

21st Century Maritime Silk Road Conference – Xiamen Selected OBOR Projects Review (2013-2014)

September 2016

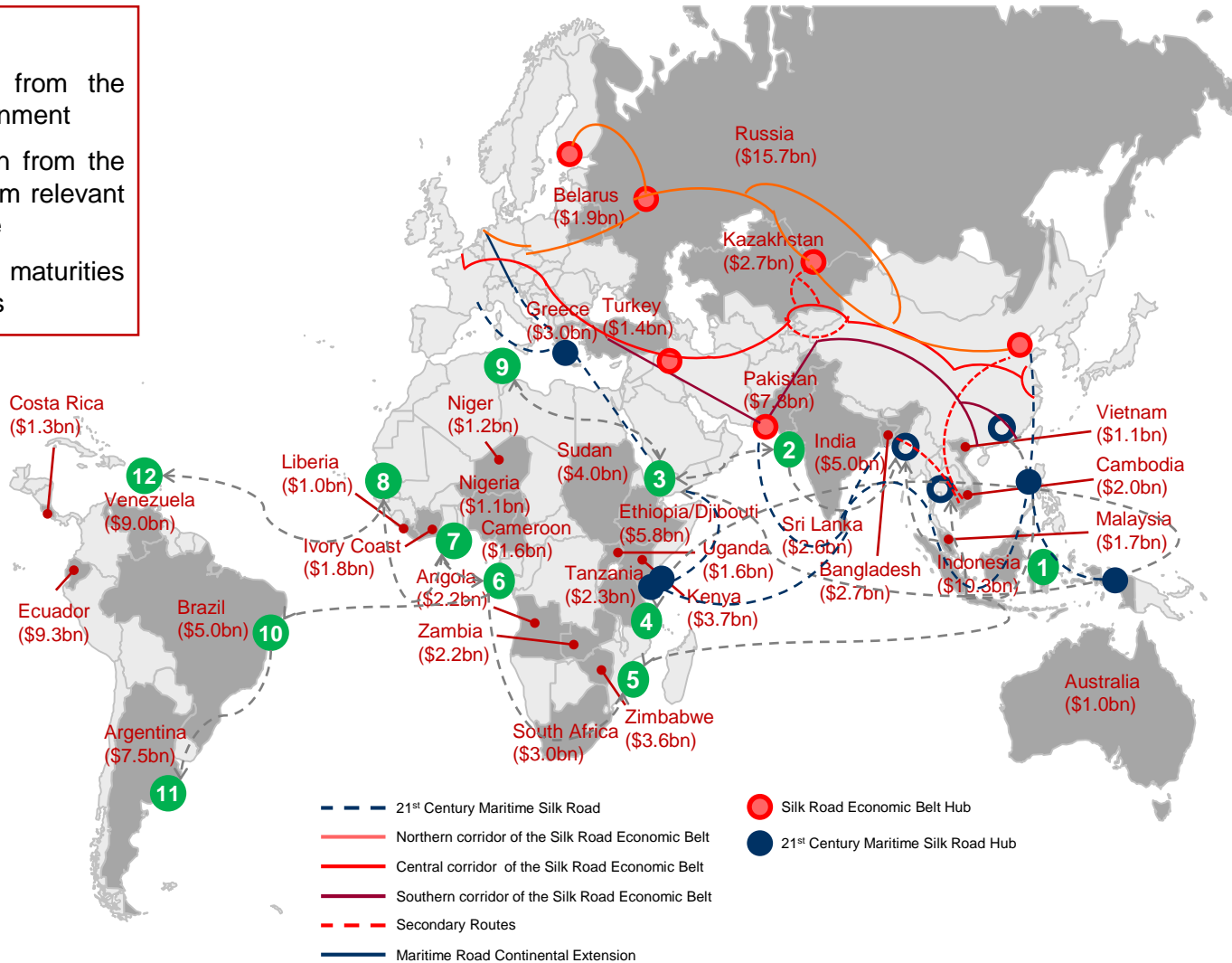
Executive Summary

- Grisons Peak LLP ("Grisons Peak") and its Chinese macro research product *China Investment Research* are pleased to present these materials to the *21st Century Maritime Silk Road Conference* in the historical city of Xiamen
- Our firm and Mr Peter Budd from Arup Group are representing the 48 Group Club, a UK based organisation with over a 60 year partnership with China
- We begin this brief presentation with a map plotting many of the Chinese policy bank loans over \$1 billion during 2013-2015. We do not limit such loans only to OBOR countries but include all countries in receipt of such loans
- We follow with a page measuring aggregate policy loans by continent, both by volume and aggregate amount. We then provide the data excluding Latin America Caribbean (LAC)
