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Analysis on the Financing Motivation and Effect of Green Bonds Issued by New Energy Enterprises ——Taking BYD as an Example

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Abstract:
The new energy vehicle industry is an important strategy for national green and low-carbon development and energy structure improvement. It is strongly supported by national policies and has great development potential. As a financial mechanism of environmental sustainability, green finance is gradually emerging. As an innovative financial tool, green bonds not only provide solutions for the investment and financing of new energy vehicles, but also play a positive role in promoting the construction of ecological civilization. As a leader in the field of electric vehicles and new energy, BYD's successful experience in issuing green bonds is representative. The study of BYD's financing motivation and effect analysis is helpful to summarize the successful experience and challenges faced, and provide reference for other new energy enterprises.

Key words:
green bonds; financing motivation; effect analysis

1 Introduction

In the context of global climate change, environmental protection and sustainable development have become a common challenge for all mankind, and the energy sector is undergoing profound changes. New energy enterprises, as a key force to promote the development of clean and renewable energy, shoulder the expectations and responsibilities from the government, society and investors. In order to promote sustainable development and environmental protection, many countries and regions have issued relevant policies to provide strong support and convenience for enterprises to issue green bonds. As a financing tool, green bonds can not only meet the capital needs of enterprises, but also be closely linked with the goal of sustainable development, making a positive contribution to the development of the global green economy.

In terms of the relationship between green bonds and enterprise value, Li Mengya et al. (2023) believe that green bonds, as the core tool in the field of green finance, the continuous expansion of their issuance scale has injected strong impetus into the innovative development of China's green economy. This study takes domestic listed companies as samples, using event research method and multi-point dual difference model for thorough analysis. The research results show that after the issuance of green bonds, the company's stock price showed a significant growth trend. Moreover, a positive correlation was found between the double difference terms in

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the double difference model and the enterprise value. At the same time, the model has successfully verified its accuracy and reliability by parallel trend hypothesis test. This shows that issuing green bonds is more effective in increasing corporate value than issuing ordinary bonds.

In terms of the relationship between green bonds and credit rating, Shi Yixuan (2023) pointed out that the credit rating of green bonds plays a key role in measuring the solvency of issuers and their potential default risk. China has made significant progress in promoting the development of green bond credit rating business, but there are still some problems to be solved. In order to promote the steady and rapid development of this business, we can learn from the successful experience of the world, and further optimize and improve the green bond credit rating system by unifying rating standards, improving the quality of information disclosure and promoting the internalization of environmental externalities.

In terms of the relationship between green bonds and enterprise financing, Cui Can (2023) believes that the close combination of new energy and green bonds can provide reliable and sustainable low-cost capital guarantee for green and low-carbon projects, thus promoting the steady development of new energy enterprises, and playing a positive role in promoting the realization of China's dual-carbon goal. Up to now, China has established a unified green bond standard, and increased the policy support for the issuance and expansion of green bonds, to ensure its steady and reliable credit quality. In addition, the close combination of the new energy vehicle industry and green bonds has injected new impetus into the industry and promoted the sustainable development of the industry.

In terms of green bonds and financing models, Sun Danyang (2020) believes that the top-level design and basic institutional arrangements of green finance on the basis of successive national policies and standards have been gradually improved. This process has promoted the development of green bonds and further enhanced the ability of the financial service economy for green transformation, thus promoting the overall development of green finance. It mainly analyzes the development and advantages of new energy enterprises issuing green bonds, the main types and conditions of green bonds, the deficiencies of issuance and the feasibility and factor analysis of green bond financing by new energy enterprises, and provides reference for the financing mode of new energy enterprises issuing green bonds by new energy enterprises.

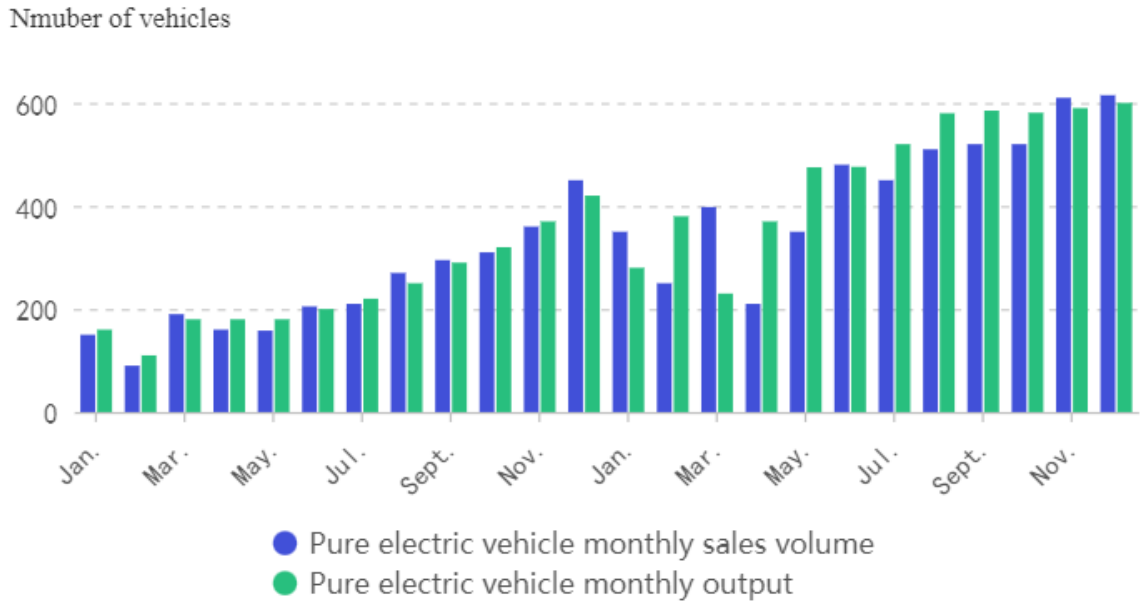
2 Current Situation of Green Bond Issuance in the New Energy Vehicle Industry

