

## **Press release**

### **Hong Kong benefits from mainland demand for asset management services**

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Hong Kong has world-class hardware and software of a financial market and can benefit from a huge demand for wealth and asset management services in the mainland, the Secretary for Financial Services and the Treasury , Professor K C Chan, said in New York today (March 5, New York time).

Speaking at the New York Stock Exchange during his five-day visit to the United States and Canada, Professor Chan said that Hong Kong, with a policy favourable to the off-shore fund industry, its position as Asia's premier asset management centre could be reinforced.

He pointed out that Hong Kong had continued to promote the local bond market. “We implemented a government bond programme last year and we took an extra step this year of extending the concessionary profits tax rate derived from qualifying debt instruments to cover instruments with a maturity period of less than three years,” he said.

He also told his audience that the rise and liberalisation of renmibi (RMB) business continued to offer new opportunities and reinforced Hong Kong position as the Mainland's offshore RMB centre.

“Given our cultural affinities, robust risk management systems, and close economic ties with the Mainland, Hong Kong is best placed to serve as a testing ground for the development of RMB business outside the Mainland.

“We have been working with the relevant Mainland authorities, our financial regulators and the industry to attract more RMB liquidity and to build a market offering a broad range of RMB products and services. There has been significant progress in the development of RMB business in Hong Kong. The RMB trade settlement pilot scheme, which has commenced operation last July, is offering enterprises an option to settle trade transactions in RMB.

“We believe that the settlement volume will continue to increase. Also, Hong Kong banks on the Mainland and, recently foreign corporations are allowed to issue RMB bonds in Hong Kong. To top it all off, last September the Central Government launched its inaugural RMB sovereign bond issue, totalling RMB 6 billion, in Hong Kong, which is a strong testimony to Hong Kong’s status as the RMB centre,” he added.

Professor Chan described these measures as an encouraging start to Hong Kong's development into an offshore RMB centre for China.

“We are confident that we will see a broad range of RMB related investment products being offered in Hong Kong, keeping up with the pace of the liberalisation of RMB,” he said.

He has also highlighted in his speech Hong Kong’s strategy to deal with economic uncertainties by consolidating the recovery through tax relief and a level of infrastructure spending.

He said during the crisis, the Government had acted quickly to stabilise the financial system in order to support the enterprises and preserving employment.

“The measures we took included providing liquidity to banks, a full deposit guarantee for depositors, loan guarantee schemes for small and medium enterprises, and a range of fiscal stimulus, job creation and relief measures.

“Although the 2008/2009 crisis was much more severe than the Asian financial turmoil, our economy bounced back quicker this time. Both the job market and the overall economic performance indicate that our economic fundamentals are stronger than before and have shown greater resilience to withstand external shocks.” he added.