

# Speech by FS at Hong Kong Institute of Directors' Symposium 2023 (English only) (with photos)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Hong Kong Institute of Directors' Symposium 2023 today (September 28):

Christopher (Chairman of the Hong Kong Institute of Directors, Dr Christopher To), Carlye (Chief Executive Officer of the Hong Kong Institute of Directors, Dr Carlye Tsui), distinguished guests, ladies and gentlemen,

Good afternoon. It is a great pleasure to be here, today, for the annual Hong Kong Institute of Directors' (HKIoD) Symposium, the 25th edition.

I am grateful for this welcome opportunity to speak to you – directors, senior executives, professionals, academics and Institute members and guests.

Alongside promoting good corporate governance, the Institute has long been a valued government partner in strengthening Hong Kong's competitiveness as an international financial centre. And this annual gathering is just one notable illustration of our continuing communication and rewarding co-operation.

With that in mind, I'm pleased today to bring you up to date on recent government initiatives and policy plan.

## Engagement with Europe

As you know, I returned only yesterday afternoon from Europe. We began in Paris, moved on to London, then to Berlin and, from there, to Frankfurt, Germany's financial centre.

In France, I was leading a delegation of some 130 senior government, institutional and business leaders from Hong Kong – our largest business mission since the beginning of the pandemic.

We were in Europe to spread the word that Hong Kong is very much back in business.

The good news is that the European business and investment leaders we met with were open and receptive. Many expressed interest in initiating or deepening business, trade and financial co-operation with Hong Kong. And I can tell you that some are now negotiating with us to set up offices here.

European companies recognise the long-term potential of the Mainland and the Asian region as a whole. They also recognise Hong Kong's pre-eminent role as the multilevel bridge to Asian opportunity.

After a hiatus of more than three years in physical, face-to-face connections, it is true that there are misconceptions about Hong Kong. Western media, after all, holds a negative narrative about us.

In meetings, in luncheons and dinners, in conversations, dialogues and speeches, we explained to the European political and business communities. We explained that the "one country, two systems" principle is alive and well, and, with it, the common law system and the rule of law.

And we, too, explained our unwavering commitment to free flow of capital, information, people and goods, and the linked exchange rate system.

We treasure the opportunity to engage with our European counterparts and partners. The right approach to removing doubts and addressing concerns is not decoupling, but to engage. To continue to engage.

And, like all of us here this afternoon, they're happy that Hong Kong is back to doing what it does best: creating business and investment opportunity for the world at large.

Hong Kong's economic scene

It helps, of course, that our economy is recovering. Hong Kong's economy rose 2.2 per cent in the first half of the year. The complexities of geopolitics, a slowdown in global trade and high interest rates will continue to constrict our momentum in exports of goods and overall investment expenditure, at least in the short term.

But our tourism numbers are rebounding – up to 80 per cent of pre-pandemic levels in August. And our airport – which connected more than 220 destinations with 1 100 flights a day before the pandemic – will recover to 80 per cent capacity by year's end, with full recovery expected in 2024.

Spending is picking up, too, with a first-half year growth of 10.5 per cent, though we also know that changes in consumer behaviour and spending pattern will create some challenges to existing modes of business.

Unemployment is a low 2.8 per cent. The problem Hong Kong faces is a shortage of workers. That poses capacity constraints, which is why we are pressing ahead with labour importation plans.

For residential property prices, after an orderly adjustment of 15 per cent last year, increased by 1.3 per cent through August when compared to the end of last year, with lower-than-average transaction volume.

Our stock market has been a roller coaster ride this year. That said, there has been no untoward volatility.

I take heart in these numbers. Reassurance, too, in the return of international events to Hong Kong, and the overwhelming response they've been getting.

Earlier this month, we welcomed more than 6 000 senior government officials and high-profile businesspeople to Hong Kong for the eighth Belt and Road Summit.

Our annual FinTech Week, opening October 30, will attract thousands from all over the world. In November, we'll hold the second edition of the Global Financial Leaders' Investment Summit, a resounding success last year. And, in December, there's the inaugural Priority Asia Summit to look forward to. It's being organised by the Saudi Arabia-based Future Investment Initiative Institute.

When in Europe, I told our partners this: if Hong Kong is losing its identity and competitiveness, as some Western media reported, it is certainly not stopping thousands of senior government and business leaders returning to Hong Kong.

And looking at the big picture, I'm counting on economic growth of 4 per cent to 5 per cent this year.

