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One Belt One Road

On the New Silk Road with CMS

2017

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The New Silk Road: a grand vision, a bold dream and a huge business opportunity

In 2013 China announced an initiative to build, in cooperation with many other countries, 'the Silk Road Economic Belt' and 'the 21st Century Maritime Silk Road', commonly referred to as 'One Belt One Road', or simply 'the Belt and Road'. The initiative builds on the centuries-old historic ties, trading and culture, that linked China with Europe via multiple countries of Central and Western Asia. It extends to a traditional maritime route running from Chinese ports via the Indian Ocean to multiple destinations across the Middle East, Africa and Mediterranean Europe.

Experts have compared this initiative to the US-led Trans-Pacific Partnership (TPP) and if successful 'One Belt One Road' could forever change the economic map of the world. The initiative brings with it the creation of new transportation links to move energy and natural resources and also know-how and ideas between China, including its less developed Western provinces, through the resource-rich Central Asia all the way to Eastern and Central Europe. The maritime Silk Road, predicated on the development of dozens of Chinese ports would bring much closer together, and reinvigorate the economies of South East Asia, the Middle East and Africa.

Over the last 18 months, President Xi Jinping and Prime Minister Li Keqiang have visited numerous countries along 'the Belt and Road' to promote the initiative and to secure support from their respective counterparts. In December 2014, a USD 40 billion Silk Road Fund was created, established with funds provided by the Chinese State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank.

Since its set-up, the Fund has made significant investment in projects along the 'One Belt One Road', including a 1.65 billion dollar contribution to the Karot hydropower project in Pakistan and the purchase of a 9.9% interest in the Yamal LNG in Russia.

The recently established Asian Infrastructure Investment Bank, a multilateral financial institution funded by China as well as many other world's leading economies including EU member states, will also most likely play a key role in the financing of important infrastructural projects along 'the Belt and Road'.

The recent slowdown of the Chinese economy, which is expected to grow at a more sustainable rate of 6.5% annually for the next five or so years (down from double digit GDP growth rates) may accelerate Chinese investment in the 'One Belt One Road' countries. There is clearly an overcapacity in the Chinese energy and construction industries and Chinese companies not able to secure projects domestically will be aggressively looking for opportunities outside of China on their own or more likely with experienced business partners from 'the Belt and Road' countries, as well as from leading European economies.

'The Belt and Road' covers over 60 countries across Asia, Europe and Africa. The key 'Belt and Road' projects are likely to be infrastructure- and energy-related, although many experts believe that the strengthening of the transportation infrastructure will reinvigorate the entire economy of large underdeveloped regions of Eurasia and put the Indian Ocean back on the map of key world trading areas.

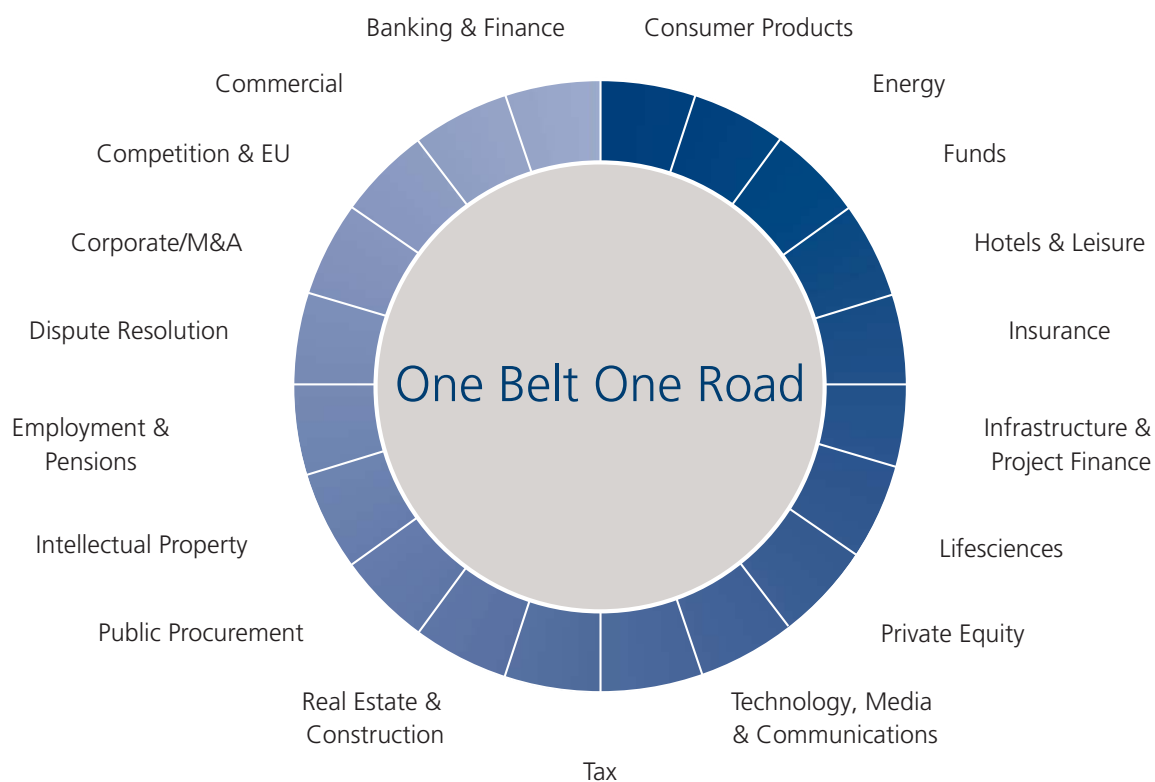
Why CMS?

