中国银行间市场交易商协会
National Association of Financial Market Institutional Investors

ICMA
International Capital Market Association

PANDA BONDS

Raising Finance in China's Bond Market – case studies

National Association of Financial Market Institutional Investors(NAFMII)
International Capital Market Association(ICMA)

September 2021

This brochure will be updated and amended by NAFMII from time to time. If any domestic or overseas market participants have any objections, suggestions or updates, please contact the International Department of NAFMII:

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If you want to know more details about procedures and practices of Panda bond market, please refer to the brochure released by NAFMII: The Opening up of China's Bond Market and the Development of Interbank Panda Bond Market

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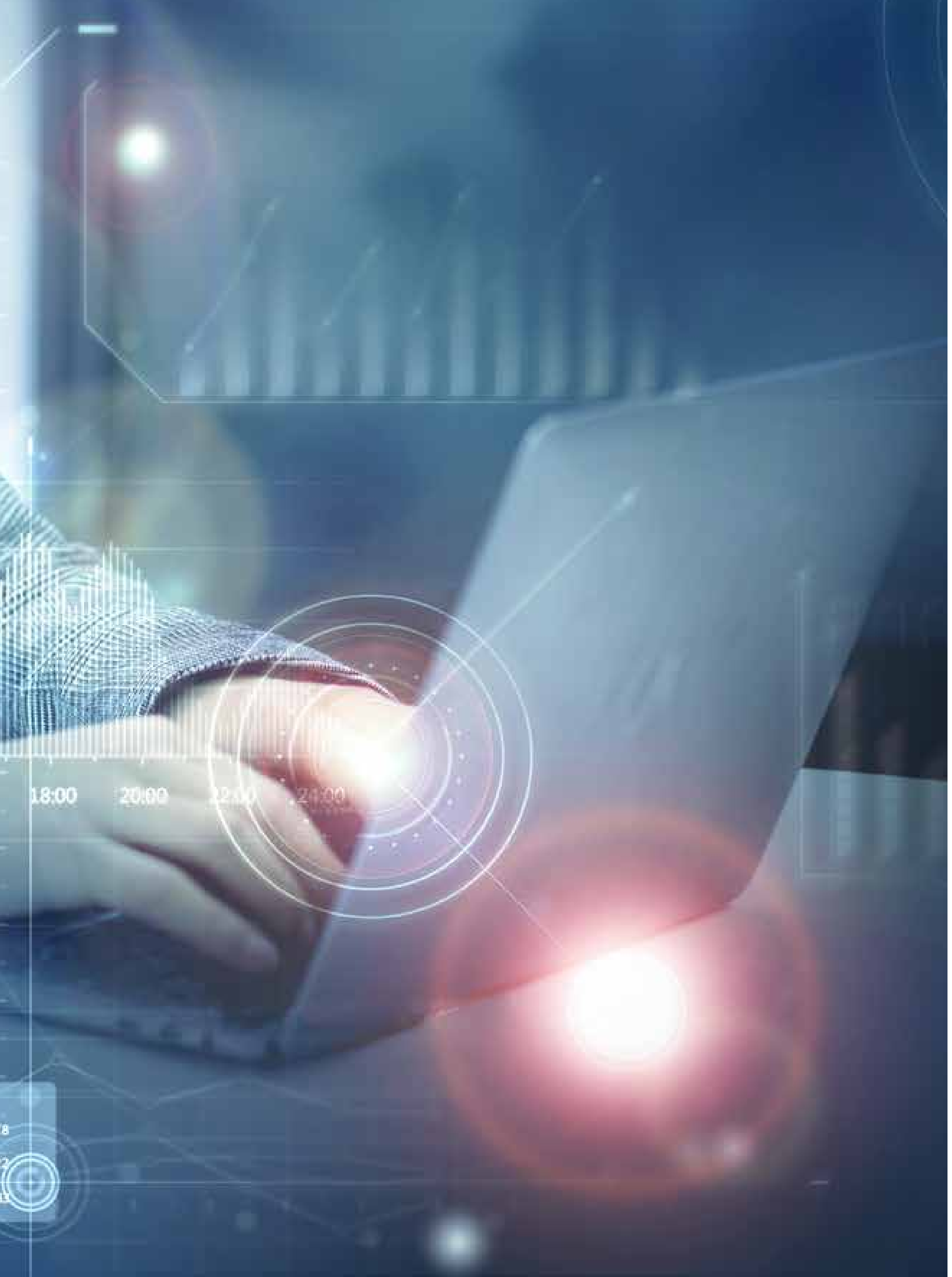
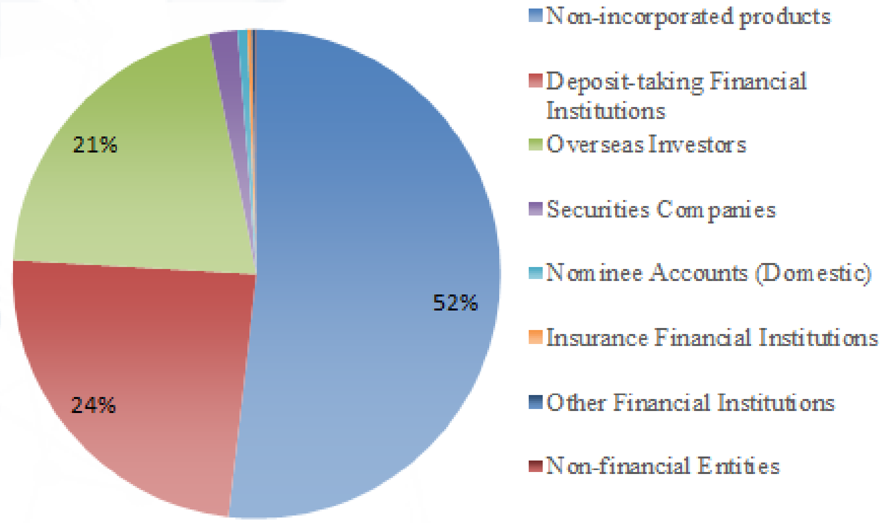


Overview of the Opening up of China's Bond Market and Panda Bond Market

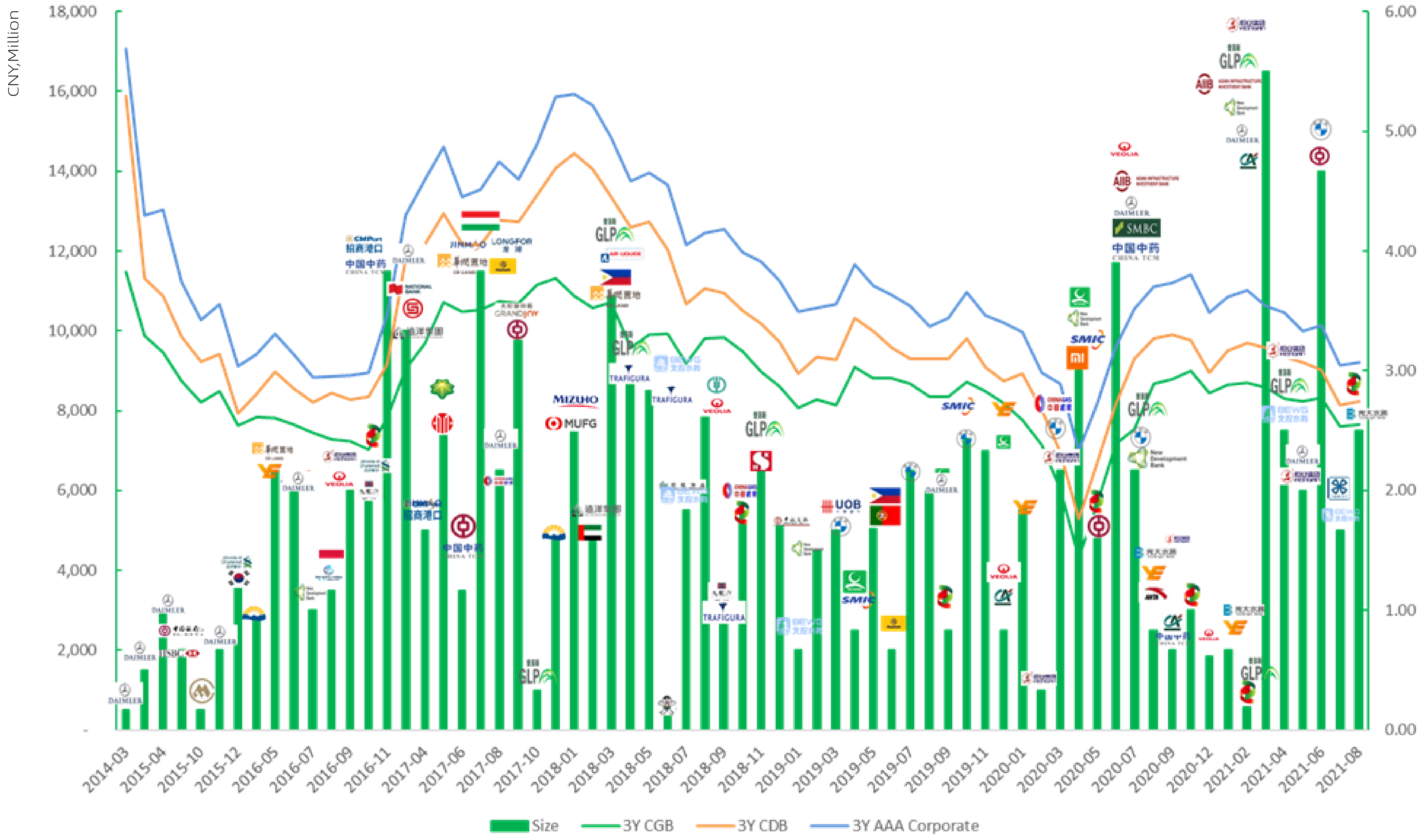
- China’s bond market is the second largest in the world with a size of over RMB120trillion(over USD 19trillion) as at August 2021. It is opening up to overseas investors at an accelerating pace. An increasing number of international issuers and investors are participating in China's bond market.
- “Panda bonds” are bonds issued by overseas issuers on China’s market. As of the end of August 2021, 64 overseas issuers in total had issued RMB370 billion panda bonds in China’s interbank bond market. The panda bond market is growing and developing.
- Panda bond issuers include sovereign and local governments, international development institutions, financial institutions and non-financial enterprises. These issuers are from, among other regions, Western Europe, Central and Eastern Europe, North America, Middle East, Southeast Asia and East Asia.
- Since 2018, China’s regulatory authorities and self-regulatory bodies have issued rules and guidelines on panda bond offerings. The panda bond offering process is becoming more transparent and efficient.
- Overseas issuers are permitted to issue a variety of bonds in China, including senior bonds with varying maturities, GSSS bonds, perpetual bonds, ABS and mergers and acquisition bonds.

