

Year 2008 - 2009 in Review
Chairman Johnny Chan

At this time last year, everything looked seemingly bright and positive. Very few of us would have imagined the massive fallout of the financial market and the extent of effect on the economies around the world. The PE industry is not immune to this. Performance has been affected and fund raising became much more difficult, and some came to a halt. Given the severity of the situation, and despite some greenshoots we saw in the stock markets until recently, the recovery may take some time. The effect of that may mean we will see some changes in the ways our industry operates and even greater differentiation of the players.

Governments around the world are making unprecedented moves to re-ignite their economies. In China, as you all know, the government is pointing the way to opportunities in infrastructure, environment, health care, consumer sectors. Indeed, Asia still holds the most promise (and in particular, China) amidst the turmoil and is an area where few can afford not to be engaged.

We see new and global funds setting up in Hong Kong to look into Asia and China and many of them have joined our association for the first time. This bodes well for our industry and for Hong Kong as a base too.

HKVCA ORGANIZED EVENTS 2008-2009	
August 28, 2008	HKVCA Luncheon Meeting on "The Secondary Market as a Portfolio Management Tool for General Partners in the Asia Region"
September 29, 2008	Joint HKVCA-HKICPA-ASrIA Seminar & Mixer "Environmental and Socially Responsible Investment: An Opportunity or an Illusion?"
October 6, 2008	HKVCA New Members Breakfast Meeting
October 27, 2008	HKVCA-AIMA Wine Tasting "A Grand Tour of Italy"
November 18, 2008	Cyberport Venture Capital Forum 2008, co-organized by HKVCA
December 1, 2008	HKVCA New Members Breakfast Meeting
December 15, 2008	Joint HKVCA & CHKLC Christmas Drinks
January 20, 2009	Asian Financial Forum (AFF) - "DealSource" Session co-organized by ACG, HKVCA & HKTDC
February 2009	HKVCA Private Equity Fundamental Course 2009
March 2009	HKVCA Private Equity Fundamental Course 2009 (Round 2)
March 2, 2009	HKVCA Member Monthly Breakfast
March 12, 2009	HKVCA Networking Luncheon "Why Canada Matters to China"
March 20, 2009	The 6th HKVCA Annual Golf Day
April 6, 2009	HKVCA Member Monthly Breakfast
May 4, 2009	HKVCA Member Monthly Breakfast
June 1, 2009	The 8th HKVCA China Private Equity Summit
June, 2009	Shenzhen Secutimes "China Competitive VC and Growth Enterprise 100 Contest", co-organized by HKVCA
June, 8 2009	HKVCA Member Monthly Breakfast
June 25, 2009	The 22 nd HKVCA Annual General Meeting
June 25, 2009	HKVCA Luncheon Meeting on "Asian perspective on the future regulation of private funds"

■ MEMBERSHIP

At HKVCA we are seeing an increase in membership with the entry of many new funds and global funds in the market. Some join the Association to seek market knowledge, intelligence and the benefit of sharing information in a still uncertain market. It is gratifying to see that another group gaining prominence is the Fund of funds and family offices.

Membership as of June 2009 stood at 173 as compared to 141 last year, an increase of 32 members, this was done in the midst of a financial crisis. If you were to put it in context, our membership increased from 129 in 2006 to what it is today. We take this opportunity to thank our Membership committee for an excellent job done.

Membership Committee

Johnny Chan, Crosby Asset Management (Hong Kong) Ltd

William Kerins, Oaktree Capital (Hong Kong) Ltd

Michael Scown, Intel Capital Asia Pacific

Yoshiaki Hasegawa, SBI Hong Kong Co., Ltd

Boris Bong, Squadron Capital Advisors Ltd

■ EDUCATION

With reorganizations, active funds and personnel movements within the industry, the need of knowledge share and to learn from fellow practitioners experts how to handle difficult situations created by the crisis, we heard the calls for a structured education course on Venture Capital / Private Equity.