CMS, is a top 6 global law firm and the largest law firm in Europe, uniquely positioned to assist you in taking advantage of the many excellent business opportunities created by 'the Belt and Road' initiative.

- **'One Belt One Road'**: Out of the 38 countries in which CMS is present, 18 are the 'One Belt One Road' countries: Albania, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Iran, Montenegro, Poland, Oman, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, UAE and Ukraine. CMS, with its combination of local and international expertise, is ideally placed to support you.
- **Coverage**: We have offices in Beijing, Shanghai and Hong Kong and highly specialised energy and infrastructure teams across Europe, Russia and the Middle East. We are well placed to advise the energy sector on issues in China and around the world.
- **Depth**: Our dedicated energy team in China is supported by our global team of over 200 energy partners and lawyers around the world. This allows us to provide you with local knowledge and expertise in multiple jurisdictions worldwide, as well as with tried and tested solutions to problems our clients may encounter in China and across many of the 'One Belt One Road' markets.
- **Know-How**: Our knowledge of the Chinese, European and Middle Eastern legal and regulatory systems, including energy-specific issues, combined with our cultural understanding of the regions, enables us to provide solution-driven and commercial advice to Chinese and international clients investing in the Belt and Road countries.
- **One-stop shop**: We operate across all legal disciplines including corporate, finance, dispute resolution, commercial, competition, regulatory and intellectual property, allowing us to address all of your legal requirements and challenges.
- **Award winning**: For many years, CMS has been recognised as one of the leading international law firms in the energy sector by all of the major legal directories, including Chambers & Partners who have ranked us number one in eight jurisdictions including the United Kingdom and Central & Eastern Europe (region-wide). We also have many of our partners individually ranked in the directories. In addition, we are recognised in 'Asia's Top 50 Largest Law Firms' as a top 10 international law firm in China by Asian Legal Business and we have been 'highly commended' at the FT Asia-Pacific Innovative Lawyers Awards for the last three years for building an Asia-Pacific business and network of local firms, including the Energy Asia-Pacific Network (EAN).

