PANDA BONDS

Raising Finance in China’s Bond Market – case studies

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

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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 RMB120 trillion (over USD 19 trillion) 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

<table>
<thead>
<tr>
<th>Geographical distribution of panda bonds issuers</th>
</tr>
</thead>
</table>

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/supranational 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)
- 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)
- 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
- Guidelines on Bond Issuance by Foreign Governmental Agency and International Development Institution Issuers (for Trial Implementation)
International Bank for Reconstruction and Development (IBRD) issued first SDR-denominated, RMB-settled bonds (Mulan Bonds)

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

**Type of Investors**
- Bank Treasuries
- Central Bank/Overseas Investors
- Securities Companies
- Insurance Companies

**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 related 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 oversubscribed 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.
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 have 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.

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.
Asian Infrastructure Investment Bank issued its first panda bonds to combat COVID-19

Asian Infrastructure Investment Bank
RMB 3,000,000,000
2.40% Due 2023
June 11, 2020

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.
Issuer’s PRC Counsel: Fangda Partners
Accounting Standards: IASB IFRS

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 2.78x 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
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 headquarters 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 components of 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 as America, 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

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**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.

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**New Development Bank issues RMB bonds to support green and sustainable development**

**New Development Bank**

**Sustainable Development Goals Bond**

**RMB 5,000,000,000**

3.22% Due 2024

March 23, 2021

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**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
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**Issuer**

<table>
<thead>
<tr>
<th>New Development Bank (“NDB”)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer’s Rating</strong></td>
</tr>
<tr>
<td>AAA/AAA (China Lianhe/China Chengxin International)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme of Issuance</th>
<th>Green Bond</th>
<th>Combating COVID-19 Bond</th>
<th>Sustainable Development Goals (“SDG”) Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tender of the Bonds</strong></td>
<td>5 years</td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>3.070%</td>
<td>2.430%</td>
<td>3.220%</td>
</tr>
<tr>
<td><strong>Pricing Date</strong></td>
<td>July 18, 2016</td>
<td>April 1, 2020</td>
<td>March 23, 2021</td>
</tr>
<tr>
<td><strong>Issue Size (RMB)</strong></td>
<td>3 billion</td>
<td>5 billion</td>
<td>5 Billion</td>
</tr>
<tr>
<td><strong>Over-subscription</strong></td>
<td>3.1x</td>
<td>2.99x</td>
<td>1.99x</td>
</tr>
<tr>
<td><strong>Offering Market</strong></td>
<td>China’s Interbank bond market</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
</tr>
</thead>
<tbody>
<tr>
<td>To support infrastructure and sustainable development projects in BRICS countries, after emerging economies and developing countries to help them combat the pandemic and respond to its socio-economic consequences.</td>
</tr>
</tbody>
</table>

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**Issuer’s PRC Counsel**

JunHe LLP

Global Law Office

**Accounting Standards**

IASB IFRS
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 provincial government issuer in panda bond market.

In November 2017, BC Canada completed a RMB 1 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 domestically systemically important banks, successfully issued RMB 3.5 billion panda bonds in China in November 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

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### 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.
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- 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 provincial government issuer in panda 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 RMB 1 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 domestically systemically important banks, successfully issued RMB3.5 billion panda bonds in China in November 2016.
European countries successfully issued panda bonds (governments of the Republic of Poland, Hungary, and the Republic of Portugal)

Poland is a member 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.

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.

### 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 through the “Bond Connect” regime**

**The Republic of Portugal (“Portugal”) is the first Eurozone country having issued panda bonds**

### Transaction Case Study

Poland and Hungary, countries alongside the Belt and Road, are the first Central and Eastern European countries entering China to issue bonds.

