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LUXEMBOURG PRIVATE EQUITY &
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14 March 2017
Chamber of Commerce
Luxembourg

*Luxembourg,
a European
gateway for China:
update on
Private Equity
and M&A*

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China Investing Abroad

Outbound FDI: where we are and where we are going to be?

PE/VC outbound investments: evolution and forecast

China outbound FDI: where we are and where we are going to be

Lorenzo Stanca, Managing Partner MCP

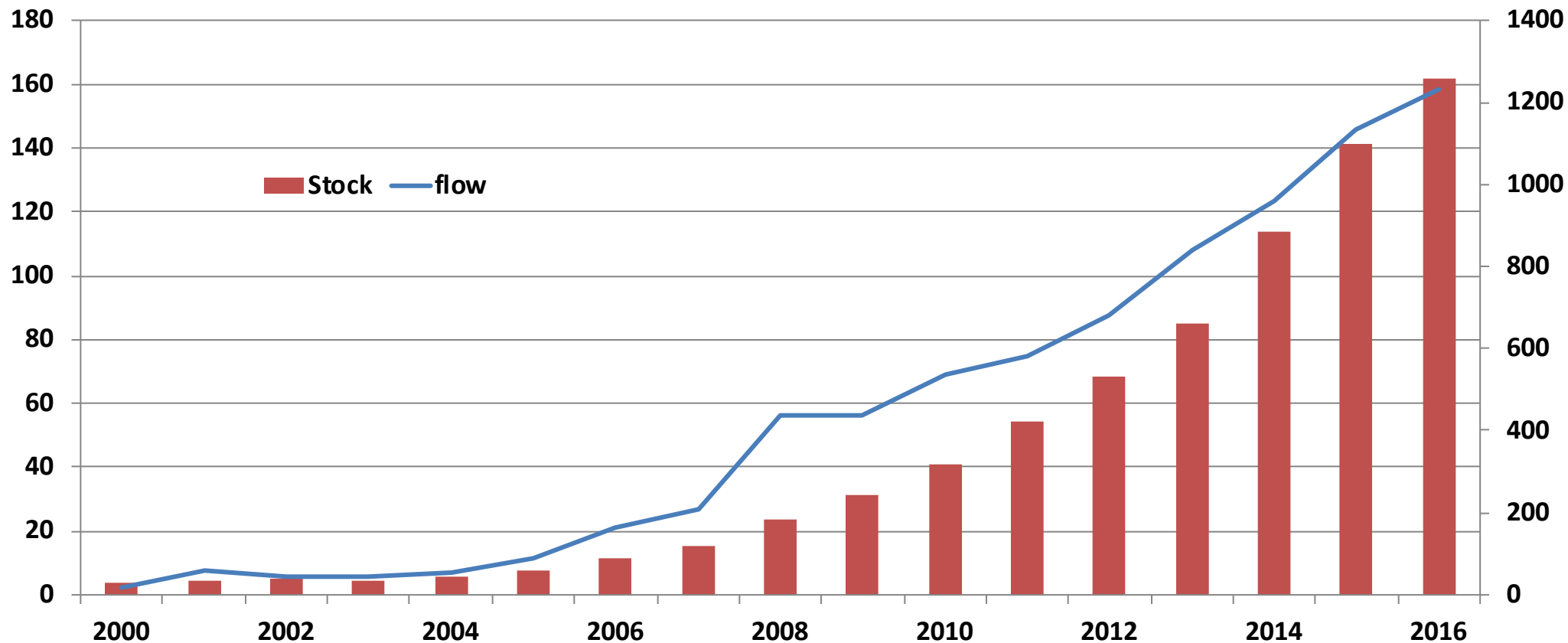
MCP

From “go abroad” to “stay home”?

- After a process started in 2000, that has seen Chinese outbound investments experiencing a massive growth (with China becoming the second investor abroad after the US), since early last year there have been signs of a slow down and of a retracement, so that 2017 could record the first drop in many years
- This is because of a change in attitude by the central authorities that is acting to control a deterioration in the balance of payments, but also prevent investments that have little strategic value
- The expectation is that the slow down is only temporary and that China will resume its “go abroad» attitude, although in a more prudent way

From "go abroad" to "stay home"?

China outbound Foreign Direct Investment – USD bn

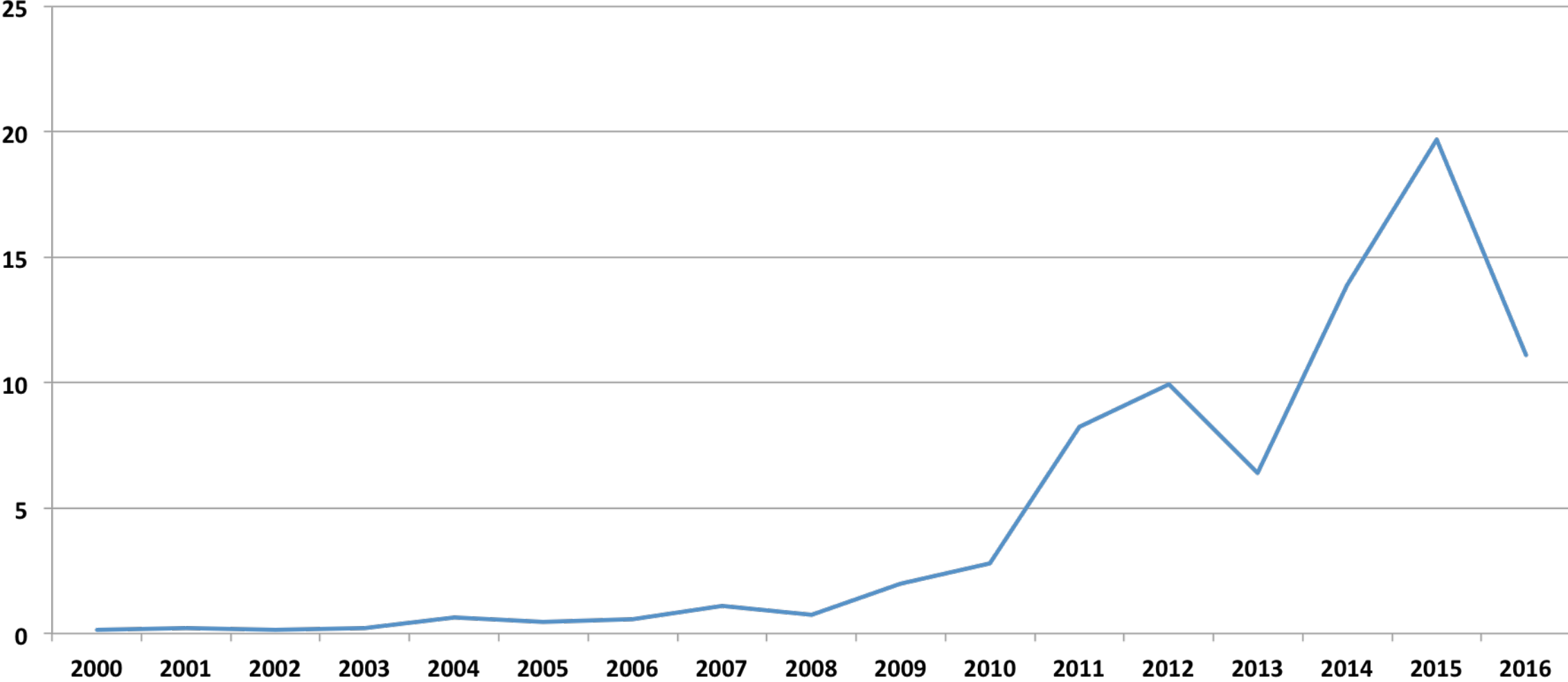


Europe, a more recent target

- While initially, Chinese FDI favored Asia and Africa, and then America, as destinations, in the past few years Europe has become one of the favorite European destinations for Chinese FDI
- The acquisition of Pirelli by Chinachem, which has been the single largest transaction so far, has pushed Italy to the second place, with UK staying on top, largely because of financially related transaction
- Germany remains the favorite destination, with a high number of mid size acquisitions
- Only a fraction of the investments completed in Europe have so far turned out to be successful
- Among the critical factors that have emerged, the most relevant appear problems in understanding the differences managerial approach, and the preference for managers sent from China

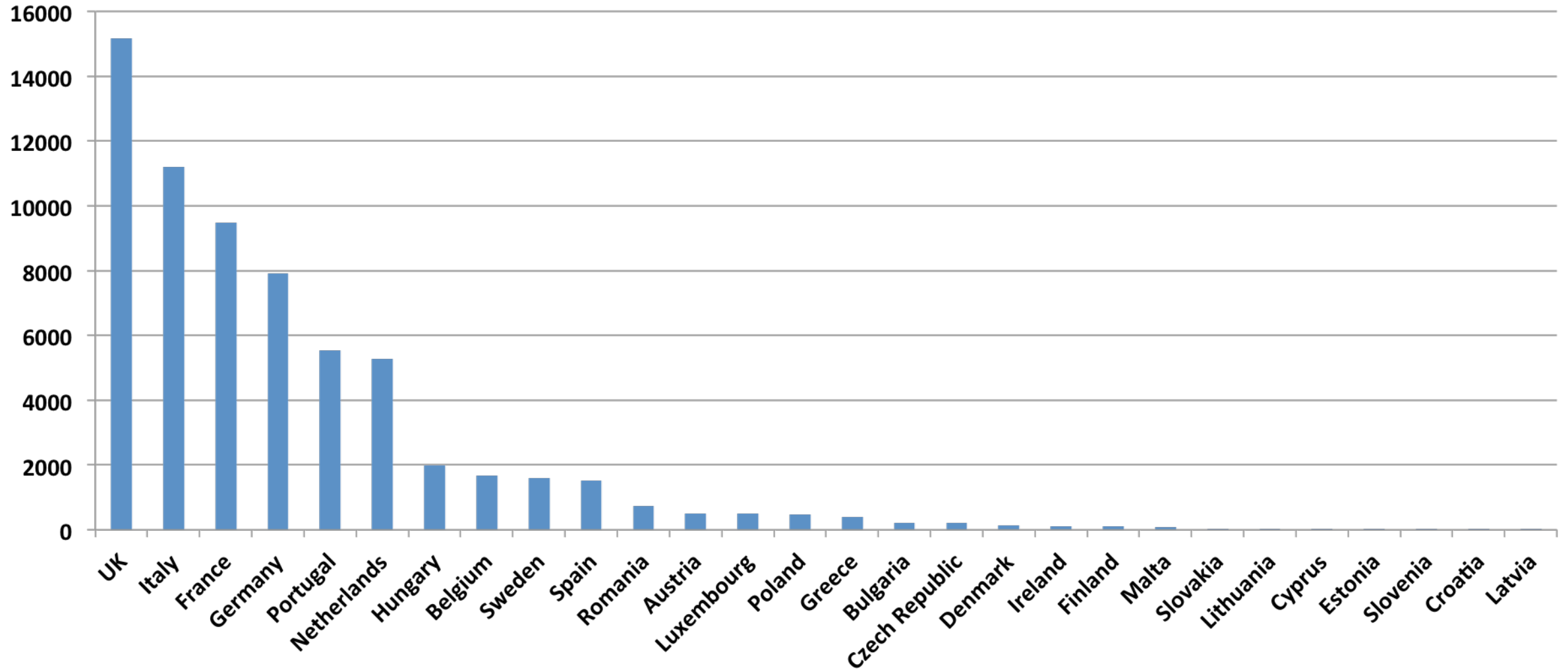
Europe, a more recent target

China Outbound Foreign Direct Investments to Europe – EUR bn



In Europe The big four took the lion's share so far

China Foreign Direct Investments in Europe by destination as of December 2015 – EUR bn



Chinese acquisitions in Europe sometime work well

- Chinese FDI to Europe is focused mostly on industrial sector
- The aim is frequently to acquire technology or brands to be developed in the Chinese market
- An example is given by the acquisition by Zoomlion of Ladurner an Italian based designer and manufacturer of urban waste management plants.
- Another investment made by Zoomlion, the acquisition of Cifa is completed in 2008, one of the best examples of successful stories.
- Zoomlion capability to empower and integrate with local managers has been a crucial factor of success.
- The acquisition, initially aimed at opening EMEA markets to Zoomlion's products, allowed also a strengthening of Zoomlion in the home market.

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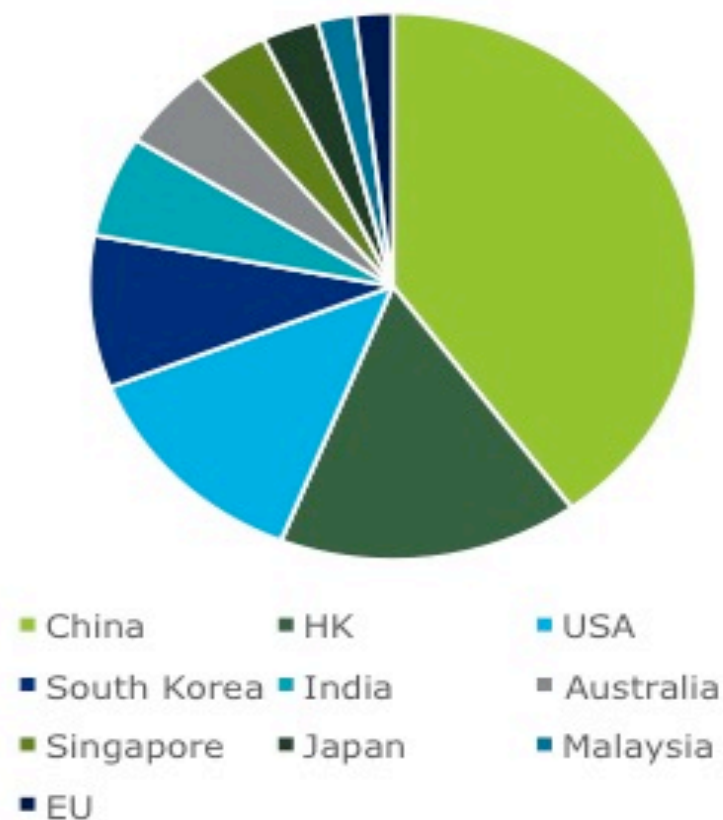
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Greater China

PE/VC outbound investments: evolution and forecast

Private Equity / Venture Capital in Greater China

HQ of Asia top 100 PE firms
(total funds size)

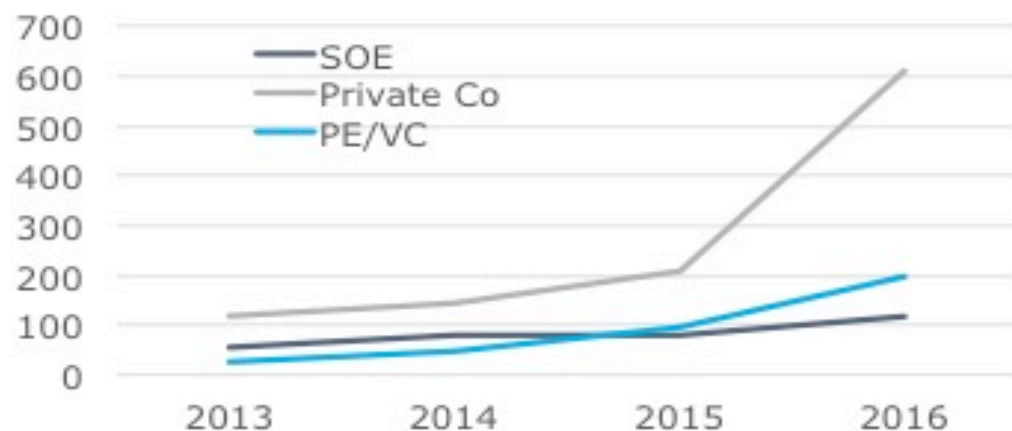


PEI APAC fund managers' guide

- China by far dominates ASIA PE/VC market
- China mainly focused domestically but... outbound increasing rapidly (low RMB, incentive politics, diversification, unstable stock market,...)
- Less than 5% of the PE/VC deals targets assets outside China
- Number of outbound deals grows of roughly 1% to 2% per year
- Market dominated by locally set up asset managers but increasing presence of firms from the west or international minded
- Local asset managers getting westernized due to new recruitment policies
- Lot of non PE firms acting like them: (investment conglomerates, holding groups, SOE's,...).

