

## **Year 2006 - 2007 in Review**

Chairman Jamie Paton

The Association, founded 20 years ago to support a fledging PE industry, has clearly “Come of Age” (a phrase that incidentally, was also the theme for our last conference). The collective pooling of knowledge and experience has been useful, as the results have served to validate the PE model for building successful companies. Over this period, for example, we have seen many companies being successfully 'weaned off'. Stronger, better companies have been built for the future.

While there is much more that the Association can do, the industry at least seems to have gained some recognition for its role and the value that it adds. And that is all very timely as PE has today gone mainstream and has become an important asset class of its own. As funds continue to gravitate in strength towards Asia, and as the pool of funds under management expands astronomically, considerably greater deal opportunities have opened up. Even older local Asian companies now seem to recognize the need for change in order to be able to deal with the challenges of a globalized world.

The intensity of deals and seemingly unquenchable interest in PE resulted in a very busy year for all practitioners. It also translated into a high level of activity for the Association and for its members, many of whom participated unstintingly in the various forums, including membership with the Executive Committee and sub committees. Despite their very busy schedules and limited amount of time in Hong Kong, our various committee members spearheaded important initiatives that helped promote the interests of our member firms .

### **■ Public Relations**

Over the past year, much of our work was focused on familiarising the market with the concept of PE practitioners as business partners in creating value in companies. However, as PE moved onto centre stage in the US and Europe, it also started to attract media attention and scrutiny. PE is today being reviewed and even taken to task in the US and UK on issues such as employment and taxation. These developments could influence market opinion and policy makers in Asia, and the Association feels the urgent need to counter some of the misperceptions that are being created. We have therefore made it a priority to adopt proactive measures that would allow us to emphasize the many positive contributions of PE to businesses, capital markets and the economy as a whole. A professional consultant has been brought in to provide strategic input and develop initiatives that would help position the Association and the industry accurately, and in a more balanced manner. In support of this, the Association also plans to invest substantial resources into research and the pulling together of useful industry data. It is hoped that all our members will play their part as we push forward on this important need. Much is at stake here.

Last year's program of relationship-building with other financial organizations and government-related bodies in Hong Kong and Asia proved effective, and can be considered rather successful. The objective was to team up with other players within the financial services industry to promote the Hong Kong based platform, and to place private equity squarely on that platform as an integral component. As a result, HKVCA acted as a supporting organization for numerous events. Vincent Chan and K.O. Chia continued to work hard to develop these relationships, through their participation as speakers or panel members.

Committee Members:

*Jamie Paton, Monica Tsui, K.O. Chia, Vincent Chan, Gordon Clancy, Josephine Price*

### **Annual Conference**

Our event highlight for each year has been the HKVCA Annual Conference. The 7th Conference, themed "Coming of Age", was held at the HK Convention and Exhibition Centre in October 2006. It represented an important gathering of members, including VC and PE professionals, Entrepreneurs, CEO/CFOs and service providers, and provided them with the opportunity to review developments in the region. The event proved yet again to be a useful platform for knowledge sharing and networking, and seemed to be even more successful than the previous year's.

Former Secretary of Security, Regina Ip, as a keynote speaker, discussed "The Importance of Venture Capital to Technological Development".

Organizing Committee:

*Jamie Paton, Johnny Chan, John Levack, Miranda Tang*

### **■ China**

The China Committee co-opted several additional members in order to be able to cope with the demand for information on China investments, and for the Association's participation in, and support for, the numerous incoming and outgoing missions/delegations. All committee members played their part in helping to advance the PE model and concept to relevant China business leaders.

#### *The China Summit*

As for the annual China Summit, this benchmark event has become an ideal forum for knowledge sharing among industry players, and to prepare them for the challenges of an ever-changing landscape in China. The Sixth China Summit provided 'cutting edge' information on deal structuring, legal and accounting issues, trends and new directions. Participants also had the opportunity to learn and discuss the latest in listings on mainland exchanges, from leaders of the Shenzhen Stock Exchange.

S.C. Mak led the China team in organizing the Summit and raising the bar yet again. The keynote speaker was Sing Wang, who provided interesting insights into investing in China.

Organizing Committee:

*S.C. Mak, Vincent Chan, Conrad Tsang, Johannes Schoeter, Steven Kwok, Timothy Shen, Adrian Lam, Robert Xie, Marvin Lai, Gordon Lam, Philip Zhai*

### **■ SME**

The SME programs of "Anchor", "Enabling" and "Education" events remained on the agenda and were effectively carried out as before. The Association was again the co-organizer of the Cyberport Venture Capital Forum, held at Cyberport in December 2006. At the event, the concept of venture capital was introduced to a large group of entrepreneurs.

Separately, the need and demand for a platform that would allow entrepreneurs and businesses to meet with venture capitalists, and for deal sourcing for the VCs, was clearly met by a 'Cocktails Mixers' event that was held in October 2006, with 50 attendees. At the request of members, another "Mixer" was held in April 2007, at which the number of participants rose to 80.

Committee Members:

*Marvin Lai, Jessica Jook, Roger Marshall, Patrick Lim, SC Mak, Jeffrey Cheung, Colin Sau, Chennie Wang*

## ■ **Special projects**

After months of hard work, the HKVCA -Thomson Performance Return Study was completed and published. The committee spent a considerable amount of time on ensuring the data collected would be protected, the format would be unambiguous, and information collected accurate. Having completed the first exercise it is hoped that more members will join in the survey effort as there is a real need to promote greater transparency in our industry. The Association sees this as a crucial step towards further improving the level of sophistication and maturity of the industry.

Committee Members:

*Monica Tsui, Marcus Thompson, Collin Lau, Jamie Paton*

## ■ **Social**

### Golf Day

This year, the Golf Committee came up with even more creative ways to improve the event. The quality of the Golf Day definitely moved up a few notches this year, with more giveaways and prizes, and new crowd-pullers such as a pitching contest and an auction. It was a fun-filled day that gave participants a chance to stop and relax amidst their relentless travel and work, and to network at the same time.

Organizing Committee:

*Varun Bery, Stephen King, Vincent Fan, Jamie Paton*

### Wine Tasting

Both wine amateurs and experts enjoyed Simon Tam's "Judgment of Hong Kong – California vs. France" in October at the Hong Kong Club. This popular event has become a fixture on the Association's calendar for sure.

Organizing Committee:

*Marcus Thompson, Monica Tsui, Kevin Yip*