



# Panda Bonds – A new landscape in China's bond market

*An issuer's guide for funding diversification*

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# Foreword

The growth of China's onshore bond market over the past decade has been nothing short of astonishing. From just under USD 2 trillion of bonds outstanding in 2007, the market has gone on to become the third largest domestic bond market in the world, as at 30 June 2018, with around USD 11.9 trillion of bonds outstanding.<sup>1</sup>

The onshore bond market has also grown in diversity as seen by a significant jump in Panda Bond issuance over the past three years. The positivity surrounding Panda Bonds is partly driven by regulators, who are keen to attract more foreign issuers to tap into the onshore bond market.

In addition, landmark initiatives such as the 'Belt and Road' Initiative and the Greater Bay Area are prompting a new wave of financing in order to satisfy the huge funding needs of infrastructure projects. Panda Bonds can be the ideal instrument for foreign corporates to diversify their funding channels and gain access to one of the largest fixed income markets globally.

The primary objective of this publication is to provide foreign issuers with an overview of the China onshore bond market as well as the potential benefits of issuing Panda Bonds.

However, given that Panda Bonds are still at an early stage of development, there are aspects in the application, documentation and issuance process that can be further refined. This includes differences in domestic and international accounting, auditing and credit rating rules – hurdles that can be resolved as the onshore bond market matures and aligns itself more closely with international standards.



**David Ko**

Partner, Head of Audit  
KPMG China

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<sup>1</sup> Source: Wind and KPMG Analysis

# China onshore bond market overview

## World's third largest domestic bond market

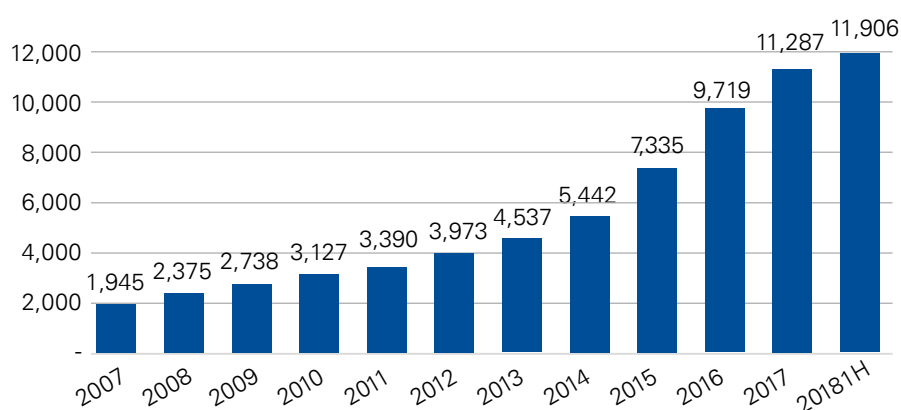
China's onshore bond market has expanded rapidly in the past decade, supporting the country's increasing appetite for financing and fuelling economic growth.

As at 30 June 2018, the China onshore bond market was the third largest globally, with USD 11.9 trillion of bonds outstanding, putting it behind the US and Japan.



### China onshore bond market: Nominal value of bonds outstanding

USD Billion



Notes:

1. Figures based on the USD/RMB mid-point rate of 6.62 set by the People's Bank of China at the end of June 2018
2. Figures include asset-backed securities and other types of securitisation transactions

Source: Wind and KPMG analysis

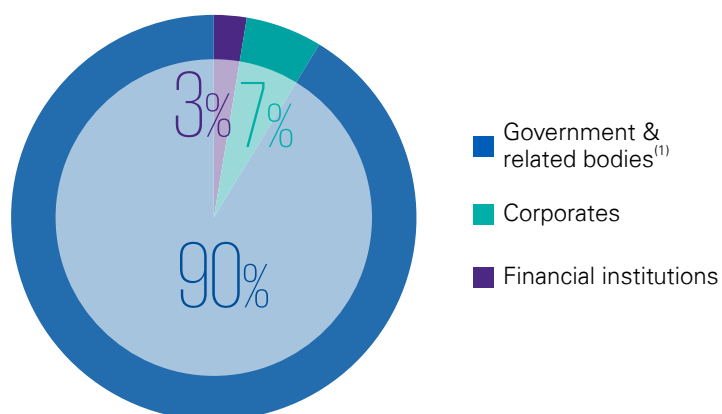
## Market composition

The onshore bond market comprises the China Interbank Bond Market (CIBM) and the exchange bond markets. The two markets complement each other and form an integral part of the country's financial market. Government bonds form the bulk of the onshore market, representing more than half of the total value of bonds outstanding. The market is, however, increasingly diversified, with financial institutions and corporates gaining ground.

