

**EY assists
Chinese enterprises
navigate along the
Belt and Road**





Content

02

How EY makes a difference

03

EY Greater China Belt and Road
Task Force

04

The Belt and Road Initiative steadily
moves forward

05

Demand leads to comprehensive
development in the Belt & Road

06

Growing Beyond Borders™

08

Our Services

Strategy and Transaction	08
Consulting	10
Assurance	12
Tax	14

How EY makes a difference



EY credentials

Global reach and local expertise



Multilingual seamless service teams

EY Belt and Road (B&R) Task Force has extensive experience and knowledge in covering industries such as the infrastructure, energy, financial services, telecommunications and manufacturing. It offers effective and efficient assistance to Chinese clients who are investing and doing business in these areas. Our high-performing professional teams help Chinese enterprises manage risk, strengthen control and establish a systematic investment management framework to safeguard their investments in B&R countries.

- ▶ EY has an extended network covering nearly 90% of the major countries and regions along the B&R
- ▶ In the past three years, EY has helped around 1,300 Chinese companies expand their business along the B&R and engaged in more than 18,000 B&R related projects

Our truly integrated global services network and local expertise bring great benefits to your global investments. We have a strong presence and rich experience in most countries in the world. We also have dedicated local resources in China that are highly experienced in helping Chinese companies with their overseas investment activities. EY B&R Task Force was built on the global network of EY Chinese Overseas Investment Network (COIN) which is committed to assisting Chinese enterprises in expanding into the B&R markets.

We have integrated client service teams from Assurance, Tax, Strategy and Transaction and Consulting services who are fluent in Chinese, English and other local languages. Many of those are Chinese-Speaking professionals and have lived and worked in the B&R countries in which you have investments.

Key sectors of the Belt and Road Initiative (BRI)



Infrastructure



Power and utilities



Energy and resources



Automotive and transportation



Social infrastructure



Equipment manufacturing



Diversified industrial products



Telecommunications



Financial services



Consumer products



Cultural tourism

EY Greater China Belt and Road Task Force



Loletta Chow
Belt and Road Task Force Leader
+852 2629 3133
lotetta.chow@hk.ey.com



Jane Yang
Government and Public Sector
and Infrastructure Leader
Belt and Road Task Force
+86 10 5815 3331
jane-sj.yang@cn.ey.com



Andrew Choy
International Tax and Transaction
Services Leader
Belt and Road Task Force
+86 10 5815 3230
andrew.choy@cn.ey.com



Soon Yen Chong
ASEAN Tax Services Leader
Belt and Road Task Force
+86 21 2228 8789
soonyen.chong@cn.ey.com



Jerry Bao
Corporate Finance Strategy
Services Leader
Belt and Road Task Force
+86 10 5815 2120
jerry.bao@cn.ey.com



Jasmine SY Lee
Chinese Inbound Accounts leader
Financial Services
Belt and Road Task Force
+852 2629 3006
jasmine-sy.lee@hk.ey.com



Jia Yang Xie
Strategy and Development Leader
Belt and Road Task Force
+86 10 5815 2087
jiayang.xie@cn.ey.com



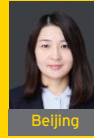
Martin Qi
Consulting Services Leader
Belt and Road Task Force
+86 10 5815 2666
martin.qi@cn.ey.com



Julie Hao
Power and Infrastructure Tax
Services Leader
Belt and Road Task Force
+86 10 5815 2805
julie.hao@cn.ey.com



Alex Zhu
Investment and Merger & Acquisition
Services Leader
Belt and Road Task Force
+86 10 5815 3891
alex.zhu@cn.ey.com



Yan Wang
Feasibility Study and Valuation
Services Leader
Belt and Road Task Force
+86 10 5815 4975
yan-wy.wang@cn.ey.com



Sky So
Financial Services Leader
Belt and Road Task Force
+852 2849 9217
sky.so@hk.ey.com

China Overseas Investment Network

Americas Area

- ▶ United States
- ▶ Canada
- ▶ Caribbean Region
- ▶ Israel
- ▶ Mexico
- ▶ Argentina
- ▶ Bolivia
- ▶ Brazil
- ▶ Chile
- ▶ Ecuador
- ▶ Peru
- ▶ Venezuela
- ▶ Jamaica

EMEIA Area

- ▶ Austria
- ▶ Belgium
- ▶ Czech Republic
- ▶ Denmark
- ▶ Finland
- ▶ France
- ▶ Germany
- ▶ Greece
- ▶ Hungary
- ▶ Italy
- ▶ Luxembourg
- ▶ Netherlands
- ▶ Norway
- ▶ Poland
- ▶ Portugal
- ▶ Romania
- ▶ Spain
- ▶ Sweden
- ▶ Switzerland
- ▶ United Kingdom
- ▶ Kazakhstan
- ▶ Pakistan
- ▶ Kyrgyzstan
- ▶ Uzbekistan
- ▶ Russia
- ▶ Algeria
- ▶ Angola
- ▶ Cameroon
- ▶ Democratic Republic of Congo
- ▶ Ethiopia
- ▶ Libya
- ▶ Mozambique
- ▶ Nigeria
- ▶ South Africa
- ▶ South Sudan
- ▶ Uganda
- ▶ Zambia
- ▶ Zimbabwe
- ▶ India
- ▶ Bahrain
- ▶ Egypt
- ▶ Kuwait
- ▶ Saudi Arabia
- ▶ Turkey
- ▶ United Arab Emirates

