



MF Case 1: Beijing, China

Beijing Automobile Co., Ltd issues green enterprises bonds

Project introduction

The bond is the first green corporate bond in the domestic market and the domestic corporate bond issued by the first H-share listed company. The green bond has been Realized the green bond from the institutional framework to the product launch and the new green financing channel has been expanded. It has the important significance in the construction of Chinese green finance system.

Issuer	Beijing Automobile Co., Ltd.
Issue Time	April 22, 2016
Circulation	2.5 billion RMB
Currency	RMB
Credit Rating	The main AAA, debt AAA
Rating Agencies	Dagong International Credit Rating Corporation
Nature of Debt	Corporate Debt
the Term	7 years, install the issuer to adjust the coupon rate options or investors to sell back options at the end of the fifth year
Coupon rate	Fixed rate. The coupon interest rate for the first five years of the bond's life is Shibor benchmark interest rate plus the basic spread
Underwriters	HaiTong Securities, Industrial and Commercial Bank of China
Green Certification Body	Null
Investment of Fund raising	1.5 billion for the Beijing Automotive Zhuzhou base technological transformation and expansion project, mainly for technological innovation, expand production capacity, 1 billion for the replenishment of working capital

Lessons learnt

- The NDRC stipulates that "allowing enterprises to use up to 50% of the funds raised by bonds for the repayment of bank loans and replenishment of working capital". This provides a policy dividend for the issuance of green bonds to improve the financing structure. This stipulation in the early stages of green market can play a role in stimulating the issuance of green bonds and activating the market.
- In 2016, China issued 27 green corporate bonds, corporate bonds and medium-term notes totally in an amount of 40.5 billion RMB. This part of the enterprise is actually the subject of

green project construction. In the first year of green bonds, Chinese enterprises can actively participate in the issuance of green bonds and made remarkable achievements in the development. On the one hand, it shows that Chinese enterprises recognize and support green finance. On the other hand, it also proves that green bonds have unique product charm.

- Enterprises issue green bonds, also face the issue of high costs, strict disclosure requirements and other issues. In order to raise the enthusiasm of enterprises to issue green bonds, the state-owned and local policy-making organs may consider introducing some measures such as discount and guarantee to reduce the financing cost of green bonds.

References

<https://www.climatebonds.net/2016/05/gb-market-report-burgeoning-chinese-market-baic-motors-issues-1st-green-bond-state-owned>

Credentials

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