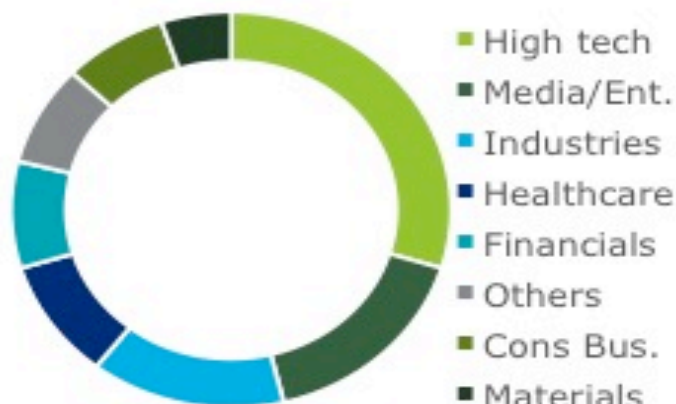
Greater China PE / VC Outbound investments

PRC outbound (number of deals)

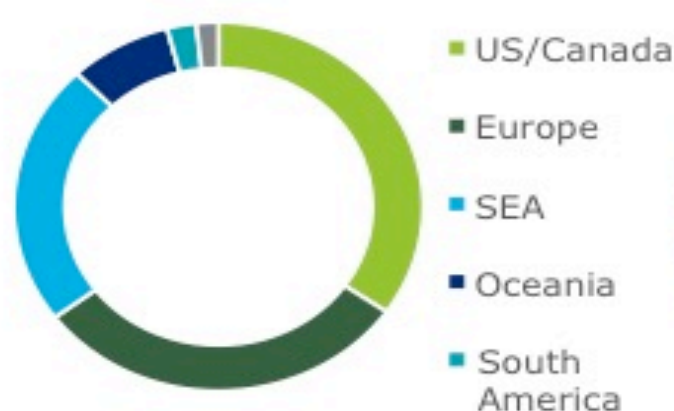


- 5000+ deals in 2016 by PRCS PE/VC
- Of which 17% were outbound (20% of this proportion executed by PE).
- In 4 years
- Total deals by PE/VC increased by more than 600% in 4 years. Their total value went from USD 9bn to almost USD 40bn
- Number of outbound deals by PRC PE/VC came from almost 0 to 200 deals over the last year
- In 2012 outbound represented less than 2% of the deals by PRC PE/VC, in 2016 it is 5%.
- Priority to investments "with a Chinese angle"

Target priority



Target jurisdictions



Ideal exit for PE's



New restrictive measures affecting outbound

In November 2016 the Chinese authorities have announced new measures to scrutinize outbound investments.

Why?

- Stop local capital fleeing under the form of investments
- Control loss in RMB value by government
- Authorities disappointed by return of foreign investments of recent years (bad investments policy by SOE and privates)
- Doubt about synergies for these investments
- Over-leveraged acquisitions make Chinese companies at risk

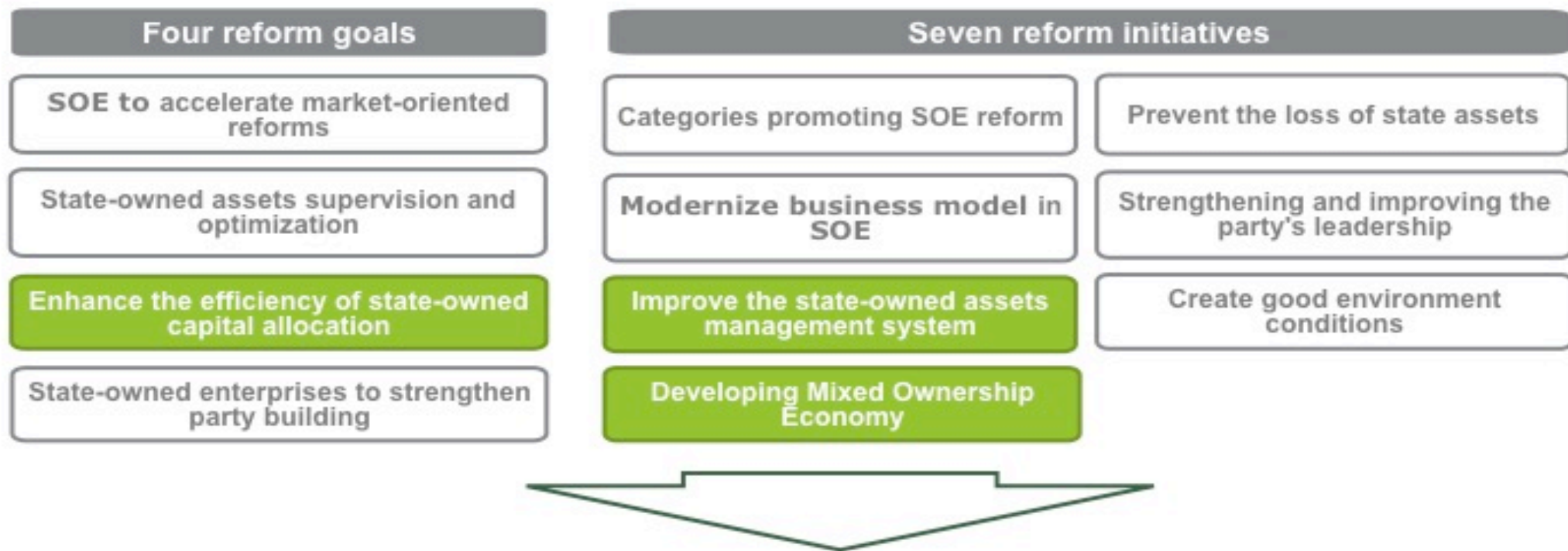
How?

- Making some outbound transactions subject to regulator's approval:
- > USD 10 bn
 - > USD 1 bn RE (for SOE)
 - > USD 1+ bn (investments outside core business)
 - Outbound by Chinese LP
 - < 10% in overseas listed Co's
 - overseas companies larger than parent (high leverage)
 - Outbound by recently incorporated businesses
 - higher scrutiny by regulator on certain transactions involving movements of RMB or foreign currency outside China.

Consequences?

- Lower outbound however big player have contacts and PE firms already outside have Cayman funds
- May affect new PE players willing to start outbound
- More difficulties for foreign firms to extract cash from China
- Slow down in acquisitions and huge pipeline of deals waiting for closing may create some opportunities

SOE reform's impact on PE



- Construction of the state-owned capital investment and operating companies
- Implementation of the terms of reference of the Board of Directors
- Market hiring managers
- The implementation of professional manager system
- **Central corporate mergers and acquisitions**

- **Important areas of mixed ownership assets**
- **Co-ownership with management (carried)**
- SOE information disclosure
- Peeling enterprises from social functions and resolving historical issues
- Enterprise salary distribution reform (incentive)

Forecast

- Asset managers locals diversifying their investors base (US/EU) > look for new types of fund, partners, from funds of funds to co-management or own management
- Expected decrease in outbound however compensated by increasing number of PE/VC doing outbound deals
- Increasing number of deals in pipeline (slower approval) including “non-core assets” (RE, certain entertainments, etc.). May create opportunities for worldwide PE's
- Coming “Negative list” for SOE may influence outbound for other Chinese players
- Flow increasing for strategic assets and assets matching core business
- Money parked offshore will not suffer from recent restrictions
- Increasing number of SOE's setting up PE/RE/Infrastructure types funds
- Other measures may impact negatively or positively outbound investments:
 - 3 layers FTC (?)
 - requalification of carried into taxable management fee in HK
 - BEPS kicking in in HK
 - strengthen CFC rules in China

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Private Equity in China: An Overview

By Julien Kinic
Idi EM, Co-founder and Managing Partner

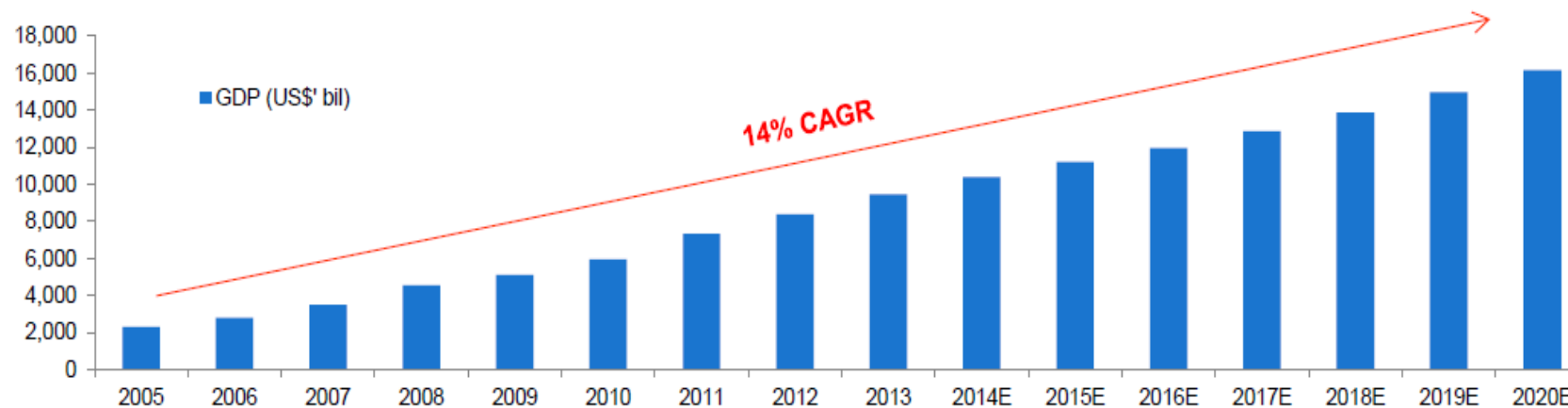
LPEA – ChinaLux 2017

March 14, 2017

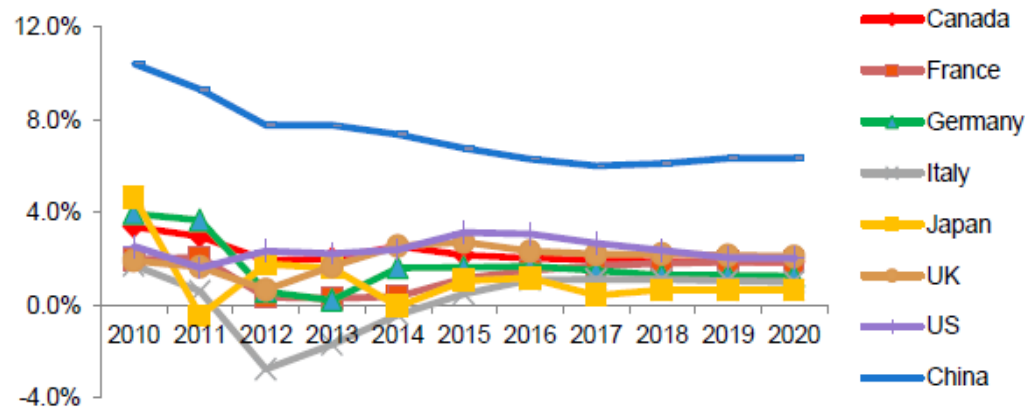
1 – China: Strong Fundamentals for PE

China's GDP Growth Continues

China continues to generate respectable GDP growth



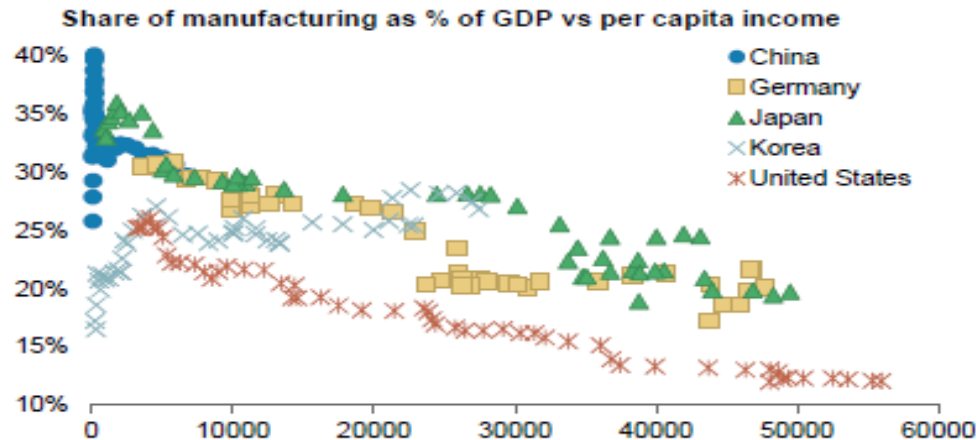
China's GDP growth continues to outperform G7 economies



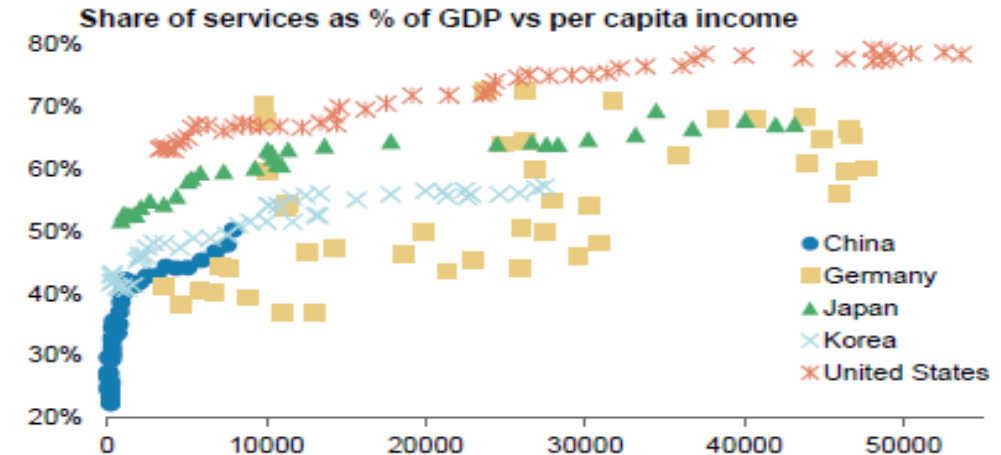
Despite its slow down, China's absolute GDP growth expects to continue to outperform all other major economies

China's Growth Shifted from the Old to the New Economy

While manufacturing per GDP has fallen



Services per GDP rise



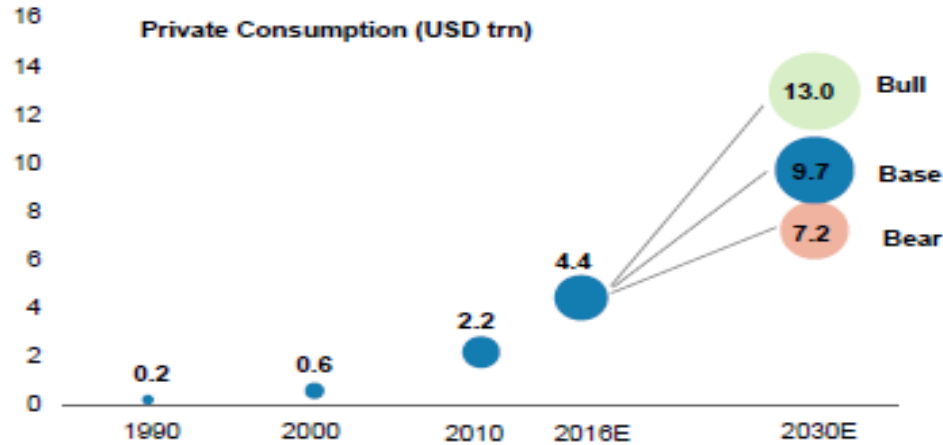
By 2030, it is expected that China's...