Overview of the Investor Base in the Panda Bond Market

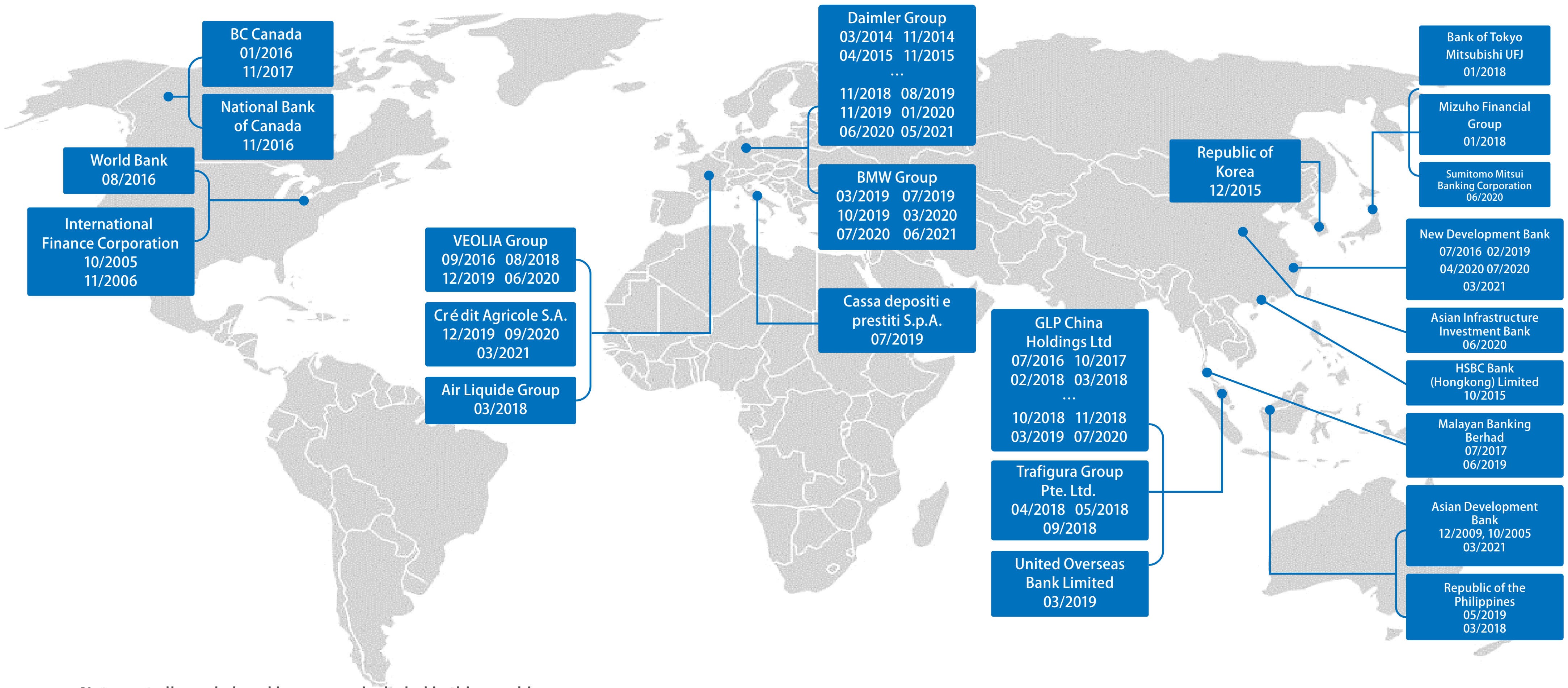


- China's bond market has a diversified investor base, including commercial banks, securities companies, insurance institutions, trusts, asset management funds, annuities, pensions, non-financial enterprises and overseas investors.
- As of the end of 2020, there were 27,958 investors in China's interbank bond market（including 3123 domestic entities, 905 overseas institutional investors, and 23930 domestic non-incorporated investors）,which can help overseas issuers expand their investor base.
- The investor base for panda bonds is becoming diversified. 21% of the bonds are held by overseas investors. Panda bonds are the most attractive bond type for overseas investors in China's bond market (as of the end of July 2021).

Overview of Panda Bond Issuance in China Interbank Market



Geographical Distribution of Panda Bond Issuers



Note: not all panda bond issuers are included in this graphic

Geographical distribution of panda bonds issuers

Existing panda bond issuers have displayed the following features:

- Issuers' home jurisdictions are geographically diversified. They are primarily based in Asia and Europe: as of the end of August 2021, 64 issuers from Asia, Europe and North America, including the World Bank, Asian Development Bank, Republic of Poland, Crédit Agricole S.A., BMW Group and other sovereign/supernational issuers, financial institutions and non-financial enterprises as well as Chinese red-chip issuers, such as China CITIC Bank International Limited, China Power International Development Limited, had completed panda bond offerings.
- Issuers' credit ratings are predominantly investment grade: currently, most issuers have investment grade ratings for their panda bonds and most of them are rated AAA under China's domestic credit rating system.
- Highly regarded by investors: the rapid growth in the panda bond market in recent years has attracted significant attention from investors, indicating the strong desire of Chinese investors for investing in bonds issued by overseas issuers.

Rules Regulating the Panda Bond Market

- Interim Measures for the Administration of Bonds Issued by Overseas Issuers on the National Interbank Bond Market (Announcement [2018] No. 16 of the People's Bank of China and the Ministry of Finance)
- Notice of the General Office of the People's Bank of China on Matters Relating to Cross-border RMB Settlement for RMB Bond Issuances by Overseas Issuers in China (Yin Ban Fa [2016] No.258)
- Interim Measures on Filing by Overseas Accounting Firms Providing Auditing Services with respect to Financial Reports in Connection with Bond Offerings by Overseas Issuers on the National Interbank Bond Market (Cai Kuai [2019] No.4)
- Guidelines on Debt Financing Instruments of Overseas Non-Financial Enterprises (2020)
- Detailed Rules for the Administration of Tiered Management of Debt Financing Instruments of Overseas Non-Financial Enterprises
- Form Requirements for Registration Documents for Debt Financing Instruments of Overseas Non-Financial Enterprises
- Notice on the Promulgation and Implementation of the Guidelines on Debt Financing Instruments of Overseas Non-Financial Enterprises (2020) and Relevant Matters
- Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (for Trial Implementation)
- Notice on the Promulgation and Implementation of the Detailed Rules for the Administration of Tiered Management of Debt Financing Instruments of Overseas Non-Financial Enterprises and the Form Requirements for Registration Documents for Debt Financing Instruments of Overseas Non-Financial Enterprises and Relevant Matters

International Bank for Reconstruction and Development (IBRD) issued first SDR-denominated, RMB-settled bonds (Mulan Bonds)

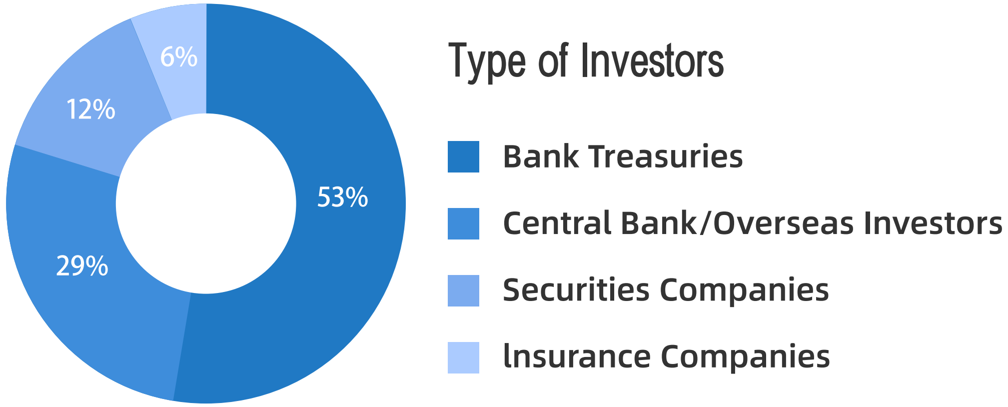
THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

International Bank for Reconstruction and Development

SDR500,000,000

0.49% Due2019

August 31,2016



Deal Highlights

- First publicly-offered SDR-denominated bonds in the world
- First RMB-settled SDR-denominated bonds

Issuer	International Bank for Reconstruction and Development ("IBRD")
Issuer's International Credit Ratings	Aaa/AAA/AAA (Moody's / S&P / Fitch)
Currency of the Bonds	SDR-denominated, RMB-settled
Offering Type	Offering to all CIBM investors
Status/Structure of the Bonds	Direct, unsecured obligation, ranking pari passu with the issuer's other unsecured and unsubordinated obligations
Accounting Standards	US GAAP
Tenor of the Bonds	3 years
Interest Rate	0.490%
Pricing Date	August 31, 2016
Issue Size	SDR 500 million
Over-subscription	2.47x
Offering Market	China's interbank bond market
Use of Proceeds	General operations of the Issuer
Lead Underwriters	Industrial and Commercial Bank of China Limited、HSBC Bank (China) Company Limited、China Construction Bank Corporation、China Development Bank
Issuer's PRC Counsel	King & Wood Mallesons

Transaction Case Study

- This is the first SDR-denominated bonds issuance since 1981 in the world, the first public offering of SDR-denominated bonds in the world, and the first RMB-settled SDR-denominated bonds in the world.
- The successful issuance of SDR-denominated bonds by IBRD is a meaningful attempt to promote the marketization of SDR financial instruments, which helps domestic and overseas investors diversify their asset allocation and mitigate interest rate and exchange rate risks relating to a single currency; it is also a landmark event in the expanded use of SDR and an important milestone in enhancing the stability and resilience of the international monetary system.
- This offering was 2.47x over-subscribed by around 50 investors, including domestic investors, such as banks, securities firms and insurance companies, as well as monetary authorities and international development institutions.
- Upon the receipt of the People's Bank of China's approval on its issuance of SDR-denominated bonds, the World Bank organized road shows in Beijing and Shanghai and provided road show materials to major central banks, sovereign wealth funds and other investors to cater to their demands for investments in monetary reserves.
- The initial guidance pricing range for this issuance of SDR-denominated bonds was 0.40% - 0.70%. The final coupon rate on the bonds was set at 0.49% thanks to the robust demands from investors and the strong sales capability of the lead underwriters.
- SDR-denominated, RMB-settled fixed income products are a new type of products for both issuers and investors. China's financial market offered FX derivatives to the World Bank and investors to meet their hedging needs.
- The World Bank has been a witness and participant in the open-up of China's bond market. As early as in 2005, the International Finance Corporation (IFC), as part of the World Bank Group, issued RMB bonds in China as one of the first overseas issuers, offering valuable experience to China in the opening up of its bond market to the international community.

