

CHINA OVERVIEW – PART 4

**COMPREHENSIVE TRADE AND
SUPPLY CHAIN SERVICES**

Traditional Products

- Import LC Issuance (including Offshore LC Issuance)
- Post-Import Financing; e.g. Trust Receipt Loan
- LC Confirmation (including Silent Confirmation or Commitment to Purchase)
- Export LC Advising
- Export LC Negotiation/ Discounting (with or without recourse basis)
- Export/Import Collection
- Transfer LC
- Standby LC/Guarantee/Bond Issuance
- Packing Loan
- Pre-Export Financing

GLOBAL TRADE LEADER

ABN AMRO has more than 180 years' experience facilitating, intermediating and financing global commerce for its international trade clients. We offer a comprehensive suite of trade services and supply chain solutions that integrate risk mitigation, settlement and financing.

CNY BANK DRAFT DISCOUNTING

For CNY bank draft discounting, we are able to offer our discounting solution to more than 30 local banks' drafts (including the city commercial banks) on a non-recourse basis. We position our services as a one-stop service window for outsourcing your account receivables with the convenience of a total solution package.

As the draft discounting service is governed by the China Negotiable Instrument rules, certain conditions must be met: (i) the draft is not forged or fabricated, (ii) there is a genuine underlying trade transaction, and (iii) the accepting bank is not involved in litigation, ceases business, becomes bankrupt or is liquidated, or is ordered not to pay the bill by a court of law.

To mitigate these conditions, before we credit the discounted funds into your CNY account, ABN AMRO will confirm with the issuing bank that the draft is genuine and issued by them, and that the transaction is supported by the relevant documentation. Additionally, the discounting party is required to maintain a CNY account with ABN AMRO and the discount rate cannot go below the minimum rate.

CNY Commercial Draft Discounting

As domestic CNY LCs are not governed by the internationally recognized UCP500, the utilization of CNY LC as a form of settlement is not high. Instead, many corporates have selected to use CNY commercial drafts as a form of settlement. Subject to credit facility availability, the drafts can be discounted with or without recourse to Supplier or Buyer/Accepting Bank. This product can be structured for either accounts payable or accounts receivable.

This service is also governed by the China Negotiable Instrument rules.

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Local Banks

ABN AMRO offers its CNY bank draft discounting service to more than 30 local banks' drafts on a non-recourse basis.

- China Development Bank
- The Export-Import Bank of China
- Agricultural Development Bank of China
- Industrial & Commercial Bank of China
- Agricultural Bank of China
- Bank of China
- China Construction Bank of China
- Bank of Communications
- China Merchant Bank
- China Everbright Bank
- CITIC Industrial Bank
- Huaxia Bank
- Industrial Bank
- Minsheng Bank
- Shanghai Pudong Development Bank
- Shenzhen Development Bank
- Bank of Shanghai
- Bank of Beijing
- Guangdong Development Bank
- Guanzhou Commercial Bank
- Shenzhen Commercial Bank
- Dongguan City Commercial Bank
- Ningbo Commercial Bank
- Shaoxing City Commercial Bank
- China Zheshang Bank
- Hangzhou City Commercial Bank
- Wenzhou City Commercial Bank
- Tianjin City Commercial Bank
- Nanjing City Commercial Bank
- Wuxi City Commercial Bank
- Jiangsu tin rural state commercial banks
- Suzhou City Commercial Bank
- Rural Commercial Bank of Dongwu, Jiangsu
- Rural Commercial Bank of Kunshan, Jiangsu
- Rural Commercial Bank of Zhangjiagang
- He Fei City Commercial Bank
- Changsha City Commercial Bank
- Gui Yang City Commercial Bank
- Chongqing Commercial Bank

INSURED PROGRAM FINANCE

Traditionally, when state-owned enterprises (SOEs) trade with overseas buyers, they have the option of purchasing a credit insurance policy from China Export & Credit Insurance Corporation (Sinasure) to mitigate the credit risk and ensure that any payment default events are kept to a minimum. Sinasure will pre-screen the overseas buyers for their credit worthiness.

Over the years, this model has expanded to include private owned enterprises (POEs) as well as FIEs. Sinasure has also established a set of criteria to screen the insured companies to ensure that their clients are of good reputation. Not only will this promote international trade, it will create confidence in the international market place for transactions involving China-based companies.

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Leveraging this development, ABN AMRO has developed an insured Accounts Receivable Purchase solution based on the Sinosure credentials. This comprehensive solution has the following features.

- “Buy over” the outstanding receivables insured by Sinosure, improving overall balance sheet management (off-balance sheet item) and ratios.
- Discounting these receivables and making the funds available through our USD settlement accounts, thus accelerating cash-flow, reducing working capital costs and creating liquidity.
- Lower banking charges without the need for settlement through negotiable instruments, such as promissory notes, letters of credit and bills of exchange.
- Cross sell CNY forward contracts to hedge possible CNY revaluation.

TRADE FINANCE PROGRAM

ABN AMRO has developed a program targeted at mid-tier corporates operating in China that provides financing for their international trade activities. As long as

the corporate is able to meet the program’s qualifying criteria, the Bank is able to provide up to USD 3 million in short term trade limits. The program is targeted to go live in 3Q2006.

OPEN ACCOUNT FINANCING

Discounting your Accounts Receivable (AR) and financing your Accounts Payable (AP) with or without recourse against the credit facility of a buyer or supplier may help generate additional working capital to fuel your expansion plans in China. We are able to integrate our solution to fit into your trade flows. We offer customized AR purchase programs and AP financing solutions to select clients.

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The information contained herein reflects prevailing conditions and ABN AMRO’s views as of this date, which are accordingly subject to change.