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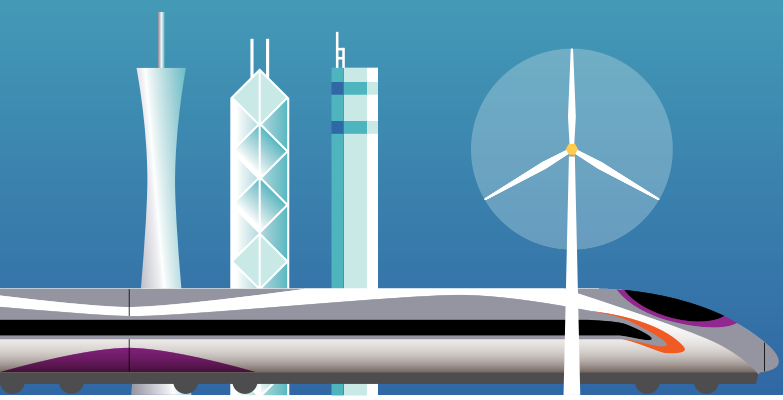
Climate Bonds INITIATIVE

HONG KONG

Green and Sustainable Debt Market Briefing 2022



Green theme dominated GSS+ bonds issued and arranged in Hong Kong

USD80.5bn GSS+ debt arranged and issued in HK in 2022; USD27.8bn bonds, and USD52.7bn loans

2022 Hong Kong market analysis

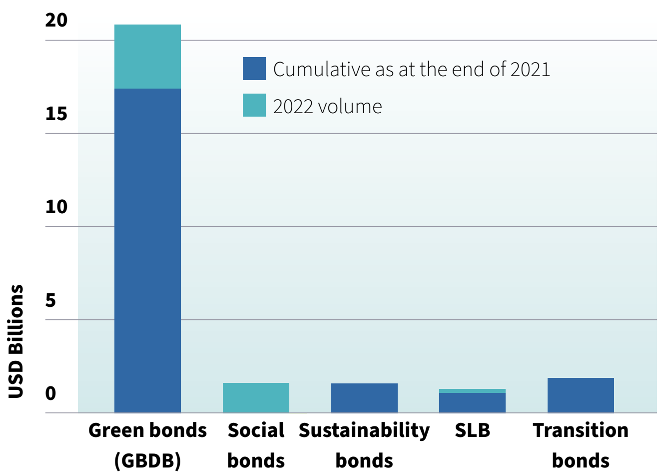
This is the fifth iteration of the Hong Kong Green Sustainable Debt Market Briefing, produced by the Climate Bonds Initiative (Climate Bonds) in association with the Hong Kong Monetary Authority (HKMA) and the Hong Kong Green Finance Association (HKGFA). This report covers analysis of green, social, sustainability, transition bonds, and sustainability-linked debt instruments (GSS+).[1] Using Climate Bonds' GSS+ datasets based on the place of risk and HKMA's approach by the place of arrangement or issuance, this series of reports provides a comprehensive overview of Hong Kong's green and sustainable debt finance market.

Background

Hong Kong has formulated its own climate goals and strategies in response to the Paris Agreement and the Central People's Government's decarbonisation agenda. In January 2017, the Government of the Hong Kong Special Administrative Region (HKSAR Government) announced Hong Kong's Climate Action Plan 2030+, setting a target of reducing the city's carbon intensity by 65% to 70% by 2030 from the 2005 baseline.[2] In November 2020, the Chief Executive of the HKSAR announced that Hong Kong would strive to achieve carbon neutrality before 2050.[3] Then, in October 2021, the city set out specific strategies and actions in Hong Kong's Climate Action Plan 2050. The HKSAR Government announced that it would devote about HKD240bn (USD31bn) to tackling climate change mitigation and adaptation over the following 15 to 20 years.[4]

Hong Kong continues to strengthen its presence as the green and sustainable finance (GSF) hub for the region, building on its established status as an international financial centre. In May 2020, the Green and Sustainable Finance Cross-Agency Steering Group (CASG) was established to support the orderly and credible scaling of Hong Kong's GSF market. The CASG is co-chaired by the HKMA and the Securities and Futures Commission (SFC); other members include the Financial Services and the Treasury Bureau (FSTB), the Environment and Ecology Bureau, the Hong Kong Exchanges and Clearing Limited (HKEX), the Insurance Authority, and the Mandatory Provident Fund Schemes Authority.

