

Speech by FS at Gala Dinner of 3rd World Maritime Merchants Forum (English only) (with photo)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Gala Dinner of the 3rd World Maritime Merchants Forum today (November 20):

Vice Minister Fu Xuyin (Vice Minister of Transport), Mr Miao Jianmin (Chairman of the China Merchants Group), distinguished guests, ladies and gentlemen,

Good evening. I would like to first thank the China Merchants Group for organising this prestigious international gathering, bringing together the maritime community across the seas. The enthusiastic turnout and active participation in the World Maritime Merchants Forum this afternoon serve as a testament to your recognition of Hong Kong as a centre for knowledge exchange, innovation, and business in the maritime industry. I am certain that the insightful discussions earlier today have left everyone with plenty of new ideas to chew on – but rest assured, dinner will be served soon.

To our friends from around the world, welcome once again to the Hong Kong Maritime Week which we have been hosting since 2016, even during the pandemic, demonstrating the significance of the maritime industry to Hong Kong.

Hong Kong's Value Proposition

This afternoon, you have heard from the Chief Executive, the Secretary for Transport and Logistics, and many speakers from Hong Kong about our proud vision, strengths and concrete actions to realise our aspiration to emerge as a leading international maritime centre in the region and the world.

Tonight, standing between you and your dinner, I think I should just highlight one point: Hong Kong is the preferred hub for companies in the maritime industry to set up their regional or global headquarters. Allow me to take a few minutes to explain.

First, it is the institutional strengths that Hong Kong has under the "one country, two systems" principle, which President Xi Jinping and the Central Government have reaffirmed on multiple occasions in the past year or so.

This means that the very essence of our success: in particular the common law system and the rule of law; a low and simple tax regime; free flow of goods, capital, people and information; the linked exchange rate system; alignment with the best international business standards and practice, will continue for the long term to support our status as a vibrant international

trade, shipping and financial centre.

Second, we are the top international financial centre in Asia.

Seventy three of the top 100 global banks are operating in Hong Kong. Our stock market is the most international in Asia with a market capitalisation of over US\$4.1 trillion. Green bonds issued in Hong Kong last year captured one-third of Asia's market share. They are denominated in USD, Euro, RMB and HKD with tenure as long as 30 years. In a nutshell, the capital market here is international and vibrant, with a very deep liquidity. Hong Kong is an ideal location for you to seek ship financing.

Our asset and wealth management business is equally impressive. The value of asset under management is US\$4 trillion. We also have a very vibrant venture capital and private equity eco-system in Hong Kong. The asset under management of the PE (private equity) sector is US\$ 210 billion, second only to the Chinese Mainland in Asia. There is a deep pool of world-class asset and wealth management professionals, as well as other professional advisors like accountants and lawyers. Therefore, it is a preferred location to base your family offices here. Just earlier this year, we have enacted legislation to provide profits tax exemptions for family-owned investment holding vehicles.

Third, Hong Kong can serve as your risk management centre. Here in Hong Kong, we provide convenient access to a world-class insurance market. Eleven of the top 20 global insurance companies are operating here. And we have adopted very conducive policies and measures to develop our insurance market. Two years ago, in 2021, we enhanced our regulatory regime for insurance-linked securities business, and expand the scope of insurable risks for captive insurers set up in Hong Kong. To encourage marine insurers to develop businesses in Hong Kong, we have also granted a 50 per cent profits tax concession to marine insurance businesses, covering cargo insurance, marine hull insurance, marine liability insurance, and more.

And risk management is not just taking insurance; no less relevant is our world-class legal and arbitration services which are crucial just in case disputes arise. In fact, Hong Kong ranks as the world's third most preferred seat for arbitration, according to the International Arbitration Survey 2021; and is one of the designated arbitration venues in the Baltic and International Maritime Council's global standard maritime contracts.

Fourth, a prime maritime cluster across the marine value chain is emerging here, forging partnerships of actors in the clusters. Currently, we have more than 1 100 port and maritime companies that stand ready to offer an array of quality maritime services, ranging from shipowning and ship finance to maritime insurance and legal services. Besides, we have also rolled out competitive tax concessions for ship leasing business. Last year, we went further to cut the profits tax rate applicable to ship agents, ship managers and ship brokers to 8.25 per cent, that is half of our standard rate. And there will be further supportive measures from the Government coming. As you have heard in the forum this afternoon, the Government will soon publish a

detailed action plan to enhance maritime services, facilitate transformation towards zero emissions, promote smart initiatives and digitalisation in the maritime industry and promote exchanges among maritime industries in the Greater Bay Area and around the world.

Beyond Business

Ladies and gentlemen, further to the various strengths that I have outlined, there is one that cannot be underestimated: the quality of life here.

While you are here, I would like to invite you to explore Hong Kong. Our West Kowloon Cultural District is one of the world's largest cultural landmarks, with excellent exhibitions featured in the Hong Kong Palace Museum and M+ museum of contemporary visual art. Our performing arts group, such as the Hong Kong Philharmonic and the Hong Kong Ballet, are just world class. If you fancy wine and dining, we have over 200 restaurants recommended by the Michelin Guide, and impose zero duty on wine. Our food stalls on the streets are also of excellent quality too. And if you enjoy the outdoors, our country parks and natural trails, to beaches and water sports, are just a short ride away from the city centre.

And just a remark for those who have young children – we have more than 50 international schools in Hong Kong, and five of our eight universities are among the global top 100.

Ladies and gentlemen, Hong Kong is a safe, vibrant, cosmopolitan city where the East meets the West. A surpassing city in which to work, live, and raise a family.

Once again, I extend my sincere gratitude to the China Merchants Group for organising this remarkable event. I wish you all an enjoyable evening and fruitful discussions throughout the Hong Kong Maritime Week, and the best of health and business in the years to come.

Thank you and enjoy the evening.

