

CFCFA Progress Report

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Chairman

CAREC Federation Of Carrier & Forwarder Associations (CFCFA)

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1. CAREC Logistics Investment Fund (CLIF)

CLIF Fundraising Terms & Conditions (tentative)

Title - CAREC Logistics Investment Fund Co. Ltd.

Registration & Incorporation - limited company, to be registered in Chongqing
Fund Manager (GP) - AAA Fund Management Co. Ltd. (registered capital of RMB 50 million yuan)

Total Fund Scale - RMB 10 billion yuan (first placement no less than RMB 2 billion yuan)

Custodian Bank - xxx Commercial Bank

Management Fee - Annual Management Fee 2% (of actual received capital).

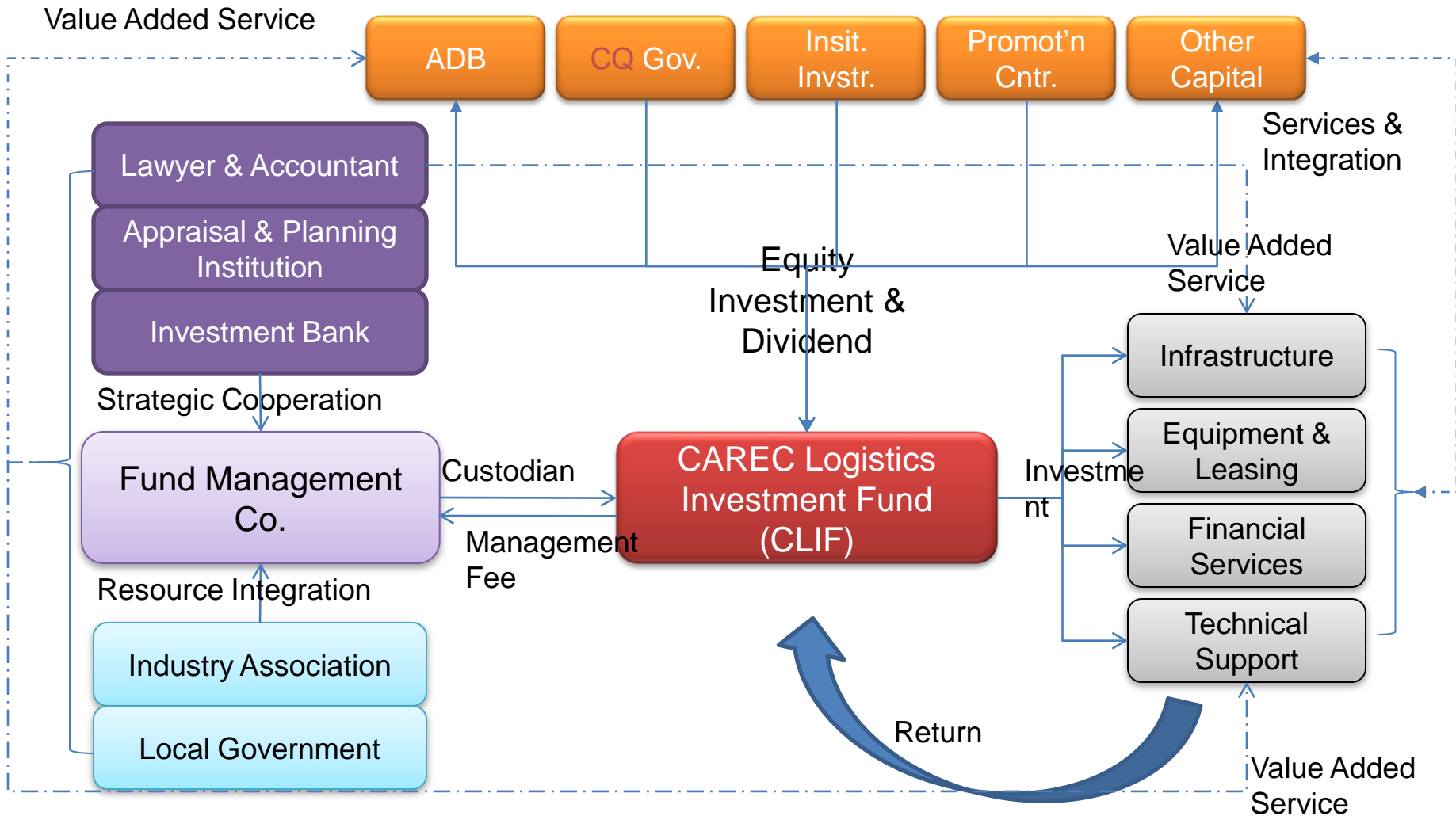
Management company enjoys 20% of investment return shares

