

**FOR IMMEDIATE RELEASE
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Jointly released by Tricor China and the Tsinghua University PBC School of Finance (Tsinghua PBCSF), 'China Hedge Fund Report 2022' provides an introduction to hedge funds in China, including an assessment of the market landscape, the boom of the private fund sector, and recommendations for foreign investors looking to leverage the burgeoning opportunities

'China Hedge Fund Report 2022' combines Tricor's many years of experience serving private fund managers and funds in China with in-depth industry research and insights from PBC School of Finance, Tsinghua University. The publication summarizes the state of China's capital market environment, the current situation and trends of private fund development, regulatory requirements, and considerations for establishment and operation.

Along with China's rapid economic development, rising wealth and expanding middle class, there is still much room for improvement with regard to the proportion of financial assets held by Chinese households, which brings huge growth potential to the wealth management industry and a growing demand for diversification and hedge funds.

The number and scale of hedge fund offerings in China have soared in recent years. In the last two years, the market scale increased by more than 70%. According to the Asset Management Association of China, by the end of 2021, there were over 70,000 hedge fund offerings in China, with a total scale of over RMB 6 trillion, accounting for 31% of total private funds. Led by the international ESG (environment, social responsibility and corporate governance) investment boom and driven by domestic strategies and policies, many more hedge funds are incorporating ESG factors into their investment decisions and processes. ESG performance and responsible investment will further promote the development of high-quality private funds.

China's capital market has been gradually opening up, with more and more foreign investors taking part in China's capital market through qualified foreign institutional investors (QFII), RMB qualified foreign institutional investors (RQFII), Shanghai-Shenzhen-Hong Kong Stock Connect and other channels. Of particular note are private fund managers entering China's capital market in recent years. As of December 2021, there were 57 foreign hedge fund managers in China, 10 of which had asset management scale of more than RMB 1 billion.

Chinese regulators have introduced detailed requirements for foreign investors to set up private fund management companies in China. Due to the nature of the industry, the rapid growth of private funds will be accompanied by further tightening of regulations and higher information disclosure requirements. Private fund managers must also pay closer attention to operational compliance.

Despite the numerous challenges, including evolving compliance requirements, local competition and operational complexity, China has created a positive investment environment and attractive opportunities for private funds. As market volatility increases due to rapid economic development



and the pandemic, foreign private funds are picking up pace, and it is the right time for foreign investors to enter China for private placement.

Xinyuan Chair Professor of Finance and Associate Dean at Tsinghua PBCSF, Xiaoyan Zhang, said “In recent years, with the government’s progressive efforts to promote the opening-up of its capital market, an increasing number of foreign institutional investors are gaining greater access to China’s colossal market. Foreign private fund managers have emerged as very prominent players. Though their rise has contributed to a more diversified pool of investors in the Chinese capital market, it has also brought various challenges for Chinese-funded participants. Against this backdrop, this report features a systematic review of foreign private funds in China, with a focus on the regulatory environment, industrial development and rules on fund establishment, among other key aspects. Based on a combination of Tsinghua PBCSF’s professional insights and the rich experience of Tricor as a service provider for private funds, this report aims to shed some light on foreign private funds in China, as well as practical implications.”

CEO of Tricor Mainland China, Hailiang Zhang, said “With ongoing improvements to the business environment and China’s financial opening up in full swing, we have witnessed heightened optimism among foreign private funds in the Chinese investment market. Despite the COVID-19 pandemic, the Chinese economy has exhibited stunning resilience, and foreign players are also enjoying widened access to the market. The hedge fund business in China has boomed in recent years. Meanwhile, Chinese investors are becoming increasingly particular about hedge funds’ professional ability, investment strategies and services, posing further challenges on top of compliance with regulatory requirements, local competition and operational complexity. With tighter regulations and stricter information disclosure requirements being implemented in the near future, private funds with strong professional management teams and well-established risk control systems will be favored by investors.”

Please view our report here: <https://www.tricorglobal.com/china-hedge-fund-report-2022>

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About Tricor Mainland China

Tricor China specializes in guiding investors to navigate the vast Mainland China market, where business conditions and industry specific requirements may vary from province to province. Our expert teams across our 5 offices in Mainland China offers a comprehensive range of advisory services with a focus on business services (accounting & financial reporting, treasury & payment administration, tax compliance & advisory, payroll outsourcing, employment & dependent visa application) and corporate services (entity formation & business establishment, bank account opening, corporate governance, compliance & secretarial services, process agent, due diligence & corporate health check, liquidation, dissolution & cessation of business).

Tricor Group (Tricor) is Asia's leading business expansion specialist, with global knowledge and local expertise in business, corporate, investor, human resources & payroll, corporate trust & debt services, and governance advisory. Tricor provides the building blocks for clients' business growth, from incorporation to IPO. Tricor has had a rapid expansion through organic growth and development as well as partnerships, mergers and acquisitions. The Group today has ~50,000 clients globally (including ~20,000 clients in Mainland China), a staff strength of ~3,000 and a network of offices in 49 cities across 22 countries / territories. Our client portfolio includes ~2,000 listed companies in Hong Kong SAR, Mainland China, Singapore and Malaysia, and more than 40% of the Fortune Global 500 companies, as well as a significant share of multinationals and private enterprises operating across international markets.

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About Tsinghua PBCSF

The PBC School of Finance (PBCSF), Tsinghua University's 17th school, was founded on March 29, 2012 as a joint venture between the University and the People's Bank of China (PBC). It was built on the successes of the Graduate School of PBC, an esteemed school founded by the Central Bank in the early 1980s.

With the mission of promoting excellence in the finance industry and financial regulation through top-notch education and cutting-edge research, Tsinghua PBCSF, following advanced education modes of international financial programs and business schools, is committed to building a world-class platform for financial education, finance and policy research.

The school is known for its tradition and the distinctive profiles of its faculty, which consists primarily of industry lecturers and supervisors. A number of world-renowned professors have joined the faculty team or given lectures here, enhancing the school's strengths in teaching and research.

Through the joint effort of the central bank, national financial regulators and Tsinghua PBCSF, Tsinghua University National Institute of Financial Research (NIFR) was established. The NIFR aims to build up China's top think tanks in finance, drawing on its cutting-edge research capacity. It serves the industry with research on financial reform and development, providing policy analysis and advice for policymakers and regulators. The China Finance Case Center at Tsinghua PBCSF dedicates itself to finance-focused case research and development, and the Tsinghua Financial Review provides platforms for facilitating a close connection between the finance academia frontier and industry demand.



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