ASIAN DEVELOPMENT BANK

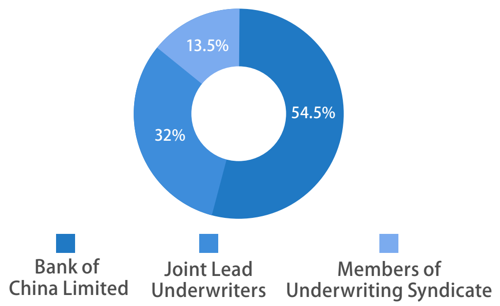
Asian Development Bank

RMB 2,000,000,000

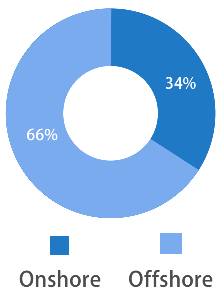
3.20% Due 2026

March 10, 2021

Contribution of Subscription Orders (by role)



Contribution of Subscription Orders (onshore/offshore)



Deal Highlights

- Asian Development Bank returns to the panda bond market after 12 years
- First SSA panda bonds after NAFMII released the Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (for Trial Implementation)
- Low financing costs with 66% subscription from overseas investors

Issuer	Asian Development Bank (“ADB”)
Issuer’s International Credit Ratings	Aaa/AAA/AAA (M/S/F)
Offering Type	Offering to all CIBM investors
Status/Structure of the Bonds	Direct and unsecured obligations of the Issuer
Tenor of the Bonds	5 years
Interest Rate	3.200%
Pricing Date	March 10, 2021
Issue Size (RMB)	2 billion
Over-subscription	1.86x
Offering Market	China’s interbank bond market
Use of Proceeds	To be included in the ordinary capital resources of ADB and used in its ordinary operations in RMB
Lead Underwriters	Bank of China Limited, BNP Paribas (China) Limited, CITIC Securities Co., Ltd., HSBC Bank (China) Company Limited
Issuer’s PRC Counsel	Fangda Partners
Accounting Standards	US GAAP

Transaction Case Study

- ADB, a multilateral development bank, was established in 1966 under the Agreement Establishing the Asian Development Bank. As of the end of 2019, ADB has 68 members. ADB was founded mainly to act as a financial intermediary to transfer resources from global capital markets to developing member countries for economic development
- ADB focuses on promoting the development of local currency bond markets and has actively participated in the RMB bond market. As early as in 2005, ADB became one of the first two issuers (the other being the International Finance Corporation (IFC)) in the panda bond market with a RMB1 billion, 10-year issue, and returned for a second 10-year bond with the same amount in 2009. ADB’s early participation in the panda bond market has contributed to the establishment of this market and set an exemplary role model for panda bond issuers
- This issuance is ADB’s return to the panda bond market after 12 years and is the first SSA panda bond offering after NAFMII released the Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (for Trial Implementation)
- ADB’s panda bonds in this offering has a 5-year tenor with a coupon rate of 3.20%, which is 21 basis points below the corresponding China Development Bank bond reference yield. With a strong book of orders from both onshore and offshore investors, the bonds were nearly two times over-subscribed, with subscription orders from offshore investors accounting for 66% of total

ASIAN INFRASTRUCTURE INVESTMENT BANK

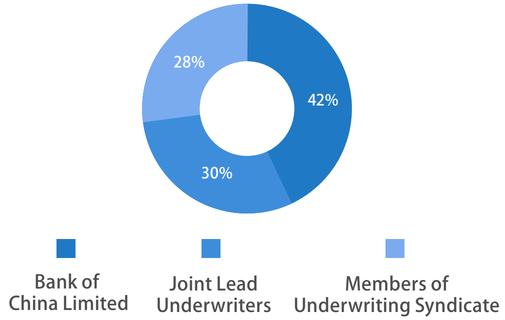
Asian Infrastructure Investment Bank

RMB 3,000,000,000

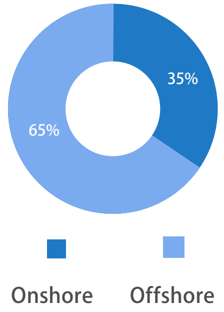
2.40% Due 2023

June 11, 2020

Contribution of Subscription Orders (by role)



Contribution of Subscription Orders (onshore/offshore)



Transaction Case Study

- AIIB is a multilateral development bank whose mission is financing the Infrastructure for Tomorrow-infrastructure with sustainability at its core. The Bank has four thematic priorities: (1) green infrastructure, (2) connectivity and regional cooperation, (3) technology-enabled infrastructure, (4) private capital mobilization.
- This is the first RMB-denominated bonds issued by AIIB and the first Triple-A internationally rated issuer to have entered China's interbank bond market since the release of the new panda bonds rules in 2018.
- As an international organization headquartered in Beijing, AIIB has been supporting the internationalization of China's capital market. This issuance offers a high quality RMB investment option to both onshore and offshore investors. This successful transaction serves as an important benchmark for AIIB's future debt offerings on China's capital markets.
- Prior to the offering, assisted by the lead underwriters, AIIB conducted dozens of online roadshows and invited a number of central banks from various countries and large PRC investors. The issuance received extraordinary support from both onshore and offshore investors. The bonds were 2.78 times over-subscribed by more than 20 investors with 35% allocated to domestic and 65% to international investors.
- Approved by the China Banking and Insurance Regulatory Commission, bonds issued by AIIB are zero percent risk weighted in China.
- The bonds are labeled as "Combating COVID-19 Bonds". The net proceeds from the offering are added to AIIB's ordinary resources, which will be used to fund AIIB's financings, including, but not limited to, those under its Crisis Recovery Facility, such as the emergency loan to support China's public health. Approximately RMB2.5 billion of proceeds from the sale of the Bonds are expected to finance projects in China that combat COVID-19.

Deal Highlights

- This is the first offering of RMB-denominated bonds by AIIB
- First Triple-A internationally rated panda bond issuer since the release of the new panda bonds rules in 2018
- Proceeds used primarily for combating COVID-19

Issuer	Asian Infrastructure Investment Bank ("AIIB")
Issuer's International Credit Ratings	Aaa/AAA/AAA (M/S/F)
Offering Type	Offering to all CIBM investors
Status/Structure of the Bonds	Direct and unsecured obligations of AIIB
Tenor of the Bonds	3 years
Interest Rate	2.400%
Pricing Date	June 11, 2020
Issue Size (RMB)	3 billion
Over-subscription	2.78x
Offering Market	China's interbank bond market
Use of Proceeds	Approximately RMB2.5 billion of proceeds are expected to finance projects in China that combat COVID-19.
Lead Underwriters	Bank of China Limited, BNP Paribas (China) Limited, China Construction Bank Corporation, China International Capital Corporation Limited, HSBC Bank (China) Company Limited
Issuer's PRC Counsel	Fangda Partners
Accounting Standards	IASB IFRS

New Development Bank Sustainable Development Goals Bond

RMB 5,000,000,000

3.22 % Due 2024

March 23, 2021

Transaction Case Study

- The New Development Bank (NDB) is a multilateral development bank established by Brazil, Russia, India, China and South Africa to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development. NDB started its operations in July 2015 with headquarter in Shanghai and regional offices in Brazil, Russia, South Africa and India (to open). According to the NDB's General Strategy, sustainable development is at the core of the Bank's loan operation.

- Financing in local currencies is one of the key component to the NDB's funding strategy. NDB is one of the biggest panda bond issuers with 6 RMB bonds outstanding totaling RMB18 billion by August 2021 in the China RMB bond market to support its funding operations. The NDB RMB bond issuances are largely focused on Green, Social and Sustainable thematic bonds.

- NDB is the pioneer issuer in the RMB Bond market. NDB is the first international development institution to issue green bonds in China in July 2016. NDB is also one of the first panda bond issuers to issue combating COVID-19 bonds in April 2020 and the issuance was the largest amount (RMB5 billion) of single series by supranational issuers in China's bond market. In 2021, NDB issued RMB5 billion panda bond to support China's economic recovery with the use of proceeds linked to the UNDP SDG Bond Standards and the UNDP SDG Finance Taxonomy (China).

- NDB's panda bond offerings attract diversified global investor subscriptions from APAC, EMEA as well we Americas, with high quality orders from central banks, official institutions and global sovereign funds, etc.

Deal Highlights

- Pilot issuer to use the UNDP SDG Standard and the SDG Finance Taxonomy (China)
- Geographically diversified subscription with a good balance between high quality onshore and offshore RMB investors
- Support the China's economic recovery from COVID-19 with alignment of SDG 8

Issuer	New Development Bank ("NDB")		
Issuer's Rating	AA+/AA+/AAA(S&P/Fitch/JCR) AAA/AAA (China Lianhe/China Chengxin International)		
Theme of issuance	Green Bond	Combating COVID-19 Bond	Sustainable Development Goals ("SDG") Bond
Tenor of the Bonds	5 years	3 years	3 years
Interest Rate	3.070%	2.430%	3.220%
Pricing Date	July 18, 2016	April 1, 2020	March 23, 2021
Issue Size (RMB)	3 billion	5 billion	5 billion
Over-subscription	3.1x	2.99x	1.99x
Offering Market	China's interbank bond market		
Use of Proceeds	To support infrastructure and sustainable development projects in BRICS countries, other emerging economies and developing countries	The proceeds will be used to fund the NDB RMB 7 bln Emergency Assistance Program Loan to the PRC, which focuses on finance the public health expenditures on curbing the outbreak.	The proceeds will be used to finance RMB 7 bln Emergency Program Loan to the PRC for Supporting China's Economic Recovery from COVID-19. This Program is aligned primarily with Sustainable Development Goal 8. Promote sustained, inclusive and sustainable economic growth.
Green, Social and Sustainable Standards and Rules	ICMA Green Bond Principles, PBC Green Bond Guideline and the Green Bond Endorsed Project Catalogue (Ernst & Young as the green verification agency)	NAFMII's self-regulatory rules regarding Combating COVID-19	UNDP SDG Bond Standards and the UNDP SDG Finance Taxonomy (China)
Lead Underwriters	Bank of China Limited, Industrial and Commercial Bank of China Limited, China Construction Bank Corporation, China Development Bank, HSBC Bank (China) Company Limited, Standard Chartered Bank (China) Limited	Industrial and Commercial Bank of China Limited, Bank of China Limited, Agricultural Bank of China Limited, China Construction Bank Corporation	Bank of China Limited, Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, Bank of Communications Co., Ltd., Deutsche Bank (China) Co., Ltd., DBS Bank (China) Limited, CITIC Securities Co., Ltd.,
Issuer's PRC Counsel	JunHe LLP	Global Law Office	
Accounting Standards	IASB IFRS		

BRITISH COLUMBIA

Republic of Korea

RMB 3,000,000,000

3% Due 2018

December 15, 2015

Province of British Columbia Canada

RMB 3,000,000,000

2.95% Due 2019

January 21, 2016

Deal Highlights

- BC Canada is the first provincial government issuer in panda bond market
- Korea is the first sovereign issuer in panda bond market

Transaction Case Study

- Korea is the first foreign sovereign panda bond issuer on China's bond market. The bonds saw active participation from investors and were 4.28 times over-subscribed.
- The registration and issuance of this sovereign panda bond was one of the achievements reached by the two countries in cooperation in the financial sector during Premier Li Keqiang's visit to Korea in November 2015. The offering broadened the product offerings on China's interbank bond market, promoted the open-up of this market, and helped to strengthen financial cooperation and deepen economic and trade relationship between China and Korea.
- Issuing panda bonds can effectively reduce the financing cost for the government of Korea and demonstrate the stability of Korea's economy to Chinese investors and thus promote their interest in investing in Korea.