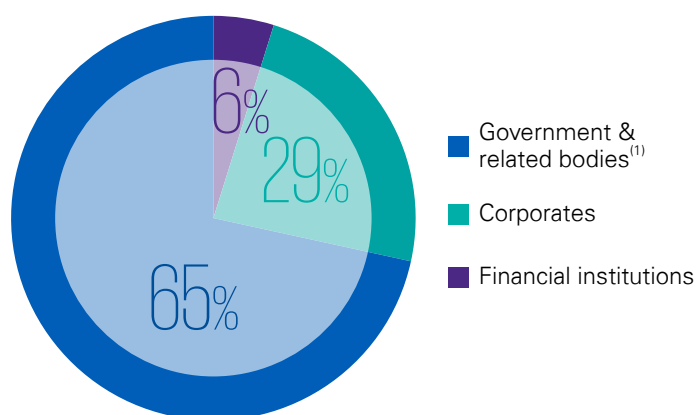


### Bonds outstanding by issuer type

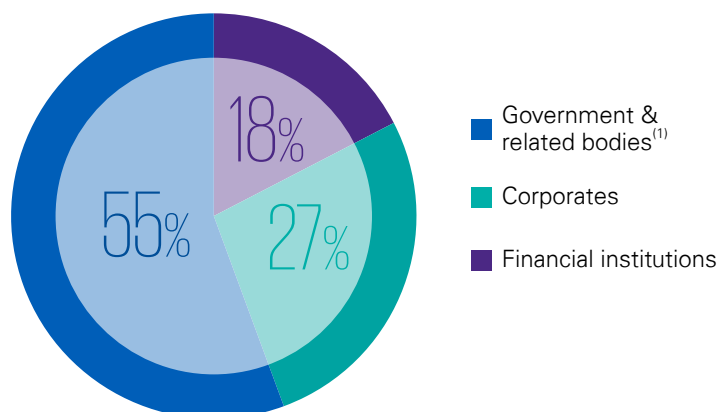
As at 31 Dec 2007



As at 31 Dec 2012



As at 30 June 2018



#### Notes:

1. 'Government & related bodies' includes the state government, municipal governments and policy banks.

Source: Wind and KPMG analysis

## Level of foreign participation

China's onshore bond market is dominated by domestic issuers and investors. Foreign participation is low, although the authorities have taken a number of steps in recent years to improve the situation.

This includes the Qualified Foreign Institutional Investor (QFII) Scheme, the RMB Qualified Foreign Institutional Investor (RQFII) Scheme, direct CIBM access for eligible foreign institutional investors (CIBM Direct) and Bond Connect. These initiatives are also designed to promote RMB internationalisation and boost market liquidity.

Approving foreign entities to issue Panda Bonds is one of the steps the authorities have taken to boost market diversification and foreign participation. With foreign issuers showing increasing interest in tapping into the onshore bond market, there has been substantial growth in Panda Bond issuance over the past three years.



**Banny Leung**

Partner, Financial Services  
Audit COO  
KPMG China

“

*Panda Bonds can play a vital role in opening up China's fixed income space. Having more foreign issuers will add diversity and depth to what is already the world's third largest domestic bond market.*

”



# The rise of Panda Bonds

## Key milestones

Panda Bonds gained prominence in recent years with a series of high-profile transactions from leading overseas corporates, financial institutions and governments. Panda Bonds debuted in 2005 when the Asian Development Bank and the International Finance Corporation became the first entities to issue such notes. Regarded as an ideal method to open up the onshore capital markets and promote RMB internationalisation, the authorities have since been actively encouraging more issuance of Panda Bonds.