2.1 The Connection between the Production and Sales of the New Energy Vehicle Industry and the Issuance of Green Bonds

Under the Global Green Travel Initiative, the Chinese government has set a target of 40 percent of new and clean energy vehicles by 2030. Therefore, the rapid development of China's electric vehicle industry, the production and sales of pure electric vehicles in 2022 are a record, indicating the continuation of the growth trend. The boom in the electric vehicle market has also driven the development of related industrial chains, and the issuance of green bonds and green asset-backed securities is expected to increase. Beijing Automotive shares has successfully issued green bonds to expand the production capacity of new energy vehicles. Car

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companies such as BYD, Zhejiang Geely, FAW Group and SAIC General Motors, as well as leasing companies such as Nioneng Battery, have also issued green asset-backed securities to further promote the green development of the electric vehicle industry.



Source: Wind

Figure 1 Monthly production and sales volume of pure electric vehicles from 2021 to 2022

2.2 The advantages of issuing green bonds in the new energy vehicle industry

1. Low financing costs: green bonds usually enjoy tax incentives and subsidies from the government, so interest rates are low. For the new energy vehicle industry, this means saving money and using it more to expand production and develop new technologies.

2. Promoting sustainable development: There is a close correlation between green bonds and environmental protection and sustainable progress. The new energy vehicle industry chooses to issue green bonds, which is not only conducive to promoting the green, low-carbon and sustainable development of the whole industry, but also highly compatible with the environmental protection policies advocated by the government, further enhancing the environmental protection image and market brand value of the enterprise.

3. Expand financing channels: The new energy vehicle industry needs a large amount of capital investment. The issuance of green bonds provides new financing channels for enterprises and alleviates the financial pressure.

4. Attracting investors: With the enhancement of environmental awareness, green investment has attracted attention. The issuance of green bonds in the new energy vehicle industry can attract these investors and improve the visibility and reputation of enterprises.

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2.3 Problems Existing in Issuing Green Bonds in the New Energy Vehicle Industry

1. Uneven distribution entities: it is mainly concentrated in several large or state-owned enterprises. This makes it difficult for small and medium-sized businesses, especially start-ups with high innovation and huge potential, to have access to issuing green bonds, thus limiting diversification across the industry.

2. Uneven issuance scale: Large-scale green bonds dominate the market, while small-scale projects that also need financial support face financing difficulties. To some extent, this has affected the overall development speed and structural optimization of the new energy vehicle industry.

3. Uneven regional distribution: From the perspective of geographical distribution, the issuance of green bonds is mainly concentrated in the economically developed regions or in the regions with a relatively complete new energy vehicle industry chain. As a result, it is difficult for some new energy vehicle industry latecomers or underdeveloped areas to obtain financial support, exacerbating the development imbalance between regions.

4. Lack of investor awareness: Some investors may pay too much attention to short-term returns and risks, while ignore the potential value of green bonds to promote the long-term development of the new energy vehicle industry. Therefore, it is necessary to strengthen investor education to improve their awareness and attention to green bonds.

5. Interest rates are generally low: Green bonds usually have low interest rates due to their environmental protection and social responsibility attributes, which limits the financing ability of issuers and investors' returns. Under the background of fierce market competition, balancing the nature of environmental protection and market demand has become a major challenge for green bond issuance.

6. Capacity structure problem: With the rapid development of the new energy vehicle industry, it is also faced with the problem of unreasonable capacity structure. Some enterprises overexcessively, resulting in excessive capacity, while some enterprises with innovation ability and market potential are difficult to expand capacity due to lack of capital. The issuance of green bonds can alleviate this problem to some extent, but due to the above problems, its actual effect is limited to some extent.

7. Infrastructure dependence: The steady progress of the new energy vehicle industry depends on the solid support of key infrastructure such as charging facilities and battery recycling. However, there are still deficiencies in the construction and operation of these facilities, which constitute a certain degree of constraint on the issuance and utilization of green bonds. In the context of insufficient infrastructure support, even if the green bonds are successfully issued, the efficiency of their funds and the long-term sustainability of the project may be adversely affected.

8. Market demand Fluctuation: The new energy vehicle market is affected by multiple factors, showing large demand volatility. This instability not only increases the operational risk of enterprises, but also brings uncertainty to the issuance and repayment of green bonds. When the market demand is weak, the profitability of enterprises may be damaged, thus weakening their bond repayment ability, and when the demand is strong, enterprises may encounter challenges such as insufficient capacity and supply chain tension, which will also adversely affect the issuance and application of bonds.

