

## Catalyst, OneGate set up \$150m Chinese-Israeli JV The China Israel Technology Fund Management Company will also raise a second \$150 million offshore fund.

11 December 2011 **Batya Feldman**

Israel's [Catalyst Investments LP](#) and Shanghai-based private equity fund [OneGate Capital](#) have secured the first closing of a joint venture China Israel Technology Fund Management Company of RNB 1 billion (\$150 million). The joint venture comes four years after the previous fund of Catalyst, a subsidiary of [Cuckierman & Co.](#) The companies announced the partnership at the first closing fund during a signing ceremony in Chengdu last Thursday. The Sichuan Chengdu Aba Development Industry has anchored the new fund with a RNB 300 million investment.

The China Israel Technology Fund Management Company will also raise a second \$150 million offshore fund. The China Israel Technology Fund Management Company will be based in Shanghai and Tel Aviv and will be jointly managed by executives at OneGate and Catalyst. It will combine OneGate's network and experience in China with Catalyst's successful track record investing in Israeli and European technology companies. Chinese companies will benefit from Israel's technology and IP, and Israeli companies will gain access to the dynamic Chinese market.

The two funds will focus on cleantech, agritech, advanced manufacturing, next generation IT, and other sectors where Israeli companies outperform, and which comprise the "seven emerging strategic industries" in China's 12th Five-Year Plan. OneGate and Catalyst will facilitate joint ventures, licensing agreements, and outbound M&A on behalf of the Chinese companies they invest in. By leveraging relationships with the Chinese government, local regulatory knowledge and resources, the firms will also help Israeli companies expand into China.

Israeli ambassador to China Amos Nadai, Chengdu Party Secretary Huang Xin Chu, and Yair Shamir were present at the signing ceremony.

"The partnership will help expose Chinese and Israeli companies to new technology and markets," says Catalyst managing partner Yair Shamir, the former chairman of [Israel Aerospace Industries Ltd.](#) (IAI) (TASE: [ARSP.B1](#)) and [El Al Israel Airlines Ltd.](#) (TASE: [ELAL](#)). "China and Israel have a common interest in developing renewable energy, clean technology and other products and services that will improve the lives of their citizens. We look forward to using our experience and resources to support companies in these sectors."

Huang Xin Chu said, "We are very pleased to sponsor this fund in Jintang and believe it will bring Chengdu world class expertise from Israel in science and technology."

*"Globes": What are you seeking in China?*

*Hagay Ravid:* "We began the process six months ago, and decided to focus on two countries: Russia and China, where we believe we can bring added value. We began looking for a Chinese partner and met several firms, but the most successful hook-up was with OneGate Capital, which manages \$150 million. Two months ago, we received the green light from their side, too."

Ravid said that the new fund will offer a new model. "We won't manage the fund in parallel, like other players in the market. We're offering a model of two funds, with a common management and investment council, so that we can invest in companies at different stages from the R&D through the late stage. We believe that these joint capabilities will work. We'll soon start making investments from the first fund and then we'll start raising another \$150 million for investment in R&D companies."

Shamir added, "The Chinese team will locate Chinese companies interested in Israeli technology. The Israeli team will locate technology companies that want to successfully enter the Chinese market."

Shamir said, "The new fund will invest in companies in sectors that the Chinese government has marked as having national importance: cleantech, water, and agriculture."

*Which Israeli companies will be suitable?*

"Late-stage companies with a foothold in China that want to expand operations; companies that want to reach markets in China, as well as young companies with technology of interest to Chinese corporations. We believe that together we can connect companies with customers, create relevant collaborations, and even find Chinese companies that want to acquire Israeli technology companies. I believe that everyone will profit from this model."

OneGate managing partner Doug Bradley said, "We believe that the partnership between OneGate and Catalyst will benefit high-growth companies across China and Israel. The new venture will provide leading Chinese companies with the know-how and expertise of the well established Israeli tech sector, and allow Israeli companies to access the Chinese market. Israel is strong in China's seven emerging strategic industries as outlined in the 12th Five Year Plan."

Catalyst's investments include [Orckit Communications Ltd.](#) (Nasdaq: [ORCT](#); TASE: [ORCT](#)), PowerDesign (acquired by Microsemi Corporation (Nasdaq: [MSCC](#))), Scopus Video Networks (acquired by [Harmonic Inc.](#) (Nasdaq: [HLIT](#))), and Omrix Pharmaceuticals (acquired by Johnson & Johnson (NYSE: [JNJ](#))). It raised \$100 million for its previous fund in 2007.