

## **Year 2007 - 2008 in Review**

### **Chairman Johnny Chan**

The PE market continued to flourish during the past year. The international center stage is moving towards Asia. With the potential deceleration in the West, coupled with rising consumption levels and burgeoning middle class, booming domestic markets, investors are actively looking East for growth and returns. The shift of economic activities and growing wealth in Asia has induced record fund raising and the many new players into the PE markets in Asia.

The industry has grown strongly many folds over the past 2 decades. The pool of funds invested into a range of companies has been crystallized into distinct segments of Venture Capital, Private Equity, Buyout and now Mezzanine, Hedge Funds with various focuses as Real Estate, Infrastructure. The recent advent of the entry of Governments Sovereign wealth funds has added an important new dimension and is very significant in increasing the prominence of the PE asset class in Asia.

Today PE assets under management in Hong Kong stands at almost US\$190 billion\*. HKVCA has played an important part in this process in promoting a strong role of PE in HK and Asia as a whole. The association celebrates its 20th year in 2007-08 in its work of educating the public in understanding the value of PE and its importance in the building businesses and the economies, in providing a networking platform for practitioners and service providers for the exchange of information and experiences, and in presenting the industry as a united front on common issues.

The year 2007-08 is a milestone year and the busiest one for the Association. In addition to the many activities on external front and membership services, the highlight of the year was the 20th Anniversary dinner. The list of activities and events has been handed out to members today. To summarize,

\*(AVCJ Sources)

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### **External Relations**

During the past year, the Association collaborated on a total of 36 events with many different trade and business bodies to promote private equity to the business community. Our Co-President Mr. KO Chia and Mr. Vincent Chan were particularly active during the year in representing the Association as speakers and panelists. Others who took speaking roles at various events were Conrad Tsang, SC Mak and Simon Mak.

#### **Committee Members:**

Johnny Chan, Jamie Paton, Varun Bery, Vincent Chan, Josephine Price, Gordon Clancy, K.O. Chia, Peter Lee

#### **20th Anniversary Gala Dinner**

The Gala Dinner that was held at the Four Seasons was attended by 320 members and guests. It was very fitting celebration of 20 years of service to the industry.

The evening was heralded by a spirited HKVCA song sung by 17 past Chairmen and current Executive Committee members, setting the mood for a lively and fun evening.

Victor Fung, Founding Chairman recounted history of how the Association begun and the evolution of the industry.

The highlight was a talk by Mr. Hank Greenberg, Chairman and CEO of C.V.Starr & Co Inc, the business titan in US and around the globe, a leader in US-China relations. He is held in high regard for his vision and acumen in building the largest global insurer. Mr. Greenberg provided interesting observations and perspective on private equity, globalization and the place of China.

With the success of the industry over the past 20 years, it was time for some 'giving back' to the community. Auctions of 7 contemporary Chinese paintings from Alisan Fine Arts including a lithograph from Zao Wou Ki were sold. Sporting memorabilia which included a Rolling Stone signed guitar were also popular. The auction raised more than \$250,000 for the Chinese University Students Exchange Program and Chi Heng Foundation for orphans of AIDs victims in China.

Organizing Committee:

Johnny Chan, Vincent Chan, Jamie Paton, John Levack, Ming Ho, Max Burger, Miranda Tang, Peter Lee, Vincent Fan

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### **PRC Committee**

China remains the dominant market. The speed with which the market changes and develops makes it critical for private equity managers to keep constantly abreast of changes in business and operating areas, rules and regulations and practical issues in investments in the China market.

#### **China Private Equity Summit**

The Summit is our key annual event. From the first Summit in 2002 with less than 100 participants, it has since become an Annual event with ever increasing participation. This year marked its highest attendance of 245 comprising venture capital, private equity, buyout practitioners, professionals from banking, legal, accounting industries, business corporates and entrepreneurs.

The Summit maintains its reputation as an essential source of information where practitioners and service providers congregate to exchange the latest developments in China and updates on the regulatory and operational issues of the vast and changing China market. The Summit is unique in that it is organized by the practitioners themselves who have come together to share their invaluable experiences and insights in dealing with the increasing complexities of the market.

