

# Speech by CE at 13th Asian Financial Forum (English only) (with photos/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the 13th Asian Financial Forum today (January 13):

Deputy Director Qiu Hong (Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (HKSAR)), Deputy Commissioner Yang Yirui (Deputy Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the HKSAR), Peter (Chairman of the Hong Kong Trade Development Council (TDC), Dr Peter Lam), Margaret (Executive Director of the Hong Kong TDC, Ms Margaret Fong), distinguished guests, ladies and gentlemen,

Good morning. It is a pleasure to be here today, to welcome you to the 13th Asian Financial Forum.

Since its inception in 2007, the AFF has been a continuing success, bringing together thousands of participants from Hong Kong, Mainland China, throughout the region and around the world. They are policymakers, business and financial leaders, investors, entrepreneurs, academics, researchers and high-profile representatives of so many other sectors and institutions. AFF 2020 is a challenge given the social unrest we have seen in the past seven months in Hong Kong but again, through the commendable efforts of the Hong Kong Trade Development Council, and the trust of our long time partners in the organiser as well as in our city, we are putting on as usual a good show.

We are less than two weeks into the New Year and, already, geo-political concerns, large and alarming, dominate the news. Still, I believe the year ahead will mark a milestone for Asia. Asian economies, in terms of purchasing power parity, will become larger than the rest of the world combined for the first time since the 19th century. That represents a quantum leap from about one-third just two decades ago. Asia this year will also be home to half of the middle class of the world. That heralds enormous business opportunities for the world at large. Indeed, Asia, powered by Mainland China, has for some time been a global growth engine.

Hong Kong, with its strategic regional location, and its extensive, ever-deepening cultural and financial links with the Mainland, is China's international financial centre, contributing to the sustainable progress of the country, the region and the world.

In pursuing sustainable development, quality as well as quantity counts. Today's economies are exploring growth through innovation and technology, while seeking inclusiveness. They are, to be sure, hard-won goals given the unprecedented challenges we've faced over the past two years: the global

economic slowdown, trade disputes among major economies, geopolitical uncertainties and local issues. But if we cannot direct the wind, we can surely adjust our sails, which has been what we are doing here in Hong Kong. Thanks to lessons learned and measures implemented, particularly since the Asian financial crisis, Hong Kong's financial system remains stable and remarkably successful.

Our core competitiveness, and our status as one of the world's premier financial centres, continues to be internationally recognised. Last September, we again ranked third in the world in the Global Financial Centres Index, just behind New York and London. That's a compelling statement of confidence in our freely convertible currency, our world-class banking system and stock market and the professionals who power our financial sector. It's a telling reflection of our strategic geographic location and sophisticated connections to global financial markets. It's recognition, too, of the free flow of capital within, into and out of Hong Kong, as enshrined in Article 112 of the Basic Law. More than capital flows, information and people also move effortlessly in and out of Hong Kong.

People around the world are confident in our regimes. They take reassurance in our trusted and bilingual common law system, our sound financial regulatory framework, low taxes and deep connections with the Mainland and the rest of the world. It helps, too, that Hong Kong again topped the world in 2019 in funds raised through initial public offerings, taking in about US\$40 billion in 2019. That marked the seventh time in the past 11 years in which Hong Kong has led the world in IPOs.

Hong Kong is also the first international financial centre to have laid down a clearly-defined and comprehensive regulatory regime for listed companies with weighted voting rights structures and additional corporate governance and disclosure requirements. It's clearly working. Hong Kong is now the second-largest fundraising venue in the world for biotech companies. And, of course, the Alibaba Group Holding's secondary listing on our stock market in late November was one of the world's biggest stock offerings of 2019. The decision by the e-commerce giant – one of the Mainland's largest e-commerce companies and Asia's most valuable listed companies – may well encourage other Mainland enterprises listed elsewhere, to expand their investor links into the Asian region, with Hong Kong as their base.

Then there's the Guangdong-Hong Kong-Macao Greater Bay Area development. With a population of 71 million and a combined GDP of US\$1.6 trillion, the Greater Bay Area and its huge market potential present boundless promise for Hong Kong, particularly our financial services sector.

Innovation will drive development in the Greater Bay Area. Measures will be rolled out to expand the flow of capital and people, opening up new markets and business opportunities thanks to enhanced connectivity. Among others, with the support of the Central Government, especially a Leading Group on the Greater Bay Area development chaired by the Vice Premier Han Zheng, a two-way wealth management connect scheme is being drawn up to meet the cross-boundary, wealth-management needs of residents in Hong Kong and the

rest of the Greater Bay Area.