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Republic of Poland (“Poland”)</th>
<th>Hungary</th>
<th>Republic of Portugal (“Portugal”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer’s International Credit Ratings</td>
<td>A2/A-/(M-S/F)</td>
<td>Ba3/BBB-/BBB-(M-S/F)</td>
<td>Ba3/BBB/BBB(M-S/F)</td>
</tr>
<tr>
<td>Rating on the Bonds</td>
<td>AAA (China Chengxin International)</td>
<td>AAA (China Lianhe)</td>
<td>AAA (China Lianhe)</td>
</tr>
<tr>
<td>Offering Type</td>
<td>Offering to all CBM Investors</td>
<td>Offering to all CBM Investors</td>
<td>Offering to all CBM Investors</td>
</tr>
<tr>
<td>Status/Structure of the Bonds</td>
<td>Direct, general and unconditional obligations</td>
<td>Direct, unconditional and unsubscribed obligations and net pay pass with other such obligations</td>
<td>Direct, general and unconditional obligations</td>
</tr>
<tr>
<td>Tenor of the Bonds</td>
<td>3 years</td>
<td>3 years / 3 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>3.400%</td>
<td>4.850% / 4.300%</td>
<td>4.090%</td>
</tr>
<tr>
<td>Pricing Date</td>
<td>August 26, 2015</td>
<td>July 26, 2017 / December 17, 2019</td>
<td>May 30, 2019</td>
</tr>
<tr>
<td>Issue Size (RMB)</td>
<td>3 billion</td>
<td>1 billion / 2 billion</td>
<td>2 billion</td>
</tr>
<tr>
<td>Over-subscription</td>
<td>1.973x</td>
<td>1.96x / 1.725x</td>
<td>3.165x</td>
</tr>
<tr>
<td>Offering Market</td>
<td>China’s interbank bond market</td>
<td>China’s interbank bond market</td>
<td>China’s interbank bond market</td>
</tr>
<tr>
<td>Lead Underwriters</td>
<td>Zhong Lun Law Firm</td>
<td>King &amp; Wood Mallesons</td>
<td>King &amp; Wood Mallesons</td>
</tr>
</tbody>
</table>

| Lead Underwriters | China’s interbank bond market | China’s interbank bond market | China’s interbank bond market |
| Lead Underwriters | Zhong Lun Law Firm | King & Wood Mallesons | King & Wood Mallesons |
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 first Southeast Asian country to issue 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.

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.

The proceeds served as part of the Philippines’ 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.
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.

**Transaction Case Study**

**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**
Rounded 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**

**Issuer’s PRC Counsel**
JunHe LLP

**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**
Rounded 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

**Issuer’s PRC Counsel**
JunHe LLP
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 RMB8 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 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

Transaction Case Study

- 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

**Deal Highlights**

- BMW Finance N.V. (“BMW Finance”)
- Total Issue Size: RMB 19,000,000,000
- Total number of issuances: 10
- Interest Rates: 2.9% - 4.0% (as of June 2021)

**Issuer/Guarantor**

<table>
<thead>
<tr>
<th>Issuer/Guarantor</th>
<th>Guarantor: Bayerische Motoren Werke Aktiengesellschaft (“BMW AG”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Rating</td>
<td>A2/A−/− (M/IF)</td>
</tr>
</tbody>
</table>

**Issuer’s PRC Credit Rating**

<table>
<thead>
<tr>
<th>Rating</th>
<th>AAA (China Chengxin International)</th>
</tr>
</thead>
</table>

**Guarantor’s PRC Credit Rating**

<table>
<thead>
<tr>
<th>Rating</th>
<th>AAA (China Chengxin International)</th>
</tr>
</thead>
</table>

**Issuer/Guarantor’s PRC Counsel**

<table>
<thead>
<tr>
<th>Counsel</th>
<th>Fangda Partners</th>
</tr>
</thead>
</table>

**Accounting Standards**

<table>
<thead>
<tr>
<th>Standards</th>
<th>EU IFRS</th>
</tr>
</thead>
</table>

**Issue Size (RMB Billion)**

<table>
<thead>
<tr>
<th>Issue Size (RMB Billion)</th>
<th>30 15 20 20 10 20 15 20 15</th>
</tr>
</thead>
</table>

**Use of Proceeds**

- Support the operations of BMW’s subsidiaries in mainland China

**Lead Underwriters**

- Bank of China Limited, Industrial and Commercial Bank of China Limited
- Bank of China Limited, HSBC Bank (China) Company Limited

**Issuance Date**

- Mar-6-2019 to Jun-10-2021

**Interest Rate**

<table>
<thead>
<tr>
<th>Tenor of the Bond (Year(s))</th>
<th>1 1 1 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>4% 3.3% 3.98% 3.37% 3.57% 3.35% 2.09% 3.19% 3.44% 3.03%</td>
<td></td>
</tr>
</tbody>
</table>

**Lead Underwriters**

- Support the operations of BMW’s subsidiaries in mainland China

**Issuer/Guarantor’s PRC Counsel**

<table>
<thead>
<tr>
<th>Counsel</th>
<th>Fangda Partners</th>
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</thead>
</table>

**Accounting Standards**

<table>
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<tr>
<th>Standards</th>
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**Issue Size (RMB Billion)**

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<th>Issue Size (RMB Billion)</th>
<th>30 15 20 20 10 20 15 20 15</th>
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</table>

**Use of Proceeds**

- Support the operations of BMW’s subsidiaries in mainland China

**Issuer/Guarantor’s PRC Counsel**

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<tr>
<th>Counsel</th>
<th>Fangda Partners</th>
</tr>
</thead>
</table>

**Accounting Standards**

<table>
<thead>
<tr>
<th>Standards</th>
<th>EU IFRS</th>
</tr>
</thead>
</table>
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

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.