- Private consumption will contribute 47% of its GDP from that of 39% currently
- Household disposable income will reach US\$8,800
- Median age will be 43
- Internet penetration will increase to 75% of its total population
- Consumption growth driven by richer, older and more tech-savvy consumers

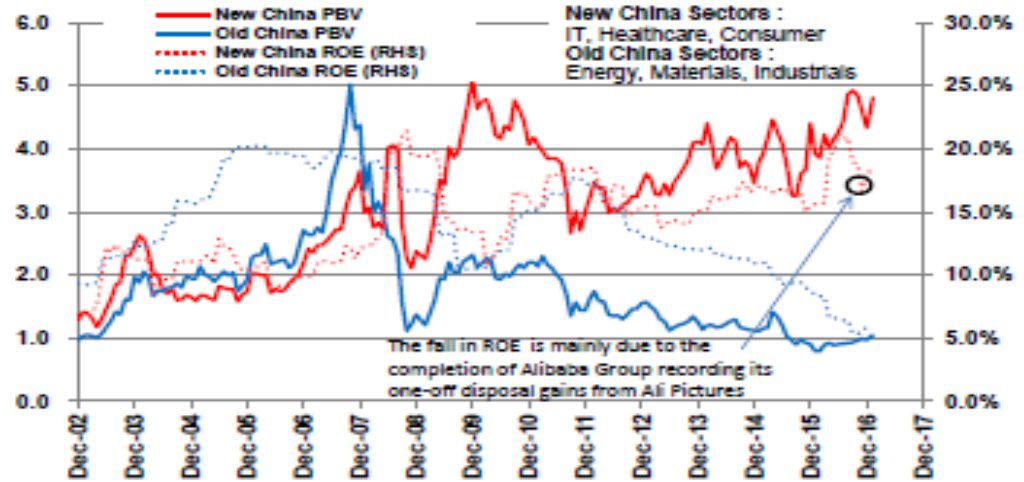
China has shifted from an investment & production oriented economy to one with high consumption & services growth focus

Consumption is the Key Growth Driver

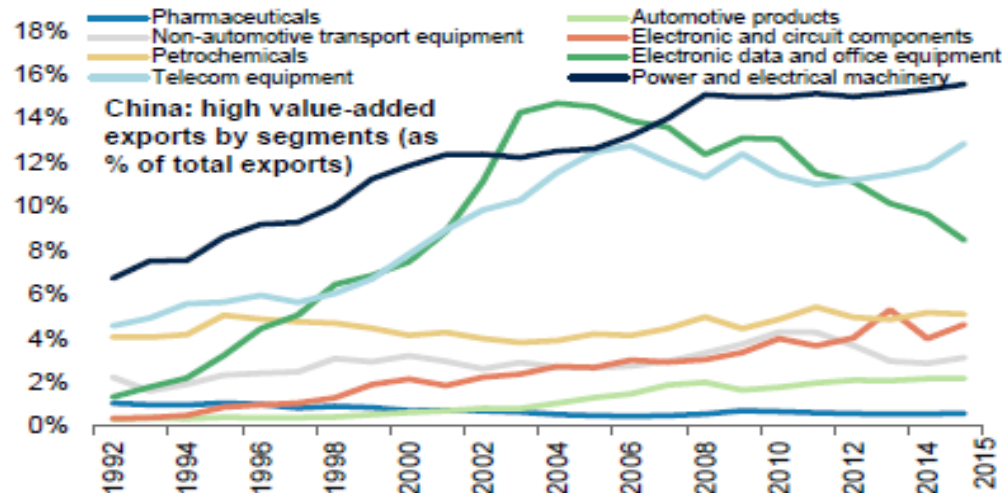
Consumption will take the center stage for growth



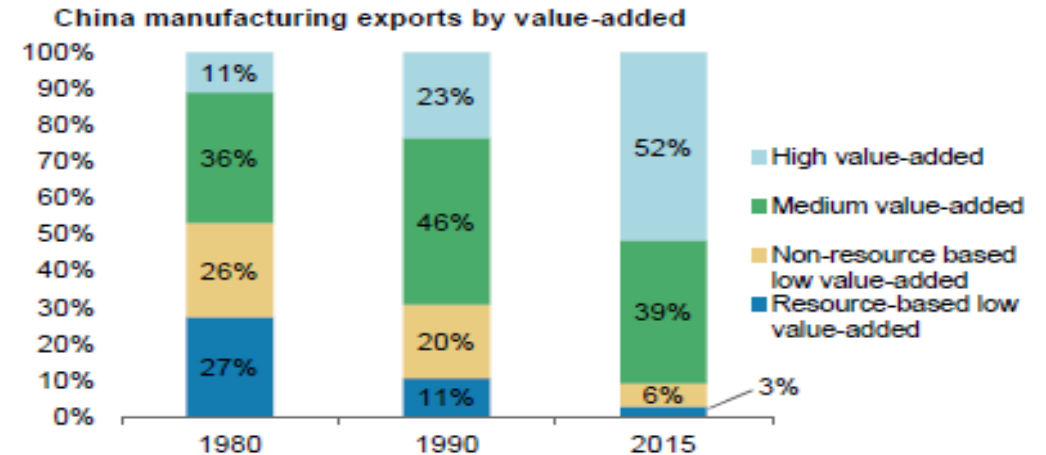
Growth primarily driven by the new economy sectors



While manufacturing sector will continue to climb up the value chain

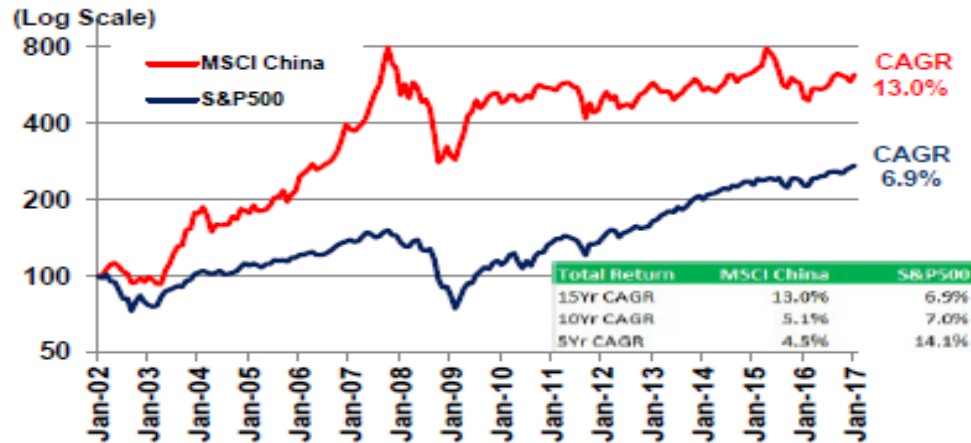


China's transition to high value-added exports has already begun

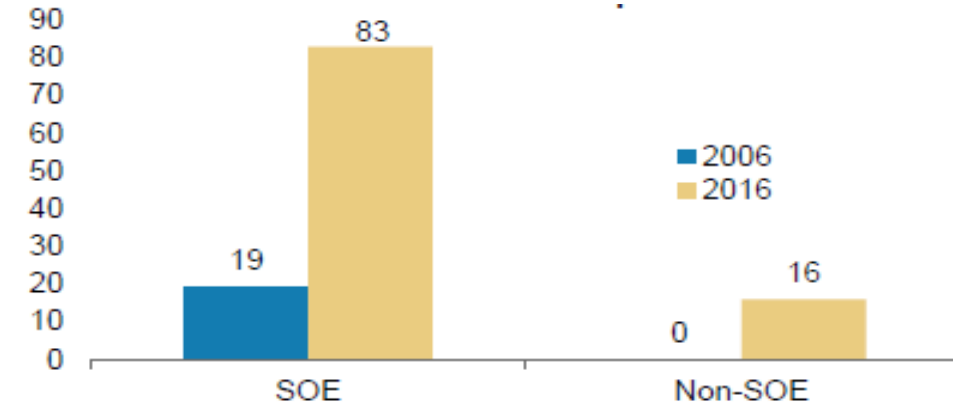


Strong Growth Potential for China's PE

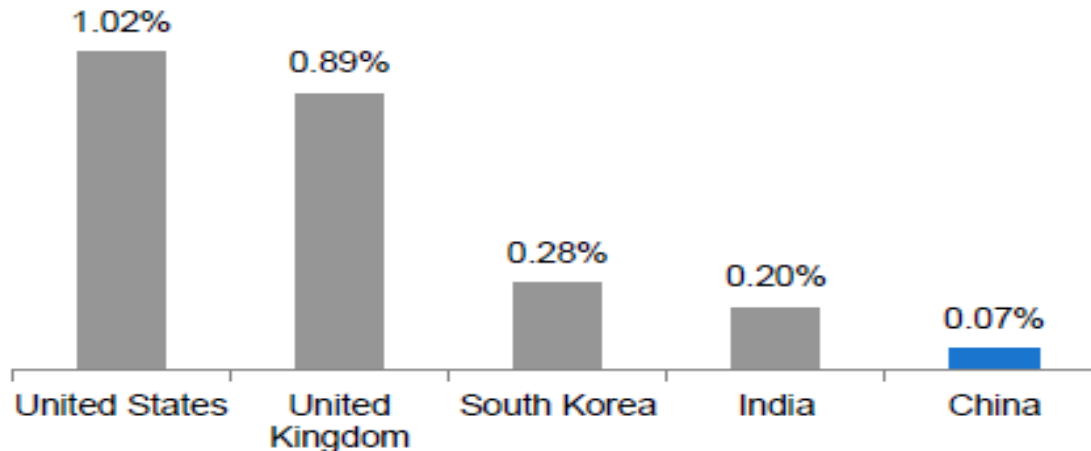
MSCI China outperformed S&P 500 in the past 15 years



Chinese Firms in Fortune Global 500: 2006 vs 2016



PE to GDP Ratio



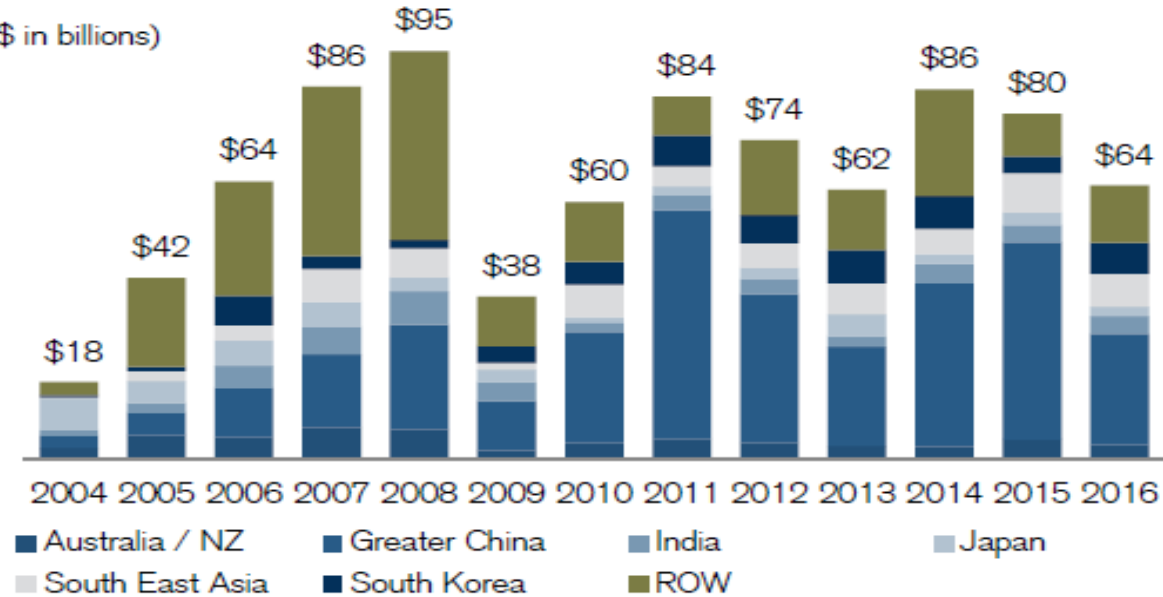
- While investments in China offer high returns, its PE penetration rate remains relatively low
- More company owners, looking to fund growth or to retire, are warming to the PE value proposition, which is increasing the pool of potential investments
- While many traditional industries have languished, the Internet sector has bucked the downturn and continues to present attractive growth prospects.