Green remained the largest GSS+ theme from Hong Kong issuers



Source: Climate Bonds Initiative

Overview of GSS+ market

In 2022, global GSS+ bond volumes fell year-on-year (YoY) for the first time in a decade as challenging macroeconomic conditions contributed to a drop in debt volumes across the board. GSS+ volume from Hong Kong issuers fell 60% YOY to USD5.3bn in 2022.[5] Green bonds aligned with Climate Bonds definitions (and consequently recorded in the Climate Bonds Green Bond Database (GBDB)) accounted for 65% of the annual GSS+ volume. Cumulatively, GSS+ bonds from Hong Kong issuers, and aligned with Climate Bonds definitions reached USD27.2bn by the end of 2022, with green theme taking up a 76% share.

Green

In 2022, Hong Kong's labelled green bonds dropped 49% YoY to USD7.0bn.

Climate Bonds identified USD3.4bn worth of Hong Kong green bonds aligned with the Climate Bonds definition in 2022, a 65% decline YOY. The expectations and consequences of rising interest rates fuelled the decline in bond issuance which extended to green bonds.

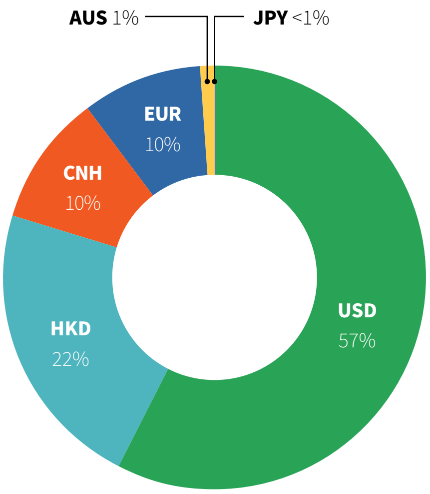
Climate Bonds updated its GBDB Methodology (Methodology) in July 2022 with tightened criteria in more established sectors such as buildings and transport. This resulted in the non-inclusion of some green bonds which could have been included under previous screening guidelines. For example, the updated Methodology now specifies a threshold of less than 50g CO2/p-km to the end of 2025 and zero emissions thereafter for low carbon vehicles. As the green bond market matures and the need to decarbonise becomes more pressing the assessment for inclusion in the GBDB will be further tightened and a more granular level of disclosure will be required.

The below analysis is based on the Climate Bonds GBDB as of 20 January 2023, unless otherwise specified.

The cumulative issuance from Hong Kong issuers included in the GBDB stood at USD20.8bn by the end of 2022. Issuance from the HKSAR government accounted for nearly half of the cumulative supply, followed by non-financial corporates and government-backed entities. Property companies such as **Swire Properties**, **New World Development**, **Hysan**, **Hong Kong Land**, **Zhenro Properties Group**, **Link REIT**, **Hang Lung Properties**, **Landsea Green Group** have issued green bonds. The most frequent issuer has been the **MTR Corporation**, the local railway operator, which started pricing green bonds in 2016.

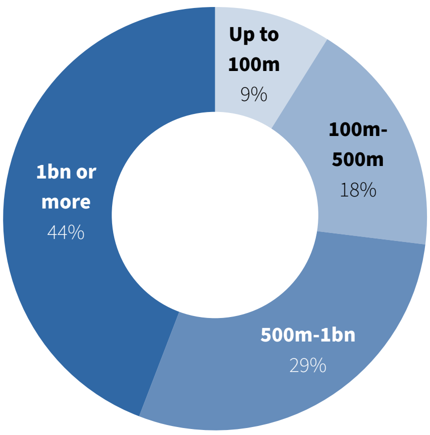
About 97% of Hong Kong green bonds (by volume) carried an external review by the end of 2022. Second-party opinions (SPOs) prevailed with a 90% share. Another 7% of volume had obtained another form of external review such as Climate Bonds Certification, assurance, or rating. Active external review providers included Vigeo Eiris (now part of Moody's ESG Solutions), the Hong Kong Quality Assurance Agency (HKQAA), Sustainalytics, CICERO Shades of Green (now part of S&P Global).

