Innovative Exploration of China CEFC Implementing the Initiative of "One Belt and One Road"

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1 Following the Initiative of “One Belt and One Road” to Plan Overseas Business

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The Historical Opportunity of “One Belt and One Road” Initiative

The global economic environment

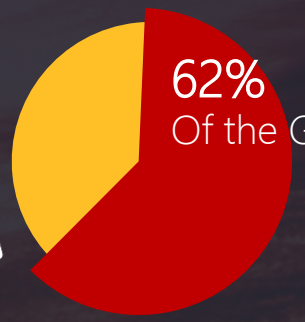
- Weak economic growth
- Gloomy and sluggish economy
- Rising anti-globalization

“One Belt and One Road”

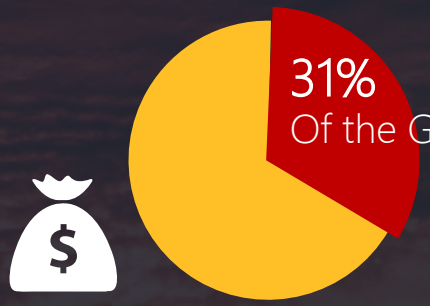
- Explore the way to develop the economy
- Make re-balancing globalizating real
- Explore new regional cooperation

The Historical Opportunity of “One Belt and One Road” Initiative

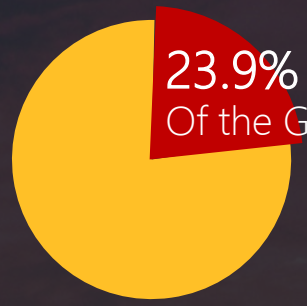
[One Belt One Road]



Population Coverage
4.6 billion



Economic Scale
23 trillion USD



Exports of Goods and Services

= 65

Countries and Regions along the Routes

= 81000 KM

Eurasian Railway Network

The Historical Opportunity of “One Belt and One Road” Initiative

Constructive Results of The Initiative

Participation

- Participation of 100 countries

Agreement

- Partinership agreement with 40 countries and international organizations

Cooperation

- Institutionalised production cooperation with 30+ countries

Trade

- $3+ trillion of trade volume with countries along the Road

The Historical Opportunity of “One Belt and One Road” Initiative

Constructive Results of The Initiative

Investment

- $50 billion investment in countries along the Road

Economic zones

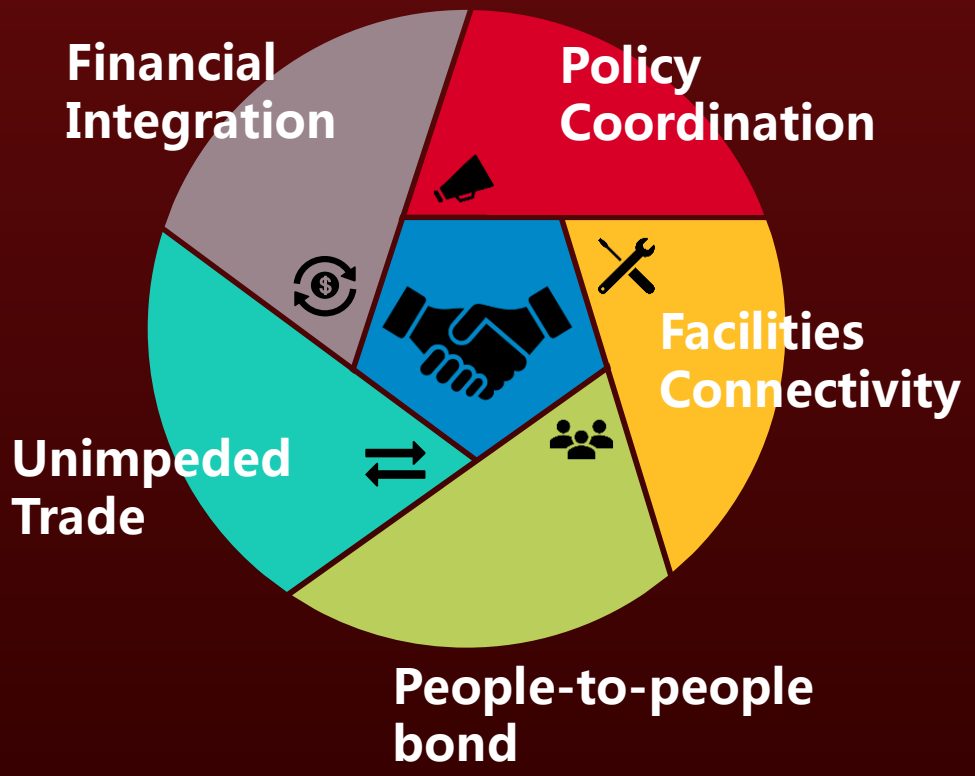
- 56 Chinese-built economic zones in 20+ countries