Minimum Contribution - Actual minimum contribution is RMB 50 million yuan

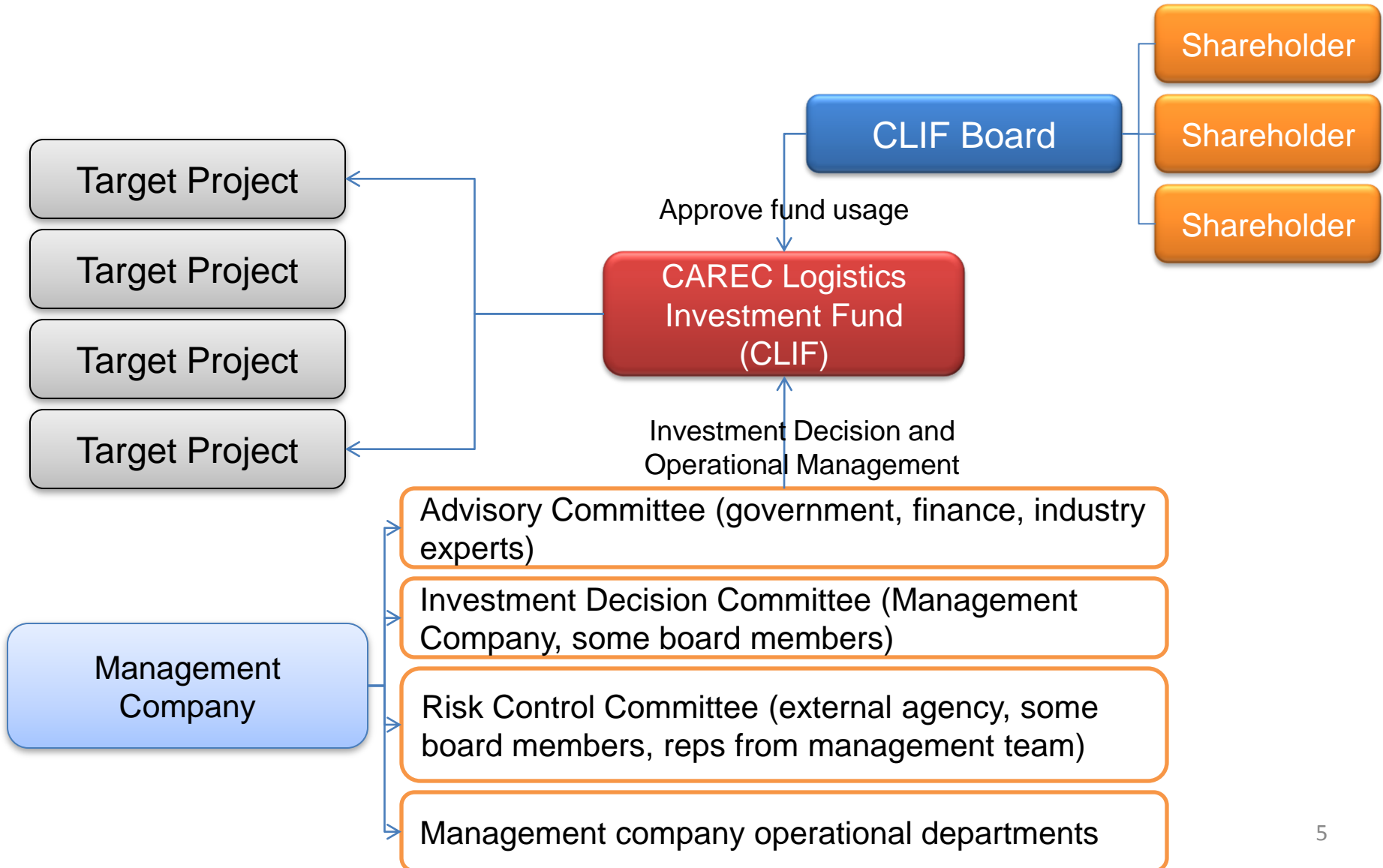
Shareholder candidates:

- 1、Asian Development Bank
- 2、Institutional investors (China Investment Bank)
- 3、Member companies that has logistic related business or investment
- 4、China Center for SME Cooperation Development & Promotion
- 5、Government guide fund by Ministry of Finance
- 6、Municipal government guide fund by Chongqing Government or other local governments

