

China Everbright, Catalyst in Israel-focused private equity fund

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Oct 30 (Reuters) - China Everbright Ltd (CEL) and Catalyst Equity Management have agreed on a joint venture to establish a private equity fund that will invest in Israeli companies.

The fund will primarily target mid-to-late stage companies with proven innovation, whose growth strategy includes expansion in China or companies that produce products that have significant commercial potential in China, the companies said on Wednesday.

The fund is seeking to raise \$200 million and has the option to increase up to \$300 million. For the first closing, expected in the first week of January, CEL will commit up to \$75 million as seed capital.

"We expect to have investors from all over the world," Catalyst managing partner Alain Dobkin said, adding that the fund expects to make around 10 investments.

CEL Chief Financial Officer Richard Tang said Israel is the first country outside of mainland China in which the company is focusing investment.

"We see great potential in Israel as a country," Tang told Reuters. "We see a lot of opportunities in water, telecommunications, technology, manufacturing, healthcare and medical equipment. Those can be linked to demand in greater China."

A few months ago CEL made a small investment in a medical equipment-related company in Israel but Tang did not disclose details.

"That only strengthened our confidence in the Israeli technology sector," he said.

Chen Shuang, CEL's chief executive officer, said China's outbound investment has been growing quickly in recent years but is still at a very low level compared to the size of China's economy.

Edouard Cukierman, chairman of Israel's Catalyst, said China is a natural market with enormous demand for all that Israel has to offer.

CEL is a subsidiary of state-owned China Everbright Group, one of China's largest financial conglomerates. (Reporting by Tova Cohen)