

HK, SG family offices push for more impact investing in home markets

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Shusi He

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Wealthy investors are increasingly seeding regional entrepreneurs and backing solutions to Asian challenges.



Family offices in Singapore and Hong Kong have become more active in impact investing in their home markets than before the pandemic, when they focused mainly on developed economies, industry players observed.

"Even though the investment remit is usually global, they do want to invest more into Asia, whether it's Hong Kong, Singapore or pan region when it comes to making an impact," said Katy Yung, managing partner, Sustainable Finance Initiative (SFi).

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2019, it has a direct community of family offices and investors in Hong Kong, Singapore, and Taiwan.

The geographic focus of a family office's impact investing varies depending on the family as well as the opportunity set. For example, Yung noted a lot of interest in innovation and technology opportunities in Southeast Asia.



Katy Yung, Sustainable Finance Initiative

The Covid-19 outbreak also turned out to be an opportunity for local firms to attract the attention of family offices in the market.

"In Hong Kong for example, during the pandemic when nobody could travel, people actually looked into Hong Kong startup companies where you can go meet the entrepreneurs.

"There is a strand of certain investors and families here wanting to support their home market," she said.

Prior to SFi, Yung was director of investment at Hong Kong-based single family office RS Group, which focuses on responsible and impact investment across asset classes.

Yung remains a consultant to the family office.

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One example of families looking to seed local entrepreneurs is Hong Kong property giant Sino Group's Sino Inno Lab, which focuses on supporting start-ups, inventors and technology companies from Hong Kong and overseas. It supports these companies – not limited to its own portfolio companies – to develop property technology solutions, as well as healthcare tech and environmental protection tech.

LOCAL ECOSYSTEM

Established in 2018, Sino Inno Lab operates as an innovation-focused investment arm of Sino Group, the family empire founded and helmed by Singaporean businessman Robert Ng.

Leading its strategic direction, Andrew Young, associate director (innovation) of Sino Group, said Sino Inno Lab makes both fund investments and direct investments, predominantly in early-stage companies pioneering in property technology solutions.

Its fund investment scope spans Hong Kong, mainland China, and Israel.

Sino Inno Lab's deal momentum persisted throughout Hong Kong's three-year Covid-19 travel constraints. Even amid stringent social distancing rules at the pandemic's peak, the team conducted due diligence meetings with a local plastic waste management startup and funded its inaugural investment round.



Sino Group

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"So, the purpose of the group, investing in this technology, is really to say...we want to help build an ecosystem in Hong Kong, and want to help the Hong Kong youngsters," Young told a panel during the HKVCA China Private Equity Summit in Hong Kong this week.

"But at the same time, some of these technology concepts will go for Hong Kong and beyond. So, we try to introduce this concept to the Middle East and Southeast Asia, etc," Young said.

In 2021, it launched PropXTech in collaboration with Ping An Smart City, a blockchain platform established by the Chinese insurance company, and then with property developer Hongkong Land. PropXTech is a property tech acceleration programme that brings together global start-ups and established companies to advance the sustainable development of the real estate industry in Asia.

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Anthonia Hui, AlTi Tiedemann Global

Impact investing is still a relatively new investment strategy for many family offices in Asia. For those who have started, the global lens is very much intact from a portfolio management perspective.

"It is not necessarily the case that family offices were more focused on Europe and the US, but these markets have more established reputations and track records," said Anthonia Hui, head of Singapore at multifamily office AlTi Tiedemann Global.

"Post-Covid, Asian funds are increasingly catching on and families are also encouraged more to 'solve' place-based problems, especially climate-related issues that have impacted Asian countries and need to be addressed," Hui told *AsianInvestor*.

EARLY DAYS

By nature, impact investing is a strategy that seeks both financial returns and positive impact.

Opportunities in developed markets are still attractive for many Asian families from a financial return perspective, noted the head of a Singapore-based single family office.

"It is still early stage for Asian families to do impact investing...Some still can't tell the difference between impact investing and philanthropy," the person said.

However, a lack of opportunities couldn't be used as an excuse if an asset owner were to want to make an impact in their own community, the head of a Hong Kongbased single family office said, citing a plethora of resources to assist in the process.

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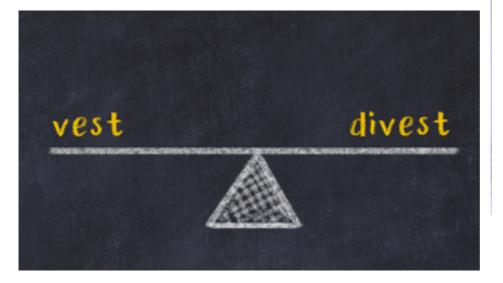
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