Recent Business Highlights

Environment project kicks off aiming at building local awareness and capacity; Five more mandates signed with Sichuan SMEs to provide investment services; and CPDF initiates an International Accounting Standard audit of a Chengdu bank.

Visitors To CPDF

Important Canadian delegation, Shannon Atkeson, Patrik Lund, Leo Seewald and Brenton Siviour

People Among Us

Yao Luo, Capacity Building team assistant fond of gardening and cooking.

News From The Region

Private firms expected to enjoy an environment of fair competition in Sichuan; Fourteen key projects starts in West China with investment of US$15 billion; and Minsheng Bank allied with Chamber of Industry and Commerce to support private sector.

Coming Up Soon

CPDF will fund study/review on several key business sectors in the region; Workshops to be held for local credit guarantee firms outside Chengdu; and First meeting of CPDF Coordination Committee planned in end of April.

Recent Business Highlights

Capacity Building (CB)

CPDF launches its environmental program to raise SME awareness and build local capacity...

The kick-off meeting for Sichuan Environmental Capacity Building Project was held on March 20, attended by representatives from both CPDF and Ramboll, a consulting company from Denmark that will work with CPDF for the implementation of this initiative. Close collaboration is anticipated with DFID’s corporate social responsibility program in China. The nine-month project, funded by the Danish Government and expected to be completed through January 2004, covers three major areas: (1) raising awareness of local SMEs and increase their market competitiveness by improving these SMEs’ environmental performance; (2) providing classroom and on-job training to local social, environmental, health and safety (SEHS) consultants to increase the supply of consulting services in this regard; and (3) collaborating closely with Sichuan Government’s environmental enforcement agencies to strengthen their capacity and promote best practice SME cases.

CPDF invites Australian veteran consultant to work with local firms and their SME clients...

Mr. Brenton Siviour from Australia’s Mckessar Tieleman and the CPDF team working on Business Performance Improvement Program (BPIP), spent ten days between March 26 and April 6, to pay
individual visits to the five local partners participating in the program and sit together with their SME clients to discuss management issues and develop business strategies for them. The trip was part of the BPIP implementation plan, aiming at transferring advanced international consulting methodology to Sichuan consulting firms, selected by CPDF, to build local business service capacity for SMEs. The five firms working with CPDF have so far successfully obtained eight consulting contracts from local SMEs and total consulting fees exceeding Rmb3,300,000 (US$400,000). (news contributed by Qing Lu, BDO with Capacity Building team)

**Investment Service (IS)**

**CPDF co-sponsors the largest investment forum in Sichuan Province since this year…**
CPDF, together with West China Investment Consultants LLC (WCIC) that manages IFC-invested Sichuan SME Investment Fund, and Sichuan Provincial Investment Promotion Bureau, jointly sponsored this Forum that was held on March 25. Over 340 SME owners, managers and government officials from all over Sichuan, including several remote counties, attended the one-day investment conference, the largest in the region this year. Eric Siew, General Manager of CPDF, Jinchang Lai, Head of Financial Sector and BEE, and Irina Niederberger, Head of Capacity Building, made respective speeches to an eager audience on IFC’s Strategies and CPDF’s Operation in Sichuan, SME Debt Financing and How Good Corporate Governance Practice Benefits SMEs.

**CPDF inks five IS mandates to offer financial and business advisory services to local SMEs…**
On April 14, CPDF signed two more investment service mandates with Chengdu Tian Xin Yang Gold Co., Ltd, a local firm primarily engaged in wholesale and retail activities of jewelry and ornament products made of gold and platinum, and Ally High-tech Co., Ltd, an environmental technology company focusing on waste water treatment and gas separation, bringing to 12 the total number of investment advisory contracts by CPDF. Coincidently, the two companies are all run by local women executives who have seen their businesses grow rapidly and are now seeking our assistance for further expansion. Before that, within just ten days from March 17 to 26, CPDF inked three IS mandates in a row with local SMEs, including Guanglin Technology Industry Group Ltd specialized in production of low- and medium-voltage switchgears, Zhongrun Environmental Protection Industry Co., Ltd making starch-based photo and biodegradable plastics, and Chengdu Shiyun Paper Products Co., Ltd, a leading manufacturer of recycle paper products, such as cups, bowls and meal boxes. CPDF intends to provide technical assistance to these companies to improve their operational performance and, as a result, raise finance needed for their growth. (news contributed by Quan Chen, Hui Liu and William Beloe, BDOs with IS team, as well as Rong Chen, BDO with Capacity Building team)

**Financial Sector (FS)**

**CPDF engages PwC to conduct IAS audit on CCCB, a key partner in local financial sector…**
This is a part of CPDF’s overall technical assistance (TA) to this largest local SME lender - Chengdu City Commercial Bank (CCCB), and the partnership between CPDF and CCCB has been further strengthened by launching this project. Through CPDF’s previous training in credit assessment and workshop on SME lending, the senior management team of CCCB has acquired a good understanding of the need for an international accounting firm to examine its books and to further upgrade its internal controls. International Accounting Standards (IAS) Audit is a new concept to CCCB, which just completed its first capital increase from Rmb420 million to Rmb1.2 billion last month. It is the right time to start the project to enable CCCB to begin next-phase strategic development. A joint team from Pricewaterhouse Coopers (PwC) Shanghai and PwC Oslo offices will be conducting this audit and TA, respectively. The Funding for the project comes from Norwegian Agency for Development Cooperation (NORAD). (news contributed by Wenfang Chen, Financial Sector Specialist)
Visitors To CPDF

Mr. **Joseph Caron**, Canadian Ambassador to China, visited the CPDF Office on March 27 along with an important delegation, including Mr. **Jeff Nankivell**, Counsellor and Head of CIDA Beijing Office, and Mr. **David Hamilton**, First Secretary (Commercial). Eric Siew, GM of CPDF, briefed the Ambassador on the progress of ongoing projects in the region, in particular the Corporate Governance Program partially funded by the Canadian Government.