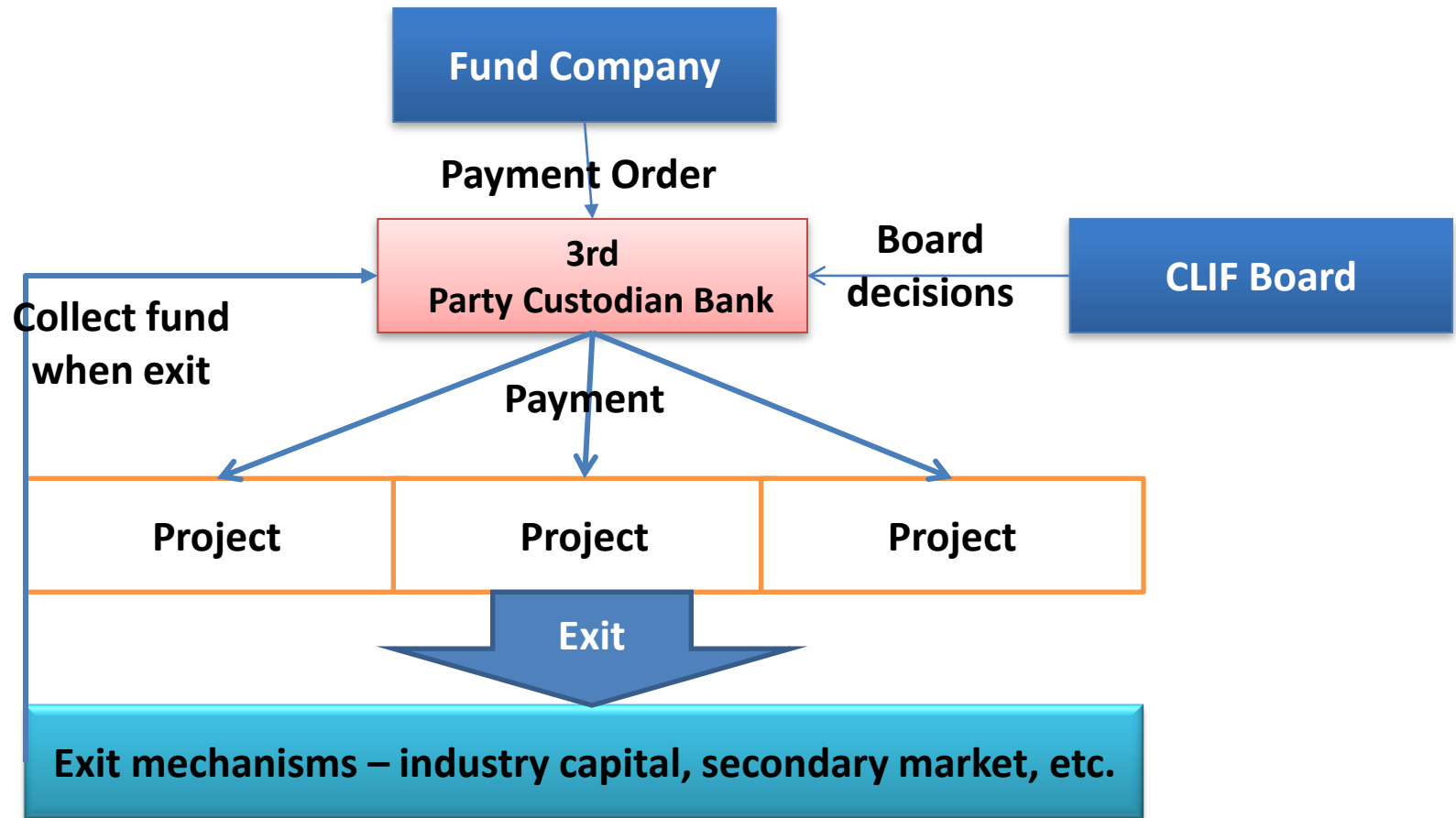
CLIF Operation Structure



CLIF Organizational Structure



3rd Party Custodian Bank



Why limited corporation?

We propose limited corporation, based on the difference between corporation and partnership.

1. The fund will be guided by the government. Government support will help the fund leverage on private capital and expand the fund scale, in order to serve CAREC's logistics and trade more effectively.

2. Government can directly participate into the fund company. No need to establish independent fund management company, making the approval easier.

3. The sustainable operation of a limited corporation is more suitable to invest in long term infrastructure projects. It reduces the needs of assets securitization, and better contributes to the stable development of logistics.

4. The decision power of a limited corporation resides with the board. Management company can only make decision proposals. It is better to the Limited Partners(LPs).

5. A limited corporation might be subject to double taxation. But the company can persuade the government to provide favorable taxation policy, as it is aimed to promote multinational cooperation and trade.

6. A limited corporation can borrow from banks or other financial institutions through financial leverage, to expand its size.

7. All capital will be paid in once, to avoid the problem of unpaid committed capital in partnership, which is crucial to invest in major project.