- BC Canada is the first foreign provincial government issuer that has issued panda bonds on China's bond market. Its debut offering received strong subscription orders from domestic investors, including policy banks, commercial banks, insurance companies, securities firms and fund management companies.
- With a coupon rate of 2.95%, this issuance recorded the lowest financing cost for panda bonds by then. BC Canada is rated Triple-A by international rating agencies. This issuance offered investors in China's bond market with a class of high-quality RMB assets.
- In November 2017, BC Canada completed a RMB1 billion follow-on panda bonds offering. The bonds were offered through the "Bond Connect" regime to overseas investors, whose subscription orders accounted for over 70% of the order book.
- Since then, the National Bank of Canada, one of Canada's six domestic systemically important banks, successfully issued RMB3.5 billion panda bonds in China in November 2016.

Issuer	British Columbia, Canada ("BC Canada")	Republic of Korea ("Korea")
Issuer's International Credit Ratings	Aaa/AAA/AAA(M/S/F)	Aa2/AA-/AA- (M/S/F)
Rating on the Bonds	-	AAA (China Chengxin International)
Offering Type	Offering to all CIBM investors	Offering to all CIBM investors
Status/Structure of the Bonds	Legal, valid, binding, direct and unsecured obligations	Direct, unconditional, unsubordinated and unsecured obligations
Tenor of the Bonds	3 years	3 years
Interest Rate	2.950%	3.000%
Pricing Date	January 21, 2016	December 15, 2015
Issue Size (RMB)	3 billion	3 billion
Over-subscription	1.99x	4.28x
Use of Proceeds	The net proceeds will be paid into the Consolidated Revenue Fund of British Columbia and may be used for the benefit of the Issuer or for the purpose of lending money to British Columbia government bodies	Primarily used for the Issuer's asset operations in China's capital markets, and can be remitted to Korea where necessary to provide liquidity to its local RMB market
Lead Underwriters	Bank of China Limited, HSBC Bank (China) Company Limited	Bank of Communications Co., Ltd., Citibank (China) Co., Ltd., Goldman Sachs Gao Hua Securities Company Limited, HSBC Bank (China) Company Limited, Standard Chartered Bank (China) Limited
Issuer's PRC Counsel	King & Wood Mallesons	Global Law Office

European countries successfully issued panda bonds (governments of the Republic of Poland, Hungary and the Republic of Portugal)

Poland

RMB 3,000,000,000

3.40% Due 2019

August 25, 2016

Hungary

RMB 1,000,000,000 / 2,000,000,000

4.85% Due 2020
4.30% Due 2021

July 26, 2017
December 17, 2018

Portugal

RMB 2,000,000,000

4.09% Due 2022

May 30, 2019

Deal Highlights

- Poland and Hungary, countries alongside the Belt and Road, are the first Central and Eastern European countries entering China to issue bonds
- Hungary and Portugal issued panda bonds to onshore and offshore investors through the "Bond Connect" regime, receiving active subscriptions
- The Republic of Portugal ("Portugal") is the first Eurozone country having issued panda bonds

Transaction Case Study

- **Poland** is a member country of the EU since May 1, 2004, one of the largest countries in Central Europe, and one of the founding members of the United Nations.
- Poland is the first European sovereign issuer that has issued panda bonds in China's bond market.
- Poland's issuance of panda bonds has diversified its funding sources and Chinese investors' investment portfolios. This issuance also demonstrates the deepening connections between the two countries' financial markets and expected to promote further cooperation between the financial institutions in these two countries.

- **Hungary** is the first European country that has signed a memorandum of understanding ("MOU") on the Belt and Road Initiatives with the PRC government. It is also one of the first countries to have participated in the Belt and Road Working Group Meeting with China on the basis of the above MOU. Hungary also disclosed in the panda bond offering documents that the proceeds from this offering may be used to support certain Belt and Road initiatives.
- In 2017, Hungary became the first sovereign issuer that has offered panda bonds to offshore investors through the "Bond Connect". Subscriptions by overseas investors accounted for 55% of the order book.
- In December 2018, the structured notes issued by Bank of China with Hungary's panda bonds as underlying assets were listed on the Budapest Stock Exchange. This is the first panda bond-linked USD/EUR dual currency notes issued by Bank of China to institutional investors in Europe.

- In May 2019, Portugal also completed its debut issue of RMB2 billion panda bonds, which were 3.165 times over-subscribed. The proceeds from the offering may be used to support the Belt and Road related initiatives. Portugal is the first Eurozone country having issued panda bonds.
- **Portugal** is the first Eurozone country having issued panda bonds.

Issuer	Republic of Poland ("Poland")	Hungary	Republic of Portugal ("Portugal")
Issuer's International Credit Ratings	A2/A-/A-(M/S/F)	Baa3/BBB-/BBB-(M/S/F)	Baa3/BBB/BBB(M/S/F)
Rating on the Bonds	AAA(China Chengxin International)	AAA(China Lianhe)	AAA(China Lianhe)
Issuer's PRC Credit Rating	AAA(China Chengxin International)	AAA(China Lianhe)	AAA(China Lianhe)
Offering Type	Offering to all CIBM investors	Offering to all CIBM investors	Offering to all CIBM investors
Status/Structure of the Bonds	Direct, general and unconditional obligations	Direct, unconditional and unsecured obligations and rank pari passu with other such obligations	Direct, general and unconditional obligations
Tenor of the Bonds	3 years	3 years / 3 years	3 years
Interest Rate	3.400%	4.850% / 4.300%	4.090%
Pricing Date	August 25, 2016	July 26, 2017/ December 17, 2018	May 30, 2019
Issue Size (RMB)	3 billion	1 billion / 2 billion	2 billion
Over-subscription	1.973x	1.96x / 1.725x	3.165x
Offering Market	China's interbank bond market	China's interbank bond market	China's interbank bond market
Use of Proceeds	Remitted offshore and converted into another currency and incorporated into the Issuer's fund to be used for the benefit of the Issuer	Remitted offshore and converted into Euro to be consolidated into the Issuer's funding and will be used in the interest of the Issuer, which, in the future, might include supporting certain Belt and Road initiatives	Remitted offshore and(in some cases after being exchanged in whole or in part for EUR) added to the centralGovernment's financial resources and used for a variety of governmental purposes, which, in the future, might include supporting certain Belt and Road initiatives
Lead Underwriters	Bank of China Limited, HSBC Bank (China) Company Limited	Bank of China Limited, HSBC Bank (China) Company Limited	Bank of China Limited, HSBC Bank (China) Company Limited
Issuer's PRC Counsel	Zhong Lun Law Firm	King & Wood Mallesons	King & Wood Mallesons

Expanding international reserves and supporting the Belt and Road Initiatives the Republic of the Philippines became the first Southeast Asian country to issue panda bonds

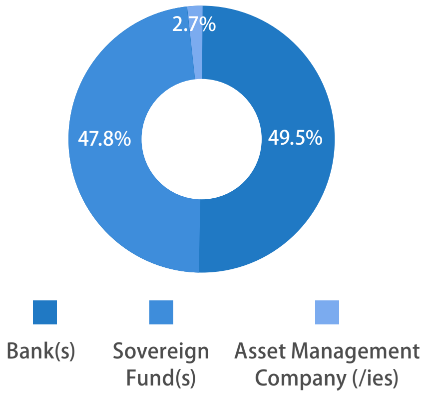
Republic of the Philippines

RMB 2,500,000,000

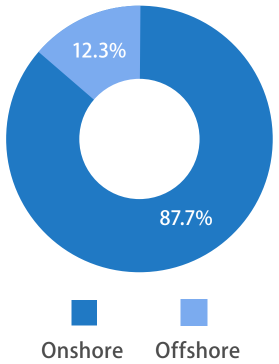
3.58% Due 2022

May 15, 2019

Type of Investors



Distribution of Investors



Deal Highlights

- The first Southeast Asian country to have issued panda bonds
- The issuance was to expand the international reserves of the Philippines and support the Belt and Road Initiatives
- The bonds were actively subscribed by investors and significantly over-subscribed with a large order book from overseas investors

Issuer	Republic of the Philippines ("Philippines")
Issuer's International Credit Ratings	Baa2/BBB+/BBB(M/S/F)
Rating on the Bonds	AAA(China Lianhe)
Issuer's PRC Credit Rating	AAA(China Lianhe)
Offering Type	Offering to all CIBM investors
Status/Structure of the Bonds	The bonds constitute direct, unconditional, unsecured and general obligations of the issuer.
Tenor of the Bonds	3 years
Interest Rate	3.580%
Pricing Date	May 15, 2019
Issue Size (RMB)	2.5 billion
Over-subscription	4.57x
Offering Market	China's interbank bond market
Use of Proceeds	The net proceeds in RMB remained onshore or were remitted outside the PRC in RMB to serve as part of the Issuer s international reserves. Where necessary, such proceeds may be used for general purposes of the Issuer including budgetary expenditures, which, in the future, might include supporting certain Belt and Road initiatives.
Lead Underwriters	Bank of China Limited, HSBC Bank (China) Company Limited
Issuer's PRC Counsel	Fangda Partners

Transaction Case Study

- The Philippines is a multi-ethnic archipelago country located in Southeast Asia, whose archipelago has over 7,000 islands with a total land area of approximately 300,000 square kilometers. The islands are grouped into three geographic regions: Luzon in the north, Visayas in the central region, and Mindanao in the south. In November 2018, China and the Philippines signed the "Memorandum of Understanding between the Government of the People's Republic of China and the Government of the Republic of the Philippines on Jointly Promoting the Implementation of the Belt and Road Initiatives".
- The Philippines is the first Southeast Asian sovereign issuer to have issued panda bonds. In 2018, the Philippines completed its debut offering of RMB1.46 billion panda bonds, which were subscribed by overseas investors through the "Bond Connect" regime and received 88% allocations (as shown in the diagram above). In 2019, its RMB2.5 billion panda bonds once again received active subscriptions from onshore and offshore investors and were 4.57 times over-subscribed with 57.6% allocated to international investors.
- The proceeds served as part of the Philippines's international reserves, and where necessary, may be used for supporting certain Belt and Road initiatives.
- The successful panda bonds issuances have broadened the Philippines' financing sources on the international markets and diversified its FX reserves. It also helped China and the Philippines to further strengthen cooperation under the framework of Belt and Road Initiatives. The issuances have set an exemplary role model for issuers in the member countries of the Association of South East Asian Nations and other countries alongside the Belt and Road.