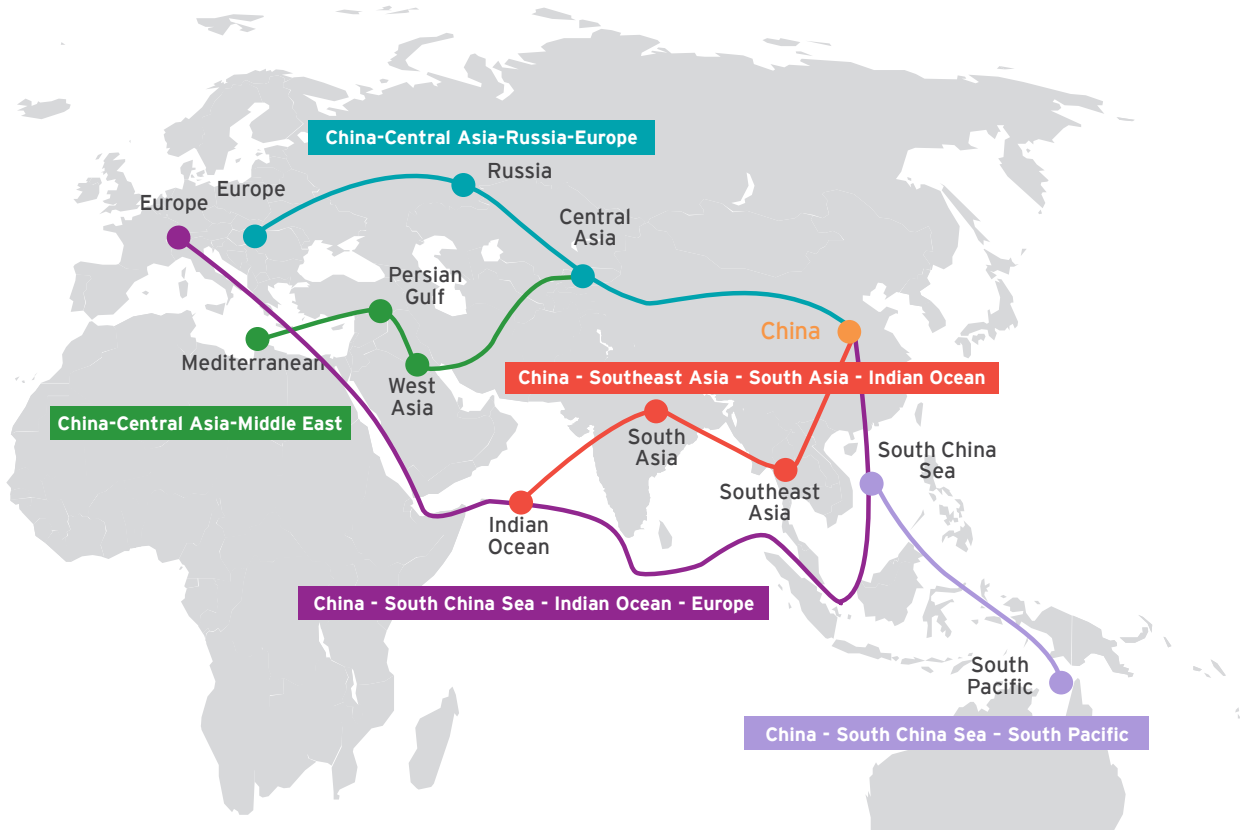
Asia-Pacific Area

- ▶ Australia
- ▶ New Zealand
- ▶ Japan
- ▶ South Korea
- ▶ Singapore
- ▶ Indonesia
- ▶ Malaysia
- ▶ Philippines
- ▶ Thailand
- ▶ Vietnam
- ▶ Laos
- ▶ Myanmar
- ▶ Cambodia
- ▶ Sri Lanka

The China Overseas Investment Network (COIN) links EY professionals around the globe, facilitates collaboration and provides consistent and coordinated services to our Chinese clients to make outbound investments. Building on the existing China Business Group in the Americas, EMEIA and Asia-Pacific areas, COIN has expanded our network to over 70 countries and territories around the world.

- ▶ Global reach and local expertise
- ▶ Seamless multi-lingual service teams
- ▶ Rich experience in multinational services and comprehensive services coverage

The BRI steadily moves forward



The BRI is built on intergovernmental policy coordination and communication, and interconnectivity and cooperation between financial institutions. Since its introduction, the BRI has been advanced steadily and has made compelling achievements. It has provided Chinese companies with broader than ever business prospects in "going abroad".

Five major goals under the BRI



Achievements of the BRI

- Late 2013**
The Belt and Road Initiative was proposed
- Dec 2014**
The Silk Road Fund was established in Beijing and started operation
- Mar 2015**
The Vision and Actions plan was unveiled*
- Dec 2015 - Jan 2016**
The Asian Infrastructure Investment Bank (AIIB) was formally established in Beijing and started operation
- May 2017**
The 1st Belt and Road Forum for International Cooperation was held in Beijing
- Oct 2017**
The 19th CPC National Congress emphasized and incorporated "pushing for Belt and Road development" into the CPC Constitution
- Apr 2019**
The 2nd Belt and Road Forum for International Cooperation was held in Beijing
- Oct 2020**
138 countries and 31 international organizations signed B&R cooperation agreements with China

*Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road

Demand leads to comprehensive development in the B&R

The BRI is advancing opening up on all fronts

The BRI provides new impetus to the economic recovery and sustainable development of the countries along and beyond. Outbound investment is an important way to promote the initiative as well as allowing Chinese enterprises to deeply participate in the international division of labor and optimize their resources allocation¹.