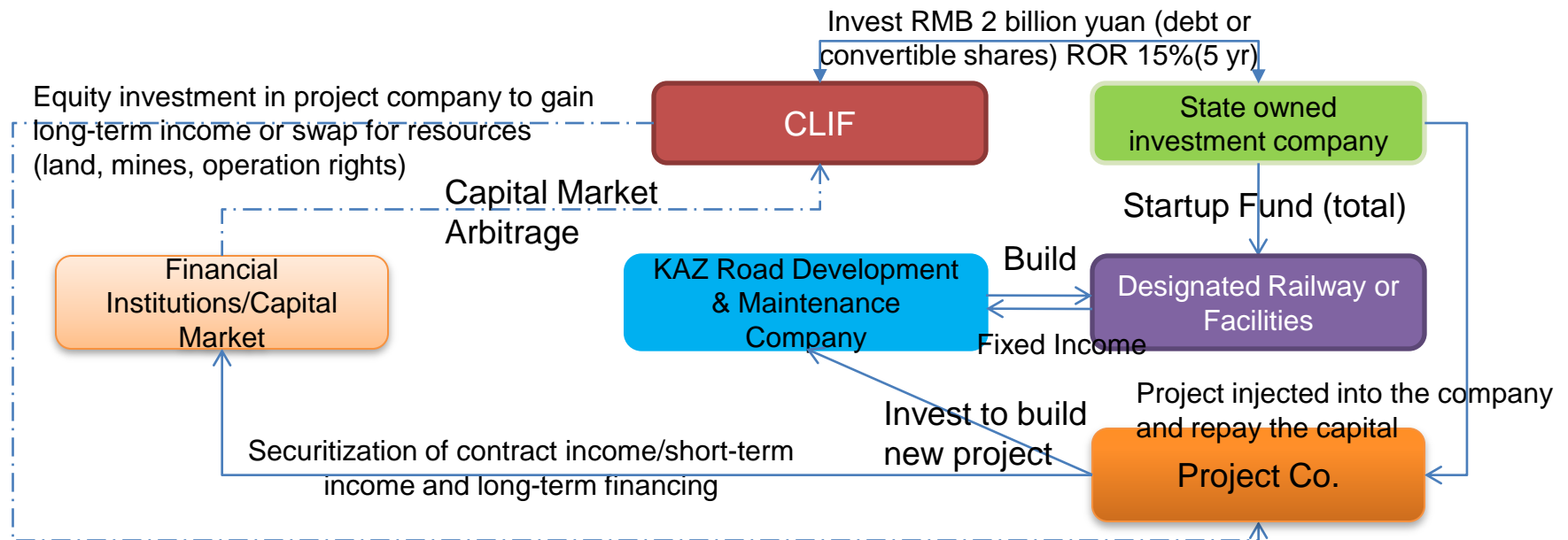
Investment Strategies

Investment Directions

	Investment Scope	Return Mode	Pay back period (est.)	Proposed %
Infrastructure Development	Road, railway, warehouse, stock yard, transshipment terminal. etc.	Lease	8-20 yrs.	50%
	Bonded zone, logistic park.	Real estate development	1.5 yr.	10%
Equipment Investment	Large transportation equipment, transshipment equipment	Financial leasing	2-5 yrs.	10%
Financial Services	Guarantee, bridge loan, L/C packing loan, big data services along the supply chain.	Financial services fee	Long term	20%
Technical Support	Invest in advanced logistic technologies.	Equity investment returns	5 yrs.	10%

