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Asia-focused private equity investors have \$136 billion war chest, Bain says

"The wave of capital chasing deals of all sizes has kept competition at a fever pitch, which in turn has pushed valuations into nosebleed territory," Bain said in its report.

It noted, for instance, that the average enterprise value for private equity transactions in the Asia-Pacific region climbed to 17 times earnings before interest, tax, depreciation and amortization in 2016 compared to 16.6 in 2015. This was well above the average EV to EBITDA multiple of around 10 for transactions in the U.S.

For Southeast Asia, the average EV to EBITDA multiple rose to 14 in 2016 from 11.2 in 2015.

Commenting on the Bain report, Terence Wong, CEO of Azure Capital, which specializes in small and mid-cap listed companies, said that while there is now less chatter about possible privatizations due to the market's rally since the start of the year, the interest in buyouts could return quickly as there are still many companies trading at a discount to their peers in the same industry.

As for investments in start-ups involved in so-called disruptive technologies, Wong said the strong interest may not result in too many deals given the run-up in the valuation of companies that are growing rapidly but have yet to turn in a profit.

"I've seen the dotcom crash and there are similarities in that no one has made money yet. It's all paper profits from higher valuations."

--Kevin Lim

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