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The Guangdong High-Tech Service Zone for Financial Institutions is set to become China's leading cluster for private equity and venture capital as well as for regional headquarters of financial institutions, local officials say.

Guangdong financial zone seeking investment from England

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The Guangdong provincial financial affairs office, the Foshan city government and the development and promotion bureau of Guangdong High-Tech Service Zone for Financial Institutions will jointly organize a seminar in London on Dec 10 to promote business opportunities inside the provincial zone.

The seminar, to be held at the London Stock Exchange, will include representatives primarily from the China-Britain Business Council, the Chinese Embassy in the United Kingdom, financial institutions and financial service outsourcing companies in the UK.

The Guangdong delegation will mainly consist of senior officials with the provincial financial affairs office, the Guangzhou branch of the People's Bank of China, and the provincial regulatory bureaus of banking, securities and insurance, as well as the Foshan city government.

Organizers aim to seek opportunities to forge closer cooperative ties with the financial circle in Europe and learn from the international financial

hub of London while promoting the investment climate of the zone.

"We hope to draw financial institutions and professionals in the UK, and in Europe as well, to the provincial high-tech zone and set a higher benchmark for the future development of the zone via the promotional seminar," said Liu Wei, deputy mayor of Foshan.

"We promise to offer efficient and excellent services to them."

Foshan has poured significant investments into the zone since it was founded in 2007, and the zone, with developed infrastructure and public facilities, has become one of the largest and best bases for financial back-office service, Liu said.

"The zone is also positioned to become China's leading cluster for private equity and venture capital firms as well as for regional headquarters of financial institutions," he said.

The deputy mayor said that Foshan has laid a strong industrial and economic foundation for the development of the financial industry, and that growing international cooperation is improving the climate for the sector.



Hu Chunhua (fourth from the left), Party chief of Guangdong province, learns about the zone's development at a sand table model during his inspection visit to Foshan.

Foshan's GDP was \$110 billion in 2012, and the city's financial scale has occupied the third position in Guangdong in recent years.

Its deposit balance was \$181.3 billion, or \$25,000 per

capita, by late September, official statistics indicate.

Foshan ranked the eighth in comprehensive competitiveness and the fifth in the business environment among 293 cities on the mainland and in

Hong Kong, Macao and Taiwan, according to the 2012 Blue Book on City Competitiveness in China issued by the Chinese Academy of Social Sciences.

Local governments have

launched several promotional campaigns for the zone in big cities in China and abroad since 2008.

Prior to this year's event in London, they held similar seminars in New York, Tokyo,

Singapore, Hong Kong and Beijing, averaging one big campaign per year since 2008.

The previous promotions have helped to make the zone better known and have made it possible for the zone to forge more extensive cooperation with domestic and overseas financial institutions, the official said.

They have also resulted in the inflow of investments of renowned financial institutions including France-based Capgemini Group, Singapore-based Essex Group, China Everbright Bank and China Merchants Bank.

Located in this Pearl River Delta city's Nanhai district, a next-door neighbor of Guangzhou, the provincial capital of Guangdong, the zone enjoys convenient traffic to any of the delta cities.

The zone is only a 15-minute drive from the Guangzhou South railway station, which is Guangzhou's terminal for express trains and intercity rails, and 35 minutes from the Guangzhou Baiyun International Airport.

And it will take less than one hour to reach Hong Kong once the new express train between Guangzhou and Hong Kong is in service in the near future.

Zone becoming better place for businesses

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An improving investment climate, strategic development positioning and ceaseless promotions combine to enhance the allure of the Guangdong High-Tech Service Zone for Financial Institutions to potential investors.

Despite the global economic doldrums and domestic competition, this zone in Foshan, Guangdong province pulled in 25 gigantic investment projects, with their combined registered capital or funds raised reaching 11 billion yuan (\$1.81 billion) in the past 11 months of this year, official statistics indicate.

To date, a total of 134 renowned financial companies, including those based in the United States, France, Japan, Singapore and Hong Kong have invested in the zone, with their aggregate capital inputs topping 37.5 billion yuan. They include the projects funded by the People's Insurance Co (Group) of China Ltd, China Guangfa Bank, IBM, Fujitsu, HSBC, KPMG and AIA.

These companies are engaged in such fields as banking, insurance, securities, service outsourcing, private equity, venture capital, fund-raising and leasing.

Seventy-nine of them specialize in private equity, venture capital, fund-raising and leasing services, with their capital reaching 18.8 billion

yuan, and they have mobilized more than 10 billion yuan worth of social capital for several industrial platforms, including the province's city-type industrial base, official sources said.