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3 Analysis of the Financing Motivation and Effect of BYD Company Issuing Green Bonds

3.1 Financing Motivation

3.1.1 Internal Motivation Factors

1.Help the enterprise's strategic goals

BYD has been committed to sustainable development and environmental protection. By issuing green bonds, they can better support and achieve their corporate strategic goals, raising funds for environmental projects and sustainable development initiatives. As a pioneer of sustainable development, BYD actively advocates and implements green and low-carbon production and life style, plans and organizes all kinds of social welfare and environmental protection activities to strengthen carbon emission reduction actions. At the same time, we will pay attention to the use of green technologies, products and solutions to promote enterprises to achieve energy conservation and emission reduction, so as to accelerate the green and low-carbon transformation and development of China's transportation industry and manufacturing industry.

2.Meet the capital needs of enterprises

Take the "19 Yadi Green Bond 01" issued by BYD company as an example, the net cash flow of BYD company has turned negative since 2015, showing that the cash flow of daily operations is not enough to cover the cash flow of investment activities. The total investment of this project is 5.852 billion yuan. The enterprise is expected to solve 30% through its own funds, and the remaining 70% needs to be raised through bank loans and bond financing. Byd chose to use 500 million yuan of "19 Yadi Green Bond 01" for project construction, accounting for 12.21% of the external financing funds, effectively alleviating the pressure of green project construction funds. Another 500 million yuan will be used to supplement the company's working capital to meet the daily operation needs. Therefore, the main reason for BYD to issue green bonds is to meet its own capital needs.

Table 1 Net cash flow of BYD from 2015 to 2019 Unit: RMB 100 million

Project year	2015	2016	2017	2018	2019
Net cash flow generated from operating activities	38.42	－ 18.46	65.79	125.2	147.4
Net cash flow generated from investment activities	－ 106.1	－ 134.4	－ 161.8	－ 142.3	－ 208.8
difference；balance；margin；imbalance	－ 67.68	－ 152.86	－ 96.01	－ 17.1	－ 61.4

Data source: Company Annual report

3. Improve the green image of enterprises

As a leader in China's new energy vehicle industry, BYD adheres to the concept of "green, low-carbon and environmental protection", and is committed to creating healthier, more convenient and environmentally friendly energy vehicles. By issuing green bonds, BYD has raised public and investor awareness of its green image and consolidated its leadership position in sustainability areas. In recent years, BYD has performed

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well in the new energy vehicle market, and the market share of electric products has increased year by year, winning wide recognition at home and abroad.

3.1.2 External Motivation

1. Meet the needs of economic transformation and ecological civilization construction

As the largest developing country in the world, China has been actively promoting the transformation of its economic structure and the construction of an ecological civilization in recent years. Byd has actively responded to national policies through issuing green bonds and made important contributions to the country's economic transformation and ecological civilization construction. This action not only reflects BYD's social responsibility and environmental awareness, but also injects strong impetus into its sustainable development in the field of new energy vehicles. At the same time, this action has also provided useful reference and inspiration for other enterprises, and promoted more enterprises to join the ranks of green development.

2. It fits the development positioning of the new energy vehicle industry

China's car emissions have improved, but it still faces challenges. With the increasing number of car ownership, its exhaust emissions have become the main source of urban air pollution. New energy vehicles have become a key means to reduce greenhouse gas emissions and improve air quality. As a leading enterprise of new energy vehicles, BYD issues green bonds in line with its development positioning, which can quickly raise funds, invest in more environmental protection projects, enhance its core competitiveness, and consolidate its leading position in the field of new energy vehicles.

3.According to the national green bond support policies

In recent years, the global environmental problems have become increasingly serious, and green development has attracted the attention of governments and enterprises of all countries. The Chinese government attaches great importance to green development and promotes the development of green industries through policy support and the issuance of green bonds. Green bonds are an important tool of green finance. China has issued a number of policies to support its development. Byd's issuance of green bonds is not only in line with the national policy guidance, but also provides low-cost funds and policy support to promote the research and development of new energy vehicles and the construction of charging facilities, and promote sustainable development.

3.2 Effect Analysis

3.2.1 Stock Price Effect Analysis

Taking "19 Yadi Green Bond 01" issued by BYD as an example, first, we defined the event window and calculated the actual yield of BYD stock and the yield of CSI 300 index during the window period. Using the market model method, according to the yield data of BYD stock and the CSI 300 index in the estimated window, the linear regression equation is constructed to find the expected return rate of return of BYD during a specific event.

Then, the expected return rate, excess return and cumulative excess return of the window period are calcu-

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lated. By analyzing the regression equation of BYD's expected return rate, we accurately calculated the expected rate of return during the event window.

Finally, by comparing the actual yield with the expected yield, and draw Figure 6-5,Shows the and trend of BYD window period.

