acquiesced but the initiative lost traction when China relaxed its conversion policies.

Capital raised for renminbi funds reached USD 34.8bn in 2022, up slightly on 2021, but still a pale imitation of the environment a few years ago. Yet the lack of a resurgence in fundraising activity appears to run contrary to China's prevailing dynamics.

Start-ups in sensitive industries like semiconductors and deep technology are said to be wary of taking US dollars in case they find themselves caught in a bind later if – for example – overseas investors are forced to exit their positions. Why aren't more renminbi funds being raised in response? Maybe they will, maybe they won't.

Separately, it might be that GPs with US dollar funds are wary of the renminbi space – high-quality LPs are relatively few – and they recognise it is not a prerequisite. First, foreign and local investors can co-exist in companies that adopt joint venture structures. Second, there is the Qualified Foreign Limited Partnership (QFLP) regime.

Last week, Primavera Capital Group secured a QFLP quota for its debut VC fund. Some of the capital can be converted into renminbi at the fund level and invested locally. Going onshore doesn't make sensitive sectors more accessible – regulators focus on the ultimate beneficial owners – but it does make life easier in other respects.



All of the trends featured here were sourced from AVCJ's proprietary database, AVCJ Research, featuring comprehensive information on private equity deals, fundraises and exits.

Read more on AVCJ Research

The rest of the week

FUNDS

- New Zealand's Pencarrow closes Fund VI on $187m
- Ex-Blue Pool partner targets $200m fundraise
- PeerCapital hits $37m first close on India early-stage fund
- Alibaba-backed eWTP pursues $1bn in VC fundraise

DEALS

- Rise Fund buys Malaysian university from KV Asia
- Saudi Arabia's PIF backs China e-sports platform
- Ribbit, Tiger Global, TVS commit $100m to India's PhonePe
- L Catterton makes second China pet food investment
- Goldman Sachs, TVS lead $150m round for India's InsuranceDekho
- China biosynthesis start-up Bluepha raises $58m
- Singapore's Aspire closes Series C on $100m
- China's Pudu Robotics extends Series C to $170m
- Sequoia Southeast Asia leads Series C for Australia's Shift

PEOPLE MOVES

- China rolls out guidelines for offshore IPOs
- China Renaissance founder Fan Bao goes missing
- Singapore to top-up SME co-investment programme
- Gobi-Core named partner for Philippines start-up fund

For your calendar

UPCOMING EVENTS

- **7-9 March 2023** - AVCJ Australia & New Zealand Forum
- **14 March 2023** - Mergermarket M&A Forum - Australia
- **15 March 2023** - Infralogic Investors Forum - Australia
- **25 April 2023** - Mergermarket M&A Forum - Southeast Asia
- **26-27 April 2023** - AVCJ Southeast Asia Forum

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