Coupled with the Belt and Road Initiative, the Greater Bay Area development will ensure long-term prospects for Hong Kong's economy. Through these two national policies, Hong Kong will enhance its role as the business bridge between the Mainland and the rest of the world. I'm talking here of our status as a leading fund-raising centre, the world's largest offshore renminbi business hub and a premier asset and wealth management hub.

We are no less committed to Hong Kong's development as a green finance centre. In May 2019, we issued our inaugural green bond under the Government Green Bond Programme. And, with the introduction of a Green Bond Grant Scheme, which subsidises green bond issuers in obtaining certification under the Green Finance Certification Scheme, green bonds issued and arranged in Hong Kong in 2018 reached US\$11 billion. A good start, I'd say, in creating financial programmes that also pay off in environmental benefits for our sustainable development.

We are hard at work as well on enabling development of our capital markets. Our open-ended fund company regime has been in operation since end-July 2018. And since last April, onshore and offshore privately offered funds can enjoy profits tax exemption under our tax law.

We're also building on our mutual recognition of funds arrangement. It now covers six economies: the Mainland, Switzerland, France, the United Kingdom, Luxembourg and the Netherlands. Such connections will strengthen our role as the world's premier offshore renminbi hub and wealth management centre.

Our connectivity with the Mainland is also enhanced through such financial schemes as Hong Kong-Shanghai Stock Connect, Hong Kong-Shenzhen Stock Connect and Bond Connect. Since its inception, in late 2014, Stock Connect has realised cumulative net transactions of about US\$150 billion in the Mainland and over US\$130 billion in Hong Kong.

We continue to diversify our fund structures. Among other things, we are working on a new regime of limited partnership for the registration of private equity funds. We are also enhancing Hong Kong's status as an international insurance and risk-management hub. And, to broaden the range of risk-management offerings in Hong Kong, we plan to enable the issuance of insurance-linked securities, including catastrophe bonds. Moreover, we will expand the scope of insurable risks by captive insurers in Hong Kong to meet the risk-management needs of multinationals.

To exemplify our commitment to technology, last year, we issued eight virtual banking licences, as well as two virtual insurer licences. These can spur financial innovation, while boosting customer experience and building financial inclusion. And our Faster Payment System, launched in 2018 to enable instant payment, now handles about 168 000 transactions, totalling more than US\$307 million a day.

In short, ladies and gentlemen, we've been busy making the most of Hong Kong's manifold advantages. In creating connections between businesses, investors and financial markets, East and West, we help you excel. That is also the great strength of the Asian Financial Forum, bringing East and West together for two intensive days of the latest information and intelligence, deliberation and debate, networking opportunities and business promise.

This year's AFF is, as always, packed with panel discussions and workshops on financial policy, asset and wealth management, insurance, sustainable finance and deal-making sessions. As financial technology continues to shake up the financial world, the AFF continues to expand its focus on fintech. This year, we launch the FintechHK Start-up Salon, showcasing promising business ideas from fintech start-ups. It builds on the success of last year's Fintech Showcase, which returns with more than 60 fintech start-ups. And there's even more on offer this year, in areas ranging from global trade finance to environmental, social and governance, profit with purpose and succession planning for family corporations.

It gives me great pleasure, as well, to tell you that your keynote luncheon speakers today and tomorrow, respectively, are Dr Janet Yellen, formerly the Chair of the US Federal Reserve System's Board of Governors, and Professor Abhijit Banerjee, the 2019 Economics Nobel laureate. I am honoured that they come to Hong Kong and offer us their insight and their inspiration.

The Forum is part of International Financial Week in Hong Kong, which brings together some 16 events covering everything from private equity and fund-raising to alternative investment and advertising strategies for financial concerns. A trip to Shenzhen, 15-16 January, is also featured this year, with visits to leading financial services and technology companies. Shenzhen, of course, is our close partner in the Greater Bay Area and a global pace-setter in technology.

Ladies and gentlemen, the Asian Financial Forum symbolises Hong Kong's wide-ranging strengths and resilience as an economy and a community. These strengths and resilience, just like our financial systems, have not been undermined despite that we have experienced considerable social unrest and challenges in recent months. Through the concerted efforts of the Government, and the people of Hong Kong, I am confident that we will bridge our divide, that we will realise the common goal of a re-united community and a flourishing economy.

We take heart and confidence in your presence here, your compelling commitment to Hong Kong. We continue to welcome you and the world here.

I wish you the best of business at the Asian Financial Forum and a New Year blessed with peace, harmony and good will. In 2020, they are surely the most precious gifts we can hope to give and to receive. Thank you very much.

