

## Opening remarks by SFST at press conference on launch of retail green bond (with photos/video)

Following are the opening remarks by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the press conference on the launch of retail green bond today (September 5):

The Financial Secretary announced in the 2023-24 Budget that the Government would issue retail green bond again this year, so as to facilitate market development and at the same time offer members of the community investment options with steady returns. Today, I am very pleased to announce the details of the issuance at this press conference.

To demonstrate the Government's commitment to combating climate change and promoting green finance, as well as developing Hong Kong into a more sustainable and liveable city, we launched the Government Green Bond Programme back in 2018, and have so far issued close to US\$22 billion worth of green bonds involving various currencies across different tenors. These issuances were very well received by investors and have achieved a number of breakthroughs, establishing important benchmarks for the market. For instance, the inaugural retail green bond issued last year was well received by the public and was the world's largest retail green bond at issuance. We also issued a tokenised green bond this year, which was the first of its kind issued by a government globally. The issuance demonstrated our capacity in providing a flexible and favourable legal and regulatory environment for innovative forms of bond issuance.

The target size for the upcoming retail green bond issuance is HK\$15 billion. Depending on the market conditions, the Government may consider increasing this amount to a maximum of HK\$20 billion. The retail green bond will have a tenor of three years and the bond holders will be paid interest once every six months at a rate linked to the inflation in Hong Kong, subject to a minimum rate of 4.75 per cent. The subscription period will start from September 18, which is the Monday after next, to September 28, which is the last Thursday of this month. Hong Kong residents, i.e. holders of valid Hong Kong identity card, may apply through specified placing banks, securities brokers or the Hong Kong Securities Clearing Company Limited. To align with the overarching message of environmental awareness, we encourage investors to make use of electronic application channels.

The proceeds of Government green bonds will be credited to our Capital Works Reserve Fund to finance or refinance green projects with environmental benefits. The Steering Committee on the Government Green Bond Programme, chaired by the Financial Secretary, has been overseeing the implementation of the Programme including the use and management of proceeds, the selection of eligible projects and the publication of Green Bond Reports to provide

information on the allocation of proceeds and expected environmental benefits of green projects on an annual basis.

For reference, some examples of eligible green projects include:

- (i) "Drainage improvement works in Tsim Sha Tsui" under the category of "Climate change and adaptation";
- (ii) "North East New Territories sewerage system upgrade" under the category of "Water and wastewater management"; and
- (iii) "The establishment of Government Chinese Medicines Testing Institute in Tseung Kwan O" under the category of "Green buildings".

Now, I would like to invite HKMA (Hong Kong Monetary Authority) colleague Darryl (Deputy Chief Executive of HKMA Mr Darryl Chan) to further introduce the details of this offering.

