
AVCJ Weekly Digest



13 October 2021



COVER STORY

VISION FUND: BIG IS BEAUTIFUL?

SoftBank's Vision Fund is now one of a herd of elephants in Asia's growth-stage tech space. Prevailing amid increased competition may prove its thesis.

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TALKING POINTS

CHINA IN SIX TRENDS

To coincide with this week's AVCJ China Forum...

- **Soft-tech to hard-tech:** Early and growth-stage technology investment fell from \$14.8 billion in the first quarter to \$8.4 billion in the second and it stayed at that level in the third. Activity has been redirected, with the non-services share of tech investment rising from 40% in the fourth quarter of 2020 to 70% in the third quarter of 2021. It reflects a shift from B2C to B2B, typically deep-tech hard-tech plays like artificial intelligence, semiconductors, and autonomous driving.
- **Beyond tech:** The largest announced deals of 2021 comprise a mixture of US take-privates, corporate carve-outs, corporate spinouts, and consumer technology momentum plays transacted earlier in the year. The sectoral picture is arguably more insightful, demonstrating efforts to invest in line with government policy. Electronics (industrial value-add), healthcare, consumer retail (mass-market accessibility), and transportation (logistics) are gaining.
- **VC leads the way:** US dollar-denominated China VC was one of few strategies across Asia that attracted more capital in 2020 than in 2019. The momentum remains. If renminbi-denominated funds are removed from consideration, China-focused GPs have raised \$16.4 billion in 2021 to date, beating the 2020 full-year total. Boyu Capital's \$6 billion fifth fund accounts for a large chunk of that, while the venture capital contribution is a sizeable \$6.1 billion..
- **Location, location, location:** In the first half of 2021, 18 PE-backed Chinese companies raised \$12.7 billion through US IPOs. Now the pipeline has dried up. It remains to be seen whether these are postponements or cancelations. Even if the approval process in China is navigable, there remains the prospect of Chinese companies being delisted from US exchanges over audit compliance. Hong Kong is expected to see a flood of new listing applications.
- **From boom to bust?** Regulation is an enduring risk in China, but few industries have been turned on their head as comprehensively as education. The key takeaways: for-profit tuition in core school subjects must stop, with operators subject to strict approvals; pre-school children can no longer participate in online training of any kind; and public listings or any other capital-raising activity is prohibited. For many investors, the path to exit is now unclear.
- **All about the wheels:** Private equity firms and strategic investors pumped capital into electric vehicles, and now they are doing the same with autonomous driving. Robotaxi players (Pony.ai, WeRide, DeepRoute.ai, and Didi Autonomous Driving), algorithm developers (Momenta), and self-driving truck specialists (Inceptio, Plus, and TuSimple) are key beneficiaries, but capital has also gone to various semiconductor start-ups and battery makers that serve the industry.

ANALYSIS

3Q ANALYSIS: INDIA ADVANCES



India technology investment continues to ramp up as China flatlines; international payments M&A drives Asia trade sale revival, but IPOs slump; fundraising remains slow.

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Q&A

JUSTIN RYAN OF GLOW CAPITAL PARTNERS

Having teamed up with the founder of Adore Beauty to launch Glow Capital Partners, Justin Ryan discusses life after Quadrant Private Equity, growth-stage investment in Australia, and gender balance.

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FUND FOCUS

YUNQI REAFFIRMS ITS ENTERPRISE FOCUS



Yunqi Partners was the first Chinese GP dedicated to enterprise services and now claims to be the largest early-stage investor in the space. SaaS, in various forms, will account for the bulk of Fund III.

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DEAL FOCUS

DIGITAL BROKERAGE AJAIB FINDS THE RIGHT FIT

Ajaib grew from nothing to become Indonesia's fifth-largest stockbroker by volume in the space of six months. The newly appointed unicorn is now raising capital just as quickly.

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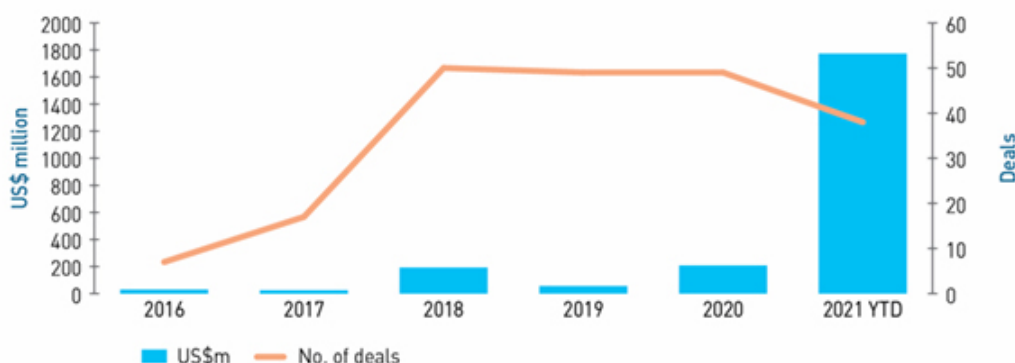
By the Numbers

AVCJ RESEARCH

CROWNING CRYPTO

Andreessen Horowitz has arguably embraced crypto more readily than any other mainstream US venture capital firm. It has now followed this interest into Asia with investments in Vietnam-based non-fungible token (NFT) gaming start-up [Axie Infinity](#) and Indian crypto exchange [Coinswitch Kuber](#). Participation by Andreessen might help legitimize the Asia crypto opportunity, but capital is already flowing into the space at record pace. In 2018, deal count rose from a handful to 50 and it remains around that level. Last year, capital commitments exceeded \$200 million for the first time. The running total for 2021 is \$1.77 billion. Three-quarters of this has gone to three companies – Axie Infinity, Coinswitch, and Hong Kong-headquartered crypto exchange [FTX](#) – but there is also a scattering of deals in the \$30-100 million range.

Crypto-related PE and VC investment in Asia



Source: AVCJ Research

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

- [China's Source Code raises \\$1.1b renminbi fund](#)
- [Alteria closes India venture debt fund at \\$241m](#)
- [China Renaissance hits first close on flagship US dollar fund](#)

LIQUIDITY EVENTS

- [PE-backed MicroTech Medical targets \\$254m Hong Kong IPO](#)
- [Allegro sells New Zealand retailer to Pencarrow](#)
- [China biotech start-up LianBio files for US IPO](#)
- [Stonebridge Ventures targets Korea IPO](#)

DEALS

- [India cloud kitchen player Rebel Foods raises \\$175m](#)
 - [Ribbit Capital backs Indonesia's Bank Jago](#)
 - [India's Licious secures \\$52m Series G](#)
 - [Chinese EV maker WM Motor raises \\$300m](#)
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For your calendar

UPCOMING EVENTS

- **October 13-14** - [AVCJ China Forum](#)
- **October 26** - [Infrastructure Investors Forum - Japan](#)
- **October 27-28** - [AVCJ Japan Forum](#)
- **October 29** - [Japan M&A Forum](#)
- **November 15** - [AVCJ ESG Forum](#)
- **November 16-18** - [AVCJ Private Equity & Venture Forum](#)



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