Tax and jobs

- $1.1billion tax revenue and 180,000 jobs

The Core Content of “One Belt and One Road” and The Role The Corporation Plays

The Core Content： “5 cooperative fields” & “ 3 communities”

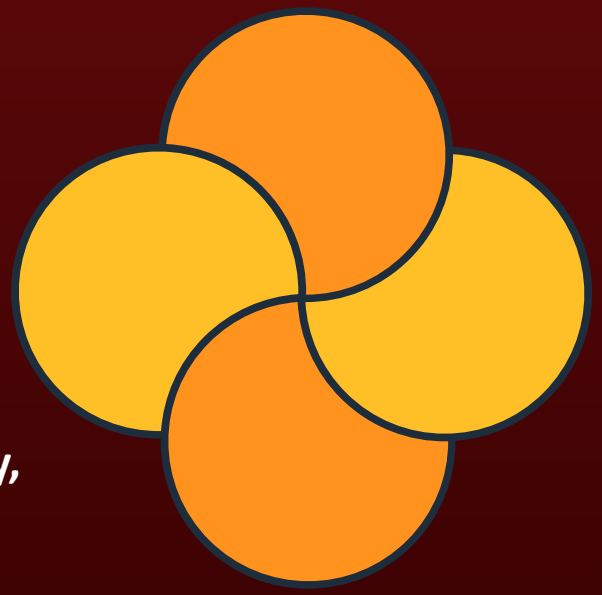


The Core Content of “One Belt and One Road” and The Role The Corporation Plays

The Role The Corporation Plays

The Implementer of strategies

The Leader of development planning



Platform of facilities connectivity, financial integration and unimpeded trade

The Carrier of cooperative programs, people-to-people bond and cultural integration

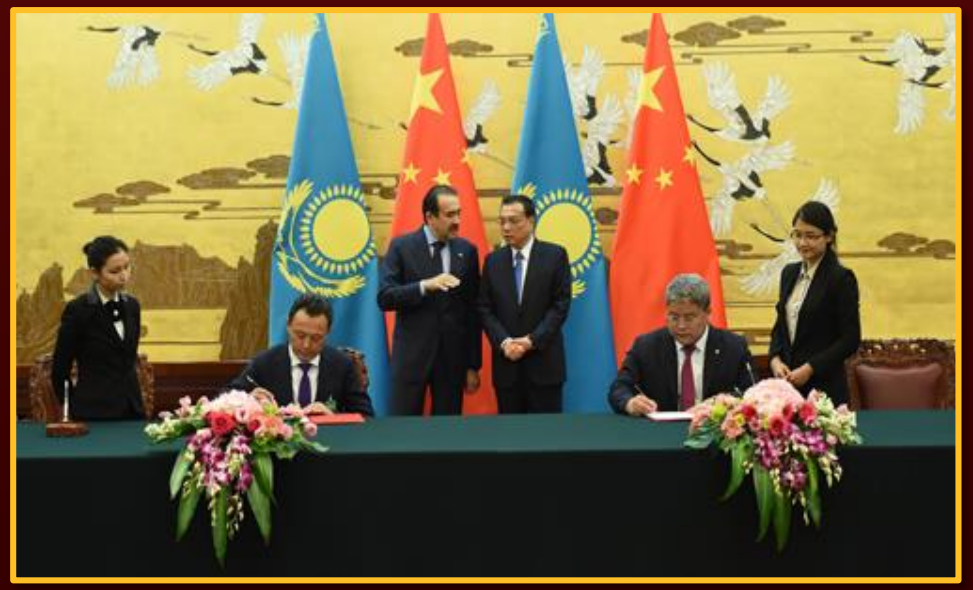
The Business Layout of China CEFC

China CEFC is a private company, but it is also a national company. With the help of the initiative of "One Belt and One Road", China CEFC takes area surrounding "One Belt and One Road" as the key part of its overseas business layout. The company builds coordinated business in the Central Asia, Russia, the Middle East and Europe by putting finance and investment first, underpinning the downstream to get access to the upstream, and acquiring overseas equities in oil and gas.