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Veolia Group (“VEOLIA”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer’s International Credit Ratings</td>
<td>Ba1/BBB/BBB-(F/C/F)</td>
</tr>
<tr>
<td>Rating on the Bonds</td>
<td>AAA(China Chengxin International)</td>
</tr>
<tr>
<td>Offering Type</td>
<td>Private placement</td>
</tr>
<tr>
<td>Status/Structure of the Bonds</td>
<td>The bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the issuer</td>
</tr>
<tr>
<td>Issuer’s PRC Credit Rating</td>
<td>AAA</td>
</tr>
<tr>
<td>Investor of the Bonds (Year(s))</td>
<td>3 1 1 1 3 3 3 3</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>3.500% 4.000% 3.700% 3.700% 3.850% 3.850% 4.450% 4.450%</td>
</tr>
<tr>
<td>Issue Size (RMB billion)</td>
<td>1 1 0.75 0.75 0.75 0.75 0.75 0.75</td>
</tr>
<tr>
<td>Offering Market</td>
<td>China’s interbank bond market</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>On-lent to the Issuer’s subsidiaries in mainland China, or remitted overseas for the Issuer’s general corporate operations or its overseas subsidiaries</td>
</tr>
<tr>
<td>Lead Underwriters</td>
<td>Bank of China Limited, Standard Chartered Bank (China) Limited, BNP Paribas (China) Limited</td>
</tr>
<tr>
<td>Issuer’s PRC Counsel</td>
<td>Global Law Office</td>
</tr>
<tr>
<td>Accounting Standards</td>
<td>EU IFRS</td>
</tr>
</tbody>
</table>

The first French panda bond issuer - Veolia
Air Liquide introduced the “SPV + guarantee” structure to the panda bond market

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 represent 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.

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

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Air Liquide Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guarantor</td>
<td>L’Air Liquide S.A. (“Air Liquide”)</td>
</tr>
<tr>
<td>Guarantor’s International Credit Ratings</td>
<td>A3/AA-/--- (M/S/F)</td>
</tr>
<tr>
<td>Rating on the Bonds</td>
<td>AAA (China Chengxin International)</td>
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<tr>
<td>Guarantor’s PRC Credit Rating</td>
<td>AAA (China Chengxin International)</td>
</tr>
<tr>
<td>Offering Type</td>
<td>Private placement to specified investors in CIBM</td>
</tr>
<tr>
<td>Status/Structure of the Bonds</td>
<td>The payment obligations under the debt financing instruments are unconditionally and irrevocably guaranteed by the guarantor</td>
</tr>
<tr>
<td>Tenor of the Bonds</td>
<td>3 years 5 years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>5.950% 6.4%</td>
</tr>
<tr>
<td>Issue Size (RMB)</td>
<td>1.4 billion 800 million</td>
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<tr>
<td>Pricing Date</td>
<td>March 5, 2018</td>
</tr>
<tr>
<td>Offering Market</td>
<td>China’s interbank bond market</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>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</td>
</tr>
<tr>
<td>Lead Underwriters</td>
<td>Industrial and Commercial Bank of China Limited</td>
</tr>
<tr>
<td>Issuer’s PRC Counsel</td>
<td>Junhe LLP</td>
</tr>
<tr>
<td>Accounting Standards</td>
<td>France IFRS (Guarantor, EU IFRS)</td>
</tr>
</tbody>
</table>
Issuing green panda bonds to promote environmental protection and transition to low carbon economy

**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 oxide 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

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**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  
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
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 2.84%, 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.

### 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

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Semiconductor Manufacturing International Corporation (“SMIC”)</th>
<th>Xiaomi Corporation (“Xiaomi”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issue Size (RMB)</td>
<td>1.5 billion</td>
<td>1.0 billion</td>
</tr>
<tr>
<td>Pricing Date</td>
<td>February 28, 2019</td>
<td>April 2, 2020</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>Repayment of loans from financial institutions and replenishment of working capital</td>
<td>Repayment of domestic bank loans and replenishment of working capital, of which 20% will be used to combat COVID-19</td>
</tr>
<tr>
<td>Issuer’s PRC Counsel</td>
<td>Linkens Law Offices</td>
<td>Junhe LLP</td>
</tr>
<tr>
<td>Accounting Standards</td>
<td>HKFRS</td>
<td>HKFRS</td>
</tr>
</tbody>
</table>
Beijing Enterprises Water Group Limited

