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Avantage Ventures is an Asian-based social investment company that supports entrepreneurship and local economic development as key drivers of poverty alleviation in the region.

We have identified a gap for a new asset class or what we call the '**missing market finance**', these are organisations that need small investments; and they are committed to addressing social and environmental needs through innovative social businesses.

Our focus is to provide capital and management support to local entrepreneurs, as well as nurture their organisations so they can work towards financial sustainability as a means of pursuing their bigger agenda, to create a sustainable future for poor and marginalised groups in Asia.

Promoting impact investing in Asia Pacific

The last two months has seen Avantage Ventures continue to push the envelope on promoting impact investing in the Asia Pacific region, continually working with social entrepreneurs, developing and refining their business models, strategic and marketing plans as well as enhancing their governance structures and ensuring that they maintain their focus on their social and environmental goals. We are also continuing our outreach to investors, raising awareness and establishing the need and opportunities for impact investing across Asia.

We are also delighted with the feedback that we have received with regards [Beyond the Margin: Redirecting Asia's Capitalism](#). It has, as we hoped, started conversations as to the opportunities and needs in Asia, commonly misunderstood as being too rich to need impact investors. However, we continue to advocate for impact investments in Asia, particularly in China where 27% of migrants earn less than RMB100 per month as China's wealthiest village, Huaxi (of 200 households) spends USD470m on a 74 storey hotel.

This newsletter presents our early findings on our ground research on the elderly healthcare market in China and Hong Kong as well as regular wrap on the most recent industry papers on impact investing.

Sector Focus: Elderly Healthcare in Greater China

Avantage Ventures embarked on an in-depth market study of the elderly healthcare industry in mainland China and Hong Kong. In total, we visited 23 elderly homes working across the spectrum of service offerings in Hong Kong, in all four tier one cities of Beijing, Shanghai, Shenzhen and Guangzhou as well as two tier-two cities – Tianjin and Hangzhou. These homes range from private elderly care, social-enterprise-operated elderly home, to NGO-run public subsidized elderly care institutes and public-private collaboration featuring a new style of apartments tailored for the elderly. We believe that there is a great need for further investment in this area and highlight some statistics:

City	Total Population (hukou)	Elderly Population (over 60) (household)	% of total population	Number of beds	Bed/elderly population ratio
Shanghai	14,000,000	3,310,000	23.4%	89,859	2.71%
Beijing	12,458,000	2,260,000	18.2%	71,589	2.47%
Tianjin	9,848,500	1,764,000	17.9%	30,083	1.71%
Qingdao	8,715,100	1,193,000	10.3%	27,186	2.28%
Guangzhou	12,700,000	1,031,500	8.1%	22,817	2.21%
Hangzhou	6,400,000	1,160,000	13.4%	19,074	1.64%
Shenzhen	10,360,000	449,000	4.3%	3597	0.80%

There is a big difference between the different cities in China. In Shanghai, the elderly have the most options as they have 1 bed to 37 elderly. In Shenzhen, there is only 1 bed to 124 elderly. As a point of comparison, the OECD country average is 1 bed to 23 elderly.



Beijing Shuangjing (乐成双井恭和苑)

Although the elderly care market in Hong Kong is relatively mature and receives support from the Government, we note that there is still a severe shortage of elderly care places in the city as shown by the long waiting list for subsidized elderly beds—up to 36 months. This wait is not exclusively means tested, it is just one the factors considered. The prime consideration depends on the physical needs for each applicant, particularly if they require dependent care. This government subsidy also


makes it difficult for private organisations to enter the low end of the market to provide additional services as it is impossible to beat or even match the rates charged by the organisations receiving a subsidy.

SIF 2011—Rescheduled

We made the difficult decision to reschedule our Social Investment Forum to the second quarter of 2012. While we have received lots of interest with a fantastic line up of speakers confirmed, it seemed the timing of the global economic downturn coupled with the fact the forum is held in China did not have enough appeal to overseas participants. On the other hand, the local participant's reception has been lukewarm. However, we are heartened to now be working with SynTao, Youchange, the China British Council of Commerce, China Radio International amongst other supporting organisations to harness the strength of their networks to draw further participation from the mainland corporations, family offices and foundations. We would like to thank all our valued speakers and delegates and everyone who pledged their support for SIF2012.

Conference Notes

September and October each year is traditionally conference season and this year is no exception. In our continued mission to raise awareness for impact investing for impact in Asia, Avantage Ventures attended a number of conferences, meeting with social entrepreneurs, private investors and institutional investors who all have one thing in common – a passion to change the current status quo via impact investing.

 AV attended [SOCAP 2011](#) as part of the Asian delegation comprising members of the Impact Investment Study Group in HK and impact investors from Korea - great to learn about W Savings Bank, whose mission is “Banking with love”. Sending a big thank you to everyone for sharing their personal stories on how they came to embark on their impact investment journey, fostering a spirit of cohesiveness and creating buzz about the opportunities and need in Asia.

We also attended the [ANDE](#) conference where we would particularly like to recommend the [video](#) of Paul Polak (author of Out of Poverty) being interviewed by Matthew Bishop (author of Philanthrocapitalism).



We were invited to speak on the impact investment panel at [TBLI Asia](#) in Tokyo from 15-16 September 2011, sitting alongside Toru Iwai of Daiwa Bank. Working with the development banks such as IFC, ADB and World Bank, Daiwa Bank is the leading bank in Japan in terms of their range of impact investment products. Their vaccine, microfinance, education, water and climate awareness bonds have raised over ¥420billion, capturing 67% of the retail market since March 2008.