The Education Committee is commended for starting HKVCA's first Fundamental Education Program in February. It met with such overwhelming response that we had to repeat the course. Total attendance was 115. The instructors were all top private equity practitioners who are well heeled with a wealth of experience. It was therefore not surprising that the feedback from participants was excellent.

We thank the Committee here for their work in designing the program, identifying outstanding speakers for a most useful program from which members can derive great insights. We also specially thank the instructors for doing their presentations. Following its success, the committee is working to improve the program as well as to introduce other 'master classes' in the future. It should also be mentioned that the Association had obtained Securities and Futures Commission accreditation for its programs which will be useful to members as more are becoming registered under Securities and Futures Commission.

Education Committee

Johnny Chan, Crosby Asset Management (Hong Kong) Ltd

John Levack, Electra Partners Asia Ltd

Edward Yum, Amicorp Hong Kong Ltd

Stephen Wozencroft, Arthur Marriott & Associates in association with Dewey & LeBoeuf LLP

Victor Huang, PricewaterhouseCoopers

Adrian Bradbury, Quam Capital Ltd

■ CHINA

China Private Equity Summit

The China story appears to be the dominant theme in the context of the economic crisis and interests in China is stronger than ever. This makes our China Private Equity Summit a 'must attend' event. Members look to the Summit, in its 8th year as an essential forum to learn, share and find solutions in their investments in China. Despite our rather subdued projection at the time of planning, attendance at the China Summit was at a record 270 participants consisting of private equity practitioners, CEOs/CFOs and professionals from across the financial and business sectors. The Summit has the reputation of high quality contents and unique insights presented by seasoned practitioners. It is recognized as an essential annual event for the upgrading of knowledge and skills in China investments. The Summit is unique in that it is organized by industry practitioners themselves who come together to share their invaluable experiences and insights in private equity investments in China.

The Summit topics covered the latest trends in fund-raising, RMB funds, A-share exits, acquisition of overseas assets and clean-tech investments. In addition, expert speakers shared their experiences on tax and regulatory issues, HR challenges, fund structures, portfolio risk management, the role of RMB internationally and economic recovery.

A great deal of thought and hard work goes into the planning and organizing of the Summit. The PRC Committee is congratulated for a very successful event.

PRC Events

Besides the conference, the Committee also undertakes other functions in relations building with governmental bodies and associations of various provinces and cities of China and in taking speaker roles and engagements in China. Memorandums of Understanding were signed with the Beijing Venture Capital Association and China Council for International Investment Promotion Investment & Financing Committee. There were also numerous exchanges with various venture capital associations and bodies in China. We plan to have more engagement with the China Venture Capital Association in the many activities we each organize.

We thank the Committee for contributing their time in promoting HKVCA.

Promotion	
June 27, 2008	Shenzhen Fu Tian District Ceremony organized by Shenzhen Venture Capital Association
July 3, 2008	HKTDC Guangdong High-level Delegation Networking Luncheon
August 5, 2008	Jilin Investment Promotion Forum
August 13, 2008	HKTDC Seminar on "Venture Capital Development and Support in Guangzhou"
August 19, 2008	Fujian Private Equity Symposium 2008
September 16, 2008	HKTDC Seminar for Hangzhou MPE Mission
October 14, 2008	HKTDC High-level Incoming Mainland Delegation Networking Luncheon
October 20, 2008	Financial Services and the Treasury Bureau Hong Kong Business Delegation to Guangdong, led by Prof. KC Chan
October 24-27, 2008	Commerce and Economic Development Bureau Hong Kong Business Delegation to Sichuan, led by Mrs. Rita Lau
November 12, 2008	InvestHK Seminar for Delegation of Shandong Enterprises
November 18, 2008	CVCA Roundtable Meeting with Washington State Investment Board
November 20-21, 2008	The 1st CIFIC Venture Capital And Private Equity Forum, Dushu Lake
November 20-21, 2008	Signing Ceremony of Cooperative Agreement between HKVCA and China Council for International Investment Promotion Investment & Financing Committee (CIFIC)
November 26, 2008	The 12th Beijing - Hong Kong Economic Cooperation Symposium
November 27, 2008	Signing Ceremony of Memorandum of Understanding (MOU) between HKVCA and Beijing Venture Capital Association
December 9, 2008	Roundtable Meeting with Shanghai IT Delegation to HK

