

PE key fuel for business

By TUO YANNAN

Chinese economists and officials praised the bright prospects for financing and investment through private equity (PE) funds in Tianjin yesterday.

PE investment can help fuel enterprises' growth, said Cheng Siwei, former vice-chairman of the Standing Committee of the National People's Congress, at the 4th China International Private Equity Forum (CIPEF).

"The significance of PE funds lies in not running enterprises, but fueling enterprises' development through acquiring equity, listing and other capital-related opera-



Dai Xianglong, chairman of the National Council for Social Security Fund

tions," Cheng said.

He said that financial innovation is a priority for the country's economic activities. Although there are problems with investment banks, they are still irreplaceable market

forces to aid running enterprises.

Dai Xianglong, chairman of the National Council for Social Security Fund, shared similar views as Cheng, emphasizing that PE funds are facing golden opportunities in China, and can help enterprises grow.

"No matter funds from home or abroad, they can find a space in China," Dai said.

The State Council is currently working on a regulation, aimed at better governing the development of PE funds in China.

China holds huge foreign reserves and can do more to invest abroad, and further diversify its financial investment portfolio, Dai said.

China has to accelerate RMB's pace of internationalization, and switch the economic growth pattern from good-oriented export into capital-oriented export and investment, and further enhance the quality of export products and services, Dai said.

The ex-governor of China's central bank commented that during the post-financial crisis era, China became the preferential choice for foreign direct investors.



The opening ceremony of the ongoing China International Private Equity Forum in Tianjin.

PHOTOS BY ZHANG WEI/ CHINA DAILY

"China's foreign direct investment (FDI) dropped from US\$1,900 billion to \$1,200 billion after the financial crisis broken out, but it has been recovering slowly. We have already seen signs of revival," Dai said.

As the global economy shows

signs of gradual recovery, financing activities by enterprises are picking up, which offer new opportunities for private equity (PE) funds, said Huang Xingguo, mayor of Tianjin Municipality, the host of CIPEF.

The forum is to commit itself to serve as a comprehensive platform

for enterprise financing, especially equity financing.

"We are committed to developing Tianjin into the national center for equity investment fund issuance, management, exchange, information and personnel training," Mayor Huang said.

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HUANG XINGGUO
MAYOR OF TIANJIN



Progress, but still much to be improved

Long Yongtu, secretary general of the Boao Forum for Asia

"A G20 research center will be opened in Tianjin in July. We want this mechanism to help expand international links, enhance communication with academia and enterprises and provide an outlet for voices from nongovernmental organizations. It is not a pure academic research center focusing on bureaucratic discussion, but a center aimed at enabling the G20 to make wise decisions."



Sun Anmin, vice-chairman of the All-China Federation of Industry & Commerce

"CIPEF, as the most influential annual direct investment and financing event in China, has provided SMEs with an effective way of accessing direct financing from private equity funds, venture capital funds, industry funds and other financial institutional investors."

Wang Xiaoyi, deputy head of State Administration of Foreign Exchange

"In the foreign exchange sector, the goal of the administration will be to simplify the procedures of surrender for foreign-invested enterprises, to accelerate two-way opening up of China's capital account. An early warning system should be built to improve the international balance of payments and enhance foreign exchange management."

Meyer S. (Sandy) Frucher, vice-chairman, NASDAQ OMX Group

Nasdaq focuses on the creativity, diversity and growth momentum of Chinese enterprise."



Dennis J. White, president of Association for Corporate Growth

"China is a good place to invest. Different types of investment funds are interested in different industries, and it is hard to say which industry has the most popularity. Clean technology may be the most promising one. For foreign investors, reaching deals in another country and evaluating risks are the toughest part of overseas investment."

Tianjin forges ahead with capital markets reform

By RONG XIAO ZHENG



Artistic rendering of the Yujiapu area.

Tianjin is at the forefront of China's financial reform and innovation campaign. The establishment of the Tianjin Climate Exchange, Tianjin Bohai Commodity Exchange, Tianjin Ferroalloy Exchange, Tianjin Equity Exchange, Binhai International Equity Exchange and other innovative exchange markets, have facilitated the growth of the region's financial capital and commodity markets.

The Tianjin Equity Exchange, established in October 2008, is an exchange platform for non-listed companies. After more than a year of operation and exploration, it has developed a financing model for small to medium-sized enterprises. So far, it has raised more than 1 billion yuan for enterprises by means of private equity placement.

Binhai International Equity Exchange, serves as a service platform for China International Private Equity Forum, and was established in October 2008.

Bohai Commodity Exchange, founded in December 2009, has pioneered the continuous spot commodity trading system. In January 2010, Tianjin Ferroalloy Exchange was set up, which is the only one of its kind in the world, and demonstrates Tianjin's capability in financial innovation.