The Business Layout of China CEFC

1 In the Central Asia

- On December 14, 2015, witnessed by two primiers of China and Khasakstan, China CEFC signed a long-term strategic agreement with KazMunayGas ("KMG"), the national oil company of Kazakhstan in the Great Hall of the People in Beijing.
- On April, 2016, CEFC China acquired a 51 percent stake in KMGI, a subsidiary of KMG
- After the completion of the acquisition, the two sides will integrate their resources to jointly develop the international oil and gas market



The Business Layout of China CEFC

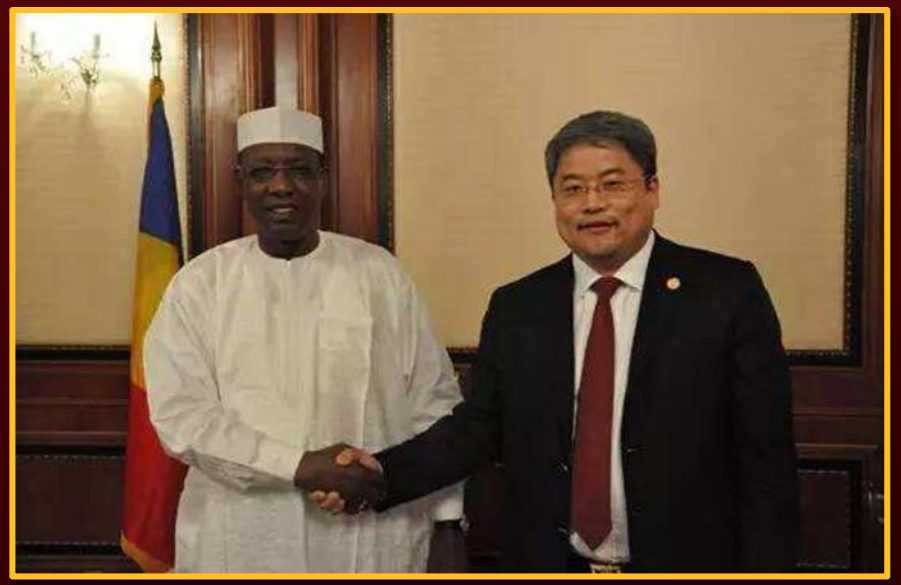
2 In the Middle East

- Take a foothold in Abu Dhabi, explore equities of oil and gas in the Middle East and acquire 132 million t/y of crude oil in Abu Dhabi.
- CEFC China and Abu Dhabi have signed a strategic cooperation agreement, participate in the development of upstream oil and gas projects in Abu Dhabi and engage in energy reserve and open market trading cooperation
- CEFC China reached an agreement with the Abu Dhabi National Oil Company ("ADNOC") and acquired a 4 percent stake of onshore oil concession

The Business Layout of China CEFC

3 In Africa

- In December 2015, CEFC China signed a Cooperation Agreement with OPIC Africa Corporation of CPC Corporation, Taiwan ("CPC") to acquire a 35 percent share of CPC's interests in the latter's three oil and gas blocks in Chad.
- Two parties develop oil and gas of Chad as co-operators.
- Acquire the right to sell additional 5 million tons of crude oil



The Business Layout of China CEFC

4 In the Eurasian Area

- Work with the Georgian Government and the Georgian Sovereign Fund to set up a joint market and joint venture banks, strengthen renminbi reserves and settlements, and promote Chinese enterprises to invest in telecommunications, electricity, railways and aviation infrastructure in Georgia.
- Establish the regional headquarters in Georgia, and carry out investments, mergers and acquisitions, construction and operation in finance, energy, infrastructure and other areas around the Black Sea and the Caspian Sea.

