

Asian Financial Forum 2018

Leveraging National Strategy for Hong Kong's New Vitality – To Build up the Bridgehead of Offshore Financial Services in China

Synopsis

Hong Kong is already the largest offshore RMB market in the world and it has played a quintessential super-connector part in the Belt and Road Initiative. As a leading free market economy, Hong Kong is a global financial, commercial and logistics centre. In recent years, we have witnessed a growing number of mainland Chinese enterprises go global under the Belt and Road Initiative. Hong Kong, due to its low taxes, sound commercial environment and multinational talent pool, has already become the most important cross-border economic and financial platform for mainland Chinese enterprises. The SAR should also become China's global wealth management centre, offshore risk management centre and global asset pricing centre as the RMB is internationalized. How can Hong Kong strengthen its bridgehead role in China's offshore financial market? How can this shed light on China's financial reform strategy? What opportunities can domestic enterprises take up at this time of transition? And how can they avoid financial risks as they go global? Our keynote speeches and panel discussion provided valuable insight into these questions.

Moderator

- **Ms Tseng Chin I**
Presenter of the Financial Journal at Phoenix TV; Executive Member of Council at the Ifeng Finance Institute

Speakers

- **Mr Antony Kam Chung Leung, GBS, JP**
Chairman and CEO, Nan Fung Group
- **Mr Guan Tao**
Senior Research Fellow, China Finance 40 Forum
- **Mr Nicholas Kwan**
Director of Research, Hong Kong Trade Development Council
- **Mr Stefan Liu**
CEO and Executive Director, KVB Kunlun Financial Group

Bringing this year's Asia Finance Forum to a close, moderator Tseng Chin I asked how Hong Kong can strengthen its role as an offshore market for China – and how it can take advantage of the opportunities presented by the Greater Bay Area project and the Belt and Road Initiative.

Anthony Leung began the discussion, explaining how he has long seen Hong Kong as a combination of Manhattan and San Francisco, given its ability to attract talent and its role as a truly international city backed by the rule of law. With reference to the RMB, and Hong Kong being the world's largest offshore RMB centre, Leung thinks the city needs to strengthen its position by expanding policies and uses for the currency, such as issuing RMB bonds.

Panellists agreed there has been an increasingly positive opinion of the RMB and that more countries are signing RMB clearance agreements. Guan Tao said the internationalization of the currency is picking up speed, particularly since the mainland government opened up domestic stock and market bonds. He said Hong Kong will be increasingly important as the city and its finance industry become more active in the Belt and Road Initiative and the Greater Bay Area, allowing for more movement of capital. Guan explained that people in mainland China are accumulating increasing wealth and "Hong Kong has experience in wealth management."

The Hong Kong Trade Development Council's Nicholas Kwan pointed to the "mutual understanding and trust" between Hong Kong's regulatory bodies and China, saying this has long worked for both parties in terms of expanding the offshore RMB market. Hong Kong helps mainland corporations develop outside China. While Singapore positions itself comparably, Kwan said there is room for co-operation between the two cities. Hong Kong contributes to the stability of the currency as well as playing the role of a firewall in terms of trial and error in how it is managed.

Stefan Liu explained how, over the past five years, his company has transacted business totalling about US\$12 billion with 5,000 corporations of various sizes across the world. He sees "unprecedented opportunity" ahead for Hong Kong as the bridgehead for Chinese companies looking to develop around the Greater Bay Area and the Belt and Road Initiative.

Guan said internationalization of the RMB must take place in a steady fashion and that Hong Kong will continue to play a leading role in the currency's scope. The city has "much talent and many products" through which the internationalization of the RMB can take place.

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