2005

- **Feb:** China published the Provisional Administrative Rules on the Issuance of RMB Bonds by International Development Institutions (Provisional Rules [2005])
- **Oct:** Asian Development Bank and International Finance Corporation issued the first Panda Bonds

2010

- **Sep:** China amended the Provisional Rules [2005] to expand the scope of eligible foreign issuers and for proceeds to be used overseas (Provisional Rules [2010])

2014

- **Mar:** The first corporate Panda Bond issued in the CIBM

2015

- **Jul:** People's Bank of China (PBOC) issued Notice on Matters Concerning Investment in CIBM with RMB Funds by Foreign Central Banks, International Financial Organisations and Sovereign Wealth Funds (PBOC Notice [2015])
- **Dec:** The first corporate Panda Bond issued in the exchange markets

2016

- **May:** PBOC announced Notice on Implementing Overall Macro-prudential Management System for Cross-border Financing Nationwide (PBOC Notice [2016]). The notice allows Panda Bond proceeds to be remitted to mainland China subsidiaries without utilising the subsidiary's foreign debt quota
- **Aug:** The World Bank issued the first Special Drawing Rights (SDR) bond in the CIBM, ahead of the RMB's official inclusion as the fifth currency in the SDR basket

2017

- **Mar:** The first Panda Bond issued by an issuer from a 'Belt and Road' country

2018

- **Sep:** PBOC and the Ministry of Finance (MoF) announced Interim Measures for the Administration of Bonds Issued by Overseas Issuers on the China Interbank Bond Market (Interim Measures)

## Three stages of development

While Panda Bonds have been around for more than a decade, they only truly took off in 2015 following a number of rule changes and expansion by the PBOC. This started a series of Panda Bond approvals, and the market has since gone from strength to strength. The developments of Panda Bonds can generally be divided into three stages.

Year	Number of issuances	Proceeds (USD Billion)
2005 to 2009	4	0.6
2010 to 2014	2	0.3
2015 onwards	143	40.6

*Note: Figures based on the USD/RMB mid-point rate of 6.62 set by the People's Bank of China at the end of June 2018*

*Source: Wind and KPMG Analysis*

### Stage 1 – The journey begins (2005 – 2009)



*Provisional Rules [2005]* was announced to allow international developmental organisations to issue Panda Bonds, which marked the country's first attempt to open up its onshore bond market. Restrictions on the use of proceeds within China meant only four Panda Bonds were issued by the International Finance Corporation and Asian Development Bank.

### Stage 2 – The market evolves (2010 – 2014)



In order to further promote the internationalisation of the onshore bond market, *Provisional Rules [2010]* was announced. This expands the scope of eligible issuers to include multilateral and bilateral development organisations and allow proceeds to be used overseas. In spite of the relaxation, Panda Bonds only made their comeback in 2014 when a German automobile manufacturer issued a pair of Panda bonds.

### Stage 3 – Panda Bonds take off (2015 onwards)



*PBOC Notice [2015]* was released in July 2015, allowing foreign central banks, financial organisations and sovereign wealth funds to issue Panda Bonds in the CIBM. This opened the market and led to Panda Bonds being issued by foreign government bodies and financial institutions.

In May 2016, *PBOC Notice [2016]* was announced, enabling foreign issuers to on-lend Panda Bond proceeds to mainland China subsidiaries without utilising their foreign debt quota. This revision greatly enhanced international companies' ability to finance their mainland China operations, making Panda Bonds even more attractive.

In September 2018, the *Interim Measures* were published, providing additional guidance on administrative matters such as application, registration and disclosures for foreign entities issuing Panda Bonds in the CIBM. Meanwhile, *Provisional Rules [2010]* has been abolished.

The RMB was officially included in the SDR currency basket in October 2016, which reflects the growing importance of the RMB in international trade. It also provides foreign issuers with an additional funding option by choosing to issue the SDR-denominated, RMB-settled bonds in mainland China.

Panda Bonds have grown exponentially since 2015, with a total of USD 40.6 billion raised from 143 issuances up to 30 June 2018.<sup>2</sup>

<sup>2</sup> Source: Wind and KPMG Analysis





# Benefits of issuing Panda Bonds

## **Additional funding channel**

The growing importance of the RMB in international trade and its inclusion in the SDR basket have driven demand for RMB funding, in particular international companies with operations in mainland China. Panda Bonds are a great funding tool for such companies as it allows them to finance their mainland China operations without exposing themselves to FX risks, which essentially acts as a natural currency hedge.

## **Access to Chinese investors**

Foreign issuers are able to tap into the mainland China investor base and enhance their presence in the onshore capital markets by issuing Panda Bonds. While efforts are being made to open up the domestic market, foreign issuers remain rare onshore. As a result, Panda Bonds provide an ideal opportunity for mainland China investors to diversify their investment portfolios. High-quality foreign issuers are particularly attractive to mainland Chinese investors.