The Business Layout of China CEFC

5 In the Central and Eastern Europe

- On October 27, 2014, CEFC China signed a strategic agreement in Beijing in the presence of the heads of state of China and the Czech Republic
- In September 2015, Czech president Zeman visited headquarters of China CEFC. Ye Jianming, Chairman of China CEFC, met president Zeman. The two witnessed the signing of cooperative agreements in finance, energy, aviation, logistics and culture etc.
- In March 2016, China CEFC and Czech companies signed multiple cooperative agreements witnessed by heads of state of the two countries during the session of China-Czech economic and trade round table

The Business Layout of China CEFC

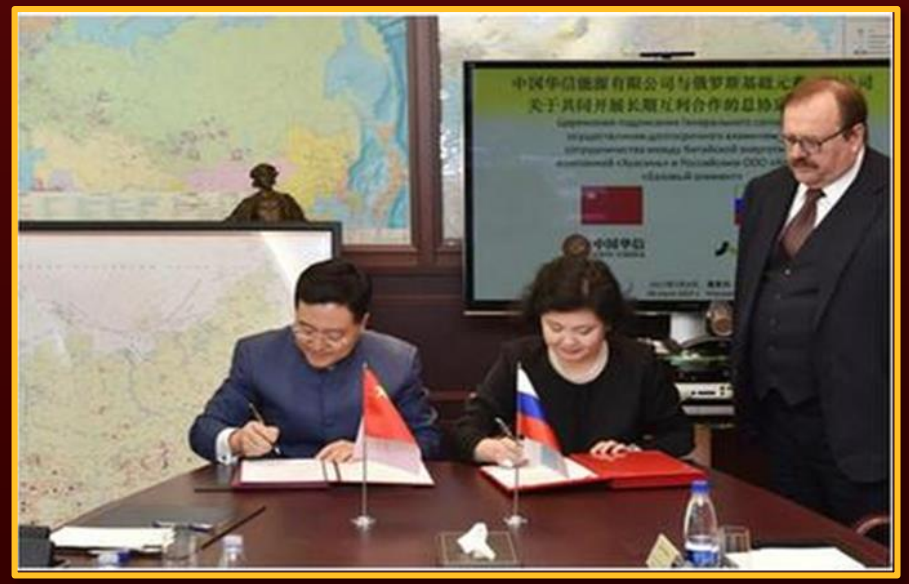
5 In the Central and Eastern Europe

- Establish the second headquarters in Prague and formulate the overreaching layout of investments: buying shares of Czech TVS airline, MEDEA and EMPRESA MEDIA Group, SK Slavia Praha football club, Le Palais Hotel, Lobkowicz brewery, ZDAS Iron and Steel Group, and Invia CZ e-tourism etc.
- At present, China CEFC has become the most representative Chinese enterprise in investment in Czech, and built profound partnership with people in Czech politics, economy, and culture

The Business Layout of China CEFC

6 In Russia

- In Russia, China CEFC have cooperated closely with Russian oil companies, Russian Basic Elements Group, and Russian oil and gas companies and achieve breakthrough results in energy, finance, trade and other areas
- On July 4, China CEFC and Russian Basic Element Group have signed General Agreement on Long-term Mutually Beneficial Cooperation. It is how China CEFC implements spirits of “One belt and one road” international summit held in Beijing in May, 2017 and coordinates with Eurasian economic alliance within the framework of “One belt and one road” initiative



2 China CEFC Takes Energy and Finance as Main Business

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Prospect of Energy Sector &Strategic Choice of China CEFC

Prospect of Energy Sector

Low oil price which is estimated to be around $50

Re-balancing of global oil & gas market and restructuring of S&D

Renewable energy will pick up speed

Prospect of Energy Sector &Strategic Choice of China CEFC

Oil and gas remain to be the important resources to protect the world energy security. China CEFC executives suggested to cope with changes of the global energy landscape by serving the country, taking energy and finance as main business and implementing energy-and- finance- driven business model. China CEFC integrates finance and energy in an innovative way so as to embark on the successful road of overseas exploration within the initiative of "One belt and one road".