2 – PE Industry Key Data

China's PE Dominates Asian PE

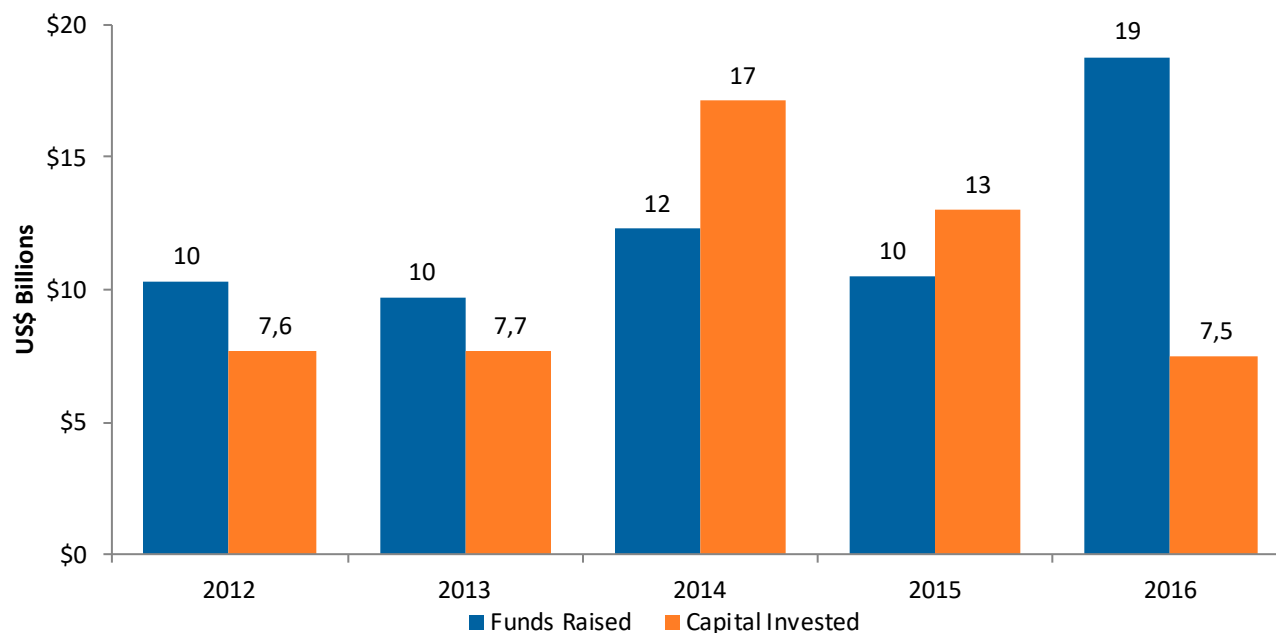
Asian fundraising

(\$ in billions)



- Asian PE funds raised in 2016 represents 11% of the funds raised globally, whereas Asia represents 58% of global population
- Emerging Asia represents 7.5% of the global funds raised in 2016 (all EMs are at 10%), with **China accounting for 59% of the Emerging Asia (43% of all EMs)**
- Average size of Emerging Asia funds closed in 2016 was US\$370 million (median at US\$150 million)

Funds Raised & Investments In Greater China



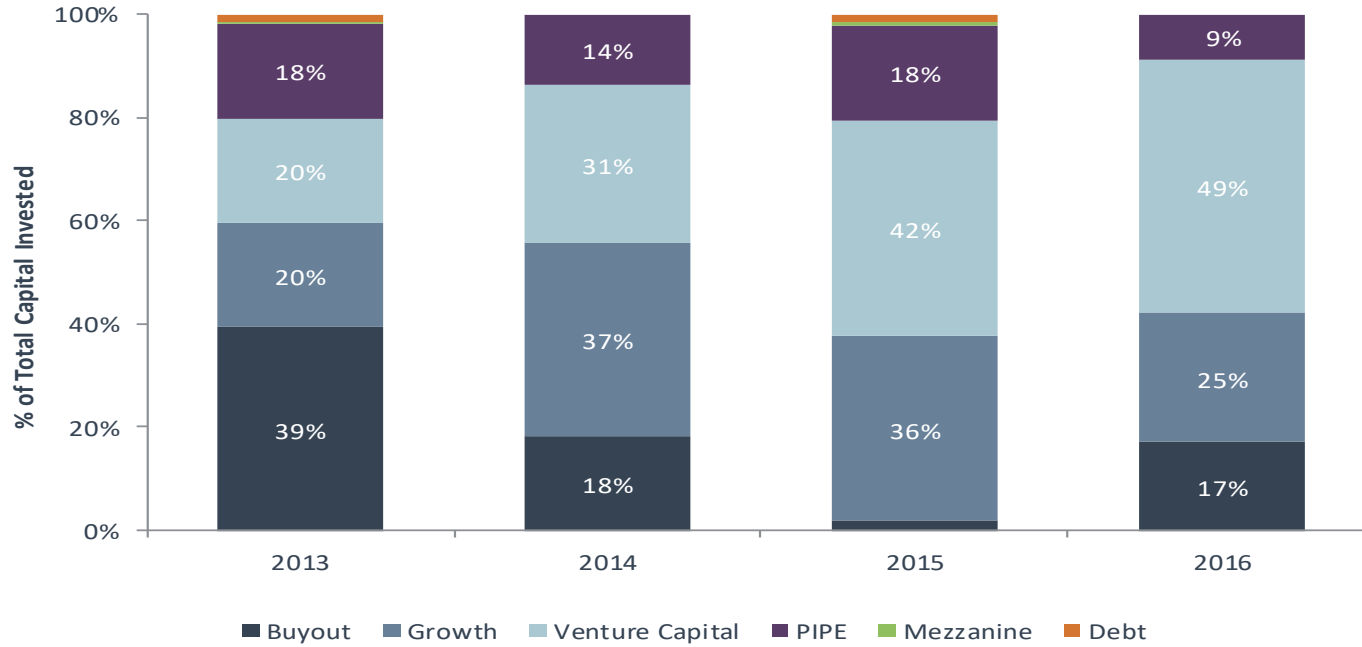
Fund Raised

- Funds raised in 2016 reached US\$19 billions (a five-year high)
- LPs flocked to big established players, with the five local largest funds accounting for more than 35% of all fundraising
- Most of the mid-market funds in China are now back down to raise an average of US\$300m-500m again whereas VC funds are also raising money in the same range

Investments

- Investments hit a seven-year low however, with 493 deals closed for US\$7.5 billions
- While the drop in investment may reflect China's slowing GDP growth, it also coincides with a surge in corporate investors, government funds and LPs engaging in direct investments
- 36% of the deals closed were in the consumers sector, 20% in Technology and 16% in Industrials
- 43 healthcare investments closed (US\$585 millions), more than any other year in EMs

Typology of PE Investments



- VC / early growth continues to increase as a share of total capital invested
- The share of mature growth & buyout deals (control) declined since 2013, but remains strong (42%)

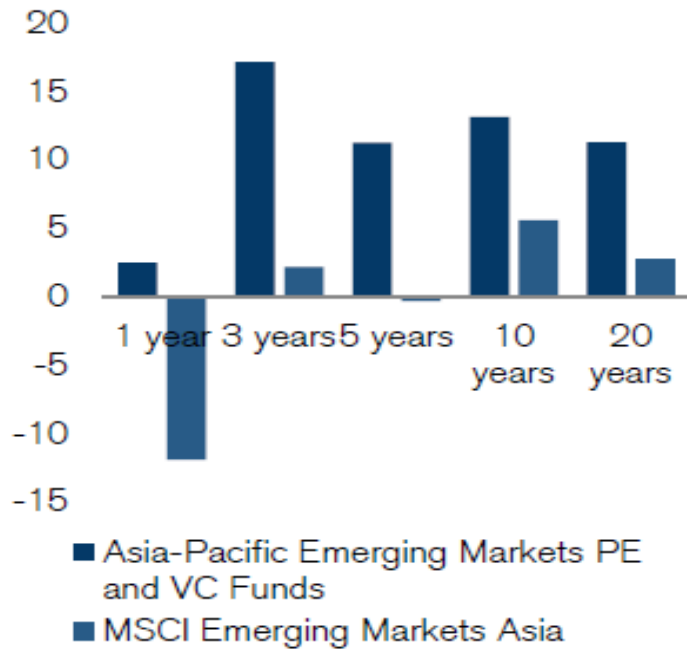
Performance Overview

Private equity index performance relative to public market benchmarks

(End-to-end pooled net IRR%)

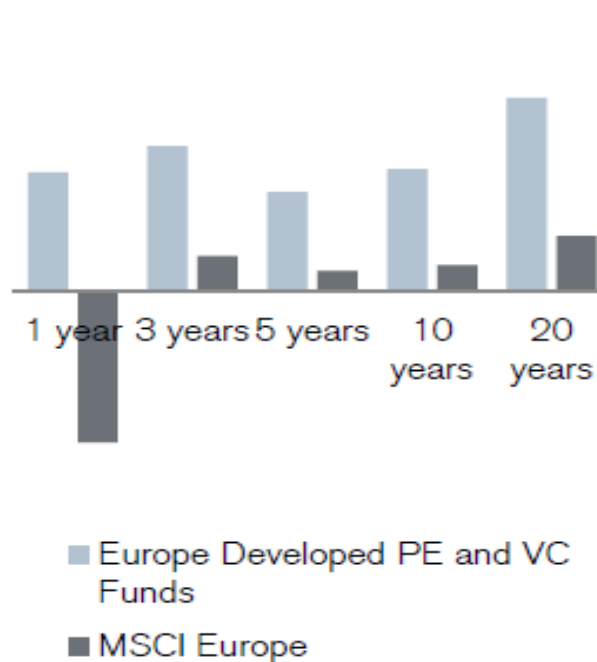
Asia Pacific

Average PE outperformance of **11.4%**



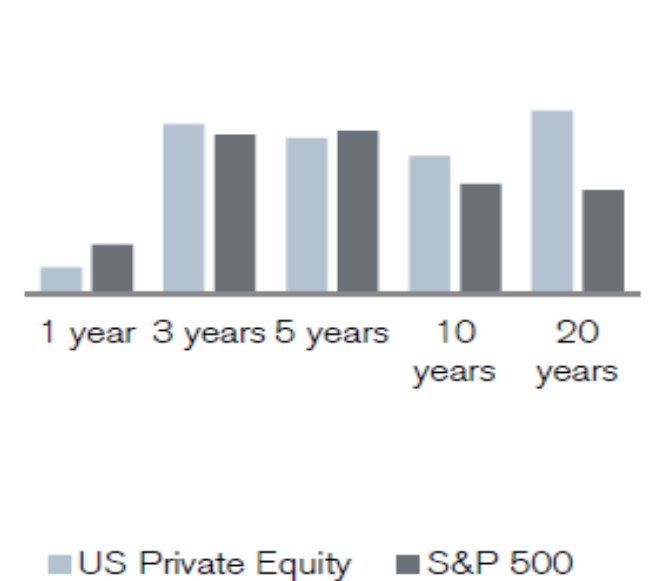
Europe

Average PE outperformance of **10.3%**



United States

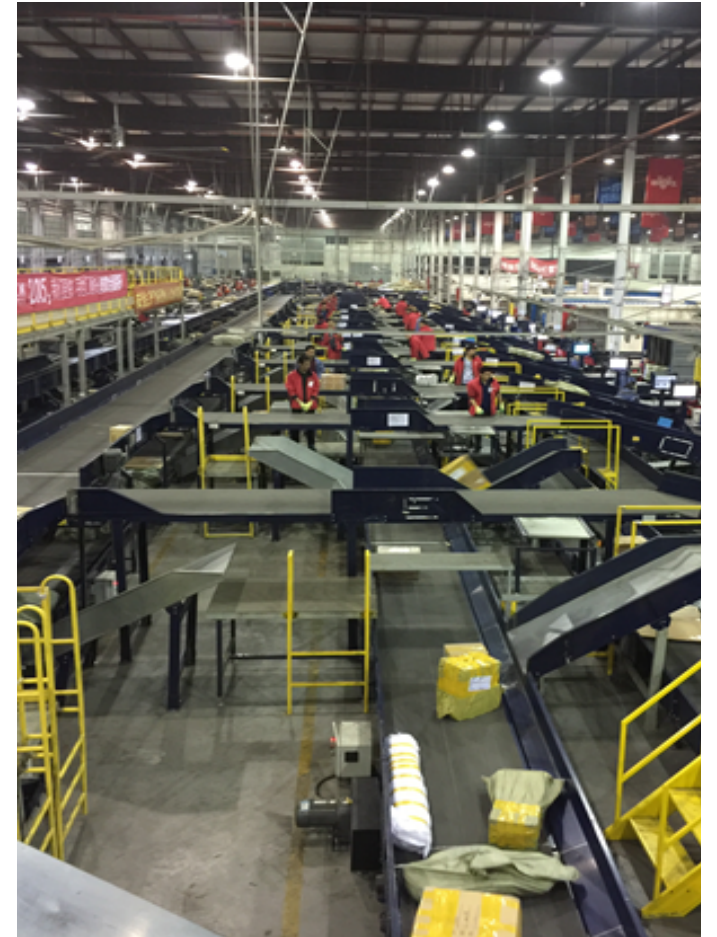
Average PE outperformance of **1.3%**



3 – Current Trends

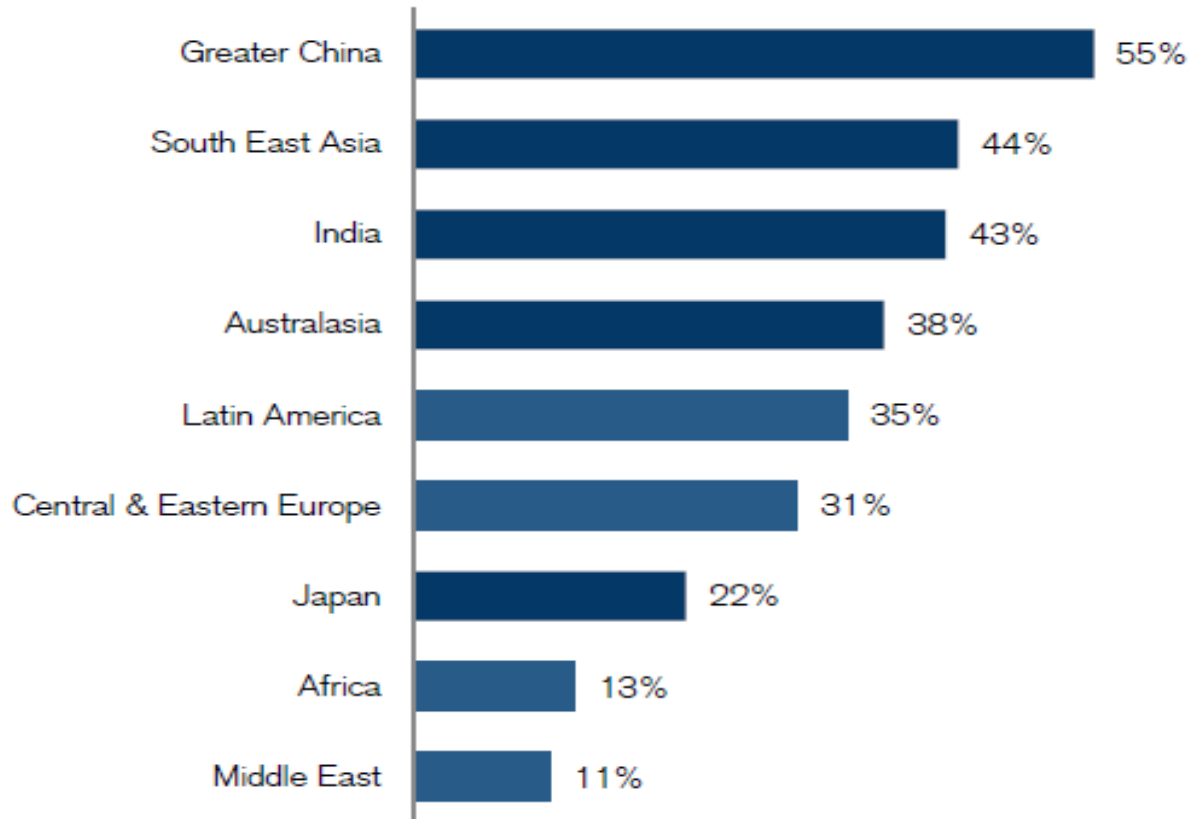
China PE has reached a certain level of maturity

