

HKSAR Government's Institutional Green Bonds Offering

The following is issued on behalf of the Hong Kong Monetary Authority:

The Government of the Hong Kong Special Administrative Region of the People's Republic of China (the HKSAR Government) today (July 18) announced the successful offering of approximately HK\$25 billion worth of green bonds (the Green Bonds), denominated in Renminbi (RMB), US dollars (USD), and euro (EUR) under the Government Sustainable Bond Programme (previously known as the Government Green Bond Programme).

Following a virtual roadshow on July 16, 2024, the Green Bonds were priced on July 17, 2024 as follows:

- RMB2 billion 2-year tranche at 2.60 per cent;
- RMB2 billion 5-year tranche at 2.70 per cent;
- RMB2 billion 10-year tranche at 2.80 per cent;
- RMB2 billion 20-year tranche at 3.05 per cent;
- RMB2 billion 30-year tranche at 3.15 per cent;
- US\$1 billion 3-year tranche at 4.336 per cent; and
- EUR750 million 7-year tranche at 3.379 per cent.

The offering attracted participation from a wide spectrum of investors globally, with more than HK\$120 billion equivalent in orders. In particular, the 20-year and 30-year RMB Green Bonds were offered for the first time by the HKSAR Government, among which the 30-year bond is also the longest tenor RMB bond offered by the HKSAR Government so far, providing new benchmarks for the market.

The Financial Secretary, Mr Paul Chan, said, "The issuance of Government green bonds is an important initiative to promote Hong Kong's low-carbon transformation and consolidate Hong Kong's development as a green and sustainable finance hub. Global institutional investors responded enthusiastically to the subscription of these Green Bonds, reaffirming our efforts on this front. The inaugural offering of the 20-year and 30-year RMB bonds helps to extend the offshore RMB yield curve, further enrich offshore RMB product offerings, and promote RMB internationalisation in an orderly manner."

The Green Bonds are being issued by the HKSAR Government under the Global Medium Term Note Programme dedicated to green bond issuances established in early 2021. The Green Bonds are expected to be settled on July 24, 2024 and listed on the Hong Kong Stock Exchange and the London Stock Exchange. The Green Bonds have been assigned credit ratings of AA+ by S&P Global Ratings and AA- by Fitch.

The Hong Kong Monetary Authority acted as the HKSAR Government's representative in this green bond offering. Proceeds raised will be credited to the Capital Works Reserve Fund to finance or refinance projects that provide environmental benefits and support sustainable development.

The HKSAR Government published its Green Bond Framework (the Framework) in March 2019, which sets out how green bond proceeds will be used to fund projects to improve the environment and facilitate the transition to a low carbon economy. The Framework was subsequently updated in February 2022, reflecting the HKSAR Government's latest commitments and strategy in combatting climate change and aligning with the latest international standards and practices in the green bond market. Vigeo Eiris, which is now part of Moody's ESG Solutions, has provided a Second Party Opinion for both the original and updated Green Bond Framework. The Green Bonds have also received the Green and Sustainable Finance Certificate (Pre-issuance Stage) from the Hong Kong Quality Assurance Agency. The HKSAR Government has since published four annual reports on the allocation of the proceeds from previous green bond issuances and the expected environmental benefits of the projects financed.

The list of Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, and Joint Green Structuring Banks for the Green Bonds offering are set out at the attached Annex.

Investors' Distribution by Category

Category	RMB Green Bonds	USD Green Bonds	EUR Green Bonds
Banks	71%	57%	48%
Central banks, sovereign wealth funds and international organisations	13%	22%	14%
Fund managers, private banks, insurance companies and others	16%	21%	38%

Note: The RMB and EUR Green Bonds were offered in Reg S format and the USD Green Bonds in 144A / Reg S format (Note).

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