April 1, 2009	Seminar for Delegation of Beijing High-Tech Enterprises organized by Beijing Investment Promotion Bureau & HKTDC
April 7, 2009	Tianjin-HK Briefing & PE Night Networking Cocktail
April 14, 2009	Seminar for Delegation of Sichuan Enterprises
April 21, 2009	HKTDC Hong Kong Financial & Professional Services Seminar in Changchun
April 26-27, 2009	Hong Kong Productivity Council Investment and Financing Forum in Hefei
April 27, 2009	HKTDC Seminar for Delegation of Jiangsu and Huaian Enterprises
May 19, 2009	HKEEx-FSTB Co-hosted conference in Guangzhou
June 10-12, 2009	The Third China International Private Equity Forum in Tianjin
Supporting	
September 3, 2008	The 4th CIFIC China Jilin-Northeast Asia Investment and Trade Expo
September 19-20, 2008	CVCRI China Venture Capital & Private Equity Forum - Investment Summit for Revitalizing Northeast China 2008
October 16-18, 2008	The 3rd SVCA Shanghai International Forum of Venture Capital and Private Equity Investment
October 20-21, 2008	The Fifth CIFIC International Investment Promotion Forum
October 25, 2008	HK Economic & Trade Office in Shanghai (SHETO) China Private Equity Forum and Trade Fair in Wenzhou
October 30-31, 2008	2008 CVCA Annual General Meeting & China Venture Capital / Private Equity Summit
December 9 - 10, 2008	Zero2IPO China Venture Capital & Private Equity Beijing Forum
December 11, 2008	HKTDC China Enterprises Investment Cooperation Seminar
January 9 - 11, 2009	CVCRI West China Venture Capital & Private Equity Forum 2009
June, 2009	China Competitive VC and Growth Enterprise 100 Contest co-organized by Shenzhen Secutimes and HKVCA
June 5-6, 2009	CVCRI The 11th (2009) China Venture Capital & Private Equity Forum

PRC Committee

Johannes Schoeter, Victoria Capital Ltd

Conrad Tsang, Baring Private Equity Asia (Hong Kong) Ltd

Robert Xie, Avenue Capital Group

Gordon Lam, Citigroup Venture Capital International Asia Ltd

Alvin Ho, CLSA Capital Partners (Hong Kong) Ltd

Philip Zhai, Macquarie (Hong Kong) Ltd

Peter Chen, MC Capital Asia (Hong Kong) Ltd

Teoh Chin Chin, Merrill Lynch (Asia Pacific) Ltd

Petrina Tam, PricewaterhouseCoopers

Vincent Chan, Spring Capital Asia, Ltd

Alice Chow, Squadron Capital Advisors Ltd

S C Mak, Vision Finance Group Ltd

■ EXTERNAL RELATIONS

In Hong Kong, our mission is to promote the Private Equity industry as an integral and important asset class on Hong Kong's financial services platform. Our representatives have joined Financial Services and the Treasury Bureau (FSTB) missions to China, Russia. In addition to dialogues with the Financial Services and the Treasury Bureau, we have also forged strong ties with Hong Kong Trade Development Council (HKTDC), Hong Kong Stock Exchange, Cyberport, Hong Kong Science and Technology Park, the many of the Universities. In the past year we have had close working relationships with other professional bodies such as the Alternative Investment Management Association (AIMA), Association for Sustainable & Responsible Investment in Asia (ASrIA), Chamber of Hong Kong Listed Companies (CHKLC), Hong Kong Institute of Certified Public Accountants (HKICPA). Through several joint events with these associations we provided networking opportunities for members and to work on issues of common interest in promoting Hong Kong as the centre of financial services in Asia.

