[Speech by FS at Toronto Finance International Webinar (English only)]

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Toronto Finance International Webinar tonight (March 22):

Finance Minister (Minister of Finance of the Government of Ontario, Mr Peter Bethlenfalvy), Phil (Chief Financial Officer of Manulife, Mr Phil Witherington), Charles (interim leader and Head of Government Affairs and Strategy of Toronto Finance International, Mr Charles Lammam), distinguished guests, ladies and gentlemen,

Good evening from Hong Kong, good morning in Canada. Good day wherever you're taking part in this welcome webinar, which brings together senior finance and business leaders from Canada and Hong Kong.

This is the second time in the last 10 months that I've addressed a prominent Canadian audience on business opportunities in Hong Kong. And, less than a month ago, my colleague, the Secretary for Financial Services and the Treasury, Mr Christopher Hui, briefed Canadian business leaders on fintech's promise in Hong Kong.

Our interest in Canada, in you, is hardly surprising. After all, Hong Kong is home to some 400 000 Canadian passport holders. And about half a million people in Canada are of Hong Kong descent.

More than good neighbours, we've been business partners through thick and thin. That's not going to change. Hong Kong remains Canada's fourth-largest market for fish and seafood, seventh-largest market for precious and semi-precious stones.

You put your money in Hong Kong, too. In 2020, Hong Kong became Canada's second-largest destination for foreign direct investment.

The great majority of that investment targets our finance and insurance sectors. Indeed, Hong Kong is home to five Canadian banks, eight Canadian-controlled insurance companies and more than 20 Canadian-controlled companies focusing on investment, brokerage and asset management.

I'm confident that more will follow as we move into the post-pandemic economy. And I'm pleased to talk to you about that – about Canadian business opportunities in Hong Kong – over the next few minutes.

It begins with the National 14th Five-Year Plan, formally adopted a year ago this month. The Plan expressly supports Hong Kong's status as an international financial centre. Better still, it looks to Hong Kong to strengthen our financial services prowess, expand our functions as a global offshore Renminbi business hub, international asset and wealth management centre and risk-management centre.

The Plan also promotes the continuing deepening of our economic integration with the Mainland, particularly through the Guangdong-Hong Kong-Macao Greater Bay Area (GBA).

The cluster-city development is progressively integrating nine cities in southern China, along with Macao and Hong Kong – an economic region counting some 86 million consumers and a GDP worth about US$1.7 trillion in 2020, about the size of the Canadian economy.

The Greater Bay Area is one of the most affluent regions of the Mainland, with a GDP per capita of US$23,000. It is also home to many Mainland tech giants with a very vibrant tech industry. Good news for Hong Kong. Good news for the companies and economies that work with Hong Kong.

And as wealth in the region continues to accumulate at a high speed, Hong Kong's central role in the GBA presents boundless promise for the asset-management, wealth-management and insurance sectors.

The launch, in last September, of the Cross-boundary Wealth Management Connect Scheme in the GBA was an important milestone. It opens up a broader market for Hong Kong's financial services providers, giving us direct access to the growing number of high-net-worth individuals in the GBA. We are now working closely with Mainland regulatory authorities to expand the coverage and product offerings of the Scheme. In fact, total assets under management in Hong Kong as at the end of 2020 was US$4.5 trillion, up a cheering 21 per cent, year on year, despite a challenging socio-economic landscape.

The rapid growth of the tech sector in the GBA has also brought huge demand for capital. As an international financial centre and the Mainland's gateway to international funding, Hong Kong can grasp the potential through IPO (initial public offering) as well as pre- and post-listing financing, including venture capital funds, private equity funds and bonds to meet their needs during different development stages.

Talking about IPO, I'm sure you're well aware that Hong Kong remains a listing venue of choice for companies around the world. Last year, Hong Kong raised over US$42 billion in funds through IPOs.

