

Speech by FS at Asia Private Equity Forum 2019 (English Only) (with photo/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Asia Private Equity Forum 2019 at the Hong Kong Convention and Exhibition Centre this morning (January 16).

Chin (Chairman of the Hong Kong Venture Capital and Private Equity Association (HKVCA), Mr Chin Chou), David (Chairman of the Asia Private Equity Forum 2019 and Executive Director of HKVCA, Mr David Pierce), distinguished guests, ladies and gentlemen,

Good morning.

It's a great pleasure to be here, once again, for the Hong Kong Venture Capital and Private Equity Association's Annual Forum. It is a reminder that another year has passed, and a New Year replete with opportunities and boundless promise awaits.

Going hand in hand with the multiple opportunities are of course challenges – the known, the unknown and, to quote Mr Rumsfeld, the "unknown unknowns." No doubt, you'll be discussing all of that, and a good deal more, through the course of this invaluable international Forum here in Hong Kong, where the world meets.

"Unknown unknowns," for sure are issues which we cannot predict in advance. So allow me, for the next few minutes, to be down to earth, to focus on what we do know, what we have accomplished, and what we plan to achieve for our finance industry and for Hong Kong.

To begin, the open-ended fund company regime came into operation last July. It marks the first time that Hong Kong has established a dedicated legal framework for fund vehicles.

No less important, it showcases the Government's commitment to making Hong Kong a multi-dimensional fund centre. And I'm confident it will create more opportunities for our fund and related businesses.

Last month, the bill extending profits tax exemption to onshore funds, in addition to offshore funds, was introduced in the Legislative Council. Under this bill, private equity funds are among those that will enjoy profits tax exemption. A tax-exempt fund can invest in local and overseas private companies. I'm hopeful that the new tax treatment will take effect very soon.

Last April, we rolled out a new listing regime for pre-revenue, or pre-profit, biotech companies and companies with a weighted voting rights structure. To date, 7 have been listed on the Stock Exchange of Hong Kong

under the new regime, and many are in the pipeline.

Good news, too, on the IPOs (Initial Public Offerings) front. Last year, Hong Kong raised about HK\$287 billion through IPOs, claiming the global IPO crown. Indeed, Hong Kong has ranked first globally 6 times in the past 10 years.

We continue to add jurisdictions with which we have mutual recognition arrangements with regard to funds. Yesterday, Luxembourg joined our existing partners of the Mainland, Switzerland, France and the United Kingdom.

And then there's Hong Kong's role as one of the world's leading international financial centres. You can see that, at work brilliantly, during this International Financial Week here, which began with the impressive two-day Asian Financial Forum concluded only yesterday. Today's Forum is another highlight, as is tomorrow's EMPEA Private Equity Masterclass, organised by the HKVCA.

Numbers also underline Hong Kong's status as a financial services powerhouse. We rank third in the Global Financial Centres Index, behind only London and New York. We topped the Milken Institute's Global Opportunity Index in 2017. And for the past 24 years in a row, the Washington-based Heritage Foundation has named Hong Kong the world's freest economy.

Add it up, and you have a financial foundation as formidable and deeply rooted as anywhere in the world. And I have no doubt that economic growth and accelerating wealth creation in this part of the world, particularly the Mainland of China, will continue to support Hong Kong's asset and wealth management business.

At the end of 2017, assets under management in Hong Kong totaled some US\$3.1 trillion. Non-Hong Kong investors accounted for two-thirds of this.

Private equity is critical to our asset and wealth management landscape. We are Asia's second-largest private equity centre, trailing only the Mainland.

As of mid-2018, our private equity players managed US\$152 billion in Hong Kong. That's about 16 per cent of the total capital under management in Asia.

During the first half of 2018, private equity funds raised in Hong Kong amounted to US\$12 billion, about 20 per cent of the total funds raised in Asia. Given investors interest in diversified portfolios – both in asset class and geographical exposure – Hong Kong can only continue to capture business opportunities in the Asian private equity market.

In the coming months, we will put out a proposal for industry consultation about introducing a limited partnership regime for private equity funds in Hong Kong. Thereafter, we will introduce a bill in the Legislative Council. If passed, it would be the second dedicated regime for a fund vehicle in our law books.

The Financial Services and the Treasury Bureau is working closely with the Hong Kong Monetary Authority and the Securities and Futures Commission on the proposal. Our objective is to have a regime catering for the needs of private equity funds, while safeguarding investor protection.

The Government will continue to boost Hong Kong's unique role as gateway between international markets and investors and their counterparts on the Mainland of China. We'll do so through the Stock Connects, Bond Connect, and the Mutual Recognition of Funds arrangements. We will also further strengthen our position as the global offshore RMB business hub.