In 2019



China's outward direct investment along the B&R achieved a total of **US\$15 billion**, accounting for **13.6%** of the total, increased by **0.6** percentage points compared to previous year²



Announced China overseas M&As along the B&R worth of **US\$19 billion**, up **9.7%** YoY³



China's newly signed contracted projects along the B&R is **US\$154.9 billion**, up **23.1%** YoY³



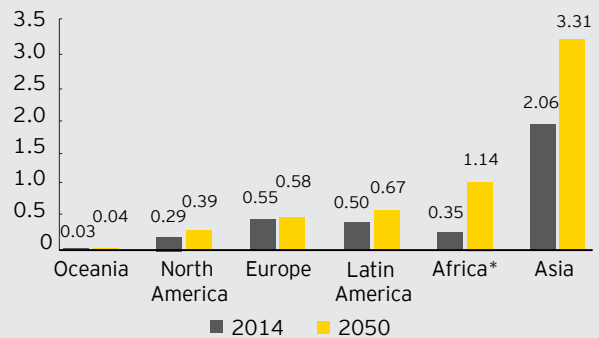
China's imports and exports with B&R countries recorded a total value of **US\$1.3 trillion**, up **6%** YoY²

Increasing demand driven by population growth and urbanization

The B&R countries have rich labor resources with their projected population growth much higher than that in other regions. The urbanized population is also expected to rise steadily. The demographic effect has not only promoted industrial innovation and improved the mode of economic development, but has also helped Chinese companies attain localized operations and reduce related costs.

Urban population growth⁴

Unit: billion people



*Sub-Saharan Africa region

Asia is projected to become **64%** urban by 2050⁴.



Infrastructure financing demand⁵

Corresponding to the growing population, the problem of insufficient infrastructure emerges in Asia. Although there have been significant improvements in the infrastructure in Asia in the last two decades, the speed could not catch up with the rapid development of the economy, the population and urbanization. There are still huge demands in the infrastructure of electricity, roads, railways and water services, etc.



Up to 2040, global infrastructure financing demand amounts to **US\$3.7 trillion** per year

By 2040, Asia will account for **54%** of global infrastructure investment needs



Up to 2040, Asia infrastructure financing demand amounts to **US\$2 trillion** per year



Sources:


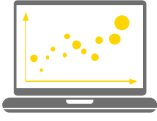


1. NDRC 2. MOFCOM 3. ThomsonOne, EY analysis
4. *World Urbanization Prospects*, United Nations
5. *Global Infrastructure Outlook*, Oxford Economics and Global Infrastructure Hub

Growing Beyond Borders™





Most of the countries along the B&R are developing countries with relatively complex investment environment and high geopolitical risks. To this end, EY has launched a customized service - Growing Beyond Borders (GBB) tailored to your company's global footprint and strategy. This service allows you to immediately understand the impact of geopolitical risks and market changes on your global business.

What is GBB?

It's an EY software program we use in collaborative sessions with you to engage you around the challenges and opportunities of doing business in global markets. It can help you to:

 <p>Identify and analyze risk issues more efficiently and make more informed business decisions</p>	 <p>Seize opportunities for growth based on a clear overview of competitors' position and gaps in the market</p>	 <p>Assess risk tailored to your business priorities and gain new insights into how to address them</p>	 <p>Accelerate strategic decision making, share your vision with your teams and implement their plans faster</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Features:

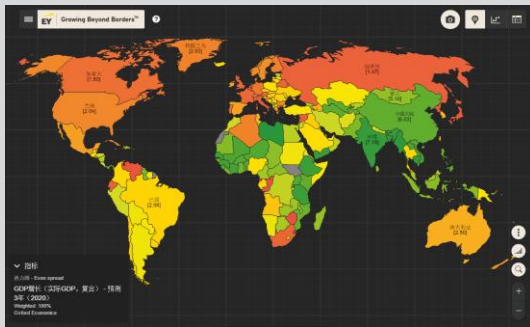
-  Presents data visually providing instant insights
-  Data is color-coded so clients can easily identify risks and opportunities
-  Macroeconomic facts and figures + Client data
-  Robust analytical function with optimization according to clients' needs





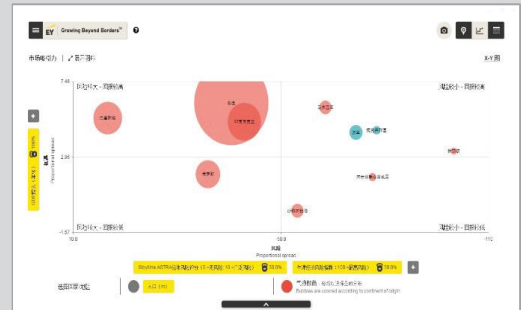
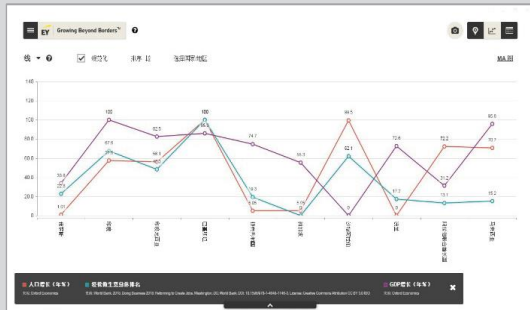
Use heat maps to assess data across countries/ regions, states & cities including actual and forecast data)

Company footprint comparison global footprint of a leading Chinese bank and a leading foreign bank



Conduct comparative analysis by using visualized graphs to access customized data across countries and regions

Conduct comparative analysis by using visualized graphs to access customized data across countries and regions



(Multilingual - Chinese version available)

Please contact us for a short promo video and learn how GBB can help you navigate the risks and opportunities of doing business across the globe. It'll help get you thinking about the data and strategic drivers for your business that you could explore in a GBB session.



