
City gets 1st PE venture after rules eased

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Author:Pan Xiaoyi

CARLYLE Group and Fosun Group yesterday received a business license for their private equity joint venture, the first to be registered in Shanghai after China in March simplified registration process for overseas investors to form local joint ventures.

China enacted a new rule on Monday that exempted foreign companies from applying to the Ministry of Commerce to form joint ventures in non-restricted industries in the country. They can apply directly to local authorities for approval.

"The partnership between Carlyle and Fosun will inject a new vitality to Shanghai as it aims to become a global financial hub by 2020 as the new rule has facilitated the development of foreign private equity firms in China," said Chen Xuejun, deputy director-general of the Shanghai Administration of Industry and Commerce.

The two partners signed an agreement for the venture late last month with an initial pledge of US\$50 million each to invest in China's high-growth companies.

A Shanghai government official has disclosed that four other global PE giants, which have already set up general partnership companies in Shanghai, also inquired about the new rule. As foreign firms showed interest, local business-registration authorities yesterday said they are studying new policies to boost the healthy development of PE in Shanghai.

The city has issued a series of preferential policies such as tax breaks, subsidies and cash incentives to boost the PE industry, especially in Pudong New Area where it has provided benefits of up to 15 million yuan for PE investors who set up funds or management firms in the district.

By the end of January, 17 foreign PE firms had set up joint ventures in Shanghai with a total registered capital of US\$81.47 million.