

LCQ1: Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone

Following is a question by the Hon Robert Lee and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (June 21):

Question:

Recently, the Central Authorities have promulgated the Opinion on Providing Financial Support for the Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, setting out 30 measures on financial reform and innovation (30 financial measures for Qianhai) to support the development of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Qianhai Cooperation Zone). In this connection, will the Government inform this Council:

(1) given that the trade is widely concerned about the 30 financial measures for Qianhai, hoping that the relevant policies will bring development opportunities, whether the authorities will launch priority projects and proposals targeting relevant industries or companies in an orderly manner;

(2) as the 30 financial measures for Qianhai involve a number of policy initiatives, how the Government will foster cross-departmental collaboration, co-ordinate the communication and discussion with relevant Mainland departments, and announce the relevant specific implementation details and timetable as soon as possible, so as to facilitate different enterprises to make prior preparations for their development in the Qianhai Cooperation Zone; and

(3) whether the Government will provide incentives to attract more financial and professional services-related enterprises to participate in the relevant development, thereby leveraging Hong Kong's advantages as an international financial centre for fulfilling its role in the internal circulation and external circulation for national development?

Reply:

President,

The Hong Kong Special Administrative Region (HKSAR) Government attaches great importance to the enormous opportunities brought by development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to Hong Kong's financial and professional services sectors. In February this year, the Central financial authorities and the People's Government of Guangdong Province jointly

promulgated the "Opinion on Providing Financial Support for the Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone" (the Opinion), setting out 30 wide-ranging measures on financial reform and innovation. The Opinion demonstrates the great importance and strategic planning accorded by the Central People's Government (CPG) to the GBA development, leveraging Qianhai's deepening reform to support Hong Kong's integration into the national development of the reform and opening up of the financial market. The HKSAR Government will seize the opportunities unleashed in fostering the sustainable development of the sectors concerned.

My reply to the question raised by the Hon Lee is as follows:

(1) and (3) To enhance the financial sector's understanding of the Opinion, I led a Hong Kong financial sector delegation of about 50 people to attend a Shenzhen-Hong Kong liaison event held in Qianhai on May 18, 2023 for the government departments, regulators and industry players of the two places to exchange views and liaise with one another. The event was jointly organised by the Financial Services and the Treasury Bureau and the Qianhai Authority. On top of representatives from the Government and financial regulators, representatives from various banks, securities, insurance and funds companies as well as industry associations and organisations of the financial sector also joined.

We are taking forward the relevant work of the Opinion along five directions:

The first is prioritising financial services relating to people's livelihood. With the development of the GBA, there has been growing demand for convenient and seamless financial services by residents in Guangdong, Hong Kong and Macao. The Opinion prioritises financial innovation relating to people's livelihood, with many measures in line with the policy directions that we have been proceeding with, including facilitating Hong Kong residents to open Mainland bank accounts, expediting the establishment of insurance after-sales service centre in Qianhai, facilitating Hong Kong residents to use mobile e-payment tools in Qianhai, etc.

The second is highlighting Hong Kong's function as a premier fund-raising platform. The Opinion supports Qianhai enterprises to make use of Hong Kong's platform in accordance with the law (e.g. setting up open-ended fund companies and limited partnership funds) for raising funds and expanding overseas businesses, as well as REITs for listing and financing quality real estates and infrastructure projects in Hong Kong. The Qianhai Authority will provide a number of incentives, e.g. a one-off reward of RMB2 million to Qianhai venture capital institutions listed on the Stock Exchange of Hong Kong (HKEX), to encourage Qianhai institutions to expand financing channels in Hong Kong's capital markets. The Opinion also supports Qianhai enterprises to issue green bonds and obtain green financing from banks in Hong Kong, fully demonstrating Hong Kong's niche as a green financing platform channelling international capital to support the sustainable development of our country.

The third is giving full play to Hong Kong's function as an offshore Renminbi (RMB) business hub. The Opinion supports Qianhai banks and enterprises to issue RMB-denominated securities products in Hong Kong, and the HKEX's Qianhai Mercantile Exchange to develop cross-boundary trading of physical commodities with clearing and settlement denominated in RMB.

The fourth is encouraging co-operation between financial institutions in Shenzhen and Hong Kong. The Opinion supports fund firms in Qianhai to actively participate in ETF cross-listing and Mainland-Hong Kong mutual recognition of funds. It at the same time explores lowering the entry requirement for Hong Kong investors in equity investment, and expanding the business coverage of Hong Kong's financial institutions in Qianhai. This will benefit banks, securities firms, insurance institutions, asset management institutions, private equity funds, etc.

The fifth is focusing on the development of characteristic financial industries. The Opinion highlights promoting the development of green finance and Fintech. The HKSAR government's policy direction of developing Hong Kong into an international centre of green technology and green finance is in line with this. Measures include encouraging green finance talent exchange between the two places; exploring mutually recognised and unified environmental disclosure standards for financial institutions; and strengthening collaboration between Qianhai's Fintech supervisory tool and HKMA's Fintech Supervisory Sandbox, etc. In addition, we have earmarked \$12 million for implementing a Fintech internship scheme for post-secondary students in 2023-24, with a view to facilitating students studying in Fintech related subjects in Hong Kong and the GBA to acquire practical work experience in Fintech enterprises in the two places, thus equipping them early with relevant knowledge in pursuing a career in Fintech.

(2) There has been close financial co-operation between Shenzhen and Hong Kong. We have established a task force with the Shenzhen Municipal People's Government on promoting mutual access between the financial markets of the two places to jointly take forward various financial co-operation initiatives. In March this year, we signed the "Agreement on Enhancing Hong Kong-Guangdong Financial Co-operation" with the Guangdong Financial Supervisory Authority after the Plenary of the Hong Kong/Guangdong Co-operation Joint Conference. The Agreement covers the active promotion of the development of finance in the Qianhai Cooperation Zone, including facilitating Hong Kong residents to open Mainland bank accounts, and expanding the room for development for Hong Kong's financial sector in the Qianhai Cooperation Zone. Premising on this good foundation, we and the financial regulators will continue to strengthen the collaboration and communication with Shenzhen based on the directions set out in the Opinion. We and the financial regulators will announce the implementation details of the policy measures concerned as soon as they are ready. Thank you President.