China Power International Development Limited

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**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

**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.

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**Transaction Case Study**

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

---

**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**

**Rating on the Bonds**

| BEWG | AAA (Shanghai Brilliance) |
| China Power International Development Limited | AAA (Golden Credit Rating) |

**Issuer’s Credit Rating**

| AAA/AAA (Shanghai Brilliance/Bagong Global) |
| AAA/AAA/AAA (Golden Credit Rating/Chinde XinTrust International) |

**Offering Type**

| Offering to all CIBM investors |
| Offering to all CIBM investors |

**Status/Structure of the Bonds**

Subordinated debt subordinating until redeemed by the Issuer in accordance with the terms of the bonds

| Subordinated debt subordinating until redeemed 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

**Official-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 35% 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 |
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

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Malayan Banking Berhad (&quot;Maybank&quot;)</th>
<th>China Merchants Port Holdings Company Limited (&quot;China Merchants Port&quot;)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer’s International Credit Rating</td>
<td>A3/---/BBB+(M/S/F)</td>
<td>Ba1/BB+/---(M/S/F)</td>
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<tr>
<td>Issuer’s PRC Credit Rating</td>
<td>AAA (China Chengxin International Credit Rating Co., Ltd.)</td>
<td>AAA (China Chengxin International Credit Rating Co., Ltd.)</td>
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<tr>
<td>Ratings on the Bonds</td>
<td>AAA (China Chengxin International Credit Rating Co., Ltd.)</td>
<td>AAA/China Chengxin International Credit Rating Co., Ltd.</td>
</tr>
<tr>
<td>Offering Type</td>
<td>Offering to all CIBM investors</td>
<td>Offering to all CIBM investors</td>
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<tr>
<td>Tenor of the Bonds</td>
<td>1 year/3 years</td>
<td>720 days</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>3.280%/3.580%</td>
<td>3.190%</td>
</tr>
<tr>
<td>Pricing Date</td>
<td>June 19, 2019</td>
<td>November 16, 2016</td>
</tr>
<tr>
<td>Issue Size (RMB)</td>
<td>1.0 billion/1.0 billion</td>
<td>1.5 billion</td>
</tr>
<tr>
<td>Over-subscription</td>
<td>-</td>
<td>1.347x</td>
</tr>
<tr>
<td>Listing Market</td>
<td>China’s interbank bond market</td>
<td>China’s interbank bond market</td>
</tr>
<tr>
<td>Use of Proceeds</td>
<td>Including but not limited to utilizing the proceeds both onshore and offshore to support activities in connection with the Belt and Road Initiatives</td>
<td>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</td>
</tr>
<tr>
<td>Issuer’s PRC Counsel</td>
<td>Global Law Office</td>
<td>Zhong Lun Law Firm</td>
</tr>
<tr>
<td>Accounting Standards</td>
<td>Malaysian Financial Reporting Standards</td>
<td>HKFRS</td>
</tr>
</tbody>
</table>
Singaporean issuers entered into the panda bond market

### 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.

---

<table>
<thead>
<tr>
<th>Issuer</th>
<th>United Overseas Bank Limited (“UOB”)</th>
<th>Trafigura Group Pte. Ltd. (“Trafigura Group”)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer’s Features</strong></td>
<td>Asia’s leading bank headquartered in Singapore</td>
<td>A world leading commodity trader registered in Singapore</td>
</tr>
<tr>
<td><strong>Issuer’s International Credit Rating</strong></td>
<td>Aa1/AA-/AA- (M/S/F)</td>
<td>----/--/-- (M/S/F)</td>
</tr>
<tr>
<td><strong>Issuer’s PRC Credit Ratings</strong></td>
<td>-</td>
<td>AAA/AAA (China Lianhe/China Chengxin International)</td>
</tr>
<tr>
<td><strong>Rating on the Bonds</strong></td>
<td>AAA (China Chengxin International)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Offering Type</strong></td>
<td>Offering to all CIBM investors</td>
<td>Private placement to specified investors in CIBM</td>
</tr>
<tr>
<td><strong>Tenor of the Bonds</strong></td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
<td>3.49%</td>
<td>5.49%</td>
</tr>
<tr>
<td><strong>Pricing Date</strong></td>
<td>March 12, 2019</td>
<td>May 17, 2019</td>
</tr>
<tr>
<td><strong>Issue Size (RMB)</strong></td>
<td>2.0 billion</td>
<td>540 million</td>
</tr>
<tr>
<td><strong>Over-subscription</strong></td>
<td>2.7x</td>
<td>-</td>
</tr>
<tr>
<td><strong>Offering Market</strong></td>
<td>China’s interbank bond market</td>
<td>China’s interbank bond market</td>
</tr>
<tr>
<td><strong>Use of Proceeds</strong></td>
<td>To be used in the PRC to support the UOB Group’s banking business and development in the PRC</td>
<td>-</td>
</tr>
<tr>
<td><strong>Issuer’s PRC Counsel</strong></td>
<td>Fangda Partners</td>
<td>Global Law Office</td>
</tr>
<tr>
<td><strong>Accounting Standards</strong></td>
<td>Singapore Financial Reporting Standards</td>
<td>IASB IFRS</td>
</tr>
</tbody>
</table>
Credit Agricole issued senior preferred panda bonds on China’s bond market for three consecutive years