USD dominated Hong Kong green bonds (by cumulative volume at the end of 2022)



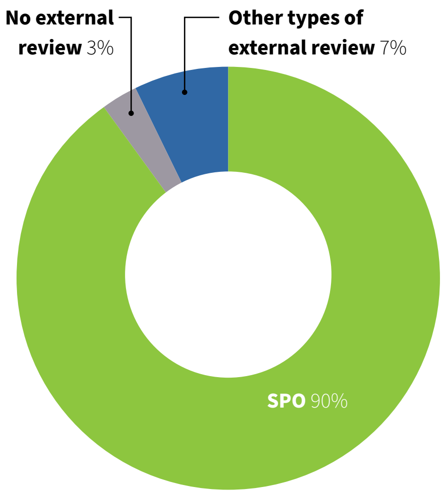
Source: Climate Bonds Initiative

Over 70% of Hong Kong green bond volume were benchmark sized (USD500m+)



Source: Climate Bonds Initiative

97% of green bond volume originating from Hong Kong obtained an external review



Source: Climate Bonds Initiative

Climate Bonds Green Bond Database (GBDB)

Climate Bonds screens self-labelled debt instruments from over 80 jurisdictions against the Methodology (2022 version) to inform inclusion in the Climate Bonds GBDB. By applying the standard methodology, this screening exercise allows cross-market comparison and global application.

Green Bond Database Methodology: key updates in 2022

Climate Bonds is dedicated to ensuring rigor and ambition in the green bond market and promoting a credible economy-wide transition toward a low carbon future.

Climate Bonds published its latest GBDB Methodology in July 2022, with tightened screening criteria in more established sectors such as building and transport. Major changes in assessment criteria are highlighted below.

Building

The assessment was tightened so that only higher rated, well-established international and local certification schemes and energy performance rating schemes are eligible for inclusion. For example, in previous approaches the GBDB Methodology accepted lower levels of building certification than the LEED Gold proxy used for Certification, and this is no longer acceptable.[6] Refer to Annex E of the 2022 edition for the list of Eligible Building Certifications.

In addition, The Methodology now specifies a threshold of 30% improvement in energy efficiency compared with a requirement of 'significant improvement' in the previous version.

Transport

The assessment is accompanied with more granular threshold indicators in certain subsectors. The updated Methodology now specifies a threshold of less than 50g CO2/p-km to the end of 2025 and zero emissions thereafter for low carbon vehicles (electric vehicles or EVs, hybrids and hydrogen fuel cell vehicles), as well as for public transport buses and coaches, and bus rapid transit (BRT).

The Methodology now also specifies the reporting metrics for ship vessels of 5,000 GT or above. Refer to Annex F of the 2022 edition for details.

Hydropower

The assessment for this asset category was updated along with the Climate Bonds Taxonomy, which focuses on the power density and GHG footprint of reservoirs. Consequently, the Methodology now adopts these specifications as compared to the previous version. Excluded deals may be included retroactively to reflect the evolution of scientific thinking.

HKSAR Government Green Bond Programme (GGB Programme)

Sovereign or government GSS+ bond issuers have the power to scale up green and sustainable finance more than any other issuer class. They make a special contribution to the market beyond capital raising.[7] The HKSAR Government has been a leader in issuing government green bonds (GGB) in the Asia Pacific region.

In recent years, the HKSAR Government has maintained a low profile in the international debt market, issuing three sukuk in 2014-2017 to support the development of that market. However, the HKD200bn HKSAR GGB Programme was established specifically to demonstrate the commitment to promoting green finance and transforming Hong Kong into a more sustainable and liveable city. It also served to develop the market by establishing benchmarks, demonstrating best practices in green bond issuance, and broadening green and sustainable finance offerings to attract more market participation from international investors.

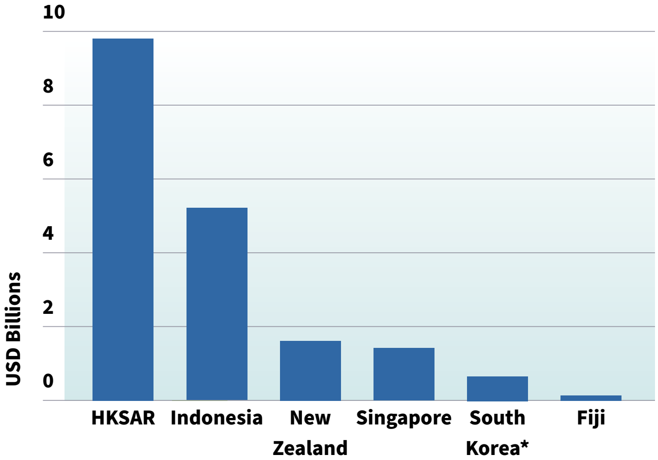
Starting in 2019, the HKSAR Government had priced ten green bonds amounting to USD9.8bn by the end of 2022 in a mixture of USD, EUR, CNY, and HKD. This volume is more than any other government in the Asia Pacific region, and similar to the combined sum of the sovereign deals from Indonesia, New Zealand, Singapore, and South Korea.[8] Hong Kong SAR was the first government to price an inflation linked deal when in May 2022, it added an HKD20bn (USD2.6bn) bond with a coupon linked to HKCPI. The deal was also the largest retail green bond globally, allowing residents to contribute directly to greening Hong Kong, while broadening the variety of retail financial products in the city.

