LET'S FACE IT—BUSINESS IS NOT AS USUAL
LET’S FACE IT-BUSINESS IS NOT AS USUAL
让我们直面这个今非昔比的市场吧！

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The Wall Street Journal reports that “Leveraged finance is down 82% this year, while announced M&A is down 64% and fee income from private-equity firms is down 74%, according to data from Dealogic and Banc of America Securities analyst Michael Hecht.”

《华尔街日报》引述Dealogic and Banc of America Securities分析员麦克・赫克特的数据称，“今年杠杆融资大幅减少了82%，公开报道的并购交易减少了64%；与此同时，私募基金的收入锐减74%。”

Private equity and venture capital deals have screeched to a halt, with no clear signs of improvement.

近期，私募基金和风险投资的交易已经陷入了停顿，而且完全没有复苏的明显迹象。

Not only are deals not getting done, but the market is so barren that some firms have actually had to return to investors funds that were previously raised! Candover, one of the UK’s largest private equity firms, just announced that it will give back a large portion of the £3 billion that was raised for its latest fund. Candover is not alone—Permira in the UK and TPG in the US have also returned money to investors.

除了交易难觅踪影，市场也几近干涸，这也使得不少的基金公司把它们此前募集的资金退还给投资人！作为英国最大的私募基金之一，Candover最近宣布将要退回其最近募集的一笔资金中超过一半的数额（约30亿美元）。Candover之外，英国的Permira和美国的TPG也都已经把募集的资金向投资人退还。

Private equity and venture capital in the US and Europe has conceded that nothing is working. So rather than play in a broken field, it seems like many firms have quit, been forced to quit or are waiting for someone else to clean up the mess.

欧美众多私募基金和风险投资企业已经向大家明示，市场上的投资机会已如风毛麟角。于是，与其继续在满目疮痍的废墟里挣扎，更多的企业已经撤离市场，或被迫撤离，或等待别人来收拾这个残局。

What does this mean for private equity and venture capital in China?

那么，这对于中国的私募基金和风险投资来说，究竟意味着什么？

Opportunity: 首先是机遇。

Few buyers, lots of sellers, depressed prices and suffering competition. The first three ingredients provide an opportunity for Chinese private equity and venture capital firms to scoop up the most promising companies at prices that have not been possible in recent memory. Further, troubles of PE and VC firms abroad have led to layoffs, hiring freezes and discontent, creating the opportunity for Chinese firms to poach the best talent from foreign firms, as well as giving Chinese firms access to deals that may have gone to other firms.

市场上买家越来越少，卖家却不断增加；同时价格一直走低，而竞争却仍旧激烈。前三个因素使得中国的私募基金和风险投资可以用史无前例的低价觅得那些前程最为晦暗的企业。此外，海外同行纷纷陷入裁员、冻结招聘的困境，中国的私募基金和风险投资企业可以抓住如此千载难逢的机会吸纳业内精英，同时留住那些本可能外逃的人才。

Few Buyers: 买家稀缺

Candover will certainly not be the last firm that will have to hand back some of
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执业领域：沈律师曾为包括跨国公司、私募基金和家族企业等在内的不同客户提供过的法律咨询涵盖了众多领域，例如：金融服务、技术、私募股权、非盈利企业、医疗、建筑、制造业和国防工业。他的主要执业领域为并购交易、公共融资、公司融资、一般公司法律业务以及一般商业咨询。
the money that it has raised previously. With huge writedowns in portfolio values coming, few exits available and nervous investors seeking to preserve cash, PE and VC groups will be unable to raise capital at the pace they have become accustomed to in past years. This means that there will be fewer funds and the size of funds will be less. Fewer funds means fewer buyers of business. Smaller funds means smaller deals so larger deals will be harder to do and larger companies will have less viable buyers. Even for the PE and VC firms that have dry powder, the recent economic collapse has made investors cautious particularly in light of struggling portfolio companies, the uncertainty of raising new funds and the turbulent economic landscape. Foreign firms that wanted to break into China are hesitating to make significant outlays to set up new offices in China. pull the trigger on new deals in foreign markets and even in their own markets. foreign firms have all but stopped making deals. Canderover

之后将会有更多的私募基金把已经募集到的资金向投资人返还。面对投资收益的锐减,退出渠道的匮乏以及投资回报和风险的担忧,私募基金和风险投资不再可能以它们过往习惯的速度筹集资金。这意味着直接投资资本无论数量还是规模都走下坡路。投资资本的数量减少意味着市场上买家稀缺,而投资规模缩小带来的则是小规模交易充斥市场、大额交易寸步难行。简而言之,大型企业如果想找到买家将举步维艰。即便对于资产规模相对充足的私募基金以及风险投资来说,近期的经济衰退已经让投资基金变得小心翼翼,尤其当它们考虑到所投资的项目公司尚处发展阶段,未来继续融资的前景难料,以及市场的不确定性。曾经计划涉足中国的境内外私募和风险投资公司停止了开设中国办事处的脚步,放缓了其海外市场的扩张势头。甚至在本土市场上它们也偃旗息鼓了。