We also supported [ASrIA](#) at their 10th anniversary event held in Hong Kong from 28-29 September 2011 but unfortunately did not make our speaking engagement due to the untimely typhoon 8 signal being hoisted!

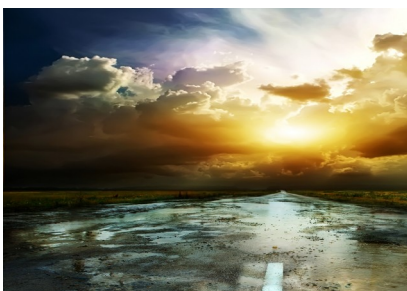


Dates for your diary

We are pleased to support the [Social Enterprise Summit 2011](#) to be held in Hong Kong from 24 – 26 November 2011.



We will also be at [TBLI Europe conference](#) (10-11 November 2011) co-hosting workshop on Responsible Wealth Management and also participating in the roundtable entitled “Is Impact Investment Charity?” Should be the start of some interesting conversations!

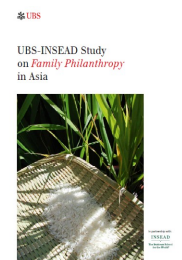


“Being the richest man in the cemetery doesn't matter to me ... Going to bed at night saying we've done something wonderful... that's what matters to me.”

Steve Jobs (1955-2011)

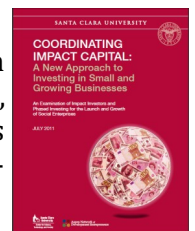
Hot off the press: Overview of new Industry Reports:

Recent papers have been published to capture the track of developments of social enterprises not only in Asia but also globally, and reaffirmed the significance of further expansion of impact investment and venture philanthropy to respond to the continuing demands from the critical mass.



UBS and INSEAD, has published a study, [Family Philanthropy in Asia](#), after conducting substantial interviews and engagements with pertinent stakeholders in the family philanthropy sector, to understand the development trends, opportunities and challenges facing the philanthropist families in Asia. Further empowered by the regional economic growth, Asian family foundations must undertake institutionalization to sustain the capacity buildings and impacts of the organizations.

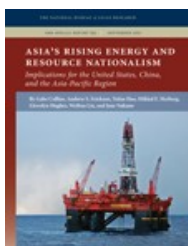
Center for Science, Technology, and Society, Santa Clara University, partnered with Aspen Network of Development Entrepreneurs, released the report, [Coordinating Impact Capital](#), which explained how the model of horizontal capital aggregation across a span of vehicles enabled impact investors to overcome the capital market inefficiency hindering social enterprises from further expanding in developing countries.



Social Enterprise and
The Social Investment Market in the UK
an ISEI Overview
Presented by
JPA Europe Limited
London
2011

JPA Europe's recent paper, [Social Enterprise and the Social Investment Market in the UK](#), outlined the development of social investment market in UK since 2001, set out the key dimensions of the industry so far and mapped a group of critical participants in the market ranging from venture philanthropy funds to social venture capitals.

[The Asian Trends Monitoring Bulletin 12](#), prepared by the Lee Kuan Yew School of Public Policy, Singapore, reaffirmed the needs of impact investment and social entrepreneurs in Asia by examining the inadequate access to infrastructure, healthcare and basic financial services for the underserved masses in South East Asia against the background of the region's rapid yet uneven developments.



Nation Bureau of Asian Research commissioned [Asia's Rising Energy and Resources Nationalism](#), exploring how the developments of economic and strategic capacities of the emerging Asian countries reshape the energy and extractive resources landscape in the region and potentially destabilize the status quo in production, business and transit in Asia Pacific.

Thought Leadership

Avantage Ventures is committed to steering the dialogue towards sustainable development across social and environmental frontiers in Asia-Pacific. Chandran Nair, Chairman of Avantage Ventures, was invited to facilitate the ["ASEAN 100 Leaders Forum"](#) held in Brunei on 29 September 2011. Moderating the "Fireside Chat", Chandran fuelled the discussion by challenging the many given assumptions of a consumption-led global economy and provoking thinking about alternative scenarios of sustainable future for the region.



Spotlight on Produce Green Foundation

Hong Kong's first organic farm was established in 1988 and provides the urban citizens of Hong Kong with access to organic produce and also allows them to rent their own plot of farmland to try their hand at growing their own crops. A charitable organization with commercial activities, Produce Green Foundation aims to promote green lifestyles and healthier, natural food.

Their main revenue source is through plot rentals, sale of organic produce, eco-tourism and education services across farming and organic living.

Our consultant is now trying his hand growing strawberries and spinach—wishing Thomas an abundant harvest!



Follow us on Twitter and Weibo!

We are now live on Twitter and Weibo! Follow us on Twitter @AVImpact and also on Weibo @爱维稳特 where we will share our latest insights and industry developments as they develop.

Regular updates on industry events and developments can also be found on our [Facebook page](#).



AV is Hiring!

Are you passionate about social entrepreneurship?
Do you want to help sow the seeds of social change in Asia?

Avantage Ventures is actively seeking to fill these roles:
Junior consultant (Intern — Beijing and Hong Kong)
Event Logistics (Intern — Beijing)
Social Enterprise Consultant (Hong Kong)
Managing Consultant (Beijing)



Contact us

As we continue to push the envelope on impact investing in Asia Pacific, we welcome your thoughts, comments and views. Let us know what you'd like to see more, less of and do share your stories on the development of impact investing in Asia!

Yours sincerely,
The Avantage Ventures team / info@avantageventures.com