**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

**Transaction Case Study**

Credit Agricole is a banking and financial institution headquartered in France. As part of its duties as the Central Body of the Crédit Agricole Network, Credit 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.

Credit 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 Credit 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.

<table>
<thead>
<tr>
<th>Transaction Case Study</th>
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<tbody>
<tr>
<td><strong>Issuer</strong></td>
</tr>
<tr>
<td><strong>Issuer’s International Credit Ratings</strong></td>
</tr>
<tr>
<td><strong>Rating on the Bonds</strong></td>
</tr>
<tr>
<td><strong>Issuer’s PRC Credit Rating</strong></td>
</tr>
<tr>
<td><strong>Offering Type</strong></td>
</tr>
<tr>
<td><strong>Status/Structure of the Bonds</strong></td>
</tr>
<tr>
<td><strong>Tenor of the Bonds</strong></td>
</tr>
<tr>
<td><strong>Interest Rate</strong></td>
</tr>
<tr>
<td><strong>Pricing Date</strong></td>
</tr>
<tr>
<td><strong>Issue Size</strong></td>
</tr>
<tr>
<td><strong>Over-subscription</strong></td>
</tr>
<tr>
<td><strong>Offering Market</strong></td>
</tr>
<tr>
<td><strong>Use of Proceeds</strong></td>
</tr>
<tr>
<td><strong>Issuer’s PRC Counsel</strong></td>
</tr>
<tr>
<td><strong>Accounting Standards</strong></td>
</tr>
<tr>
<td><strong>Special Terms</strong></td>
</tr>
</tbody>
</table>
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 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.

| Transaction Case Study |

First Japanese issuers entered into the panda bond market

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Sumitomo Mitsui Banking Corporation (“SMBC”)</th>
<th>MUFG Bank, Ltd. (“MUFG”)</th>
<th>Mizuho bank, Ltd. (“Mizuha”)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer’s International Credit Ratings</td>
<td>A1/---/A (M/S/F)</td>
<td>A1/A/A (M/S/F)</td>
<td>A1/---/A (M/S/F)</td>
</tr>
<tr>
<td>Rating on the Bonds</td>
<td>---</td>
<td>AAA (Shanghai Brilliance)</td>
<td>---</td>
</tr>
<tr>
<td>Issuer’s PRC Credit Rating</td>
<td>AAA (S&amp;P Ratings (China))</td>
<td>AAA (Shanghai Brilliance)</td>
<td>---</td>
</tr>
<tr>
<td>Offering Type</td>
<td>Private placement to specified investors in CIBM</td>
<td>Private placement to specified investors in CIBM</td>
<td>Private placement to specified investors in CIBM</td>
</tr>
<tr>
<td>Tenor of the Bonds</td>
<td>3 years</td>
<td>3 years</td>
<td>3 years</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>3.200%</td>
<td>5.300%</td>
<td>5.300%</td>
</tr>
<tr>
<td>Pricing Date</td>
<td>June 8, 2020</td>
<td>January 12, 2018</td>
<td>January 12, 2018</td>
</tr>
<tr>
<td>Issue Size</td>
<td>1.0 billion</td>
<td>1.0 billion</td>
<td>500 million</td>
</tr>
<tr>
<td>Offering Market</td>
<td>China’s interbank bond market</td>
<td>China’s interbank bond market</td>
<td>China’s interbank bond market</td>
</tr>
<tr>
<td>Issuer’s PRC Counsel</td>
<td>King &amp; Wood Mallesons</td>
<td>Zhong Lun Law Firm</td>
<td>Global Law Office</td>
</tr>
<tr>
<td>Accounting Standards</td>
<td>Japan GAAP</td>
<td>Japan GAAP</td>
<td>Japan GAAP</td>
</tr>
</tbody>
</table>
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.