Strategic buyers that have cash may be in a great position to do deals but as the global economy has suffered, there are fewer and fewer companies with cash. The earnings reports have been horrible, worse than most analysts’ estimates. The bended earnings growth rate for the S&P 500 for Q4 2008, combining actual numbers for companies that have reported, and estimates for companies yet to report, was over negative 40% according to Thomson Reuters. Business in China is also suffering. Factories continue to close throughout the country. Larger Chinese companies are reporting profit falls of over 50% in 2008, and forecasting even worse results this year. As a result of the earnings shortfalls and dire projections, even well known companies that have had long histories of dividend increases—such as Bank of America, Pfizer, Carnival, Dow Chemical, Citigroup and Motorola—have recently reduced or eliminated their dividends. The companies that still do have cash to use have been cautious because they have seen their peers suffer unexpected declines in earnings and sudden cash flow problems. So the universe of strategic buyers has also shrunk.

By contrast, more strategic investors are in play. When they are doing deals, they are being very careful. They are seeing value and are willing to pay the price. Many Others are looking at new opportunities. And many more are seeking to move into China. The result is a flurry of activity. There are more deals being done. There are more opportunities for strategic buyers to get involved. And there are more ways to do deals.

Many Sellers.

During the Chinese stock market's bull run in 2006 and 2007, many companies obtained astronomical valuations from buyers. If private equity balked, then a company could always seek the public markets instead. China’s stock market plunge has been well documented. There are virtually no IPO's occurring, and little liquidity. Thus, Chinese companies are increasingly looking toward private equity as a financing source or exit source.

In 2006 and 2007, China’s gross national product grew at an average annual rate of over 9%. This rapid growth has created a large pool of companies that are looking to use the capital markets to raise funds. China’s stock market has been a key player in this process. It has enabled companies to raise large amounts of capital quickly and efficiently. This has made it an attractive option for many companies.

PE is also benefiting from changes in China’s banking laws. The government has increased bank reserve ratios to 17.5%, meaning that the banks have less money to lend. The money that is available generally goes to state-owned enterprises first, or large corporations, leaving many smaller companies fighting each other for limited funds. Private equity can fill the need created by the lack of access to traditional financing. With this in mind, private equity is becoming an increasingly attractive option for Chinese companies.
companies have had to seek external funding, particularly VC and PE.

一家中国企业的投资发展在很大程度上依赖风险投资来实现自我发展。所以，面对日益严峻的市场环境，越来越多的企业开始寻找外部融资，尤其是以私募基金和风险投资。

Depressed Prices

价格低廉

With equity markets sinking and the credit markets closed to companies hungry for capital, PE and VC firms in China can make investments at attractive valuations and more stringent terms, which has not been possible in recent memory. With earnings down, company values have come way down, and PE and VC firms can take advantage of temporary slowdowns or dips in a company’s otherwise healthy growth. The lack of buyers and abundance of sellers also drives prices lower.

由于股市持续低迷，信贷市场关闭，中国对资本寻求的众多企业紧随其后，PE和VC基金可以以诱人的估值和更为苛刻的条件进行投资，这在以前是难以想象的。由于收益减少，企业也纷纷贬值。此时正是私募和风险投资收购公司或并购资产的好时机。卖家不谈判买家也参与使得交易价格更低。

Suffering Competition

竞争激烈

With foreign rivals reeling from failed or in trouble investments, particularly young and healthy PE and VC funds in China can assert market leadership and step in to do deals that their foreign counterparts cannot. This includes the higher profile deals abroad that may go to China firms as foreign deal makers stay sidelined. Further, with troubles at home, foreign PE and VC are shying away from doing deals abroad that they are less familiar with, so the China market is left wide open to domestic PE and VC.

特别是境外对手们纷纷陷入困境，让相对年轻而健康的中国私募和风险投资公司拥有暂时的机会，执行行业之牛耳，继而进行对手们无法实施的交易。具体而言，由于境外交易商的步步紧逼，众多高端海外业务可能倾向中国私募和风险投资。而且，由于本土市场的摩擦，境外私募和风投都尽量避免在其不甚熟悉的海外市场进行交易，这就使得中国市场完全留在了本土私募和风险投资。

Additionally, the layoffs in PE and VC have created an opportunity for Chinese PE and VC to attract talent from big name firms. With carried interest underwater, many more talented people will be looking for a fresh start and PE and VC in China is well positioned to offer the best deal prospects.

此外，中国私募和风险投资的大量裁员让中国同行得以从行业里推出人才，醉酒再三之后，业内精英们都希望找到新的增长点，中国的私募和风险投资恰好处为他们提供最佳交易前景。

Opportunities

还是机遇

PE and VC firms have a lot of choices ahead. They have the China market and the foreign market that is brimming with potential projects. Even though the IPO market dropped dead in 2008, M&A in China posted a record high in 2008 with almost US$26.6 billion in deals completed, according to Thomson Reuters. Private and risk capital firms have to find other opportunities to make in China.

PE和VC公司将有更多的选择。他们有中国市场和正在冒泡的国外市场。尽管IPO市场在2008年死亡，而在中国的并购达到创纪录的2008年，与Thomson Reuters的数据显示，中国完成的并购金额高达266亿美元。风险资本公司必须在中国找到其他的机会。