## **Attractive cost of funding**

When it comes to RMB fundraising, bond issuers can typically do so onshore (Panda Bonds) or offshore (Dim Sum Bonds). Based on our analysis of transactions executed from 2016 to 2017, issuers were able to achieve a lower cost of funding through Panda Bonds compared to Dim Sum Bonds. This is likely due to a liquidity flush in the onshore market, while a volatile USD/RMB has also resulted in Dim Sum Bond issuers having to pay a higher premium to compensate for higher FX risks.



Panda Bonds						Dim Sum Bonds	PBOC Base Rates
	CIBM			Exchange			
	Financial institutions	Corporates	Sovereigns/ Sub-sovereigns	Financial institutions	Corporates		
Interest rate range	3.1% - 4.6%	2.8% - 5.5%	3.0% - 4.9%	2.9% - 4.8%	2.9% - 7.6%	2.9% - 9.5%	4.35% - 4.9%

*Notes:*

1. 'PBOC Base Rates' refers to the benchmark lending rates
2. 'Interest rate range' for Panda and Dim Sum Bonds refers to the coupon rate range

*Source: Wind, PBOC and KPMG Analysis*

### Jeanne Zhang

Partner, Head of Capital Markets Development  
KPMG China



“Through Panda Bonds, foreign companies, particularly those with mainland China subsidiaries, are able to tap into a deep investor base to fund their capital needs at attractive rates.”

# Issuing Panda Bonds in the China Interbank Bond Market

## CIBM at a glance

The CIBM is an over-the-counter wholesale market, which accounts for over 90 percent of total bonds outstanding in onshore China. The market consists mainly of financial institutions (banks, brokers and insurers), although corporates can also issue bonds and trade via settlement agent banks. Bonds in the CIBM can be broadly classified into three categories:

1. Government bonds (treasury bonds, policy bank bonds and local government bonds)
2. Financial bonds (conventional bonds, hybrid capital bonds and subordinated bonds)
3. Non-financial corporate bonds by non-financial institutions (medium term notes and commercial papers)

The laws and regulations governing each type of bond can differ. Financial bonds are regulated by the China Banking Regulatory Commission (CBRC) and the PBOC, while non-financial corporate bonds are regulated by the National Association of Financial Market Institutional Investors (NAFMII) under the supervision of the PBOC.

## CIBM Panda Bonds

Issuers can issue various types of bonds in the CIBM after registering as a participant. The most commonly seen Panda Bonds are financial bonds issued by financial institutions and medium term notes issued by non-financial corporates. This section focuses on the procedures generally applicable to financial institution issuers and non-financial corporate issuers.

**Financial institutions interested in issuing financial bonds** are required to submit their applications to the PBOC for vetting and approval. These issuers shall possess the following qualifications: (1) paid-in capital not less than RMB 10 billion or equivalent; (2) sound corporate governance and robust risk management systems; (3) stable financial condition, good credit standing and profitability for the most recent three financial years; (4) experience in bond offerings and sound debt repayment ability; and (5) being subject to effective regulation by the financial regulatory authorities of the country or region where the issuer is located, and key risk regulatory indicators being in compliance with the requirements of such financial regulatory authorities.

**Non-financial corporates looking to issue bonds by way of public offerings** are required to submit their application to the NAFMII Registration Office for a preliminary review. If the review is satisfactory, the application will be submitted to the Registration Committee for vetting. Issuers can issue the bonds once the application has been accepted by the Registration Committee.

**Non-financial corporates planning to issue bonds by way of private placements**, on the other hand, can submit their registration application to the NAFMII Registration Office for direct processing. Issuers are eligible to issue the bonds once the registration has been completed.



