



Financial Services and the Treasury Bureau
The Government of the HKSAR

Hong Kong as the Green and Sustainable Finance Hub: Investments with Returns and Purpose

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Policy Objectives and Market Overview

Policy Objectives and Green Transformation

- ❖ Mainland: Carbon emissions peak before 2030 and achieve carbon neutrality before 2060
- ❖ HK: Carbon neutrality by 2050 (Policy Address 2020)
- ❖ Finance should serve the real economy and promote green transformation in the context of economic and social development
- ❖ Enormous green finance opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development and the Belt and Road Initiative

Market Overview

- ❖ In 2020, US\$12 bn of green debt (including bonds and loans) was arranged and issued in HK. Cumulative green debt issuance amounted to over US\$38 bn by end 2020
- ❖ 1/3 of the green bond issuers in 2020 were 1st time issuers in HK
- ❖ More product types emerged: Sustainability, social and transition bonds, green and sustainability-linked loans
- ❖ 108 green / ESG related bonds are listed on the HKEX, amounting to over HK\$350 bn
- ❖ Over 60 ESG funds authorised by the SFC



Government Green Bond Programme and Grant Scheme

Government Green Bond Programme

- ❖ Two issuances raised US\$ 3.5 bn
- ❖ Breakthroughs for the recent issuance (US\$ 2.5 bn):
 - 1) World's largest US dollar government green bond deal;
 - 2) 30-year tranche being the longest tenor US\$ government green bond in Asia; and
 - 3) First "Global MTN Programme" by a government dedicated to green bond
- ❖ Further issuance totalling HK\$175.5 bn within the next 5 years, subject to market conditions
 - 1) More currency denominations (e.g. RMB)
 - 2) Retail offering

Green and Sustainable Finance Grant Scheme

- ❖ Provide subsidy for eligible bond issuers and loan borrowers to cover their expenses on bond issuance and external review services
- ❖ Encourages more financial and professional service providers and external reviewers to set foot in Hong Kong as a regional hub.



Taxonomy and Cross-Agency Steering Group

Taxonomy

- ❖ A technical study is being conducted under the International Platform on Sustainable Finance (IPSF), which was launched in October 2019 as a multilateral forum (China & EU are working jointly)
- ❖ HK aims to adopt the Common Ground Taxonomy which is being developed by the IPSF. Potential areas for local adaptation and application across the financial sectors are being explored

Cross-Agency Steering Group

- ❖ Climate-related disclosures and sustainability reporting: Support the future International Sustainability Standards Board under the International Financial Reporting Standards (IFRS) Foundation to develop a new standard
- ❖ Carbon market opportunities
- ❖ Centre for Green and Sustainable Finance: Capacity building and Data Repository



Policy Address 2021

- 1 Assess the feasibility of developing HK into a regional carbon trading centre**

- 2 HKEX will cooperate with Guangzhou Futures Exchange in financial product development related to carbon emission trading**

- 3 The Government will give favorable considerations to public works projects having significant contributions to carbon neutrality**





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Thank you