

Press Release

LCQ7: HK's position as a major capital raising and financing centre

Wednesday, April 13, 2016

Following is a question by the Hon Ng Leung-sing and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (April 13):

Question:

In January this year, the Financial Services and the Treasury Bureau submitted a paper to the Panel on Financial Affairs of this Council, outlining the various policy initiatives to be implemented by the Bureau this year. The authorities have stated in the paper that the Government will capitalise on the opportunities arising from the implementation of the National 13th Five-year Plan and the Belt and Road Initiative to consolidate and enhance Hong Kong's position as a major platform of capital raising and financing for Mainland and overseas enterprises as well as a hub for offshore Renminbi (RMB) business, and that Hong Kong could also serve as a vital bridge between our country and countries along the Belt and Road. Moreover, the Financial Secretary (FS) has indicated in his Budget Speech this year that he has asked the Hong Kong Monetary Authority to establish an office to facilitate the financing of infrastructure projects and provide a platform for pooling the efforts of investors, banks and the financial sector to offer comprehensive financial services for various infrastructure projects. In this connection, will the Government inform this Council:

(1) of the working relationship between the infrastructure project financing facilitation office and the various existing segments of the finance industry upon the commissioning of the office;

(2) whether it has studied the synergy effect between the conduct of financing activities in Hong Kong for the Belt and Road Initiative and the development of offshore RMB business in Hong Kong; if it has studied, of the details; and

(3) given that FS has said in his blog in June 2013 that the development of the bond market in Hong Kong lags behind that of other financing channels (e.g. banks and stock markets), how the Government will leverage on the financing

activities for the Belt and Road Initiative to further boost the development of the bond market in Hong Kong?

Reply:

President,

(1) The Infrastructure Financing Facilitation Office (IFFO), which will be established by the Hong Kong Monetary Authority shortly, will bring together key stakeholders, covering fund providers (including equity investors such as private equity funds, infrastructure investment funds, sovereign wealth funds, and debt investors such as banks, multilateral development banks), infrastructure project proponents (e.g. governmental institutions and corporates along the Belt and Road (B&R) region), and relevant professionals. IFFO will provide a platform for information exchange, experience sharing and capacity building on infrastructure financing, and promote Hong Kong as a major platform for B&R infrastructure project sourcing, financing and fund management, through collaboration with stakeholders, leveraging Hong Kong's role as an international financial centre.

(2) and (3) With the implementation of B&R Initiative and RMB internationalisation, substantial financing needs will arise from related infrastructure development. Hong Kong, with efficient and reliable financial infrastructure, a deep RMB market, and a flexible issuance platform for bonds (including conventional bonds, dim sum bonds, Islamic bonds, green bonds, etc.), can provide an excellent platform to meet these financing needs. These additional financing activities in Hong Kong will help promote the further development of the bond market in Hong Kong, and consolidate and enhance Hong Kong's status as an international financial centre and a global offshore RMB business hub.

Ends