AVCJ Weekly Digest

24 May 2023

COVER STORY

ENERGY TRANSITION: AN EMERGING SPECIALITY

Kerogen Capital is trying to plot a more nuanced course into energy transition than building renewables. It is one of many nascent specialists in the space.

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Q&A

THOMAS TSAO OF GOBI PARTNERS

Thomas Tsao, co-founder of Gobi Partners, on Chinese investors targeting Southeast Asia, the fallout from US-China tensions, fundraising and fund strategy, and what excites him about technology.
Read more

DEAL FOCUS

PRIMEMOVERS BUYS MALAYSIA MACHINIST IN DEBUT DEAL

PrimeMovers, which spun out from Platinum Equity last year, and UK-based Lingotto Investment Management have jointly acquired Malaysian precision manufacturing company EngTek.
Read more

DEAL FOCUS

INVESTCORP FINDS OPTIMAL ENTRY POINT WITH JIANUO

Investcorp negotiated its debut China control deal in the shadow of COVID-19 but expects to see long-term gains through the target company's exposure to electric vehicles and renewable energy.
Read more

FUND FOCUS

FOREIGN LPs CREEP INTO JAPAN VC

Japan's Dimension has closed its first fund since spinning out from Dream Incubator, more than doubling its prior vintage and tracking increased interest among regional institutional investors.
Read more

By the Numbers

AVCJ RESEARCH

ASIA FINTECH REORIENTATION

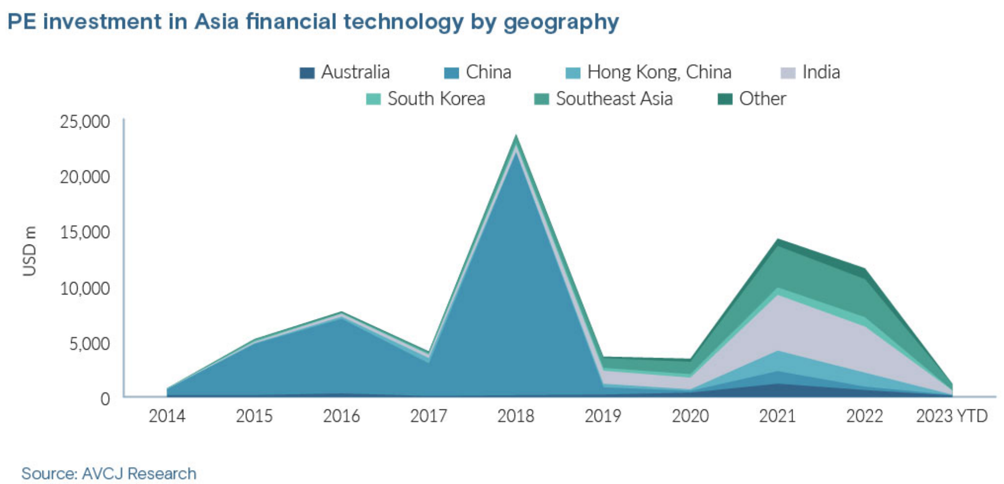
Investment in China financial technology peaked in 2018 with bumper rounds of units of Alibaba Group, JD.com, and Baidu, then collapsed a year later amid a clampdown on peer-to-peer lending. Ant Group's aborted IPO a year later ruled out a rebound.

Between 2014 and 2018, China absorbed 88% of all PE capital entering Asia fintech. For 2019 to date, its share is 7%. In China's absence, other markets have come to the fore – notably India, Southeast Asia, and to a lesser extent Hong Kong and Australia.

India and Southeast Asia accounted for two-thirds of the USD 3.4bn put to work in 2020. This share remained reasonably consistent in 2021 and 2021 but the pie was much larger – USD 14.2bn and USD 11.6bn. This dominance was underlined in the past week through significant investments in the likes of Singapore's insurance technology specialist Bolttech and Indian payments platform PhonePe.

Both have experienced rapid rises to prominence: Bolttech's recent USD 196m round took its overall funding to more than USD 450m in the past two years; PhonePe's USD 100m raise took its ongoing round to USD 850m against a target of USD 1bn. Both are well-established unicorns with valuations of USD 1.6bn and USD 12bn, respectively.

Another common characteristic – shared with more than a few other large Asian fintech players – is the guiding presence of a parent entity. Bolttech is a subsidiary of Hong Kong's Pacific Century Group; PhonePe only recently fully separated from Flipkart and the e-commerce marketplace remains a significant shareholder.



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

- Qiming hits $930m final close on latest renminbi fund
- East Ventures closes follow-on fund at $250m
- Exacta seeks $350m for SE Asia fund, wins ADB support
- Australia's Giant Leap closes second impact fund with $30m
- BII backs Southeast Asia energy transition fund

DEALS

- Blackstone buys jewellery certification business, China's Fosun exits
- Alibaba plans IPO for PE-backed logistics unit
- KKR invests $120m in Vietnam school operator
- CPE sells Australia used car business to Japan's Sojitz
- China energy storage player JD Energy raises $100m
- Bain buys Japan software player IDAJ
- Constantinople raises Australia's largest-ever seed round
- TPG re-engages with improved offer for Australia's Invocare
- China's Drug Farm secures $27m in first tranche of Series C
- China EV chassis maker U Power gets Series B funding
- Avataar leads $45m round for India's Chalo

OTHER

- China investors see long-term positives in demise of Oppo's chip unit
- Jefferies hires Dennis Kwan to lead Asia secondaries advisory
- Japan Post Bank sees sharp increase in PE exposure

For your calendar

UPCOMING EVENTS

- **27-28 June 2023** - AVCJ Japan Forum
- **29 June 2023** - Mergermarket M&A Forum - Japan
- **5-6 September 2023** - AVCJ China Forum
- **13 November 2023** - AVCJ Diversity & Inclusion Forum
- **13 November 2023** - AVCJ ESG Forum
- **14-16 November 2023** - 36th AVCJ Private Equity & Venture Forum
- **6 December 2023** - Mergermarket M&A Forum - Hong Kong

Get in touch

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