

# Speech by CE at Asian Financial Forum (English only)

Following is the speech by the Chief Executive, Mr John Lee, at the Asian Financial Forum today (January 13):

Your Excellency Chairman Adylbek Kasymaliev (Chairman of the Cabinet of Ministers of the Kyrgyz Republic), Honourable Executive Deputy Director Zhou Ji (Executive Deputy Director of the Hong Kong and Macao Work Office of the Communist Party of China Central Committee and the Hong Kong and Macao Affairs Office of the State Council), Honourable Governor Pan Gongsheng (Governor of the People's Bank of China), Honourable Special Envoy Liu Zhenmin (Special Envoy for Climate Change), Honourable Director Zheng Yanxiong (Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region), Dr Peter Lam (Chairman of the Hong Kong Trade Development Council), honourable ministers and officials from Asia and beyond, distinguished guests, ladies and gentlemen,

Good morning. Welcome to Hong Kong and the 18th Asian Financial Forum.

I am delighted to join you today – some 3 600 of you from more than 50 countries and regions. You are influential financial and business leaders, investors and entrepreneurs, senior policymakers, academics, economists, and a great many other prominent specialists. And you're here in Hong Kong for the Asian region's first major international financial gathering of the new year.

You're here for the wealth of intelligence and insight this year's Forum, and its more than 100 expert speakers, will impart over these next two days under the theme "Powering the Next Growth Engine". And you're certainly in the right place. Hong Kong, an international financial centre, and one of the world's leading financial hubs, has long been celebrated for its connectivity and strategic location, bringing East and West together for finance, business, investment and more.

And I'm here to tell you that Hong Kong is poised to power its next growth engine and, in doing so, contribute to the region's overall development. Market estimates predict that the economy of Asia, excluding Japan, is expected to expand by some 4.4 per cent this year – considerably above the expected global average of 2.7 per cent. You'll hear more about that, and other exciting opportunities in this growth region of the globe, over these next two eventful days.

For the next few minutes, allow me to tell you a little more about Hong Kong, where we are today, where we expect to be tomorrow, thanks to the policies we're implementing, and the initiatives and plans we're putting in place.

We ranked third, globally, and first in Asia, in the most recent Global

Financial Centres Index. In last year's World Competitiveness Yearbook, Hong Kong ranked fifth, globally, up two places from the previous year. And we topped the Yearbook's rankings in business legislation and international trade.

Thanks to "one country, two systems," we enjoy the strong support of our country China, while developing ever-expanding global ties, making Hong Kong the world's foremost "super connector" and "super value-adder". Our established common law regime dovetails with the legal system of many major global financial hubs. Our professionals are proficient in both Chinese and English, and well-versed with the business practice of both China and the rest of the world.

These strengths help to reinforce our commitment to free and multi-lateral trade. Indeed, to date, we have signed 24 investment agreements with 33 economies, and nine free trade agreements with 21 economies. And we hope soon to add the Regional Comprehensive Economic Partnership – the world's largest FTA – to our free trade agreements and global connectivity.

Our financial regulatory system is robust, and we offer a deep and broad capital market.

Hong Kong has long been a hub for asset owners and family offices. We managed about 4 trillion US dollars worth of assets in 2023, with net fund inflows up well over three times.

We are also home to about 2 700 single family offices. And more than half of them have been set up by ultra-high-net-worth-individuals, each with a wealth of at least 50 million US dollars. And the industry has predicted that Hong Kong will become the world's largest cross-boundary, wealth management centre in three years' time, that is by 2028.

Hong Kong continues to be the global offshore Renminbi business hub, with the world's largest offshore pool of Renminbi funds, as well as a leading position in Renminbi settlement, financing and asset management. In short, Hong Kong offers a wide and welcome range of Renminbi products and services.

About 80 per cent of the world's offshore Renminbi payments are processed here. At the end of October, Renminbi deposits in Hong Kong reached 1.1 trillion Renminbi, supporting offshore Renminbi trading and financial activities around the world.

Last year, Hong Kong's stock market surged by some 18 per cent, and the average daily turnover rose 26 per cent compared to the previous year. We also became the world's fourth largest initial public offering market last year. And we made good progress in developing the stock market, reforming GEM, our second board, which focuses on small and medium enterprises. We also enhanced the listing regime for specialist technology companies and enabled market trading under severe weather.

In November, Hong Kong Exchanges and Clearing celebrated the Connect

programme's 10th anniversary. Over the years, the Connect programme, which links our market with the Mainland market, has expanded beyond equities to include bonds, exchange-traded funds and interest rate swaps. This past year's enhancements included the relaxation of ETF eligibility requirements under Stock Connect, as well as new offerings under Swap Connect.