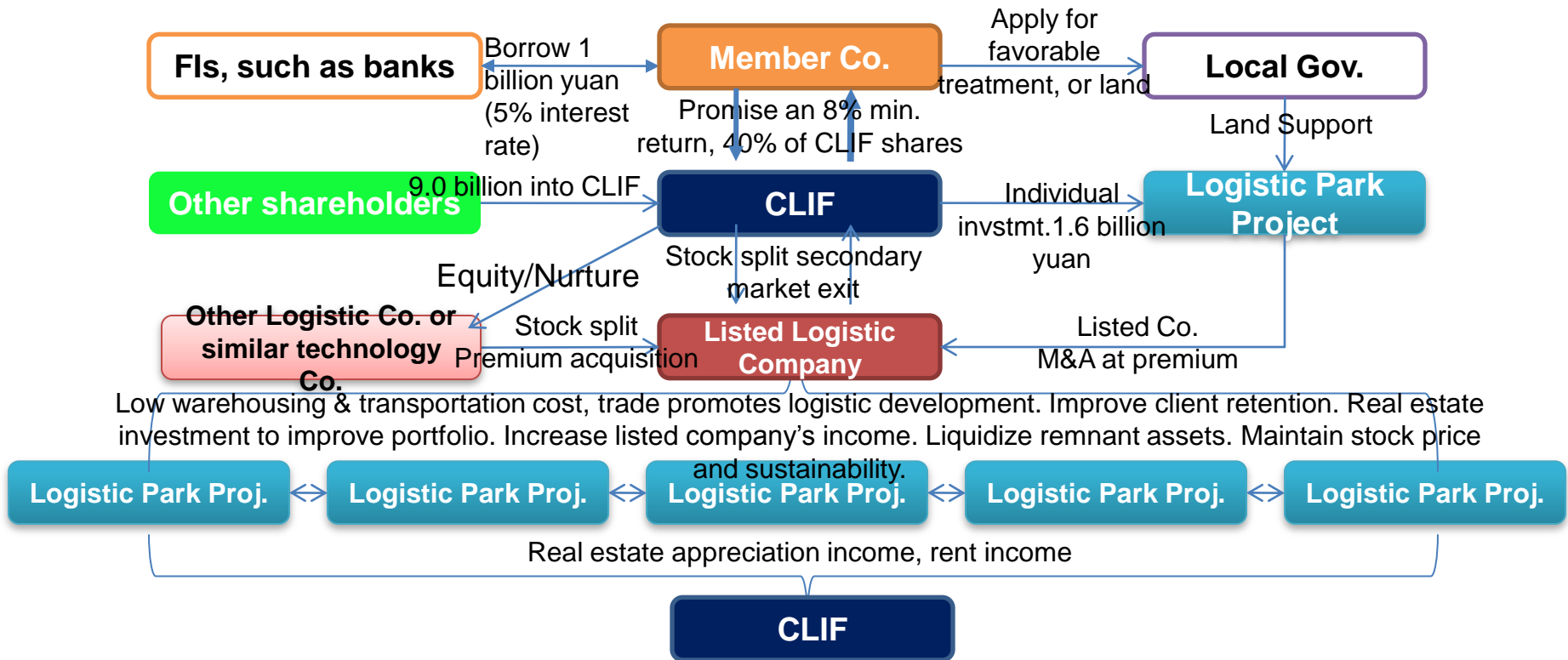
1. Fund size is RMB 10 billion yuan (tentative). Bank loans will leverage approx. 5 billion yuan.
2. Diversified, multi-stage, multi-dimension investment portfolio. To strictly focus investment on logistic chain development.
3. Possible to establish a legitimate overseas investment platform with foreign exchange in the future, to participate in CAREC or overseas capital market.
4. Possible to benefit from land swap in infrastructure development.
5. Financial leasing can be converted into debt or equity.
6. Possible for mezzanine investment, indirect equity contribution, or offer trust products, to further expand the investment scale.
7. Possible to invest in (shareholding) companies to consolidate the industry chain.
8. Possible to use USD or EURO as equity contribution.
9. Has the right to invest in and direct the operation of a big date company.

Infrastructure Development – Logistics Infrastructure Development Contract Management



1. CLIF, private capital and the government establish a joint state-owned holding investment company. CLIF invests 2 billion yuan (in debt or equity), to leverage private capital, and provide financing to start up designated project.
2. CLIF gains fixed income and principal by investing in debt, and the income will sustain CLIF's operation.
3. Local development company builds the facility, gains fixed income, creates jobs and gains sustainability.
4. SOE injects the facility into the project and collect principal, to be able to sustain its future investment.
5. Project company will securitize the assets according to the contract, and gain short-term income from capital market, and has the right to long-term income.
6. If project company gets listed, CLIF can continue holding the shares of the listed company and gain from capital market.
7. If CLIF makes equity investment in SOEs, CLIF is likely to hold the company's shares or use its equity to swap for other benefits and gains.

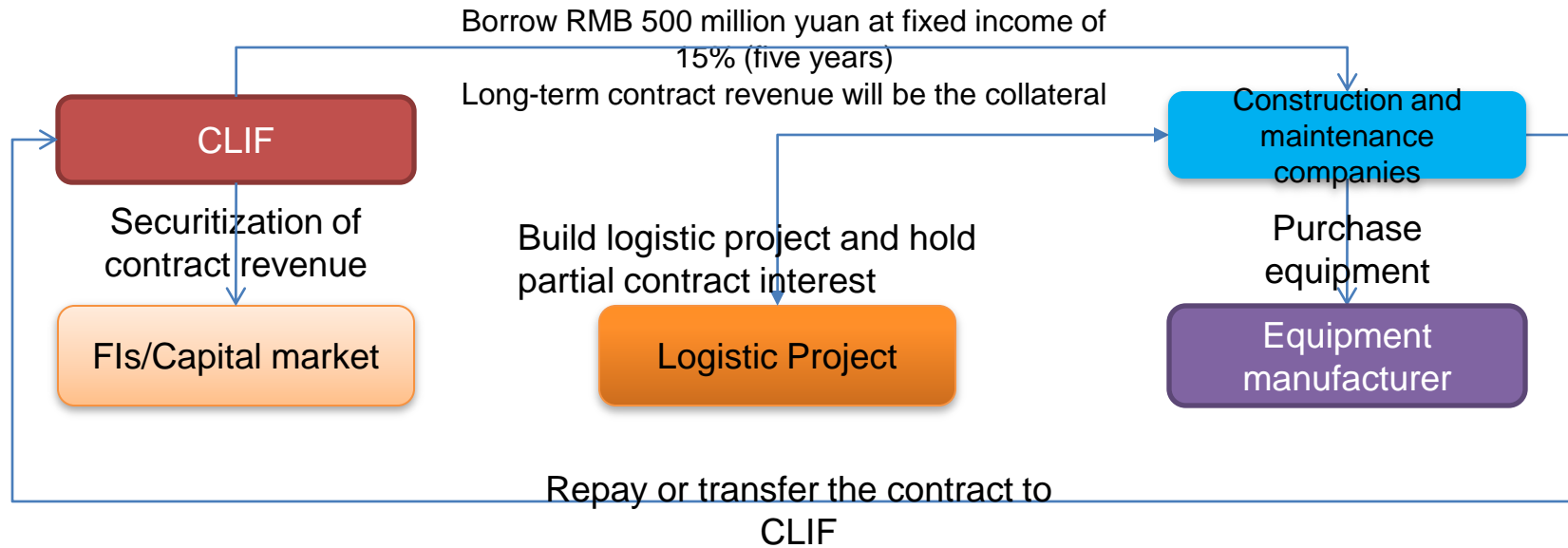
Infrastructure Development – Logistic Park Model



