Speech by FS at Hong Kong Chartered Governance Institute 75th Anniversary Celebration (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Hong Kong Chartered Governance Institute (HKCGI) 75th Anniversary Celebration today (January 31):

David (the President of the HKCGI, Mr David Simmonds), Ellie (the Chief Executive of the HKCGI, Ms Ellie Pang), Ernest (the immediate past President of the HKCGI, Mr Ernest Lee), Edith (past President of the HKCGI Ms Edith Shih), fellow HKCGI members, ladies and gentlemen,

Good evening. It's a pleasure to join you tonight to celebrate the Hong Kong Chartered Governance Institute's milestone 75th birthday. It is also the 30th anniversary of the Institute's incorporation as an independent, local body.

For three-quarters of a century now, the Institute has been championing good corporate governance. That, to be sure, has been central to Hong Kong's success as an international financial centre.

Today, as David noted, the Institute counts more than 7 200 members, along with 3 000 students in Hong Kong and the Mainland. I'm proud to be a member, too — to be one of you.

The Institute has done much good work over the years. It establishes its thought leadership through thematic researches and studies, and provides valuable professional training and support to its members. Most importantly, you are a staunch partner of the Government. From corporate governance to ESG and anti-money laundering, the Institute has been providing sound advice and contributing to Government's policy formulation and implementation.

A Resilient Hong Kong

Ladies and gentlemen, "Resilience in Governance" is the apt theme of both this anniversary gathering and the Institute's year as a whole. Indeed, "resilience" is an equally compelling character of Hong Kong.

We are firmly in the post-pandemic economy now. That said, we have a new and equally complex set of challenges to overcome. An enduring high-interest rate environment is affecting asset prices and investment appetite. Geopolitical tensions have led to greater protectionism, geoeconomic fragmentation, and negative narratives about the Mainland and Hong Kong. Competition among economies has intensified, too.

Still, we have good reason to be optimistic.

For so long, Hong Kong has weathered one challenge after another. Remember the Asian financial crisis in 1998, or the global financial crisis in 2008. Each time, we rose to the challenge, and strengthened our defences. We emerged stronger and more resilient.

Just as the National Security Law (NSL) was enacted in June 2020, there were doubts and criticisms, at first. But the facts speak for investor's confidence. Banking deposits in Hong Kong, for instance, were at HK\$16.2 trillion at the end of 2023. That's around 17 per cent higher than before the enactment of the NSL.

And Hong Kong remains Asia's leading asset and wealth management centre, handling more than US\$4 trillion in assets in 2022. We are also Asia's largest hedge fund hub and the region's second-largest private equity centre. We lead Asia in green and sustainable finance as well.

Last year, Invest Hong Kong attracted more than 380 overseas and Mainland companies to set up or expand their businesses in Hong Kong, increasing by 27 per cent than 2022. They will invest more than \$61 billion, up more than 1.9 time than the year before.

The American Chamber of Commerce's annual business sentiment survey was released just yesterday. And 60 per cent of its members said Hong Kong's business environment was excellent, very good or good. Nearly 70 per cent said their operations last year had not been negatively impacted by the NSL.

As for this year, 74 per cent believed our business outlook will be optimistic or neutral.

Coincidentally, the President of the German Chamber of Commerce also recently expressed confidence in Hong Kong's investment environment.

Yesterday, the Government launched an important consultation. Our plan to legislate for Article 23 of the Basic Law. It will complete our constitutional obligation, and also reinforce the very basis of our city's development, that is a safe and stable business environment. Our unique strengths under the "one country, two systems" arrangement, such as the common law system, the rule of law, trusted regulatory regimes, the free flow of capital, information, goods and people, all that, and more, will remain firm as ever.

In short, Hong Kong will continue to be a friendly and favoured city for doing business.

Staying ahead of competition

In fact, we are making great strides to spur the city's economic development.

In the short term, we're focusing on tourism and private consumption. In the first half of this year, more than 80 mega events, covering culture, arts, sports, finance, trade exhibitions and more, will be held here.

They will attract tourists and business travellers alike, showcasing Hong Kong's openness, vitality and new opportunities to the world.

In the medium to long term, the eight strategic roles given to us under the National 14th Five-Year Plan will empower our economic growth. Among them, financial services and innovation and technology (I&T) will be the most important dual growth engines.

For I&T, we have been focusing on four areas: life and health technology, AI and data analytics, fintech, and new energy, new materials and advanced manufacturing.

To jumpstart this development, we are working very hard to attract more leading companies with cutting-edge technologies to come and settle in Hong Kong.

We have so far attracted more than 30 such strategic partners. They include pharmaceutical giant AstraZeneca, new energy giant CATL ("寧å¾·æ™,代") and others. They will invest more than HK\$30 billion in Hong Kong, creating over 10 000 jobs. A majority of them will be R&D and management positions.

There's more. The Chief Executive's Policy Address last year announced the development of the "headquarters economy". Its mandate is to attract more companies to set up headquarters or corporate divisions in Hong Kong.

And as part of that effort and to capture the opportunities brought by the onshoring of offshore companies arising from OECD's BEPS 2.0 reforms, we are also working to introduce a re-domiciliation regime for non-Hong Kong companies to relocate here.

The Financial Services and the Treasury Bureau is on its way to introduce the related legislation into LegCo in the first half of the year. I know your sector is interested in the transitional arrangements for those incoming companies in regard to, for example, tax obligations. Let me assure you that clear provisions will be set out in the relevant bill.

Allow me turn now to ESG, another key area of interest to you. As you know, the Government and financial regulators are also leading the world in developing a roadmap for the appropriate adoption of IFRS Sustainability Disclosure Standards locally.

The Standards will focus on four key areas: sustainability reporting, assurance, data and technology as well as capacity building. We are now identifying the circumstances specific to Hong Kong that must be considered in implementing this international standard.

For this, we welcome your thoughts on how best to adopt the standards to suit the needs of Hong Kong.

Concluding remarks

Ladies and gentlemen, for 75 years now, the Government and the financial industry have looked to the Institute, to you, for insight and invaluable support. My congratulations to you once again, and we look forward to continuing our close collaboration in the decades to come.

May I also wish you all the best of health, business and good governance in the promising new Year of the Dragon, just 10 days away. Let's make this dragon fly. Thank you.



