

Last Month @ SVCA Community



- **Standard Chartered Private Equity** has completed the management buyout of Singapore-based Sei Woo Technologies. Standard Chartered, along with the firm's management, has invested more than US\$20 million in the precision engineering company.
- Nasdaq-listed Focus Media has bought out Target Media, a **Carlyle Group** investment, in a share-purchase agreement. The US\$325-million deal comprised US\$94 million in cash and the balance in shares of the new company. Post this merger, Carlyle will be the second largest shareholder in the new venture.
- **Walden International** led the US\$30 million pre-IPO funding of Rock Mobile Corporation, a digital content provider for mobile and internet users. Japan's **Nippon Venture Capital** is co-funding this round. This is the second round of funding for Walden, which currently owns 13 per cent in Rock Mobile.
- **3i Investments** has injected US\$30 million in California-based Zonare Medical Systems, a manufacturer of next generation ultrasound technology. The funds will be used to expand the company's sales and marketing capabilities along with product advancements.

Events



- **Singapore Venture Capital & Private Equity Association (SVCA)** and AON, a risk management and human capital consulting firm, are conducting a breakfast talk on common issues faced by venture capitalists and private equity players in risk management on February 14, 2006 at the Tower Club. This talk will highlight issues such as the differences in structure and legal liabilities of venture capital firms (a lawyer's perspective), venture capital and private equity claim trends and exposures around the world, and the role of an insurance broker in venture capital and private equity deals. For more information, visit <http://www.svca.org.sg/events1.htm>
- **The Asian Venture Capital Journal** is presenting the first local programme of this year's Global Asian Private Equity and Venture Capital Forum. Titled Australian Private Equity Reaches Out to Greater Asia and Beyond, it is being held on February 26-28, 2006 at the AVF Australia Sheraton On The Park, Sydney. For more information, visit http://www.asianfn.com/conferences/conference_pdf/Conf_Global_2006_Brochure.pdf

News you can use



- California-based US\$1.8 billion venture fund **Norwest Venture Partners** is looking out for investment opportunities in early and mid-stage Indian companies in sectors such as media, content distribution, real time information services and mobile application services. It recently invested US\$13.8 million in Pune-based Persistent Systems and made an early-stage investment in centralised travel service provider Yatra Online along with Reliance Capital and TV18 Group.
- **Alliance Fortune International** will take another 3.84 per cent stake in Chinese electronic goods maker TCL. The company's major shareholder, Hui-zhou Investment Holdings, will transfer the stake to Alliance for 1.5816-yuan per share. Alliance held 1.16 per cent in TCL before this deal.
- India-based **Infrastructural Development Finance Corporation (IDFC)** is planning to launch its second private equity fund worth US\$400 million by March this year to invest in infrastructure funds.
- US-based private equity firm **Japonica Partners** is reportedly eyeing some of Asia's biggest companies - a big investment deal is expected sometime this year. Japonica is interested only in companies that are US\$1 billion or more in size.

SVCA Resource Centre

The SVCA has published the Singapore Venture Capital and Private Equity Directory to help link the investing community with businesses in Singapore. The directory, which is backed by the Singapore Economic Development Board, provides a definitive reference list of venture capital and private equity investors in Singapore.

The annual publication, while useful for venture capital and private equity professionals, is also of use to the larger community of entrepreneurs, business angels, consultants, legal advisers, financial institutions, foreign embassies and trade associations.

FISH EYE

Time to think long term



Carmelo Pistorio

As I travel to China, I am struck by a unanimous prejudice shared by the VC community there - as much by Chinese VCs as their foreign counterparts.

They believe investing in technology in China is a waste of time and money. The long term does not give returns. Therefore, the only approach that makes sense is an opportunistic one - condoning the speculations that characterise Chinese IPOs both locally and on the Nasdaq.

I find it remarkable that my colleagues fail to see what lies ahead.

There are two fundamental points they miss. First, although China is now widely accepted as the 'manufacturing centre' of the world, not many understand how this role requires the country to become the world's benchmark in 'manufacturing standards'.

It will be a matter of years, not decades, before the sheer volume of Chinese output will define what is 'good' or 'bad' quality. Of course, there will always be niches - a Ferrari will remain a unique masterpiece hand-crafted by the masters of Maranello - but the price tags on all other vehicles will increasingly be dictated by the production lines of China.

The second point is a related one. China's vast domestic market can afford to internally set its technology standards as and when it deems fit. But the thrust in defining global manufacturing standards will accelerate the giant's technology dependency. China is hungry for technology and there is a vast array of entrepreneurs ready to deliver it.

All may not be lost yet, though. At the recent China Venture Capital Annual Forum, it was the early-stage VC panel that eclipsed the show.

The sentiment is widespread. It is not only top-tier VCs, but also their investors - the mighty LPs - who are turning a kinder eye to nimbler and hungrier funds.

I expect value creation and technology to continue stealing the limelight in the years to come. China is still a difficult place for small timers, but as the culture of value-driven global VCs permeates the business community, and as China's hai gui pai entrepreneurs gear up for the long haul, something is definitely changing - and for better.

It will soon be time for commitment and vision - rather than size. No need to think 'big', the rewards will be reaped by those who can think 'long term'.

Carmelo Pistorio
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Please write back with feedback, queries, suggestions etc. at info@svca.org.sg