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Report Finds Hong Kong Remains Well-Positioned to Capture Southeast Asia's Growing Demand for Cross-Border Sustainable Finance

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Hong Kong Financial Research Institute of Bank of China, the MSCI Institute and HKU Jockey Club Enterprise Sustainability Global Research Institute released a joint research report titled *The Asian Way: Sustainable Finance Market Outlook in Southeast Asia and the Role of Hong Kong (Second Edition).*

Building on the first edition of the report, this second edition continues to track how sustainability and sustainable finance priorities are evolving in Asia through a comprehensive market research which surveyed 117 organisations based in Southeast Asia ("SEA") and the Greater Bay Area ("GBA"). The report provides a comparative analysis of investment trends, key drivers, barriers, opportunities and the growing importance of sustainability and sustainable finance, while offering unique insights into how Hong Kong can play to its strengths to better fulfil the rising demand for sustainability-related solutions across SEA and the GBA.

Key findings of the report:

- **Green and transition technology readiness is shaping financing opportunities:** GBA companies earn a higher share of green and transition revenues from electric vehicles, wind and nuclear energy, while SEA companies show greater exposure to solar energy. As green and transition technologies such as onshore wind and solar energy become increasingly cost-competitive with the obsolescence of carbon-intensive alternatives, the report also witnesses a raising trend of investors and lenders incorporating sustainability indicators or covenants into investment or loan deals to encourage more companies to leverage clean technologies in their business operations.
- **Climate resilience emerges as the next financing frontier:** Companies across both SEA and the GBA see growing financing needs to strengthen resilience to physical climate risks. GBA companies hold more adaptation and resilience patents on average, while SEA companies lead or match their GBA counterparts in revenues generated from water-related solutions such as

desalination and wastewater treatment. Sustainable bonds are emerging as a vital funding tool for supporting climate adaptation, with related use of proceeds reaching an estimated USD 33 billion in the first half of 2026 from both SEA and the GBA.

- **Sustainability remains a source of value creation.** 50% of surveyed SEA organisations consider sustainability to be of very high importance, up from 45% last year. Cost efficiency and new business opportunities remain the leading sustainability drivers, followed by regulatory requirements, suggesting that companies continue to relate sustainability to long-term economic opportunities rather than merely a compliance exercise. Nevertheless, high costs, low profitability and limited awareness continue to weigh on the progress of implementing sustainability practices in their business models.
- **Affordable capital and cross-border financing gain importance:** Funding costs have become the leading consideration for 91% of surveyed SEA companies when choosing their preferred locations to undertake sustainable financing, while last year's survey ranked market size as the major factor. Alongside this growing focus on financing costs, cross-border interest is also on the rise: 44% of SEA respondents plan to engage in overseas sustainable finance, compared with 31% of all companies surveyed, creating opportunities for Hong Kong to provide competitive and tailored solutions.
- **Hong Kong remains the leading international green finance centre:** Respondents continue to rank Hong Kong as the leading international green finance centre among both the GBA and SEA respondents. Companies identified tailored grant schemes, closer communication among regional regulators and enhanced sustainability-related training as priorities for collaboration.

Zhang Jianguang, General Manager of the Hong Kong Financial Research Institute of Bank of China, said, "Sustainable finance in SEA is moving from ambition to implementation. As companies place greater emphasis on affordable capital and commercially viable investments, Hong Kong, as a super-connector, is well-positioned to connect SEA's growing green demand with the GBA's green technologies, while facilitating the flow of capital to support sustainable development. Looking ahead, BOCHK remains committed to promoting sustainable finance in SEA and supporting the region's evolving sustainability needs."

Rumi Mahmood, Research Director at the MSCI Institute, said, "Southeast Asia is not stepping back from sustainability; it is demanding that sustainability work harder.

Companies are looking for solutions that lower costs, unlock new opportunities and deliver resilience in the real economy. The message from this year's report is clear: the next chapter is not about setting ambitions, but financing action. That is the shift our research set out to measure. The region's key challenge now is to mobilise capital at the scale needed to turn sustainability goals into tangible outcomes."

Professor Jeffrey Ng, Associate Director of HKU Jockey Club Enterprise Sustainability Global Research Institute, said, "Sustainability is no longer a peripheral concern; it is central to competitiveness, resilience and long-term value creation. Companies across Asia face complex choices as they balance transition opportunities, climate risks, financing costs, regulation and capability gaps. Rigorous surveys are essential because they give businesses a voice, reveal practical barriers and priorities, and enable us to compare needs across markets. By conducting and analysing the report's survey, our Institute helps turn corporate experience into evidence that policymakers, financiers and business leaders can act on. These insights are vital for designing sustainable finance solutions that are both commercially viable and regionally relevant."

For more information and to download the full report, please visit: https://www.bochk.com/dam/esg/sustainability-research_en.html.

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Hong Kong Financial Research Institute of Bank of China

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HKU Jockey Club Enterprise Sustainability Global Research Institute

HKU Jockey Club Enterprise Sustainability Global Research Institute was established by HKU Business School and funded by The Hong Kong Jockey Club Charities Trust. The institute brings together distinguished global scholars from diverse fields, to foster a multidisciplinary approach to sustainability research and training, as well as to forge partnerships with private and public sectors for sustainability initiatives and responsible leadership advocacy. As a leading institute in sustainability research, we are dedicated to creating meaningful, lasting impact through pioneering studies, sustainability index development, and start-up incubation. Our objective is to equip the next generation of professionals and leaders with the knowledge and skills necessary to promote responsible and sustainable growth. We are committed to facilitating dialogues and cooperation among regulators, corporates, NGOs, and academics. Together, we aim to shape a more sustainable, equitable, and responsible future for all stakeholders. For more information, please see: https://hkujcesgri.hku.hk/