

Chinese Investments into the Middle East (2009 – 2014YTD)

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1.Executive Summary

- Grisons Peak LLP (“Grisons Peak”) is pleased to forward these materials on Chinese investment into the Middle East from 2009 – 2014 year to date. This information has been excerpted from our Global China Outbound Database
- As you will see, there was considerable M&A / equity investment in the Oil & Gas industry in the region even before 2009, focused mostly in Iraq and Syria. This activity peaked in 2009, mostly in Iran and Iraq, but also into Qatar and Syria
- In 2010, M&A activity was also focused on Oil & Gas in these same countries, although China also made non Oil & Gas investments into Israel and Egypt
- In 2011, while overall activity declined to 3 transactions, none of these involved Oil & Gas; instead Healthcare, Chemicals, Industrial Engineering
- 2012 activity declined to only 3 transactions which were Oil & Gas related
- 2013 – 2014 year to date has already seen 8 transactions, across 5 different countries. Only two of these transactions were related to Oil & Gas as China continues to diversify its investments into other sectors across the region
- Expect future transaction increases both in volume and aggregate amounts involving China and Saudi Arabia. Senior officials from both Saudi Arabia and China have announced plans to strengthen trade relations by making more investments in the fields of oil & gas, energy and the environment

1.Executive Summary

- It should be noted that unlike in Africa or other emerging markets, many of the countries in the Middle East are flush with cash and thus do not require large amounts of outbound Chinese cash. Instead many seek reciprocity by gaining Chinese support for inbound investments from the Middle East into China. Examples include:
 - In 2013, Kingdom Holding Company (Saudi Arabia) was a part of a Middle Eastern consortium which acquired a controlling stake Jingdong Century Trading, China's #2 e-commerce company after Alibaba
 - In 2012, Saudi Basic Industries announced a \$100 million investment in a technology centre in Shanghai
 - In 2007, Saudi Aramco, ExxonMobil, Sinopec and Fujian Petrochemical Company Limited ("FPCL")⁽¹⁾ formed a US\$5bn JV Fujian Refining & Petrochemical Company ("FREP"). This project gives Saudi Aramco and ExxonMobil access to China's insular refining sector, which used to be dominated by Chinese state-owned oil companies

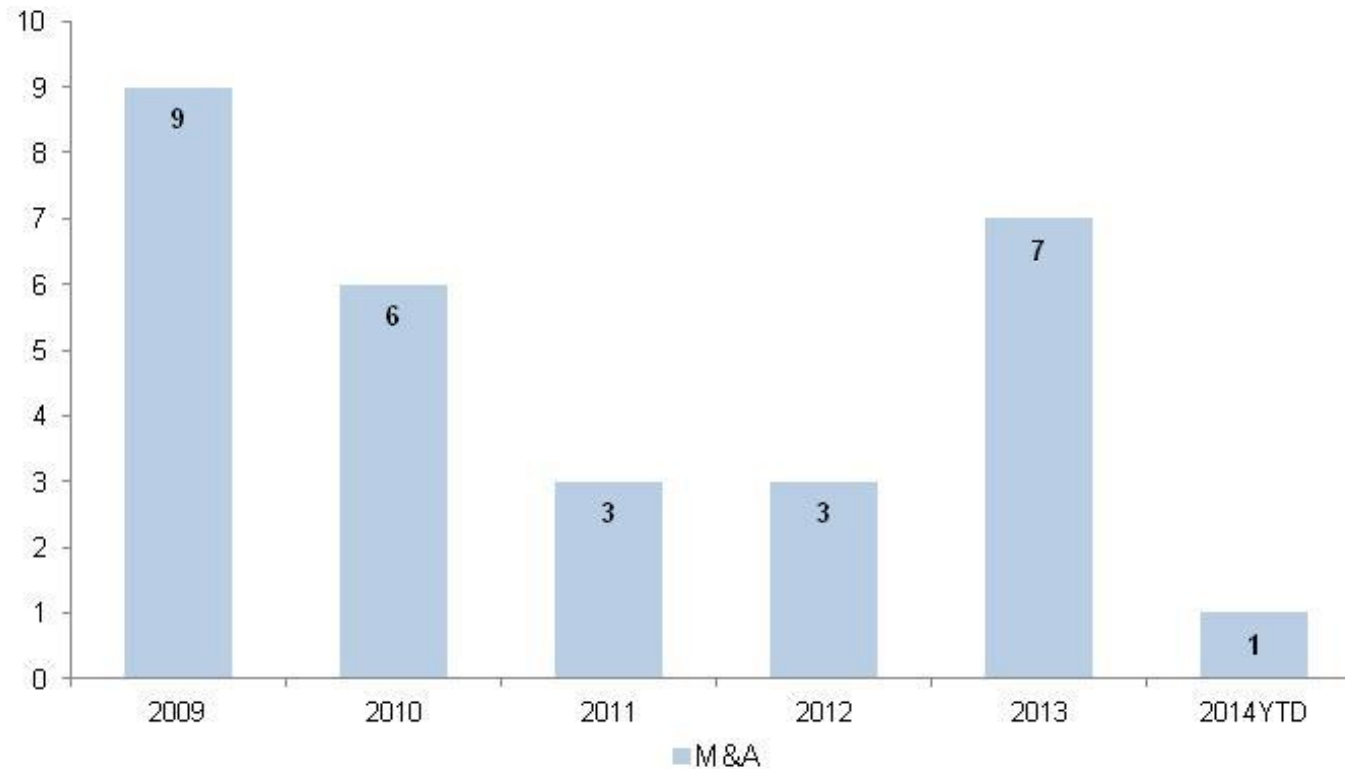
Source: Various

Note:

(1) FPCL itself is a 50/50 JV between Sinopec and Fujian Provincial Government

2.China Investments into the Middle East Summary

Transaction Volume



3.China Investments into the Middle East

2013 – 2014YTD

M&A

Country	Acquirer	Target	Sector	Amount(\$m) / Stake
Israel	Bright Food Group	Tnuva Food Industries	Consumer Goods	960 / 56%
Israel	Han's Laser Technology	Nextec Technologies	Industrials	NA / 100%
Egypt	Sinopec	Apache's Egypt Oil & Gas business	Oil & Gas	3,100 / 33%
Egypt	TEDA	Joint Industrial Zone near Suez Canal	Various	500 / NA
Iraq	CNPC	West Qurna 1 Oilfield	Oil & Gas	NA / 25%
Israel	Shanghai Fosun Pharmaceutical Group	Alma Lasers	Health Care	222 / 95%
Saudi Arabia	Yunnan Yuntianhua	Abahsain Fiberglass	Chemicals	35.0 / 60%
UAE	CSCEC	Viceroy Dubai Palm Jumeirah project	Travel & Leisure	NA

Source: Various

3.China Investments into the Middle East

2012

M&A

Country	Acquirer	Target	Sector	Amount(\$m) / Stake
Saudi Arabia	Sinopec	Yasref	Oil & Gas	3,750 / 37.5%
UAE	Sinopec Kantons Holdings	Fujairah Oil Terminal	Oil & Gas	25 / 50%
Qatar	CNPC	Qatar Block 4	Oil & Gas	NA / 40%

Source: Various

3.China Investments into the Middle East

2011

M&A

Country	Acquirer	Target	Sector	Amount(\$m) / Stake
Israel	Neusoft Corporation	Aerotel Medical Systems	Health Care	1.8 / 30.8%
Israel	ChemChina	Makhteshim-Agan Industries	Chemicals	1.340 / 60%
Saudi Arabia	PCK	Steel Pipe JV in Saudi Arabia	Industrial Engineering	50 / 50

Source: Various

3.China Investments into the Middle East

2010

M&A

Country	Acquirer	Target	Sector	Amount(\$m) / Stake
Syria	CNPC	Syria Shell Petroleum Development ("SSPD")	Oil & Gas	1,500 / 35%
Qatar	CNPC	Natural Gas JV in Qatar Block D	Oil & Gas	25%
Iraq	CNOOC	Missan Oilfields	Oil & Gas	63.75%
Israel	Yifang Digital Technology	Pegasus Technologies	Technology	60 / 100%
Egypt	Guangdong Midea Electric Appliances	MISR Refrigeration & Air Conditioning	Household Goods	57 / 32.5%
Egypt	Rongsheng Holding / Sinochem	Egypt Oil Refinery	Oil & Gas	2,000

Source: Various

3.China Investments into the Middle East

2009

M&A

Country	Acquirer	Target	Sector	Amount(\$m) / Stake
Qatar	CNOOC	Qatar Block BC	Oil & Gas	100 / 75%
Iran	CNPC	South Pars Oilfields	Oil & Gas	4,700 / NA
Iran	CNOOC	North Pars Oilfields	Oil & Gas	16,000 / NA
Iran	CNPC	North Azadegan Oilfields	Oil & Gas	1,760 / NA
Iran	CNPC	South Azadegan Oilfields	Oil & Gas	2,250 / 70%
Iraq	CNPC	Halfaya Oilfields	Oil & Gas	NA / 37.5%
Iraq	CNPC	Rumaila Oilfields	Oil & Gas	NA / 37%
Syria	Sinochem	Emerald Energy	Oil & Gas	879 / 100%
Iraq	Sinopec	Addax	Oil & Gas	7,240 / 100%

Source: Various

3.China Investments into the Middle East

Before 2009

M&A

Country	Acquirer	Target	Sector	Amount(\$m) / Stake
Syria	Sinopec	Tanganyika Oil	Oil & Gas	2,000 / 100%
Yemen	Sinochem	SOCO Yemen	Oil & Gas	465 / 100%
Iraq	CNPC	Al-Ahdab Oilfield	Oil & Gas	1,000 / 100%
Saudi Arabia	Chalco	Jazan Aluminium Semter	Industrial Metals & Mining	1,200 / 40%
Iran	Sinopec	Yadavaran	Oil & Gas	NA
Syria	CNPC	Al-Furat Petroluem Company ("AFPC")	Oil & Gas	295 / 19%
Saudi Arabia	Sinopec	Sino Saudi Gas Limited	Oil & Gas	240 / 80%

Source: Various