And more than 100 projects, including the People's Insurance Co (Group) of China Ltd southern information center, a Fujitsu data center, a business process outsourcing center for France's Capgemini Group and an IBM service outsourcing center, are in operation, taking in more than 10,000 middle- to high-ranking professionals.

In addition to the promotional efforts and advantageous investment climate, an official with the zone's administrative committee attributed the success in seeking investors much to the strategic development positioning of the zone.

"The zone is positioned both as a backup base for the financial industry in the Asia-Pacific region and as a center of industrial finance in Guangdong province," said Deng Lianbin, deputy director of the investment bureau under the zone's administrative committee.

"The dual positioning pattern enables the zone to develop both the back-office and front-office operations and lays a sound foundation for the development of innovative financial projects," he said.

As a result, the zone has mustered up such centers for data processing, real-time call answering, disaster recovery,



AIA Asia-Pacific Support Center began operation at the zone in early September.

ery, training and R&D, with a growing number of front-office operations, such as private equity and venture capital firms following suit.

A financial eco-system integrating finance, technology and manufacturing industry is taking form in the zone, industry observers said.

"The zone has become a leading base for financial backup service nationwide; and its position as a backup service base for modern financial industry with influence felt across the Asia-Pacific region has taken shape," he said, adding that the zone has won such honors as China's best base for financial service outsourcing and China's outstanding zone for software and service outsourcing.

Deng said that the zone is working hard to become a

State-level experimental zone for integrating finance and technology as well as industrialization.

The zone is also seeking the opportunity to be accepted into the Guangdong-Hong Kong-Macao Free Trade Zone, which is still waiting for the go-ahead from the State Council.

Entry into the trilateral free trade zone would mean more favorable policies for the provincial high-tech service zone. The status will enable the zone to secure more international backup institutions and financial service outsourcing firms as well as to forge more extensive relationships with the global financial circle and carry out on pilot basis businesses like foreign currency settlement, product innovation and offshore business, the official said.

Financial innovations fuel enterprises in South China

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The over-the-counter market of Guangdong High-Tech Service Zone for Financial Institutions went into operation in late October.

The third of its kind in Guangdong province, the zone's OTC market targets growth enterprises, such as SMEs, mini-enterprises, innovation-driven enterprises, technology-intensive companies, publicly held firms and those under share reform in high-tech industrial zones throughout the province.

The other two OTC markets in Guangdong are located in Guangzhou and Shenzhen, respectively.

The OTC market trades in bonds in addition to serving as a stock exchange. Market participants trade via such forms of communication as telephone, email and proprietary electronic trading systems.

So far, 217 enterprises throughout the province, including those in the cities of Guangzhou, Foshan, Zhongshan, Zhaoqing, Jiangmen, Qingyuan, Shaoguan and Yangjiang, have registered at the zone's OTC market in an attempt to raise funds exceeding 3 billion yuan (\$492.3 million), according to a report released recently by the zone's administrative committee.

Operation of the OTC market signals the involvement of the zone in the financial core of the capital market and marks a milestone in the financial development of the zone as



The civil financial street provides an investment channel for private capital in the Pearl River Delta.

well as the city of Foshan, the report said.

The zone's OTC market aims to have 300 enterprises registered by the end of this year and 500 by the end of 2014.

Also, the zone administration launched a non-governmental financial street in July, the second of its kind in the province, setting up a non-governmental financing platform for the city of Foshan and even for the whole Pearl River Delta region, the report said.

More than 50 financial and service institutions, including 14 micro-credit companies, have signed contracts to open businesses there, pooling more than 4 billion yuan social capital and raising funds of 2.2 billion yuan for SMEs and mini-enterprises, a boon for more than 3,000 enterprises and self-employed businesses, according to the report.

Operation of the non-governmental financial street helps to boost the integration of finance, science and technology and industry, analysts said.

"It helps to revitalize the colossal social capital, while enabling SMEs and mini-enterprises to gain easier access

to credit, which would be otherwise harder from traditional financial channels," they said.

Official statistics indicate that Foshan had 336,000 private-sector enterprises in late 2012, making up 95 percent of the city's total registered firms, while the city posted a deposit balance of 921.68 billion yuan and residents' savings of 480.71 billion yuan.

Anyway, fewer than 30,000 SMEs or mini-enterprises can access bank credit, or less than 10 percent of the total number.

The non-governmental financial street plans to have 150 financial outlets and pool 10 billion yuan worth of social capital by 2015, the report said.

In addition to the key financing platforms, Guangdong High-Tech Service Zone for Financial Institutions has also made evident headway in major financial back-office projects and high-end front-office operations, according to the report.

It cited the projects funded by KPMG, China Pacific Insurance (Group) Co Ltd and the Swiss Kuehne & Nagel Group as successful examples of the back-office operations.