China's first financial assets exchange debuted at the 4th annual China International Private Equity Forum (CIPEF) on June 10 as an integrated financial institution offering multiple solutions to investing and financing enterprises.

China's first financial assets exchange was co-founded by the China Great Wall Asset Management Corp and Tianjin Government.

Private equity

In 2006, the first Chinese-invested industry investment fund, Bohai Industrial Investment Fund was launched in Tianjin.

Tianjin private equity (PE) funds have helped to improve the capital market system and

expand direct financing channels. By the end of April 2010, the number of registered PE funds and fund management companies in Tianjin reached 393, with accumulated registered capital (subscribed) reaching 77.47 billion yuan with more than 40 billion yuan invested in various industries.

This has eased the shortage of funds for SMEs and created momentum for equity investment fund development.

China's first shipping industry investment fund is also based in Tianjin.

Finance leasing

In recent years, Tianjin's finance leasing industry has grown. In the face of great changes in the global economic situation, Tianjin's finance leasing industry has shown vitality.

From 2005 to March 2010, the number of financial leasing corporations increased from two to 11, with registered share capital up from 850 million to 21.3 billion yuan. The balance of financial leasing contracts reached 84.6 billion yuan, accounting

for about 23 percent of the nation's total.

Financial innovation

In order to facilitate financial innovation and meet the requirements of the modern financial service system, Tianjin authorities are planning to develop the Yujiapu area into a leading finance center.

Yujiapu is an important part of the central commercial area in Tianjin Binhai New Area. Covering an area of 3.86 million square meters, the area is located on the north shore of Haihe in Tanggu district.

From 2011, a 45-minute train to Beijing will be available, when the Yujiapu station opens.

Planning and constructing the Yujiapu financial service center is a crucial step for the local government to implement the Central Government's decision of developing the Tianjin Binhai New Area.

It has important practical implications for Tianjin as it strives to improve its financial services capacity in order to achieve its aim to become north China's finance center.

CIPEF: leading the way in funding innovation

By XIAO RONG

The China International Private Equity Forum (CIPEF), co-hosted by Tianjin Municipal People's Government, the All-China Federation of Industry and Commerce and the Association for Corporate Growth (ACG), has been held three times. It is now the largest and most influential event focusing on the field of investment and financing in China.

Latest statistics shows that this year's CIPEF has attracted 6,300 attendees from 2,172 enterprises, 608 investment institutes and 442 intermediaries. In the previous two CIPEFs, 8,238 financing deals were reached.

Capital connection

CIPEF organizing committee has established close ties with its international counterparts, as well as set up partnerships with Chinese local governments, and federations of industry and commerce.

The former three CIPEFs have constantly improved the business model centering on speed dating, capital connection and capital transactions.

Improved environment

Tianjin International Financing Services Co Ltd (IFS) was jointly founded by the three hosting organizations before the 1st CIPEF. After the 2nd CIPEF, IFS set up branches in Shenyang and Shenzhen. Specializing in organizing conferences, facilitating transactions and

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exploring the market, IFS is currently the largest domestic platform offering an international standard service to clients from all over the world.

IFS built the largest domestic portal site: International Financing Services Website (www.pe-fund.com) and database system covering 43,686 enterprises, 2,271 intermediaries and 1,131 investment institutions.

It serves as an on-demand international platform for services trading, data management and financial information.

China industry leaders initiated the first equity funds association in China, the Tianjin Private Equity Association (TJPEA) in Sept 2009. TJPEA, China Mergers and Acquisitions Association (CMAA) and Tianjin Venture Capital Funds Association cooperate closely in self-regulation to ensure their own efficient and smooth development.

The Tianjin Municipal Government, implements preferential policies regarding industrial and commercial registration and taxation, in order to foster a favorable atmosphere for enterprise growth and a prosperous equity investment industry.



Attendees at the CIPEF make use of the mechanism to establish connections and engage in transactions.

Forum helps enterprise financing

By XIAO ZHENG

The previous three China International Private Equity Forums (CIPEF) focused on setting up an efficient mechanism for capital transactions.

The three hosting parties of CIPEF are Tianjin Municipal People's Government, the All-China Federation of Industry and Commerce and the Association for Corporate Growth (ACG).

The organizing committee has established close ties with

its international counterparts, as well as set up partnerships with Chinese local governments, and federations of industry and commerce.

It will periodically hold conferences and activities of CIPEF in Tianjin, in order to continue to support the subjects of investment and financing, such as investment institutions, intermediaries and SMEs.

CIPEFs have improved the business model centered on

speed dating, capital connection and capital transactions.

Through examining the means by which SMEs accumulate capital for development, it has formed the CIPEF's value chain on the basis of market-oriented service, internationalization and branding.

This is not only a major innovation accomplished by Tianjin, but also an innovation model for market linkages and interactions between Chinese business and financial institutions.