Shanghai Dragonboat Investment Management Ltd., (DIM) is established in 2015, following Chinese Government’s One Belt One Road Initiative, we help Chinese investors (institutes and individuals) to invest overseas. We provided strategic consultancies, risk analysis and investment management services, to protect Chinese wealth globally.
Contents

1. PPP Status in China
2. Why China needs PPP?
3. PPP in Healthcare
4. How enters Chinese PPP market?
# PPP Development in China

<table>
<thead>
<tr>
<th>Stage</th>
<th>Period</th>
<th>Models</th>
<th>Sectors</th>
<th>Main Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
<td>1980-1999</td>
<td>Build–Operate–Transfer</td>
<td>Energy, water and sewage</td>
<td>• Foreign Direct Investment;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• PPPs are launched as pilot projects</td>
</tr>
<tr>
<td>Stage 2</td>
<td>2000-2012</td>
<td>Build–Operate–Transfer; Build–Transfer</td>
<td>Energy, Telecom communication, Water and Sewage, and Transport</td>
<td>• Bottom-up approach;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Unclear definition;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• No central support system;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Inconsistent approach to PPPs;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• PPPs are launched for regional development</td>
</tr>
<tr>
<td>Stage 3</td>
<td>2013-2020</td>
<td>Build–Operate–Transfer; Design–Build–Finance–Operate; Private Finance Initiative</td>
<td>Covers all economic infrastructure sectors</td>
<td>• Top-down approach;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Market boom;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Value-for-money evaluation system was put in place;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Fiscal affordability assessment and standard PPP process were adopted;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• The PPP model was adopted nationwide</td>
</tr>
</tbody>
</table>
PPP by Sector before 2014

Figure 1: Private Participation in infrastructure projects in China, by Sector

2013 US$ billions*

- BOT Circular
- Tax Reform
- Financial Crises
- .com crisis
- RMB 4 trillion stimulus package

Source: World Bank and PPIAF, PPI Database.

* Adjusted by US CPI 2013
The Procurement Process

Project Identification
- Project Initiation
- Project Selection
- VfM Analysis
- Fiscal Affordability Analysis

Project Preparation
- Governance Structure
- Compile Business Case
- Business Case Review

Project Procurement
- Prequalification (Market Test)
- Bidding Documents Preparation
- Evaluate the Bids
- PPP Contract Negotiation and Signing

Project Implementation
- Set up SPV
- Financing Management
- Performance Monitoring and Payment
- Mid-term Assessment

Project Transfer
- Transfer Preparation
- Acceptance Test
- Assets Transfer
- Performance Evaluation
PPP’s current status

According to MOF statistics, up to 06/2017, China had RMB 16.3trillion of 13,554 PPP infrastructure projects in the pipeline.
Investors

- State Owned, 247, 31%
- State Holdings, 189, 24%
- Private Owned, 159, 20%
- Hong Kong, Taiwan & Macau, 21, 3%
- Private Holdings, 132, 17%
- Foreign Sourced Investors, 15, 2%
- Others, 22, 3%
Why China Needs PPP?

1. Start Financial and Legal Reform
2. Boost China’s Economy
3. Support Urbanisation
4. Improve Public Services
Establishing China PPP Center is one of priorities.

China PPP Center is to be set at China CDM Fund by MOF.
PPP in Healthcare

• Policy restrictions are no longer the main hindrance.

• China’s private hospital sector has entered a period of fast track development.

• According to the National Health and Family Planning Commission statistics, up to the end of November 2016, China had more than 1.6 million non-public hospitals, an increase of more than 13%, exceeded the number of public hospitals, the non-public medical institutions visits grew more than 17%.
Specialty Focus of Private Investors

- General hospitals: 36% Public, 64% Private
- Specialty hospitals: 59% Public, 41% Private

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Public</th>
<th>Private</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oncology</td>
<td>62%</td>
<td>38%</td>
<td>118</td>
</tr>
<tr>
<td>Dentistry</td>
<td>50%</td>
<td>50%</td>
<td>317</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>49%</td>
<td>51%</td>
<td>301</td>
</tr>
<tr>
<td>Cardiology</td>
<td>38%</td>
<td>62%</td>
<td>60</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>18%</td>
<td>82%</td>
<td>288</td>
</tr>
<tr>
<td>Orthopaedics</td>
<td>17%</td>
<td>83%</td>
<td>422</td>
</tr>
<tr>
<td>Gynecology &amp; obstetrics</td>
<td>14%</td>
<td>86%</td>
<td>442</td>
</tr>
<tr>
<td>Plastic surgery</td>
<td>3%</td>
<td>97%</td>
<td>152</td>
</tr>
</tbody>
</table>
Elderly Care

- State Council’s New Policy: “Development of the cause of aging countries in 13th Five-Year “and the pension system construction plan”: Encourage the use of public and private partnership (PPP) model to promote the structural reform of the supply side of the elderly care industry, accelerate the cultivation and development of the elderly care industry. (18 August 2017)
Understand the Chinese PPP Model

Nanyang Local Government

Nanyang Local Government Implementation Company

Stake: 20%
Fund: 16.52 million RMB

Total Fund: 82.6 million RMB

Social Capital

Stake: 80%
Fund: 66.08 million RMB

Central Government, Henan and Nanyang Local Governments Subsidy

Subsidy

Nanyang Jinpeng Elderly Care Service Project PPP Company

Financial Institution

soft loan
PPP + EPC Model
How to enter Chinese PPP market

• A systematic three-step market entry evaluation and execution process

1. Develop a strategic basis
2. Identify a local Joint-Venture Partner
3. Invest a small amount
New Trends

• From Economic Infrastructure to Social Infrastructure (Schools, Hospitals and Community Centre, etc.)
• Needs more overseas funds to fulfill the financial gap
• Green Eco Characteristic Town Development
THANK YOU