

香港特別行政區政府
財經事務及庫務局
財經事務科
香港添馬添美道二號
政府總部二十四樓



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FINANCIAL SERVICES BRANCH
FINANCIAL SERVICES AND
THE TREASURY BUREAU
GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

24TH FLOOR
CENTRAL GOVERNMENT OFFICES
2 TIM MEI AVENUE
TAMAR
HONG KONG

電話 TEL.: (852) 2810 2150
圖文傳真 FAX.: (852) 2856 0922
本函檔號 OUR REF.: B&M/3/1/4C
來函檔號 YOUR REF.:

12 November 2019

The Hon Chu Hoi-dick
The Hon Au Nok-hin
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong

Dear Hon Chu and Hon Au,

Progress of Issuance of Green Bond in 2019

Thank you for your letter of 25 October 2019. The inaugural green bond under the Government Green Bond Programme was issued on 28 May 2019, with an issuance size of US\$1 billion and a tenor of five years. Please refer to the press release issued on 22 May at [Annex](#) for the details. We will consider future issuance arrangements under the programme having regard to the domestic and global market conditions.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Candy Lau'.

(Ms Candy Lau)
for Secretary for Financial Services
and the Treasury

c.c. The Hon Chan Kin-por, GBS, JP
Chairman, Finance Committee of the Legislative Council

The Hon Christopher Cheung Wah-fung, SBS, JP
Chairman, Legislative Council Panel on Financial Affairs

Press Releases

HKSAR Government's Inaugural Green Bond 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 announced the successful offering of its inaugural Green Bond (the Green Bond) under the Government Green Bond Programme.

The Green Bond, with an issuance size of US\$1 billion and a tenor of 5 years, is a landmark transaction which sets an important new benchmark for potential issuers in Hong Kong and the region.

Following a global roadshow commencing on May 10, covering Hong Kong, London, Paris, Frankfurt, Amsterdam, Boston, New York and Singapore, the Rule 144A/Reg S USD Green Bond was priced on May 21 at 2.555% (32.5 basis points over 5-year US Treasuries). Despite the recent financial market volatility, the Green Bond saw strong demand from global investors, attracting orders exceeding US\$4 billion, which was more than 4 times the issuance size, allowing the final pricing to be tightened by 17.5 basis points from the initial price guidance.

The deal attracted interest from a diverse group of conventional and green investors. Orders were received from over 100 global institutional investors, and 50% of the Green Bond was distributed to Asia, 27% to Europe and 23% to the United States. By investor type, 29% was distributed to banks, 30% to fund managers, private banks and insurance companies, and 41% to sovereign wealth funds, central banks and supranationals.

"We are pleased to see such strong demand for the HKSAR Government's inaugural Green Bond. The favourable response from global investors indicates not only their recognition of Hong Kong's credit strength, but also their support of Hong Kong's determination and efforts in promoting sustainable development and combatting climate change," the Financial Secretary of Hong Kong, Mr Paul Chan, said.

Mr Chan added, "The Green Bond has also received strong support from banks and service providers in Hong Kong throughout the preparation of the transaction, which is yet another demonstration of Hong Kong's strengths as a leading green finance hub in the region."

The Green Bond is expected to be settled on May 28 and listed on the Hong Kong Stock Exchange and the London Stock Exchange. The Green Bond has been assigned credit ratings of AA+ by S&P Global Ratings and AA+ by Fitch.

The Hong Kong Monetary Authority acts as the HKSAR Government's representative in the Green Bond offering under the Government Green Bond Programme. Proceeds raised under the Programme will be credited to the Capital Works Reserve Fund to finance or refinance public works projects that provide environmental benefits and support the sustainable development of Hong Kong.

In connection with the Programme, the HKSAR Government has published its Green Bond Framework, which sets out how the green bond proceeds will be used to fund projects that will improve the environment and facilitate the transition to a low carbon economy.

A Second Party Opinion has been obtained for the Green Bond Framework from Vigeo Eiris. The Green Bond has also received the 'Green Finance Certificate' (Pre-issuance) from the Hong Kong Quality Assurance Agency.

Credit Agricole CIB and HSBC acted as Joint Global Coordinators, Joint Lead Managers, Joint Bookrunners, and Joint Green Structuring Banks for the Green Bond offering.

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