In February 2022, the HKSAR Government published an updated version of its Green Bond Framework, reflecting Hong Kong's latest climate commitments and strategy and aligning with the latest international standards and practices in the green bond market. It also added climate change adaptation to the eligible project categories, to include projects and activities addressing extreme weather and climate events.

The HKSAR Government has published three post-issuance reports to inform the market of the allocation of the proceeds and the expected environmental benefits of the financed projects. The Use of Proceeds (UoP) has financed 45 eligible projects across four categories: green buildings, water and wastewater management, waste management and resource recovery, and energy efficiency and conservation.

Climate Bonds welcomes the best post-issuance reporting practices demonstrated in the GGB Programme and encourages private sector issuers to follow suit to enhance transparency and credibility in the market.

HKSAR leads government green bond issuance in the Asia Pacific region



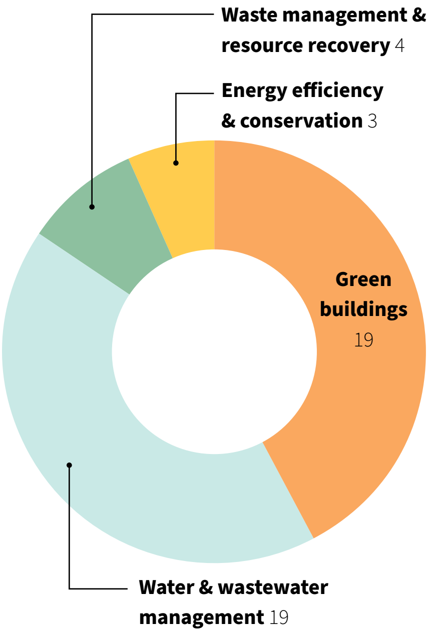
* South Korea issued a USD500m sovereign sustainability bond in 2019, which included green UoP. This deal is not included in this chart.

Source:Climate Bonds Initiative; as of end of 2022

HKEx remained most popular listing venue for China's offshore green bonds

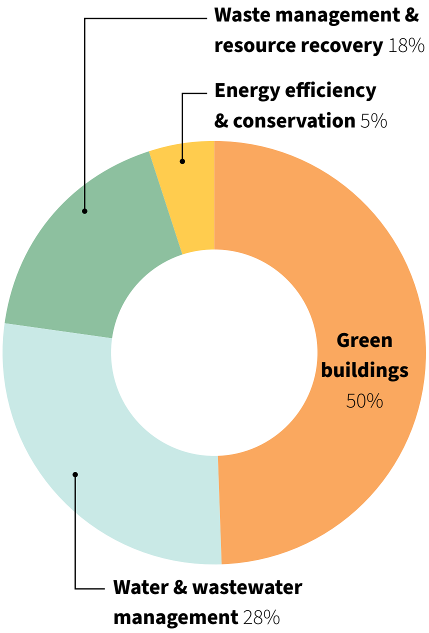
The Hong Kong Stock Exchange (HKEx) remained the largest venue for China's offshore green bond listings in 2022, taking up 43% of the offshore volume from Mainland China domiciled issuers. China's largest offshore deals in 2022, including those from the **Industrial and Commercial Bank of China (ICBC)**, **China Construction Bank**, **Bank of China**, **Industrial Bank**, **Agricultural Bank of China** and **Midea Investment Development**, have all used the HKEx as the or one of the offshore listing venue(s).

The GGB proceeds are used to fund 45 eligible projects from four eligible categories



Source: Climate Bonds Initiative

Green buildings take up about half of GGB proceeds (as of 31 July 2022)



Source: Climate Bonds Initiative

10 best practice post-issuance reporting recommendations:[9]

1. Make information easy to find.
2. Provide comprehensive reporting.
3. Report regularly and consistently.
4. Display information clearly with graphics, benchmarks, and comments.
5. Obtain post-issuance external reviews to confirm allocations and verify impact disclosure.
6. UoP: Disclose the funded projects both at- and post-issuance.
7. Impacts: Disclose methodologies and specify if metrics are estimated or measured
8. Impacts: Report absolute emissions reduction relative to a specified benchmark level.
9. Impacts: Provide project-level reporting with bond and programme-level summaries.
10. Deliver on reporting commitments.