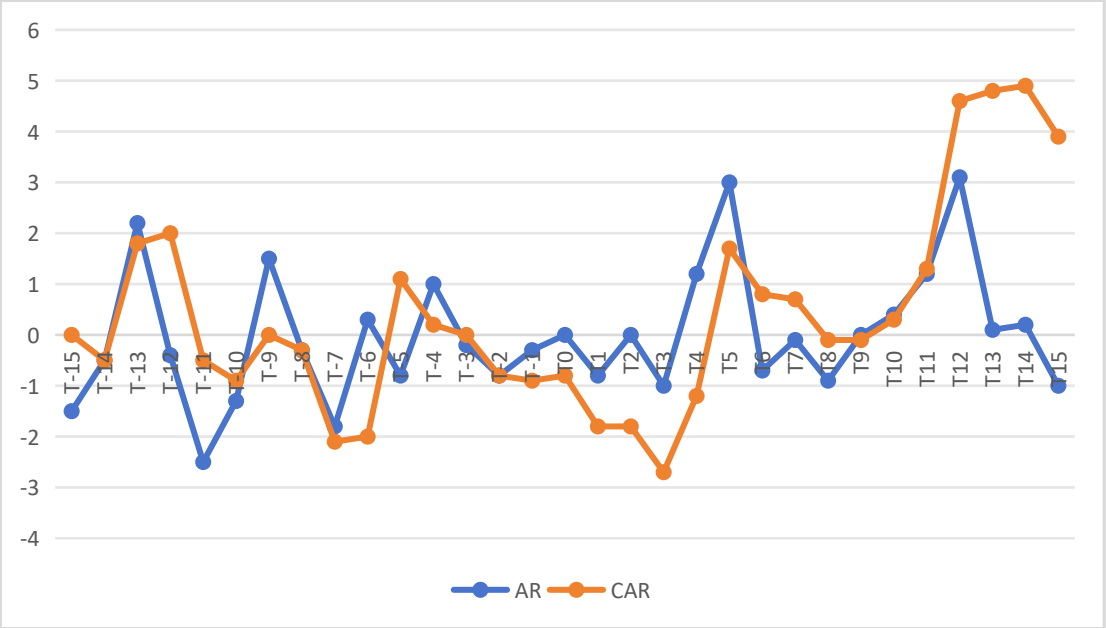


Figure 2 AR and CAAR trends in BYD window period

15 days before the announcement, BYD stock volatility is small, normal yield, the overall stable. After the announcement, the yield increased to 7 times, increasing volatility. The yield falls first and then rises, and the cumulative excess yield remains positive. It shows that although the issuance of "19 Yadi Green Bond 01" has a short-term negative impact, it is not obvious, and the market can adjust quickly. Overall, the issue has a positive effect on the share price. Byd's issuance of green bonds is in line with the corporate strategy to consolidate its position in the new energy vehicle industry and ease the financial pressure

3.2.2 Analysis of Financial Effects

1. Profitability Analysis

Profitability refers to the income performance of an enterprise in a certain operating cycle. Select gross profit margin, net interest margin, return on equity and return on total assets as the core evaluation indicators of BYD's profitability. From 2016 to 2019, BYD's four indicators declined, but began to recover in 2020. In 2020, the gross profit margin, net interest margin, return on equity and return on total assets were 19.38%, 3.84%, 7.43% and 3.03%, respectively, increasing by 3.09,2.18,4.79 and 1.94 percentage points respectively compared with 2019. In the next two years, earnings indicators continued to rise. Therefore, after the issuance of "19 Yadi green bond 01", BYD's overall profitability has been significantly improved.

2. Operating capacity analysis

Operation capacity refers to the operation efficiency shown by the enterprise in the process of its operation

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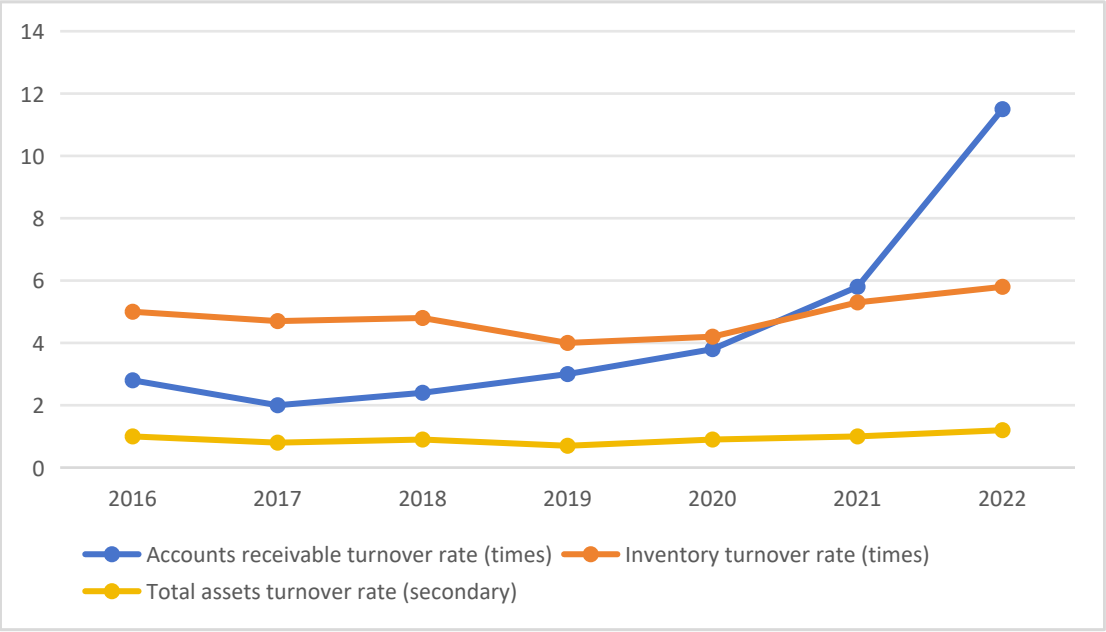
and management, which is embodied in the ability of the enterprise to create economic profits with its own assets. In order to comprehensively evaluate the changes of BYD's operating capacity, this paper specially selects the accounts receivable turnover, inventory turnover and total asset turnover as the key evaluation indicators.