Transform for a better tomorrow

This year's HKIoD symposium features the following theme: "Transform for a better tomorrow". To this speaker, Hong Kong's medium to long-term future will be vested in how well we will transform ourselves for the better.

We should all be reminded what President Xi Jinping told us in his important speech last year in July: to transform our governing philosophy where a capable government serves an efficient market.

That requires us to look into and reinforce our own strengths, while proactively finding new points of growth to drive our economic momentum.

Two areas are particularly important to this speaker: financial services, and innovation and technology. Allow me to take a few minutes to offer my thoughts on these twin engines of growth.

Re-inventing our IFC

The continued success in our financial services will ultimately depend on how well we can keep up with the time and "reinvent" our IFC (international financial centre).

You know, I have recently set up a Task Force on Enhancing Stock Market Liquidity. Under the able leadership of Carlson Tong, it is working at full steam to come up with recommendations for the Government. We expect the Task Force will make short-term proposals very soon.

But the Task Force represents our unstoppable drive to continuously enhance the competitiveness of our listing platform. You will remember that we introduced reforms to allow pre-profit or pre-revenue biotech companies to list back in 2018. So did we for new economy companies with weighted voting structures, or more in this year, the hard-tech companies.

Of course, we will continue to boost Hong Kong's connectivity with the financial markets of the Mainland. From stocks to bonds, and now from ETFs to derivatives, the connectivity is deepening and widening. Looking ahead, we will press ahead with including RMB counters in Southbound Connect, launching treasury bond futures and A-share index options, and arranging more international companies from the Middle East, Southeast Asian countries and beyond to be included Southbound Connect.

With the huge room of RMB to rise as a major trading and reserve currency, Hong Kong will continue to enhance our Renminbi infrastructure and offer more investment and risk-management products denominated in the currency.

On asset and wealth management business, we are working hard to attract family offices and enhance the Greater Bay Area Wealth Management Connect to attract more funds.

### I&T as the growth engine

For Innovation & Technology (I&T), I trust you all know its importance in driving economic growth, and in providing quality jobs for the people.

Over the past few years, the Government has invested billions into I&T development. But to fast-track that progress, we need the power of enterprises – those who are giants or those engaging in cutting-edge technologies. Our areas of focus include life and health science, AI and big data, fintech, advanced manufacturing, new materials and new energy.

And we are all out to attract them to land or expand in Hong Kong. So far the progress is encouraging: more than 25 such companies will settle or expand here, with a total initial investment of about HK\$17 billion, creating 4 000 management or research-related jobs.

New to the list would be AstraZeneca which I visited when I was in the UK. They have plans to set up an R&D (research and development) centre in Hong Kong.

Equally encouraging are the innovative policies that we take forward in Northern Metropolis together with our sister cities in the Greater Bay Area. This includes making data from the Mainland available for use in the joint science park being set up with Shenzhen.

### Green transformation

I know today's symposium would cover green finance as a major topic of discussion. Embracing sustainability, in finance and the environment, is of course a policy priority of the Government.

Demand for green finance is growing worldwide, as part of the global green transformation. The Asian region over the next 30 years will require some US\$66 trillion in climate investment.

Hong Kong has what it takes to become a regional hub for green and

sustainable finance, of that I'm confident.

Our green and sustainable finance market is thriving. Green and sustainable debt, including bonds and loans, issued in Hong Kong rose to more than US\$80 billion in 2022. That accounts for more than one-third of Asia's market for green and sustainable bonds.

Our green tech base is also strong, with Science Park and Cyberport hosting more than 100 such companies. Some of them are selling in markets in ASEAN (Association of Southeast Asian Nations), the Middle East and beyond.

We envision Hong Kong to be an international green technology and green finance centre. The Government will accelerate this development in five directions:

- building a green technology community;
- continuing innovation in green finance;
- aligning green certification with international standards;
- training and acquisition of talents; and
- enhancing co-operation with the Greater Bay Area and international markets.

Ladies and gentlemen, there's more, much more, in the policy and planning pipeline.

For now, my thanks to the Hong Kong Institute of Directors for once again organising this meaningful gathering.

I wish you all a rewarding symposium and the best of business and health in the coming year.

As for the coming evening, light the lanterns, slice the mooncake, enjoy all the full-moon festivities lighting at tomorrow's Mid-Autumn Festival. It's a time to celebrate, to give thanks, to share our blessings with family and friends and partners. That very much includes each and every one of you here.

Thank you.