Other thematic bonds

The emergence of other thematic bonds such as social, sustainability, sustainability-linked and transition bonds is essential to support the rapid transition to a sustainable economy. Climate Bonds launched its Social and Sustainability Bond Database (SSBDB) to complement its GBDB and provide a more complete snapshot of the GSS+ debt market. SSBDB offers transparency on global social and sustainability debt, ranging from individual deal-level analysis to the identification of general market developments and trends. Climate Bonds screens self-labelled UoP social and sustainability debt instruments as eligible for inclusion in the SSBDB against the SSBDB Methodology.[14] Climate Bonds records but does not yet screen transition-related bonds against thresholds or targets. As relevant criteria at both activity and entity level are developed, Climate Bonds will introduce screening for bonds and issuers in those sectors based on a publicly transparent methodology.

Social and sustainability

2022 marked the first social bonds from Hong Kong, with two issuers pricing a combined volume of USD1.6bn. Both were screened and added to Climate Bonds SSBDB. The **New World Development Company Limited (NWD)** issued a 5-year USD200m social bond, as part of a two-tranche deal under the NWD's Sustainable Finance Framework in June 2022. The net proceeds were earmarked to finance or refinance UoP in eligible social projects categories of access to basic infrastructure and essential services, affordable housing, social-economic advancement and employment generation.[15] **The Hong Kong Mortgage Corporation Limited (HKMC)** published its Social, Green and Sustainability Financing Framework (SGSF Framework) in September 2022, obtaining an SPO from Sustainalytics. In October, it priced a dual-tranche social deal comprising HKD8bn 2-year and CNH3bn 3-year bonds. The net proceeds were earmarked to finance or refinance loans under the Special 100% Loan Guarantee Scheme.[16] Other eligible social project categories under its SGSF Framework include access to essential basic services such as healthcare, affordable housing, access to affordable basic infrastructure and services, which can be mapped to the UN Sustainable Development Goals (SDG), specifically SDG 1, 3, 4, 6, 8, 9, 10, 11.[17]

Climate Bonds recorded no sustainability bonds from Hong Kong issuers in 2022. Cumulative volume remained USD1.6bn, all priced in 2021.

SLB and Transition

Climate Bonds recorded one SLB deal from a Hong Kong issuer in 2022, bringing the cumulative volume to USD1.3bn by the end of 2022. The **Towngas Smart Energy Company limited** (Towngas Smart Energy) raised USD200m through a 5-year SLB in April 2022. The bond was set up against two Sustainability Performance Targets (SPTs), including the total photovoltaic installed capacity and the solar energy sales to total energy sales ratio with an observation date on 31 December 2025.[18] Non-fulfilment of the SPTs would result in a 25bp coupon step-up. Towngas Smart Energy announced its plan to expand into the renewable energy sector at the end of 2021.[19]

Climate Bonds recorded no transition bonds from Hong Kong issuers in 2022. The cumulative volume remained the same as of end of 2021 at USD1.9bn.

Hong Kong plays a pivotal role linking Mainland China and the world

Hong Kong is the dominant offshore financing platform for Mainland China companies, and as such can channel the financing needs of the Mainland's vast decarbonisation efforts and support its green transition.

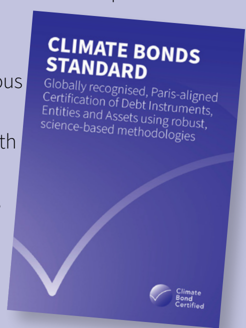
Local governments have leveraged this opportunity. The Shenzhen Municipal People's Government first issued offshore municipal government bonds in 2021, and in November 2022, priced a further RMB5bn (USD742m) which included RMB2.6bn (USD386m) in green and blue bonds.[10] The People's Government of Hainan Province also priced its inaugural issuance of RMB5bn (USD742m) in offshore bonds in Hong Kong in the same month, comprising blue and sustainable bonds.[11]

The Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area or GBA) is a pilot zone, set up to identify innovative solutions to improve cross-border capital flow towards green and sustainable activities. The findings and recommendations emerged from the GBA-GFA (Guangdong-Hong Kong-Macao Greater Bay Area Green Finance Alliance) platform could inform financial policy decisions in the GBA and inspire more pilot cross-border actions. The seven working groups under the GBA-GFA have explored various aspects around the formulation of the Common Ground Taxonomy (CGT)-based taxonomies , mutual recognition of standards and verification services, green buildings, deep decarbonisation road map and transition finance, low-carbon transition of supply chains, green technology, and climate investment funds.[12] Research conducted by the Standard Chartered and World Resources Institute estimated that an additional USD1.84tn would be needed to achieve carbon neutrality in the GBA by 2060, pointing to the greatest potential of emission reduction from clean electrification across sectors such as manufacturing, road transport and green buildings.[13]

