AVCJ Weekly Digest | 24 November 2021 View in browser

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24 November 2021

COVER STORY

TAIWAN START-UPS: LEAVING THE FACTORY

An industrials-focused start-up ecosystem has tilted toward consumer in the past year, but the traditional heavyweights are indispensable.

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TALKING POINTS

AROUND THE AVCJ FORUM

Energy transition: "It's not only about renewable energy – It's also about smart energy, using technology to deliver the energy in a very smart way. Energy transition is going to happen for the next 50 years, I think it's probably going to be the biggest opportunity for private equity globally" (*K.Y. Tang, Affinity Equity Partners)*

Climate change: "If you don't tackle scope-three, then you're not changing the system, you're not driving it down through the supply chain, you're not engaging with your customers, and you're not taking accountability for the most material proportion of your emissions" (*Sophie Walker, EQT)*

Sector specialization: "We all know local teams are important. But to build up a very deep sector [specialization] is one of the most important trends in private equity in Asia in the last few years and for the future" (*X.D. Yang, The Carlyle Group)*

GP-LP alignment: "I am pretty sure something will go wrong at some point, and we will look back and ask, 'Why did we do that?' It is important that GPs and LPs are aligned to maximize those returns, especially as we go into more challenging times ahead" (*Hideya Sadanaga, Japan Post Bank)*

Diversity: "We had one manager come back with zero females in the private equity firm. Unless they put in place a policy to address the fact that they have no gender diversity within their portfolio and within their firm, we are unlikely to invest with them again" (*Liza McDonald, Aware Super)*

China technology: "In early-stage investments, the valuations are not going down as much. It implies that the market thinks that this is going to be a relatively short-term disruption. They think by the time those early-stage companies get to the IPO stage, the disruption will be smoothed out" (*Marcia Ellis, Morrison & Foerster)*

Value in consumer: "For us, the biggest counter is to look into the fundamentals of the brands. We like to back brands that maybe would take longer to scale but have a robust business model that can build entry barriers in either supply chain or product or their solid operation of front-end channels" *(Michael Zhang, BA Capital)*

Extra reading:

- AVCJ Awards: The winners

ANALYSIS

CHINA IPOs: THE STAR STILL WANES

Proceeds from private equity-backed offerings on China's Star Market are down 75% from their peak two years ago, reflecting ongoing regulatory interference and diminished investor confidence.
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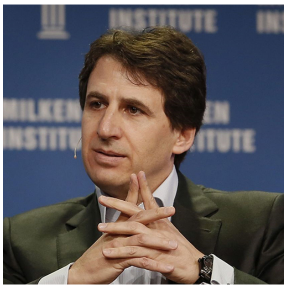
Q&A

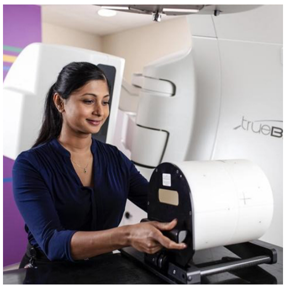
KEY TAKEAWAYS: MARC ROWAN OF APOLLO

High valuations, pursuing complexity, and eradicating write-offs were on the agenda when Marc Rowan, co-founder and CEO of Apollo Global Management, spoke at the AVCJ Forum. Here are some highlights.
Read more



DEAL FOCUS

ICON RETAINS ITS PRIVATE EQUITY APPEAL



EQT's $1.67 billion acquisition of Icon Group underscores the recent trend in large-cap buyouts, as well as the long-term growth potential for cancer care specialists in Australia and the wider Asian region.
Read more

DEAL FOCUS

ORCHESTRA DELIVERS PIZZA TO SEOUL

Banolim has become Korea's fourth-largest pizza delivery business largely on the back of savvy marketing and expansion in lower-tier cities. Orchestra Private Equity is supporting a rollout in Seoul.
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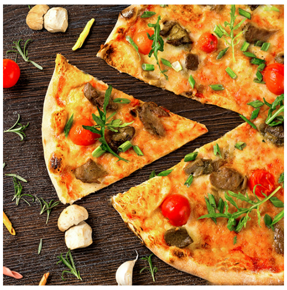
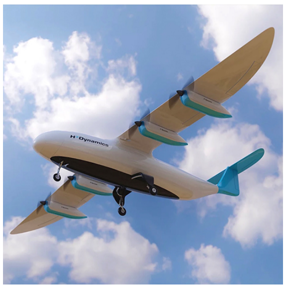


DEAL FOCUS

QUIET CONFIDENCE PERSISTS IN HYDROGEN POWER



H3 Dynamics is bringing hydrogen-powered delivery drones to Asia's crammed megacities as a steppingstone to a cleaner aviation sector. This is a sweet spot for Hong Kong's Audacy Ventures.
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SEEN AND HEARD

TECH TITANS

China is the dominant force in autonomous vehicles and the internet-of-things, while the US remains preeminent in B2B software-as-a-service, according to a ranking of the top 100 growth tech companies by Boston Consulting Group and B Capital Group.

SEEN AND HEARD

GROWTH STORY

Southeast Asia's internet economy will generate $170 billion in gross merchandise value in 2021 and is on course to reach $1 trillion by 2030, Google, Temasek, and Bain & Company found. The rise of the digital merchant is one of numerous byproducts.

The rest of the week

FUNDS

- Australia's Five V raises $398m for Fund IV
- India's A91 reaches $550m final close on Fund II
- Australia's Allegro hits overall target with Fund IV first close
- Indonesia's Alpha JWC closes Fund III at $433m
- CBC, APG launch China healthcare infra fund
- China's Bits x Bites closes second food tech fund at $100m
- Singapore's Leo Capital targets $125m for third VC fund

LIQUIDITY EVENTS

- Carlyle acquires Korean cafe operator, Anchor Equity exits
- PE-backed Paytm raises $2.5b in India's largest-ever IPO
- MBK sells Japan's Accordia Golf to Fortress
- India's Nykaa trades up after $719m IPO

DEALS

- GoTo gets $1.3b in first tranche of pre-IPO funding
- China's Red raises $500m at $20b valuation
- Singapore BNPL player Pace gets $40m Series A
- Warburg Pincus backs China new materials business
- Airwallex adds $100m to Series E at $5.5b valuation
- Indonesia's Ula extends Series B to $110m
- Riverside backs Australia clinical trials business

For your calendar

UPCOMING EVENTS

- **December 2 -** Hong Kong M&A Forum
- **December 9 -** AVCJ Diversity & Inclusion Forum

Connect with us & learn more

Get in touch

subs@avcj.com

9/F Standard Chartered Bank Building
4-4A Des Voeux Road, Central; Hong Kong SAR