

Speech by FS at CSOP Saudi Arabia ETF listing ceremony (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the CSOP Saudi Arabia ETF listing ceremony today (November 29):

Mr Yazeed Alhumeid (Deputy Governor of Saudi Arabia's Public Investment Fund), Ms Ding Chen (the Chief Executive Officer of CSOP Asset Management), Gucho (the Chief Executive Officer of the Hong Kong Exchanges and Clearing Limited, Mr Nicolas Aguzin), Tim (the Chairman of the Securities and Futures Commission, Mr Tim Lui), distinguished guests, ladies and gentlemen,

Good morning. It is a great pleasure to be here today for the launch of Asia's first Saudi Arabia ETF (exchange-traded fund) to be listed right here on the Hong Kong Stock Exchange.

This is a milestone day in our financial co-operation with Saudi Arabia. Being a product of the largest scale of its kind, the CSOP ETF allows investors in this part of the world to invest in burgeoning Saudi enterprises, benefiting from the tremendous opportunities offered by the country in its proud realisation of the 2030 Vision.

Here, allow me to express our sincere appreciation to Saudi Arabia's Public Investment Fund, and CSOP Asset Management, for bringing the ETF to Hong Kong and Asia.

An exemplar case for financial connectivity along the Belt and Road

The launch is indeed no less a landmark of financial connectivity along the Belt and Road.

Last December, addressing the first China-Gulf Cooperation Council Summit, President Xi Jinping spoke of the importance of "making new progress in finance and investment co-operation". China and Saudi Arabia have indeed fostered a markedly closer, multifaceted relationship encompassing various areas including trade, investment, energy co-operation, and more.

Hong Kong is firmly committed to contributing to this important relationship.

Starting from my attendance at the FII Summit last year, the Chief Executive, myself, different policy secretaries as well as many other outstanding business and professional leaders in Hong Kong have visited Saudi Arabia. And now we are clearly seeing good progress.

Hong Kong as a superconnector and crucial gateway for capital flow

Hong Kong is no doubt best positioned to connect Saudi Arabia's

boundless investment opportunities and investors in Asia and beyond.

Under the "one country, two systems" principle, we are China's international financial centre with unique institutional advantages – the common law system and rule of law, free flow of capital, goods, talent and information, a simple and low tax regime and a well-functioning linked exchange rate system.

Through various Connect Schemes, we serve as a crucial gateway for two-way capital flow, for the Mainland's capital to access the world's market, and vice versa for international capital.

For instance, since the establishment of the Stock Connect Scheme in 2014, the Mainland's outbound investments through Stock Connect have amounted to over US\$360 billion, with a cumulative turnover of over US\$4,700 billion.

We are also a trusted conduit for international investors to invest on the Mainland – for example, 70 per cent of A-shares held by international investors were acquired via the Stock Connect.

As a matter of fact, the Connect Schemes have been continuously expanding and deepening, ranging from stocks, bonds, ETFs to derivatives.

And for ETFs, they have been thriving in Hong Kong, given their ease to trade and convenient access by investors of all types.

Hong Kong is now home to 175 ETF products with a total market cap of about US\$50 billion. The average daily turnover of ETFs reached about US\$1.5 billion in the first 10 months of 2023, up more than 25 per cent than in the same period last year.

Concluding remarks

Ladies and gentlemen, today's ETF launch does much more than adding to our financial products. It tells investors that we are determined to create innovative new ways to co-operate, to realise mutually rewarding opportunities, with Saudi Arabia and the Middle East.

It is clear that today is just the beginning. We keenly look forward to more mutual financial co-operation, further boosting financial connectivity and capital flows between our two regions.

Our partnership will go beyond finance, to many other areas such as thought leadership. Next week, on December 7 and 8, the Saudi Arabia FII Institute will host its inaugural PRIORITY Asia Summit – here in Hong Kong, right here in this Connect Hall. We will discuss many thorny issues that affect humanity's future. I look forward to seeing you here again.

Finally, I wish you all the best of health and business, promise and opportunities, in the years to come.

Thank you.