Building a dynamic and diversified fundraising platform that can compete with anyone in the world has always been a subject, and a goal, dear to my heart. To that end, we have recently launched a listing regime for special-purpose acquisition companies – you know them as SPACs. That's a breakthrough, giving emerging companies an alternative listing route.

We have also streamlined our listing regime for overseas issuers. That includes allowing companies from Greater China – those without weighted voting rights structures and not from innovative sectors – to seek secondary listings in Hong Kong. That offers more flexibility for overseas issuers seeking dual-primary listings.

I have also invited our Securities and Futures Commission and HKEX (Hong Kong Exchanges and Clearing Limited), our stock exchange, to see how we can better respond to the need of large-scale hard tech research companies in fundraising.

Canada, of course, is a major international hub for technology companies, and we welcome more of them to capitalise on Hong Kong as a potential market – and as a springboard to far-reaching opportunities in the Mainland and throughout the Asian region.

We have been working hard to enhance Hong Kong's strengths as Asia's private equity hub in three discrete ways.

Firstly, modernisation of our fund structure regime, including introduction of the open-ended fund company structure and the limited partnership fund structure. These have been very well received by the sector, and more than 400 funds have been established in the past year or so.

Secondly, offering attractive tax concessions. The latest one is exempting carried interest payable by private equity funds operating in Hong Kong. This, coupled with the fund-level tax exemption regime rolled out in 2019, provides private equity funds with a competitive tax environment with clarity and certainty.

Thirdly, establishment of a fund re-domiciliation regime in last November, aiming to attract more foreign funds to Hong Kong.

We are also welcoming family offices, from Canada and from around the world, to capitalise on Hong Kong's unique advantages and promising future. We have been supporting them through the dedicated team set up last year by Invest Hong Kong and we will also enhance our attractiveness by offering family offices with tax concessions.

As our family offices grow, I'm confident they will attract financial and related professional services to Hong Kong as well. And that can channel more capital to our asset- and wealth-management sector and to private philanthropy.

We're bullish on bonds, too. Bond markets not only facilitate medium- and long term capital allocation and management, but also guide capital markets with greater depth and breadth towards supporting the real economy. Developing the bond market in Hong Kong has been one of our key objectives in recent years.

Opportunities also flow from the mutual market access between the Mainland and Hong Kong. In the past few years, various Connect schemes have been launched successively, including Stock Connect, Bond Connect and the mutual recognition of funds between the Mainland and Hong Kong. We will continue with our effort to widen and deepen this mutual market access.

One latest example is the launch of the Southbound Trading under the Bond Connect in last September. It expands the Connect family's product offerings, allowing onshore investors to diversify their asset allocation. It also creates enormous opportunities for Hong Kong's financial sector, enhancing our attractiveness as a bond-issuing centre

That certainly creates huge opportunities for Canadian bond issuers and investors too.

Hong Kong, let me add, has issued more than US$7 billion worth of green bonds to global institutional investors since 2018.

We are also helping our country achieve its "3060 Target" in relation to peak carbon emissions and carbon neutrality. In that ongoing effort, there are numerous opportunities for our green and sustainable finance services.

And I welcome more Canadian entities to take advantage of our financial and professional services for green and sustainable investment, financing and certification.

We also subsidise bond issuers and loan borrowers for their expenses on issuance and external review services.

The point is clear and inviting. In the post-pandemic economy, Hong Kong will realise its many advantages, thanks to the National 14th Five-Year Plan and our "one country, two systems" framework. And I invite our longstanding Canadian friends, in business, investment and much else, to join us.
To realise a rewarding future, right here in Asia, together.

My thanks to the organisers of today's event -Toronto Finance International, Manulife, Invest Hong Kong and the Toronto Economic and Trade Office – for giving me this welcome opportunity to speak to you today.

Spring has arrived, ladies and gentlemen. More than a new season, it's a time of fresh hope and promise for us all. I wish you the best of business, health and good fortune in 2022.

Thank you.