# Issuing Panda Bonds in the exchange markets

## Exchange markets at a glance

The retail-oriented exchange markets account for less than 10 percent of the bonds outstanding. These include the Shanghai Stock Exchange and Shenzhen Stock Exchange, targeting individual investors as well as small to medium-sized institutional investors. The exchange bond market is regulated by the China Securities Regulatory Commission (CSRC) and is less diversified than the CIBM in terms of bond types. Bonds trading on the exchange markets are mainly treasury and corporate bonds, which can be issued via the following methods:

Type of offering	Key characteristics
<b>Private placement</b>	<ul style="list-style-type: none"> <li>Bonds can only be placed to no more than 200 Qualified Investors<sup>(1)</sup></li> <li>No specific financial requirements</li> </ul>
<b>Small public offering</b>	<ul style="list-style-type: none"> <li>Bonds can only be placed to Qualified Investors</li> <li>Subject to the fulfilment of certain requirements, e.g. financials, compliance track records and use of proceeds</li> </ul>
<b>Large public offering</b>	<ul style="list-style-type: none"> <li>Bonds can be placed to all investors</li> <li>Issuers need to fulfil additional requirements on top of what is required for small public offerings such as higher average annual distributable profit and a AAA credit rating from a domestic credit agency</li> </ul>
<p><i>Note:</i></p> <p>1. According to the 'Administrative Measures for the Issuance and Trading of Corporate Bonds', Qualified Investors include financial institutions, financial products issued by financial institutions, corporate investors with net assets of not less than RMB 10 million, QFIs, RQFIs, pension funds and charity funds, individual investors with financial assets of not less than RMB 3 million and other qualified investors recognised by the CSRC.</p>	

## Exchange markets Panda Bonds

Currently, there are no specific rules for issuing Panda Bonds in the exchange markets. Based on the requirements for issuing bonds in the exchange markets, prospective issuers should do the following:

### Private placement:

Prospective issuers must first apply to the exchange to confirm their eligibility for listing. They are then required to register with the Securities Association of China. After the registration, issuers need to submit the formal application documents to the exchange for approval.

### Small and large public offering:

Prospective issuers are required to submit their application to the CSRC for vetting and approval. Once approved, they are then required to submit their listing application to the exchange for approval.

# The Panda Bond application guide

## Key application documents

Application documents can vary as they are dependent on the market an issuer chooses, the type of bonds it wants to issue and the method of offering. Based on the experience of KPMG professionals, the main application documents are typically:

- Offering circular
- Authorisation from the issuer's board or shareholders' approval
- Financial statements and auditor's report
- Domestic and overseas legal opinions in relation to complying with the laws and regulations of mainland China and the issuer's place of incorporation
- Credit rating reports from domestic rating agencies
- Custody agreements
- Guarantee agreements (if any)
- Rules governing bondholders' meetings

Issuers are recommended to engage professional advisers at an early stage in order to prepare the application documents in advance.



## Key aspects of an offering circular

The content of an offering circular can be subject to different requirements as it is dependent on the market an issuer chooses, the type of bonds it wants to issue and the method of offering. Based on KPMG professionals' experience, an offering circular typically covers the following aspects:

- Overview of the bond issuance
- Risk factors
- Credit ratings of the issuer and the bonds to be issued
- Credit enhancement measures and other bondholder protection mechanisms (e.g. guarantee arrangements)
- Basic information of the issuer and its business
- Financial information of the issuer
- Use of proceeds
- Arrangements for information disclosure
- Summary of the rules governing bondholders' meetings
- Summary of custody agreements
- Declaration of the issuer and its professional parties
- Documents available for inspection

# Panda Bond issuance: Practical challenges

In spite of the significant increase in Panda Bond issuance, foreign issuers still face a number of practical challenges when it comes to issuing in the onshore bond market. Some of these common hurdles are expected to be resolved when the relevant laws and regulations are codified and as the market matures.

## Approval process

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Currently, there are no unified laws or regulations governing onshore bond issuance by foreign issuers. Approval procedures can vary significantly depending on the market and the type of bond. For example, bonds issued in the exchange markets are approved by the CSRC, while financial bonds issued in CIBM are approved by the PBOC.



## Financial statements

Issuers are usually expected to include in the offering circular their latest three-year audited annual financial statements and stub period financial statements (if applicable). Stub period financial statements are usually not required to be audited or reviewed.

The prevailing understanding is that the financial statements for bond offerings in China have to be prepared under China Accounting Standards (CAS) or other accounting standards that are recognised by the MoF as equivalent to CAS (Equivalent Accounting Standards). However, depending on the market in which the bond will be issued, the type of issuer and the method of offering, the financial statements used by a foreign issuer for issuing Panda Bonds may be prepared under other accounting standards such as IFRS.