The topics covered represents the latest trends - Funds moving Onshore, comparisons of Offshore/ Onshore structures, regulatory and tax implications, the role of foreign VCs in local RMB funds. In addition, expert speakers examined the China A shares market, listing opportunities, the China leverage market, banks complementing PE investors, success factors in portfolio companies management.

The audience took away a great deal in cutting edge information and their feedback was excellent.

Committee Members:

Johannes Schoeter, Conrad Tsang, S. C. Mak, Vincent Chan, Adrian Lam, Philip Zhai, Gordon Lam

PRC Events

The China Committee with its 7 members led and participated in 28 conferences, forums and events in Hong Kong and China to build linkages through different channels and platforms to generate dealflow for members firms. Speakers and members who represented the Association at following events are Conrad Tsang, S.C. Mak, Robert Xie, Philip Zhai, Timothy Shen.

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### **SME Committee**

The Committee continued its work in bridging the gap with SME and local corporations and industrials, in actively pursue their programs on "Anchor", "Enabling" and "Education".

This is the third year HKVCA acted as Co-Organizer of the Cyberport Venture Capital Forum. The theme is on "Corporate Social Responsibility Building Creative Businesses that Do Well and Do Good".

The "Mixer" event, introduced the year before has become highly popular. It is an excellent format for networking bringing together the fund managers, portfolio companies, businesses and entrepreneurs, service providers in a casual environment. The Mixer in January was held at the American Club, sponsored by the Tianjin Metro, attracted a crowd of 100.

Committee Member:

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

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### **Social Committee**

Golf Day

HKVCA held its Fifth Golf Day on March 13 at the Eden Course at Hong Kong Golf Club in collaboration with the industry's service providers - Ernest and Young, Morrison Forrester and HSBC Trust Services.

60 players had a highly enjoyable day in perfect weather to network and reinforce relationships. The event, with its large 'goodies' bag and prizes has become a much look forward event in members' calendar.

Committee Member:

Varun Bery, Stephen King, Vincent Fan, Peter Lee

## Wine Tasting

The "Wine Tasting" gets better each year. This year AIMA joined us in organizing the event.

Always interesting and fun, Simon Tam the renowned wine expert in Hong Kong walked through 6 top notch champagnes. The participants very enjoyed the generous tasting of Moët & Chandon Brut Imperial, Moët & Chandon Rose Imperial, Moët & Chandon Grand Vintage 2000, Veuve Clicquot Yellow Label, Veuve Clicquot Vintage 1999, Ruinart Blanc de Blanc, Dom Pérignon Vintage 1999, Krug Grande Cuvée, learning to differentiate between their different qualities and tastes. It was an excellent introduction to beginners and sharpened the taste buds of the discerning.

With participation of AIMA, it was a good opportunity for members for the two Associations to meet.

Special thanks to Monica Tsui and Marcus Thompson who had organized the event for the fourth year.

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## Special Projects

### Performance Return

The Association is continuing its efforts to obtain accurate industry performance data. Despite conscientious efforts of the committee to ensure accuracy and protections of confidentiality of data, they are frustrated by the lack of response from members. As the data is an important part of fund raising and ensuring transparency and accurate data, it is hoped that members would cooperate in completing the returns to Thompson Financial which is an independent collator of data and information.

### Committee Members:

Monica Tsui, Marcus Thompson, Jamie Paton, Collin Lau

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## Future

It is timely for the Association to lay out its Roadmap as it begins a new phase in its 20th year with greater involvement and participation from its members.

The Association undertook a Roadmap survey to determine the needs of members and to map out its future direction. Based on response so far, members are calling for the Association to promote and influence policies governing the industry. As PE does not have political representation, it needs a collective voice to represent its interests. To be effective in this respect, we urge all market participants to provide us with feedback and input as this is critical in developing research and data to support policies that affect the industry. Another priority for members is in seeking support in accessing China. Furthermore education and training to regularly upgrade the skills and knowledge of members on deals, challenges and solutions are also deemed to be important. As the market grows with many entrants into the sector, we will work to develop more programs to ensure that market knowledge is quickly disseminated to members.