- GPs in the region are increasingly winning path-to-control provisions in their deals, enabling a **more activist approach to their portfolios**
- More and more local RMB managers are now willing to raise **international money**
- Trend on **TMT VC funds and healthcare funds**, mainly driven by the national policy
- General funds becoming **more industry specific** such as agriculture funds, energy funds or higher value-add industrial funds

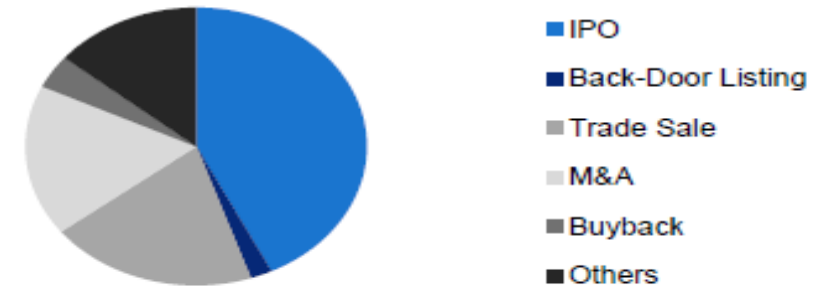


Investors Continue to Expand their Allocations in China

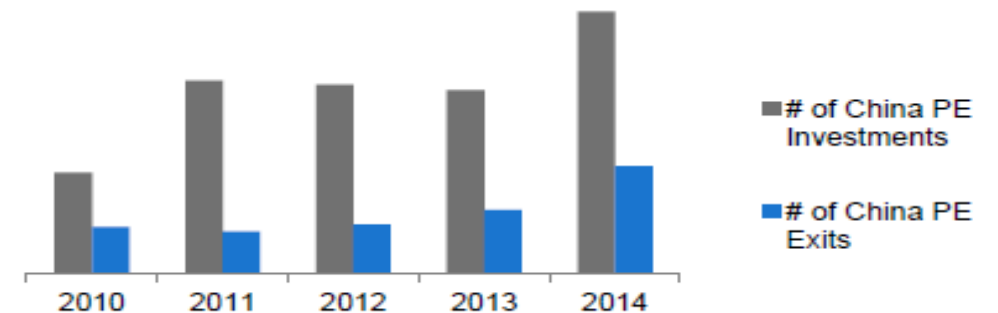
LPs intend to increase allocations to Asia



IPO is the major exit channel for growth investments



Exits became challenging due to volatile IPO markets in China during recent years



Although investment exits has become more challenging in recent years, investors still intend to continue to expand their allocations in China



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Luxembourg: Bridge between Europe and China

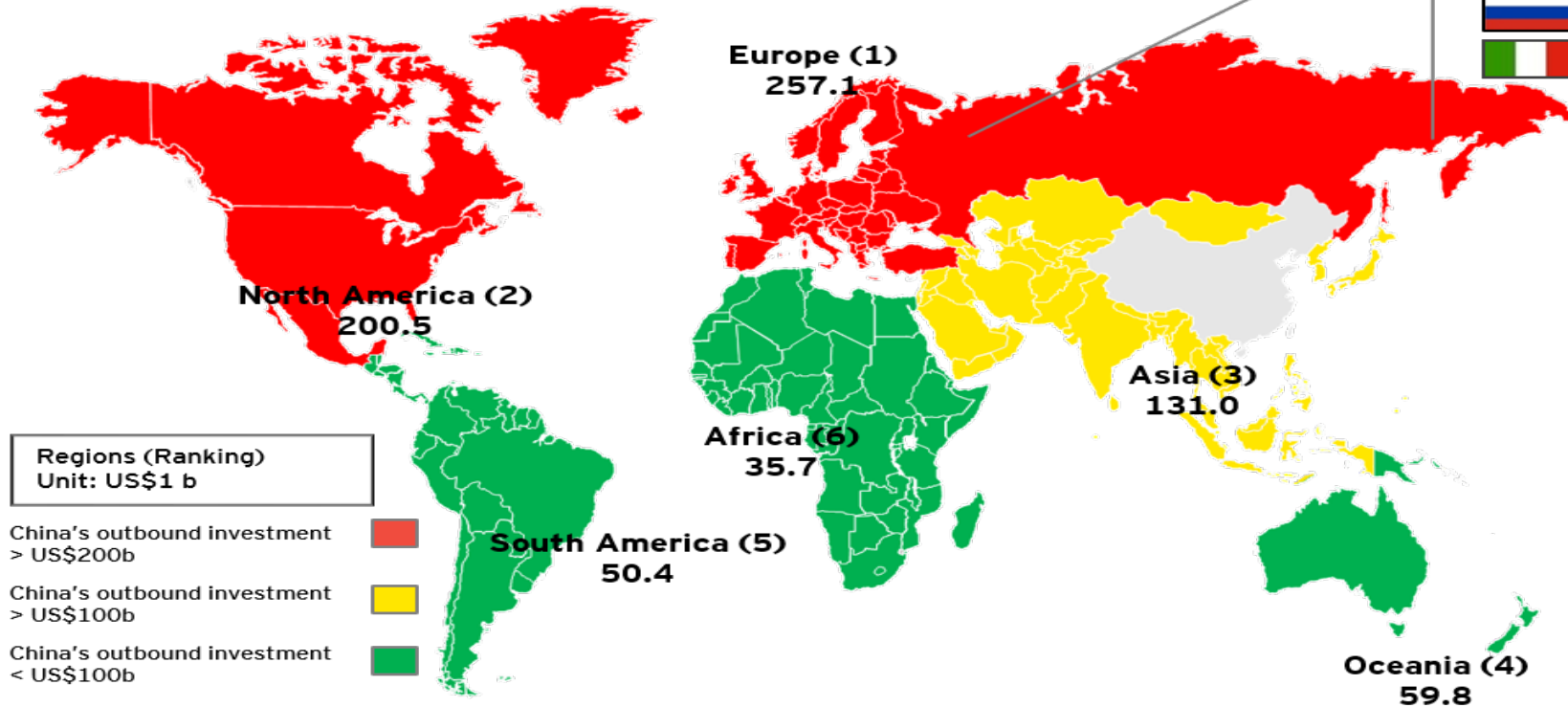
Alain Kinsch

Managing Partner EY Luxembourg
EMEIA Private Equity Fund Leader

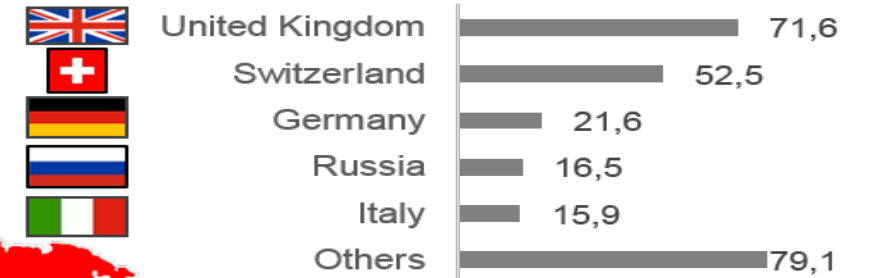


Footprint of China's capital

Distribution of China's outbound M&A deals (2006–2016, US\$ billion)



China's outbound M&A deals in Europe (2006-2016, US\$bn)



EY prediction* - Hot countries for next several years

Country	Initiative
Brazil	Infrastructure, E&R
CIS countries	"One Belt, One Road"
France	E&R, High-end manufacturing
Germany	"Made in China 2025"
India	"One Belt, One Road"
Indonesia	"One Belt, One Road"
Israel	"Made in China 2025"
Nordics	Life science, E&R
UK	"Golden era", Finance
USA	Largest economy

Source: MergerMarket 2006-2016, including outbound M&A in mainland China, Hong Kong, Macau and Taiwan,
* EY predicted hot countries based on analysis of EY historical data, public information and market intelligence contributed by Area COIN teams

China's outbound investment to Europe

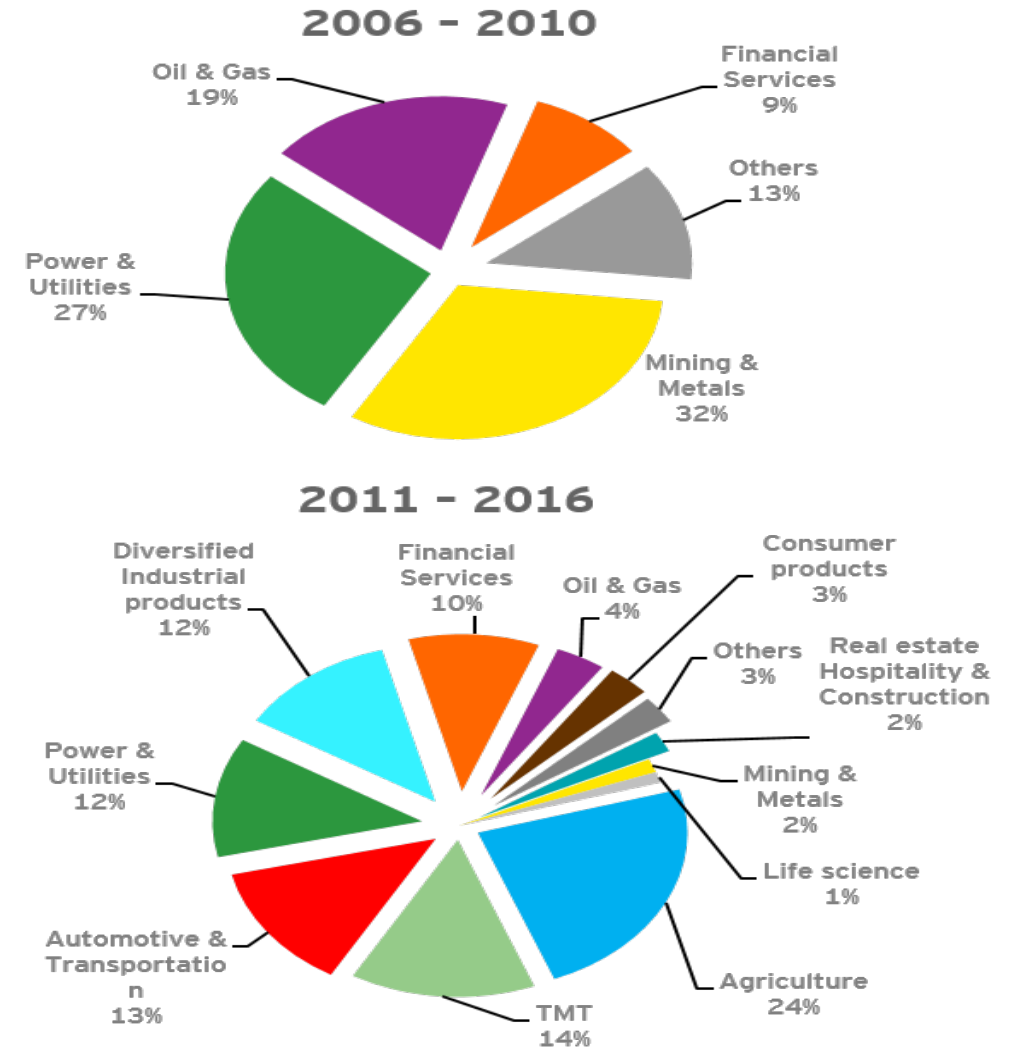
Key sectors of M&A

Chinese outbound M&A in Europe by sectors



- ▶ From 2006-2016, China's outbound investment to Europe are increasingly **diversified**
- ▶ **Agriculture, TMT, Auto & Transport and Industrial Products** are joining the leading sectors
- ▶ Life science, life style, TMT, etc. will keep the momentum, greenfield investment in infrastructure becomes focus

Source: MergerMarket, 2006-2016, including outbound M&A in mainland China, Hong Kong, Macau and Taiwan



China's Top 10 announced overseas merger and acquisition deals by value in 2016

Investor	M&A Type	Investment Strategy	Target	Target sector	Deal value (US\$bn)
ChemChina	Horizontal M&A	Reinforce core-business; explore overseas markets	Syngenta in Switzerland	Agriculture	45.86
State Grid	Horizontal M&A	Explore overseas markets	CPFL Energia S.A. in Brazil	Power & Utilities	12.41
Avolon Holdings (sub of HNA)	Vertical M&A	Industry integration; explore overseas markets	CIT Commercial Air unit	Financial services	10.03
Tencent	Horizontal M&A	Reinforce core-business; product diversification	Supercell Oy (84.3%) in Finland	TMT	86.00
Anbang	Horizontal M&A	Explore overseas markets	Strategic Hotels & Resorts Inc. in the US	Real estate, hospitality and construction	65.00
HNA Tourism	Vertical M&A	Industry integration; explore overseas markets	Hilton Worldwide Holdings Inc. (25%) in the US	Real estate, hospitality and construction	64.97
Tianhai Investment (sub of HNA)	Vertical M&A	Industry integration; product diversification	Ingram Micro Inc. in the US	TMT	60.68
Haier	Horizontal M&A	Reinforce core-business; explore overseas markets	GE Appliances Business in the US	Consumer products	56.00
Consortium led by Giant Network	Horizontal M&A	Reinforce core-business; explore overseas markets	Playtika Ltd. In Israel	TMT	44.00
Midea	Vertical M&A	Industry integration	KUKA (86.5%) in Germany	Industrial products	42.61

Source: Mergermarket; EY analysis; information from Tencent.com, Chinanews.com, 163.com, sohu.com

Biggest China-EU deals in 2016

Buyer	Target	Industry	Country
Tencent	Supercell	Gaming	Finland
Midea	Kuka	Robotics	Germany
Consortium	Global Switch	Telecoms	UK
HNA	Avolon	Aviation	Ireland
Ctrip	Skyscanner	Travel	UK
Beijing Enterprise	EEW Energy	Energy	Germany
Shangdong Ruyi	SMCP Group	Fashion	France
Wanda AMC	Odeon & UCI	Entertainment	UK

Source: Rhodium; Merics from FT

* Deal of Syngenta was not included in Rhodium's 2016 completed deals

China's outbound investment to EMEIA

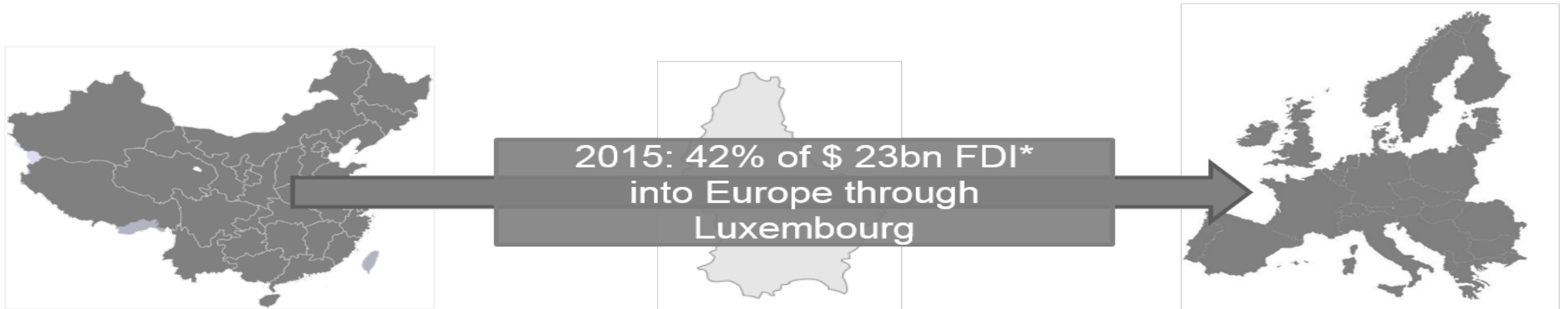
Top 10 key deals (2006-2015)