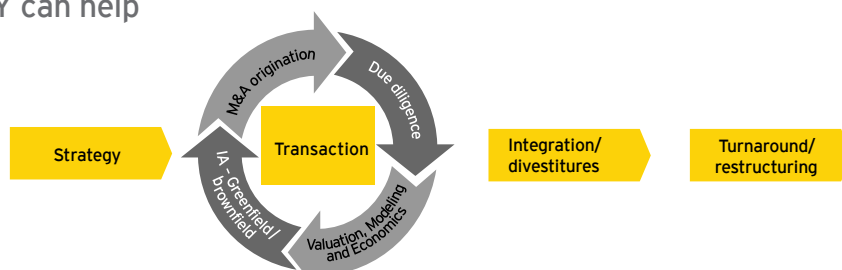
Strategy and Transactions Consulting

Assurance Tax

Investment, Mergers and Acquisitions

Our team provides comprehensive and high value-added services to support our clients throughout the investment and M&A process. Our dedicated transaction advisory services cover growth and M&A strategy, transaction execution, post-deal integration and divestment. We also provide restructuring and business turnaround services to both debtors, creditors and other stakeholders.

>>> How EY can help



Develop corporate strategy

- ▶ Attractiveness assessment, macroeconomic and investment risk analysis of the target countries
- ▶ Advisory for outbound investment strategy and approach implementation based on overall corporate strategy
- ▶ Advisory for overseas investment and financing platform establishment
- ▶ Commercial due diligence on overseas targets
- ▶ Assistance with design for the outbound investment mode and market entrance
- ▶ Assistance with preparation and review of the outbound investment business plan and business case
- ▶ Assessment and advisory on optimization of the investment portfolio

Validate the target or make the deal

- ▶ Comprehensive due diligence
- ▶ Investment feasibility study tailored to company features and risks
- ▶ Comprehensive risk assessments and valuation analysis (including the valuation for transaction, tax, and financial reporting purpose)
- ▶ Analysis of the target company's features, contents and requirements of the bidding files, in connection with financial model building, and bidding file preparation
- ▶ Review of project contracts, including share purchase agreement and financing agreement, and assisting in negotiation support
- ▶ Advisory and support on M&A financing

Make the marriage real or separate

- ▶ Assistance with preparation of the M&A integration plan, advisory for PMO, assessment for the synergy effects and comprehensive management for integration
- ▶ Assistance with corporate governance planning
- ▶ Health check of overseas investments
- ▶ Sell-side assistance at the closing stage
- ▶ Help clients reach their strategic goals, optimize their portfolio, and evaluate divestiture risks and rewards

Create/preserve value

- ▶ Restructuring services for overseas targets in distress
- ▶ Supply chain crisis management tailored to global suppliers
- ▶ Advisory on optimization of legal entity structure within a multi-national group



Case study 1

Overseas new energy power markets access project



Project background:

A subsidiary of a large central SOE was planning to invest in new energy area and develop EPC business in several Southeast Asian countries under the BRI. However the subsidiary was not familiar with the investment environment of the target countries and their new energy markets.



Challenges:

Identifying and managing risks of the target countries' macro environment, overall power markets and the new energy power markets, related policies and approval processes.

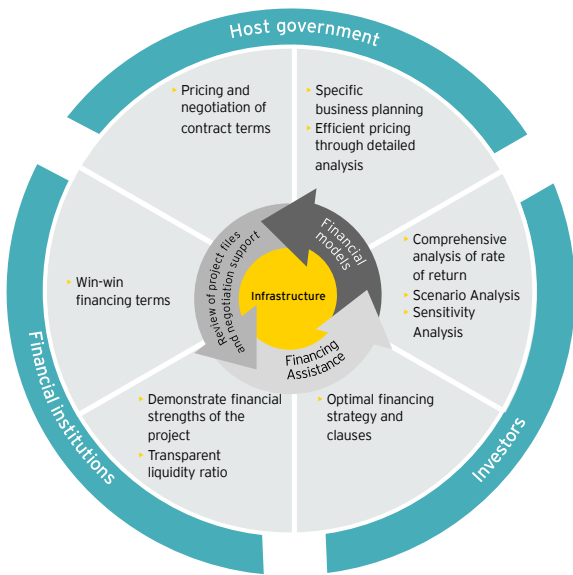


How did EY help:

EY conducted a number of preliminary research and analysis for the client before it entering target countries, including the analysis on the countries' macro-environment, supply & demand in the power market, competition landscape in the new energy power market, industry development trend, regulatory framework and approval processes. In addition, EY assisted the client with policy interpretation, power purchase agreement and key terms interpretation, critical risk identification and management, local partner identification and so on, providing effective support for business decision-making.

Infrastructure Project Service

EY Infrastructure Service Framework



Working as a one-stop provider across the entire project life, enabling our clients to achieve consistency, operational efficiency and accountability, while mitigating their investment risks.