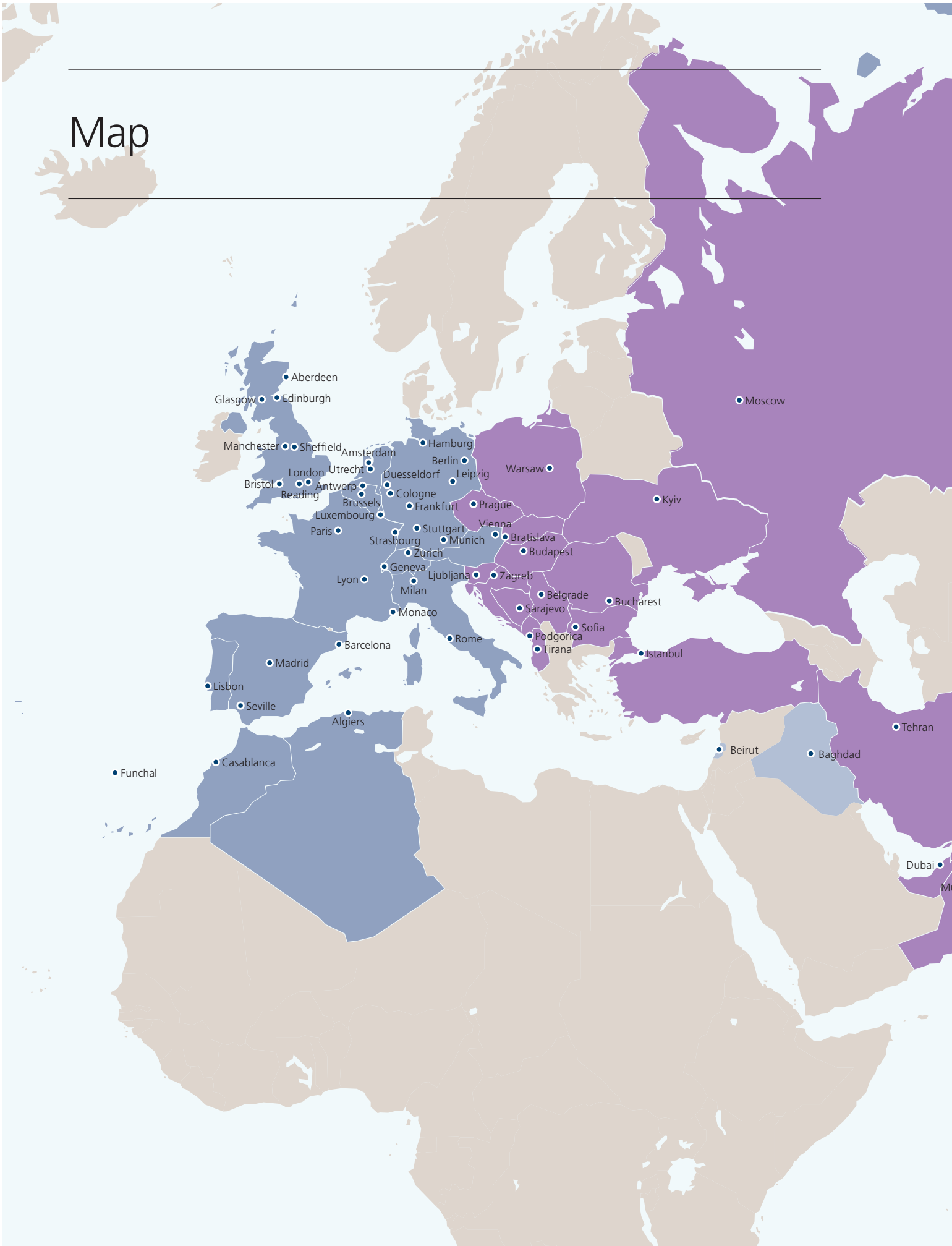
Providing you a full legal service

When exploring business in new markets, you will want to work with lawyers who can provide you with a full legal service and we can through our 71 offices in 40 countries, including China and the 18 'One Belt One Road' countries we are present in. We have 10 established practice groups all of whom are supported by over 4,500 dedicated legal experts. We also focus on nine sectors, including the key sectors identified by the 'One Belt One Road' initiative, with many of our sector specialists having in-house experience and close ties with industry associations and universities in Europe and Asia.



