

Speech by FS at SAB Invest Hang Seng Hong Kong ETF Listing Ceremony (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the SAB Invest Hang Seng Hong Kong ETF Listing Ceremony in Riyadh, Saudi Arabia, today (October 31, Riyadh time):

Diana (Executive Director and Chief Executive of Hang Seng Bank, Ms Diana Ferreira Cesar), Rosita (Director and Chief Executive Officer of Hang Seng Investment Management Limited, Ms Rosita Lee), Mr Al-Hussan (Chairman of the Board of Directors of the Saudi Exchange, Mr Khalid Abdullah Al-Hussan), distinguished guests, ladies and gentlemen,

Good morning. It is a great pleasure to join you today in celebrating the fast-growing financial collaboration between Hong Kong and Saudi Arabia.

I am delighted to congratulate SAB, Hang Seng Investment Management and the Saudi Tadawul for this cheering listing.

Following last November's listing, on the Hong Kong Stock Exchange, of the first Asian ETF (exchange-traded fund) investing in Saudi Arabia, the SAB Invest Hang Seng Hong Kong ETF is just another remarkable product that encourages mutual access of our two markets.

Today's ETF invests into the Tracker Fund of Hong Kong, which tracks more than 80 of the largest, most liquid stocks on the Hong Kong Stock Exchange. It creates another channel for Saudi investors to participate in Hong Kong's equity market on a diversified basis, covering such key sectors as finance, technology and property, in Hong Kong and Mainland China.

And the Tracker Fund itself is an eligible ETF for Southbound trading under our Stock Connect Scheme with the Mainland, meaning that it will enjoy the liquidity of the investment from the Mainland, too.

The Hong Kong Stock market is, of course, a global market, boasting capitalisation of more than US\$4.5 trillion. That's 12 times our GDP.

It counts more than 2 600 listed companies, including some 1 460 from the Mainland. And they represent nearly 80 per cent of our market capitalisation. In other words, HK is the global fund raising platform for Mainland companies.

Investing in our market, by extension, is investing in the Mainland economy, which will prove to be a rewarding endeavour as our country, China, is forecast to grow on a relatively faster pace on a sustainable basis for the long term.

But the benefits are much more. Last year, we reached an MOU with the Saudi Tadawul, enhancing co-operation in such areas as cross-listings. We also encourage Saudi issuers to secondary list on our Stock Exchange. We believe these will be important steps to drive more mutual flow of capital, and widening the accessibility to both markets and enhancing their liquidity.

Hong Kong is connecting issuers, investors and capital around the world and are forging more two-way capital flows with the Middle East, China, Asia and beyond.

I'm glad that the ETF listed today is helping to deepen our efforts in connecting emerging markets with global capital. It is more than a financial product; it signifies our determination to create innovative ways to co-operate, to realise mutually rewarding opportunities with Saudi Arabia and the Middle East.

I would like to thank all the parties for your hard work. And for that, I look forward to more mutually beneficial cross-border financial innovation to emerge to benefit our markets and our people.

I wish you all the best of business, and investing, long down this 21st century of opportunity. Thank you.

