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Chilton chooses Chengdu for office

By Richard Lee

Business Editor, The Advocate

While the eyes of the world are fixed on the Summer Olympics in Beijing, Stamford-based Chilton Investment Co. is focusing more than 900 miles to the west on the business potential in Chengdu, a growing metropolis of 11 million.

Chilton, a manager of alternative investments with nearly \$8 billion in assets, has signed a lease for an office in Chengdu and will file an application with Chinese authorities for permission for its Beijing subsidiary to operate a branch office there.

The office would serve as a central hub for Chilton's strategy to pursue investment opportunities in western China - a region the firm said has tremendous growth potential and is underserved by investment specialists.

On the western edge of the Sichuan Basin, Chengdu was about 48 miles from the epicenter of the earthquake that killed more than 4,000 people in May, but the city sustained little damage.

"The terrible earthquake that tragically struck western China earlier this year has only served to strengthen our resolve to help support the economic recovery and expansion of the region by pursuing promising investment opportunities," Richard Chilton Jr., chairman and chief executive officer, said in a statement. "I know from my extensive travel in western China that there are many high-quality companies there that are operating with very little visibility in the investment community and with limited access to capital. The recent turmoil in the region will only make it that much harder for these businesses to receive the attention and funding they deserve."

Chengdu, the home of several medicine, information technology, machinery and food businesses, also is being considered as a new bio-industry, and construction of an industrial park focusing on the aircraft industry is under way.

The city also has a business zone with companies including Intel, IBM, Nokia, Microsoft and Xerox.

While some of interior China is struggling to modernize, there are urban areas that have strong economies, said Walter Dolde, associate professor of finance at the Stamford branch of the University of Connecticut.

"I think Chilton is looking at Chengdu and saying this is our Chicago," he said, adding that private equity and hedge fund firms learned in the 1990s that they must have their analysts in-country when considering overseas investments. "Private equity and hedge funds need to kick the tires."

Chilton should benefit from being one of only a few investment firms in the Chengdu region, he said.

"You're more likely to have access if you're in their backyard," said attorney Paul Edelberg, head of the China practice at Murtha Cullina in Stamford. "China's central government has put an emphasis on the developing the west."

Kenneth Chiang, a managing director and head of the firm's Asian Equities Group, is leading the firm's Asian expansion strategy and heads Chilton's regional headquarters in Hong Kong.

Asia is primed for continued growth, Chiang said.

"Among the favorable macro-economic trends are the rise of a massive new consumer class, greater free-market orientation, improvements and transformations in technology and limited resources in a time of seemingly unlimited demand," he said.

Chilton also announced that it will create a scholarship fund to support 25 students enrolled at either Sichuan University or Southwestern University of Finance and Economics, both of which are in Chengdu.

The scholarships are intended to provide assistance to students from areas seriously damaged by the Sichuan earthquake and whose families are in urgent financial need as a result of the earthquake.

Established in 1992, Chilton also has offices in New York, San Francisco, London, Hong Kong and Beijing.

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