

PRESS RELEASE

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CGIF supports Hong Phong 1 Energy Joint Stock Company's project bond to finance the 195MWp solar power project located in Binh Thuan province, Vietnam.

This transaction significantly marks CGIF's first guarantee issuance for a VND project bond and CGIF's longest tenor to date since commencing operations in 2012. It demonstrates CGIF's continuing drive to promote renewable energy and infrastructure project bonds in ASEAN

Manila, 9 January 2020 – The Credit Guarantee and Investment Facility ("CGIF") is pleased to announce its guarantee for Hong Phong 1 Energy Joint Stock Company's ("Hong Phong 1") 15-year VND2.15 trillion and 5-year VND400 billion amortizing project bonds issued on 24 December 2019.

The privately-placed 15-year and 5-year bonds are supported by cash-flows that comes from the Hong Phong 1A solar power project located in Bac Binh district, Binh Thuan province, south Vietnam with an installed capacity of 195MWp/150MWac ("the Project") owned by Hong Phong 1.

The Project is one of the first—and one of the largest—utility scale solar projects developed under the government policy issued by the Prime Minister in April 2017 to promote solar power project in Vietnam. The Project has achieved commercial operation date on 8 June 2019. Under the 20 years Power Purchase Agreement (the "PPA") with EVN, a national utility company of Vietnam, the solar power generated by the Project will be sold to EVN with a fixed power selling price at a competitive rate.

Alongside the 15-year and 5-year project bonds, ING Bank N.V., Singapore Branch ("ING") joint leads as a co-financier providing a 7-year USD30 million project finance loan. Vietcombank Securities Company Limited ("VCBS") acted as a Bond Issuance Agent and ING acted as Sole International Advisor for this bond transaction.

Being the first renewable energy project bond in Vietnam, this transaction is expected to help in diversifying available funding sources for infrastructure projects in the country. Given the vast financing needs for infrastructure development in Vietnam, the importance of domestic institutional investors as a stable source of long-term local currency financing is expected to increase over time. Moreover, the successful closing of this inaugural renewable project bonds—guaranteed by CGIF—is expected to pave the way for the development of local currency denominated project bond markets in the ASEAN region.

Ms. Guiying Sun, CEO of CGIF stated, “This achievement marks CGIF’s growing role in infrastructure project bond in the region. While project bond has been widely used for the financing/refinancing of renewable projects in developed markets, it is still uncommon in the ASEAN region due mainly to bond investors’ unfamiliarity with this new asset class. Hence, CGIF’s catalytic role as a credit enhancer would be crucial during the initial stage of development of project bond market. We are very delighted to facilitate this landmark solar bond issued by Hong Phong 1.”

Mr. Bui Van Hieu, Chairman of Hong Phong 1 Energy Joint Stock Company stated, “For the first time, we have issued clean energy bond in Vietnam. We are delighted that this transaction marks a further important milestone in the development of financing for such a new sector in Vietnam like renewable energy”.

Mr. Hung Manh Le, CEO of VCBS stated, “VCBS is very proud to be the first local securities firm to act as the bond issuance agent in a project bond guaranteed by CGIF. As a financial advisory organization with extensive experience in the debt and capital markets, as well as having built up a wide network of domestic and foreign investors, VCBS commits that we will help our customers at best to successfully raise long-term funding for their business expansion.”

Ms. Thu Ly Do, Chief Representative of ING Vietnam stated, “This deal is significant on many levels. Not only was it a novel long-term hybrid bond/loan multi-currency facility for Vietnam and a unique collaboration with multilateral, local and international financial institutions; the solar PV project is a testimony to ING’s commitment to innovate and take climate change action seriously. We thank WTO and the Vietnamese Government for making this landmark renewable financing possible.”

About CGIF

CGIF is a multilateral facility established by the Association of Southeast Asian Nations (“ASEAN”) members, China, Japan, Korea (“ASEAN+3”) and Asian Development Bank (“ADB”). It is established as a trust fund of ADB with paid-in capital of USD1,077.6 million from its Contributors. As a key component of the Asian Bond Markets Initiative, CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3-domiciled bond issuers.

About Hong Phong 1 Energy Joint Stock Company

Hong Phong 1 Energy J.S.C is established in 2017 with a paid-in capital of USD41 million. Hong Phong 1 Energy J.S.C owns and operates a 150MW solar farm located in the Southeast region of Vietnam where abundant solar resources are available throughout the year. Situated on moderately flat land without any significant shading effect caused by complex terrain, the project benefits from optimal topographic environment to maximize solar power generation efficiency. Key equipment for the project is supplied by globally reputable equipment suppliers (e.g. TOSHIBA, Jinko Solar) with proven track records. Hong Phong 1 Energy J.S.C benefits from the feed-in tariff of USD0.0935/kWh for 20 years since its commercial operation date in June 2019.

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