The Association is most fortunate to have benefited from the tireless support and commitment of its tireless effort of our presidents, executive committee and subcommittee members over the years, without which we would not be here today. We express heartfelt thank to our committee members for the significant contribution they have made to the community. Despite their busy schedules and frequent travel, they have taken their responsibilities in leading the association in a serious manner.

**Hong Kong Venture Capital and Private Equity Association**  
**List of Activities 2007-2008**

**HKVCPEA Organized Events**

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>
October 8, 2007	HK	HKVCPEA - AIMA Wine Tasting	HKVCPEA & AIMA
October 17, 2007	HK	HKVCPEA 20th Anniversary Gala Dinner	HKVCPEA
December 4, 2007	HK	Cyberport Venture Capital Forum 2007	Cyberport Hong Kong and co-organized by HKVCPEA
January 28, 2008	HK	New Year Mixer	HKVCPEA and sponsored by Tianjin Metro
April 10, 2008	Shenzhen, China	HKVCPEA Delegation to China Venture Capital and Private Equity Forum 2008	China Venture Capital Research Institute and co-organized by HKVCPEA
May 13, 2008	HK	Breakfast Talk by Professor Tarun Khanna, Harvard Business School	HKVCPEA
June 2, 2008	HK	The Seventh China Private Equity Summit	HKVCPEA

**EXTERNAL RELATIONS & PROMOTION**

*HKVCPEA were involved in the following events during the year.*

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>	<b>Representative</b>
August 15, 2007	HK	Japan Biotechnology Partnership Mission to Hong Kong	Hong Kong Trade Development Council	Speaker: KO Chia
September 17, 2007	Dublin, Ireland	Business Seminar on Hong Kong and Shenzhen: Your Partners for Success in China	Hong Kong Trade Development Council	Speaker: KO Chia
October 9, 2007	HK	The 8th Hong Kong Forum	Hong Kong Trade Development Council	Speaker: KO Chia
October 10, 2007	HK	Fatal Flaws of Business Plans	Hong Kong Science and Technology Parks	Speaker: KO Chia
October 13, 2007	HK	HSBC Young Entrepreneur Awards 2007-08	HSBC	Speaker: KO Chia
October 15, 2007	HK	Jersey Finance Breakfast Presentation	Jersey Finance	Attendee: John Levack
November 12, 2007	HK	Luncheon Speech at the Knowledge Transform Forum	City University of Hong Kong	Speaker: KO Chia
November 15, 2007	HK	Fund Distribution and Automation Conference 2007	EuroEvents	Attendee: Patricia Chiu
December 7, 2007	HK	Joint Internet Professional Association & Federation of HK Industries Breakfast	Internet Professional Association & Federation of HK Industries	Speaker: KO Chia
December 12, 2007	HK	Seminar for Japanese Biotechnology Companies	Hong Kong Trade Development Council	Speaker: KO Chia
April 17, 2008	Mongolia	IPO in Hong Kong Conference in Mongolia	HKExchange & Clearing Ltd	Attendee: Conrad Tsang
May 6, 2008	HK	Canadian Financial Mission to Hong Kong	Hong Kong Trade Development Council	Speaker: Vincent Chan, Conrad Tsang, SC Mak, Attendee: Simon Mak
May 31, 2008	HK	Booz Allen Hamilton Social Venture Challenge (BAH SVC)	Chinese University Hong Kong	Judge: KO Chia
June 4, 2008	HK	Roundtable and Cocktail Reception with Mr. Bohigian, Assistant Secretary	American Consulate General Hong Kong	Attendee: KO Chia
June 12, 2007	HK	The Opening Ceremony of TURN Program	Hong Kong Productivity Council	Attendee: Simon Mak