Climate Bonds expands its Certification Scheme to include corporate entities and SLBs

Certification under the Climate Bonds Standard v4 (CBS v4) has expanded beyond UoP bonds to include non-financial corporates and their SLBs. Launched in Q1 2023, the new CBS v4 is a major development for Climate Bonds, which has driven credible climate financing for over a decade. Drawing from its experience in developing detailed sector criteria for assets, activities and investments, Climate Bonds can also provide transparent science-based criteria for non-financial corporate entities, credible SLBs and similar instruments, and assurance for investors that sustainability requirements have been met in respect of any certified issuance.

This work goes beyond sectoral transition pathways and includes key governance elements that indicate a company's preparedness to transition to net zero. Certification will be available for corporates with emissions already near zero as well those with activities in the high emitting sectors, providing the corporate has suitably ambitious performance targets and credible transition plans. CBS v4 enables corporates aligned with 1.5-degree pathways, or those that will be aligned by 2030, to obtain certification. SLBs issued by and in respect of the activities of qualifying non-financial corporates can also be certified under the CBS v4.



Market dynamics from a broader perspective

To reflect the size of Hong Kong as an international financial centre for green and sustainable debt issuance, the HKMA adopts a different methodology from Climate Bonds in measuring the size of the green and sustainable debt market.

GSS+ debt issued in Hong Kong increased by over 40% YoY to reach USD80.5bn in 2022 according to HKMA

Instrument type	Issuance volume in 2022	YoY Change (%)
Bonds	27.8bn	-11.2%
Loans	52.7bn	+109.1%
Total	80.5bn	+42.5%

Over USD27bn of GSS+ bonds were arranged in Hong Kong in 2022, capturing more than one-third of the Asian green and sustainable bond market.

- Despite the overall challenging market environment, the GSS+ bond issuance segment in Hong Kong remained relatively stable with a modest 11% decrease YOY and an issuance volume of USD27.8bn in 2022.
- Green and sustainability bonds collectively made up over 90% of the market. Social bonds and SLBs remained niche with around 6% and 2% share respectively.
- Private sector issuers, particularly financial institutions (35%) and real estate corporates (17%), formed the bulk of the issuer universe for GSS+ bonds in Hong Kong.
- Mainland entities continued to drive market growth, accounting for over 80% of GSS+ bonds by issuance size.

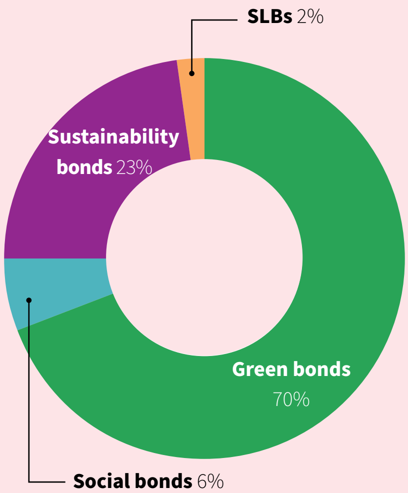
Over USD52bn of GSS+ loans were issued in Hong Kong in 2022, more than double 2021.

- SLLs accounted for over two-thirds of the GSS+ loan market in Hong Kong. Loans (as opposed to bonds) have been widely adopted as a general corporate purpose green financing tool.
- Similar to GSS+ bonds, financial institutions and real estate corporates were the major borrower groups, collectively accounting for over 50% of the GSS+ loan liabilities in Hong Kong.

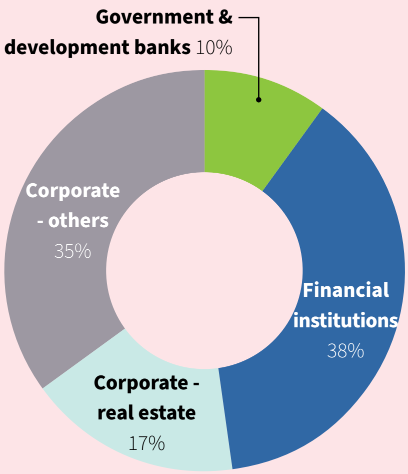
Coverage of GSS+ instruments by Climate Bonds and HKMA in comparison