At the regional level, we will continue to take part in the Guangdong-Hong Kong-Macao Greater Bay Area development. Its sheer market size and number of high net-worth individuals, coupled with the policy objective of enabling people, goods, capital and information to flow freely within the region, will expand opportunities for our asset and wealth management sector.

Turning to the Belt and Road Initiative, Hong Kong's financial services industry is well positioned to contribute in a number of areas. Given our liquid capital flow and deep pool of financial talent, Hong Kong is the natural centre from which to raise funds for infrastructure, investment and production projects.

We are also ideally suited to provide the risk management, insurance and dispute-resolution services that big-ticket infrastructure projects need.

Green finance is also promising. And I am pleased to report that the Government will soon launch its green issuance under the Government Green Bond Programme, which has a borrowing ceiling of HK\$100 billion.

Ladies and gentlemen, the above highlight some of our ambitious plans for this New Year and beyond for our financial services in general, and for the asset and wealth management sector in particular. Of course, global trade friction and macro-economic concerns are visible impediments and then there are those "unknown unknowns".

Still, Hong Kong has always risen to the challenge. And with your continuing support and considered suggestions, we'll continue to create opportunities for you, and for all of Hong Kong.

I wish you all a rewarding Forum and a healthy and prosperous 2019.

Thank you.



Special traffic arrangements for race meeting in Happy Valley

Special traffic arrangements will be implemented in Happy Valley today (January 16). The arrangements will come into effect one and a half hours before the start of the first race and will last until the crowds have dispersed after the race meeting.

A. Traffic arrangements before the commencement of the first race

1. Road closure

Southbound Wong Nai Chung Road between Queen's Road East and the up-ramp outside Hong Kong Jockey Club (HKJC) will be closed except for vehicles heading for Aberdeen Tunnel.

2. Traffic diversions

- Southbound Wong Nai Chung Road between Village Road and the up-ramp outside HKJC will be re-routed one way northbound;
- Vehicles from eastbound Queen's Road East heading for Wan Chai and Happy Valley will be diverted to turn left to Morrison Hill Road;
- Traffic along southbound Morrison Hill Road heading for Happy Valley will be diverted via Sports Road and Wong Nai Chung Road;
- Traffic along Queen's Road East cannot turn right to Wong Nai Chung Road except for vehicles heading to Aberdeen Tunnel;
- Traffic from Cross Harbour Tunnel heading for Queen's Road East will be diverted via the down-ramp leading from southbound Canal Road flyover to Morrison Hill Road to turn right at the junction of Wong Nai Chung Road and Queen's Road East; and
- Traffic from Cross Harbour Tunnel heading for Happy Valley or Racecourse will be diverted via the down-ramp leading from southbound Canal Road flyover to Canal Road East, southbound Morrison Hill Road, Sports Road and Wong Nai Chung Road.

B. Traffic arrangements before the conclusion of race meeting

1. Road closure

The following roads will be closed from 35 minutes before the start of the last race:

- The up-ramp on Wong Nai Chung Road outside HKJC leading to Aberdeen Tunnel;
- Southbound Wong Nai Chung Road between Queen's Road East and the up-ramp leading to Aberdeen Tunnel;
- Southbound Wong Nai Chung Road between Village Road and the Public Stands of HKJC;
- Westbound Leighton Road between Wong Nai Chung Road and Canal Road East; and
- Southbound Morrison Hill Road between Leighton Road and Queen's Road East.

In addition, southbound Wong Nai Chung Road between the up-ramp leading to Aberdeen Tunnel and the Public Stands of HKJC will be closed from about 10 minutes before the start of the last race.

2. Traffic diversions

The following traffic arrangements will be implemented from 35 minutes before the start of the last race:

- Eastbound Queen's Road East at its junction with Morrison Hill Road will be reduced to one-lane traffic heading for northbound Canal Road flyover;
- Vehicles from Cross Harbour Tunnel heading for Wan Chai will be diverted via the down-ramp leading from Canal Road East, U-turn slip road beneath Canal Road flyover, Canal Road West and Hennessy Road;
- Vehicles from Cross Harbour Tunnel heading for Happy Valley will be diverted via the down-ramp leading from Canal Road East, eastbound Leighton Road and Wong Nai Chung Road;
- Traffic on southbound Morrison Hill Road will be diverted to turn left to eastbound Leighton Road;
- Traffic along southbound Morrison Hill Road heading for Happy Valley will be diverted via eastbound Leighton Road and Wong Nai Chung Road; and
- Traffic along westbound Leighton Road will be diverted to Wong Nai Chung Road.