**Hong Kong Venture Capital and Private Equity Association**  
**List of Activities 2007-2008**

**Supporting Organization**

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>
June 19, 2007	HK	Dubai International Financial Exchange (DIFX) Workshop for Hong Kong	Dubai International Financial Exchange
September, 2007	HK	Ernst & Young The Entrepreneur of The Year China 2007	Ernst & Young
January 24, 2008	HK	State of Entrepreneurship Luncheon	The American Chamber of Commerce in HK
February 21 - 22, 2008	HK	Leveraged Finance Asia 2008	Euromoney Institutional Investor PLC
February 25 - 26, 2008	Singapore	Managing Wealth for High Net Worth Individuals	Pacific Conferences
April 16, 2008	HK	Canadian Innovation and Technology Partnering Forum	Hong Kong Trade Development Council & Consulate General of Canada
May 20, 2008	HK	Seminar on Issues for Multi-Nationals under Anti-Corruption/Bribery Legislation	Dewey & LeBoeuf
May, 2008	HK	Ernst & Young The Entrepreneur of the Year 2008	Ernst & Young

**Networking**

**Participation in joint events or those organized by other bodies/associations**

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>	<b>Representative</b>
August 21, 2007	HK	Luncheon Meeting with Canadian New Media BC/NRC IRAP Mission	Consulate General of Canada	Attendee: KO Chia
November 30, 2007	HK	Luncheon with Gordon Campbell, Premier of British Columbia	Consulate General of Canada	Attendee: KO Chia
December 12, 2007	HK	HKUST MBA Finance Club Event	HKUST Business School	Attendee: Vincent Chan
January 11, 2008	HK	Dinner Reception with The Asia Pacific Partnership Clean Energy Trade	US Consulate	Attendee: KO Chia
March 10, 2008	HK	State of Entrepreneurship Breakfast Meeting	The American Chamber of Commerce in HK	Attendee: KO Chia
April 18, 2008	HK	Cocktail Reception to meet with High-level Delegation from Abu Dhabi, UAE	Hong Kong Trade Development Council	Attendee: Vincent Chan, Jessica Jook
June 4, 2008	HK	Invitation to Reception at British Consulate-General	UK Trade & Investment and Hong Kong Trade Development Council	Attendee: KO Chia
June 17, 2008	HK	Global Corporate Advisors Networking Cocktails	SLP Horwath	Attendee: Patricia Chiu
June 18, 2008	HK	10th Anniversary Celebration of Grandall Legal Group & Grand Opening of Grandall Legal Group (Hong Kong)	Grandall Legal Group	Attendee: Vincent Chan

**Meeting / Media**

October 4, 2007	HK	South China Morning Post interviewed Mr. Johnny Chan and Mr. Johannes Schoeter	South China Morning Post	Interviewee: Johnny Chan, Johannes Schoeter
October 29, 2007	HK	Top Capital Magazine interviewed Mr. Johnny Chan, Mr. Conrad Tsang and Mr. Philip Zhai	Top Capital Magazine	Interviewee: Johnny Chan, Conrad Tsang, Philip Zhai
November 8, 2007	HK	Hong Kong Trade Development Council interviewed Mr. Vincent Chan to be	Hong Kong Trade Development Council	Interviewee: Vincent Chan
April 18, 2008	HK	Next Magazine interviewed Mr. Vincent Chan	Next Magazine	Interviewee: Vincent Chan

**Hong Kong Venture Capital and Private Equity Association**  
**List of Activities 2007-2008**

**PRC Committee**

***HKVCPEA Organized Event***

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>
June 2, 2008	HK	The Seventh China Private Equity Summit	HKVCPEA