Government of Sharjah | حكومة الشارقة
Finance Department | دائرة المالية المركزية

The Emirate of Sharjah

RMB 2,000,000,000

5.80% Due 2021

February 1, 2018

Transaction Case Study

- Sharjah is the third largest emirate of the United Arab Emirates (“UAE”). It is located in the center of the UAE, adjacent to the Arabian Gulf to the west and bordering on land with six other emirates. Sharjah contains the main territory that makes up the city of Sharjah and three enclaves (Khorfakkan, Dibba Al-Hisn and Kalba) on the east coast of the UAE, which provides access to the Arabian Sea and the Indian Ocean through the Gulf of Oman.

- This is the first panda bond issued by sovereign and agency issuer from the Middle East on China’s interbank bond market. It is another successful offering and landmark transaction where an international issuer entered China’s capital market. It serves as an exemplary role model for issuers from the Middle East and for other mainstream international issuers seeking financing opportunities in China’s capital markets.

- Certain overseas investors participated in this offering through the “Bond Connect” regime.

Deal Highlights

- The first panda bonds issued by a Middle East issuer

Issuer	The Emirate of Sharjah (“Sharjah”, Acting through Sharjah Finance Department)
Issuer’s International Credit Ratings	A3/BBB+/--- (M/S/F)
Rating on the Bonds	AAA(China Lianhe)
Issuer’s PRC Credit Rating	AAA(China Lianhe)
Offering Type	Offering to all CIBM investors
Status/Structure of the Bonds	The bonds constitute direct, general and unconditional obligations of the Issuer
Tenor of the Bonds	3 years
Interest Rate	5.800%
Pricing Date	February 1, 2018
Issue Size (RMB)	2 billion
Offering Market	China’s interbank bond market
Use of Proceeds	Remitted offshore and converted into AED to be consolidated into the Issuer’s funding and used to finance budgetary expenditures, infrastructure projects and other expenses as outlined in Sharjah’s budget
Lead Underwriters	Bank of China Limited, Industrial and Commercial Bank of China Limited, HSBC Bank (China) Company Limited, Standard Chartered Bank (China) Limited
Issuer’s PRC Counsel	JunHe LLP

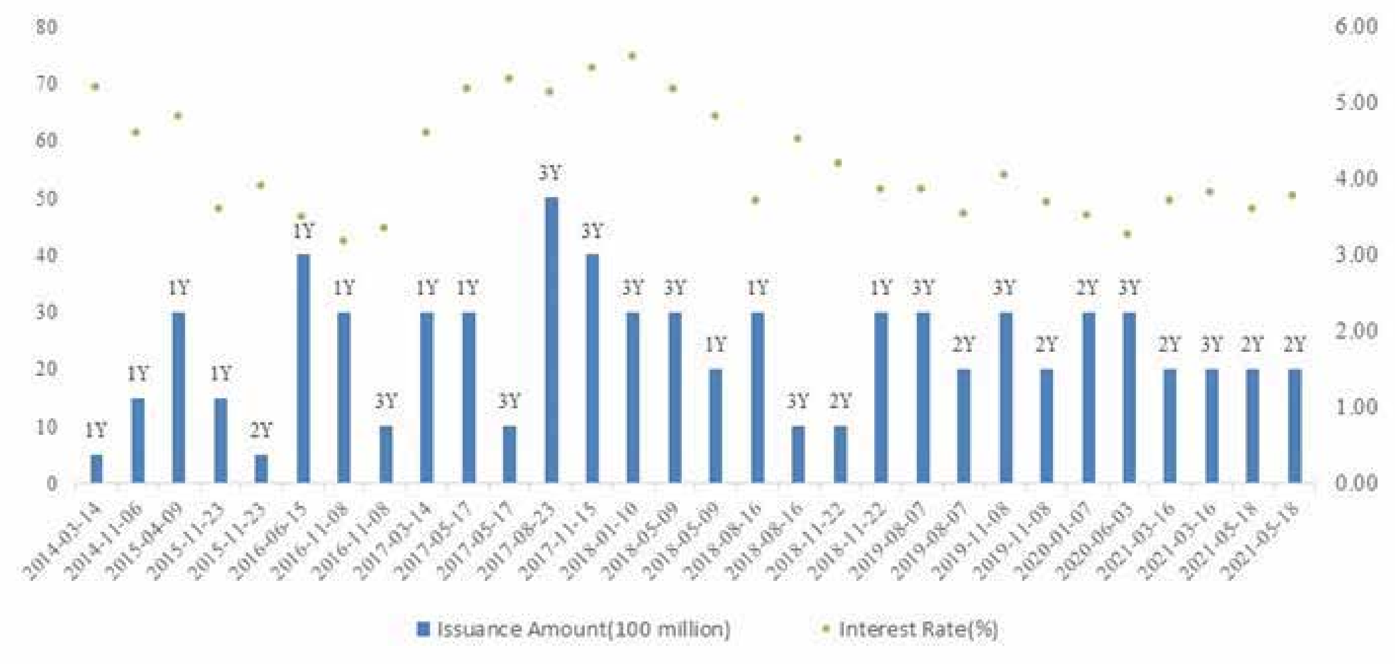
DAIMLER

Daimler AG

Aggregate Issue Size
RMB 71,000,000,000

Total number of issuances: 30

Interest Rates: 3.16%–5.60%
(As of May 2021)



Deal Highlights

- First non–financial enterprise issuer of panda bonds
- The international issuer that has completed the most issuances with the largest aggregate issue size on China's bond market
- Its aggregate issue size accounts for more than 20% of the total panda bond issue size on China's interbank bond market(As of May 2021)

Transaction Case Study

- Daimler AG is one of the world's most successful automotive companies. With its Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium and luxury cars and one of the world's largest manufacturers of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management, investments and insurance brokerage, as well as innovative mobility services.

- In 2014, Daimler issued RMB500 million panda bonds, becoming the first international corporate panda bond issuer and the first issuer on the panda bond market after its being dormant for five years. This issuance indicated an overseas non-financial enterprise's establishment of a funding channel on China's bond market.

- Daimler is the most frequent international issuer of panda bonds, and China's bond market has become its important funding channel. As of May 2021, Daimler has completed 30 panda bonds issuances in total, with an aggregate issue size of RMB71 billion, which accounted for more than 20% of the total panda bonds issue size on China's interbank bond market. The size of each panda bond issuance of Daimler ranges from RMB500 million to RMB5 billion. The tenors of the bonds include one year, two years and three years.

- Daimler used all the net proceeds from its panda bond offerings within mainland China, matching its uses of RMB funds with its RMB source of funding. Panda bonds issued by Daimler have been actively subscribed by onshore and offshore investors, and offshore investors are able to participate in investment in its panda bonds through a variety of channels.

BMW Finance N.V.

Total Issue Size
RMB 19,000,000,000
Total number of issuances: 10
Interest Rates:2.9%–4.0%
(as of June 2021)

Transaction Case Study

- BMW Group is one of the most successful makers of automobiles and motorcycles in the premium segment worldwide. With BMW, MINI and Rolls-Royce, the BMW Group owns three of the best-known premium brands in the automotive industry. It also provides financial services and holds a strong market position in the premium segment of the motorcycle business. Sustainability is an integral part of the Group's business model and plays a vital role in ensuring its viability going forward. As a global company, BMW Group has 31 production and assembly plants in 15 countries and a sales network covering more than 140 countries and regions.

- BMW has extensive experience in RMB financing on China's market. Through its PRC subsidiaries including BMW Automotive Finance (China) Co., Ltd. and Herald International Financial Leasing Co. Ltd., BMW obtains financing through using various types of instruments, including, among others, financial bonds, asset-backed securities and asset-backed notes.

- BMW introduced the "Issuer/Guarantor structure" structure into its panda bonds issuance, and prepared its disclosure documents in both Chinese and English, attracting overseas investors to invest through the "Bond Connect" and other channels.

