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HSBC Amanah Arranges First ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk for Leader Energy

The debut sukuk of MYR260 million for Leader Energy will fund two solar photovoltaic power projects in Kedah

HSBC Group, through HSBC Amanah Malaysia Berhad (HSBC Amanah) was lead arranger for the Group's first ASEAN Green Sustainable and Responsible Investment (SRI) Sukuk for Leader Energy Sdn Bhd (Leader Energy), an investment holding company 100% owned by HNG Capital Group that is focused on renewable power generation.

HSBC Amanah also acted as the Sole Principal Adviser and Sole Lead Manager on the successful issuance of this multi-tranche 1 to 18-year MYR260 million Sukuk Wakalah which also marks Leader Energy's debut project financing issuance in the Malaysian Ringgit Bond market.

Part of Penang-based HNG Capital Group, the Group's power business segment is principally involved in the power generation and transmission sector, mainly through owning and operating power plants in the ASEAN region. At present, the Group is largely focused on renewable energy projects in Malaysia and Vietnam.

Proceeds of the sukuk will be used to refinance existing HSBC facilities which were granted to support the development of two large scale solar photovoltaic power projects in Kuala Muda, Kedah with a combined capacity of 49MWac. The two projects are operating under concessions awarded pursuant to Malaysia's Large-Scale-Solar LSS1 and LSS2 energy bidding programmes by the Energy Commission of Malaysia.

This sukuk, which has been assigned an AA-IS rating by Malaysian Rating Corporation Berhad (MARC), has also been accorded a "Gold" sustainability bond rating, the highest grade of MARC's Impact Bond Assessment methodology, implying the sukuk's alignment with International Capital Market Association's Green Bond Principles, ASEAN Green Bond Standards, and the Securities Commission Malaysia's SRI Sukuk Framework. In addition to being the first ASEAN Green SRI Sukuk in 2020, the sukuk is also the lowest ever weighted average cost of financing amongst the AA3/AA- solar power project financing Sukuk issuances and the lowest ever coupon for AA3/AA- solar power project financing Sukuk issuance.

“My warmest congratulations to Leader Energy on this successful rated solar power project financing issuance that marks HNG Capital Group’s debut in the Malaysian Ringgit sukuk market. Despite the challenging market conditions as a result of the COVID-19 pandemic, this transaction attracted robust demand from 12 investors, comprising high quality insurance companies, asset managers and financial institutions. This shows tremendous appetite for sustainable and green focused offerings in the market and we at HSBC are proud to have partnered with Leader Energy for this landmark issuance,” said Stuart Milne, Chief Executive Officer, HSBC Malaysia.

“HSBC Amanah is committed to transforming into a sustainable banking entity and the development of industry leading sustainable product offerings such as this ASEAN Green SRI Sukuk, clearly demonstrates our continued commitment and ability to develop the landscape of sustainable banking products available in Malaysia,” said Oz Ahmed, Chief Executive Officer, HSBC Amanah. “This new issuance also reflects HSBC Amanah’s commitment to financing projects that benefit communities and the environment in line with Bank Negara Malaysia’s Value-based Intermediation (VBI) initiative and HSBC Group’s responsibility to help finance global sustainable development and to create greater value and impact.”

“HSBC Malaysia has been supporting HNG Capital Group for the past 40 years and it is one of the principal banks which supports the Group’s business expansion in the ASEAN region. HNG Capital is aggressively pursuing power generation projects throughout the ASEAN region and we are proud to partner and work with HSBC that has a strong track record in developing sustainable solutions and who also echoes our goal to help pave the path towards a sustainable and renewable future,” said Dato’ Sean H’ng, Group Chief Executive Officer, HNG Capital Sdn Bhd. “Our first project financing sukuk issuance for HNG Capital Group is a success and we look forward to working closely with HSBC Malaysia as we chart our course towards a greener future and continue to expand our footprint in renewable energy projects across our core markets in the ASEAN region.”

HSBC Group aspires to be a leader in sustainable financing, managing and shaping the shift to a low-carbon world. The bank has set out a series of commitments globally in support of this goal, including a pledge to provide USD100 billion to sustainable financing and investments by 2025. In 2020, HSBC was named Best Bank for Sustainable Finance for the Asia, Middle East and Western Europe regions by Euromoney. Earlier this month, HSBC Amanah also won the **Islamic ESG Bank of the Year award** as part of The Asset Triple A Islamic Finance Awards 2020. In 2019, HSBC was named by Euromoney as the World’s Best Bank for Sustainable Finance while HSBC Amanah’s UN SDG Sukuk was also awarded the Islamic Deal of the Year as part of The Asset Triple A Islamic Finance Awards 2019.

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Note to editors:

About HSBC Malaysia

HSBC's presence in Malaysia dates back to 1884 when the Hongkong and Shanghai Banking Corporation Limited established its first office in the country on the island of Penang, with the permission to issue currency notes. HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, founding member of the HSBC Group. In 2007, HSBC Bank Malaysia was the first foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, namely HSBC Amanah Malaysia Berhad. Today, HSBC Malaysia has a network of 67 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Malaysia offers a comprehensive range of banking and financial services including Islamic financial solutions. HSBC Malaysia has also led innovation in Malaysia by introducing Malaysia's first ATM and Electronic Touch Banking in the early 1980s. Today, HSBC Malaysia has launched innovative solutions such as HSBCnet for secure banking for businesses, Trade Transaction Tracker and Facial Recognition on supported mobile phones.

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 64 countries and territories in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$2,923bn at 30 June 2020, HSBC is one of the world's largest banking and financial services organisations.

About HNG Capital Group

HNG Capital was incorporated in year 2011 to undertake the privatization of Leader Universal Holdings Berhad, a group with an enduring history of approximately 40 years founded by Tan Sri Dato Seri H'ng Bok San. Leader Universal Holdings Berhad's history dated back to year 1976 when its founders founded Leader Cable Industry Berhad, a leading cable manufacturing company in Malaysia.

Today, HNG is family-owned investment holding company that is principally involved in power, metal, hospitality & F&B segments. The Group is principally involved in the power sector, mainly through owning and operating power plants in ASEAN. The Group is now focused on renewable energy projects in Malaysia and Vietnam.

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