With our extensive experience in infrastructure and project financing, our holistic approach focused on the key success of the project—Alignment of the interest and responsibilities among the host government authorities, investors and financial institutions.

- ▶ We do not only assist clients and co-investors with financing and investment negotiation, but also focus on laying the foundation for the successful operation of the entire project.
- ▶ We provide holistic and high-quality services, aiming to meet the needs of different stakeholders.
- ▶ We ensure timely communication with investors and stakeholders through flexible meetings, efficient communication and cooperation, and strict information management.

>>> How EY can help

	Strategy	Transaction	Integration and closing
Infrastructure Advisory	<ul style="list-style-type: none"> ▶ Financial model building and feasibility study ▶ Project structure design (including risk-allocation and mitigation plan) ▶ Study of economic and social impacts in host country 	<ul style="list-style-type: none"> ▶ Review of project contracts including public-private partnership (PPP) contract and implementation agreement, as well as negotiation support ▶ Design of project financing plan and financing assistance ▶ Support for legal review and approval 	<ul style="list-style-type: none"> ▶ Integration monitoring and project performance assessment ▶ Secondary transaction service ▶ Refinancing service



Case study 2

Port equity acquisition financial advisory service



Project background:

A wholly-owned subsidiary of a central SOE had acquired the stake of a port in Nigeria followed with subsequent construction and operation. Fueled by the BRI, the client was exploring opportunities in other China-Africa infrastructure projects and tried to establish more pioneering projects of its existing business sector, adopting the "Controlling share acquisition + EPC general contract + Subcontract operation" mode.



Challenges:

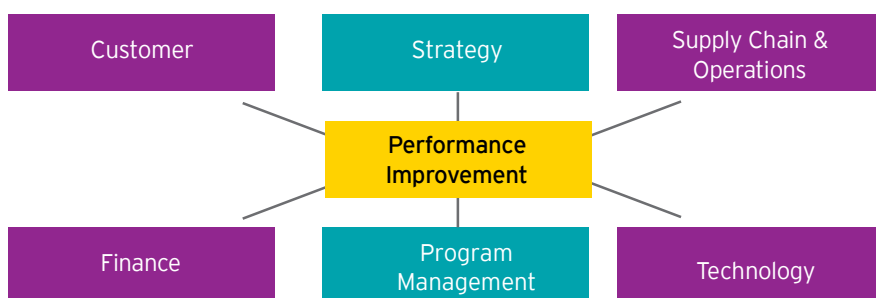
It was purely a commercial project integrating investment, construction and operation. The high financial risks were unique to the port's long construction period coupled with the market demand risk during the operation period. The client had to not only conduct a comprehensive valuation analysis on the project's equity value, but also adopt effective strategies (such as franchise subcontracting and financing strategy adjustment) to avoid risks and ensure smooth construction and operation at the later stage of the project. On top of that, they had to coordinate with their parent company, project company's shareholders, financial institutions and governments.



How did EY help:

EY provided the client with comprehensive financial advisory services such as project management, financial due diligence, equity valuation, financial model construction, financial feasibility analysis, financial risk analysis, franchise agreement review, equity acquisition agreement review, tax analysis, tax structure design, negotiation assistance, and assistance in completing the approval application of relevant regulatory agencies.

Performance Improvement



>>> How EY can help

- ▶ Transnational corporation strategy advisory
- ▶ Market entry strategy and effectiveness analysis
- ▶ Supply chain and operations for globalized business
- ▶ Financial management of overseas entities
- ▶ Technological strategy and innovation advisory
- ▶ Digital solutions



Case study 3

Increased an overseas transport company's market share in CR Express



Project background:

A foreign-funded transport company hoped to expand its market share in China Railway Express (CR Express) lines. As one of the flagship projects of the BRI, the CR Express plays a leading role in promoting the development of trade and transportation in the countries along the B&R and has flourished due to the active participation of those countries.



Challenges:

With the rapid development of the CR Express, a good grasp of the ever-changing dynamic market data and proper anticipation and control of the risks were needed.



How did EY help:

EY provided the client with a series of solutions - cargo flow and profitability analysis, government export- import (Ex-Im) policies interpretation, market competition analysis, macro environment analysis, business model measurement and other advisory services, which effectively helped the client to make strategic decisions.



Case study 4

Advisory services for an overseas economic and trade industrial park



Project background:

The BRI has accelerated the expansion of Chinese enterprises to the countries along the routes. The Chinese Government and a Middle East country planned to jointly establish an overseas economic and trade industrial park to promote the cooperation in production capacity and the industrialization in the host country.



Challenges:

