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HSBC SUPPORTS ZHUHAI HUAFA GROUP TO ISSUE ITS FIRST DIGITAL BOND OF RMB1.4 BILLION

**** First digital bond dual-listed in Hong Kong and Macau ****

**** Accessible to onshore investors through the Southbound Bond Connect****

**** Zhuhai Huafa signals intent to be among the first to apply for the HKMA's
Digital Bond Grant Scheme****

HSBC has supported Zhuhai Huafa Group in its inaugural 3-year 1.4 billion RMB-denominated digital bond offering, using HSBC Orion as the digital assets platform.

Following HSBC's issuance of Hong Kong's first private sector digital bond in September, this transaction marks a major step forward in advancing the development of digital bonds in the city and globally.

The issuance is the first digitally native bond issued by a corporate entity in Greater China. Dual-listed in Hong Kong and Macau, it also extends access for onshore Chinese investors through the Southbound Bond Connect scheme.

John O'Neill, Group Head of Digital Assets & Currencies, HSBC, said: "This new issuance brings together several significant developments for digital bonds in Hong Kong. This is the first digital bond dual-listing between Hong Kong and Macau, and also accessible under the Southbound Bond Connect scheme, further adding liquidity. We look forward to further issuances on HSBC Orion in 2025."

With Zhuhai Huafa Group signaling its intent to apply, this issuance is set to be among the first qualifying for the Hong Kong Monetary Authority (HKMA)'s Digital Bond Grant Scheme.

Announced in the 2024 Policy Address, the HKMA's Digital Bond Grant Scheme aims to promote the development of the digital securities market and encourage broader adoption of tokenisation technology in capital market transactions. A maximum grant of HKD2.5 million will be offered to each eligible digital bond issuance in Hong Kong.

HSBC acted as Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager, Billing and Delivery Bank, Paying Agent and Digital Platform Provider for the transaction. Issued on HSBC Orion, the Bank's digital assets platform deployed to the Central Moneymarkets Unit (CMU) in Hong Kong,

this arrangement enables global investor access through the CMU's accounts and via linkages with international central securities depositories.

In February 2024, using HSBC Orion as the digital assets platform, HSBC successfully helped the HKMA complete a HKD6 billion-equivalent digitally native green bond issuance for the Hong Kong government across four currencies (HKD, CNH, USD, EUR). This remains the largest digital bond issuance globally, as well as the first multi-currency digital bond issuance.

The Hongkong and Shanghai Banking Corporation Limited also successfully issued their inaugural 1 billion Hong Kong dollar-denominated Senior Unsecured Fixed Rate Digitally Native Notes on HSBC Orion in September 2024. It was the first digitally native bond by a private sector issuer in Hong Kong as well as the first English Law digital bond issuance in Hong Kong.

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Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 60 countries and territories. With assets of US\$3,099bn at 30 September 2024, HSBC is one of the world's largest banking and financial services organisations.

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