

**Legislative Council Panel on Financial Affairs**

**Follow-up actions arising from the meeting on 4 November 2019**

**Agenda Item IV — Briefing by the Secretary for Financial Services and the Treasury on the Chief Executive’s 2019 Policy Address**

In response to the request of the Legislative Council Panel on Financial Affairs at the meeting on 4 November 2019, we would like to provide the following information for Members’ reference.

**Green bonds**

2. With a view to developing and consolidating Hong Kong’s position as a leading hub for green finance in the region, we continue our role as a “facilitator” and provide the necessary infrastructure to promote market development. Among other initiatives, we launched in 2018 the Green Bond Grant Scheme to subsidise eligible green bond issuers in obtaining certification under the Green Finance Certification Scheme, and the Pilot Bond Grant Scheme to attract enterprises to issue bonds (including green bonds) in Hong Kong for the first time.
3. In 2018, green bonds arranged and issued in Hong Kong reached US\$11 billion, a more than two-fold increase from US\$3 billion in 2017<sup>1</sup>. By issuer origin, Hong Kong entities accounted for US\$2 billion, or 17% of the total green bond issuance in 2018, while the remaining US\$9 billion (83%) were by non-Hong Kong-based entities, among which Mainland Chinese entities accounted for issuance totalling US\$7 billion (64%). By sector, real estate companies (15%), energy firms (14%) and other corporates (20%) contributed almost half of the total green bond issuance in 2018. Financial institutions made up 36% of the total, while the rest (15%) were from multilateral development banks (e.g. the Asian Development Bank and the European Investment Bank).
4. In May 2019, the inaugural green bond under the Government Green

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<sup>1</sup> Source: Climate Bonds Initiative.

Bond Programme was issued, with a size of US\$1 billion and a tenor of five years. We will consider future issuance arrangements under the programme having regard to the domestic and global market conditions. We will also continue to capitalise on the opportunities arising from the development of the Guangdong-Hong Kong-Macau Greater Bay Area and the Belt and Road Initiative and attract more entities to arrange financing for their green projects through our capital markets in Hong Kong.

### **Companies in Hong Kong with Parent Companies Located outside Hong Kong**

5. According to the 2019 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong conducted by the Census and Statistics Department and Invest Hong Kong, there are 5 354 overseas and Mainland companies in Hong Kong from the “financing and banking” sector and “import/export trade” sector. Among these 5 354 companies, 917 are regional headquarters. The survey does not cover local companies which do not have parent companies outside Hong Kong. The above figures do not represent all companies/regional headquarters in Hong Kong from these two sectors.

### **New loan guarantee product under the SME Financing Guarantee Scheme**

6. With the funding approval of the Finance Committee of the Legislative Council on 6 December 2019, the 90% guarantee product under the SME Financing Guarantee Scheme has been introduced on 16 December 2019 to provide support to smaller-sized enterprises and businesses with relatively less operating experience, as well as professionals seeking to set up their own practices, to obtain financing. Under the new product, the Government will provide 90% guarantee for eligible commercial loans of up to \$6 million per enterprise, with a maximum loan guarantee period of five years.

**Financial Services and the Treasury Bureau  
Commerce and Economic Development Bureau  
Hong Kong Monetary Authority  
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