Chinese Financial Leasing: Making it Work for You

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CM INTERNATIONAL FINANCIAL LEASING CO., LTD
Chinese Leasing Industry

- China is the 2nd largest leasing market in the world.

- By the end of 2015, there are about 4,000 leasing companies in China.

- The total asset of Chinese leasing industry reached approximately $615 Billion in 2015.
I. Leasing Industry in China

Leasing Trading Volume in Globe

- According to the data from “2014 World Leasing Yearbook”, world leasing turnover maintained a steady high speed growth from 1993 to 2012 in overall.
- In 2007, the outburst of financial crisis resulted in decrease of turnover. By 2012, the world leasing fully recovered and realized transcendence with turnover of USD 868 billion.

Investment Penetration of Leasing

- Investment penetration is an important symbol to measure leasing development condition of a country.
- In the world’s developed economies, the investment penetration of Chinese leasing industry is still in lower level.
- Compared to overall development level of the world, the maturity of leasing in China is still low, and still has plenty of room to grow.

I. Leasing Industry in China (Cont.)

Historical Evolution — Number of Enterprises:
In recent 2 years, the number of enterprises engaged in financial leasing business increased rapidly, especially the foreign-funded leasing companies which are influenced by policies.

<table>
<thead>
<tr>
<th>Type</th>
<th>No. of Companies by the End of 2014</th>
<th>No. of Companies by the End of 2013</th>
<th>Growth Rate</th>
<th>Proportion of Company Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>30</td>
<td>23</td>
<td>30%</td>
<td>1%</td>
</tr>
<tr>
<td>Local</td>
<td>152</td>
<td>123</td>
<td>24%</td>
<td>7%</td>
</tr>
<tr>
<td>Foreign</td>
<td>2,020</td>
<td>880</td>
<td>130%</td>
<td>92%</td>
</tr>
<tr>
<td>Total</td>
<td>2,202</td>
<td>1,026</td>
<td>114%</td>
<td>100%</td>
</tr>
</tbody>
</table>

No. of Companies by the End of 2013

Historical Evolution — Business Development Scale:
With the increasing number of enterprises, business has been expanding as well. The total business volume proportion of financial leasing enterprises is outstanding, and foreign leasing increased dramatically.

<table>
<thead>
<tr>
<th>Type</th>
<th>Total Business Volume by the End of 2014</th>
<th>Total Business Volume by the End of 2013</th>
<th>Increment</th>
<th>Growth Rate</th>
<th>2014 Total Business Volume Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>13,000</td>
<td>8,600</td>
<td>4,400</td>
<td>51%</td>
<td>41%</td>
</tr>
<tr>
<td>Local</td>
<td>10,000</td>
<td>6,900</td>
<td>3,100</td>
<td>45%</td>
<td>31%</td>
</tr>
<tr>
<td>Foreign</td>
<td>9,000</td>
<td>5,500</td>
<td>3,500</td>
<td>64%</td>
<td>28%</td>
</tr>
<tr>
<td>Total</td>
<td>32,000</td>
<td>21,000</td>
<td>11,000</td>
<td>52%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Total Business Volume by the End of 2013

Source: China Leasing Alliance & Multiview Information Center
In recent years, the market scale of RMB 2 trillion has been formed with the development of explosive speed. It fully embodies the aspiration from local market to financial leasing products. Because of the differences of regulatory paths and investment subjects, 3 kinds of leasing companies are formed. Under the policy guidance, each kind of leasing companies also formed its own operation strategy and the overall operation is in good condition.

### Financial Leasing Company
- Financial leasing companies develop since 2008. The asset size and profitability increase year by year. By the end of 2014, the total asset reached RMB 1.3 trillion, and the net profit reached RMB 16.3 billion.

*Unit: 100 MN RMB*

![Graph showing the growth of financial leasing companies]

### Foreign Leasing Company
- In recent 2 years, foreign leasing companies’ development situation is relatively good. Because of the different channels of gaining operation funds, there are some differences on operational data compared to financial leasing companies. However, it also maintains higher profitability.

<table>
<thead>
<tr>
<th>Index</th>
<th>Industry Mean</th>
<th>Average Total Asset of the Top 10</th>
<th>Average Total Asset of the Top 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Capital Allocation Ratio</td>
<td>13.80%</td>
<td>11.58%</td>
<td>11.17%</td>
</tr>
<tr>
<td>Liquidity Ratio</td>
<td>1.16%</td>
<td>2.45%</td>
<td>2.05%</td>
</tr>
<tr>
<td>ROA</td>
<td>1.75%</td>
<td>2.41%</td>
<td>2.27%</td>
</tr>
<tr>
<td>ROE</td>
<td>4.79%</td>
<td>11.67%</td>
<td>11.10%</td>
</tr>
<tr>
<td>Long-term Liability Proportion</td>
<td>49.03%</td>
<td>52.43%</td>
<td>51.36%</td>
</tr>
</tbody>
</table>

Source: Financial Leasing Specialized Committee of China Banking Association & Leasing Specialized Committee of CAEFI
Financial leasing companies, which are under the supervision of CBRC, are the core of Chinese leasing industry.