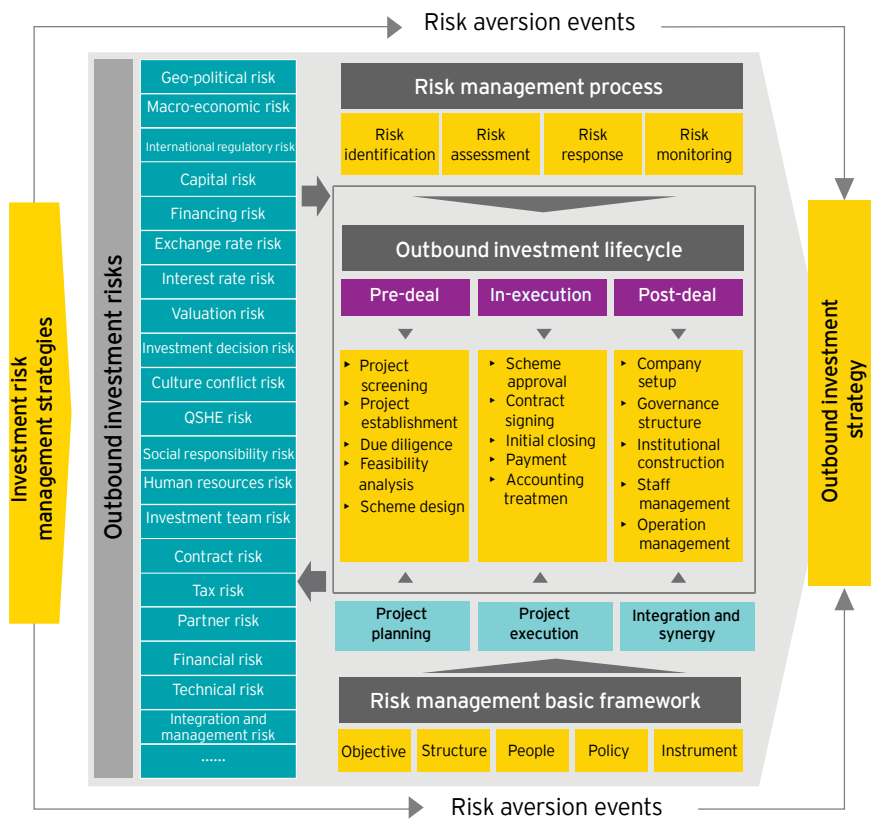
Cultural differences in the operation and management of the joint venture; the design of the sustainable development plan of the industrial park.



How did EY help:

EY provided a series of solutions for the project - a detailed analysis of the local investment environment and its opportunities and risks for the Chinese investors of the joint venture, the plans of the organizational structure, the business and operating model of the joint venture, and support for the negotiation between both parties. Based on EY's Feasibility Study of Industrial Service Joint Ventures and Measurement of Profit Models of Joint Ventures, the two parties successfully signed the contract.

Overall framework for outbound investment risk management



>>> How EY can help

Overseas investment risk management and control assistance

Pre-deal

- ▶ Overseas equity projects special risk assessment
- ▶ Target countries macroeconomic and industrial policies risk analysis
- ▶ Enterprise internal control evaluation
- ▶ Other customized services

In-execution

- ▶ Special investment risk monitoring
- ▶ Other customized services

Post-deal

- ▶ Enterprise risk assessment
- ▶ Enterprise internal control system setup
- ▶ Special field risk management and upgrade
- ▶ Operation supervision and ongoing performance improvement
- ▶ Other customized services



Case study 5

Comprehensive risk assessment for an oil & gas and refining equipment manufacturer



Project background:

A Chinese oil & gas and refining equipment manufacturer and a global oil & gas company each invested 50% to acquire an Asia-Pacific coalbed methane development company. The acquisition was the Chinese company's first investment in the Asia-Pacific region.



Challenges:

The internal control process shown in the financial report of the acquired company was flawed, the financial policy of each party was significantly different to each other. Thus, the two partners couldn't settle an agreement on the internal control system of the joint-venture. Also cultural differences add challenges to the cooperation.



How did EY help:

- ▶ EY thoroughly evaluated the financial management system of the acquired company and identified potential risks. Major assessments include: cashflow of inventory, procurement and inventory policy, accounting system monitoring, monthly report preparation, policy of consolidated financial statement and anti-corruption measures.
- ▶ EY analyzed the management situation of the target company, identified critical risk control points and provided recommendations on improvement.

Audit

>>> How EY can help

Pre deal phase:

- ▶ GAAP conversion and financial reporting advisory
- ▶ Provision of special audit approved by regulatory authorities, the board and shareholders to satisfy related regulatory requirements
- ▶ Advisory for accounting compliance and reporting for the acquired overseas entity
- ▶ Fraud investigation and dispute services including anti-fraud, dispute reconciliation and litigation support



Implementing phase:

- ▶ Assistance with preparation of technical memorandums and support in special accounting associated with the deal
- ▶ Analysis of the effects on the accounting on the deal date and in subsequent reporting periods
- ▶ Assistance with the preparation of consolidated financial statements



Post deal phase:

- ▶ Advisory assistance with aligning the financial statements closing processes and accounting systems of the overseas acquired entities to those of the parent companies
- ▶ Provision of training to the financial staff on GAAP differences identification and conversion, and common reporting issues



Case study 6

Financial Accounting Advisory Services in a post-deal integration



Project background:

A post-deal integration project for a large-scale Chinese SOE's subsidiary who acquired a multinational group based in Europe which had operations in 10 countries and 4 continents, covering many countries along the B&R.



Challenges:

Accounting processes, GAAP differences as well as ERP (Enterprise Resource Planning) systems differences increased the operational and communication challenges on the consolidation and reporting after the acquisition. The Chinese SOE had concerns on how to structure and align the internal reporting with Europe's accounting standards and the implementation of the accounting mapping and ERP systems integration.



How did EY help:

EY assisted the client in the mapping of accounts from the acquired European subsidiary to the Chinese parent company and in developing a global accounting policy manual under IFRS. EY also advised on the development and integration of the European subsidiary's future global ERP implementation for all of its entities, which would also be adopted by the Chinese SOE as a benchmark for its future global system integration undertaking.



