

# Tsangs Group pursues geographic differentiation to counter macro headwinds

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Tsangs Group, a Hong Kong-headquartered single-family office, plans to broaden its investment footprint beyond the traditional focal points of Greater China, the US, and Southeast Asia in response to macroeconomic headwinds.

Patrick Tsang, the chairman of the family office, identified the Middle East and North Africa (MENA), Asia Pacific, the UK, and Israel as areas of interest. The objective is risk mitigation through diversification, he explained, citing concerns around reduced visibility and increased volatility caused by geopolitical uncertainties, rising inflation, and tighter financial conditions in the post-Covid era.

“However, market uncertainties will not shake our willingness to invest,” Tsang added. “The current environment is actually the right time to acquire good assets because valuations are much lower, and we could take time to do our due diligence.”

Tsangs Group declined to give details of its assets under management or percentage allocations to different asset classes. The Tsangs Group entity is responsible for direct private equity and venture capital (VC) investments, and more recently, commitments to VC funds. Separate entities manage the family’s legacy real estate business and invest in public equities.

The goal is to complete more than 10 direct private investments this year, twice as many as in 2022. These are likely to be early-stage deals involving technology-enabled businesses across finance, healthcare, agriculture, climate, as well as artificial intelligence (AI), web 3.0, and deep technology.

“We aim to invest in companies that have good prospects and at the same time can bring positive impacts to the world,” Tsang said.

Opportunities currently under review include an HIV vaccine developer, an AI start-up specializing in retail analytics, and a company that has produced stone-based substitutes for paper and plastic. Initial ticket sizes will be in the USD 2m-USD 5m range, with follow-on investments around twice as large, Tsang said, adding that up to USD 15m could be allocated to a single target.

Tsangs Group tends to invest alongside other financial institutions to share the risk and maximise scope for value-add. Deals are sourced on a proprietary basis, through referrals from the likes of investment banks and law firms, or from other family offices and investment funds looking for co-investors. Tsangs Group looks to add value by helping investee companies with cross-border expansion.

Aside from early-stage investments, Tsangs Group would consider private equity deals at the pre-IPO and share floatation stages, Tsang said. Some of these potential investments would be addressed by Original Financial Group, a wholly-owned brokerage division that is licensed in Hong Kong.

The most common exit channels are IPOs and reverse mergers with companies listed in the US and Hong Kong. The family office aims to realise investments within three years with a return on invested capital of 3x-5x, Tsang said.

Success stories include US-based streaming service fuboTV [NYSE:FUBO], which went public in 2020, leading to a more than 300x return for Tsangs Group, which had invested two years earlier.

Following the outbreak of Covid-19, the family office started back specialist VC funds as a limited partner (LP). The move was largely driven by risk management concerns arising from the uncertain economic environment, Tsang explained. Prior to this, the family office had no private funds exposure.

Tsangs Group is interested in managers with expertise in biotechnology, blockchain technology, Web 3.0 and gaming. There is no upper limit on fund investments, although the family office is keen to explore later-stage co-investment opportunities with partner managers. Funds are expected to generate an internal rate of return (IRR) above 20%.

Tsangs Group launched its first US-listed special purpose acquisition company (SPAC), TG Venture Acquisition [NASDAQ:TGVC], in 2021, raising USD 100m. In December last year, the SPAC [announced](#) a merger with Asia-based shared office operator The Flexi Group at an implied pro forma enterprise value of USD 205m.

Once the transaction is completed, Tsangs Group will consider launching a new SPAC in either the US or Hong Kong, Tsang said. He believes the US is the most likely destination, noting that that market compares favourably to Hong Kong in terms of maturity and ease of listing.

The family patriarch of Tsangs Group moved from Hong Kong to the UK in the 1950s and opened a chain of Chinese restaurants. Much of the profit was invested in real estate, first in the UK and Hong Kong, and later in mainland China. It retains a portfolio of more than 100 properties across the three markets.

Gradually, what was a family-owned business evolved into a family office. Patrick Tsang is the fourth-generation leader. He heads up a team of 30 - investment professionals and ancillary staff – located in Hong Kong, London, Shenzhen, Dubai, and Singapore.

Investments include restaurant business Aquavit London, digital payments specialist BlueOcean Pay, digital broadcasting network DeFiance Media, healthcare technology player EDX Medical, and recruitment platform Joiway Technology.

FuboTV is one of several listed portfolio companies, alongside natural gas producer Trillion Energy International [CNSX:TCF], education services provider Color Star Technology [NASDAQ:ADD], events producer Live Company Group [AIM:LVCB], and restaurant operator JIA Group [HKG:8519].

Earlier this year, Tsang worked with Jeffrey Lam, a member of Hong Kong's Legislative Council and a managing director of local toymaker Forward Winsome Industries, to launch Hong Kong Ambassadors Club (HKAC), which is intended to promote Hong Kong by collaborating with global investors.

Tsangs Group is a founder member of HKAC and certain aspects of the organisation’s agenda dovetail with its own. For example, initiatives include connecting the Hong Kong ecosystem with those in other regions of strategic importance such as the Middle East and Southeast Asia.

“I returned to Hong Kong for the first time since the Covid outbreak in 2022 and I was deeply saddened by what I saw,” Tsang explained. “I wanted to reconnect and rebuild Hong Kong’s image by showcasing its true Lion Rock spirit.”

by Eva Ng in Hong Kong

TARGET

<a href="#">Original Financial Group</a>	
<a href="#">fuboTV Inc.</a>	
<a href="#">Aquavit London</a>	
<a href="#">BlueOcean Pay</a>	
<a href="#">DeFiance Media</a>	
<a href="#">EDX Medical Group plc</a>	
<a href="#">Guangzhou JoiWay Information Science &amp; Technology Co., Ltd.</a>	
<a href="#">Trillion Energy International Inc.</a>	
<a href="#">Color Star Technology Co, Ltd.</a>	
<a href="#">Live Company Group Plc</a>	
<a href="#">Jia Group Holdings Ltd</a>	

BIDDERS

<a href="#">Tsangs Group Holdings Ltd</a>	
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TARGET

<a href="#">The Flexi Group</a>	
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BIDDERS

<a href="#">Tsangs Group Holdings Ltd</a>	
<a href="#">TG Venture Acquisition Corp</a>	

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