

# Venture Capital in China: Development and the Green Economy

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# Overview

- 1) Context of Venture Capital in China: US vs. China
- 2) Beijing's Green Economy Policies
- 3) Possibilities: Role of Venture Capital in Chinese Green Economy

## VC Differences: China vs. the US

- 1) Players: Government/Individuals vs. Institutional
- 2) Accounting Systems: IFRS/Chinese vs. GAAP
- 3) Information Sources: *Guanxi* vs. Public
- 4) VC Involvement: Cash flows already started vs. expansion/development stages
- 5) Exit Strategy: Buy-Back/Sale vs. IPO

## VC Similarities: China and the US

- 1) Military Threat/Deficit
- 2) Politics drove Economics
- 3) Government VC Institutions to transfer funds to other sectors
- 4) China's Torch Program – Possibly Most Successful Ever!

# Future Possibilities

- China's Reforms
- VC Industry with Chinese Characters

# Chinese Policies

- Pollution Prevention Law
- Clean Production Law
- Energy Conservation Law
- Circular Economy Promotion Law
- Venture Capital can push everything forward

# Clean Development Mechanism

- In place since 2004
- As of March 31, 2008 – 1,197 such projects

# Green Capital Market

- Goal is to provide capital for environmental activities
- Fund, Bonds, and Protection Insurance



