

Memorandum of Understanding to support cross-border financing by Chinese enterprises and promote development of Hong Kong bond market between NDRC and HKMA

The following is issued on behalf of the Hong Kong Monetary Authority:

The National Development and Reform Commission (NDRC) and the Hong Kong Monetary Authority (HKMA) signed a Memorandum of Understanding (MOU) at the third Belt and Road Forum for International Cooperation yesterday (October 18) on supporting cross-border financing by Chinese enterprises and promoting the development of the Hong Kong bond market.

The MOU was signed by the Vice Chairman of the NDRC, Mr Cong Liang, and the Chief Executive of the HKMA, Mr Eddie Yue. Under the MOU, the NDRC and the HKMA agree to strengthen communication and co-operation, and to facilitate the cross-border financing activities of Chinese enterprises by leveraging Hong Kong's unique strengths in financial and professional services. The major areas of co-operation include:

- Supporting bond issuance by Chinese enterprises in Hong Kong: To broaden financing channels for Chinese enterprises, the two authorities agree to provide policy facilitation and support to eligible Chinese enterprises to issue bonds in Hong Kong, in compliance with relevant financial market regulations and supervisory requirements in the financial sector.
- Organising joint promotional activities: The two authorities will jointly organise and participate in promotional activities such as workshops, seminars, high-level fora, and more, to enhance the understanding of the relevant policies and requirements regarding Chinese offshore debts among market participants, and encourage them to leverage Hong Kong's platform to participate in the cross-border financing of Chinese entities.
- Promoting diversified development of the Hong Kong bond market: The two authorities will jointly promote the development of Hong Kong's green and sustainable finance market and dim sum bond market; encourage Chinese enterprises to conduct green and sustainable financing activities via Hong Kong's platform; and, leveraging on Hong Kong's edge as an offshore Renminbi (RMB) business hub, seek to expand the size, and

enhance the liquidity of the dim sum bond market, as well as broaden the scope of RMB business. The two authorities will also jointly promote innovation in Hong Kong's bond market, and encourage issuers to issue innovative bonds, thereby expanding product variety.

The NDRC and the HKMA also agree to maintain regular communication on the Chinese offshore debt market with a view to promoting the steady and orderly development of cross-border financing activities of Chinese enterprises.

Mr Yue said, "Hong Kong has been a premier offshore financing platform for Mainland enterprises. The signing of this MOU will further enable Hong Kong to leverage its unique strengths as an international financial centre in support of Mainland enterprises' access to broadened cross-border financing channels. We thank the NDRC for supporting and promoting the diversified development of Hong Kong's bond market, and look forward to collaborating closely with the NDRC to better serve the cross-border financing needs of Mainland enterprises."

[Transcript of remarks by CE at media session in Beijing \(with photos/video\)](#)

Following is the transcript of remarks by the Chief Executive, Mr John Lee, at a media session in Beijing this morning (October 19):

Reporter: You mentioned that Hong Kong signed three contracts during this forum related to I&T and even medical aspects, can you tell us more in details? How will these contracts foster co-operation with Belt and Road countries? The second question, about President Xi mentioning the eight points, what will Hong Kong do? What will the Government do to realise the eight points of actions to strengthen the Belt and Road Initiative co-operation? Thank you.

Chief Executive: The three co-operation agreements that were signed during the Belt and Road Forum relates to medical technology co-operation, I&T (innovation and technology) co-operation, and also investment co-operation. The three agreements amount to the value of US\$450 million. These three agreements are just examples of areas of co-operation between Hong Kong and enterprises of other countries. In fact, when I made my visits to countries in the Middle East and ASEAN (Association of Southeast Asian Nations), we signed a high number of agreements, as a result of which actually some deals were made, and some actual contracts were signed. And these relate to different areas, such as professional services, architectural services, and also relate to green energy, technology collaboration. I am aware of one

contract relating to provision of green energy transportation to one country. I am also aware of a deal being considered for hotel development. There will be a lot of areas which will actually end up in good results, because Hong Kong is very strong on professional services. We have lawyers, architects, accountants, you name them, who are up to international standard, and they are very experienced in providing expert services to support matters such as financing, construction, and green economic development. The opportunities are multifaceted. Also, Hong Kong is very strong, as you know, being an international financial centre. In financial services, raising of capital, listing of companies, and also issuing bonds, particular bonds for green economic development, Hong Kong is very strong. It will be a long list of opportunities and strengths that Hong Kong can offer. Then of course, Hong Kong is very strong as an arts and cultural hub, which will be promoting people-to-people exchange, which is an important area in the Belt and Road Initiative.