- Since its first panda bond issuance in March 2019, BMW had completed 8 issuances of panda bonds by the end of March 2021, with an aggregate issue size of RMB15.5 billion. BMW has become a frequent issuer on the panda bonds market and has received a number of prices from market participants. BMW Group is the first Europe enterprise to offer bond to all CIBM investors

Deal Highlights

- First Europe enterprise to offer bond to all CIBM investors
- Registered and issued in the form of Issuer/Guarantor structure
- BMW has become a frequent issuer of panda bonds

Issuer	BMW Finance N.V. ("BMW Finance")									
Guarantor	Bayerische Motoren Werke Aktiengesellschaft ("BMW AG")									
Guarantor's International Credit Ratings	A2/A/--- (M/S/F)									
Issuer's PRC Credit Rating	AAA (China Chengxin International)									
Guarantor's PRC Credit Rating	AAA (China Chengxin International)									
Status/Structure of the Bonds	Unconditionally and irrevocably guaranteed by BMW AG									
Offering Type	Private placement to specified investors in CIBM								Offering to all CIBM investors	
Tenor of the Bonds (Year(s))	3	1	3	1	2	3	1	1	3	1
Interest Rate	4%	3.3%	3.98%	3.37%	3.57%	3.35%	2.09%	3.19%	3.44%	3.03%
Pricing Date	Mar-6-2019	Jul-10-2019	Jul-10-2019	Oct-17-2019	Oct-17-2019	Mar-2-2020	Mar-2-2020	Jul-14-2020	Jun-10-2021	Jun-10-2021
Issue Size (RMB billion)	30	15	20	20	10	20	15	25	20	15
Offering Market	China´s interbank bond market									
Use of Proceeds	Support the operations of BMW's subsidiaries in mainland China									
Lead Underwriters	Bank of China Limited, CITIC Securities Co., Ltd.								Bank of China Limited, Industrial and Commer-cial Bank of China Limited	Bank of China Limited, HSBC Bank (China) Company Limited
Issuer/Guarantor's PRC Counsel	Fangda Partners									
Accounting Standards	欧盟EU IFRS									

Veolia Group

Total Issue Size
RMB 6,500,000,000

Total number of issuances: 8

Interest Rates: 3.5%–4.45%

Deal Highlights

- First French panda bond issuer
- An international issuer that has continuously issued panda bonds
- Support sustainable development

Issuer	Veolia Group ("VEOLIA")							
Issuer's International Credit Ratings	Baa1/BBB/BBB(M/S/F)							
Rating on the Bonds	---							
Issuer's PRC Credit Rating	AAA(China Chengxin International)							
Offering Type	Private placement							
Status/Structure of the Bonds	The bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issue							
Tenor of the Bonds (Year(s))	3	1	1	1	3	3	3	3
Interest Rate	3.500%	4.000%	3.700%	3.700%	3.850%	3.850%	4.450%	4.450%
Pricing Date	Sep-1-2016	Aug-9-2018	Dec-13-2019	Dec-13-2019	Jun-22-2020	Jun-22-2020	Dec-14-2020	Dec-14-2020
Issue Size (RMB billion)	1	1	0.75	0.75	0.75	0.75	0.75	0.75
Offering Market	China's interbank bond market							
Use of Proceeds	On-lent to the Issuer's subsidiaries in mainland China, or remitted overseas for the Issuer's general corporate operations or its overseas subsidiaries							
Lead Underwriters	Bank of China Limited, Standard Chartered Bank (China) Limited, BNP Paribas (China) Limited							
Issuer's PRC Counsel	Global Law Office							
Accounting Standards	EU IFRS							

Transaction Case Study

- VEOLIA is a leader of the world's leading environmental service industry, providing a full range of water management, waste treatment and energy services on the five continents of the world, with nearly 178,000 employees. VEOLIA designs and implements solutions in the fields of water, waste and energy management to support the sustainable development of towns and enterprises. Through three complementary business areas, VEOLIA contributes to obtaining resources, protecting resources and replenishing resources.

- VEOLIA is the first French issuer and the second European enterprise that has entered the China market to issue panda bonds.

- In 2016, the "China-France Joint Fact Sheet on the 4th High Level Economic and Financial Dialogue" stated that 'France recognizes the great potential of the Panda Bond market and will encourage French institutions to issue Panda Bonds. China very much welcomes the issuance by VEOLIA on 1st September of the second corporate Panda Bond on its on-shore market and takes note of the key role of French banks in providing financial advice for the underwriting of those bonds."

- VEOLIA has become a frequent issuer on the panda bonds market. Since 2016, it has completed 8 issuances of panda bonds, with an aggregate issue size of RMB6.5 billion. The proceeds were used flexibly within or outside China. The bonds were actively subscribed by onshore and offshore investors. As VEOLIA is in the environmental service industry, its issuances of panda bonds are conducive to promoting environmental protection and sustainable development.

Air Liquide

Air Liquide Finance

RMB 2,200,000,000

5.95% Due 2021
6.40% Due 2023

March 5, 2018

Deal Highlights

- Introduced the "SPV + guarantee" structure to panda bond market for the first time
- Included the proceeds into the guarantor's consolidated balance sheet for the first time

Transaction Case Study

- Founded in France in 1902 and listed on the Euronext N.V., Air Liquide is a large multinational group with over a hundred-year history and is the first supplier of industrial and medical gases and related services in the world. With approximately 67,000 employees and spreading across 80 countries, Air Liquide provides a wide range of industries with oxygen, nitrogen, hydrogen and other gases and related services.
- Back in 2011, Air Liquide became the first French issuer of RMB-denominated "Dim Sum Bonds" in Hong Kong. The offering of RMB-denominated bonds in China has made Air Liquide the first panda bond issuer that introduced the "SPV + guarantee" structure. The "SPV + guarantee" structure is commonly adopted by multinational companies issuing bonds on the international markets, under which the issuer is a financing subsidiary or SPV within the group, and the parent company of the group provides an unconditional and irrevocable joint liability guarantee for the bonds.
- For the panda bonds issued by Air Liquide under the "SPV + guarantee" structure, the net proceeds were included in the consolidated balance sheet of the guarantor (parent company of the Group), which facilitated the flexible use of proceeds. The successful issuance of panda bonds under the "SPV + guarantee" structure helps to ensure the consistency in multinational companies' global financing structures and simplify the internal approval process. This issuance has set a clear precedent on the panda bond market. This structure has been utilized by multinational companies including Daimler and BMW for their panda bond offerings.
- The 5-year panda bonds issued by Air Liquide represents the longest tenor among the panda bonds successfully issued by European companies to date, reflecting Air Liquide's focus on the long-term development of its business.
- The proceeds from this offering were used to finance Air Liquide's investment projects in China and to repay debt relating to existing investments. This new source of financing helps Air Liquide expand its investor base in Asia. The successful issuance of panda bonds by Air Liquide in China is of great significance and fully reflects the issuer's desire to diversify its funding channels in China's local bond market and to further promote the group's business development in China.

Issuer	Air Liquide Finance	
Guarantor	L'Air Liquide S.A. ("Air Liquide")	
Guarantor's International Credit Ratings	A3/A-/--- (M/S/F)	
Rating on the Bonds	AAA (China Chengxin International)	
Guarantor's PRC Credit Rating	AAA (China Chengxin International)	
Offering Type	Private placement to specified investors in CIBM	
Status/Structure of the Bonds	The payment obligations under the debt financing instruments are unconditionally and irrevocably guaranteed by the guarantor	
Tenor of the Bonds	3 years	5 years
Interest Rate	5.950%	6.4%
Issue Size (RMB)	1.4 billion	800 million
Pricing Date	March 5, 2018	
Offering Market	China's interbank bond market	
Use of Proceeds	To be included in the guarantor's consolidated balance sheet, and to be used in the repayment of bank borrowings and to supplement working capital of Air Liquide's PRC subsidiaries	
Lead Underwriters	Industrial and Commercial Bank of China Limited	
Issuer's PRC Counsel	Junhe LLP	
Accounting Standards	France IFRS(Guarantor, EU IFRS)	

Issuing green panda bonds to promote environmental protection and transition to low carbon economy

光大綠色環保
Everbright Greentech

China Everbright Greentech Limited
RMB 1,000,000,000
3.5% Due 2026
July 26, 2021

China Power Clean Energy Development Company Limited
RMB 800,000,000
5.5% Due 2020
May 19, 2017

Transaction Case Study

- **Everbright Greentech** is a professional environmental protection service provider in China, focusing on comprehensive utilization of biomass, disposal of hazardous and solid wastes, environmental remediation, photovoltaic power generation and wind power business. Its business covers 16 provinces, municipalities and autonomous regions in China and extends to Germany.
- Everbright Greentech issued "carbon-neutral" panda bonds on China's interbank bond market in 2021. The projects have been assessed and certified by Lianhe Equator.
- The proceeds of the bonds are used to support agricultural and forestry biomass projects in the green and low carbon industries, which are not only conducive to environmental protection and carbon reduction, but also promote the improvements in rural residents' life quality and industry development at the project sites.

- **China Power Clean Energy** is an important platform for State Power Investment Corporation Limited to implement its green energy development strategies and a comprehensive operator of new energy power generation in the domestic new energy industry with extensive involvement in the new energy field, a wide range of business and significant influence. China Power Clean Energy had a total assets of RMB27.8 billion, a total equity of RMB9.1 billion and an installed capacity of 4.13 million kilowatts in operation as of December 31, 2020 and recorded total operating revenue of RMB 5.2 billion for the year of 2020.
- In 2017, China Power Clean Energy became the first overseas non-financial enterprise that has issued green panda bonds on China's interbank bond market. The proceeds were used for the construction and operation of energy-saving and clean projects under China Power Clean Energy.
- Compared with traditional coal-fired power and heating supply projects, the projects funded by the green panda bonds are expected to save approximately 504,000 tons of standard coal per year, reduce carbon dioxide emission by approximately 861,000 tons per year, reduce sulfur dioxide emission by approximately 2,560.3 tons per year, reduce nitrogen oxides emission by approximately 1,357.6 tons per year and reduce soot emission by approximately 378.0 tons per year.
- This green panda bond is in compliance with NAFMII's "Guidelines on Green Debt Financing Instruments of Non-financial Enterprises". China Chengxin International awarded the green bonds with the highest rating of G-1, which confirms that the projects in which the proceeds from this offering were invested comply with the "Green Bond Support Project Catalogue (2015 Edition)".

Deal Highlights

- Green panda bonds promote the transition to low carbon economy
- The green bonds have been assessed by third parties certification institutions

Issuer	China Everbright Greentech Limited ("Everbright Greentech")	China Power Clean Energy Development Company Limited ("China Power Clean Energy")
Issuer's International Credit Ratings	---/---/---(M/S/F)	---/---/---(M/S/F)
Issuer's PRC Credit Ratings	AAA (China Lianhe)	AAA/AAA (Shanghai Brilliance/China Chengxin International)
Offering Type	Offering to all CIBM investors	Private placement to specified investors in CIBM
Tenor of the Bonds	3+2 years	3 years
Interest Rate	3.5%	5.50%
Pricing Date	July 26, 2021	May 19, 2017
Issue Size (RMB)	1.0 billion	800 million
Offering Market	China's interbank bond market	China's interbank bond market
Use of Proceeds	Repayment of the Issuer's loans for agricultural and forestry biomass projects	Construction and operation of energy-saving and clean projects under China Power Clean Energy
Lead Underwriters	Everbright Securities Company Limited , Industrial and Commercial Bank of China Limited	China Merchants Bank Co., Ltd., CITIC Securities Co., Ltd.,
Issuer's PRC Counsel	Global Law Office	Sunshine Law Firm
Accounting Standards	HKFRS	HKFRS
Third Party Certification Institution	China Lianhe Equator Environmental Impact Assessment Co., Ltd. ("Lianhe Equator")	China Chengxin International

Semiconductor Manufacturing International Corporation
RMB 1,500,000,000
3.57% Due 2022
February 28, 2019

Xiaomi Corporation
RMB 1,000,000,000
2.78% Due 2021
April 2, 2020

Deal Highlights

- Panda bond issuances have supported the growth of technology innovation enterprises
- SMIC is the first company in the integrated circuit industry that has issued panda bonds
- Xiaomi is the first TMT company that has issued panda bonds

Transaction Case Study

- Headquartered in Shanghai, SMIC is one of the leading integrated circuit foundries in the world and the integrated circuit foundry in mainland China with the largest scale and the most advanced technologies. SMIC provides integrated circuit foundry and technology services on process nodes from 0.35 micron to 14 nanometer. SMIC has an international manufacturing and service base with wafer fabrication facilities in major cities like Shanghai, Beijing, Tianjin and Shenzhen.
- According to Topology Research Institute, in Q2 2020, SMIC's operating revenue ranked 5th among the global foundries with a 4.8% market share.
- As of March 31, 2021, SMIC had completed 9 issuances of panda bonds on China's interbank bond market in an aggregate principal amount of RMB11.6 billion, with varying tenors ranging from 75 days to 3 years and a weighted financing cost of 2.86%, effectively lowering its financing cost.