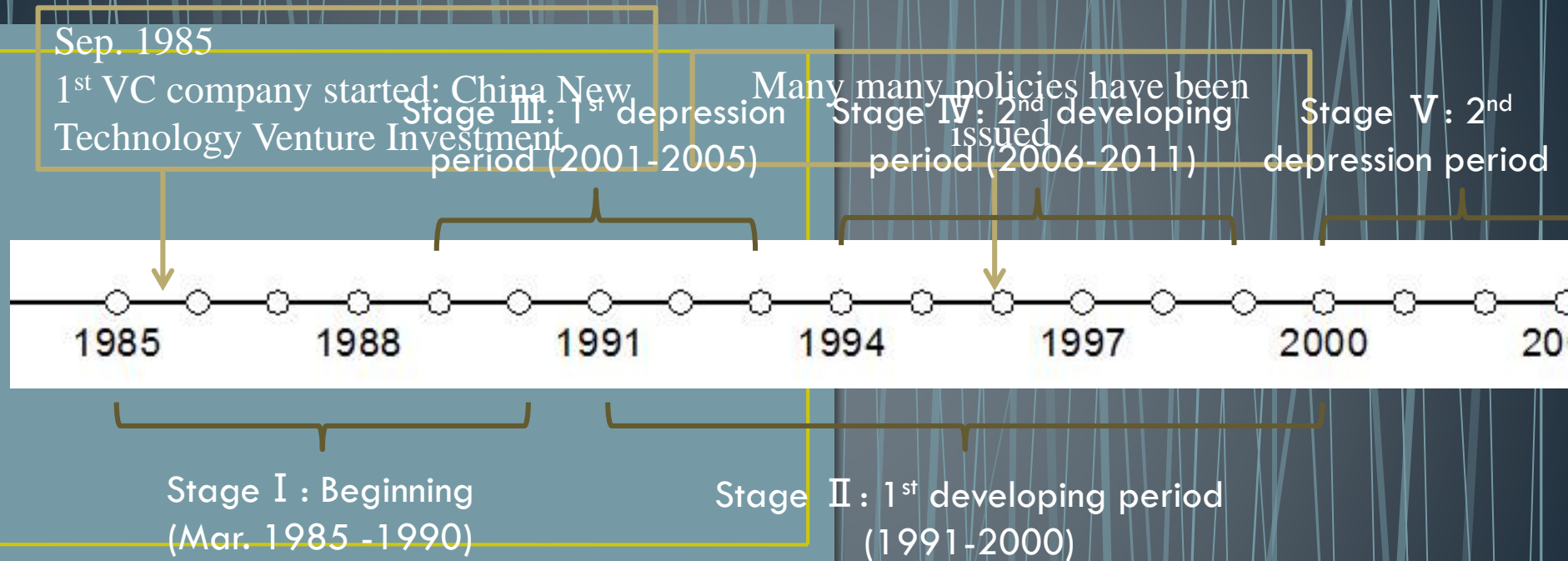
# Environmental Exchange

- Beijing Environmental Exchange
- Shanghai Environment and Energy Exchange

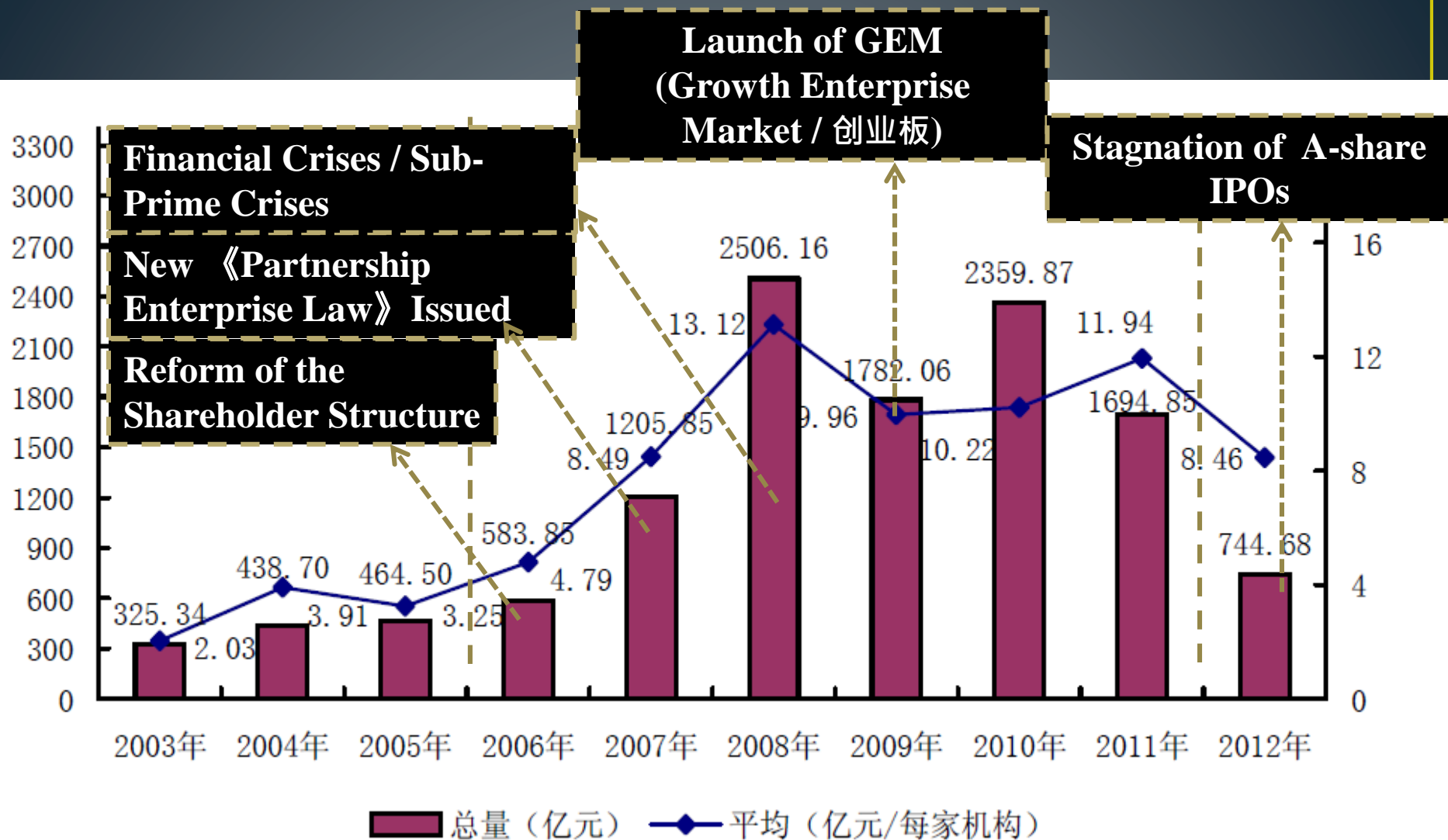
# Energy Management Contract

- Comprehensive Energy Reduction Program

# The Development of Chinese Venture Capital

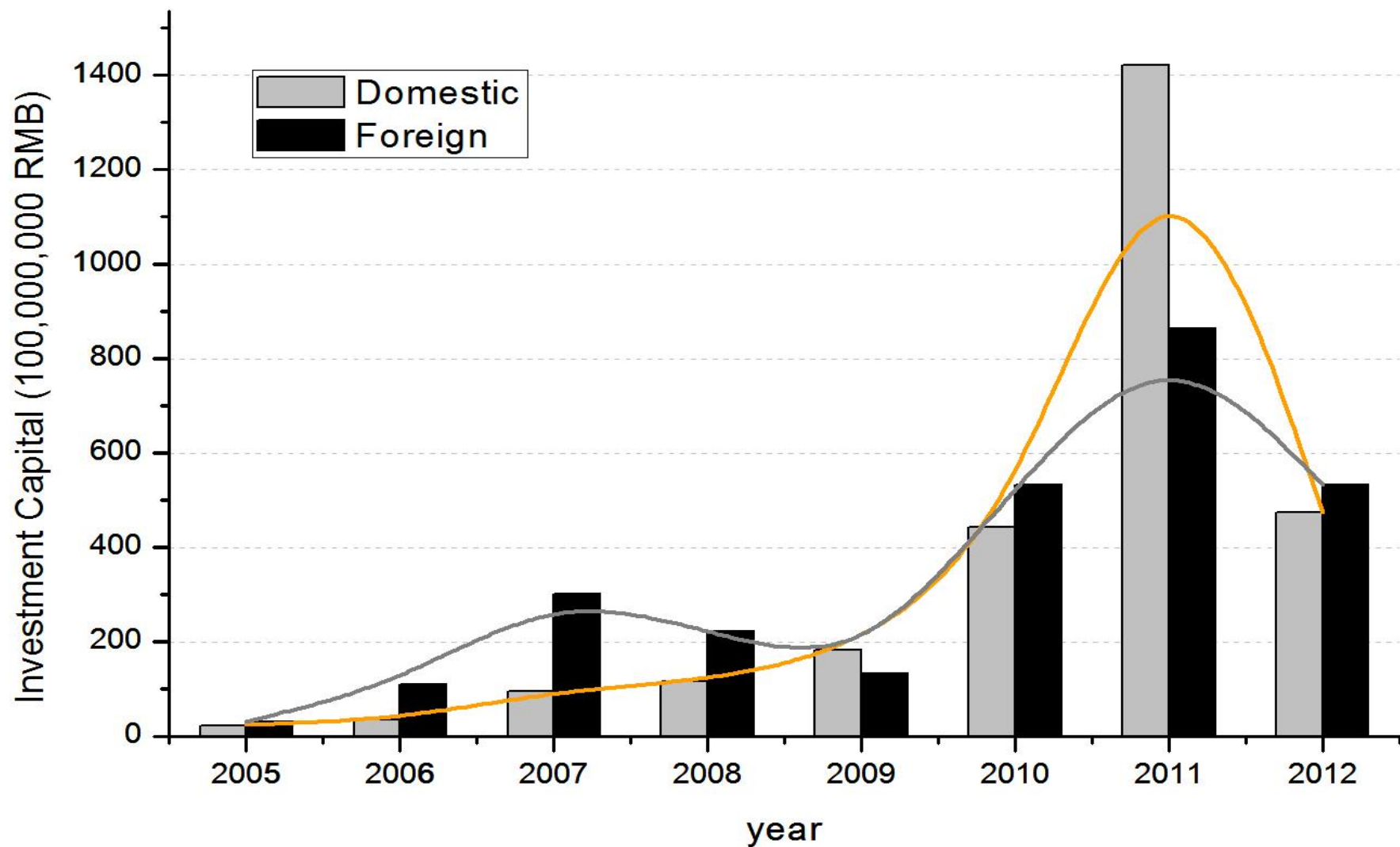


Resource: CVCRI



**2003-2012 Amount of Capital in VC (measured in 10 billion RMB)  
(Histogram: Total Amount; Line: Institution Average Managing Amount.)<sub>12</sub>**

Resource: CVCRI



2005-2012 VC Investment Statistics in China

# Conclusion

- World movement toward Green Economy
- Chinese VC can play a major role

# Thank You

- If you have questions, E-mail me:
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