



CATALYST CEL Fund managing partners
Shengyan Fan and Yair Shamir. (Photo by: MITTI
CHAYON)

Synergy grows between Israeli hi-tech and Chinese marketplace

By SHARON UDASIN
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Investment, merger and acquisitions manager Shengyan Fan visits this week.

Ever since she began visiting Israel in 2013, Chinese investment manager Shengyan Fan recognized the enormous opportunities for collaboration between Israeli innovators and Chinese investors.

“Even then, we felt that there was a lot of potential synergy between the technology coming out of Israel and the fast-growing marketplace in China – the economic transformation happening in China,” she told The Jerusalem Post on Wednesday while in Tel Aviv.

Fan, managing partner of the Israeli-Chinese Catalyst CEL Fund and head of the merger and acquisition department at China Everbright Ltd., is in Israel this week as the fund announces its latest investment in the Israeli company Eloxx Pharmaceuticals.

With Chinese investors eager to improve their understanding of Israel and its business culture, Fan said she expects interest in Israeli hi-tech firms to continue gaining traction.

“In China, I definitely think there is a growing attention or focus on the Israeli technology companies,” she said.

“We are seeing more people looking for opportunities.”

The Catalyst CEL Fund is an Israeli-Chinese venture jointly managed by the Tel Aviv-based Catalyst Equity Management and the Hong-Kong based China Everbright Limited, the largest overseas financial services platform of the state-owned China Everbright Group. Catalyst Equity Management is run by founding and managing partners Edouard Cukierman and Yair Shamir, who previously served Israel's agriculture minister, among other government positions.

This week, Catalyst CEL Fund announced its fifth investment, in the Rehovot-based Eloxx Pharmaceuticals, a clinical stage company that develops therapeutics for genetic diseases. Catalyst CEL Fund is one of the lead investors in the company, together with Israeli life sciences venture capital fund Pontifax and other players, in a \$24 million investment round.

"We have been focusing on hi-tech related investments," Fan said. "Our investments are not that big but we believe that they have huge potential in China or elsewhere in the world."

Since establishing the Catalyst CEL Fund with her partners in 2014, Fan said she has observed a continuous growth in Chinese investors coming to Israel.

"I personally noticed that there are many more business travelers every time I come to Israel," she said.

In addition to the increasing pool of smaller-scale Chinese investors, Fan stressed that large Chinese corporations are also making their way toward the country, in fields like the consumer sector and the chemicals industry.

In keeping with this trend, Calcalist on Tuesday reported that the Chinese government would be setting up a \$440m. investment fund for Israel's hi-tech sector, the first of three forthcoming funds at a total of more than \$1b.

The Hong Kong-based Compass Ventures General Group, chaired by Israeli Ronen Dagon, would be managing the first fund, according to the Calcalist.

Globes's financial news site, meanwhile, reported on Tuesday night that another fund in the Chinese private sector would be investing \$100m.

in Israeli start-ups. The new fund, called MizMaa Ventures – a combination of the Hebrew words for east and west – began operating under the radar about a year ago, through funding from three wealthy Chinese families, the Globes report said.

Shamir, who also serves alongside Fan as a managing partner at the Catalyst CEL Fund, stressed that the relationship between China and Israel can be reflected in the Israeli government's policy in recent years.

"The beauty about doing business in China is, first of all, that the communication between the Israelis and Chinese is so easy," he told the Post. "I think the Chinese [people] coming even as a tourists feel much more comfortable here than elsewhere."

Unlike in the United States or in Europe, business deals made between Israeli and Chinese entrepreneurs are not intertwined with political agendas, Shamir explained.

While Israeli and Chinese businessmen and women may have significant differences, their attitudes fit together in a complimentary manner, he said.

"We are so different from each other – it's like the ant and the elephant," Shamir added. "We are not a threat to any Chinese company or corporation. We see, as the ant, the opportunity that we are dealing with the elephant.

He can take us, protect us, give us food and so on. There is a synergy here – technology and markets."

As far as Catalyst CEL Fund's latest investment is concerned, Fan said that she and her colleagues chose Eloxx Pharmaceuticals due to both the company's high potential and the resultant opportunity to enter the biotechnology space.

“We felt that healthcare-related biotech is also an area Israel is very known for,” Fan said.

Eloxx focuses on treating patients who suffer from rare genetic diseases caused by “nonsense mutations,” which prompt the transcription of premature “stop codons” and result in an incomplete or truncated protein product.

In particular, the company is working on developing treatment solutions for the genetic diseases cystic fibrosis and cystinosis, a joint statement from the firm and the investors said.

While Fan said she expects Eloxx to be a very successful investment, she also emphasized the potential impact that the company’s treatment methods could have on a wider global population.

“This drug will benefit lots of people who suffer, especially young kids who suffer from these rare conditions,” she said. “It will make a change to society as well.”

Eloxx is the fifth investment made by Catalyst CEL Fund, following those in carbide metal-cutting tools firm Lamina Technologies, inkjet- based 3D printing company XJet, online content discovery platform Taboola and satellite communication firm SatixFy.

“The fun is the diversifying,” Shamir said, adding that this process enables investors “to get an appetite of all Israel has to offer.”

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