

**Caritas Tuen Mun Marden Foundation Secondary School**  
**2019-2020 S.1 Liberal Studies**  
**Newspaper Refection (8)**

Name: \_\_\_\_\_ Class: S.1LS Date: \_\_\_\_\_

Please read the following newspaper carefully and answer the questions at the back page.

**The proposed merger between HK and London stock exchanges**

HONG KONG Exchanges and Clearing Limited (HKEX) has proposed to acquire the London Stock Exchange Group (LSE) for nearly \$290 billion. Reactions by the UK have been cautious.

Over the past ten years, the mergers and acquisitions of stock exchanges have become an important global trend. To cope with challenges posed by emerging competitors as well as new technology, both HKEX and the LSE have been seeking merger partners. In terms of the aggregate market value of listed companies, HKEX and the LSE are the world's sixth and seventh biggest stock exchanges respectively. The merger will create a stock exchange that is the third biggest in the world after the New York Stock Exchange and the Nasdaq Stock Market. Charles Li, chief executive of HKEX, describes the proposal as the "union of the century". The merger will create a global market platform that operates continuously for eighteen hours every day. As The New York Times has pointed out, if the merger is successful, the US's stock exchanges will be challenged by a formidable and emboldened competitor.

HKEX's "proposal" is a year in the making. HKEX and the LSE have their respective strengths and as such are highly complementary. The LSE handles the trading sessions in Europe and the US, and Hong Kong, the Asian ones. London is the offshore US-dollar financial centre, while Hong Kong is the global offshore renminbi business hub. The LSE targets the fully fledged markets in Europe and the US, while HKEX mainly serves the emerging markets in Asia. In recent years, the LSE has been striving to enter the Asian market. It created the Shanghai-London stock connect with the Shanghai Stock Exchange. As for Hong Kong, as of today mainland companies account for over 60% of the overall market value of Hong Kong stocks. In recent years, HKEX has gone on an internationalisation drive not only to strengthen itself but also to prevent over-reliance on the mainland economy.

The financial industry is at the core of modern capitalism. The symbol of a region's capital strength, a stock exchange is not only the foundation for the financial industry but also an important strategic asset. The British government has been reluctant to put the LSE in the hands of outsiders, and the proposed merger between Hong Kong and London stock exchanges has even got on the nerves of not only Britain but also the west. The Financial Times says that the LSE is inclined to reject the offer, with one of the reasons being misgivings over political risk.

*<https://life.mingpao.com/eng/article?issue=20191011&nodeid=1570434481392&tag=bilingual>*

<p><b>What:</b>  <i>(Hint: What is the main controversy and concepts of LS are mentioned in the news above?)</i></p>	<hr/> <hr/> <hr/> <hr/>
<p><b>When:</b>  <i>(Hint: In what time did the above news break out?)</i></p>	<hr/> <hr/>
<p><b>Where:</b>  <i>(Hint: In what place did the above news take place?)</i></p>	<hr/> <hr/>
<p><b>Who:</b>  <i>(Hint: What kind of people are involved in the above news? Mention THREE.)</i></p>	<ul style="list-style-type: none"> <li>● <hr/></li> <li>● <hr/></li> <li>● <hr/></li> </ul>
<p><b>Why:</b>  <i>(Hint: Why the character would have such action in this news?)</i></p>	<hr/> <hr/> <hr/> <hr/>
<p><b>Reflection (30-50 words):</b>  <i>(Hint: What are your feelings/opinions towards the news above? Any suggestion/solutions to solve the problem or situation mentioned above?)</i></p>	<hr/>