



EDITOR'S VIEWPOINT

Congratulating the winners of this year's AVCJ China awards

Page 3

NEWS

Apax, Apollo, Bain, Blackstone, Carlyle, CIC, General Atlantic, GSR, Lone Star, Morgan Stanley, Navis, PEP, Sequoia, Tiger Global, Unison, Warburg Pincus

Page 4

DEAL OF THE WEEK

Intel Capital backs Vietnamese internet company

Page 9

INDUSTRY Q&A

Xinjun Liang, vice-chairman and CEO of Fosun Group

Page 11

Flights of fancy?

China provides the momentum behind emerging art and wine funds Page 7

FUND OF THE WEEK



SBI targets \$80m

New fund will invest in financial services Page 9

FOCUS



China GPs go global

PE firms spread their footprint overseas Page 10

Intel bets on Vietnam's information highway

IMAGINE INITIALING EVERY PAGE of a 1,200-page equity agreement. Sudheer Kuppam, managing director of Intel Capital APAC, did exactly that over the last few months, for the paperwork for a transaction with Vietnam Communication Corp (VC Corp), a leading internet company in Vietnam, which provides online content, e-commerce, social media and mobile services.

"While our average deal process takes four months, the legal process took another four months in VC Corp," Kuppam tells *AVCJ*. "The entire regulatory framework in the country still needs to make a lot of progress and this was a very challenging experience as compared to other countries."

Although the transaction took twice as long as usual, Kuppam points out that Southeast Asia is a market that should not be missed. While the region is home to a population of 600 million people, broadband penetration has only reached 100-125 million of them. Intel Capital is aiming to invest into the local technology ecosystem, which could enable another 200-300 million

people to use broadband in the next three to five years, and 40-50 million in Vietnam in particular.

VC Corp, which was also backed by IDG Venture Vietnam several years ago, has already employed 850 staff in Hanoi, Ho Chi Minh City and five other cities in Vietnam. Intel's contribution will provide the company with working capital.

"IDG came to VC Corp when the company only had a few lines of businesses and subsequently added social networking and e-commerce," says Kuppam. "The company has now established themselves in all of those divisions as they are generating revenue and have credibility in the market place. This time it is more of a growth stage investment."

The company declined to disclose the size of the transaction, but revealed that a total sum of \$17 million was invested across VC Corp and Singapore-based Reebonz, one of the largest

private sales e-commerce groups in Asia for luxury goods. Intel Capital tends to acquire up to 20% ownership in a single company.

Intel Capital started investing in Southeast Asia in 1999 and has invested \$95 million in over a dozen technology companies in the region since then. Its investments have been

experiencing double-digit growth in the region and the manager continues to expect it to go up. Several portfolio companies have already gone public, including FPT, the largest IT and telecommunications (ICT) company in Vietnam.

"The single most attractive exit opportunity in Vietnam's tech sector is still the IPO path because we don't see any other exit routes as active," Kuppam adds.

In 2011, 28% of Intel Capital's investments were located in Asia, of which 13% were in India, Japan and Southeast Asia, 12% in China alone and 3% in Taiwan and Korea. ■



VC Corp: Getting Southeast Asia online

SBI, FMO launch \$80m financial services fund

JAPAN'S SBI HOLDINGS AND

Netherlands Development Finance Company (FMO) have jointly rolled out a new fund that will invest in financial services across emerging Asia. The SBI-FMO Emerging Asian Financial Services Fund is targeting up to \$80 million in capital and is seeking to make a first close on \$60 million.

It already has 85% - or \$50 million - of the cash required for the first close.

The new fund will be managed by Singapore-based SBI Ven Capital, a mid-market regional VC player affiliated with the eponymous financial conglomerate. Also

based in Singapore, the vehicle will invest mainly in growth-stage companies, although it is restricted from participating in equities or equity-linked instruments. It plans to undertake 3-4 transactions per year and will consider co-investing with other GPs.

"High expected economic growth,

ongoing structural reforms which may result in consolidation opportunities, socio-political intent to spur financial inclusion, as well as technological advances, all augur well for financial sector investments in emerging Asia," SBI Ven Capital's Brijesh Pande, who will be managing the fund, tells *AVCJ*.



The fund will be domiciled in Singapore

The venture capital firm aims to capitalize on these trends by making attractive financial sector investments in the target countries of the fund - namely India, Sri Lanka, Bangladesh, Cambodia, Vietnam, Indonesia, the Philippines and Thailand.

"SBI Ven Capital will also leverage SBI Holdings' and FMO's extensive financial services platforms to add significant strategic value to the investee companies, which in turn is expected to positively impact the fund's performance," continues Pande.

In addition to Pande, the fund will be led by

managing director Masaki Takayanagi, who is responsible for SBI's South East Asia operations. Before joining SBI, he was director for Investment Banking at Daiwa Securities SMBC in Tokyo and London, and executive director of Investment Banking at Nomura Securities in Australia. He has also worked at the strategy consulting firm AT Kearney, focusing on providing strategic advice for corporates, and KDD, Japan's largest international telecoms carrier, in Tokyo and London. Pande, meanwhile, hails from ANZ, the fourth largest bank in Australia, where he was head of corporate sales. Under the leadership of Takayanagi, he now heads a team of four senior and two junior investment professionals who will be responsible for raising and deploying funds.

Teaming up with another institution to launch an investment vehicle is a strategy which SBI has already pursued on two prior occasions this year. In February, it partnered with Mahindra Satyam to roll out a \$50 million fund to invest in ICT companies globally, and in January it set up a vehicle with Edelweiss Financial Services to focus on listed companies in India. ■