

Media Interview

Interviewer: Nicolas Barré -Managing Editor of Les Echos

Guest: Margot SONG -Founding and Managing Partner of eJnnn Phecda Partners

Date: 9am-10am Apr 23,2016

Venue: Paris



Margot SONG interviewed by Nicolas Barré

eJP's View on the Slowdown of China

Sure, China's GDP growth is slowing, after more than three decades of average annual double-digit growth.

However, China is in much better shape than the rest of emerging markets to achieve its GDP targets of 6.5% over the 13th five-year plan, due to three main reasons , 1) the government's flexibility in further expansionary fiscal policy to support growth; 2) high household savings rate (50% of GDP, one of the highest in the world), which provides high potential for private equity investment in infrastructures; and 3) ample foreign exchange reserve (\$3.3 trillion, highest in the world) to support investments to import technology, equipment and raw materials.

Sentiments towards China has improved since 1Q 16. The IMF just upgraded their forecast on the Chinese economy about a week ago. Citi Group also upgraded China and other emerging market countries outlook for 2016.

So no panic, China will keep growing, and it is still the fastest growing major economy in the world.

Opportunities in China

Investing in China is no longer a “rising tide raises all boats” environment. It really depends on the sector and industry. Resource intensive, over built, environmentally unfriendly industries will suffer severe restructuring, so will many SOEs that have low productivities, as China deepens and broadens the structural change of its economy.

On the contrary, despite China’s overall slowdown, some sectors are registering a solid growth, as well as a rise of their share in the country’s GDP. The environmental services industry is one of them.

Effort from the Government

The Chinese authorities have taken on the environmental challenges associated with the country’s economic development and demonstrated their willingness to address them, especially by means of regulation and planning tools. New environmental protection laws, effective since the beginning of 2015, have raised the penalty for violation by adding criminal incarceration to financial fines.

The Chinese authorities have also pushed transparency regarding environmental pollution, which has become a major social concern. As a result, some 15,000 of the largest factories have to disclose their air emissions and water discharges in real time.

According to Goldman Sachs, total investments in the environmental industry have reached Rmb 5.1 tn over the span of the 12th five-year plan (2011-2015), and could grow by 60% over that of the 13th plan (2016-2020).

Effort from the Private Sector

Private-sector commitment will be indispensable to address China’s environmental challenges. Private companies and financial institutions have every reason to get involved in environment-related industries, a domain in which many investment opportunities exist.

Regardless of a hard or soft landing of the Chinese economy, the environmental services industry has just began to take off in the country, and is expected to expand at two or three times the rate of overall GDP growth. The China environmental industry’s output grew at 18% over the 12th Five-Year Plan, and is expected to grow even faster in the 13th Five-Year Plan, from 2016-2020. Some of industry’s segments, such as industrial toxic and hazardous waste treatment, are expected to register an even faster expansion, according to the National Development Reform Commission.

Opportunities for French Companies

Mr. Jacques Attali, former advisor to the French president and senior advisor to eJP for International Economy and Foreign Affairs currently, agrees and supports Margot's view most clearly that French companies have matured technology and know-how in many sectors that are required by Chinese business, French companies should "add a role to play in Chinese growth. "

Anti-corruption, economy transition and the campaign on environmental cleanup and protection, all highlight the Chinese government's effort and determination to provide transparency and sustainability to the economy, its people and the environment. In Margot's view, these actions, in the long run, should help to create a level playing field for foreign investors.



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Regarding eJnn Phecda Partners:

eJnn Phecda Partners (eJP) (www.ejnn.com) is a China based international growth private equity firm specializes in investments in select sectors such as Environmental Services (ES) and Consumer Staples (CS) globally. Since 2002, eJP has successfully cultivated the values of its portfolio companies through

judicious capital deployment and synergistic combinations between market demands from China and matured technologies from European companies.

According to the company's strategic planning in ES, eJP is expanding its presence in Europe and supporting European companies' efforts in exploring business opportunities in the Chinese markets.



Regarding Margot Song

Founding & Managing Partner

Margot Song has over 20 years of experience in investing in and managing both private and public Chinese companies. She combines an entrepreneurial background with expertise in Chinese securities law, corporate governance and deal structuring.

Margot Song started eJP's PE investment businesses in 2002 and has since led the eJP team in generating extraordinary track records in investments in China. Prior to founding eJP, Ms. Song spent significant time with Bank of China, culminating in her appointment as the senior vice president for Bank of China Xinhui Branch in 1997.

Margot Song is currently the chairwoman of the board in Nanjing Veolia EnviroVest Company. With an extensive social network and substantial business experience, Ms. Song enjoys growing the values of portfolio companies.

Ms. Song has an EMBA degree from Peking University, and a Bachelor of Science in Finance from Shanghai Fudan University.