

SFST's speech at HKQAA 35th Anniversary Forum (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the HKQAA 35th Anniversary Forum today (October 18):

Chairman Ho (Chairman of the Hong Kong Quality Assurance Agency, Mr Ho Chi-shing), distinguished guests, ladies and gentlemen,

Good afternoon. It is my great pleasure to join you today as we celebrate the 35th anniversary of the Hong Kong Quality Assurance Agency (HKQAA). First, let me extend my warmest congratulations to the HKQAA on this remarkable milestone, and my sincere thanks for the invitation to speak at today's forum.

Today's topic – Sustainable Finance, ESG, and Climate Resilience – could not be more timely or critical, as it highlights the directions we must take to secure the future of not just our economy and financial markets, but our society and planet. I would like to focus on Hong Kong's role and achievements in this area, which I believe can be summed up by a three-A framework: accessibility to capital, availability of opportunity, and accountability to global standards.

Accessibility to capital

Sustainable finance is not just a passing trend. It represents a transformative movement, aligning financial systems with the larger goals of sustainable, inclusive growth. Hong Kong has embraced this vision, emerging as a leading international hub for green finance. In 2023 alone, the total issuance of green and sustainable debt in Hong Kong exceeded US\$50 billion, including both bonds and loans, with green and sustainable bonds arranged here accounting for 37 per cent of all such bonds issued across Asia.

This growing accessibility to green capital is not just about numbers. It shows that Hong Kong is well-positioned to channel investments into projects that positively impact the environment and society. We are actively working to expand our green investment product offerings and attract more international issuers to use Hong Kong's green financing market.

By June of this year, the Securities and Futures Commission had authorised over 230 ESG (environmental, social and governance) funds, with total assets under management exceeding HK\$1.3 trillion. This represents year-on-year growth of 19 per cent in the number of funds and 8 per cent in assets under management. These investments are not only generating financial returns for investors but also contributing to the well-being of our communities, proving that profitability and purpose can indeed go hand in hand.

Availability of opportunity

As we look to the future, it is vital that we continue to unlock new investment opportunities and encourage innovation in green and sustainable finance. Collaboration across sectors – between government, businesses, and the community – is essential in driving this progress.

One recent example of innovation is Core Climate, a marketplace launched by the Hong Kong Exchanges and Clearing Limited (HKEX) in 2022. Core Climate connects capital with climate-related products and opportunities across Hong Kong, Mainland China, Asia, and beyond. In August this year, the HKEX further enhanced this platform by introducing Gold Standard's Verified Emission Reductions, offering users a seamless, integrated experience.

Hong Kong has also demonstrated its leadership in combining the bond market, green finance, and fintech. In February this year, we successfully issued HK\$6 billion worth of tokenised green bonds, denominated in multiple currencies – Hong Kong dollar, Renminbi, US dollar, and euro. This marks our second tokenised bond issuance, following the first in February 2022, and is the world's first multi-currency digitally native green bond.

The success of these initiatives reflects the strength of Hong Kong's green fintech ecosystem, which continues to evolve. By leveraging new technologies, we can amplify efforts to support sustainable development, not only in our local community but across the entire region.

Accountability to global standards

As a global green finance hub, Hong Kong recognises the importance of maintaining accountability and transparency in sustainability efforts. This is why aligning with international standards, notably as the International Sustainability Standards Board (ISSB), is a key priority. We are committed to ensuring that our local sustainability disclosure requirements are aligned with the ISSB Standards, which will significantly enhance Hong Kong's competitiveness in the global sustainable finance arena.

By adopting these internationally recognised standards, we will strengthen our position as a trusted green finance hub while also improving the resilience of our local communities. This alignment will not only foster greater investor confidence but also ensure that our financial sector is well-equipped to meet the challenges of an increasingly sustainability-driven world.

HKQAA's contributions

I would also like to take this opportunity to commend the HKQAA for its significant contributions to Hong Kong's sustainable finance journey. Over the past 35 years, the HKQAA has been a steadfast partner, providing critical quality assurance and helping to uphold rigorous standards for green and sustainable finance. Since the launch of the Government Green Bond Programme in 2019, the HKQAA has played a pivotal role by providing external reviews for each bond issuance, ensuring the credibility and integrity of these

instruments.

In addition, the HKQAA has introduced a number of certification schemes, further enhancing stakeholder confidence in green finance products. Their dedication to upholding high standards has been instrumental in positioning Hong Kong as a global leader in this space. Looking ahead, we will continue to count on the HKQAA's expertise as we strive to meet the evolving challenges of sustainable development.

Conclusion

In closing, I would like to emphasise that the future of finance is sustainable finance. As we work towards building a more resilient and sustainable future for Hong Kong and beyond, we must remain committed to the principles of ESG and climate resilience.

Thank you for your attention and your unwavering commitment to sustainable development. Together, we can create a brighter, greener future for generations to come.