China CEFC

Strengths	Weaknesses
Flexible mechanism	Private company
Innovative growth	Lack of assets
Seize the chance	Not long time

Dual Development of Energy and Finance

- Putting finance first and integrating financing and investment, and acquiring finance-underpinned energy equities and formulate energy equities programs as a platform of financial operating
- Stressing policies support and indirect financing

- Obtaining resources equities, and expanding overseas market by developing the downstream to get access to the upstream
  - Coordinating with domestic oil companies and jointly ensure the energy security of China

- Integrating resources and formulating overseas platform for investment and financing to realize sustainable development
- Obtain profits in financing and investment, and managment fees of integrating the two.
- Establishing diversified financing service system by developing financial transaction, lease, factoring and e-settlement and propeling RMB to go global.

The Finance and Investment Bank Layout of China CEFC

China

- Obtaining Full Range of Financial Licenses and building comprehensive financial service in bank, securities, financial management, futures, trusts, and factoring

China CEFC

The Finance and Investment Bank Layout of China CEFC

Czech

- In Czech, China CEFC acquired 50% stake of J&T bank.
- Establish J & T wholly foreign - owned bank in Shanghai. Cooperate with China Development Bank (CDB) and Build J&T bank as CDB's window of bond issuing and center of overseas settlement
- J&T Bank, on behalf of the Czech government, co-established the Central and Eastern Europe Investment Fund with ICBC.

The Finance and Investment Bank Layout of China CEFC

Europe

On the afternoon of May 10th, Ye Jianming, Chairman of the Board of CEFC China, met Alexandre de Rothschild, Executive Deputy Chairman of Rothschild & Co and his delegation in CEFC China's Shanghai headquarters. The two sides had an in-depth discussion and agreed to strengthen investment cooperation in sectors including energy, financial services, aviation, infrastructure construction, food and high-end property.

The Finance and Investment Bank Layout of China CEFC

USA

- On March 2017 , CEFC China Energy Company Limited (CEFC China) and Cowen Group, Inc. (Cowen) (NASDAQ:COWN) signed a strategic investment agreement in Shanghai under which CEFC China would acquire 19.9% of the equity interest in Cowen. The deal would make CEFC China the single largest shareholder of the century-old American securities company and start long-term strategic partnership between the two companies.
- This is the first time that a Chinese private enterprise has become the single largest shareholder of an established American investment bank through strategic investment.

The Finance and Investment Bank Layout of China CEFC

Georgia

- Establish Georgia Development Bank with the Georgian government
- Build the Georgian Construction Fund with Georgian sovereingty fund

3 Innovate Business Model to Tackle Risks of Outbound Investment

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Challenges of Chinese Companies Going Global

- Terrorism
- Slowing or recessing globalization
- Weakening mutual trust
- Rising Populism
- Rising conflicts between religions
- Volatile geopolitics
- Complicated security situation

Challenges of Chinese Companies Going Global

Restraining force of the market in overseas growth, %

How Does China CEFC Go Global

Highlight the strategic and long-term cooperation, and avoid risks, harvest friendship,and obtain a stable profit through complementary advantages and innovative business model.

- Play the role of organizer and coordinator
- Obtain the policy support of the government
- Build long-term stable partnership with state-owned companies and foreign oil and gas companies.

- Establish long-term stable partnership by playing merits of each other
- Jointly cope with challenges by working with partners, giving full play of strengths and bridging shortcomings.

Cases of China CEFC Going Global

1 Going global with large state owned companies and centrally administered companies

An affiliate of CEFC China and China Railway Corporation jointly established Central Asia Oil and Natural Gas Logistics Co., Limited. The purpose of the joint venture is to invest in infrastructure development relating to liquefied natural gas ("LNG") transportation via railway and operate a transportation network construction business. Through DGT LLP, a Kazakhstan company acquired by CEFC China, the joint venture is able to transport liquefied petroleum gas from Kazakhstan to China via railway.