For instance, for public offerings of bonds in the CIBM, where the financial statements are not prepared under CAS or Equivalent Accounting Standards, the issuer should disclose in the offering documents an explanation of material differences between the accounting standards adopted by the issuer and CAS and, if applicable, a reconciliation to CAS attested by a PRC accounting firm with appropriate qualifications.

Financial statements will also need to be audited by a qualified accounting firm in China, or, in cases where permitted, a qualified foreign accounting firm that meets MoF requirements including practising qualification in the country or region it is located, sufficient experience in securities-related business and possession of a well-known international reputation and recognition. In addition, the foreign accounting firm shall accept the supervision by the MoF and make filings with the MoF in accordance with the relevant requirements.

Foreign issuers are advised to discuss with their auditors and other advisers in advance in order to come to an understanding over the accounting standards and audit requirements. They should also be prepared to spend time preparing additional information that the regulators might require.

## Credit ratings

Panda Bond issuers are required to obtain at least one credit rating from a domestic credit rating agency. There are differences between the domestic and international rating systems in terms of rating scale, framework and methodology. Consequently, the credit risk profile of an issuer can be different when viewed from either a 'global' or 'domestic' perspective. Such discrepancies can be difficult to reconcile.

In addition, the credit risk analysis of Panda Bonds is more complex than domestic bonds. For example, a domestic credit analysis might not be fully applicable on issuers with substantial overseas operations. As a result, finding an appropriate domestic credit rating agency will be key for foreign issuers, while additional efforts will also have to go into reconciling rating discrepancies and investor education.

## Chinese documents

All application documents, including the offering circular, are required to be prepared in Chinese. Foreign issuers will need to set aside more time to engage appropriate professionals for translation. In addition, foreign issuers are required to meet requirements on continuing obligations following a Panda Bond issuance, which would require the help of professionals with an adequate level of Chinese proficiency.

## Market liquidity

The investor base of the onshore bond market is highly concentrated, with more than half of bonds outstanding held by commercial banks.<sup>3</sup> Since many commercial banks tend to hold long positions, their dominance in the onshore bond market impacts market liquidity, which could affect the pricing of Panda Bonds. While efforts have been made to allow the greater participation of foreign investors, it can take years to develop a highly liquid bond market. Foreign issuers should consider the impact of market liquidity on the cost of funding they can achieve via Panda Bonds.

**Len Jui**

Partner, Head of Public Policy and Regulatory Affairs  
KPMG China



“Some challenges are to be expected for Panda Bonds given the youth of the market. Such hurdles should, however, be gradually resolved as the market continues to develop and grow in maturity.”

<sup>3</sup> Source: Wind

# The future outlook

The increasing importance of the RMB in international trade and the global monetary system appears to be spurring the China onshore bond market to new heights. It is fast becoming one of the most attractive markets for foreign issuers and investors, and Panda Bonds are expected to play a significant role in this crucial development for the following reasons:

- Laws and regulations pertaining to Panda Bonds are expected to be further refined. As the market matures, practices are expected to become more aligned with international practices, which should then lower the hurdle for foreign issuers to tap into the onshore bond market.
- An important and creative proposal in the 13th Five-Year Plan is to develop green finance for environmental sustainability. The government is accelerating the issuance of green bonds as it seeks to further develop this market, with foreign issuers now able to enjoy an additional funding channel for their green projects.
- The launch of Bond Connect in July 2017 has enabled greater foreign investor access to the CIBM. Combined with increasing expectations of China's possible inclusion in global bond indices, the onshore bond market is geared up for more foreign investors and better liquidity in the long term, which is expected to further improve its attractiveness.
- Strategic policies such as the 'Belt and Road' Initiative should play a huge role in boosting trade and stimulating regional economic growth. China's onshore bond market can play a critical role in satisfying the financing needs of large-scale infrastructure projects.

**Paul Lau**

Partner, Head of Capital Markets Advisory Group  
KPMG China



“The opening up of the onshore bond market is a critical step towards RMB internationalisation and capital account liberalisation.”



# How can KPMG help?

## Our Panda Bond services

Successfully accessing the Panda Bond market can be key in enabling our clients to fulfil their financing requirements. KPMG China can help deliver detailed, actionable insights to companies seeking to access the third largest domestic bond market in the world.

Our knowledgeable and highly experienced team of Audit, Tax and Debt Advisory professionals in both mainland China and from KPMG member firms around the globe can help deliver detailed, actionable insights across the entire Panda Bond issuance journey, including the preparation, execution and ongoing monitoring phases.