***Promotion***

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>	<b>Representative</b>
July 18, 2007	HK	Seminar for Shaanxi MPE Executives	Hong Kong Trade Development Council	Speaker: Tim Shen Attendee: Conrad Tsang
September 8, 2007	Xiamen, China	Investment Promotion Forum "Hong Kong: Your Platform to Go Global" at Xiamen 9.8- the 11th China International Fair for Investment & Trade (CIFIT)	Invest Hong Kong, Ministry of Commerce of the People's Republic of China, and the Liaison Office of the Central People's Government in HKSAR	Speaker: Conrad Tsang Attendee: Philip Zhai
September 19, 2007	HK	Seminar for High-level Incoming Mainland Mission to Coincide with Asian Financial Forum	Hong Kong Trade Development Council	Attendee: Conrad Tsang
October 30, 2007	HK	Luncheon with Jiangsu Taizhou Mayor	Hong Kong Trade Development Council	Attendee: Steven Kwok, Philip Zhai
March 26, 2008	Nanjing, China	Delegation to Nanjing - Going to Hong Kong Platform	Hong Kong Trade Development Council	Speaker: Conrad Tsang
March 28, 2008	HK	Hangzhou Xiaoshan MPE Mission	Hong Kong Trade Development Council	Speaker: Conrad Tsang Attendee: Philip Zhai
April 11 - 12, 2008	Shenzhen, China	HKVCPEA Delegation to China Venture Capital and Private Equity Forum 2008	China Venture Capital Research Institute	Attendee: Johnny Chan, Patrick Lim, Simon Mak, S C Mak, Adrian Lam, Conrad Tsang, Vincent Chan
May 14, 2008	HK	Zhejiang High-level Delegation Networking Luncheon	Hong Kong Trade Development Council	Attendee: Vincent Chan
May 28, 2008	Suzhou, China	Seminar on "Going out to the International Market" in Suzhou	Invest Hong Kong, the Economic & Trade Shanghai Office of the Central People's Government in HKSAR	Speaker: Conrad Tsang, Robert Xie Attendee: SC Mak
June 9 - 11, 2008	Nanning, China	Delegation to the 5th Pan-PRD Cooperation Forum and Trade Fair	Hong Kong Trade Development Council	Attendee: Adrian Lam
June 10 - 12, 2008	Tianjin, China	HKVCPEA Delegation to The Second China International Private Equity Forum, Tianjin	The China International Private Equity Forum Organizing Committee	Attendee: SC Mak



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**Supporting Organization**

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>	<b>Representative</b>
August 14 - 22, 2007	Nanchang, China	The Hong Kong Investment and Financing Forum in Nanchang	Hong Kong Productivity Council	
Nov 30 - Dec 1, 2007	Shenzhen, China	China (Shenzhen) International Financial Expo	The Shenzhen Government	Speaker: Philip Zhai Attendee: PC
December 3 - 4, 2007	Beijing, China	The Cleantech Forum XV - Beijing	Cleantech Ventures	
February 27 - 28, 2008	Beijing, China	China Biodiesel 2008: Feedstock & Markets	INC Global Conferences Pet Ltd	
April 27 - 28, 2008	Wuhan, China	The Hong Kong Investment and Financing Forum in Wuhan	Hong Kong Productivity Council	Attendee: Conrad Tsang
May 24 - 25, 2008	Foshan, China	Pearl River Delta International Financial Capital Summit 2008	Foshan Venture Capital Association and China International Economic Cooperation	
May 31 - June 2, 2008	Qingdao, China	The Hong Kong Investment and Financing Forum in Qingdao	Hong Kong Productivity Council	
June 12 - 13, 2008	Shanghai, China	2nd Annual China IPO and Capital Market Summit, Shanghai	IGVision International Corporation	

**SME Committee**

**HKVCPEA Organized Events**

<b>Date</b>	<b>Venue</b>	<b>Event</b>	<b>Organizer</b>
December 4, 2007	HK	Cyberport Venture Capital Forum 2007	Cyberport Hong Kong and co-organized by HKVCPEA
January 28, 2008	HK	New Year Mixer	HKVCPEA

**Social Committee**

**HKVCPEA Organized Events**

October 8, 2007	HK	HKVCA - AIMA Champagne Tasting	HKVCPEA & AIMA
March 13, 2008	HK	The Fifth Annual Golf Day	HKVCPEA

(As of June 2008)