- Only around 40 financial leasing companies in China.
- The total asset of Chinese financial leasing industry is $230 Billion.
- The total asset of top Chinese financial leasing company already reached $10 billion.
# TOP 5 Shipping Lessors in China

## Shipping Portfolio

<table>
<thead>
<tr>
<th>Assets Value</th>
<th>Vessels</th>
<th>DWT M</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB M</td>
<td>USD M</td>
<td></td>
</tr>
<tr>
<td>50,000</td>
<td>7,692</td>
<td>309</td>
</tr>
<tr>
<td>27,500</td>
<td>4,231</td>
<td>325</td>
</tr>
<tr>
<td>19,000</td>
<td>2,923</td>
<td>173</td>
</tr>
<tr>
<td>12,300</td>
<td>1,892</td>
<td>130</td>
</tr>
<tr>
<td>10,100</td>
<td>1,554</td>
<td>45</td>
</tr>
<tr>
<td>3,100</td>
<td>5</td>
<td>-</td>
</tr>
</tbody>
</table>

By end of 2015
Including merchant ships, offshore, port facility and yard finance
General Procedure of Deal

Deal Approach
- Any time Any where

Term Sheet
- 1-2 weeks

Credit Approval
- 1-2 months

Documentation
- 1-3 weeks

Drawdown
- Depending on CPs
China Minsheng Investment Corp., Ltd. (CMI) is a leading international private investment group with RMB 50 billion in registered capital.

CM International Financial Leasing Co., Ltd., a Sino-foreign leasing joint venture invested by China Minsheng Investment Corp., Ltd. and Korea Hana Bank, was established in April 2015.

The core business sectors of CMIFL comprise of aviation, shipping, new energy and information equipment.
II. CMIFL’s Organization Structure

Shareholder Structure

China Minsheng Investment Corp., Ltd. ("CMI") 75%

Hana Bank of South Korea ("Hana Bank") 25%

CM International Financial Leasing Corp., Ltd. ("CMIFL")

Business Segments

Major Operations

- Aircraft Leasing Dept.
- Ship Leasing Dept.
- New Energy Leasing Dept.
- Information Equipment Leasing Dept.
With the implement of "One Belt And One Road" initiative, CMIFL is accelerating its exploration of overseas markets, focusing on multiple shipping and offshore sectors.
### Company Overview

- CMI is the largest private investment company in China, organized by All-China Federation of Industry & Commerce ("ACFIC") and launched by 59 well-known private enterprises and investors throughout China.

- On 8 February 2014, ACFIC formally requested to include title of “China” in the head of company’s name from the State Council and it was approved from the State Council on 14 March 2014.

- On 24 March 2014, CMI received preliminarily approval of company name from the State Administration of Industry and Commerce; On 25 March, CMI opened capital verification account, and the first batch paid-in capital has been in place.

- CMI was established and registered in Shanghai in May 2014, with a registered capital of RMB 50 billion (equals to abt. USD 8.1 billion) and the first batch paid-in capital is RMB 33.2 billion (equals to abt. USD 5.4 billion). CMI’s business scope includes equity investment and its management, business consulting, financial consulting, industrial investment, asset management and investment consulting.

- Company’s ownership structure is disperse and corporate management structure is consummate. The board currently consists of 14 members. Under the board, there are strategy management committee, investment management committee, risk management committee, compensation committee, nomination and personnel committee, affiliate transaction committee, advisory committee and audit committee.
III. CMI’s Member Companies

- China Minsheng Investment Corp., Ltd.
  - Minsheng International Financial Leasing
  - Minsheng Capital Management
  - China Minsheng New Energy
  - China Minsheng Jiaye Investment
  - China Minsheng Property
  - China Minsheng International Capital
  - Sirius International Insurance Group

Established in 2014
- Established in 2015
- Future
What We Care

- Positive free cash flow
- Reliable financial position
- Strong support from shareholder
- Beautiful asset: lucrative entrance point compared to historic levels of asset values
Innovative Total Solution Provider

- Financial Lease
- Operating Lease
- Bareboat Charter, Time Charter
- COA
- Equity Finance
- Mezzanine Finance
- Shipping Fund
## Business Model

<table>
<thead>
<tr>
<th>Rental Income</th>
<th>Asset Appreciation</th>
<th>Equity Appreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• BBC (financial leasing)</td>
<td>• Resale profit sharing with charter</td>
<td>• Share price up of listed company</td>
</tr>
<tr>
<td>• Operating leasing</td>
<td>• Sale gain from own fleet</td>
<td>• IPO</td>
</tr>
<tr>
<td>• Time charter</td>
<td></td>
<td>• Asset package sold to listed co</td>
</tr>
<tr>
<td>• COA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Profit sharing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Management Fee and Carry under ship fund
CMIFL Shipping Business Partner
Many thanks for your attention

欢迎垂询我们的船舶海工团队

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