- Officially founded in 2010, Xiaomi is an internet company with smartphones and smart hardware connected by an IoT platform at its core. In 2020, Xiaomi's annual revenue reached RMB245.9 billion, including RMB122.4 billion from overseas markets. Xiaomi sold 146 million smartphones worldwide and its market share in smartphones ranked 3rd in the world. As of December 31, 2020, Xiaomi's footprints spread over 100 countries and regions. In March 2021, Xiaomi officially announced its entry into the electric vehicle industry.
- Xiaomi used part of its proceeds from this panda bonds offering to combat the COVID-19 pandemic, i.e., primarily to meet the needs of Xiaomi Communications Co., Ltd. for daily working capital to ensure the integrity of the supply chain during the pandemic and to finance the procurement of materials for combating COVID-19.
- Xiaomi's issuance of panda bonds has opened the door for new economy companies which are Xiaomi's peers to return to China's onshore capital markets, broadened Xiaomi's RMB financing channels and laid a solid foundation for Xiaomi to further participate in the domestic capital markets in the future.

Issuer	Semiconductor Manufacturing International Corporation ("SMIC")	Xiaomi Corporation ("Xiaomi")
Issuer's International Credit Ratings	Baa3/BBB-/---(M/S/F)	Baa2/BBB-/BBB (M/S/F)
Issuer's PRC Credit Ratings	AA+ / AAA (China Bond Rating/China Chengxin International)	AAA (China Chengxin International)
Offering Type	Offering to all CIBM investors	Private placement to specified investors in CIBM
Status/Structure of the Bonds	Senior unsecured debt	Senior unsecured debt
Tenor of the Bonds	3 years	1 year
Interest Rate	3.570%	2.780%
Pricing Date	February 28, 2019	April 2, 2020
Issue Size (RMB)	1.5 billion	1.0 billion
Over-subscription	-	2.2x
Offering Market	China's interbank bond market	China's interbank bond market
Use of Proceeds	Repayment of loans from financial institutions and replenishment of working capital	Repayment of domestic bank loans and replenishment of working capital, of which 20% will be used to combat COVID-19
Lead Underwriters	Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited	Bank of China Limited, Industrial and Commercial Bank of China Limited
Issuer's PRC Counsel	Llinks Law Offices	Junhe LLP
Accounting Standards	HKFRS	HKFRS

Beijing Enterprises Water Group Limited

RMB 1,000,000,000

4.00% Due 2025

May 11, 2020

China Power International Development Limited

RMB 1,500,000,000

4.35% Due 2025

November 3, 2020

Transaction Case Study

- Listed on the Main Board of the Hong Kong Stock Exchange, BEWG is the flagship enterprise of Beijing Enterprises Group Company Limited which focuses on water recycling, water ecology and environmental protection. From 2010 to 2020, BEWG had ranked first among the "Top 10 Influential Enterprises in China's Water Industry" for 11 consecutive years.
- BEWG is a frequent issuer on China's bond market. As of March 31, 2021, BEWG had completed 7 issuances of panda bonds on China's interbank bond market, with an aggregated issue size of RMB9 billion. BEWG's panda bonds are mainly of longer tenor. 66.7% of the bonds have a tenor of 5 years and above. Longer-tenor bonds with 7-year and 10-year tenors have been issued to match BEWG's long-term investment needs.
- BEWG actively explores innovations on the panda bond market. In May 2020, BEWG became the first panda bond issuer to have issued subordinated perpetual bonds. The proceeds from the offering were included in the owner's equity, and, in liquidation, the principal and interest on the bonds are subordinated to ordinary debts of the Issuer. In August 2016, BEWG became the first panda bonds issuer that has issued green corporate bonds.

- Listed on the Main Board of the Hong Kong Stock Exchange, China Power International operates a wide range of business covering coal-fired power generation, hydroelectric power generation, wind power generation, photovoltaic power generation and distribution.
- As of March 31, 2021, China Power International had completed 8 issuances of panda bonds on China's interbank bond market, with an aggregated issue size of RMB10.5 billion, including short tenor bonds with 179-day, 270-day and 1-year tenors, as well as medium-term notes (e.g., 3-year tenor). In 2020, China Power International completed 2 issuances of subordinated perpetual bonds with an aggregated issue size of RMB3.0 billion.
- China Power International's perpetual panda bonds are subordinated to its ordinary debts and can be included in the owners' equity under the applicable accounting standards.

Deal Highlights

- First subordinated perpetual panda bonds on China's bond market
- Under the applicable accounting standards, the bonds can be included in owners' equity
- Perpetual bonds cater to the demands from investors on China's bond market for instruments with longer tenor and high yields
- BEWG has continuously issued longer-tenor bonds to match its needs for long-term investments

Guarantor	Beijing Enterprises Water Group Limited ("BEWG")	China Power International Development Limited ("China Power International")
Rating on the Bonds	AAA (Shanghai Brilliance)	AAA (Golden Credit Rating)
Issuer's Credit Rating	AAA/AAA (Shanghai Brilliance/Dagong Global)	AAA/AAA/AAA (Golden Credit Rating/China Lianhe/China Chengxin International)
Offering Type	Offering to all CIBM investors	Offering to all CIBM investors
Status/Structure of the Bonds	Subordinated debt subsisting until redeemed by the Issuer in accordance with the terms of the bonds and maturing upon redemption by the Issuer in accordance with the terms of the bonds	Subordinated debt subsisting until redeemed by the Issuer in accordance with the terms of the bonds and maturing upon redemption by the Issuer in accordance with the terms of the bonds
Tenor of the Bonds	5+N years	3+N years
Interest Rate	4%	4.35%
Pricing Date	May 11, 2020	November 5, 2020
Issue Size (RMB)	1.0 billion	1.5 billion
Over-subscription	2.16x	1.62x
Offering Market	China's interbank bond market	China's interbank bond market
Use of Proceeds	70% of the proceeds were used to finance the construction of sewage treatment and water supply projects and 30% of the proceeds to supplement the working capital of subsidiaries	Repayment of subsidiary's loans from financial institution and replenishment of working capital
Lead Underwriters	China Securities Co., Ltd., Bank of China Limited	Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited
Issuer's PRC Counsel	Dentons	King & Wood Mallesons
Accounting Standards	HKFRS	HKFRS

MayBank and China Merchants Port issued panda bonds to support the Belt and Road Initiatives

Malayan Banking Berhad

RMB 2,000,000,000

Tranche 1： RMB1.0 billion/3.28% Due 2020
Tranche 2: RMB1.0 billion/3.58% Due 2022

June 19, 2019

China Merchants Port Holdings Company Limited

RMB 1,500,000,000

3.19% Due 2017

November 16, 2016

Transaction Case Study

- Maybank is one of Asia's leading banking groups and the fourth largest bank in Southeast Asia in terms of assets. Maybank has over 2,600 branches in 18 countries, including all 10 ASEAN countries, with over 43,000 employees serving customers around the world.
- The pragmatic bond underwriting cooperation between CDB and MayBank is one of the achievements of this year's Belt and Road Forum for International Cooperation. All of the proceeds of panda bond issued in 2017 and 2019 were used to support the constructions under the Belt and Road Initiatives.
- Maybank panda bond makes the only panda bond among the first batch of debt securities issued via the "Bond Connect" program. The major disclosure documents for the panda bond offerings were prepared in both Chinese and English. The bonds were actively subscribed by onshore and offshore investors, among which subscriptions from offshore investors of the panda bonds issued in 2017 accounted for over 20% of the order book, and subscriptions from offshore investors of the panda bonds issued in 2019 accounted for over 50% of the order book.
- China Merchants Port is a world leading port developer, investor and operator with a well-established network of ports in major coastal hubs in China. Since 2008, China Merchants Port has been developing overseas ports. It has also been implementing the Belt and Road Initiatives in recent years. As of March 31, 2020, China Merchants Port had invested in 41 ports in 25 countries and regions.
- China Merchants Port issued the first SCP panda bonds on China's interbank bond market, raising funds to serve infrastructure interconnection and to implement the Belt and Road Initiatives. China Merchants Port subsequently issued 5-year medium-term notes.

