

SFST's speech at Offshore China Fund Awards 2021 (English only)

Following is the video opening remarks by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Offshore China Fund Awards 2021 this morning (March 18):

Distinguished guests, ladies and gentlemen,

It's my pleasure to speak to you once again this year, at the 2021 Offshore China Fund Awards. Coming to the seventh year, the award continues its mission to recognise and introduce the best Chinese asset managers to global investors, and it also provides the opportunity for us to take stock of what we have done and how far we will go, for the asset and wealth management sector.

We have witnessed in recent years fast economic growth and wealth creation in Asia, increase in portfolio allocation to the Asian markets and deepening financial market liberalisation in the Mainland. All these, together with the hard efforts paid by all of you, have contributed to Hong Kong's strong position as a premier international asset and wealth management centre in the region, and the Government is prepared to sharpen our competitive edge in the asset and wealth management area through a multi-pronged approach.

To begin with, we have enhanced the diversification of our fund structures. The open-ended fund company (OFC) regime has been in operation and over 50 OFCs have been set up. With that, a fund can choose to set up in the form of a company, but with the flexibility to create and cancel shares for investors' subscription and redemption in the funds.

Then, to provide a new registration regime and to enable funds to be constituted in the form of limited partnerships in Hong Kong, the limited partnership fund (LPF) regime was launched in 2020. Until this month, over 410 limited partnership funds have been registered, demonstrating its popularity with the industry

With both the OFC and LPF regimes running well in place, we have extended our work to attract more existing foreign funds to migrate to Hong Kong. That is why we have also put in place a re-domiciliation mechanism for foreign funds to register as OFC or LPF in Hong Kong.

Diversified fund structures aside, a favourable tax environment is no less important for growing the AUM (assets under management) for Hong Kong. On this front, publicly offered funds are provided with profits tax exemption. Also, to attract more private equity funds to domicile and operate in our market, we are providing tax concessions for carried interest issued by private equity funds operating in Hong Kong.

Family offices are a target group as well. A global dedicated team in InvestHK has commenced operation in June last year to provide one-stop-shop services to family offices interested in establishing a presence in Hong Kong. We are also considering the provision of tax concessions to enhance our attractiveness as a family office hub.

In addition, for diversification of our product offering, we have introduced various measures to promote the REITs market, including relaxing certain investment restrictions imposed on REITs, broadening the investor base by relaxing MPF schemes' permissible asset allocation to REITs and encouraging the listing of more REITs in Hong Kong.

Ladies and gentlemen, my special thanks to the Chinese Asset Management Association of Hong Kong and Bloomberg for this welcome opportunity to share with all of you the promising future of the asset and wealth management sector in Hong Kong. To conclude, my congratulations to the winners of the 2021 Offshore China Fund Awards and I wish you all the best of business and health. I also look forward to seeing you all in person at next year's Awards. Thank you.