

Speech by FS at seminar on Routes to Growth: Creating Opportunities Between Hong Kong and Ireland as Financial Services & Aviation Hubs (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at a seminar on the Routes to Growth: Creating Opportunities Between Hong Kong and Ireland as Financial Services & Aviation Hubs in Dublin, Ireland today (May 31, Dublin time):

Minister Pat Breen (Minister of State for Trade, Employment, Business, EU Digital Single Market and Data Protection of Ireland), Consul General Ryan (Peter Ryan, Consul General of Ireland to Hong Kong & Macau), Rupert (Rupert Hogg, Chief Executive Officer of Cathay Pacific), distinguished guests, ladies and gentlemen,

Good afternoon.

It's a pleasure to be here in Dublin again. It must have been some ten years ago when I last visited this beautiful city for a conference. Now with direct flights between Hong Kong and Dublin to be launched in just two days, I keenly see myself as a potential frequent traveler to Ireland in future!

The four-times-a-week service will surely speed the growing ties between us. Tourism is certain to be a big winner.

But allow me, this afternoon, to focus on two areas – financial technology and aviation, in keeping with the theme of today's seminar.

Financial technology, or Fintech, is very much a given for Hong Kong. After all, we are one of the world's leading financial centres, and financial services have long been our core strength. Of course, you need not take this Financial Secretary's word on that.

In March, the Global Financial Centres Index ranked Hong Kong third, behind only London and New York among the world's major financial centres. Hong Kong topped the world in the Index's "Human Capital" category.

International financial and investment companies trust Hong Kong not only because of our professional services expertise, but because of our common law system and the fine tradition of rule of law, our free and open market, our low and competitive tax regime, as well as our robust and transparent institutional framework.

With 75 out of the world's top 100 banks operating in Hong Kong, we are

Asia's second largest banking centre, second only to Japan. We are also Asia's leading asset-management centre as well. Besides, we are the world's largest offshore Renminbi business hub, handling 70 per cent of global offshore Renminbi payments.

Hong Kong's stock market capitalisation rings in at more than US\$4 trillion. And in terms of funds raised through initial public offerings, the Hong Kong Stock Exchange has topped the world in five of the past nine years. Last year, we raised some US\$16.5 billion.

In order to further boost the competitiveness of Hong Kong's listing platform and reinforce our status as a premier capital-formation centre, we have recently launched a new listing regime that permits the listing of pre-revenue biotech issuers as well as companies from emerging and innovative sectors with weighted voting right structures. We have also established a new concessionary secondary listing route for Greater China and international companies that wish to secondary list in Hong Kong.

Meanwhile, we are also rolling out measures to develop Hong Kong into a hub for green finance and bond issuance.

While we are fully committed to consolidating our advantages in financial services, Hong Kong is actively embracing innovation and technology as the new impetus for economic growth.

Following the establishment of the Innovation and Technology Bureau some two years ago, more than US\$10 billion has been allocated to upgrade technological infrastructure, build a vibrant ecosystem for startups, and pool and nurture more technology talent in Hong Kong. We are focusing on four areas: biotechnology, artificial intelligence, smart city, and of course, Fintech.

It helps that Hong Kong boasts world-class information and communication technology infrastructure, with the largest data centre cluster in the Asia-Pacific region. Our internet connection speed is among the world's fastest, and our mobile penetration rate, at 247 per cent, is among the highest anywhere – certainly on this planet.

According to Compass, a San Francisco-based research firm, Hong Kong is among the world's five fastest-growing start-up centres.

Fintech start-ups, and the Fintech community, are definitely blossoming in Hong Kong in recent years. Cyberport, Hong Kong's ICT flagship, now houses more than 250 Fintech companies that are engaged in a wide range of applied research and development, from cybersecurity, payment and remittance to robo-advisory in wealth management and insurance.

World-renowned innovation laboratories and accelerator programmes, such as "Accenture Fintech Innovation Lab" and "Supercharger Fintech Accelerator", have established their presence in Hong Kong. Together with the countless incubation and mentorships programmes, hackathons and Fintech competitions

organised by universities and technology companies, the Fintech ecology has been increasingly vibrant in Hong Kong.

Our financial regulators are also facilitating Fintech applications with their dedicated liaison platforms and supervisory sandboxes, which allow financial institutions and Fintech companies to conduct pilot trials on Fintech solutions in a confined environment.

With such an enabling environment, investment in Hong Kong-based Fintech companies increased to US\$546 million in 2017. In the period from 2014 to 2017, Fintech companies based in Hong Kong have raised a total of US\$940 million, which is almost three times of that raised by Singapore.

