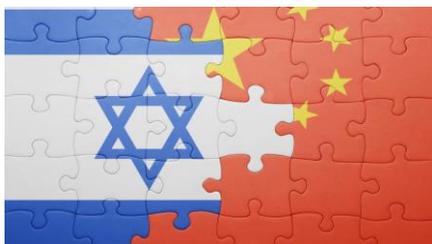


Year of the Monkey rings in first Israel-China equity fund \$200m to be invested in mature Israeli companies in manufacturing, agriculture, healthcare, water, energy, technology, media and telecommunication.

By [Abigail Klein Leichman](#) FEBRUARY 11, 2016, 8:30 AM



As China rings in the Year of the Monkey this month, the ever-growing China-Israel bond just got \$200 million stronger via investors in the [Catalyst CEL Fund](#), the first dedicated Israel-China private equity fund.

Catalyst CEL is a partnership between Tel Aviv-based multi-fund firm Catalyst Private Equity and China Everbright Limited (CEL) of Hong Kong.

“Our vision is to support the growth of innovative Israeli companies across a variety of industries and the establishment of their activities in China, a global growth market,” said Yair Shamir, cofounder and managing partner of Catalyst and managing partner of Catalyst CEL Fund.

Shamir and Catalyst partners [Edouard Cukierman](#), Alain Dobkin, Boaz Harel, Dorothee Moshevich and Olga Bermantare focusing on mature companies with proven game-changing products and a global presence in sectors such as manufacturing, agriculture, healthcare, water, energy, technology, media and telecommunication.

“For example, if we find an interesting agri-tech company that has a unique food safety solution, we will look at it,” says Shamir, who was Israel’s minister of agriculture from 2013 until 2015 and chaired companies including Israel Aerospace Industries and El Al, Israel’s national airline.

“Equally, we might look at a water-tech company whose technology improves quality of life in urban areas by providing better access to fresh water. We are looking for real game-changers that will have significant impact,” Shamir tells ISRAEL21c.

“Our intention is to make meaningful investments, with a typical ticket size between \$10 million and \$15 million. However, with the help of our co-investors we are able to also participate in significantly larger investment rounds.”



The Catalyst CEL Fund team in Tel Aviv. Photo by Dror Sithakol

At its first closing in April 2014, Catalyst CEL Fund invested in Lamina Technologies, an Israeli-founded, Swiss-based maker of sub-micron, precision metal-cutting tools. In January it announced an investment in a cutting-edge 3D printing company.

“We believe the future of Israeli technology is in the East. Already today we see that both India and China are becoming important go-to markets for Israeli entrepreneurs,” says Shamir.

Investments will not be limited to Israeli companies already operating in China, however. “If they already have a clear plan for China, that is a bonus for the company and for us. Our Chinese partner, CEL, has strong relationships across a wide variety of sectors in China, from financial services to many different industries. As a team, we are leveraging these relationships for the benefit of our portfolio companies.”



Catalyst Fund cofounder and managing partner Yair Shamir. Photo: courtesy

More than half of the \$200 million pot is made up of investments from China.

“We are very gratified to have reached our capital raising target and to have raised significant capital from many new investors including leading Chinese institutional and strategic investors as well as leading investors from Israel, North America and Europe,” said Dobkin.

A recent downturn in the Chinese stock market, caused mainly by an investment bubble in real estate and technology, works to Catalyst CEL’s advantage, Shamirsays.

“When the bubble burst, Chinese investors started to look for investment opportunities outside of China and with reasonable prices, like Israel. Of course there is some weakness in the Chinese market; America is buying less and production is going down, but the Chinese will adjust,” says Shamir. “It’s just a question of money and effort. They are very smart and capable people and they have the tools to see the decisions they make become reality.” Cukierman underscored that point in an interview with i24 News. “Although there are challenges that China is facing ... overall it is still a growing economy with a huge potential for future growth. The country is no longer focused on being the world’s manufacturer with low prices. ... There are many opportunities in healthcare, telecom, and services like environmental issues that China is grappling with.”

Over the last four years, China has invested \$10 billion in Israeli companies, Cukierman added, “and today there are more Chinese investors than American investors coming to Israel.”

Mega Chinese investments in Israel

The traffic flows in both directions. At the beginning of January, 150 corporate leaders from 85 Israeli companies met with potential Chinese investors during a [two-day event in Beijing](#) organized by the Israeli Ministry of Economy and Industry. “Economic relations between Israel and China are constantly strengthening,” said the ministry’s director general, Amit Lang. “The Beijing conference is a natural extension of increasing economic activity between the two countries and will give investors a chance to get to know and connect with promising Israeli companies from different fields.”

Israel has economic attaches in Shanghai, Beijing, Guangzhou and Hong Kong.

“Israeli companies are well positioned for China’s macro developments and the ongoing domestic technological upgrade,” said Shengyan Fan, head of mergers and acquisitions at CEL and a managing partner of Catalyst CEL Fund. “We hope that our fund will encourage more Israeli companies to consider China a key growth market as well as a potential place for public market exits.”

Shamir and his partners meet regularly with the fund’s staff of 20 in Hong Kong or in Tel Aviv. “We work very closely as a team and share our responsibilities. Both sides of the team are excited for the many interesting investment opportunities we see in the market and for the huge business potential between China and Israel.”

Catalyst CEL is planned to be active through 2026.

<http://www.israel21c.org/year-of-the-monkey-rings-in-first-israel-china-equity-fund/>