

# Speech by SFST at HKGFA Annual Forum 2024 “Financing Asia’s Net Zero Transition” (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the HKGFA Annual Forum 2024 "Financing Asia's Net Zero Transition" today (October 9):

Dr Ma (Chairman and President of the Hong Kong Green Finance Association, Dr Ma Jun), distinguished guests, ladies and gentlemen,

Good afternoon. It's my pleasure to join you at the seventh annual flagship forum of the Hong Kong Green Finance Association. This year's theme, "Financing Asia's Net Zero Transition", couldn't be more timely or relevant. Today's gathering presents an invaluable opportunity to exchange best practices and explore innovative solutions in our collective journey towards achieving net zero emissions.

Hong Kong's position as a world-class international financial centre is well-established. Our unique advantage as a "super-connector" bridging Mainland China and global markets continues to solidify our status as the world's premier fund-raising hub. What's particularly exciting is Hong Kong's rapid emergence as an international green finance powerhouse.

I have tried to summarise what I see as the "super-connector" role in Hong Kong from the finance perspective, in particular the green finance, in terms of four "Ps". The first "P" is products. In 2023, the total amount of green and sustainable debt issued in Hong Kong, encompassing both bonds and loans, surpassed an impressive US\$50 billion. Of this, green and sustainable bonds arranged in Hong Kong accounted for approximately US\$30 billion – a staggering 37 per cent of all such bonds issued across the entire Asian region. In addition to bonds, I would like to highlight funds. As of June this year, over 230 environmental, social, and governance (ESG) funds were authorised in Hong Kong, with assets under management exceeding HK\$1.3 trillion. This represents a year-on-year increase of 19 per cent in the number of funds and 8 per cent in assets under management – clear indicators of the growing appetite for sustainable investments in our market.

Apart from products, another "P" I would like to highlight in order to grow Hong Kong's role as a green finance centre is to have the right target and right policies. Hong Kong has set its own ambitious targets. We aim to reduce carbon emissions by half before 2035 and achieve carbon neutrality by 2050. Earlier this year, Hong Kong joined cities worldwide in observing Earth Hour, an important annual event that raises awareness about the urgent climate crisis facing our planet. To successfully achieve these decarbonisation goals, green and sustainable finance will play a pivotal role in navigating the challenges posed by our carbon deadlines.

Another policy is on green disclosure. As you may have heard from our Financial Secretary this morning, we are ramping up efforts to consolidate our status as a global financial hub with a strong green focus. In March of this year, we published a vision statement outlining the Government and financial regulators' approach to developing a comprehensive ecosystem for sustainability disclosure in Hong Kong. Our ambitious goal is to be among the first jurisdictions to align local sustainability disclosure requirements with the International Sustainability Standards Board (ISSB) Standards. Later this year, we will actually have a roadmap, indicating how we are going to put that vision into reality.

The third "P" I want to mention is platform. In 2022, the Hong Kong Exchanges and Clearing Limited (HKEX) launched Core Climate, an innovative carbon marketplace. This platform connects capital with climate-related products and opportunities across Hong Kong, Mainland China, Asia, and beyond. Notably, Core Climate is the only carbon marketplace offering Hong Kong dollar and Renminbi settlement for trading international voluntary carbon credits.

Just two months ago, the HKEX announced an expansion of Core Climate's offerings. The platform now includes Gold Standard's Verified Emission Reductions, complementing the existing Verified Carbon Standard by Verra. This latest development allows a more diverse range of internationally certified climate projects to be available on Hong Kong's carbon trading platform, reaffirming our commitment to providing investors and corporates with broader opportunities to support impactful climate initiatives.

Our vision extends beyond Hong Kong. We aim to build a dynamic regional carbon marketplace and are actively working to co-operate with our neighbouring cities to develop a flourishing and sustainable carbon market in the Greater Bay Area (GBA). In recent years, the HKEX has initiated several strategic collaborations with our GBA partners. These include signing Memoranda of Understanding with the China Emissions Exchange (Guangzhou) and the China Emissions Exchange Shenzhen to explore carbon opportunities in the GBA and internationally. These partnerships are crucial in facilitating regional interaction and accelerating the development of a robust carbon market ecosystem across Hong Kong and the GBA.

The final "P" comes to people. Two years ago, the Government launched a pilot scheme, basically focusing on the green and sustainable finance capacity building support programme. The scheme is still up and running, and eligible individuals and programme providers are welcome to join. I hope to see you all later, not just at a forum like today's, but also on other occasions where you give us more advice in terms of how we can make Hong Kong a greener financial hub. Thank you.