1. Member companies use financial tools to leverage more capital, and become CLIF shareholders.
2. CLIF joins logistic park development, to acquire land according to global strategic positioning, or to apply for China's favorable land treatment to local PRC governments.
3. After the establishment of logistic park, member companies will benefit from increasing logistics led by trade development. CLIF will benefit from land appreciation and rent.
4. To look for listed company to acquire the logistic park project from CLIF at a premium.
5. CLIF will participate in the listed company's stock split, and gain from secondary market.

Features — listed companies, fund, member companies will have multiple wins.

Equipment Investment Contract Management

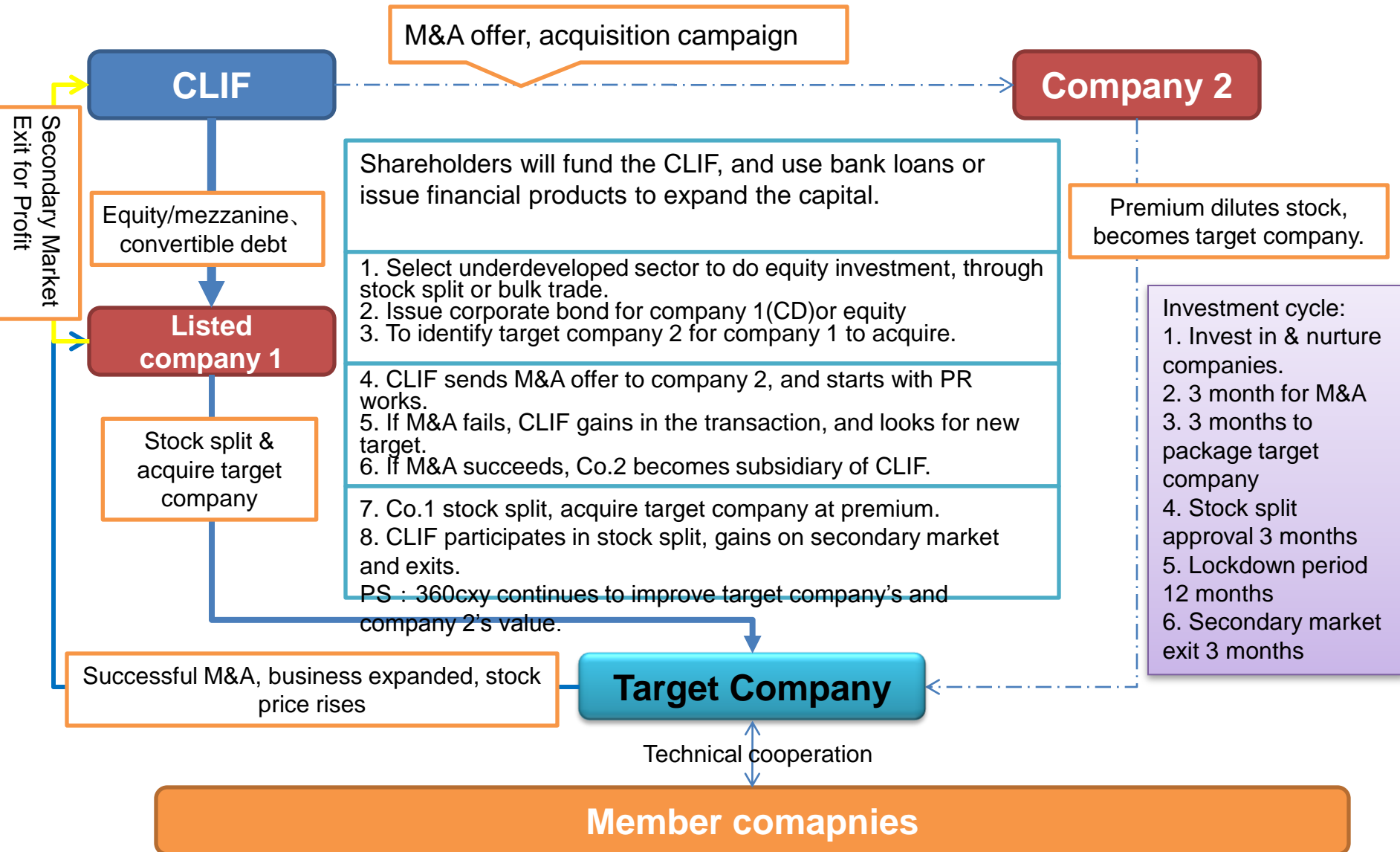


1. CLIF lends to construction and maintenance companies, using the short-term and long-term revenue of the project as collaterals.
2. Construction company purchases equipment and complete the project, and win service contracts.
3. Construction company chooses to repay CLIF or to transfer the contract to CLIF.
4. CLIF securitizes contract assets and sells for profit at proper timing.

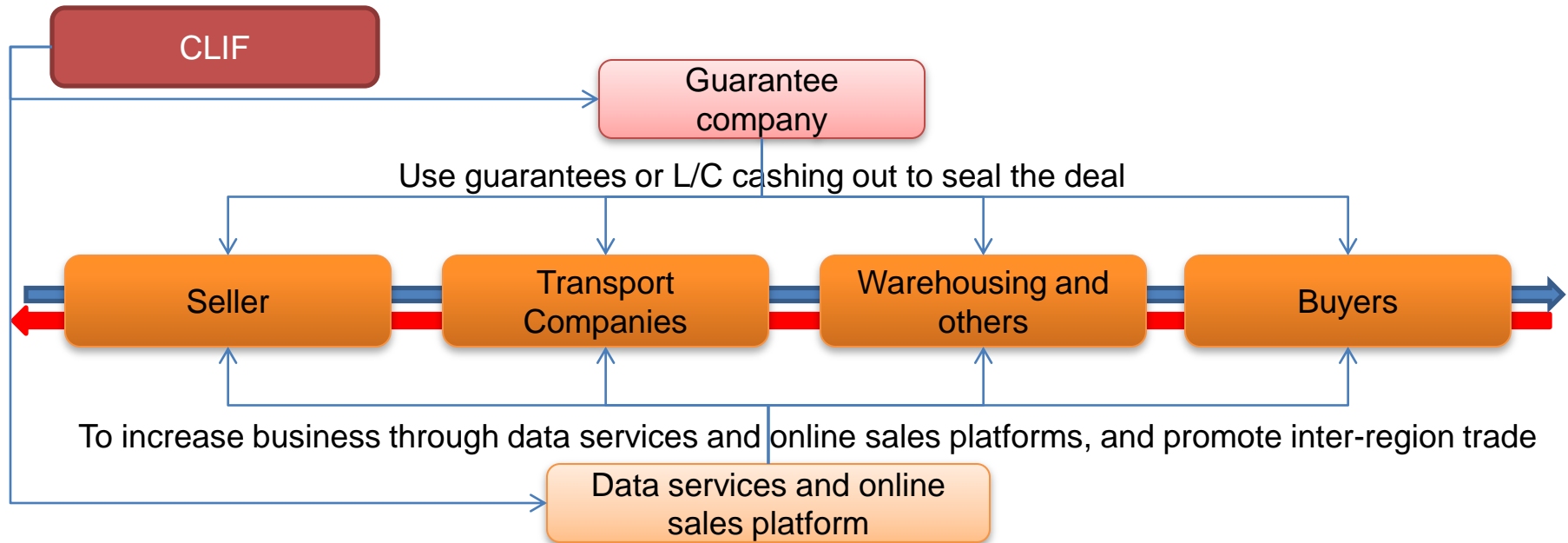
Advantages

1. Construction companies can borrow without asset collaterals. Their operational capacity has been improved. The project is better financed.
2. Construction company's assets increase and can get financing from commercial banks.
3. CLIF has three options, e.g. fixed income, assets securitization, long term contract revenue.

Technical Support (M&A) Business Model



Capital Business Model



1. Fund guarantee company and data service company.
2. Both parties' business and efficiency will be improved, to further increase long term revenue of guarantee services, capital services and data services.
3. Data service company can be listed in the future.

Issues for Further Consideration

- (1) Representative candidate investee projects, so that the LPs can foresee the future cash flows and their expected return-risk balances.
- (2) Key management team members, who should be the most important part of a PE fund.
- (3) Exit mechanisms and project risk profiles
- (4) Implementation roadmap and timeline.

Two

Proposals from CFCFA Members

Proposal for Admission of New Members to CFCFA

A. CFCFA members' categorization

- (1) Founding members – consists of the twenty founding association members

- (2) Individual member – a legally established enterprise, firm, institution, and/or social organization related to trade and logistics business in CAREC countries; and has voluntarily joined CFCFA to support CFCFA, participate in CFCFA activities, and fulfill their duties as a member.