It's also attracting a world of attention. Ireland very much included.

Last year, Irish payment company Stripe launched in Hong Kong. And Fexco, one of your leading Fintech players, also operates out of Hong Kong. And Global Shares, Ireland's fintech company of the year in 2017, set up its first Asian base in January – in Hong Kong, of course.

Join them, join us, in Hong Kong, where the future of Fintech is being built. I am glad to note that Enterprise Ireland has posted a dedicated person in Hong Kong to look after its financial services for the APEC region. And InvestHK's dedicated Fintech team would be more than happy to assist Irish Fintech firms to set foot in Hong Kong, as well as the Mainland of China and Asian region.

For decades, Hong Kong has been serving as the unique gateway connecting international investors and the vast market in the Mainland of China. And our ever-deepening economic integration with our motherland creates opportunities for us that are available to no one else. Those opportunities include the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Bay Area development.

The latter, a city cluster counting nine Guangdong cities, along with Hong Kong and Macau, counts a combined population of 68 million and a collective GDP worth US\$1.5 trillion. That GDP, ladies and gentlemen, is comparable to that of Australia or Korea.

The Bay Area has all it takes to become the international innovation and technology hub of China. The deepening collaboration among the cities in the Bay Area will enable us leverage the synergies of the world-class financial and professional services of Hong Kong, the vibrant tech business sector in Shenzhen, as well as the advanced manufacturing in other cities in Guangdong Province.

Again, our connection with China will make a palpable difference, given that the Mainland is a global leader in Fintech. And that some of the major Fintech companies in the Mainland are based in the Bay Area, where our financial services acumen will surely play an instrumental role.

Ladies and Gentlemen, Hong Kong is taking off, too, in aircraft leasing, along with the soaring civil aviation and aircraft market in Asia and in particular, the Mainland of China.

Over the next two decades, global aviation passengers are expected to grow at about five per cent per annum while passengers in the Asia Pacific region at about six per cent per annum. The number of new aircraft delivered worldwide are estimated at over 41 000 with a value of about US\$6.1 trillion, of which 16 000, valued at US\$2.5 trillion, will be in the Asia Pacific Region.

And Mainland airlines will need about 6 000 new aircraft between 2012 and 2032, accounting for over 40 per cent of the forecasted delivery to the Asia Pacific region.

Ireland is the fast-beating heart of the global aircraft leasing business. I invite Ireland, and Irish expertise in aircraft leasing, to look to Hong Kong as your trusted partner in Asia, in capitalising the massive and long-term opportunities ahead.

Last July, we amended our law to create a dedicated tax regime for aircraft leasing in Hong Kong.

Put simply, the profits tax rate has been cut in half, from 16.5 per cent to 8.25 per cent.

Since the introduction of the new tax regime, we are excited to see the aircraft leasing business has started to flourish in Hong Kong. Last December, ICBC Financial Leasing Company concluded the first Hong Kong-based cross-border aircraft leasing transaction to Korea under the new regime. Most recently, a Hong Kong aircraft lessor has committed to buy eight aircraft and will use its Hong Kong aircraft leasing platform to lease the aircraft to airlines in Indonesia, Qatar and Mainland China. A number of deals involving leasing of aircraft from Hong Kong to airlines in Japan and Russia are in the pipeline.

In terms of aircraft leasing, there is so much that Hong Kong and Ireland can work and accomplish together. And together, we can soar.

You will hear more about Hong Kong's advantages from Mr Stanley Hui, the President of the Hong Kong Aircraft Leasing and Aviation Finance Association, in the upcoming panel session.

My sincere thanks to Enterprise Ireland and InvestHK for organising today's invaluable seminar, and to Cathay Pacific for sponsoring it.

Ladies and Gentlemen, I know you will enjoy the panel discussions on Fintech and aircraft leasing.

And I look forward to welcoming you to Hong Kong and to returning soon to Dublin – on a castles-and-pubs holiday.

Thank you.

Correctional Services Department maintains order of institution

Forty-three male persons in custody of Pik Uk Prison refused to consume meal this morning (May 31) due to dissatisfaction towards their request relating to work arrangement being rejected by the institution management. According to intelligence, some persons in custody incited fellow persons in custody to engage in collective behaviour with a view to acting against the institution management. The Correctional Services Department maintains order of institution (CSD) deployed other reinforcements to Pik Uk Prison the same day to search targets and various locations. During the incident, three persons in custody suspected of inciting others to engage in collective behaviour are being removed from association and put under investigation.