Historical key M&A deals					
Date	Investor	Target	Target country	Sector	Deal Value USD million
Feb 2016	ChemChina	Syngenta AG	Switzerland	Industrial Products	43,000
Mar 2015	Hutchison Whampoa	Telefonica UK Limited	UK	TMT	15,299
Feb 2008	Chinalco Alcoa	Rio Tinto Plc (12%)	UK	Mining & Metals	14,000
Sep 2010	Cheung Kong Infrastructure Power Assets Li Ka Shing Foundation	Electricite de France SA (UK-based distribution network)	UK	Power & Utilities	8,870
Mar 2015	ChemChina	Pirelli	Italy	Automotive	8,814
Nov 2014	China Railway Construction Corporation	Costal Rail Project	Nigeria	Transportation	8,010
Aug 2011	Cheung Kong Infrastructure	Northumbrian Water	UK	Power & Utilities	7,786
Sep 2015	Bohai Leasing	Avolon	Ireland	Financial Services	7,342
Jan 2013	China Power Investment Corporation	Aluminum Exploring Project	Guinea	Mining & Metals	5,950
Oct 2007	Industrial and Commercial Bank of China	Standard Bank	South Africa	Financial Services	5,413

Source: MergerMarket, The Heritage Foundation, 2006-2015, including outbound M&A in mainland China, Hong Kong, Macau and Taiwan

Luxembourg & China – A strong relationship

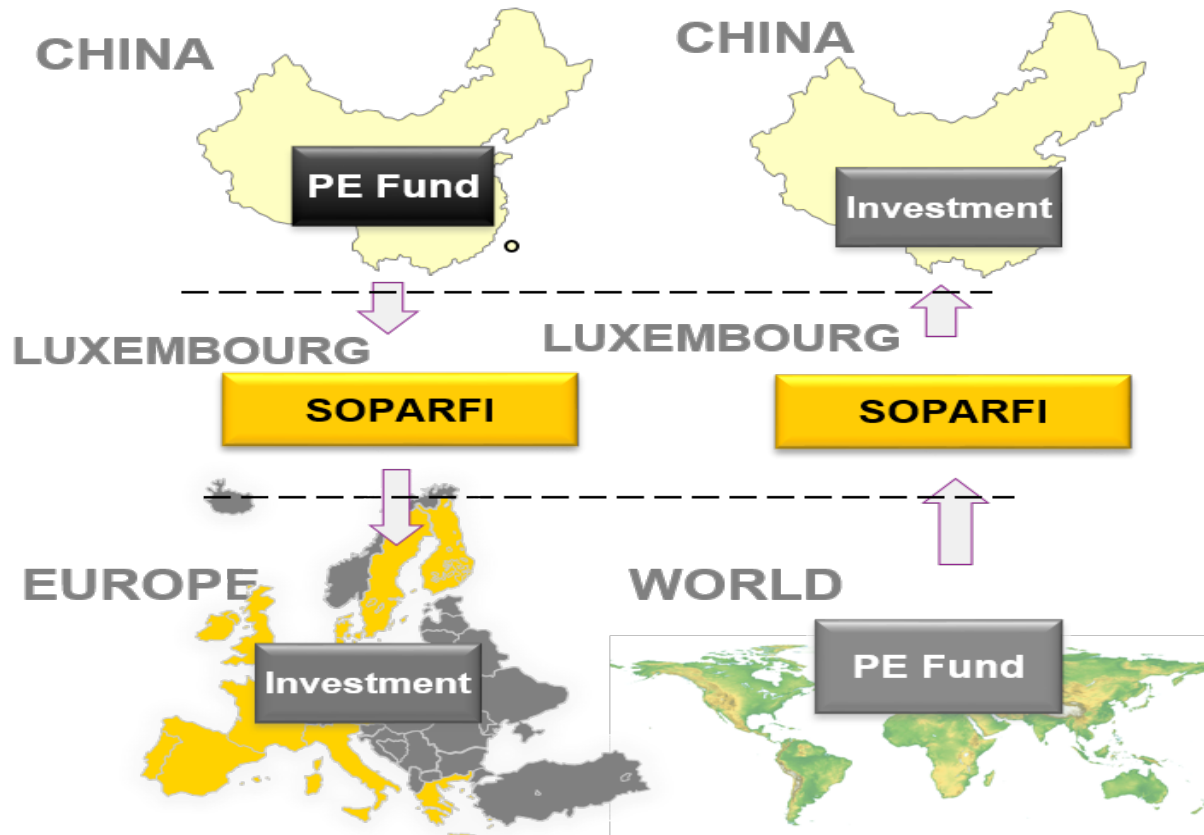
Luxembourg - a hub for China to invest in Europe



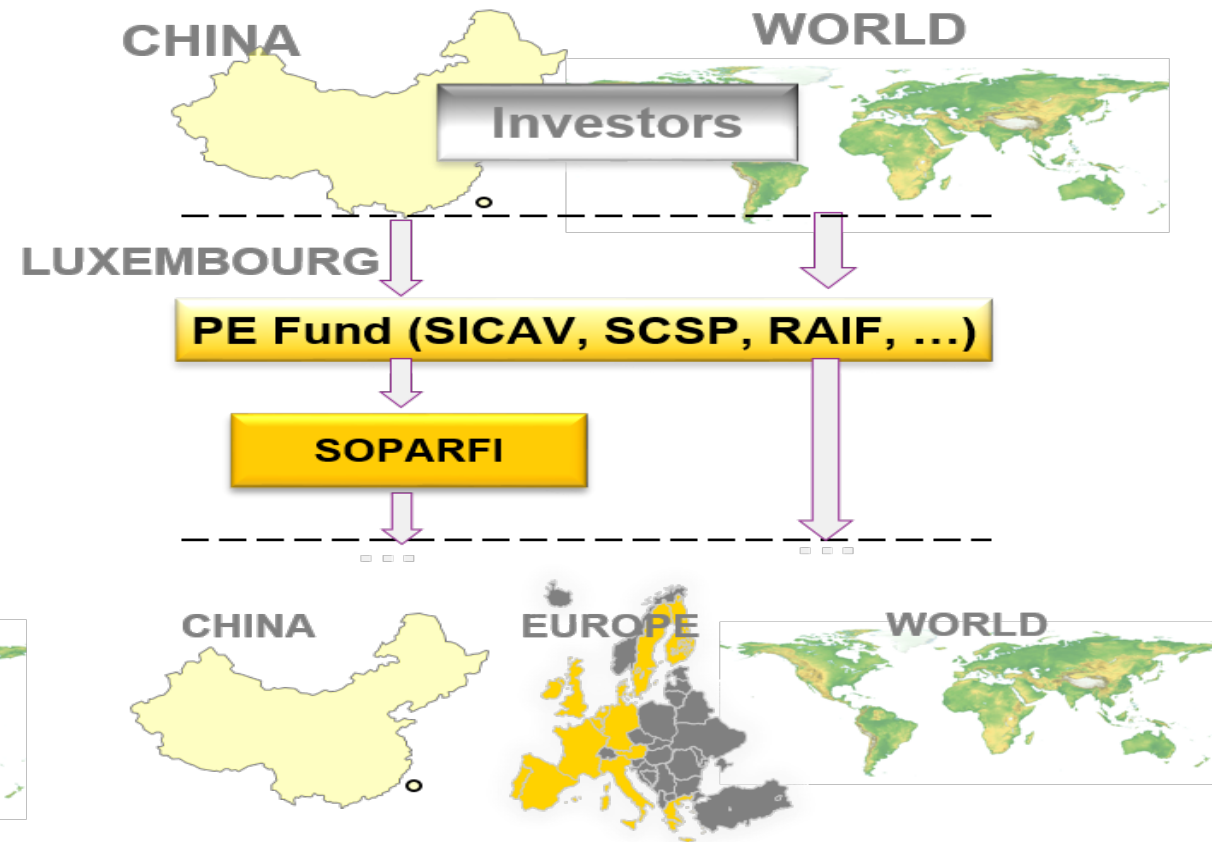
*Foreign Direct Investments in Europe originating from China in 2015

