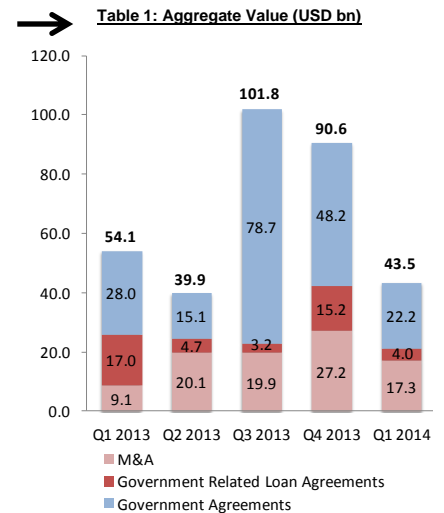
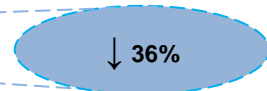


Q1 2014 Overview

As shown in Table 1, overall Chinese outbound investment in Q1 declined across all three components which we track. M&A aggregate value was slightly below the average of the prior 3 quarters although almost doubling Q1 2013 aggregate value). The aggregate value of Government Agreements was well below such amounts in 3 of the past 4 quarters and would have declined much more without the USD 19.2bn agreement with France. Government Related Loan Agreements had aggregate value of USD 4.0bn, was 60% below the average of the past 4 quarters and produced the second lowest amount over the past 4 quarters. Not only did these loan amounts decline appreciably, but there were at least two reported incidents in this quarter in which countries which had previously signed agreements to receive such loans saw Chinese lenders either stop payment or claim default. This is consistent with a quarter when China reported its first corporate defaults and considerable credit tightening.

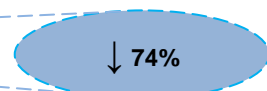


M&A / Equity Transactions



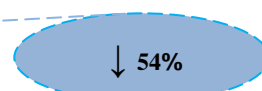
Aggregate M&A value of USD 17.3bn was 36% lower than in Q4, even though volume of 60 was 9% higher than in Q4. The 9 largest transactions, all over USD 750m, represented 73% of aggregate value but only 15% of total volume. Despite such large deals, nearly 75% of transaction volume involved transactions of USD 100m or less. The Consumer sector led in volume followed closely by Technology, which led in aggregate value (38% aggregate value). Asia led in volume (38%), followed by North America and then Europe. North America led in aggregate value (39%), closely followed by Europe (37%), the leader in the previous quarter.

Government Related Loan Agreements



There were 11 Government Loan Agreements in Q1, only three of which were over USD 600m (Sri Lanka, Germany and Kazakhstan). All these loans were focussed on energy and infrastructure, except in Germany, which was related to loans to German shipping firms to acquire Chinese ships.

Government Agreements



During late March, President Xi visited the Netherlands, France, Germany and Belgium, in the process signing a number of agreements in each country. With the exception of the USD 19.2bn French agreements, aggregate value for the agreements with other countries on this

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trip have not yet been disclosed (although Grisons Peak's total includes USD 2bn calculation for the Netherlands).

In February, the President of Pakistan signed agreements whereby China agreed to invest a further USD 900m in development of infrastructure projects related to the important port city of Gwadar.

In January, the President of Belarus visited Beijing. This visit was followed by additional meetings in early March where numerous agreements were signed to develop infrastructure, centered around Minsk. Belarus also includes an important link in the railway linking Chongqing to Duisburg in Germany (a component of the German agreements).

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