

Speech by FS at People's Bank of China and Hong Kong Monetary Authority Joint Seminar (English only)

Following is the video speech by the Financial Secretary, Mr Paul Chan, at the People's Bank of China and Hong Kong Monetary Authority Joint Seminar this afternoon (December 9):

Ladies and gentlemen,

Good afternoon. It's a pleasure to join you today. I'm told that there are upwards of 300 high-profile finance professionals, together with government and institutional leaders from Beijing, Hong Kong and around the world taking part in this seminar, jointly organised by the People's Bank of China and the Hong Kong Monetary Authority.

Today's theme, "Hong Kong's positioning and prospects as an international financial centre", is made to order for this speaker. There's nothing I enjoy more than talking about Hong Kong and our future as an international financial centre.

We certainly have much to offer. To start with, we have one of the world's lowest and simplest tax systems, and we are offering different tax concessions to encourage companies and funds to base their operations here. Our legal system is also respected worldwide and our regulatory regime is internationally aligned. We boast deep capital markets, free flow of information and capital and an extensive pool of professional services talent.

These, and many other advantages, come together under our "one country, two systems" unique framework and the invaluable support we enjoy from the Central Government.

Consider, for example, the Renminbi. Hong Kong is the world's largest offshore Renminbi business hub. Our future in this area is primed for even more global growth, thanks to the 14th Five-Year Plan, which supports our further expansion in this area. In short, we'll boost our Renminbi product choices, broaden our infrastructure and deepen liquidity to create a more vibrant offshore Renminbi ecosystem.

We will also continue to promote Hong Kong's unique role as a bridge, allowing international and Mainland investors to have access to each other's capital market.

Taking the Stock Connect and Bond Connect schemes as example. Stock Connect's average daily turnover more than doubled last year, with northbound traffic rising about 120 per cent and southbound soaring almost 130 per cent. The numbers are equally encouraging for Bond Connect, with northbound

turnover climbing 82 per cent in 2020.

Southbound Bond Connect began operation in September, marking another milestone in our mutual access scheme. Then there's the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Wealth Management Connect, which is nothing less than a breakthrough for our asset- and wealth-management sector.

Certainly, the rise of the GBA will increase our advantages as a financial services conduit between East and West, while better integrating the Hong Kong SAR into the nation's overall development.

Innovation and technology will also help power Hong Kong and our financial services sector. Which is why fintech and green finance are high on our policy agenda.

I am pleased to report that, in October, the Hong Kong Monetary Authority and the People's Bank of China signed an MOU (Memorandum of Understanding) on Fintech Innovation Supervisory Cooperation in the Greater Bay Area. The agreement will help expedite the development of fintech products and services in the Greater Bay Area.

This is, of course, good news to the over 600 fintech companies which have called Hong Kong home.

Hong Kong is big on green bonds, too. By developing green finance, we are not just attracting resources for our own sustainable development, but, more importantly, serving to support our country's "30·60" targets for carbon emission peak and carbon neutrality respectively.

Just last month, we completed the successful offering of another US\$3.75 billion worth of green bonds denominated in US dollars, euro and Renminbi. That is the Hong Kong SAR Government's inaugural offering of Renminbi-denominated bonds and euro-denominated bonds, allowing us to reach out to new groups of investors while setting an important new benchmark for potential issuers in Hong Kong and in the region.

Interestingly, that was also the first time an Asian government issued a euro-denominated green bond of as long as 20 years. At the beginning of this year, we issued a 30-year US dollar-denominated green bond – also the first issuance among Asian governments.

Meanwhile, we are actively preparing for the issuance of a retail tranche, providing the public with an avenue to invest in and promote our green economy.

We are also looking at Hong Kong's potential as a regional carbon-trading centre. And we support HKEX (Hong Kong Exchanges and Clearing Limited)'s co-operation with the Guangzhou Futures Exchange in creating financial products for carbon-emission trading.

Such measures will help the Mainland and Hong Kong achieve carbon neutrality. They will, as well, boost our overall bond market.

Ladies and gentlemen, I've touched on only a few of Hong Kong's wide-ranging prospects as an international financial centre.

As we all well know, forecasting is risky business – especially when it's about the future. But with the staunch support of the Central Government, I'm confident that our financial sector will continue to create opportunity for Hong Kong, for our nation and for a wide world of business and investment.

I wish you a rewarding seminar and the best of health, and finance, in the new year. Thank you.