



(All photos courtesy First Israel-China Fund)

China is calling

» By Edouard Cukierman

Recently, we were all thrilled by the sale of Mobileye to Intel for more than \$15 billion, but not many know that the Chinese were part of that success. In 2013, the Chinese investment firm Sailing Capital invested 75 M\$ in an investment round that raised \$400 million. We are proud to be part of this success as well: Catalyst was the only Israeli VC fund to invest in Mobileye, and Yair Shamir represented the Catalyst Fund on the board from 2011.

The Chinese have become a major player in the Israeli economy. For more than 60 years, the local economy was oriented towards US and Europe, our main export markets and main source of finance for hi-tech companies. But then came the sub prime crisis and everything that ensued.

The visit of the Prime Minister Binyamin Netanyahu in China in such a complicated period is a testimony of the importance of the relation with China for the state of Israel.

While that was happening, the Chinese economy leapt forward and is now ranked as the second-largest economy in the world, with a GDP of \$11.546 trillion, compared to the GDP of the US that amounts to \$19.4 billion. With an annual growth rate of 6% to 7%, China is slated to supersede the US economy and become the world's largest economy in the coming years.

Such a large economy is interested in playing a role beyond its borders, but things are not so easy. Many are fearful of the rising strength of China, and the increasing tensions in US-Chinese relations are a symptom of that.

Europe is also somewhat apprehensive, while cultural and linguistic differences also serve to exacerbate an already strained relationship.

Consequently, Chinese companies find it difficult at times to invest in the US and the EU. It is here that Israel can help. Israel has trade agreements with both the EU and the US, is commercially and financially accessible to the US and EU and can act as a bridge for Chinese companies to both.

The Chinese have become important investors in Israel. During the past five years, they have invested some \$15 billion. And there's more where that came from.

Businesspeople usually list the many things that separate China from the West. In Israel, we concentrate on what we have in common. The Chinese have a very high regard for the Jewish people and consider us a nation of "Einstein's" and Nobel prizes. Like the Jews, the Chinese have an ancient culture that goes back millennia. In addition, like Israel, China places great importance on education and entrepreneurship.

When I attended the recent "Chinese Davos" Conference in Yabuli, I saw how important it was for them to rear a generation of Chinese entrepreneurs. I was quite moved by the treatment I received as an Israeli. This is mainly

because Chinese businesspeople focus on business and only on business and ignore politics.

The Chinese probably won't ever give up their relationship with Arab countries, but they won't boycott Israel due to the Israeli-Palestinian conflict, either. Moreover, in their view Israel is the only stable country in the Middle East.

After decades of communism, the Chinese want to shine on the world stage. They are entrepreneurial by nature and are very determined to jumpstart their economy to the next level – from an industrially based economy to one based on IT and services. In order to succeed, they need to overcome a technological gap, and Israeli technology and innovation – which they greatly admire -- are part of the answer. In digital storage, for example, the Chinese have a lot of ground to cover. Some of the companies providing solutions in that field, such as Oracle and Cisco, are American, and the tense bilateral situation makes it difficult for the Chinese to work with them.

This is a golden window of opportunity for Israeli hi-tech companies to step in. Chinese investors are aware of the immense potential of Israeli hi-tech in a variety of fields and have invested in several Israeli tech companies. It appears that the Chinese have pinpointed Israel as a leading technological entrepreneurial hub.

It was with this in mind that in 2014 we founded the Catalyst CEL Fund, the first Israeli-Chinese private equity fund, jointly managed by the Catalyst Fund and China Everbright Limited (CEL). The fund acts as a bridge between Israeli entrepreneurship and the Chinese economy and focuses on Israeli companies with proven innovations and a global presence whose growth strategy includes expansion into the Chinese market.

We are especially keen on companies specializing in media, telecom, IT, technologies that upgrade low-tech industries, life sciences/pharma, green technologies and more. To date, the fund has invested in SatixFy, a company specializing in satellite communications; Lamina Technologies, an international manufacturer of technology in metal-cutting implements; XJET, a pioneer in 3D printing specializing in metals and Taboola, a market leader in Ad. Tech

The Chinese don't invest solely in local hi-tech. They have already made investments in cosmetics, food, Agrotech and pharma. Among those investing are mega-corporations such as Fosun, ChemChina, Brightfood, Horizon Ventures and China Everbright.

China is very interested in technologies and innovation that will address some of its major problems, namely an aging population and pollution on a grand scale.

China's new Silk Road initiative (dubbed "One belt, one road"), which retraces the old Silk Road connecting Europe and China, is another opportunity to strengthen

The exclusive Beit Lessin Tower

Work on the prestigious residential real estate project Beit Lessin Tower will start next month. Even at this stage, it is considered one of the more interesting projects in Tel Aviv because it is adjacent to Kikar Hamedina and consequently is located in one of the most desired and expensive plots of land in Tel Aviv.

The 26-story tower will be situated at the corner of Weisman and Zichron Ya'acov streets, where the famous Beit Lessin Theater once stood. It will have 54 apartments. The standard apartments will range from 80 to 220 square meters. All apartments will have terraces ranging from 8 square meters for the smaller apartments to 22 square meters for the large apartments. In addition to these apartments, several split-level 260+-square meter apartments are planned, with 75-square meter terraces. In addition, there will be large 400-square meter apartments covering an entire floor, and a spectacular 600-square meter penthouse on the two top floors with a rooftop swimming pool.

The project is being developed by GF Real Estate, under the management of Eyal and Tal Friedman. It is designed by MYS Architects, while the design of the public areas is the responsibility of architect Pitsou Kedem and interior decorators Irena Goldenberg and Sigal Baranowitz.

On the second floor there will be a spa and fitness room, with an adjacent open terrace. The swimming pool area will be on the floor above. It will be surrounded by glass walls, which will afford swimmers a view of the stunning urban views.

Israeli-Chinese economic ties. Israel may also benefit from Chinese involvement, for instance, in infrastructure – an area in which the Chinese are considered the best and most efficient in the world. The Chinese have also shown interest in the local energy sector.

The writer is chairman of Cukierman Investment House and managing partner of Catalyst CEL, the first Israel-China fund.