Last year, too, we established the first two exchange-traded funds tracking Hong Kong stocks on the Saudi Exchange, a significant milestone for two-way capital flow.

In arranging international bond issuance by Asian institutions, Hong Kong has been Asia's leader for sixteen consecutive years, and ranked first in the world for nine of those years, capturing about a quarter of the market in 2023.

Hong Kong is a leading green and sustainable finance hub. In 2023, the volume of green and sustainable bonds arranged in Hong Kong amounted to 30 billion US dollars, topping the Asian market and accounting for 37 per cent of the region's total. Our Government Sustainable Bond Programme targets both global institutional investors and local retail investors, and covers multiple currencies, varying tenors and included the largest ESG bond issuance in Asia.

As of last September, we had issued some 230 ESG funds, with assets under management of over 175 billion US dollars. The value is up over 50 per cent from just three years ago.

Just last month, we launched a roadmap towards the full adoption of the International Financial Reporting Standards – Sustainability Disclosure Standards (ISSB Standards). That provides a well-defined pathway for large publicly accountable entities to fully adopt the ISSB Standards no later than 2028. Hong Kong, ladies and gentlemen, is determined to become one of the first jurisdictions to align its local requirements with ISSB Standards.

Looking ahead, we will focus on three fronts.

First, we will enhance our existing advantages, including our competitiveness as an international asset and wealth management centre.

Last March, we established the New Capital Investment Entrant Scheme. From March this year, we will relax the net assessment and calculation requirements. We will also accept investments made through an applicant's wholly owned eligible private company.

We have exempted the stamp duty on transfers of shares and units of real estate investment trusts. We will also boost the profits tax exemption regimes for funds and single family offices. We are confident that these measures will help to bring in more of the world's top companies and talent to our city, as we progress together in pursuit of growth and development.

We are expanding our mutual access programmes with the Mainland's financial market, too. That includes enhancing Southbound trading of Bond

Connect, allowing Mainland investors to bring in non-bank financial institutions such as securities firms and insurance companies.

Second, we will explore new growth areas, including the development of an international gold trading centre. We will build world-class gold storage facilities, adding support services such as insurance, testing and certification and logistics. Ultimately, we plan to create a holistic gold trading centre with an industry chain. The stability in Hong Kong, amidst rapid changes in geopolitics around the world, will provide a world of investors a secure environment for gold storage, as well as other forms of wealth management.

A working group has been established. And we will help the relevant international commodity exchange set up accredited warehouses in Hong Kong, enhancing associated financial services and assisting in building a commodity trading ecosystem.

Fintech is central to our financial future as well. Last October, the Hong Kong SAR Government set out its policy regarding the responsible application of artificial intelligence in the financial market.

We will work closely with financial regulators to provide a clear supervisory framework and create a conducive and sustainable market environment.

Third, we will expand our overseas network, especially in countries and regions participating in our country's Belt and Road Initiative.

Our strategy includes strengthening financial co-operation with the Middle East and the 10 member states of ASEAN (Association of Southeast Asian Nations), as well as other established and emerging markets. We will also organise more international financial events, seek collaboration in financial products, talent and experience sharing, and attract more overseas enterprises and capital to Hong Kong.

We are also putting in place a company re-domiciliation regime. It will offer a straightforward route for non-Hong Kong incorporated companies to transfer their domicile to Hong Kong, while ensuring business continuity.

The legislative bill was introduced into our Legislative Council last week. We are also developing a headquarters economy, attracting companies to set up their headquarters and corporate divisions in Hong Kong. I am sure these initiatives will help to give successful enterprises around the globe a welcome option in ensuring growth opportunities of their business interests.

Ladies and gentlemen, that's only part of our all-encompassing opportunities. But the salient point is that finance and business will be central to Hong Kong's next growth engine. Creating far-reaching opportunities, with you, in Hong Kong, throughout China, the Asian region and around the world.

My thanks to the Hong Kong Trade Development Council and the Financial Services and the Treasury Bureau of the Hong Kong SAR Government for

organising this year's Asian Financial Forum, for bringing us together, once again.

In just over two weeks, we will celebrate Chinese New Year – the Year of the Snake.

The snake symbolises agility and transformation, the ability to start anew – to adapt to changing circumstances. Something we all look forward to realising. Something I'm sure we will all realise.

Ladies and gentlemen, I wish each and every one of you a prosperous, fulfilling and healthy Year of the Snake, the best of business at the Asian Financial Forum and a memorable stay in Hong Kong, the rising East-meets-West centre for international cultural exchange.

Thank you.