In this area of work we thank in particular Conrad Tsang, K O Chia and Vincent Chan.

Promotion	
November 20, 2008	HSBC Social Enterprise Business Centre "What is High Engagement Philanthropy?" Roundtable Meeting
November 25, 2008	KOTRA Korean SME's Investment Road Show in Hong Kong
December 2, 2008	Red Herring 100 Asia Summit
April 14, 2009	Canada-HK Innovation and Technology Partnering Forum
April 30, 2009	Thomson Reuters Portfolio Risk Analytics Seminar
May 9, 2009	YDC E-Challenge 2009
May 27, 2009	KOTRA Korean Investment Road Show 2009
May 31 - June 6, 2009	Financial Services and the Treasury Bureau Hong Kong Business Delegation to Russia
June 17, 2009	2009 TVCA Great China Venture Seminar
June 15-17, 2009	AVCJ Private Equity & Venture Forum \ Taiwan 2009
Supporting	
July 7, 2008	British Consulate-General Seminar on "Building a Vibrant Islamic Finance in Hong Kong"
August 13, 2008	Canadian Consulate-General Canadian Natural Health Products, Life Sciences & Health Care Trade Mission
September 10, 2008	Zero2IPO China Venture Capital & Private Equity Tokyo Forum
September 22-25, 2008	SuperReturn Asia 2008
November 11, 2008	SPARC Forum in "Chinese Medicine and Herbal Products"
February 16-19, 2009	Kawasaki International Eco-tech Fair
April 28, 2009	Zero2IPO China Venture Capital & Private Equity New York Forum 2009
April 28-29, 2009	The Private Equity International Forum: Asia 2009
May 20-21, 2009	The 2nd Islamic Venture Capital and Private Equity Conference 2009
June, 2009	Ernst & Young Entrepreneur Of The Year China 2009 Awards
June 8, 2009	British Consulate-General Seminar on "Corporate Finance in Times of Turbulence"
June 24, 2009	Maeil Business Newspaper Hong Kong Business Forum

Networking	
September 30 ,2008	HKTDC Networking Luncheon
November 11, 2008	InvestHK Reception for International Financial Services Companies
November 27, 2008	Consul General of UAE Cocktail Reception
February 17, 2009	HKTDC Breakfast Reception with the delegation of China Industry Association
June 12, 2009	AIMA-HKIFA-HKVCA Networking Luncheon
Media	
August 12, 2008	Emerging Private Equity magazine interviewed Patricia Chiu (Executive Director)
September 5, 2008	TVB Pearl's Money Magazine interviewed Johnny Chan (Chairman) and KO Chia (Co-President)
November 26, 2008	i-CABLE Finance Info Channel interviewed Johnny Chan (Chairman)
November 26, 2008	CNBC Asia interviewed Johnny Chan (Chairman)
January 29, 2009	Emerging Private Equity magazine interviewed Vincent Chan (Co-President)
April 16, 2009	Shenzhen Secutimes interviewed Vincent Chan (Co-President)
June 8, 2009	TVB Pearl's Money Magazine interviewed Johnny Chan (Chairman)

External Relations Committee

Conrad Tsang, Baring Private Equity Asia (Hong Kong) Ltd

Jamie Paton, Candover Asia Ltd

Johnny Chan, Crosby Asset Management (Hong Kong) Ltd

Varun Bery, JPMorgan Private Capital Asia

K O Chia, Hong Kong Venture Capital and Private Equity Association

Hanson Cheah, Silkroad Capital Ltd

Vincent Chan, Spring Capital Asia, Ltd

■ VENTURE (Formerly SME)

Our Venture Committee takes an active role in connecting with the entrepreneurial community. The social mixers of venture capitalists and entrepreneurs draw a large crowd and continue to be a successful formula. The Committee is undertaking an initiative to build an Angel/VC platform and is planning 'meet the entrepreneurs' sessions to help angel investors identify the next great innovation. We recognise and thank them for their work and commitment.