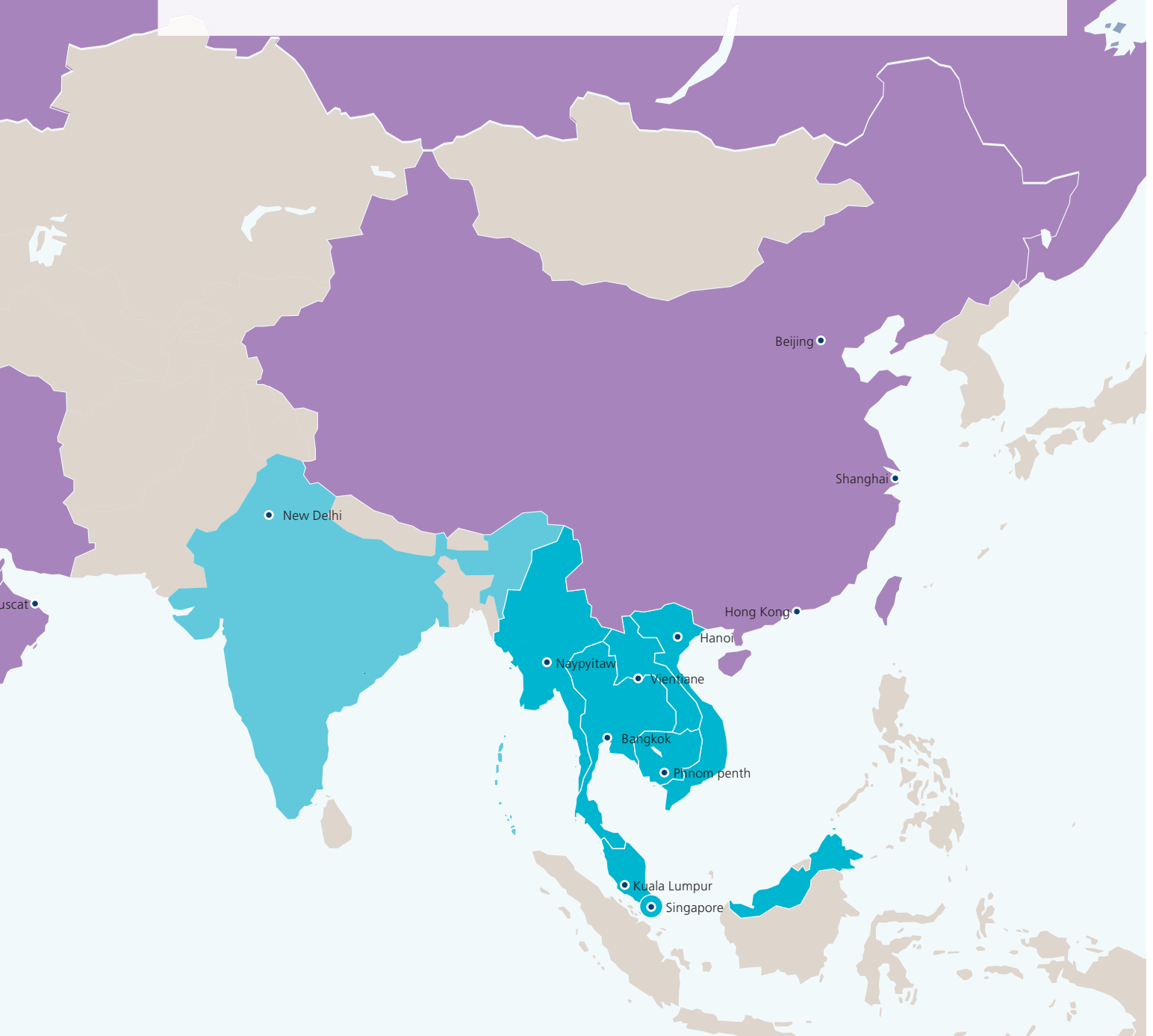
We also know that the Asia-Pacific region is of great strategic importance for international development for Chinese companies. CMS collaborates with Rajah & Tann Singapore and its network of law firms in South East Asia which - together with our growing practice in China - enhances the quality of our offering. Rajah & Tann Singapore's network in South East Asia includes Singapore, Cambodia, Laos, Malaysia, Myanmar, Thailand and Vietnam, making us a formidable force in the region.