Ms. **Shannon Atkeson**, Investment Officer with IFC’s Beijing Office, met Eric Siew, General Manager of CPDF, on March 31 to discuss possible involvement by CPDF in helping an IFC client, Leshan Scana, to develop a community outreaching program, following a couple of meetings between IFC/CPDF and the Leshan-based company.

Mr. **Patrik Lund**, a Swedish consultant from Ramboll and expert on environmental impact assessment, water and sanitation, health and safety training programs came to Chengdu from middle of March through early April o help prepare for the kick-off of CPDF’s Environmental Capacity Building Project.

Mr. **Leo Seewald**, Canada-registered lawyer from Goodmans, a Canadian law firm and a strategic partner with CPDF for its Corporate Governance Program, spent two days in Chengdu in the second half of March to review with CPDF staff the current progress of the program and discuss project plans in the coming months.

People Among Us

Ms. **Yao Luo** (Laurel) joined CPDF in January 2002, after she worked, as secretary to General Manager, in a local communications company for two years. She also had one year’s working experience with an IFC-invested plantation timber product manufacturer in Leshan for one year. When not working, she likes growing flowers and plants, and cooking her favorite dishes. Yao was born in Leshan, a beautiful old town with the famous Grand Buddha statue. If you want to take a tour in Leshan, she must be a good guide as she not only has many stories to tell about the Buddha and temples around the place, but also knows the best place to taste spicy food.

News From The Region

**Business – Sichuan continues to nurture fair competition environment for non-state firms…**

According to deputies of Sichuan Province to the 10th National People’s Congress in Beijing in March, non-state investment on fixed assets in Sichuan have saw remarkable increase recently, reaching Rmb7.03 billion (US$850 million) during the first two months of this year, a jump of 67.4% from that of last year and 51.3% higher than the growth rate of state investment. Sichuan Government has pledged to continue
to engage in creating an environment of fair competition for non-state enterprises in terms of investment, tax revenue and foreign trade policies, and to give an end to systematic barriers to encourage more private capital to enter into the market.

Business – China starts another 14 projects to improve infrastructure in western region …

These projects include the construction of roads, railways, power stations and urban infrastructure in twelve western provinces and autonomous regions, which involve a total investment of more than Rmb130 billion (US$15.7 billion). Construction work has been taking place on 36 key projects in West China over the past three years and about Rmb270 billion (US$32.6 billion) has already been invested. More domestic and overseas investment has begun to flow into the western region due to major progress in developing the environment and infrastructure of the nation’s underdeveloped vast area, Chengdu Weekly, the only English language newspaper in Sichuan Province, reported.

Finance – Minsheng Bank teams up with Chamber of Industry & Commerce to support SMEs…

This was revealed at the signing ceremony on March 28 between the two parties. According to the cooperative agreement, the Chengdu Branch of Minsheng Banking Corp., China’s first privately held financial institution, is going to offer overall financial support to the development of Sichuan non-state economy. “We will launch its support in innovative guarantee fund, new financial products, training and consultancy, targeting at non-governmental, SME and hi-tech enterprises,” said Hu Qinghua, President of Minsheng Chengdu Branch.

Coming Up Soon

- CPDF plans to commission sector studies and reviews on IT, Food & Beverage, Pharmaceutical, Light Engineering and Textile industries in Sichuan Province during the next few months. These studies/reviews will complement the preliminary research work done by CPDF on auto parts, apparel and footwear businesses. Financed by CPDF’s trust funds, they will be executed by international and, where possible, local specialists. The outcome is expected to support Investment Services activities and provide Business Development Officers with better understanding of these sectors to satisfy the local demands. In addition, these sector reports will be shared with IFC’s CEA Department for IFC investment activities.

- After providing technical assistance to Chengdu Small Enterprise Credit Guarantee Co., Ltd, CPDF will offer respective three-day workshops to similar guarantee firms and local commercial banks in Mianyang and Leshan, two smaller cities outside Chengdu. The Mianyang training is scheduled from April 15 to 18, and the Leshan one between April 22 and 24.

- The CPDF Coordination Committee is expected to be officially set up by the end of April. The Committee is composed of senior local government officials from different agencies, whose work scopes and responsibilities interact with CPDF’s activities in Sichuan Province. The name list of members to this Committee is being finalized and the first meeting will likely be held in Chengdu.

- CPDF is invited to make two presentations introducing CPDF’s investment services and SME debt financing procedures at a local seminar titled “SME Linkage with International Markets and Finance”, organized by the SME Development Center of Sichuan Economic and Trade Commission, on April 29. It is also invited to participate in a conference on April 18 by Auchon, the French retail chain giant, and its local suppliers in Sichuan.