Green Finance & Sustainability

At present, countries around the world, especially those along the B&R have to invest a large amount of money in environmental protection, energy conservation and clean construction in order to improve the ecological environment and avoid the model of “pollution first, treatment later”. Therefore, the development of green finance has broad prospects. In response, China is actively forging ahead with a series of green finance reforms. Chinese companies are also paying more attention to sustainability in the process of promoting the BRI.

As climate change and environmental protection have received global attention, the management and disclosure of the sustainability development issues have become important as Chinese companies cope with opportunities and challenges. Due to the increasing compliance regulations and the forward thinking demands of capital markets, Chinese companies have to pursue more than just the transparency of financial performance. They also focus on managing the environmental social and governance (ESG) risks and disclosing their sustainability performance accordingly. As a result, some Chinese companies are now seen to be more proactive in the management and disclosure of their ESG performances.

By the end of June 2018, EY had provided assurance services for nearly 65% of the green bonds issued by Chinese issuers. We have rich experience in green and sustainable finance which can provide you with tailored services in reaching sustainability goals.



Our qualifications & certifications

- ▶ The only accounting member that offers ISAE3000 and AA1000 and ESG report assurance services in mainland China
- ▶ A member in the Green Finance Committee, China Society for Finance and Banking
- ▶ Membership in the International Capital Market Association (ICMA)
- ▶ A qualified third-party assurance provider by the Climate Bonds Initiative (CBI)
- ▶ A third-party assurance institution designated by the United Nations Framework Convention on Climate Change (UNFCCC)

>>> How EY can help

- ▶ Provide green bond issuers with domestic and overseas issuance assurance services
- ▶ Green finance services - green fund, green insurance and green asset-backed securities
- ▶ Carbon management consultancy, carbon information disclosure and carbon financial project services
- ▶ ESG risk investigation services
- ▶ Pre-investment ESG screening and due diligence
- ▶ Post-investment ESG advisory and ongoing risk monitoring
- ▶ Pre-exit due diligence
- ▶ Advisory on responsible investment and risk strategies, the provision of ESG portfolio analysis report and the development of 100-day ESG action plan



Case study 7

Assisted a financial institution in issuing green bond



Project background:

Regarding green credit and loan, green finance and sustainable finance as its major strategic development goals, a financial institution was planning to issue green bonds to provide funds for renewable energy projects and clean transportation projects in countries along the B&R.



Challenges:

It was the first time this financial institution issued a green bond. The domestic green bond market was not mature back then and it was still unknown whether international investors would approve the green bonds issued by Chinese issuers or not.

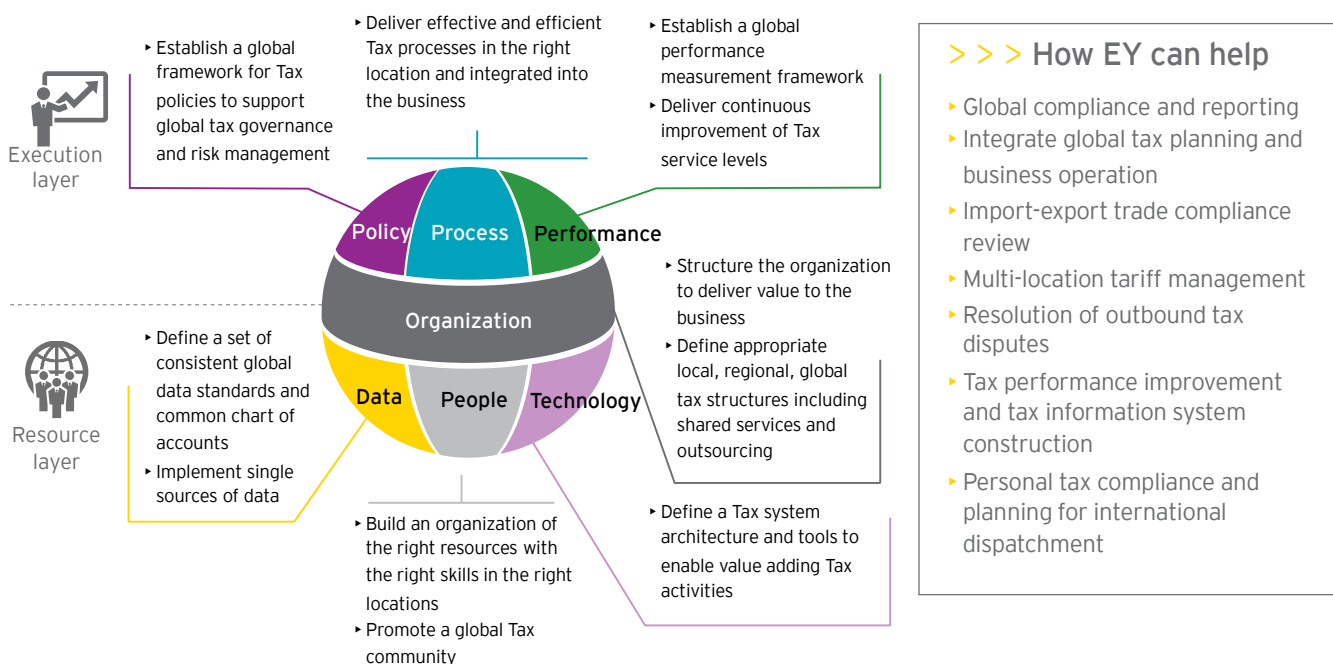


How did EY help:

As a qualified third-party assurance provider internationally, EY provided green bond pre-issuance assurance services and post-issuance assurance services to the financial institution, which played a significant role in the successful issuance and over subscription of the green bond.