From the data analysis from 2020 to 2022, BYD's operating capacity has been significantly improved, reflected in the steady rise and continuous improvement of accounts receivable turnover, inventory turnover and total asset turnover. These positive changes signal further growth in BYD's future operating efficiency and sales capacity.

Table 2 Table of BYD Operating Index for 2016-2022

Year \ operating indicator	Accounts receivable turnover rate (times)	Inventory turnover rate (times)	Total assets turnover rate (secondary)
2016	2.71	4.98	0.79
2017	1.98	4.61	0.66
2018	2.41	4.71	0.70
2019	2.74	4.12	0.66
2020	3.68	4.43	0.80
2021	5.58	5.03	0.87
2022	11.30	5.75	1.07

Data source: Oriental Fortune network



Data source: Oriental Fortune network

Figure 3 Change chart of BYD's operating indicators from 2016 to 2022

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3.Analysis of debt repayment status

(1) Short-term solvency analysis

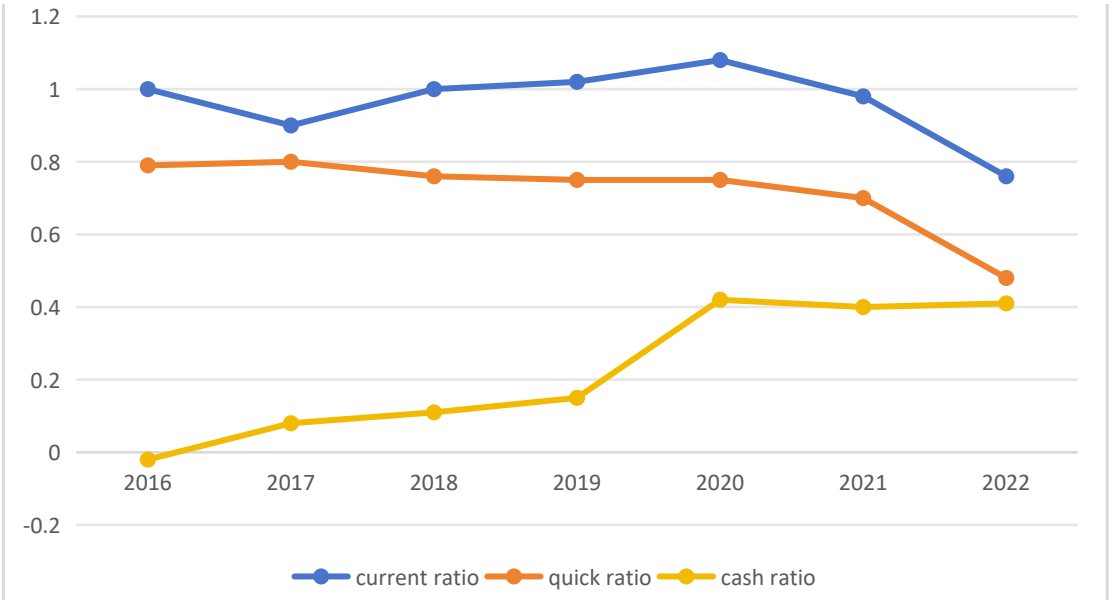
Short-term solvency, that is, the ability of enterprises to deal with short-term debt, is an important indicator to assess the financial health of enterprises. Current ratio, quick ratio and cash ratio, these three key financial indicators, for a comprehensive analysis of BYD company's short-term debt repayment strength has irreplaceable importance.

Byd's short-term solvency has steadily increased in 2020, thanks largely to an increase in its cash ratio. Byd used 50 percent of the bonds raised to supplement its daily working capital, significantly increasing the company's working capital ratio. By issuing green bonds, BYD has effectively optimized its capital structure, thus significantly improving its short-term solvency. Thus, the issuance of green bonds for BYD, is a key way to improve its short-term solvency.