As regards the eight action areas that President Xi has announced, we are completely thrilled and excited, because they offer even more opportunities for Hong Kong to develop, contribute, and benefit from, because all these eight areas are exactly what Hong Kong has been doing. They are in perfect alignment. For example, strengthening multidimensional connectivity – this is Hong Kong's strength being an international city under the "one country, two systems" principle. Open world economy – this is always what Hong Kong is advocating and taking part in. Practical co-operation, as I have also mentioned already, includes big infrastructure projects, or "small but beautiful", special projects, then our professional services, financial services, etc, can all contribute. Green development – I have mentioned it already. We are very conscious about developing green economy in the long run and ensuring that we meet our target of being carbon neutral by 2050. And of course, in regard to scientific and I&T development, Hong Kong is being developed as an international I&T centre, so we have a lot to contribute. People-to-people exchange – I have already mentioned Hong Kong being an arts and cultural hub. Also, we are an education centre. We have a lot of scholarships for Belt and Road countries. For development of integrity-based Belt and Road co-operation, I have mentioned that the ICAC (Independent Commission Against Corruption) has been taking a leading role in helping Belt and Road countries in developing integrity management. We are running courses for some of the countries. Institutional building and Belt and Road co-operation – we have also just mentioned – this year, we have just organised Hong Kong's Belt and Road Summit, which was attended by almost 6 000 representatives. We will continue to do this annually, and we will support our country's Belt and Road co-operation in all regards. All these eight areas are what we are doing already, and we will of course strengthen our efforts in these areas and contribute as much as we can.

(Please also refer to the Chinese portion of the transcript.)



[Acting SFST's speech at AIMA APAC Annual Forum 2023 \(English only\) \(with photo\)](#)

Following is the speech by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, at the Alternative Investment Management Association (AIMA) Asia-Pacific (APAC) Annual Forum 2023 today (October 19):

Jack (Mr Jack Inglis, Chief Executive Officer of AIMA), Jiǎmǐ (Mr Jiǎmǐ Król, Deputy Chief Executive Officer and Global Head of Government Affairs, AIMA), Michael (Mr Michael Bugel, Managing Director and Co-Head of APAC, AIMA), Kher Sheng (Mr Kher Sheng Lee, Managing Director and Co-Head of APAC, Deputy Global Head of Government Affairs, AIMA), distinguished guests, ladies and gentlemen,

Good morning. I am very delighted to join the AIMA APAC Annual Forum today, and be part of this "event of the year" for the hedge fund and private equity industry where brilliant ideas on the latest developments of the asset and wealth management industry converge and interact.

Overview

Today's agenda covers an extensive range of topics including digital transformation, green growth, family office, the China market, and many more. Indeed, many, if not all of the topics accord with the Government's efforts in promoting the continued development of the asset and wealth management industry as well as the overall financial services sector.

Hong Kong is the primary investment destination for the global private wealth management industry. We are highly competitive in the areas of asset and wealth management with an abundant source of lucrative investment opportunities, an unparalleled professional financial services sector and top-notch regulatory frameworks.

Asset and wealth management

Hong Kong is Asia's largest hedge fund hub, and our private equity capital under management as of June this year amounted to US\$215.1 billion, ranking second in Asia after the Mainland. We are Asia's premier booking centre in terms of cross-border asset flows with AUM (assets under management) reaching US\$2.2 trillion in 2022. Overall, the AUM of Hong Kong's asset and wealth management business recorded a healthy growth of 27.5 per cent over the four year period during 2019-2022, and last year recorded a net fund inflow of US\$11 billion.

The Government continues to sharpen our competitive edge in this area through various strategies. They include diversifying our fund structures with the introduction of the open-ended fund company and limited partnership fund (LPF) regimes, providing various tax incentives for public and private funds as well as carried interest, broadening our fund distribution network, providing a range of other financial incentives, and many more.

We also strive to attract family offices to set up and operate in Hong Kong. The Government has been adopting a multipronged approach to strengthen the vibrant ecosystem for family offices and asset owners to thrive in Hong Kong. To this end, the Government issued the Policy Statement on Developing Family Office Businesses in Hong Kong to set out the policy stance and measures on developing a favourable and competitive environment for global family offices and asset owners.

The Government is also considering the details of the new Capital Investment Entrant Scheme, which will attract more new capital to Hong Kong and foster the development of the asset and wealth management industry.

Mainland and Greater Bay Area (GBA) opportunities

Our unrivalled connectivity with the Mainland, which we continue to deepen and strengthen, together with our extensive connections with the rest of the world, has also enabled Hong Kong to leverage our global advantage and China advantage available to no other economies. As the global centre of economic gravity shifts eastward, the major engine of economic growth lies in Asia, and Hong Kong is perfectly positioned to capture the enormous opportunities.

The 14th Five-Year Plan acknowledges the significant functions and positioning of Hong Kong in the overall development of the country. It supports Hong Kong to enhance its status as an international financial centre, strengthen its status as a global offshore RMB (Renminbi) business

hub, an international asset management centre and a risk management centre, as well as deepen and widen the mutual access between the financial markets of Hong Kong and the Mainland.

Our various mutual market access schemes including Bond Connect, Stock Connect, Wealth Management Connect, etc, together with the "HKD (Hong Kong Dollar)-RMB Dual Counter Model" establish Hong Kong's status as the premier gateway for overseas investors to enter the Mainland financial markets and contribute to the two-way opening-up of the Mainland's capital markets to the rest of the world.