Data coverage	Climate Bonds Initiative	HKMA
Instrument type	Bonds (Green, Social, Sustainability, Transition, SLB)[20]	Bonds (Green, Social, Sustainability, SLB) and Loans (Green, Social, SLL)
Scope	Instruments from Hong Kong issuers[21]	Bonds arranged in Hong Kong,[22] and loans issued in Hong Kong[23]

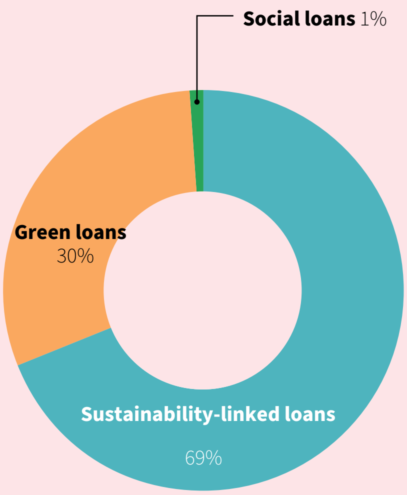
Green bonds remained the major type of GSS+ bonds



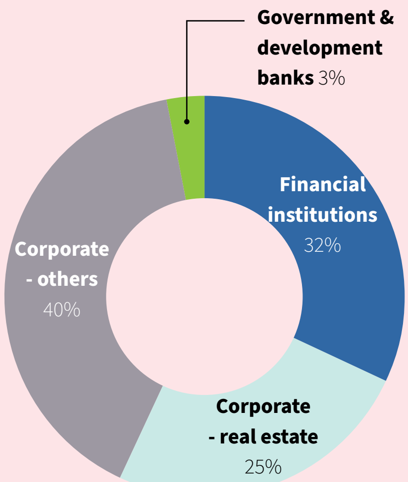
Corporate issuers accounted for 90% of GSS+ bond issuance



SLLs made up over two-thirds of the GSS+ loan market



Financial institutions and real estate corporates were collectively major GSS+ loan borrowers



All graphs: HKMA, according to HKMA methodology

Market development and outlook

2022 saw a sharp drop in GSS+ bond volume originating from Hong Kong issuers but witnessed tremendous growth in labelled green and sustainable debt (bonds and loans) arranged in the territory. This reflects Hong Kong's growing importance as a regional and international GSF hub.

Globally, some progress has been made in the development of green finance, but more needs to be achieved to reach transition to net-zero. More than USD2tn of green bonds have been issued to date but the market must grow aggressively to reach Climate Bonds' target of USD5tn per year by 2025. Hong Kong can play an important role to mobilise the capital flow required to support both its own transition and that of Mainland China, contributing to building a green and sustainable future for generations to come.

Climate Bonds highlights three drivers of growth for Hong Kong's GSS+ market in 2023 and beyond.

1. HKSAR Government is committed to the achievement of its climate goals and its position as a GSF hub for the region

Tackling climate change has the potential to power vast economic growth. As Asia's international financial centre, Hong Kong is a strategically placed GSF financing platform and can galvanise action on transition while addressing its own climate agenda.

In the next five financial years starting from 2023-24, the HKSAR Government plans to increase annual green bond issuance under the GGB Programme to HKD65bn (USD8.3bn), as well as expand the scope to cover sustainable finance projects.[24] The scale of this contribution will continue to develop the local GSS+ market by increasing the types of projects, currencies, and products, attracting a broader range of investors and issuers to join the space. Meanwhile, government participation in the GSS+ bonds, relying on stringent reporting and verification practices, brings visibility to the highest standards of integrity and helps set expectations of the private sector.[25] These actions will guide high-quality development in Hong Kong's GSS+ debt market.

The HKSAR Government actively encourages more issuers to join the GSS+ market with credible bonds meeting the expected standards through initiatives such as it Green and Sustainable Finance Grant Scheme.[26] Administered by the HKMA, the scheme has subsidised eligible bond issuance and external review expenses for GSS+ debt instruments issued in Hong Kong since its launch in 2021. Issuers have embraced the scheme, and grants for over 230 GSS+ debt instruments had been awarded by the end of April 2023. This has enriched the overall GSF ecosystem in Hong Kong by attracting more financial institutions and external reviewers to set up or expand their presence locally.

