[Hong Kong’s position as international financial centre remains resilient and market prospers since implementation of National Security Law]

The Financial Secretary, Mr Paul Chan, today (July 17) said that the implementation of the National Security Law (NSL) has reinforced Hong Kong's position as an international financial centre. He also reiterated that the so-called "business advisory" issued by the US Administration to US businesses and individuals operating in Hong Kong is totally ridiculous and unfounded.

Mr Chan said, "Although Hong Kong has experienced severe challenges of social unrest and COVID-19 pandemic in the past two years, Hong Kong's financial market has remained stable, orderly and vibrant, seeing active trading in stock market and thriving initial public offering (IPO) activities. Hong Kong's banking system also continues to operate smoothly as always. All these reflect that the market is full of confidence about Hong Kong's financial environment."

NSL has been implemented in July last year. The financial data of the past year clearly shows that investors' confidence about Hong Kong has not been shaken by NSL and the development of the financial industry has been very prosperous. Over the past year, the amount of IPO funds raised in Hong Kong has exceeded $500 billion, representing an increase of more than 50 per cent over the previous 12 months. The average daily turnover of Hong Kong stocks has also reached $160 billion, which is nearly 70 per cent higher than the situation before the implementation of NSL. The linked exchange rate system has also worked well as always. The Hong Kong dollar market recorded a net capital inflow in 2020. Since the implementation of NSL in July to October last year, the amount of funds flowing into the Hong Kong dollar system exceeded $300 billion. At present, the total deposits in Hong Kong's banking system have increased by more than 5 per cent over last year. The total deposits are approximately $14,900 billion as at the end of May. The net asset value of funds management in Hong Kong at the end of last year has also increased by some 20 per cent over the end of 2019.

Moreover, comparing to the situation before the implementation of NSL, the daily average turnover of northbound trading of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect has increased over 90 per cent to nearly RMB110 billion. As for Bond Connect, the daily average turnover of northbound trading has also increased by more than 30 per cent over the past year, reaching the amount of RMB23 billion. The figures reflect that international investors still prefer using Hong Kong as a platform to invest in the Mainland's financial market.

Mr Chan said, "We will actively discuss with the regulators in the two places about the implementation details of the cross-boundary 'Wealth Management Connect' scheme in the Guangdong-Hong Kong-Macao Greater Bay Area and the Southbound Bond Connect. It is hoped to launch the two schemes early, so that mutual access of the financial markets in the two places can be further widened and deepened. It can also explore a huge source of clients and room for business development for the Hong Kong financial industry as well as foster the development of the local wealth and asset management business markets, which can help to further enhance Hong Kong's position as an international financial centre and a global offshore Renminbi business hub."

In order to tap the Mainland market and to seize the opportunities arising from Fintech and green finance development, some global financial institutions are planning to increase resources or expand their operations in Hong Kong, reflecting investors' continued confidence in Hong Kong.

Besides, the HKSAR Government also strongly condemns the so-called "sanctions" imposed on the seven deputy directors of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region. In fact, the HKSAR Government has stated on many occasions that the so-called "sanctions" unilaterally imposed by foreign governments do not conform to international laws and have no legal status in Hong Kong; nor do they create any legal obligations in Hong Kong for institutions operating here.