Hong Kong also has much to offer as the world's offshore RMB business hub. We hold about one trillion in RMB deposits, which is the largest offshore RMB liquidity pool in the world, and we handle 75 per cent of the world's offshore RMB payments. And we will continue to expand our RMB-denominated investment and risk-management products to suit users' needs.

The Government has also made good use of Hong Kong's connectivity with the Mainland and international markets, and capitalise on the enormous opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area Development to contribute to the economic development and opening up of our country. On the private equity front, in September 2022, the Shenzhen Qianhai Authority and the HKSAR (Hong Kong Special Administrative Region) Government jointly announced 18 measures which included facilitation and preferential policies for the Hong Kong private equity industry, including supporting eligible Hong Kong LPFs to set up qualified investment entities in Qianhai to commence onshore investment. In February this year, the Mainland further set out 30 measures on financial reform and innovation, including measures to provide additional support for Hong Kong private equity funds' development in Qianhai. We will continue to maintain close communication with the Mainland authorities in implementing the relevant measures, and please stay tuned to the wealth of opportunities in the Greater Bay Area.

We will not rest on our laurels and are continuing to work towards the long term and sustainable development of our asset and wealth management industry. In the coming few minutes, allow me to share with you the Government's efforts in the strategic areas of green and sustainable finance, and fintech, which will be covered in today's discussions.

Green and sustainable finance

We continue to develop Hong Kong into an international green technology and green finance centre. 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's 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, among which, the volume of green and sustainable bonds arranged in Hong Kong accounts for more than one-third of Asia's market, topping the league table of the region.

Promoting sustainable development is a subject of global concern. In the 14th Five-Year Plan, the Central People's Government has outlined the goals to promote comprehensive green transformation of economic and social growth, and the effort to reach the carbon dioxide emissions peak before 2030 and achieve carbon neutrality before 2060. Our goals in Hong Kong are to attain a 50 per cent reduction in carbon emissions before 2035 and carbon neutrality before 2050.

To attain our goal and accelerate the development of Hong Kong into an international centre for green technology and finance, the 2023-24 Budget has announced that the Government will proceed in five directions, namely (a) building a green technology ecosystem; (b) green finance application and innovation; (c) green certification and alignment with international standards; (d) training for talents; and (e) enhancing the exchange and co-operation with the Guangdong-Hong Kong-Macao Greater Bay Area and international markets.

Fintech

As one of the world's leading financial centres with a highly digitalised economy, Hong Kong is a forerunner in embracing fintech and a top destination for fintech companies to establish or expand their business locally, regionally and globally. We are home to more than 800 fintech enterprises, large and small, including eight licensed virtual banks and four licensed virtual insurers. Together, they offer a wide range of innovative services in mobile payments, cross-border transfers, intelligent financial consultancy, wealth management, blockchain and many more.

The Government takes a proactive and catalytic approach in spurring fintech development. We also take the lead in applying fintech, like issuing the first-ever tokenised government green bonds in February this year, by bringing bond issuance onto a distributed ledger.

Closing

Ladies and gentlemen, I would like to take this opportunity to thank AIMA for your long-term support towards Hong Kong's continued success as Asia's premier asset and wealth management hub. The Government will continue to facilitate the industry's sustainable development through the policies and strategies mentioned earlier.

I wish you all a rewarding event and the best of health and business in the years to come. Thank you.



[AIDS hotline service to be suspended](#)

The Acquired Immune Deficiency Syndrome (AIDS) hotline service under the Special Preventive Programme of the Centre for Health Protection of the Department of Health will be suspended from 6pm to 11pm tomorrow (October 20) for a maintenance check.

The service will resume after the maintenance.

The free and anonymous AIDS hotline (2780 2211) provides information on AIDS and sexually transmitted infections and a Human Immunodeficiency Virus antibody testing booking service to the public.

[Complete and return requisition forms today](#)

The Rating and Valuation Department (RVD) issued letters today (October 19) to remind rates and/or Government rent payers who have not yet responded to the requisition form (RIA) issued to them in August to complete and return the form to the RVD immediately. The rental information collected will be used for assessing rateable values for the next general revaluation.

"Whether premises are vacant, let or owner-occupied, rates and/or Government rent payers should complete and return the form once received. They can complete and submit the e-form by using the [Electronic Submission of Forms](#) service provided on the RVD's website (www.rvd.gov.hk)," a spokesman for the RVD said.

Under the Rating Ordinance or the Government Rent (Assessment and

Collection) Ordinance, any person who knowingly makes a false statement or refuses to furnish any of the particulars specified in the form commits an offence and shall be liable on conviction to a respective maximum fine of \$25,000 or \$10,000, and an additional fine equivalent to three times the amount of rates and/or Government rent undercharged.

Rates and/or Government rent payers are reminded to affix sufficient postage if they return the form by post to ensure timely and successful postal delivery.