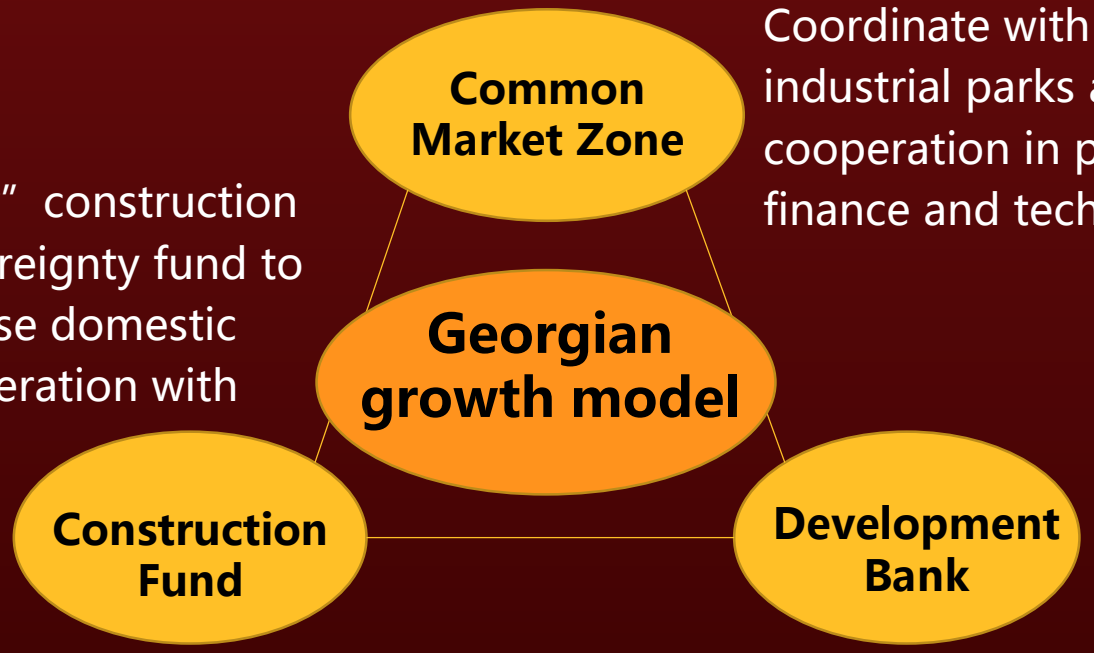
CEFC China has cooperated with such state-owned enterprises as Yunnan Provincial Energy Investment Group, Shandong Energy Group and Jizhong Energy Group in energy trading.

Cases of China CEFC Going Global

2 Innovate business model and help international capacity and RMB go global

Coordinate with China's free trade zones and industrial parks and promote comprehensive cooperation in production, commodities, trade, finance and technology with Chinese companies.

Establish "semi-sovereignty" construction fund with the Georgian sovereignty fund to issue RMB securities, purchase domestic production and propel cooperation with international production