- Our firm has built a comprehensive database on all 192 loans, which by year end 2014 we modelled 35 individual projects involving 41 policy bank loans (21% of total) representing \$40.4 billion aggregate amounts (30%)
- We close with a brief analysis focussed on completion rates: on schedule/not on schedule on 12 of the 2013-2014 policy bank loans. We found that 75% of such projects were completed on schedule, 8% were completed up to 6 months past plan and another 17% completed 12 months past plan. Most of the timing delays related to local land purchase complications, lack of available/trained local labour and/or national/provincial/local government obstacles
- While we recognise that this analysis is based on a sample size which is not statistically relevant, we wanted to share it in this forum as a discussion point to increase future schedule completion ratios

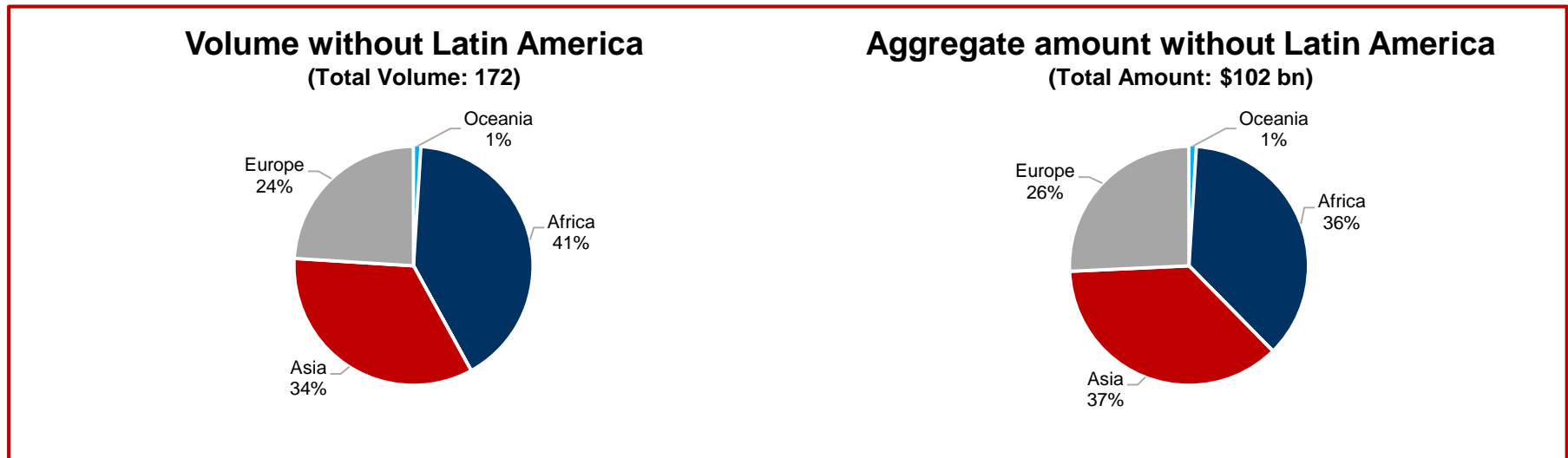
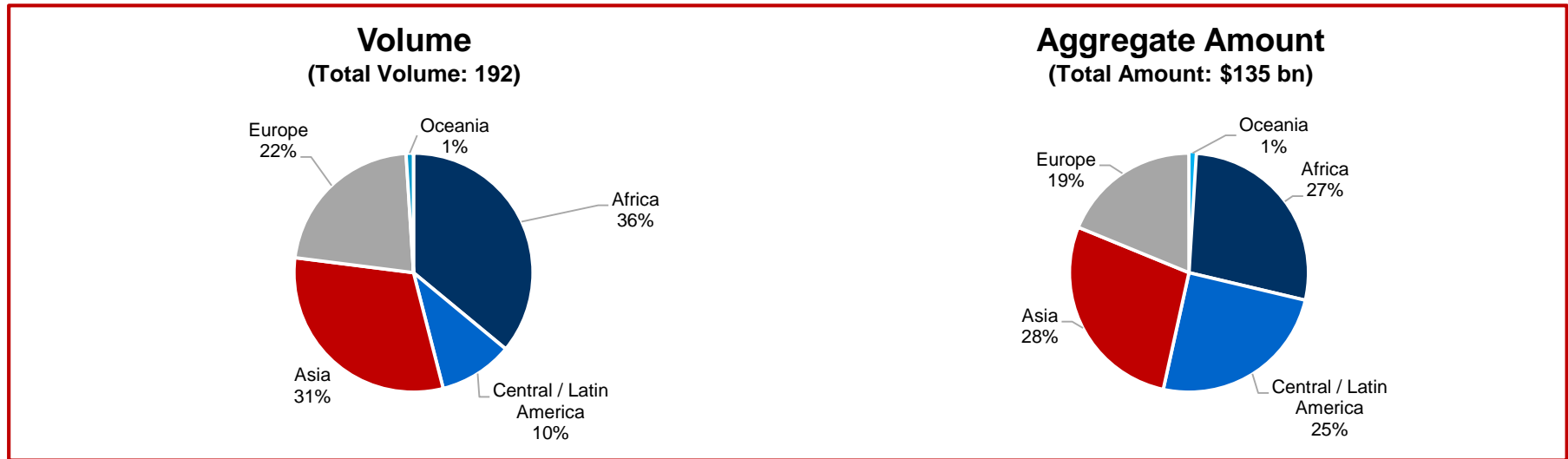
Countries with 2013 – 2015 aggregate amounts over \$1 billion