Luxembourg & Private Equity : Overview

Europe's #1 PE Investment Platform

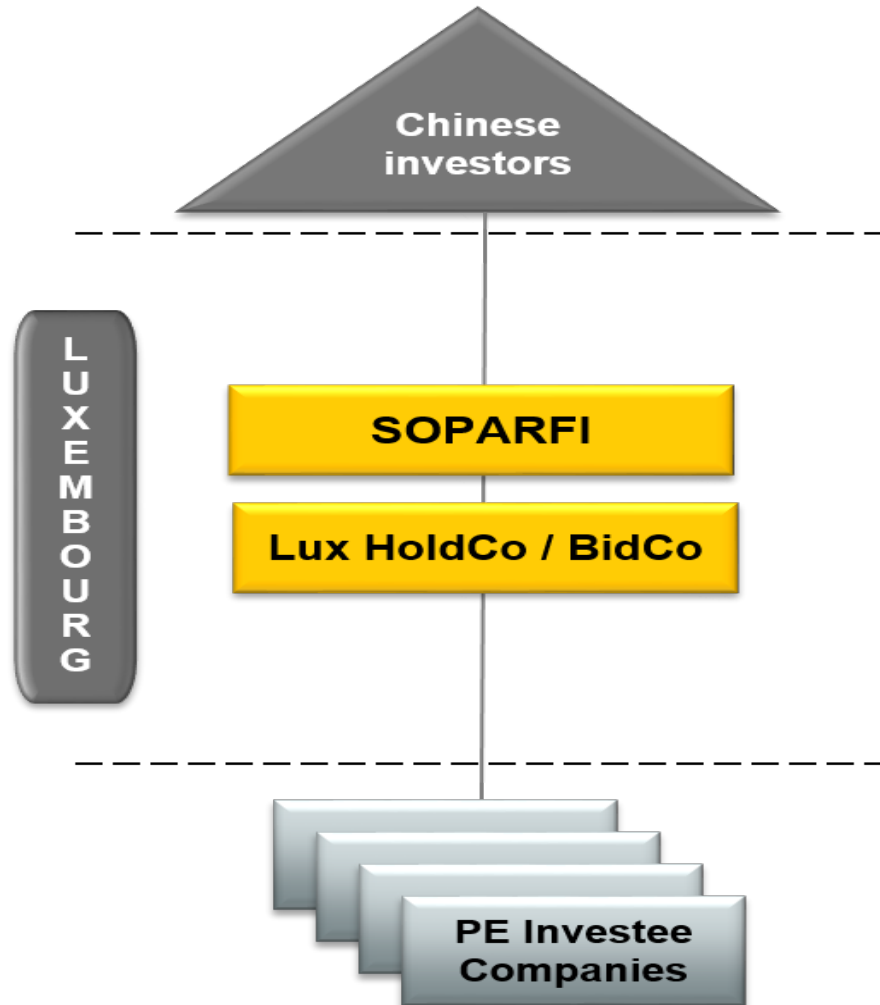


Europe's #1 PE Fund Centre

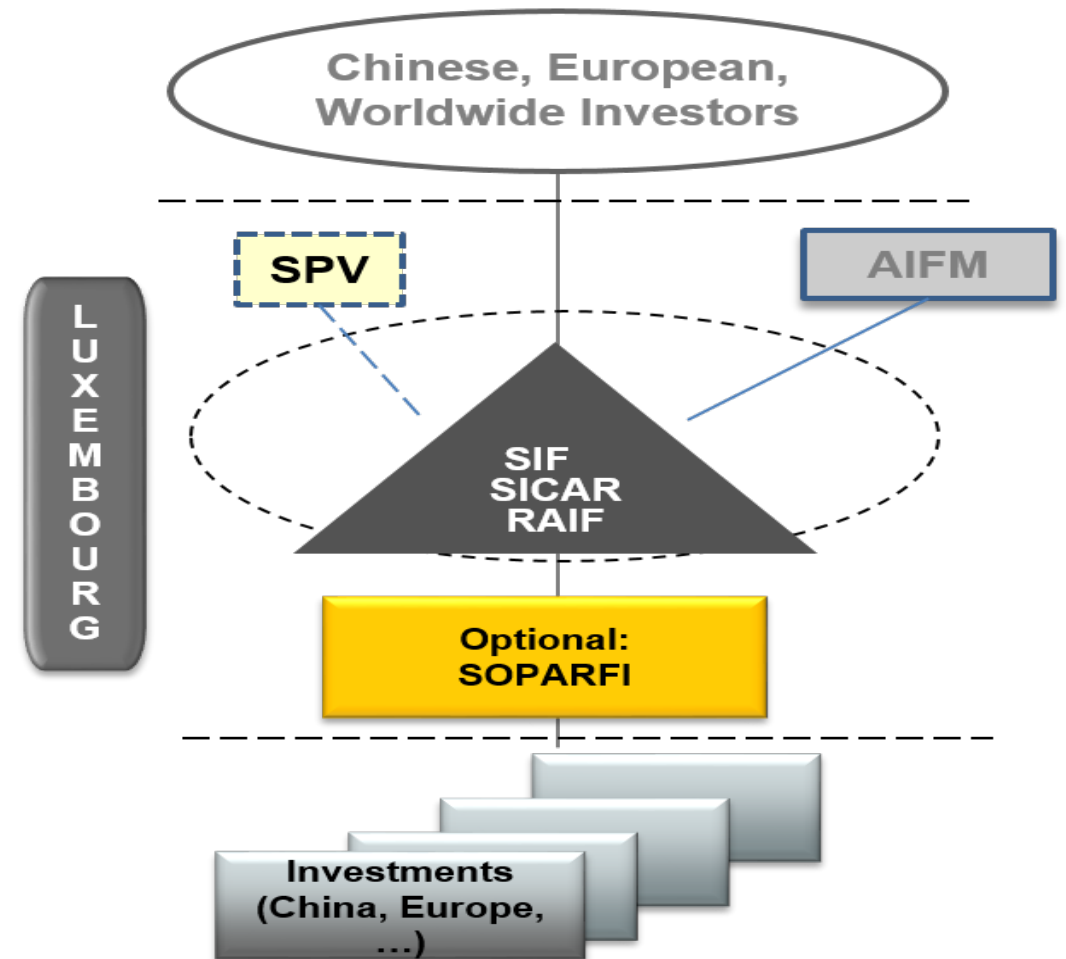


Luxembourg: PE's first choice in Europe

Europe's #1 PE Investment Platform



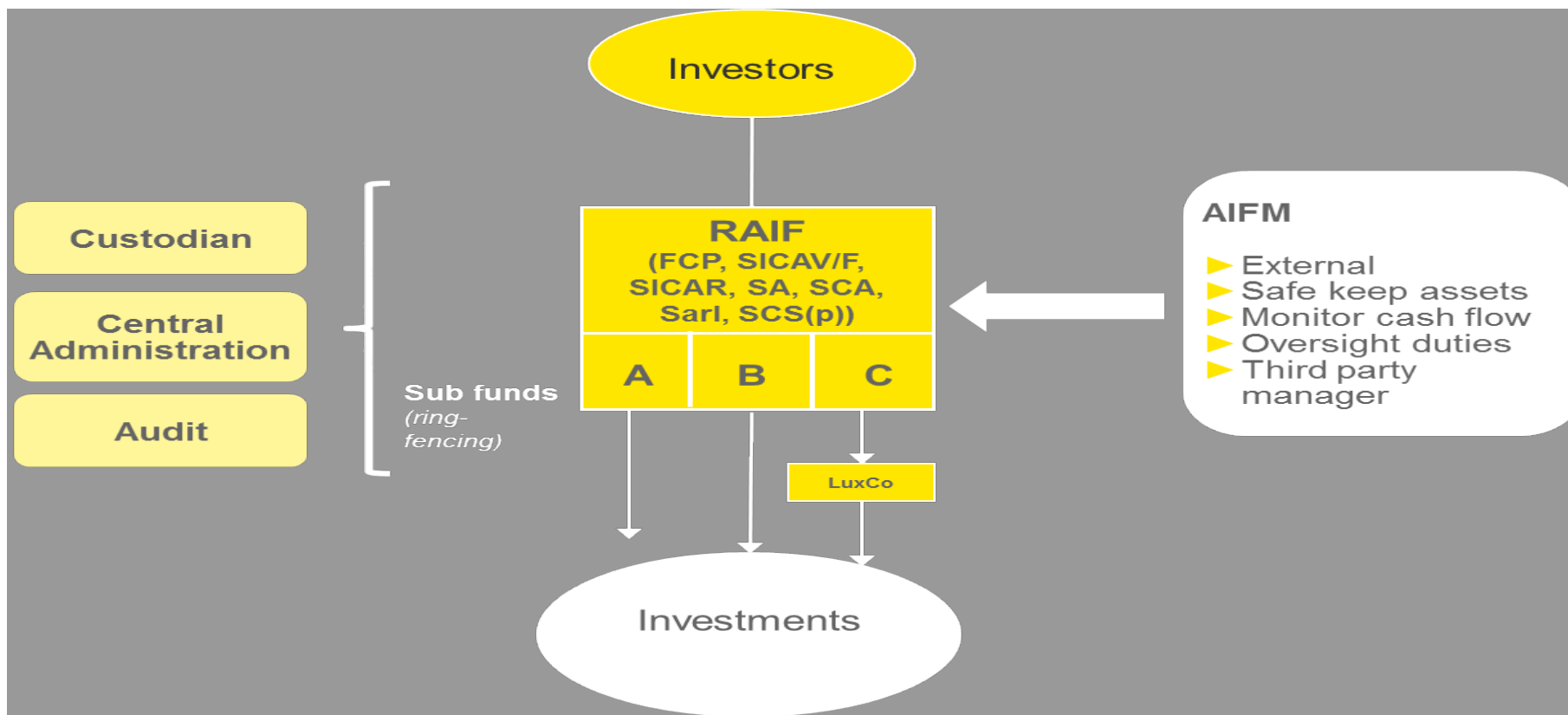
Europe's #1 PE Fund Platform



Luxembourg - always innovating: RAIF

The RAIF:

Reserved Alternative Investment Fund





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14 March 2017
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*Luxembourg,
a European
gateway for China:
update on
Private Equity
and M&A*

Deloitte.

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LUXEMBOURG LAW

EY Building a better
working world

GSK STOCKMANN



Introducing ICBC's Cross-Border M&A Financing Services

ICBC Global Banking Department

March 2017



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- 1 Analysis of Global and Chinese M&A Market
- 2 Achievements of ICBC in Cross-Border M&A Financing
- 3 Case Studies of ICBC's Cross-Border M&A Financing
- 4 Full Range of ICBC's Global Financial and Advisory Services

1. Analysis of Global and Chinese M&A Market



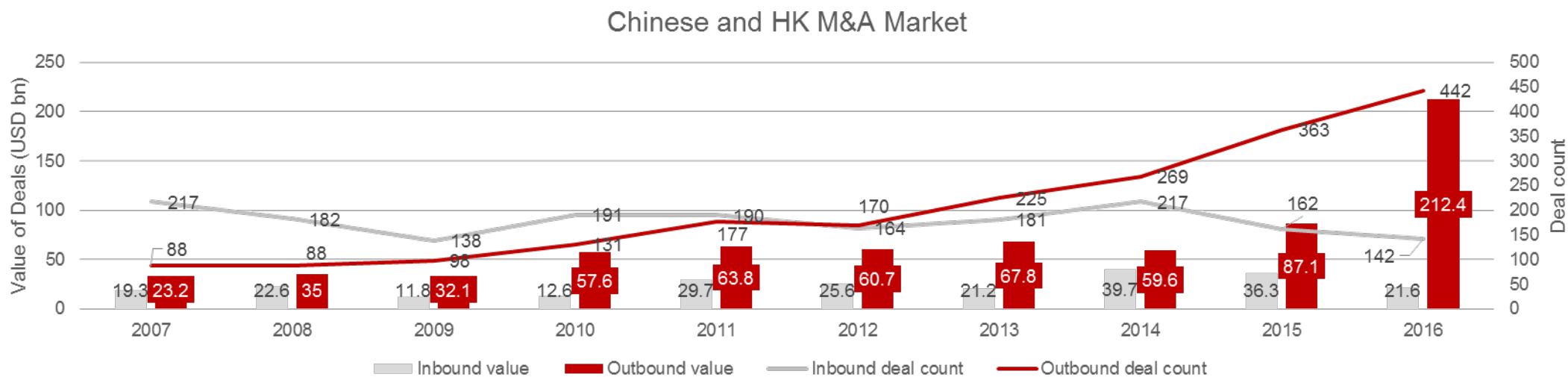
Global M&A Market Trends

Region	Transactional Value	Share	Change (yoy)
Europe	797.4 m	24.6%	-10.3%
Middle East and Africa	88.3 m	2.7%	+93.4%
North America	1,500 m	47.5%	-22.9%
Central and Southern America	83.8 m	2.6%	+8.7%
Asia – Pacific (ex-Japan)	658.8 m	20.3%	-25.5%
Japan	62.6 m	1.9%	+2.3%

Source: Merger Market

- Global value of M&A transaction in 2016 was USD 3,200 bn, lower by 18.1% compared to 2015 ; total number of transactions in 2016 was 17396, fewer by 670 compared to 2015. Simultaneous decrease in quantity and value was driven by political instability, which is expected to become even greater in 2017
- North America remains the dominant region for M&A transactions in 2016

China and Hong Kong M&A Market Trends



Source: Merger Market; ICBC Analysis

- Chinese cross-border M&A transactions amounted to 442 for total value of USD 212.4 mn by end of 2016, an increase of 143.8% year to year
- USA was the most popular destination for Chinese investment in 2016, with 99 announced transactions for USD 66.2 bn of total value
- Manufacturing and Chemicals were the most preferred industries of M&A in 2016, total value of transactions in the sectors increased from USD 15.8 bn in 2015 to USD 72.6 bn in 2016

2. Achievements of ICBC in Cross-Border M&A Financing



Achievements of ICBC in Cross-Border M&A Financing

ICBC's ranking in Thomson Reuters' 2016 M&A League Table:

#1 Involvement in Asia-Pacific transactions by deal count, third year in a row

#1 Involvement in global Chinese cross-border acquisition financing

#1 Involvement in Chinese cross-border M&A advisory, second year in a row



THOMSON
REUTERS

113

Of transactions
arranged by ICBC
in 2016

>\$150 bn

Total value of
transactions with
ICBC's
involvement

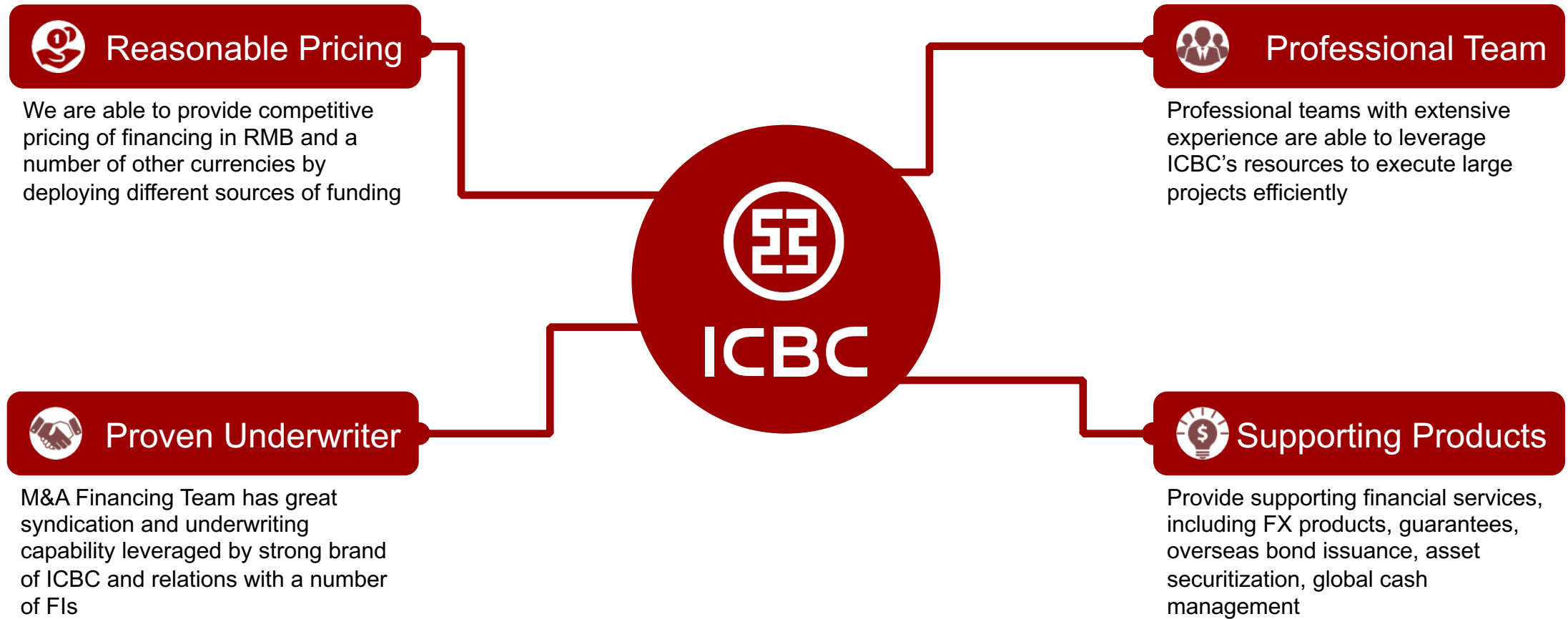
20%

Market share of
ICBC in M&A
market

>70%

Involvement of
ICBC in 2015 top
10 Chinese cross-
border M&A

4 Advantages of ICBC's M&A Financing Services



Large M&A Transactions Financed by ICBC

Energy

USD 3,700,000,000



CTG's Acquisition of Brazil Ilha Solteira and Jupia Hydropower Plants' 30 yrs Franchise

Mandated Lead Arranger
Guarantee Issuer

EUR 2,700,000,000



CTG's Acquisition of Energias de Portugal

Mandated Lead Arranger

USD 2,300,000,000



CGNPC's Acquisition of Edera's Malaysian Project

Mandated Lead Arranger

GBP 220,000,000



SDIC's Acquisition of RENUK

Mandated Lead Arranger

Resources

USD 10,600,000,000



China Minmetals Consortium's Acquisition of Peru Bambas Copper Mine

Mandated Lead Arranger

USD 880,000,000



Chengdu Tianqi Industry's Acquisition of Talison Lithium

Mandated Lead Arranger

USD 15,100,000,000



CNOOC's Acquisition of Nixon project

Mandated Lead Arranger

Large M&A Transactions Financed by ICBC

Financial Services

HKD 68,000,000,000



Cinda's Acquisition
of
Nanyang Commercial Bank

Mandated Lead Arranger

USD 320,000,000



Wanda's Acquisition
of
99bill.com

Mandated Lead Arranger

EUR 1,038,000,000



Fosun's Acquisition of 80%
of shares of
CSS Insurance Company

Financial Advisor
Mandated Lead Arranger

USD 25,600,000,000



Fosun's Acquisition
of
Ironshore

Financial Advisor
Mandated Lead Arranger

Resources

USD 1,200,000,000



如家酒店集团

Privatization of Rujia

Financial Advisor
Underwriter
Agent
Mandated Lead Arranger

USD 300,000,000



泛海控股
OCEANWIDE HOLDINGS

Oceanwide's Acquisition
of
First & Mission project in
San Francisco

Mandated Lead Arranger

EUR 930,000,000



Fosun's Acquisition
of
Club Med

Joint Financial Advisor
Mandated Lead Arranger

MYR 7,410,000,000



中国中铁
CREC

CREC's Acquisition
of
Bandar Malaysia Project

Mandated Lead Arranger

Large M&A Transactions Financed by ICBC

Manufacturing

EUR 7,300,000,000



Privatization of Pirelli

Mandated Lead Arranger

USD 320,000,000



Wanda's Acquisition
of
99bill.com

Mandated Lead Arranger

USD 280,000,000



XCMG's Acquisition
of
Schwing

Mandated Lead Arranger

EUR 330,000,000



Wuhan Iron and Steel's
Acquisition of
ThyssenKrupp's steel project

Mandated Lead Arranger

USD 4,000,000,000



Shuanghui's Acquisition
of
Smithfield Foods

Mandated Lead Arranger

GBP 300,000,000



Wanda's Acquisition
of
Sunseeker

Mandated Lead Arranger

Resources

EUR 1,500,000,000



Wanda's Acquisition
of
Infront Sports Media

Mandated Lead Arranger

MYR 7,410,000,000



CREC's Acquisition
of
Bandar Malaysia Project

Mandated Lead Arranger

3. Case Studies of ICBC's Cross-Border M&A Financing



Case Study : Midea's Acquisition of KUKA – 100% of Bridge Loan



Details of Financing

<i>Purpose</i>	<i>Midea's acquisition of KUKA</i>
<i>Amount</i>	<i>EUR 3.7 bn</i>
<i>Target</i>	<i>KUKA AG</i>
<i>Acquirer</i>	<i>Midea Group</i>
<i>Acquisition value</i>	<i>EUR 3.7 bn</i>
<i>Closing date</i>	<i>August 2016</i>
<i>Financing banks</i>	<i>ICBC (Europe) Paris Branch, ICBC Frankfurt Branch</i>
<i>Role of ICBC</i>	<i>Mandated Lead Arranger</i>