Proposal for Admission of New Members to CFCFA

B. CFCFA members' representation

(1) Founding members' representation to CFCFA remains unchanged – each country shall nominate its own representative to serve as Executive Board Member.

(2) For individual members' representation – where there are 10 individual members in a CAREC country, one representative will be nominated from these individual members who will serve as Executive Board Member and shall have equal rights, except the right to be elected as an official, and duties as those nominated by the founding members in the Executive Board. An additional representative may be elected for every fifty individual members in a CAREC country.

Proposal for Admission of New Members to CFCFA

C. Rights and duties of individual members

- Individual members have the same rights and duties as the founding members stipulated in the CFCFA
- Constitution as amended on 10 August 2011, except for the voting right in the Executive Board and the right to be elected as a CFCFA official as stated in section B (2) above.

D. Admission to CFCFA membership of individual members

- Individual members may join CFCFA through (a) founding member's recommendation, (b) self-recommendation or voluntary basis, or (c) other relevant organization's recommendation. However, admission of non-founding or individual member to CFCFA is subject to complete submission of documentary requirements and processing as stipulated in *Article 2 of the CFCFA Constitution as amended on 10 August 2011*.

E. Admission fee and rules of collection

shall be set by the Executive Board as stipulated in ***Article 20 of the CFCFA Constitution***.

Possible agenda during the Executive Board's Meeting following Article 20

A. Membership Fee

(1) Both the founding members and individual members shall pay the membership fee with an amount and terms of payment decided through the General Assembly Meeting.

(2) The founding members and those who join CFCFA through self-recommendation and on a voluntary basis shall pay the membership in full amount.

(3) Those who join CFCFA through the founding members or other organization's recommendation shall pay the membership fee in proportion (provisional 50%) and the rest shall be paid to the organizations who make the recommendation for them.

Possible agenda during the Executive Board's Meeting following Article 20

(4) Partial membership fee, which shall not exceed half of the membership fee paid by individual members, shall be appropriated by CFCFA to local representative office in order to support their work.

--- Degree of membership fee (assumption) – for Executive Board discussion.

(5) Founding members shall pay US\$3,000.00 annually.

(6) Individual members shall pay US\$4,000.00 annually.

(7) The founding members who take the position as Chairman and Vice Chairman shall pay **US\$** annually.

(8) Admission and membership fee and terms of payment shall be updated during the Executive Board's Meeting, as necessary.

Other proposals/amendments to the CFCFA Constitution

A. Coordination and mediation

- Representative office

A CFCFA representative office may be set up at the country or region where an Executive Board Member is located subject to the Executive Board's recommendation and General Assembly's approval.

-- Preparation work

- (1) To ask all the members for advice by e-mail (appointment of focal person per association/coordinator and regular update of contact details)
- (2) To make proposal on the Article of Association's amendment.
- (3) To draft a proposed agreement on membership development to be signed by all the founding members or other organizations.

Other proposals/amendments to the CFCFA Constitution

- (4) To set up entry requirements and conditions of membership
- (5) To work out **application form for new members and FAQs**
- (6) To draft circular for membership development and put into implementation.

-- Services to be provided for CFCFA members

- (7) Build up some platforms on members' business communications and exchange such as MSN group and micro-message (discussion forum online)
- (8) How to coordinate and help to sort out the problems that members have?

CFCFA should interfere and ask local association members for coordination in case of any individual problems that its members have, and CFCFA shall send its representative on the spot for coordinate if any common problems are occurred.

Other proposals/amendments to the CFCFA Constitution

(9) To host regular conference for members' business exchange.

(10) All the members shall be issued by CFCFA with the membership certificates

(11) All the individual members, no matter where they come from either local countries or foreign countries, should be recognized first of all by the Associations of CAREC Countries with aim to promote the Association members as well as individual members. CFCFA shall promote the association members as well as individual members on or thru all the CAREC Meetings.

(12) Some staff shall be employed to collect and process the relevant information which shall be provided freely for the members or invest in some technical-oriented projects.

Main criteria for the selection of road carriers

---ADBL PROPOSAL

In accordance with the decision of CFCFA meeting held in Bangkok (December 4-5, 2012) ADBL experts have developed the criteria for selection of companies to award “Authorized CFCFA Representative”.

ABADA's proposal

- To work up CFCFA Permissions which can be used on the territory of Member States with one document (following the example of ECMT)
- To create database on goods, which could be carry only by CFCFA members on special documents.
- Instead of monitoring of Driving through CAREC corridors, to make monitoring of main roads on countries revealing infrastructure for their further improvement.

Regulation of the Secretariat

Descriptions of The functions and tasks
of the CFCFA Secretariat

Thank you