### Phase 1: Preparation

Overseas companies interested in tapping into the onshore China bond market can kick-start the process by consulting our debt advisory experts. In order to help clients build the optimal solution tailored to their financing needs – for example, deal structure, tenor, issuance market and placement method – an initial review of the company's capital structure must be conducted.

Our tax specialists can add further value by providing guidance on potential China tax implications for issuers and investors as well as the tax structure of Panda Bonds. Once the foundations have been formed, KPMG's debt advisory experts will follow up by advising companies on the selection of professional intermediaries such as lead underwriters or other members of the underwriting syndicate.

During the preparation phase, our audit professionals can also assist to audit the company's financial statements.

### Phase 2: Execution

As all disclosure documents must either be drafted in simplified Chinese or translated into Chinese, our audit professionals can help to review the financial statements in either format. In addition, they can assist in GAAP reconciliation or help to issue an assurance report following the completion of the reconciliation process.

In order to lodge a Panda Bond application with NAFMII, a Chinese offering memorandum needs to be prepared. In addition to the conventional clauses found in a standard bond offering, our tax specialists can recommend appropriate tax clauses to be added into the memorandum.

Prospective Panda Bond issuers also need to obtain credit ratings from at least one authorised rating agency registered in mainland China. Our debt advisory experts can provide guidance on the credit rating process in mainland China and highlight the critical differences compared to the requirements of international rating agencies.

While the lead underwriter and the bookrunning syndicate play a critical role in the issuance phase, KPMG professionals can provide assistance by advising on investor roadshows.

### Phase 3: Ongoing monitoring

A company's Panda Bond journey does not end once the notes have been successfully placed into the hands of investors. Post-issuance matters include withholding tax obligations and periodic tax filings – both of which are areas our tax specialists can advise on.

Given the sheer depth and breadth of the onshore China bond market, it is recommended that companies contemplate the possibility of incorporating Panda Bonds as part of their debt financing strategy.

The rapid growth of the Panda Bond market has already prompted several repeat issuers to explore new deal structures as well as tap into different investor bases. Our debt advisory experts can keep prospective issuers up to date with the latest market developments, providing experienced advice on the funding options available. On the other hand, our audit professionals may continue to assist in auditing and other assurance work.



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# About KPMG China

KPMG China operates 21 offices across 19 cities with around 12,000 partners and staff in Beijing, Changsha, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Hangzhou, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Tianjin, Wuhan, Xiamen, Xi'an, Hong Kong SAR and Macau SAR. With a single management structure across all these offices, KPMG China can deploy experienced professionals efficiently, wherever our client is located.

KPMG is a global network of professional services firms providing Audit, Tax and Advisory services. We operate in 154 countries and territories and have 200,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

In 1992, KPMG became the first international accounting network to be granted a joint venture licence in mainland China. KPMG China was also the first among the Big Four in mainland China to convert from a joint venture to a special general partnership, as of 1 August 2012. Additionally, the Hong Kong office can trace its origins to 1945. This early commitment to the China market, together with an unwavering focus on quality, has been the foundation for accumulated industry experience, and is reflected in the Chinese member firm's appointment by some of China's most prestigious companies.

# KPMG Global China Practice



毕马威全球中国业务

KPMG Global China Practice

With dedicated teams in nearly 60 locations around the world, including countries and regions along the 'Belt and Road', the Global China Practice plays a leading role in 'bringing China to the world' and 'bringing the world to China'.

We are passionate about facilitating Chinese outward direct investment (ODI) in meaningful ways, including by helping Chinese companies integrate into local business communities, and introducing them to potential partners in key overseas markets. The Global China Practice also enhances KPMG's ability to serve foreign companies as they enter and grow in China. While many of our clients have been active in China for decades, the 13th Five-Year Plan represents an important turning point in the Chinese Government's attitude towards foreign direct investment (FDI), and marks a new era of potential Sino-foreign cooperation in China. To succeed in the 'new normal' in China, foreign companies should review what contribution they can make to China's ongoing economic transformation, align their value proposition and business strategies accordingly, and prepare for a shifting landscape of risks.

Through the Global China Practice, KPMG works alongside both Chinese and foreign companies as they navigate through dynamic business environments, shape business partnerships, and build platforms to achieve long-term market positions.

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