Map



Key to the map:

- The Belt and Road countries where CMS has an office
- Countries where lawyers are directly associated with CMS work on a permanent basis
- India, where CMS has a long-term best friend relationship with one of the country's leading law firms
- South-East Asian countries covered by our relationship with Rajah & Tann Singapore, and its network of law firms
- CMS offices



Understanding of Chinese culture

We recognise that working for a Chinese client, or working for an international company exploring a business opportunity together with a Chinese partner, requires the appreciation and understanding of certain cultural differences. Through the support of our two offices in Beijing and Shanghai, we are able to provide you with the local knowledge, understanding and language capability you will need from your lawyers. Our team of 40 lawyers in China and Hong Kong will work closely with you and our CMS colleagues in each market to help coordinate your international legal projects and provide you with the commercial and practical advice you need.

In Beijing, CMS has a dedicated sector-focused hub with our sector focussed lawyers having in-depth understanding and a strong track record of supporting companies in the sectors of Energy & Infrastructure, Technology, Media & Communications (TMC) and Lifesciences. Through our cooperation with such leading research and higher learning institutions such as North China Electric Power University, we strive to be a cutting edge on legal developments for the energy industry in China.



Experience in One Belt One Road markets

Relevant experience includes advising:

- China Everbright International Limited, a leading player in China's environmental protection industry on the acquisition of Novago, a leader in waste processing and the largest producer of alternative fuel in Poland. The transaction is the largest single Chinese investment made in Poland to date, and the largest acquisition in the environmental treatment industry in Central & Eastern Europe.
- ELAPHE d.o.o. I APG (Zhejiang Asia-Pacific Machine and Electric Co., Ltd.) invested EUR 10 million for R&D as well as for acquisition of 20% interest with Slovene Elaphe Propulsion Technologies Ltd. In a second phase it is planned that APG and Elaphe will establish a joint venture in China. Up to date this is the largest direct investment by a Chinese company to Slovenia.
- Bank of China on
 - full range of banking regulatory matters and financings relating to its investments in Hungary and elsewhere in CEE.
 - regulatory issues in Serbia.
- ReneSola on the legal due diligence and several related matters for six PV projects in Bulgaria.
- CNBM on the financing of a solar project in Ukraine.
- Sky Solar and China Development Bank on the legal due diligence of six renewable energy projects and the acquisition of these with a total capacity of ca.15 MW in Bulgaria.
- ILB Helios/Hareon and China Development Bank on the legal due diligence of three renewable energy projects and the acquisition of two of these with a total capacity of ca. 55 MW in Bulgaria. We also successfully advised on the financing of the projects worth €200 million from the China Development Bank.
- China Development Bank on the regulatory framework for photovoltaic projects, the trading of electricity and green certificates in relation to the financing of two medium-scale photovoltaic projects in Romania.
- AVIC in relation
 - to due diligence and the potential acquisition of a photovoltaic project of 20MW located in Romania.
 - to the review and negotiation of the SPA in connection with a solar business in Romania.
 - to various acquisitions in the solar sector in Romania, including the potential acquisition of a 90% stake in a Romanian company in the process of developing a large photovoltaic project in Romania.
- Chint/Astronergy on
 - due diligence on a photovoltaic project of 60MW located in Romania.
- The Czech operator of photovoltaic power plants owned by a Chinese investor on regulatory and contractual matters.
- Astronergy/Chint Solar and China Development Bank on the legal due diligence of 11 renewable energy projects and their successful acquisition with a total capacity of 45 MW in Bulgaria. We also successfully advised on the financing of the projects worth €103 million from the China Development Bank.
- A large Chinese export credit insurance company on arbitration in the Czech Republic.
- Goldwind International Holdings (HK) on
 - the drafting and negotiation of a Deed of Guarantee to be entered into by our client as the Guarantor, as security for performance by a Romanian wind energy producer (as borrower) of its obligations under a €43 million facility agreement entered into with China Development Bank.
 - the drafting and negotiation of share mortgage agreements.