2. Clear definitions to underpin further scaling

The HKMA is leading the development of a Hong Kong green classification system (taxonomy). The resulting taxonomy will facilitate easy navigation among the CGT, the Mainland China and the European Union's taxonomies.[27] A well-defined green bond taxonomy can mitigate greenwashing which can impede progress to address climate change and pose financial stability implications.[28]

Climate Bonds Standard v4 offers certification for SLB instruments, assets, and whole entities, and can contribute to an inclusive transition. The G20 Transition Finance Framework published in 2022 also provides an important building block, based on which various markets can develop measures to accelerate transition finance.

Moreover, the current rulesets around green investments are being broadened to encompass resilience. This moves beyond investments that reduce direct physical impacts of extreme weather and includes those that address the underlying vulnerability of people and ecosystems to climate change. This is particularly pertinent for Hong Kong which is vulnerable to the impacts of extreme weather events such as typhoons and heavy rainfalls, as experienced in recent years.

3. Hong Kong can scale access to international finance for Mainland China.

Hong Kong has vast potential to channel the decarbonisation and transition financing needs of Mainland China due to its strategic position and high-profile within the international finance community. This power is being further amplified through initiatives such as a local taxonomy, the Government Green Bond Programme, and the resultant green finance infrastructure that continues to develop.

Issuers from the public and private sectors can leverage this potential to scale up their financing needs following the likes of the local governments of Shenzhen and Hainan Province (described above). Hong Kong's presence in regional and international markets can introduce a broader range of investors to support China's transition, but more urgently, can increase the investment opportunities for those with dedicated mandates seeking to diversify sustainability portfolios.

Endnotes

1. Climate Bonds does not have coverage on sustainability-linked loans (SLLs).
2. The HKSAR Government press release. 20 January 2017. *Hong Kong's Climate Action Plan 2030+ announced*. https://www.info.gov.hk/gia/general/201701/20/P2017012000736.htm
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4. The HKSAR Government press release.8 October 2021. *Government announces Hong Kong's Climate Action Plan 2050.* https://www.info.gov.hk/gia/general/202110/08/P2021100800588.htm
5. Climate Bonds Initiative does not cover green loans in this report.
6 Climate Bonds Initiative. 2022. Green Bond Database Methodology. https://www.climatebonds.net/files/files/CBI_Method_Criteria_03A.pdf
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8. They city has issued an equivalent of nearly USD16bn green bonds as of end of April 2023. HKMA. 22 April 2023. Sustainability Report 2022. https://www.hkma.gov.hk/eng/data-publications-and-research/publications/sustainability-report/2022/
9. Climate Bonds Initiative. March 2019. *Post-issuance reporting in the green bond market*. https://www.climatebonds.net/files/reports/cbi_post-issuance-reporting_032019_web.pdf
10. The average exchange rate of USDCNY in 2022 of 6.7366 is used for conversion.
11. The Hainan Province blue bond of RMB1.2bn issued in November 2022 was not included in the Climate Bonds GBDB, because Climate Bonds Taxonomy does not cover assessment against sustainable fishery and aquaculture, which was part of its Green, Social, Blue and Sustainability Framework.
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17. HKEX. 26 October 2022. *HKMC Offering Circular.* https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1026/2022102600165.pdf
18. Two observation dates are set in the Towngas Smart Energy Sustainability-Linked Financing Framework: 31 December 2025 and 31 December 2028.
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20. The coverage in the 2021 Hong Kong Green and Sustainable Market Briefing included loans. Climate Bonds did not record any green loans in 2022 coverage. Climate Bonds screen labelled green bonds, labelled social and sustainability bonds for inclusion in its databases.
21. Climate Bonds refers to the following rule to determine how to assign a country/jurisdiction to each bond. For unsecured bonds, the country/jurisdiction is determined by the issuer's domicile. If it is a wholly-owned subsidiary, it becomes the parent group's domicile. For secured bonds, the location of the assets being used as collateral is considered. However, a parent guarantee or other recourse to a parent company in another domicile would influence the determination. Climate Bonds does not take currency denomination, listing venue, or similar factors into account to determine the country/jurisdiction.
22. The HKMA considers a bond as arranged in Hong Kong if the majority of its arranging activities takes place in Hong Kong.
23. The HKMA considers a loan as issued in Hong Kong if bank branches in Hong Kong represent most of the lender commitments.
24. The HKSAR Government. *The 2023-24 Budget*. https://www.budget.gov.hk/2023/eng/index.html
25. BIS quarterly review. September 2021.*Sovereign and sustainable bonds: challenge and new options.* https://www.bis.org/publ/qtrpdf/r_qt2209d.htm
26. For details of the Green and Sustainable Finance Grant Scheme, please refer to the HKMA website at https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/bond-market-development/tax-concessions-and-incentive-schemes/
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