C. Learner drivers prohibition

Learner drivers will be prohibited to turn left from Caroline Hill Road to Leighton Road between one and a half hours before the start of the first race and one hour after the last race. In addition, learner drivers will be prohibited from accessing the following roads within the above period of time:

- Shan Kwong Road between Yik Yam Street and Wong Nai Chung Road;
- Village Road between its upper and lower junctions with Shan Kwong Road;
- Percival Street between Hennessy Road and Leighton Road;
- Canal Road East; and
- The service road leading from Gloucester Road to Canal Road flyover.

D. Suspension of parking spaces

Parking spaces on southbound Wong Nai Chung Road between Sports Road and Blue Pool Road will be suspended from 11am to 7pm during day racing, from 4.30pm to 11.59pm during evening racing, and from 5pm to 11.59pm during night racing.

Any vehicles found illegally parked within the precincts of the above affected areas will be towed away without prior notice.

Actual implementation of road closure and traffic diversion will be made by the Police at the time depending on traffic conditions in the areas. Motorists should exercise tolerance and patience, and follow the instructions of Police on site.

Key statistics on service demand of A&E Departments and occupancy rates of medical wards in public hospitals

The following is issued on behalf of the Hospital Authority:

During the winter surge, the Hospital Authority is closely monitoring the service demand of Accident and Emergency Departments and the occupancy rate of medical wards in public hospitals. Key service statistics are being issued daily for public information. Details are in the appended table.

Red flags hoisted at Silverstrand Beach and Clear Water Bay Second Beach

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (January 16) that due to big waves, red flags have been hoisted at Silverstrand Beach

and Clear Water Bay Second Beach in Sai Kung District. Beach-goers are advised not to swim at these beaches.

Closing date for new applications under CCF's Cervical Cancer Vaccination Pilot Scheme extended

The following is issued on behalf of the Community Care Fund Secretariat:

The Family Planning Association of Hong Kong (FPAHK) today (January 16) appealed to eligible teenage girls to register for the Community Care Fund (CCF) Cervical Cancer Vaccination Pilot Scheme (Pilot Scheme) as early as possible and receive the first dose of vaccine on or before September 30, 2019.

The Pilot Scheme was launched in October 2016 with funding from CCF for a duration of three years to provide cervical cancer vaccination for girls from eligible low-income families. The FPAHK is the implementing agent of the pilot scheme. New applications for the Pilot Scheme were originally to be closed in March 2019 to ensure that all applicants could receive a complete injection course of vaccines before the end of the Pilot Scheme in September 2019. The Commission on Poverty at its meeting held yesterday (January 15) approved to extend the closing date for new applications under the Pilot Scheme by six months to September 2019. Eligible applicants should register for the Pilot Scheme to receive the first dose of vaccine on or before September 30, 2019, and complete the vaccination by receiving the second and/or third dose within the following six months.

Eligible beneficiaries of the Pilot Scheme include girls aged 9 to 18 who are receiving Comprehensive Social Security Assistance, female students aged 9 or above who are receiving full grant under the School Textbook Assistance Scheme (STAS), girls aged 9 to 18 who are from households benefiting from the Working Family Allowance Scheme and female students aged 9 or above who are receiving a half grant under the STAS. Except for female students receiving a half grant under the STAS (who will be required to pay \$100 for each dose of vaccine), all eligible beneficiaries will receive free cervical cancer vaccination. As at the end of December 2018, around 20 000 girls had benefited under the Pilot Scheme.

Cervical cancer is a common female cancer caused by certain types of human papillomavirus (HPV). HPV infection can be prevented by vaccination. When girls get vaccinated at a younger age, their body produces a higher level of antibodies. The protection is also greater when the vaccine is received before the start of sexual activity. The FPAHK urges all eligible

girls to register for vaccination as early as possible. It will provide eligible applicants with vaccination and related services at the three Youth Health Care Centres in Wan Chai, Mong Kok and Kwai Fong. Eligible applicants may call these centres to book their first appointment. At the first appointment, applicants must bring along documentary proof in person for processing the application, and arrangements will be made for them to undergo clinical assessment prior to vaccination. Applicants under 18 years old must be accompanied by a parent or legal guardian at their first appointment.

The publicity leaflet of the Pilot Scheme is available at the Youth Health Care Centres, Women's Clubs and clinics of the FPAHK, Social Security Field Units of the Social Welfare Department, clinics and health centres under the Department of Health, and the Working Family Allowance Office of the Working Family and Student Financial Assistance Agency.

Eligibility criteria, application procedures and other details of the Pilot Scheme are available at the CCF website (www.communitycarefund.hk) and the FPAHK website (www.famplan.org.hk/ccfvaccine). For enquiries, please call the Pilot Scheme hotline at 2919 7878 or email ccfvaccine@famplan.org.hk.