

# China Venture Capitalist Confidence Index™

(Bloomberg ticker symbol: CVCCI)

Fourth Quarter – 2005

Mark V. Cannice, Ph.D.

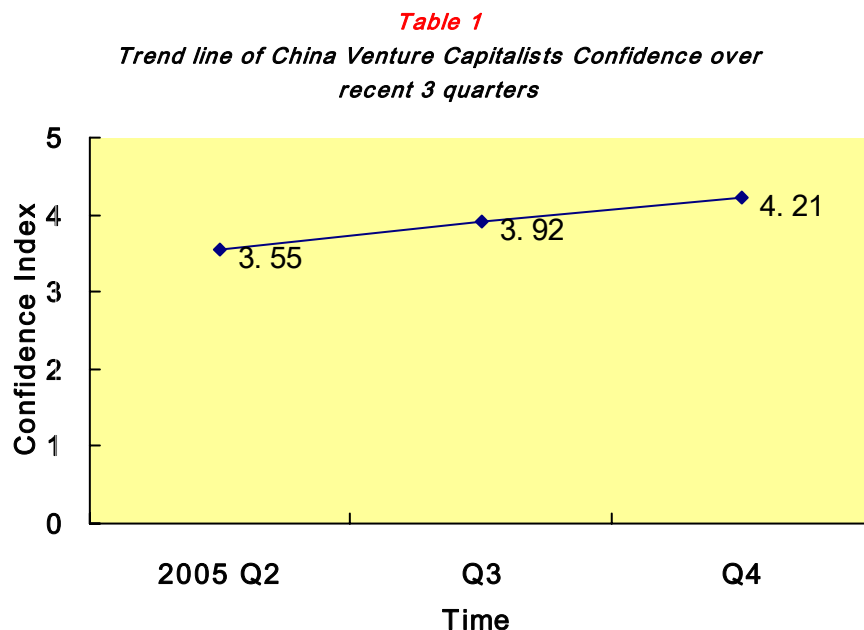
The quarterly *China Venture Capitalist Confidence Index* (Bloomberg ticker symbol: CVCCI) is based on a survey of mainland China and Hong Kong venture capitalists. Created and authored by Professor Mark Cannice of the University of San Francisco and the Hong Kong University of Science and Technology, the China VC Index measures and reports the opinions of China-based professional venture capitalists in their estimation of the high-growth venture entrepreneurial environment in China over the next 6 - 18 months.

In publishing a recurring confidence index of China-based venture capital investors, we intend to utilize the local knowledge and insight of our respondents to provide an on-going *leading indicator* of local investment in new high growth businesses in the Greater China Region. We expect that this local insight will provide a unique perspective into the dynamic Chinese entrepreneurial business environment. Further, by tracking what local venture investors project about the high growth venture environment rather than what has already occurred in terms of investment flows, we hope to provide actionable insight for all interested parties.

While the venture capital industry is still in an relatively early stage in China, with significant change likely to occur in the near to mid term, these initial reports and index readings will provide a base-line from which to compare future index levels to better judge the relative gain or loss of local professional investor confidence in the environment for investment in high-growth ventures in China.

The China Venture Capitalist Confidence Index for the fourth quarter of 2005, based on a survey of China and Hong Kong venture capitalists, came in at 4.21 on a 5 point scale (with 5 indicating high confidence and 1 indicating low

confidence), and suggests a healthy level of China based venture capitalist confidence in entrepreneurial activity in the coming months. This quarter's reading is up significantly from last quarter's index of 3.92 on a 5 point scale. (Please see Table 1 for trend data.)



This is a summary report. Complete data and commentary for this quarter's report may be requested from the author, Professor Mark Cannice at **Cannice@usfca.edu**.

Mark V. Cannice, Ph.D. is an Associate Professor of Entrepreneurship and the Founding Executive Director of the University of San Francisco Entrepreneurship Program (Cannice@usfca.edu). He is also an Adjunct Associate Professor with the Hong Kong University of Science and Technology School of Business and has been a visiting associate professor at Peking University's Beijing International MBA Program. The author wishes to thank the participating venture capitalists who generously provided their expert analysis and commentary as well as Ms. Ling Ding (USF MBA 2006), former USF Entrepreneurship Program research fellow, who provided expert analysis and essential and extensive support in the survey effort. Webmasters are welcome to link to this report with courtesy notification to Cannice@usfca.edu. To post this report on your website, please request permission by email to Cannice@usfca.edu. When citing the index, please refer to it as: The China Venture Capitalist Confidence Index (Bloomberg ticker symbol: CVCCI), and include the associated Quarter/Year, as well as the full name and title of the author.

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