Transaction Highlights

- Midea Electric Investment, a subsidiary of Midea Group, provided corporate guarantee; Midea Group signed keepwell deed
- KUKA is leading German Industry 4.0, one of the “Big Four” companies of global industrial robotics. It is the no. 3 in global robotics and no.1 in Europe
- After the acquisition, Midea Group expects to improve its own production efficiency and equipment upgrade using KUKA's experience in robotics and automation, using the synergy of the transaction to increase Midea Group's product diversity, global footprint and profitability

Case Study: Privatization of Pirelli by Chem China – non-recourse acquisition financing



Details of Financing

<i>Purpose</i>	<i>Privatization of Pirelli</i>
<i>Amount</i>	<i>EUR 6.8 bn</i>
<i>Target</i>	<i>Pirelli & C.</i>
<i>Acquirer</i>	<i>Chem China, Pirelli ' s original owners, management</i>
<i>Transaction value</i>	<i>EUR 7.3 bn</i>
<i>Closing date</i>	<i>December 2015</i>
<i>Place of delisting</i>	<i>Borsa Italiana</i>
<i>Financing banks</i>	<i>JP Morgan , ICBC, Unicredit, CCB and other</i>
<i>Role of ICBC</i>	<i>Mandated Lead Arranger</i>

Transaction Highlights

- **One of the top 5 global producer of premium tires, OEM producer for Porsche, Lamborghini, Bentley, Ferrari, Maserati and other top class cars**
- **Privatization of this large chemical industry is a milestone in Chinese ECM, it is the first Chinese company to acquire top class tire producer, technology and distributor. Chem China ' s tire company takes part in the post-merger integration**
- **ICBC is one of the few Chinese banks that fully complies with Italian financial regulations to provide full scope financial services in Italy**
- **Headquarter provides platform for large cross-border acquisition financing and syndication**

Case Study : HNA's Acquisition of the World's Largest Airport Service Company



Details of Financing

<i>Purpose</i>	<i>Acquisition of Swissport</i>
<i>Amount</i>	<i>CHF 315 m</i>
<i>Target</i>	<i>Swissport</i>
<i>Acquirer</i>	<i>HNA Group</i>
<i>Acquisition value</i>	<i>CHF 1.05 bn</i>
<i>Closing date</i>	<i>February 2015</i>
<i>Financing banks</i>	<i>ICBC, ABC, BoC, Bank of Communications</i>
<i>Role of ICBC</i>	<i>Mandated Lead Arranger, Bookrunner, Underwriter</i>

Transaction Highlights

- **Swissport is the largest airport service company globally, its main service includes airport service and air cargo service, it covers 42 countries**
- **HNA and Grand China Air acted as guarantor in the financing**
- **HNA Group's acquisition of Swissport is within their recent strategy of diversification, creates vertical integration through the airport service platform**

Case Study : Privatization of Home Inn – 100% of bridge loan



如家酒店集团

Details of Financing

<i>Purpose</i>	<i>Privatization of Home Inn group</i>
<i>Amount</i>	<i>USD 1.2 bn</i>
<i>Target</i>	<i>Home Inn Group</i>
<i>Acquirer</i>	<i>BTG Hotel Group</i>
<i>Acquisition value</i>	<i>USD 35.9ADR</i>
<i>Debt financing value</i>	<i>USD 1.2 bn</i>
<i>Closing date</i>	<i>December 2015</i>
<i>Place of delisting</i>	<i>US NASDAQ</i>
<i>Financing banks</i>	<i>ICBC</i>
<i>Role of ICBC</i>	<i>Financial Advisor, Underwriter, Agent, Mandated Lead Arranger</i>

Transaction Highlights

- For the first time ICBC provided loan for BTG Hotel Group based on keepwell deed as one of the measures for enhancing credibility
- BTG Group completed acquisition of Home Inn group through share exchange, and became the first listed hotel group with brand portfolio covering budget class to premium class
- ICBC acted as the financial advisor and mandate lead arranger and provided USD 1.2 bn acquisition financing

Case Study: Cinda's Acquisition of Nanyang Commercial Bank – Keepwell Deed and Repurchase Agreement



Details of Financing

<i>Purpose</i>	<i>Acquisition of Nanyang Commercial Bank</i>
<i>Amount</i>	<i>HKD 39 bn</i>
<i>Target</i>	<i>Nanyang Commercial Bank</i>
<i>Acquirer</i>	<i>Cinda Asset Management</i>
<i>Acquisition value</i>	<i>HKD 68 bn</i>
<i>Closing date</i>	<i>March 2015</i>
<i>Financing banks</i>	<i>CCB, ICBC, CDB, ABC etc.</i>
<i>Role of ICBC</i>	<i>Mandated Lead Arranger</i>

Transaction Highlights

- Cinda provided keepwell deed and repurchase agreement to increase the credibility for the sake of the financing
- Largest successful M&A transaction in Chinese banking history
- Cinda's acquisition of Nanyang Commercial Bank will generate substantial synergy in group's internal resource allocation, finance and business

Case Study : CREC' s acquisition of Bandar Malaysia

– “acquisition guarantee + acquisition financing”

Details of Financing

<i>Purpose</i>	<i>Acquisition of 60% of Bandar Malaysia shares Sdn Bhd</i>
<i>Amount</i>	<i>MYR 3 bn of loan and MYR 4.82 bn of guarantee</i>
<i>Target</i>	<i>Bandar Malaysia Sdn Bhd</i>
<i>Acquirer</i>	<i>CREC's Malaysian Joint Venture (ICSB)</i>
<i>Acquisition value</i>	<i>MYR 7.41 bn</i>
<i>Closing date</i>	<i>October 2016</i>
<i>Financing banks</i>	<i>ICBC</i>
<i>Role of ICBC</i>	<i>Mandated Lead Arranger</i>

Transaction Highlights

- **Transaction Structure:** 1. Issue 8-year guarantee for CREC Malaysia for MYR 2.41 bn, for the benefit of TRX, Chinese company provides counter-guarantee; 2. Issue 8-year guarantee for Iskandar Waterfront Holdings for MYR 2.41 bn for the benefit of TRX, CREC provides security measures; 3. Provide MYR 3 bn loan for ICSB, tenor of 5 years, for the purpose of acquisition and associated costs. This scheme combines different security measures, financing structure to optimize the solution for client.
- Bandar project is a strategic project developed by Malaysian Ministry of Finance to boost its economy and is located in Kuala Lumpur with 200 m², is the largest single land in the city. Through this financing, Malaysia branch has established good relations with CREC and reinforced ICBC's position in M&A financing for large SOEs
- CREC is the largest general construction company in Asia, this transaction is their largest cross-border real estate transactions so far

Case Study : CGN's acquisition of Malaysian Edra Energy Company – Short-term Bridge Loan, Refinancing



Details of Financing

<i>Purpose</i>	<i>CGN's acquisition of Malaysian Edra Energy Company</i>
<i>Amount</i>	<i>USD 800 m</i>
<i>Target</i>	<i>Malaysian Edra Energy Company</i>
<i>Acquirer</i>	<i>China General Nuclear Power Company</i>
<i>Acquisition value</i>	<i>USD 2.3 bn</i>
<i>Closing date</i>	<i>March 2016</i>
<i>Financing banks</i>	<i>ICBC</i>
<i>Role of ICBC</i>	<i>Mandated Lead Arranger</i>

Transaction Highlights

- **CGN provides full guarantee, it has solid guarantee and refinancing capabilities**
- **Edra's installed capacity exceeds 6.2 MW, mainly owns natural gas power generation units. It is also involved in active development of new green energy projects based on natural gas and solar power.**
- **ICBC provided financing to support "go out" strategy**

Case Studies: Chinese Consortium's Acquisition of Xstrata Peru – Syndication and Joint Guarantee



Details of Financing

<i>Purpose</i>	Acquisition of Xstrata Peru S.A.and further development of Bambas mine
<i>Amount</i>	USD 7 bn
<i>Target Company</i>	Xstrata Peru S.A.and its Bambas mine
<i>Acquirer</i>	China Minmetal Consortium
<i>Acquisition Price</i>	USD 10.6 bn
<i>Transaction Time</i>	August 2018
<i>Financing Banks</i>	CDB,ICBC, BoC
<i>Role of ICBC</i>	Mandated Lead Arranger

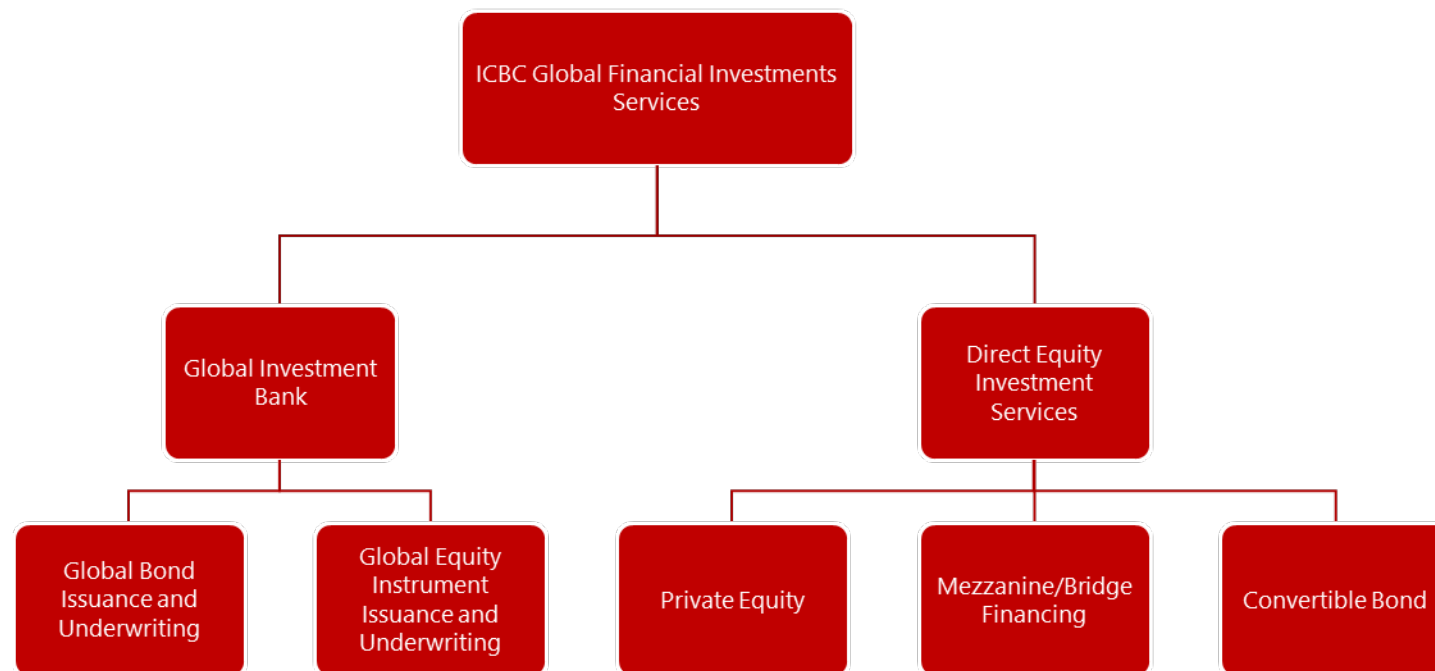
Transaction Highlights

- The consortium is consisted of MMG, CRHC and CITIC, with 62.5%, 22.5% and 15% of shares respectively. According to the shares in the consortium, each entity provided relevant guarantee for financing
- Bambas mine is world's largest copper mine under construction. Expected production capacity in first 5 years is estimated at 450,000 tons of copper, which is twice the current capacity of China Minmetals.
- This acquisition improved China Minmetals' production quality and international influence

4. Full Range of ICBC's Global Financial and Advisory Services



ICBC Global Financial Investment Services



Our Global FIS Clients



ICBC M&A Advisory Services



Financial Advisor

We can provide matchmaking, due diligence, valuation, structure design, risk evaluation, negotiation support, financing advisory, financing arrangement and many other services during the lifecycle of M&A process



Financing Advisor

For the transactions that are already advanced in the process we can design financing structures, evaluate risk, repayment capability in order to meet the expectation of acquirer regarding the acquisition and potentially exit as well



Financing Arranger

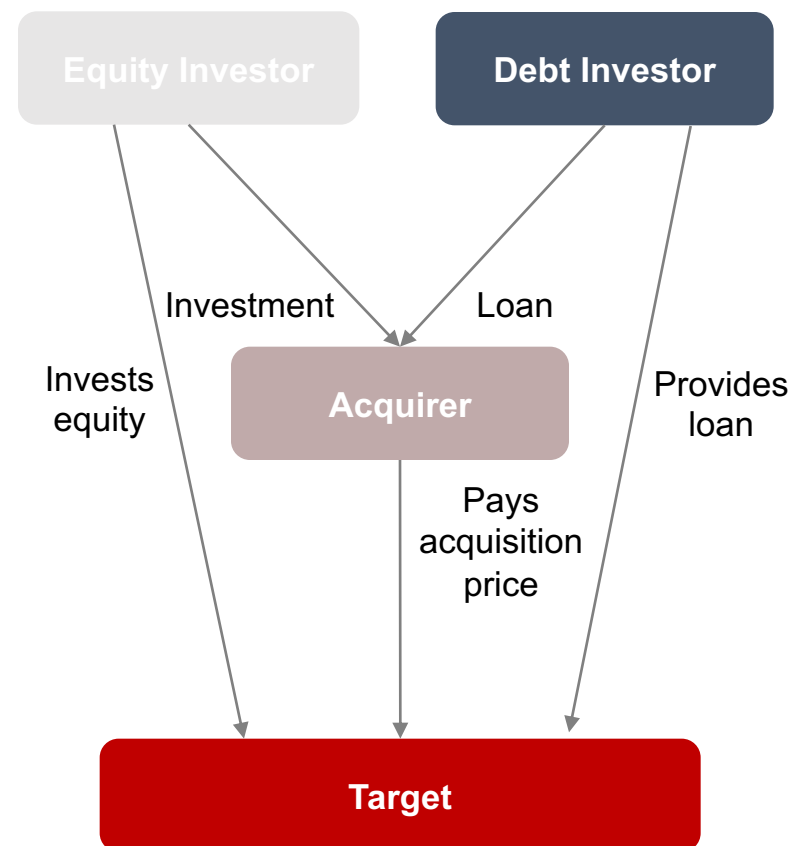
For clients that has already designed financing schemes, we can provide different financial products to support the acquisition

ICBC Global Coordination Service

Global Coordination Service

Coordination	<ul style="list-style-type: none"> Represent in negotiations with seller, coordinate due diligence process
Selection	<ul style="list-style-type: none"> Support in the selection of legal, tax, audit, technical and other advisory parties, suggest payment schedule and optimize the cost structure for the client
M&A Advisory	<ul style="list-style-type: none"> Preparing M&A timetable and process management Suggest M&A structure Prepares valuation financial model using DCF, comparable transactions and other valuation methods
Financing Advisory	<ul style="list-style-type: none"> Provide suggestions regarding financing (or investment), with a variety of product type, amount, tenor, cost etc.
Transaction Advisory	<ul style="list-style-type: none"> Support client in bidding and negotiations Support in legal, tax, audit, technical due diligence of the target Jointly prepare SPA with legal counsel Closing

Transaction Structure



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