Table 3 Table of BYD's short-term debt repayment indicators for 2016-2022

Year \ earnings indicator	current ratio	quick ratio	cash ratio
2016	0.999	0.777	-0.024
2017	0.978	0.789	0.063
2018	0.988	0.762	0.107
2019	0.99	0.753	0.136
2020	1.049	0.754	0.426
2021	0.97	0.717	0.382
2022	0.722	0.485	0.422

Data source: Oriental Fortune network



Data source: Oriental Fortune network

Figure 4 Change chart of BYD's short-term debt repayment indicators from 2016 to 2022

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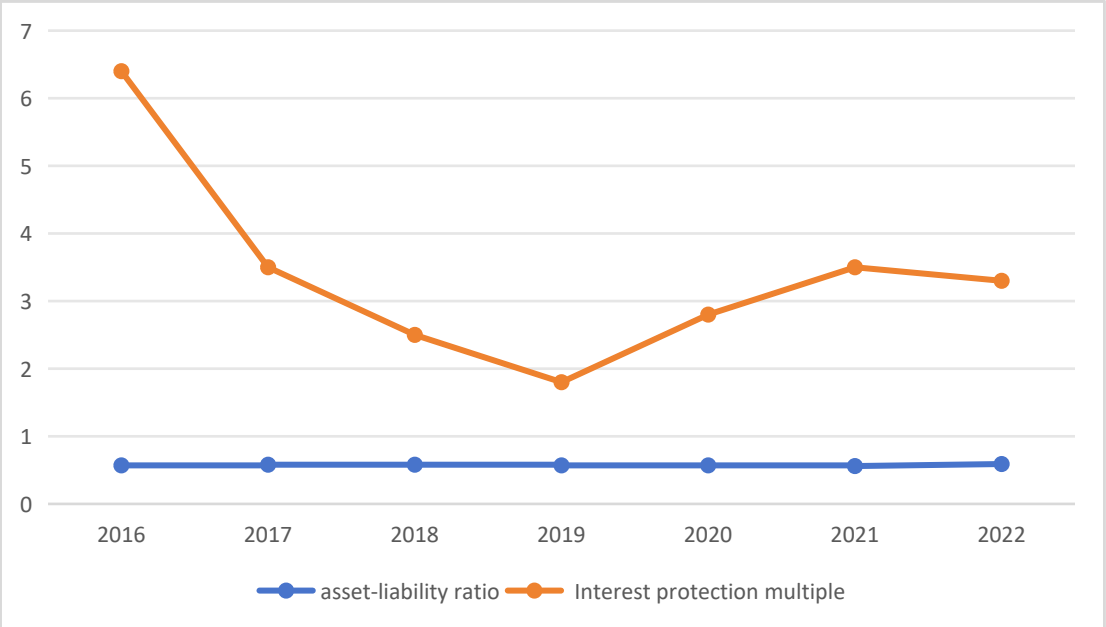
(2) Long-term solvency analysis

The analysis results show that BYD issued "19 Yadi green debt 01", its long-term solvency significantly improved. Through in-depth study of the issuance term of the green bond, it is found that it has a positive effect on the improvement of long-term solvency, but the impact time is short. The bond, issued with a maturity of five years, is a medium-and long-term bond, enabling BYD to raise a large amount of funds at one time and diversify its debt repayment obligations, optimize the debt structure of the enterprise, reduce the financial pressure, and improve the capital structure of the enterprise. In addition, the improvement of the debt structure has also enhanced the trust of investors in enterprises, and enhanced the ability of enterprises to pay the interest on liabilities. Therefore, the issuance of green bonds has a positive positive impact on improving BYD's long-term solvency.

Table 4 Long-term debt repayment indicators of BYD in 2016-2022 Unit: times

Year \ long-term debt repayment indicator	asset-liability ratio	Interest protection multiple
2016	0.618	6.37
2017	0.663	3.43
2018	0.688	2.46
2019	0.68	1.81
2020	0.679	2.83
2021	0.648	3.53
2022	0.754	3.36

Data source: Oriental Fortune network



Data source: Oriental Fortune network

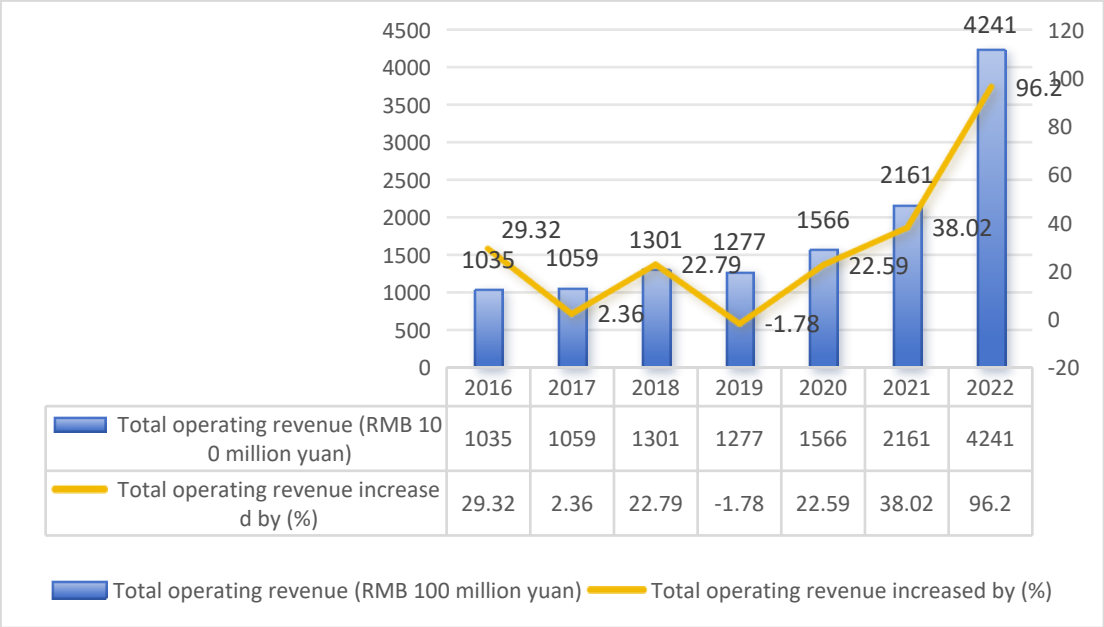
Figure 5 Change chart of BYD's long-term debt repayment indicators from 2016 to 2022

