

## *INDUSTRY OVERVIEW...*

### **FUTURE TRENDS**

To date, more than 40 companies in Singapore have received venture capital funding, and 9 have been successfully listed on the stock exchanges. As these successes continue, the industry promises to grow at its rapid rate. SEAVI forecasts that the investment pace of venture funds will fall in the range of S\$100-150 million annually through the 1990s.

There are four major trends that will facilitate venture capital growth in the Asean region for the 1990s:

- ***Dynamic Economic Growth***  
First and foremost, Asean nations are experiencing high economic growth. These countries are embracing high technology, and becoming cost leaders. Many MNCs are locating in Asean, and the spill-over for subcontracting affects many small and medium sized enterprises. These SMEs also benefit with the rise in welfare of domestic populations, who will be able to afford higher quantity and quality goods.
- ***Market Capitalization***  
The capital markets are becoming more sophisticated with foreign investment and local speculation driving market capitalization. This provides more and better divestment choices for venture capital firms.
- ***Intra-Regional Cooperation***  
Intra-Asean projects and cross-national investing are expected to increase through higher levels of Asean economic cooperation. Tax and ownership laws and regulations are changing as nations understand that increased economic liberalization is to their benefit.
- ***Increasing Professionalism***  
As the venture capital industry becomes widespread and recognised as a legitimate industry, so will acceptance of investors and entrepreneurs in the role of venture capital professionals. This, in turn, will provide a better business environment for venture capital activities.