Events	
September 29, 2008	Joint HKICPA-HKVCA-ASrIA Seminar and Mixer
November 18, 2008	Cyberport Venture Capital Forum 2008, co-organized by HKVCA
December 15, 2008	Joint HKVCA & CHKLC Christmas Drinks
Promotion	
April 2-4, 2009	2009 Macao International Environmental Co-operation Forum & Exhibition
October 23-26, 2008	HKVCA Delegation to The 13th Macao International Trade & Investment Fair

Venture Committee

Jeffrey Cheung, Crossgate Advisors Ltd

Marvin Lai, iTM Ventures Inc

Simon Mak, Ascent Partner Group Ltd

Patrick Lim, Fortune International (Asia) Ltd

Michael Scown, Intel Capital Asia Pacific

Roger Marshall, Persimmon Capital Ltd

■ SOCIAL

Networking amongst members is an essential part of our platform. We introduced for the first time breakfast meeting this year where we would meet new members. The purpose is also to have a regular venue for all members to come together informally. The breakfasts are held usually on the first Monday of the month and we welcome all members to join us. This is also where we would like to obtain feedback and suggestions from members. In addition we continue our tradition of luncheon meeting whenever we have interesting speakers.

All work and no play is not what we are about. Our interest groups - Golf and Wine have a popular following. The Annual Golf Day is into its 6th year, held as usual at Fanling HK Golf Club. Wine lovers look forward to learning something new each year as the committee looks for interesting themes in this continuing education. At this juncture, we would like to thank Varun Berry, Stephen King and team for their continuing interest in Golf, and Marcus Thompson and Monica Tsui in Wine Tasting.

■ FUTURE

HK Funds Hub

Going forward in the next year, the Executive Committee will be moving forward with the key initiatives that have been framed. HKVCA is preparing to take an active role in promoting Hong Kong as the Fund Hub Centre and a centre for Fund Raising for Asia. HK has natural advantages to be a base for Fund raising. As more and more Fund of funds, placement firms establish themselves in HK, family offices becoming increasingly professionally managed, HK will be able to carve a niche as the centre for sourcing funds in the region. We are proposing that the government can also play a more active role and potentially to initiate the idea of a sovereign fund to encourage this development.

Special Projects

As an essential part of this goal, the industry in Asia needs to develop credible performance data and transparency in line with that in US and Europe. HKVCA has been working for a number of years in encouraging PE funds to participate in a survey with Thomson Reuters that would help create an accurate information base for HK and Asia. Thomson Reuters' figures are relied upon by the industry in both US and Europe. Our Committee had spent a great deal of time in working on the format and procedures to ensure utmost confidentiality for participating firms. Developing these figures call for all participants to cooperate in the interest of the industry to which we all belong and they will benefit all funds in the long term. Marcus Thompson has been leading this effort for many years and our heartfelt thanks to him.

With the growing participation of Limited Partners in our association, we plan to set up a new LP Sub-Committee and integrate the performance survey into its mandate.

Special Projects Committee

Marcus Thompson, HSBC Private Equity (Asia) Ltd

Markus Ableitinger, Capital Dynamics (Hong Kong) Ltd

Richard Tan, Squadron Capital Advisors Ltd

Co-operation

Our objective is to build closer links with other venture capital associations in China and Asia. This year we signed Memorandums of Understanding with the Beijing Venture Capital Association and China Council for International Investment Promotion Investment & Financing Committee. We have worked closely with the Taiwan Venture Capital Association as well as China Venture Capital Association. We also co-operated with other associations such as the Alternative Investment Management Association (AIMA), Association for Sustainable & Responsible Investment in Asia (ASrIA), Chamber of Hong Kong Listed Companies (CHKLC), Hong Kong Institute of Certified Public Accountants (HKICPA).