

Government relaunches subscription arrangement for retail green bond

The Government announced today (April 14) the relaunch of the subscription arrangement for the government retail green bond, for which the issuance was previously postponed due to the epidemic situation.

The Financial Secretary, Mr Paul Chan, said, "As the fifth wave of the epidemic gradually subsides, we are relaunching the subscription arrangement of the inaugural retail green bond and combining the issuance targets of the last and the current financial years, so as to minimise issuance costs and administrative work. Having considered the rising interest rates in the market, we have decided to increase the minimum interest rate of this retail green bond so as to provide the public with a green investment choice with a steady return."

The target issuance size of this retail green bond is HK\$15 billion. The Government may further increase the issuance size to a maximum of HK\$20 billion having regard to market conditions. As set out in the Government's Green Bond Framework, the proceeds of green bonds will be credited to the Capital Works Reserve Fund to finance or refinance green projects that provide environmental benefits and support the sustainable development of Hong Kong (see Annex). The Government will provide information on the allocation of the proceeds and expected environmental benefits of green projects on an annual basis.

The bond will have a tenor of three years. Bond holders will be paid interest once every six months at a rate linked to inflation in Hong Kong, subject to a minimum rate of 2.5 per cent.

The subscription period of the retail green bond will start from 9am on April 26 and end at 2pm on May 6. Hong Kong residents may apply for the retail green bond through a placing bank, a securities broker or the Hong Kong Securities Clearing Company Limited.

A Government spokesman noted that, to facilitate the subscription of the retail green bond and provide more options of subscription channels, the issuance has retained the various channels adopted for government retail bonds in the past. However, the Government calls on the public to subscribe for the retail green bond through online or telephone channels if possible, which not only supports environmental protection and reduces paper consumption, but also helps reduce social contact.

The retail green bond will be issued on May 18 and listed on the Stock Exchange of Hong Kong on the following business day (May 19). It can be traded in the secondary market afterwards.

Details of the offering terms, subscription arrangements and the use of proceeds of the retail green bond are available at the Government Bonds

website (www.hkgb.gov.hk/en/greenbond/).