

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 (June 1) announced the successful offering of close to US\$6 billion worth of green bonds (the Green Bonds), denominated in US dollars (USD), euro (EUR) and Renminbi (RMB), under the Government Green Bond Programme.

Following a virtual roadshow on May 30, 2023, the Rule 144A / Reg S USD, and Reg S EUR and RMB multi-tranche Green Bonds were priced competitively on May 31, 2023 as follows:

- US\$500 million 3-year tranche at 4.341 per cent;
- US\$750 million 5-year tranche at 4.096 per cent;
- US\$1 billion 10-year tranche at 4.041 per cent;
- EUR750 million 4-year tranche at 3.406 per cent;
- EUR750 million 9-year tranche at 3.847 per cent;
- RMB6 billion 2-year tranche at 2.700 per cent;
- RMB6 billion 5-year tranche at 2.950 per cent; and
- RMB3 billion 10-year tranche at 3.300 per cent.

The offering included different types of currencies and tenors, which continued to attract a wide spectrum of investors and was well received, with close to US\$30 billion equivalent in orders. In particular, the RMB tranches were expanded from a combined RMB10 billion from the January 2023 issuance to RMB15 billion this time, with the additional issuance of a new 10-year RMB tranche.

The Financial Secretary, Mr Paul Chan, said, "The enthusiasm for Hong Kong green bonds from global investors demonstrates their recognition of Hong Kong's efforts in green and sustainable development. The offering has included our first 10-year RMB green bond, which helps to extend the offshore RMB yield curve and continues to enrich offshore RMB product offerings, promoting RMB internationalisation in an orderly manner. We will continue to regularly issue green bonds to promote innovation and further development of the market."

The Green Bonds are being issued 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 June 7, 2023 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 the sustainable development of Hong Kong.

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 that will improve the environment and facilitate the transition to a low carbon economy. The Framework was subsequently updated in February 2022, reflecting the Government's latest climate commitments and strategy 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 three annual reports on the allocation of the proceeds from previous green bond issuances and the expected environmental benefits of the projects financed.

Crédit Agricole CIB and HSBC acted as Joint Global Coordinators, Joint Lead Managers, Joint Bookrunners and Joint Green Structuring Banks for all tranches. For the USD and EUR tranches, Citigroup and J.P. Morgan acted as Joint Global Coordinators, and together with BNP PARIBAS, BofA Securities, Morgan Stanley and UBS acted as Joint Lead Managers and Joint Bookrunners. Mizuho acted as Joint Lead Manager and Joint Bookrunner for the USD tranches. For the RMB tranches, Bank of China (Hong Kong) and ICBC (Asia) acted as Joint Global Coordinators, and together with Bank of Communications and Standard Chartered Bank as Joint Lead Managers and Joint Bookrunners.

Investors' Distribution by Category

| Category | USD Green Bonds | EUR Green Bonds | RMB Green Bonds |
|---|-----------------|-----------------|-----------------|
| Banks | 39% | 43% | 74% |
| Central banks, sovereign wealth funds and international organisations | 20% | 26% | 14% |
| Fund managers, private banks, insurance companies and others | 41% | 31% | 12% |

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