After advice and warning given by the institution management, the persons in custody concerned have resumed consuming meal. The present atmosphere at Pik Uk Prison is stable. The CSD will continue to closely monitor the development and the persons in custody concerned.

Pik Uk Prison is a minimum security prison for the detention of male adult persons in custody.

Government responds to recent media reports on works at expanded Hung Hom Station under the Shatin to Central Link Project

Regarding the media reports in the past two days about the works at the expanded Hung Hom Station under the Shatin to Central Link (SCL) project that have aroused public concern over the quality of works at the Hung Hom Station under the contract no. 1112, the Transport and Housing Bureau and the Highways Department (HyD) are very concerned about the incident and the HyD has taken immediate follow-up actions.

After learning of the incident, the staff of the HyD and its Monitoring and Verification (M&V) Consultant carried out an on-site inspection at the Hung Hom Station on May 30, including inspecting the condition of the construction works and checking the inspection records of the MTR Corporation Limited (MTRCL). No serious crack or water leakage in the concrete structures was observed during the site inspection on that day.

The Director of Highways (DHY), Mr Daniel Chung, met the senior officers of the MTRCL today (May 31) reiterating HyD's grave concern over the incident and pointing out that MTRCL, being the project manager under the Entrustment Agreement of the SCL project, has the responsibility to ensure the quality of works meets the relevant requirements. The DHY required the MTRCL to submit an incident report within a week. In addition, in order to ease the public concern, the DHY also required the MTRCL to arrange an independent third-party expert to carry out load test as soon as possible and to provide HyD with a test report in order to ensure that the structures can sustain the design loads.

The works under the SCL project are still on-going. Upon the completion of works, the MTRCL shall submit the certification of completion of works and relevant documents to the Government. In addition, the HyD, its M&V Consultant and the relevant government departments will take part in the inspection for completion of works conducted by the MTRCL before the relevant works are handed over to the Government.

Statement by Chief Executive's Office on surrender of fugitive offender to other jurisdiction

The Chief Executive's Office today (May 31) issued the following statement in respect of recent media reports on a fugitive surrender request made by the US Government:

While it is inappropriate to discuss individual surrender cases in public, all requests for the surrender of fugitive offenders are processed strictly in accordance with the Fugitive Offenders Ordinance (Cap. 503) and in the context of relevant agreements concluded with the respective jurisdictions for the surrender of fugitive offenders. For requests received from the US Government for the surrender of fugitive offenders, the Agreement between the Government of Hong Kong and the Government of the United States of America for the Surrender of Fugitive Offenders is applicable.

On receipt of each and every surrender request from another jurisdiction, the Chief Executive must first issue authority to proceed before the request can be processed further. A decision on whether to issue

authority to proceed on the advice of the Department of Justice rests solely and entirely with the Chief Executive under section 6(2) of the Fugitive Offenders Ordinance (Cap. 503). Such a decision is only to be made after taking into full account the relevant facts and circumstances of each case for the purpose of complying with the Fugitive Offenders Ordinance (Cap. 503) and the applicable bilateral agreement. Under the above-mentioned Agreement, situations under which a surrender request may be refused are clearly set out. These relevant provisions are reproduced in the Annex.

In a recent Hong Kong Policy Act Report submitted by the US State Department to the US Congress, it was mentioned that in respect of a fugitive surrender request made by the US Government, the Chief Executive refused the request in October 2017 "at the behest of the Central Government". The statement suggests that the Chief Executive's decision in the case concerned was made in a manner other than in accordance with the Fugitive Offenders Ordinance (Cap. 503) or the Agreement. The Hong Kong Special Administrative Region (HKSAR) Government deeply regrets to see the inclusion of this inaccurate statement in the above-mentioned Report to the US Congress.

Currently, there is no surrender of fugitive offenders arrangement between the HKSAR and the Mainland. Therefore, no surrender of a fugitive has ever been made to the Mainland. The HKSAR Government deals with any movement of persons in and out of Hong Kong in accordance with the laws of Hong Kong.

[Meeting of LegCo Subcommittee](#)

The following is issued on behalf of the Legislative Council Secretariat:

The Legislative Council (LegCo) Subcommittee on Securities and Futures (Professional Investor) (Amendment) Rules 2018 will hold its first meeting at 10.45am tomorrow (June 1) in Conference Room 2 of the LegCo Complex. During the meeting, members of the Subcommittee will elect a Chairman and meet with the Government.