

Adrian Pang, Managing Director, CIT Vendor Finance, Asia

## Vendor Financing in China

**Q: Can you briefly describe CIT's vendor finance business in China?**

A: CIT has been in China since 1997 and in Asia since 1992. We have approximately 100 employees in our three offices located in Shanghai, Beijing and Guangzhou. They are responsible for servicing more than 100 vendor partners who have over 2,600 end-user customers. Our Shanghai office is also home to our regional service center, one of the largest of its kind in China.

**Q: What are some of the leasing trends you're seeing in China?**

A: Since the first leasing company was established in 1981, the Chinese leasing market has grown substantially, particularly since 2004, when the market opened for multinational and local bank-affiliated leasing companies. In 2009, leasing volume in China was estimated at approximately U.S. \$27.8 billion with a 30% compound annual growth rate over the preceding five years. We believe there are significant growth opportunities in the leasing market across all segments in China for several reasons: leasing penetration still remains low; acceptance of leasing as a financing tool continues to grow; and customers are growing more sophisticated and have more options when choosing a leasing company.

Currently, the leasing market is driven by bank-affiliated leasing companies—such as CIT—and vendor-related leasing companies, but we are seeing competition enter the markets from both multinational and local companies. The customer base primarily includes large local enterprises, the public sector, or multinational companies. And while there is a much greater need in the SME (small and medium enterprises) segment, it remains underserved due to underwriting challenges.

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**Q: What makes CIT a leading lessor in China?**

A: CIT was one of the earliest U.S. leasing companies in China. Our senior team has more than 200 years of combined vendor financing experience. Over the years, we have established a track record for our proven and time-tested vendor financing business model and have developed strong industry and business relationships. Our extensive base of customers includes both multinational corporations and local companies. We maintain leadership positions and well-established relationships with key vendors in IT, technology, office automation, healthcare, printing, and machine tools. Our strong ties to our customers, deep industry expertise, and talented employee base remain our key differentiators in the marketplace.

**Q: Can you highlight some of your recent deal activity?**

A: We’ve developed a number of new relationships this past year, including closing the largest surface-mounting technology deal ever in China, and we recently completed a vendor program with a major healthcare equipment manufacturer. We also entered into cooperation agreements with two major IT manufacturers and renewed a local program with another major IT manufacturer for its telecom industry users.

**Q: What are the benefits of vendor financing to companies?**

A: Vendor financing allows manufacturers, product resellers and distributors the ability to provide their customers financing solutions, which enable them to acquire a product today and finance payments over time. Manufacturers/resellers benefit from the ability to close sales quickly, sell more equipment, and improve cash flow and liquidity, all while preserving capital. Customers benefit from predictable, low monthly payments; a reduction in upfront fees; flexible pay structures; the ability to bundle transactions; and potential accounting and tax advantages.

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**Q: How has CIT differentiated itself in the vendor finance space?**

A: We are vendor-focused and end user-friendly. In other words, we understand not only what’s important to our vendor partner, but what their customers need to be successful.

We’re able to develop tailored financing programs for our vendor partners that may include joint ventures, virtual joint ventures, or program agreements. For the end user, we’re able to provide capital and operating leases, technology-refresh products, managed-use products, and customized financing structures. We always look to align ourselves with our vendor partners and are firm believers that if they win, we win.

**Q: What’s your outlook for vendor financing in China?**

A: There is an opportunity for significant growth in the vendor financing space in China as leasing penetration continues to increase and fair market value leasing becomes more prevalent throughout the region. I think over the next several years we will look to grow our market share as the continued advances in technology and product design will drive end users to seek new products. This all bodes well for CIT, as we’re positioned to provide the necessary resources and support to our vendor partners and their customers.



**Adrian Pang** is Managing Director for CIT **Vendor Finance**, Asia. He leads a team of financial service professionals in six countries within Asia focused on five market segments: information technology, office products, healthcare, printing, and machine tools. CIT Vendor Finance, which has \$5.6 billion in assets, has been financing equipment for more than 50 years and maintains operations in more than 30 countries.

To learn more about CIT Vendor Finance, visit <http://www.cit.com/vendorfinance>. Members of the press who have an interest in speaking with Mr. Pang can contact Curt Ritter at [curt.ritter@cit.com](mailto:curt.ritter@cit.com). Additional CIT Executive Spotlights can be found here: <http://executive-spotlight.cit.com>.