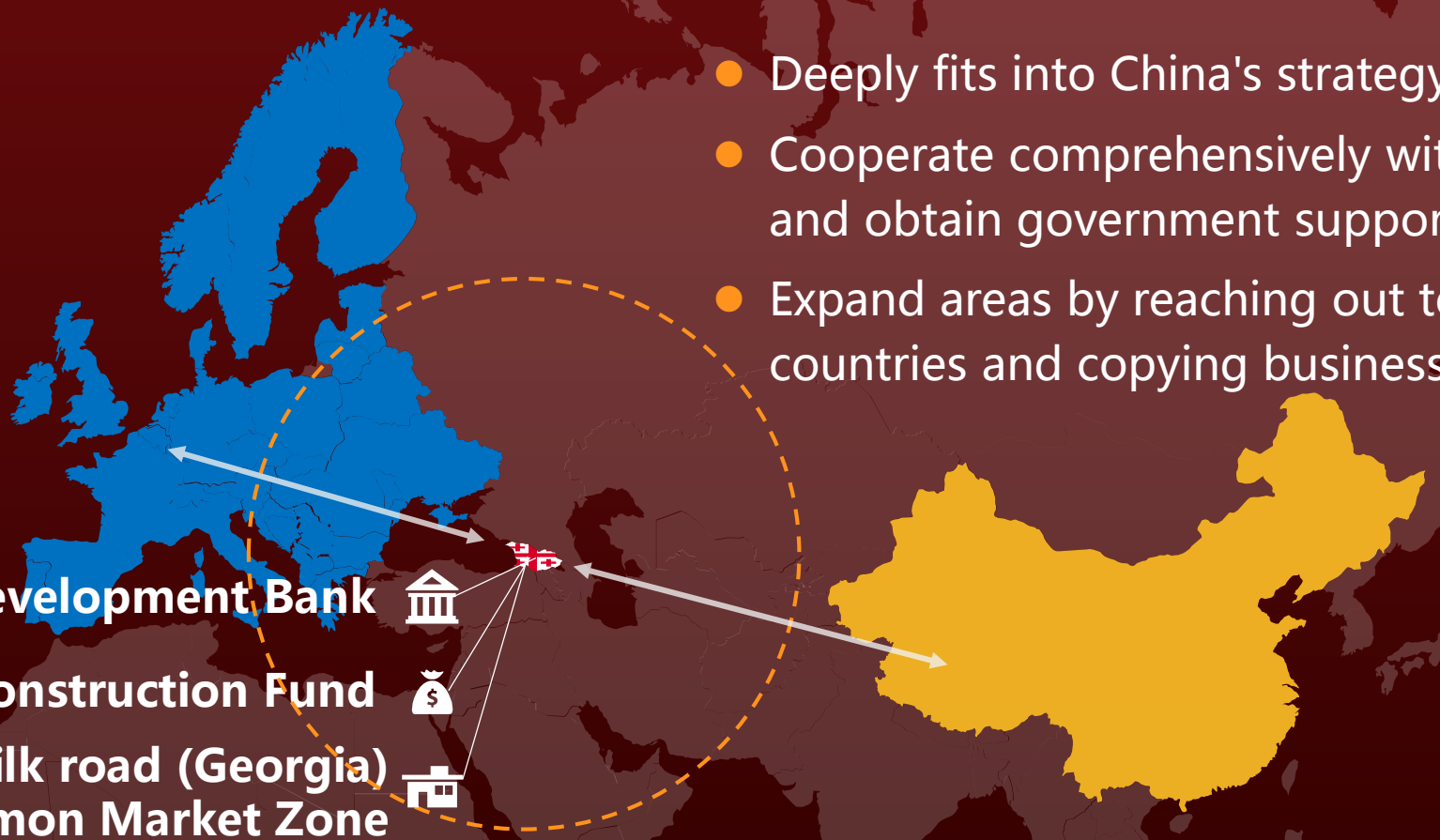
Establish by acquisition, focus on cross-border RMB settlement services

China CEFC obtains overseas resources and propels RMB regionaliztion in order to improve production cooperation and supply-side reform and coordinates to implement "One belt and one road" initiative.

Cases of China CEFC Going Global

2 Innovate business model and help international capacity and RMB go global

- Deeply fits into China's strategy
- Cooperate comprehensively with one country and obtain government support in policies
- Expand areas by reaching out to neighboring countries and copying business models



Georgia Development Bank

Georgian Construction Fund

New silk road (Georgia) Common Market Zone

4 The Corporate Culture - “Arising with Strength and Achieving with Goodness”

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The Business Philosophy of China CEFC

由力而起

由善而达

China CEFC unremittingly adheres to the business philosophy of “arising with strength and achieving with goodness”. The company develops its culture mechanism with the core of the philosophy. On one hand, the company pools great goodness to serve the country and the nation, on the other hand, it corrals small goodness to formulate the company and the staff. It is how the CEFC culture and tradition has been shaped.

The Brand Culture of China CEFC

中华魂

信用本

- China CEFC gives full play of its advantages in brand and management to tackle risks and challenges when going global.
- China CEFC constantly adheres to credibility, and formulates the brand culture of “Credibility is the core of a Chinese soul”. The brand culture brings infinite power to the company, magnifies performances of the company and decrease its possible costs

Innovative Business Model of China CEFC

We put in place the general managers accountability system under the leadership of the board. Our corporate governance adopts a "three-in-one" management model integrating "Entrepreneurship, Confucianism, and military-style regimentation." Through this innovative business model, we forms an "economic community" featured by one center, economic community publications and organized practitioners. With the principal of "one company, two systems," we deploy our unique internal control and performance evaluation mechanism that rewards and incentivizes our employees based on the accomplishment of each member entity. Our sound and prudent development provides every aspiring staff member with a platform to build on.

三种关系

Entrepreneurship

Confucianism

Military-style management

Conclusion

China CEFC looks forward to working with counterparts at home and abroad, upholding the philosophy of “innovation, cooperation, sharing, and multure benefits”, formulating the company as a mutually benefial win-win platform, thus, we can increase our career to a new high by seizing the momemtum of the era.

Thank you !

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