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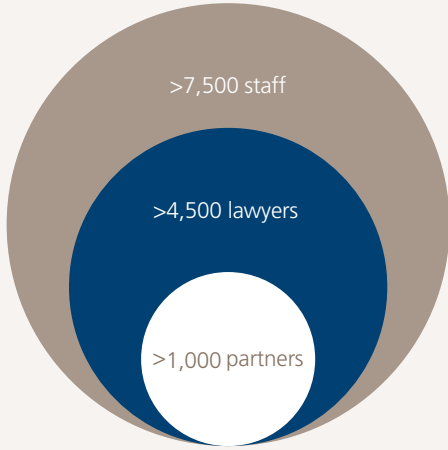
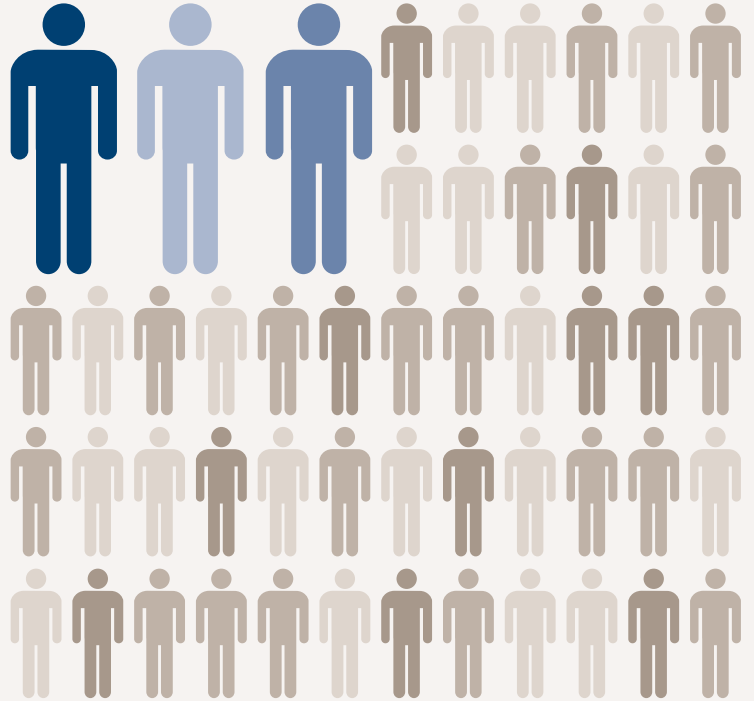
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48 new partners in 2017,
taking the total to over 1,000



EUR 1.05bn

turnover for 2016*

* when currency
fluctuation is removed

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3rd

most global
law firm
in the Am Law 2016
Global Top 100

19 practice
and sector
groups working
across offices



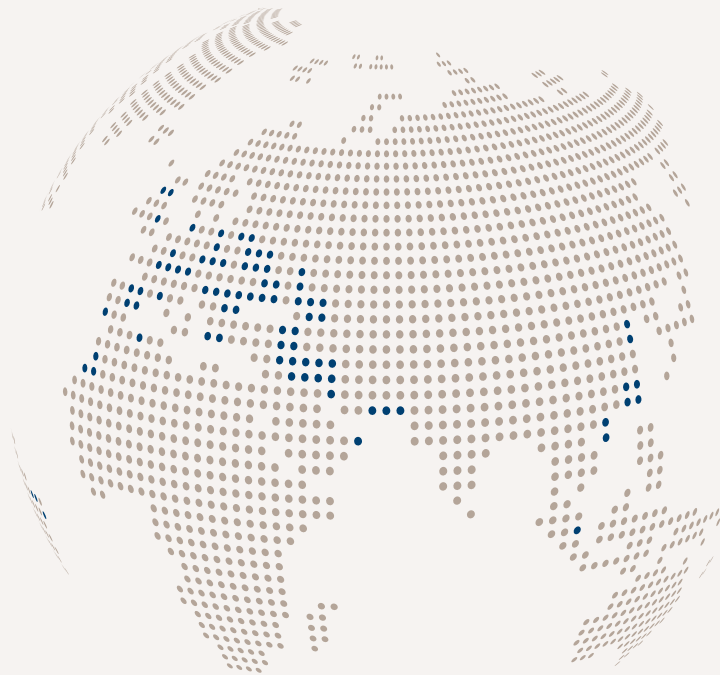
**Top rankings
in 2016**
M&A League Tables
(by deal count)

#1 Europe
(Bloomberg,
Thomson Reuters)

**Acritas
Sharplegal
Top 20**
Global Brand
Ranking

#3 Global
(Bloomberg
up to USD 500m)

Operating in 65 cities
across 40 countries





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