Methodology

- Written public verification from the Policy Bank/Chinese Government
- Separate written verification from the loan recipient, generally from relevant Government Cabinet Office
- Loan terms, interest rates, maturities derived from similar sources

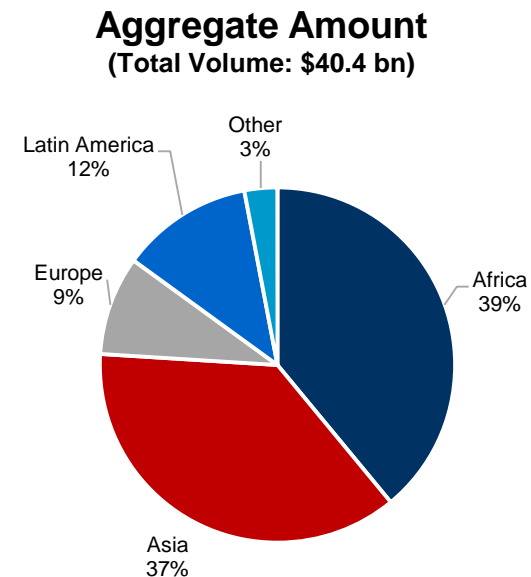
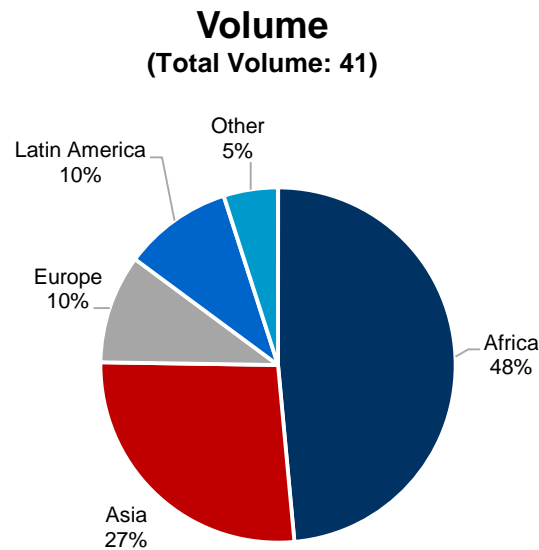


Policy Loans by Continent (2013 – 2015)



Individual Project Analysis

- Once publishing our overall analysis in various financial press, we then decided to undertake to a more granular approach to individual projects and related policy bank loans
- Each project file includes information on the loans, description of each project / phases of each project, updates until year end 2015 and quarterly updates during 2016, again using public sources, but with referenced footnotes
- By year end 2014, we had built files on 35 projects involving 41 loans (21%) representing USD 40.4 billion (30%) during 2013-2014



Our goal is to build a database with multiple commercial uses as well as to serve as a longitudinal study of how OBOR/BRI was built over time

Selected Project Completion Schedule (2013 – 2014 loans)

- When profiling each project, we also track actual versus planned completion dates
- The table below shows the completion dates for a subset of 12 projects and/or phases of projects from the list referenced on the previous page. While not statistically significant, it is a start
- As shown, 75% of projects/phases were completed on schedule, 8% of projects/phases 6 months past plan and 17% of projects were completed 12 months past plan

Sample Size 12

Completed on time	Completed 6 months past plan	Completed 12 months past plan
9	1	2

We have found that most of the delays relate to local land purchase complications, lack of available/trained local workers and/or national/provincial/local government obstacles