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4. Growth ability analysis

The growth ability of an enterprise refers to the development potential of the enterprise in the future period. In order to evaluate the growth ability of BYD, this paper selects the growth rate of operating income as the core indicators.

The issuance of "19 Yadi Green Bond 01" has brought considerable funds for BYD, which is effectively invested in the company's battery technology research and development and scale expansion of production line. This strategic decision has not only significantly improved BYD's power battery technology level, but also enabled its production capacity to increase substantially. This not only enhances BYD's competitive advantage in the new energy vehicle industry, but also lays a solid foundation for its long-term sustainable development.



	2016	2017	2018	2019	2020	2021	2022
Total operating revenue (RMB 100 million yuan)	1035	1059	1301	1277	1566	2161	4241
Total operating revenue increased by (%)	29.32	2.36	22.79	-1.78	22.59	38.02	96.2

Data source: Guotai'an database

Figure 6 Byd's growth capacity index chart in 2016-2022

3.3 Social Effect Analysis

1. Enhance corporate social reputation

By issuing green bonds, BYD has actively conveyed positive messages of environmental protection and sustainable development to the public and investors, thus improving the company's social reputation. It highlights BYD's emphasis on and fulfillment of social responsibility, enhances the public's trust and goodwill towards the company, and helps to consolidate and enhance its leadership position in the industry.

2. Improve the green and environmental benefits

The funds raised by BYD's green bonds will mainly be used to promote environmental protection and sustainable development projects. The implementation of these projects will directly bring significant environmental protection results, and then significantly improve the green environmental benefits. It has a far-reach-

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ing and positive social impact on improving environmental quality and protecting the ecological environment.

3. China's economy

Due to the expanding market size, Energy and the automotive industry are becoming more competitive, Develop a better and more environmentally friendly environment, Product needs that meet consumer requirements are on the agenda, Manufacturing power batteries with larger capacity, better safety and longer service life has always been a technical difficulty that the new energy vehicle industry needs to overcome, Leading domestic manufacturers, including BYD, took the lead in achieving technological breakthroughs in the safety, battery capacity, cycle life and other performance, Promote the new energy vehicles are highly praised by customers, Get the favor of consumers, To promote the transformation and upgrading of more enterprises, Strengthen the research and development of new energy product projects, We will promote the development of green industries.

4 The Advantages and Existing Problems of Issuing Green Bond Financing

4.1 Advantages of Issuing Green Bonds for Financing

1. Scientific and reasonable relevant policies to support the development of the green bond market

Byd actively responded to the call of the state, issued green bonds for financing, and made full use of the policy advantages and the green approval channel, to ensure the smooth issuance of green bonds. The funds raised are mainly used for the production of key parts of new energy vehicles, so as to grasp the focus of the industry development, enhance their competitiveness in the field of new energy vehicles, and promote the sustainable development of the whole industry.

2. The issuance of green bonds can give full play to the financing effect

Issuing green bonds can optimize the company's debt structure, increase the proportion of non-current liabilities, ease the short-term debt repayment pressure, reduce operating costs, enhance market competitiveness, and achieve profit growth. At the same time, it can also enhance the company's debt solvency, create stable income, promote the growth of turnover and shareholders' equity, and ensure the long-term solvency.

4.2 Existing Problems of Financing by Issuing Green Bonds

1. Third-party certification policies still need to be standardized

Byd authenticates green projects mainly based on official government documents and industry catalogues, and has not yet commissioned a third-party professional certification agency to conduct a comprehensive and scientific evaluation and review of the green bonds issued by it. Although this move will help reduce the issuance cost, it may also lead to external investors unable to fully understand the actual situation of the company's green business, thus hindering investors' in-depth understanding of green projects, which is not conducive to the healthy development of the green bond market.

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2. Distribution effect is limited

Although green bonds have brought BYD more financing options and channels, they will help adjust and optimize its debt structure. However, through the implementation effect analysis, it is found that the improvement and adjustment effect is unsustainable, and the effect is limited.