Deal Highlights

- China Merchants Port issued the first super short-tenor commercial paper ("SCP") on the panda bonds market
- Maybank is the first Malaysian panda bond issuer
- Maybank issued two tranches of panda bonds (1-year/3-year) simultaneously and the bonds were actively subscribed by onshore and offshore investors

Issuer	Malayan Banking Berhad ("Maybank")	China Merchants Port Holdings Company Limited ("China Merchants Port")
Issuer's International Credit Ratings	A3/---/BBB+(M/S/F)	Baa1/BBB/---(M/S/F)
Issuer's PRC Credit Rating	AAA (China Chengxin International Credit Rating Co., Ltd.)	AAA (China Chengxin International Credit Rating Co., Ltd.)
Ratings on the Bonds	AAA (China Chengxin International Credit Rating Co., Ltd.)	AAA/China Chengxin International Credit Rating Co., Ltd.)
Offering Type	Offering to all CIBM investors	Offering to all CIBM investors
Tenor of the Bonds	1 year/3 years	270 days
Interest Rate	3.280%/3.580%	3.190%
Pricing Date	June 19, 2019	November 16, 2016
Issue Size (RMB)	1.0 billion/1.0 billion	1.5 billion
Over-subscription	-	1.347x
Offering Market	China's interbank bond market	China's interbank bond market
Use of Proceeds	Including but not limited to utilizing the proceeds both onshore and offshore to support activities in connection with the Belt and Road Initiatives	To meet the daily working capital needs of the issuer's Shenzhen operation center and to upgrade the infrastructure related to the western home port of Shenzhen
Lead Underwriters	China Development Bank, BNP Paribas (China) Limited, HSBC Bank (China) Company Limited and Industrial and Commercial Bank of China Limited	Industrial and Commercial Bank of China Limited and China Merchants Bank Co., Ltd.
Issuer's PRC Counsel	Global Law Office	Zhong Lun Law Firm
Accounting Standards	Malaysian Financial Reporting Standards	HKFRS

Issuer	United Overseas Bank Limited ("UOB")	Trafigura Group Pte. Ltd. ("Trafigura Group")
Issuer's Features	Asia's leading bank headquartered in Singapore	A world leading commodity trader registered in Singapore
Issuer's International Credit Rating	Aa1/AA-/AA- (M/S/F)	---/---/---(M/S/F)
Issuer's PRC Credit Ratings	-	AAA/AAA (China Lianhe/China Chengxin International)
Rating on the Bonds	AAA (China Chengxin International)	-
Offering Type	Offering to all CIBM investors	Private placement to specified investors in CIBM
Tenor of the Bonds	3 years	3 years
Interest Rate	3.49%	5.49%
Pricing Date	March 12, 2019	May 17, 2019
Issue Size (RMB)	2.0 billion	540 million
Over-subscription	2.7x	-
Offering Market	China's interbank bond market	China's interbank bond market
Use of Proceeds	To be used in the PRC to support the UOB Group's banking business and development in the PRC	-
Lead Underwriters	Bank of China Limited, China Securities Co., Ltd., Standard Chartered Bank (China) Limited	Bank of China Limited and Industrial and Commercial Bank of China Limited
Issuer's PRC Counsel	Fangda Partners	Global Law Office
Accounting Standards	Singapore Financial Reporting Standards	IASB IFRS

Transaction Case Study

- UOB is a leading bank in Asia which provides its customers with a wide range of financial products and services through its extensive network of more than 500 branches and offices in 19 countries and territories worldwide.
- UOB is the first Singapore financial institution and the second Southeast Asian financial institution to have issued panda bonds in China.
- UOB's panda bonds were 2.7 times over-subscribed. The investors included onshore and offshore banks and asset management companies, among which 38% were onshore institutional investors and 62% were offshore institutional investors. The successful issuance of panda bonds has broadened and diversified UOB's funding channels and strengthened the interconnection between the financial markets of Singapore and China.

- Trafigura Group is a world leading international commodities trader, the world's second largest independent oil trader and the world's second largest independent non-ferrous metals trader, with a strong market share in oil and petrochemicals as well as metals and minerals. Trafigura Group ranked 27th in the 2020 "Fortune Global 500".
- Trafigura Group is the first international commodities trading company in the world to have entered China's capital markets to raise funds and has been continuously issuing debts in China.

Crédit Agricole S.A.

RMB 1,000,000,000

3.50% Due 2023

September 10, 2020

Transaction Case Study

- Crédit Agricol is a banking and financial institution headquartered in France. As part of its duties as the Central Body of the Crédit Agricole Network, Crédit Agricole acts as "central bank" to the network with regards to refinancing, supervision and reporting to the regulatory authorities, and manages and monitors the credit and financial risks of all network and affiliated members. Its shares are admitted for trading on Euronext Paris.
- Crédit Agricole's panda bonds were actively subscribed by onshore and offshore investors, among which, the RMB1.0 billion panda bonds issued in 2020 was priced at only 20 basis points higher than China Development Bank's 3-year bond rate, which is the narrowest spread between rates of panda bonds issued by non-sovereign issuers and China Development Bank's 3-year bond rates.
- The senior preferred bonds issued by Crédit Agricole, one of the global systemically important banks (G-SIBs), on China's bond market have the features of TLAC-eligible instruments, and the terms of bonds include the statutory write-down or conversion recognition provision (namely, the bail-in recognition provision).
- The net proceeds from the panda bond offerings were used onshore in RMB to primarily support the Issuer's and its subsidiaries' business activities and development in the PRC.
- In July 2019, another European bank, Cassa depositi e prestiti S.p.A., successfully issued RMB1.0 billion panda bonds on China's bond market.

Deal Highlights

- First panda bond issued by a French financial institution
- First panda bond issued by a Eurozone bank
- The first senior preferred bonds that includes the bail–in recognition provision
- Issued RMB–denominated bonds in China for three consecutive years

Issuer	Crédit Agricole S.A. ("Crédit Agricole")		
Issuer's International Credit Ratings	Aa3/A+/A+ (M/S/F)		
Rating on the Bonds	AAA (China Chengxin International)	AAA (China Chengxin International)	AAA (S&P Ratings (China))
Issuer's PRC Credit Rating	AAA (China Chengxin International)	AAA (China Chengxin International)	AAA (S&P Ratings (China))
Offering Type	Offering to all CIBM investors		
Status/Structure of the Bonds	The bonds are senior preferred obligations and constitute, with their interests, direct, unconditional, unsubordinated (senior) and unsecured obligations of the Issuer		
Tenor of the Bonds	3 years	3 years	3 years
Interest Rate	3.400%	3.500%	3.500%
Pricing Date	December 4, 2019	September 10, 2020	March 17, 2021
Issue Size	1.0 billion	1.0 billion	1.0 billion
Over-subscription	2.49x	1.64x	1.77x
Offering Market	China's interbank bond market	China's interbank bond market	China's interbank bond market
Use of Proceeds	The net proceeds from the offerings were used onshore in RMB to primarily support the Issuer's and its subsidiaries' business activities and development in the PRC		
Lead Underwriters	Bank of China Limited, Agricultural Bank of China Limited, China Construction Bank Corporation, Credit Agricole Corporate and Investment Bank (China) Limited, Industrial and Commercial Bank of China Limited, CITIC Securities Co., Ltd., China Merchants Bank Co., Ltd., China Securities Co., Ltd., China International Capital Corporation Limited		
Issuer's PRC Counsel	Fangda Partners		
Accounting Standards	EU IFRS		
Special Terms	1. Statutory write-down or conversion recognition provision (namely, the bail-in recognition provision) 2. If and to the extent permitted by the applicable MREL/TLAC regulations, the issuer may treat the bonds, for regulatory purposes as MREL/TLAC-eligible instruments under the applicable MREL/TLAC regulations		

First Japanese issuers entered into the panda bond market

Issuer	Sumitomo Mitsui Banking Corporation ("SMBC")	MUFG Bank, Ltd.("MUFG")	Mizuho bank, Ltd.("Mizuho")
Issuer's International Credit Ratings	A1/---/A (M/S/F)	A1/A/A (M/S/F)	A1/---/A (M/S/F)
Rating on the Bonds	---	AAA (Shanghai Brilliance)	---
Issuer's PRC Credit Rating	AAA (S&P Ratings (China))	AAA (Shanghai Brilliance)	---
Offering Type	Private placement to specified investors in CIBM	Private placement to specified investors in CIBM	Private placement to specified investors in CIBM
Tenor of the Bonds	3 years	3 years	3 years
Interest Rate	3.200%	5.300%	5.300%
Pricing Date	June 8, 2020	January 12, 2018	January 12, 2018
Issue Size	1.0 billion	1.0 billion	500 million
Offering Market	China's interbank bond market	China's interbank bond market	China's interbank bond market
Lead Underwriters	China Construction Bank Corporation, Sumitomo Mitsui Banking Corporation (China) Limited, Industrial and Commercial Bank of China Limited, Bank of China Limited, CITIC Securities Co., Ltd., HSBC Bank (China) Company Limited,	Industrial and Commercial Bank of China Limited, Bank of China Limited, Shanghai Pudong Development Bank Co., Ltd., The Export-Import Bank of China, China Fortune Securities Co., Ltd., Bank of Tokyo-Mitsubishi UFJ (China), Ltd.	Industrial and Commercial Bank of China Limited, CITIC Securities Co., Ltd., Mizuho Bank (China), Ltd.
Issuer's PRC Counsel	King & Wood Mallesons	Zhong Lun Law Firm	Global Law Office
Accounting Standards	Japan GAAP	Japan GAAP	Japan GAAP

Transaction Case Study

- In December 2017, China and Japan exchanged letters on audit regulatory cooperation. Through this exchange of letters, the Ministry of Finance of the PRC, the Financial Services Agency of Japan and the Audit and Regulation Committee of Certified Public Accountants of Japan have agreed to exchange information on regulation of audit firms within the scope permitted by the respective laws and regulations of China and Japan and in accordance with the reciprocity and other principles. The exchange of letters is conducive to investor protection on the capital markets in China and Japan, and facilitates cross-border offerings of bonds, such as panda bonds in China and samurai bonds in Japan, by Japanese and Chinese issuers, respectively.
- Mizuho, MUFG and SMBC are the top three banks in Japan and among the largest banks in the world.
- Mizuho, MUFG and SMBC are the first Japanese issuers that have issued panda bond on China's bond market.
- The issuances of panda bonds by Japanese financial institutions have, on the one hand, expanded the funding channels of Japanese issuers by deploying China's market and further promoted the internationalization of the Renminbi, and, on the other hand, set exemplary role models for other Japanese entities to participate in China's capital markets.
- The issuances of panda bonds by Japanese financial institutions represented a major accomplishment in cross-border bond issuances by institutions of the two countries and the expansion of bilateral cooperation in the financial sector between China and Japan after the regulatory authorities in two countries reached a consensus on the auditor supervision.

About NAFMII

NAFMII was approved by Chinese State Council and started operation under the auspices of PBC in 2007. As a self-regulatory organization(SRO) in China interbank market, NAFMII aims to promote the sound development of the market, market integrity and provide solid support for the real economy. NAFMII has over 8000 members, covering banks, credit cooperatives, securities companies, insurance companies, fund management companies, major enterprises, and other types of institutional investors.

About ICMA

ICMA promotes well-functioning cross-border capital markets, which are essential to fund sustainable economic growth. It is a not-for-profit membership association with offices in Zurich, London, Paris, Brussels and Hong Kong, serving more than 600 member firms in over 60 jurisdictions. Among its members are private and official sector issuers, banks, broker-dealers, asset managers, pension funds, insurance companies, market infrastructure providers, central banks and law firms. It provides industry-driven standards and recommendations, prioritising four core fixed income market areas: primary, secondary, repo and collateral and sustainable finance. ICMA works with regulatory and governmental authorities, helping to ensure that financial regulation supports stable and efficient capital markets.