Tax Services

Global tax management framework:
Design and transform global tax operation model to support enterprise business development



Case study 8

Tax advisory project for a newly established overseas subsidiary



Project background:

A large-scale listed company in the automotive industry was planning to establish a wholly-owned subsidiary in India to complete its asset acquisition of a major local manufacturer. The BRI has forged ahead the regional trade interconnections and Chinese enterprises have accelerated their expansion in countries along the routes to optimize the resource allocation through the supply chain internationalization.



Challenges:

The lack of understanding of the local tax system and preferential policies and a shortage of international professionals had affected the progress of the acquisition.



How did EY help:

EY assisted the client in identifying local tax risks, designed a set of effective structures of holding and financing for the client from the perspective of tax efficiency and provided tax support for the M&A transaction. Meanwhile, according to the needs of the client and the actual situation, EY assisted with the formulation of the tax process that aligned with the business model to help clients with tax planning and the qualification of preferential tax treatment.

Legal Services

Legal considerations

Foreign investment review

- ▶ Foreign investment access
- ▶ National security review

Anti-monopoly review and compliance

- ▶ Declaration of the concentration of business operators
- ▶ Monopoly agreement
- ▶ Abuse of dominant market position

Political risks

- ▶ Government default
- ▶ Foreign exchange restrictions
- ▶ Expropriation and nationalization
- ▶ War and internal strife

Export control

- ▶ Technique export restrictions
- ▶ Product export restrictions

Labor and employment

- ▶ Remuneration policy
- ▶ Overtime limitation
- ▶ Labor union relationship
- ▶ Layoff and wrongful termination
- ▶ Strike
- ▶ Immigration and working permit

Other compliance issues

- ▶ Anti-money laundering
- ▶ Anti-corruption and anti-bribery
- ▶ Cybersecurity and data protection
- ▶ Environment protection

>>> How EY can help

- ▶ Investigate the legal and political environment and detect the legal risks of the host country
- ▶ Conduct legal due diligence
- ▶ Deal with government investigations and legal proceedings
- ▶ Establish monitoring and early warning mechanisms
- ▶ Provide the strategic planning and legal support of the overseas labor and employment management
- ▶ Analyze investment and financing arrangements and structures and advise on the means of investments
- ▶ Draft, review and revise the legal documents at different stages of the transaction
- ▶ Assist in the legal and commercial negotiation of the transaction
- ▶ Assist in the closing of the transactions
- ▶ Advise on divestiture and divestment
- ▶ Assist in dispute resolution
- ▶ Provide legal opinions regarding major issues
- ▶ Advise on projects involving infrastructure, energy and natural resources



Case study 9 A central SOE's controlling share acquisition of a state-owned wind power



Project background:

This energy infrastructure project is a cooperation between a Chinese central SOE and a Kazakhstan 's SOE under the BRI. After the transaction, Chinese enterprise will continue to build a 60MW wind power station through EPC and operate it after the completion. This project has been listed as one of the key projects of China-Kazakhstan capacity cooperation.



Challenges:

This project involved multi-party communication among the governments and enterprises of both countries, and anti-monopoly review of Kazakhstan. Therefore, high-quality legal service is one of key factors for the successful completion of the project.



How did EY help:

Provided the clients with a full series of legal services, including providing legal advice on the internal communication and decision-making meetings, producing report and legal proposal after legal due diligence on the target company, assisting in the transaction plans design, assisting to draft, negotiate and finalize related transaction documents (including equity acquisition agreements, shareholder agreements, corporation bylaws, etc.), as well as supporting Kazakhstan's anti-monopoly review effectively. The transaction documents for this project have been signed by all parties in Nur-Sultan, the capital of Kazakhstan, in April 2019. And the concentration of undertakings involved in anti-monopoly review in Kazakhstan has been agreed.

People Advisory Services

Comprehensive solutions on M&A and integration advisory



>>> How EY can help

- ▶ Employee compensation and incentive plans and international personnel assignment
- ▶ Culture optimization and communication
- ▶ Capability mapping and assessment
- ▶ Defining roles and accountabilities for the acquired entity and the group



Case study 10

People advisory service for an overseas joint venture



Project background:

A Chinese SOE and a Russian company jointly set up a joint venture logistics company. This was one of the key projects in the Silk Road Economic Belt to deepen Sino-Russian relations.



Challenges:

This project was the client's first overseas investment project. Inexperienced staff dispatchment and international human resources management, cultural differences and language barriers became the challenges to the cooperation and communication between the Chinese and Russian managers and employees.



How did EY help:

EY assisted the client in improving the international dispatch management system, including drawing up international dispatchment plans, implementing the division of powers and responsibilities, and process-based management. We also assisted the client with the development of reasonable remuneration and incentive plans for their expatriates in order to increase the retention rate. Through our research on corporate diversity and inclusiveness, we helped the client with intercultural communication which played a crucial role in the establishment of its international corporate culture.



About EY

EY is a global leader in assurance, tax, transactions and consulting services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. For more information about our organization, please visit ey.com.

© 2020 Ernst & Young, China
All Rights Reserved.

APAC no.03007988
ED None.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com/coin

Follow us on WeChat

Scan the QR code and stay up to date with the latest EY and COIN news.

EY



COIN



EY Belt and Road Navigator