5 Research Conclusion

This paper makes a detailed analysis of the development status of China's green bond market and the new energy vehicle industry, and gives a comprehensive overview on this basis. The article focuses on the practice of new energy vehicle enterprises using green bonds as a financing means to obtain funds, selects BYD, a leading figure in the new energy vehicle industry, as the case study object, explores the motivation and effect of its issuance of green bonds, and draws the following conclusions:

First, the motivation of BYD Corporation Limited for issuing green bonds is divided into two parts: internal motivation and external motivation. In terms of internal motivation, the issuance of green bonds is in line with the company's innovative development strategy, which can effectively alleviate the problems of the shortage of funds and the mismatch between the investment and financing period, and provide stable financial support for the construction of the project and the sustainable green development. At the same time, it will also help create a positive image of the company and thus attract more investor attention. In terms of external motivation, the global green financial market continues to grow, and the national policies give strong support to green finance and green bonds, and the issuance of green bonds is in line with the strategic needs of China's economic transformation to green development and ecological civilization construction. Taking into account internal and external factors, the company has decided to successfully issue green bonds in 2019, which provides a solid financial guarantee for the steady promotion and development of green projects.

Second, the effect of the issuance of green bonds by BYD Co., Ltd. is reflected in the following three aspects: First, the stock price effect. After the event research method, the issuance of green bonds by enterprises can bring obvious positive stock price effect, and the effect continues. This shows that companies are not only actively fulfilling their social responsibilities, but also enhance their reputation. Because of this positive image, companies have attracted a lot of investor attention, pushing stock prices higher. Therefore, the issuance of green bonds is the embodiment of corporate social responsibility, but also an effective means to enhance competitiveness and attract investors.

Third, the financial effect, BYD company financial situation analysis shows that the profitability, operating conditions, debt repayment status and growth status are excellent performance. The issuance of green bonds will bring a positive impact to enterprises, raise more funds, reduce the asset-liability ratio, and avoid the negative impact of debt and interest payment. Byd uses green bond funds to invest in green projects to promote sustainable development and increase revenue. After the project is put into operation, the profit will guarantee the repayment of the principal and interest of the bonds. Green project revenue covers the total investment, proving the good economic effect and profitability. Issue green bonds to optimize the financial structure, enhance profitability and sustainable development, and lay a solid foundation for future growth.

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Last, in terms of social effect, first, BYD has issued green bonds, which has established a corporate image of actively undertaking social responsibility and enhanced the social reputation. The funds will be used to promote the development of green projects, improve environmental governance and protect the ecological environment. Second, BYD's experience provides a reference for other companies to promote the healthy development of the green bond market. Finally, the funds raised by BYD are mainly used for green project development, which is in line with the concept of low-carbon development.

6 Research Enlightenment

Through in-depth analysis of the financing motivation and effect of BYD's "19 Yadi Green Bond 01", this paper draws the conclusion that the issuance of green bonds is of positive significance for enterprises. In order to ensure that enterprises can successfully issue green bonds, this paper combines the issuance practice of "19 Yadi Green Bond 01", and draws the following enlightenment. The specific content is as follows.

6.1 Choose the financing methods reasonably

When choosing financing methods, enterprises should comprehensively consider their own credit level, capital structure, financing project fixed number of years and financing cost. For the credit level, enterprises that want to issue green bonds should evaluate their own asset conditions and credit rating. Take BYD, for example, its solvency and asset status meet the requirements of green bonds, and its stable credit rating, providing investors with confidence. Companies that do not meet the requirements can adjust their assets or improve their credit ratings.

In terms of financing costs, enterprises need to fully consider the cost of different financing methods, especially the cost of green certification. Byd's failure to choose a third-party green appraiser could lead to an undervalued combined financing costs. Therefore, enterprises should fully consider the green certification costs when estimating the financing costs.

In addition, companies can optimize their financing structure through diversified financing methods, such as BYD, which issued a variety of bonds in 2019. Enterprises should actively expand financing channels and meet diversified financing needs through the combination of different financing methods, so as to promote the sustainable development of enterprises.

6.2 Uncover the risks of green bonds

Before the green bonds are issued, the issuer needs to fully reveal its risks. Although the issuers of green bonds in China have high credit rating, huge issuance scale and strong strength, green bonds still belong to the category of bonds in essence, and their investment is still accompanied by risks. At present, China's green bond market is still in the early stage of development, facing many challenges, such as the shortage of third-party certification and evaluation institutions, and the lack of perfect risk management mechanism.

Therefore, the issuing company should establish close cooperation with the third party risk assessment agency, and comprehensively and professionally assess and review the risks of green bonds. At the same time, appropriate indicators are selected to quantify the risks, so that enterprises, investors and regulatory authori-

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ties can clearly understand the risk situation. This not only helps to improve the company's risk management ability, but also provides a strong decision basis for investors.

6.3 Cultivate green investor groups

The issuance of green bonds is supported by state institutions, but green investors are still needed to ensure the market boom and success. Despite the rapid development of China's green bond market, the proportion of green investors is relatively low. Investors mainly focus on risk and return. At present, many investors do not clearly distinguish between green bonds and ordinary bonds, and ignore their "green" attribute.

Therefore, enterprises should seize the opportunity to publicize the green concept and enhance the "green" characteristics of green bonds. Highlight environmental benefits, so that investors clearly distinguish, improve the "green" attention. The government also needs to improve the system, improve the market credibility, provide preferential policies for the issuing enterprises, attract more enterprises to participate, and promote the independent development of the market.

6.4 Attach importance to the information disclosure of green bonds

BYD's successful issuance of "19 Yadi Green Bond 01" case shows that the comprehensive disclosure of green bond information is the key to win green investors and market recognition. After the release.

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