

Speech by FS at HKEX 23rd Anniversary Celebrations (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Hong Kong Exchanges and Clearing Limited (HKEX) 23rd Anniversary Celebrations today (June 14):

Laura (Chairman of the HKEX, Mrs Laura Cha), Gucho (Chief Executive Officer of the HKEX, Mr Nicolas Aguzin), 吳國光 (Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the Hong Kong Special Administrative Region (HKSAR), Mr Liu Guangyuan), 劉廣元 (Deputy Director of the Liaison Office of the Central People's Government in the HKSAR Mr Yin Zonghua), Chris (Secretary for Financial Services and the Treasury, Mr Christopher Hui), Tim (Chairman of the Securities and Futures Commission, Mr Tim Lui), Eddie (Chief Executive of the Hong Kong Monetary Authority, Mr Eddie Yue), Salina (Permanent Secretary for Financial Services and the Treasury, Ms Salina Yan), distinguished guests, ladies and gentlemen,

Good evening to you all. It gives me great pleasure to join you today in celebration of the HKEX's 23rd anniversary.

And seeing the HKEX celebrating its anniversary again physically in full scale for the first time in the past four years is particularly cheering.

For so many years, the HKEX has been the Government's staunch partner, being an active contributor, participant and witness to the successful development of Hong Kong as an international financial centre (IFC).

Thanks to the staunch support of our country, Hong Kong, with its unique advantages under the "one country, two systems" framework, has contributed to the spectacular development of the Mainland over the past four and a half decades. In the process, we have also benefited tremendously and developed into Asia's best IFC.

For a long time, we have been playing an instrumental role in helping Mainland enterprises in going global, for which they have undertaken reforms and continuously enhanced their financial reporting and governance standards. We have also created the platform that connects international companies and capital to their Mainland counterparts.

Over the past two decades or so, we have seen remarkable growth of our listing platform. As elucidated by Laura just now, our stock market capitalisation now stands at around HK\$35 trillion. That is indeed 13 times of our GDP (gross domestic product), indicating a huge hinterland, the Mainland, that it serves. Back in 1997, the figure was just two times.

In fact, we never stop moving to enhance our platform's competitiveness. As you could remember, in 2018, we introduced reforms to the listing rules to allow new economy companies with weighted voting rights structure to get listed in our stock exchange.

This has injected much liquidity and vibrancy to our stock market – today, we are home to more than 250 such companies. Although they constitute just 10 per cent of the number of listed companies in Hong Kong, their market capitalisation and average daily turnover both stand at around 25 per cent of our market. The average daily turnover of our stock market has also reached a new height, from HK\$88 billion in 2017 to HK\$125 billion in 2022.

Just in March, the HKEX rolled out a new listing regime for pre-profit or pre-revenue hard tech companies, covering next-generation IT to new materials and new energy. This is a move that will guide the needed capital to support frontier technological research, and help drive the development of relevant industries in Hong Kong and the region. This is all the more timely as our country is actively seeking to achieve high-level technological self-reliance.

No less promising is the more pivotal role that Hong Kong will play in connecting the capital markets of the Mainland and the world, and in the internationalisation of the Renminbi (RMB). The gradual expansion and success of the Connect Schemes are testimony to this. From Stock Connect to Bond Connect, and the recent inclusion of ETFs (exchange-traded funds) and the rolling out of Swap Connect, the channels for two-way fund flows have been broadening and deepening.

Come Monday morning, the new Hong Kong dollar and RMB dual-counter trading will go live, allowing investors to trade securities from the same issuer in both currencies and across counters. No Monday morning blues next week, I can assure you.

Next, we will press ahead with the inclusion of RMB-denominated securities under Southbound Connect, so that Mainland investors can trade Hong Kong shares with their onshore RMB.

Ladies and gentlemen, amid the lingering challenges brought by the still-tentative global economy and daunting geopolitical concerns, we will need to work together and harder to fortify our status as a world-class fund-raising platform.

As our country continues to embrace high-level two-way opening up and strengthen collaboration with economies around the world for mutual development and common prosperity, we have an important role to play. That is to better serve the financing needs of our partner countries – whether they relate to infrastructure financing or green projects.

In particular, as the world moves towards green and low-carbon transition, there is a lot more that Hong Kong can do to contribute to the

global initiative. We have set our sights on becoming a leading green technology and green finance centre of the world, to create an entire new industry chain that will provide the impetus to sustain further social and economic development of Hong Kong.

We are pleased to note that the HKEX is also an enthusiastic partner to green and ESG (environmental, social and governance) development, including, as alluded to by Laura earlier, the launch of Core Climate as well as setting out proposals to enhance climate-related disclosures.

And, as RMB becomes more popular as a trading, investment and reserve currency, we are well positioned to offer more RMB-denominated investment and risk management products to satisfy such growing needs and further strengthen Hong Kong's role as the offshore RMB business hub.

For all of these endeavours, I look forward to the staunch and unfailing support of the HKEX, as you have always given us. For this, my sincere thanks to Laura, Gucho and each and every one of you at the HKEX.

My congratulations, once again, on the 23rd anniversary of the HKEX. I know you will all enjoy this very special evening. There's much to look forward to – tonight and throughout this year of promise and opportunity.

Thank you.

