

Press release

Ministry of Finance issues RMB sovereign bonds for fourth time in Hong Kong

Thursday, June 28, 2012

The Ministry of Finance's issuance of Renminbi (RMB) sovereign bonds in Hong Kong again would bring about mutual benefits and a win-win situation to both the Mainland and Hong Kong through the complementary effects and interaction of the two financial systems, the Chief Executive, Mr Donald Tsang, said at the launching ceremony for RMB sovereign bonds today (June 28).

This year marks the 15th anniversary of the establishment of the Hong Kong Special Administrative Region Government. Mr Tsang thanked the Central Government for its full support for the development of offshore RMB business in Hong Kong, and welcomed the Ministry of Finance's issuance of sovereign bonds totalling RMB23 billion in the city. The Vice Minister of Finance, Mr Li Yong; the Director-General of the Ministry of Finance, Ms Sun Xiaoxia; the Financial Secretary, Mr John C Tsang; and the Secretary for Financial Services and the Treasury, Professor K C Chan, also attended the launching ceremony.

Speaking at the ceremony, Mr Tsang said that the Ministry of Finance had introduced new elements for this tranche of RMB sovereign bonds, which included the inaugural offer of RMB sovereign bonds with a 15-year tenor for institutional investors to help set the benchmark yield for long-term RMB bonds in Hong Kong.

"Another highlight of this round of issuance is the Ministry of Finance's special placement of RMB sovereign bonds, totalling RMB2 billion, to overseas central banks for the first time. This serves to meet the needs of countries wishing to hold RMB as their reserve currency," Mr Tsang said.

He noted that these initiatives fully show the Central Government's determination to issue sovereign bonds in Hong Kong on a long-term basis. With the prevailing Eurozone debt crisis and uncertainties in the global economy, the offer of RMB sovereign bonds to overseas central banks would not only provide the central banks with a new and safe channel for capital flow, but also help expand the investor base for sovereign bonds to further promote the internationalisation of the RMB.

"I believe the inaugural listing of RMB sovereign bonds on the Stock Exchange of Hong Kong will increase institutional investors' recognition of sovereign bonds and encourage listing of more RMB bonds in Hong Kong. The status of the Stock Exchange of Hong Kong as a secondary market for transactions of RMB products will thus be enhanced," Mr Tsang added.

In 2009 the Ministry of Finance issued RMB sovereign bonds totalling RMB6 billion for the first time in Hong Kong. The second issuance of sovereign bonds in 2010 saw an increase in the total amount to RMB8 billion. The amount of issuance was then increased significantly to RMB20 billion last year.

Mr Tsang said, "We will strive to strengthen financial co-operation with the Mainland to foster regional economic growth and further contribute to China's overall development."

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