

**Lunar New Year Reception
in Budapest
16 February 2011
Welcome Remarks by Ivan K B Lee
Director,
Hong Kong Economic and Trade Affairs,
The Government of the Hong Kong Special Administrative Region**

State Secretary Bába, Ambassador Gao, Chairman Kralik , Mary, Lore, Distinguished Guests,

1. On behalf of the Government of the Hong Kong Special Administrative Region (HKSARG), I would like to welcome you tonight to celebrate the Chinese New Year of the Dragon here in the enchanting city of Budapest.
2. Lore has already explained that Hong Kong continues to be a good place for doing business and that Hong Kong has continued to be ranked among the top in various surveys and studies by international organizations. Here I would like to add three points on why Hong Kong continues to be a good destination for Hungarian companies. First, Hong Kong's development into an offshore RMB business centre. Second, the very attractive listing regime offered by the Hong Kong Exchanges and Clearing Limited to Hungarian companies wishing to raise capital and enhance their profile in the Asian market. An third, that Hungarian companies can also benefit from Hong Kong's free trade agreement with Mainland China.
3. First, Hong Kong's development into an offshore RMB centre. In the most recent National Five-Year-Plan (the 12th) promulgated in March 2011, which is China's blueprint and action agenda for economic and social development for the period 2011 to 2015, the Central Government dedicated for the first time an entire chapter to Hong Kong (together with Macau). The chapter emphasises the Central Authorities' support for Hong Kong to consolidate and enhance its position as China's global financial centre and international trade and shipping centre, as well as support for Hong Kong's development into an offshore Renminbi (RMB) business centre.
4. As China's global financial centre, Hong Kong has been a testing ground for the internationalization of RMB. As RMB has become more widely used outside the

mainland of China, Hong Kong continues to build upon its RMB offshore centre role as the place for the use of RMB as a settlement, investment and funding currency. Hong Kong is currently handling over 90 % of China's global RMB trade. There has also been many RMB bond issues, with a total issuance size exceeding RMB 166 billion.

5. Second, Hong Kong's Stock Exchange. Hong Kong was the most active market for initial public offering ("IPO") globally for three years in a row from 2009 to 2011 in terms of funds raised. Companies, particularly overseas companies which have Greater China related business operations, have been attracted on the back of our market's liquidity, attractive valuations and access to investors in Asia. We are keen to have overseas companies to consider listing in Hong Kong. In 2010, we had the first Russian company (UC Rusal) (January), the first French company (L'Occitane) (May) and the first Brazilian company (Vale) (December) to come to list in Hong Kong. In 2011, we had the first Swiss company (Glencore International) (world's largest commodities trading company) and the first Kazakhstani company (Kazakhmys PLC) (Kazakhstan's largest copper producer) came to list in Hong Kong. Listed companies in Hong Kong could also raise RMB funds through Hong Kong IPOs, to meet their business needs in the Mainland.

6. Third, a quick word on the Closer Economic Partnership Agreement (CEPA), our free-trade pact that facilitates business between Mainland China and Hong Kong. The beauty of CEPA is that foreign companies are able to enjoy the preferential treatment so long as they are incorporated as a Hong Kong company or partner with one, after satisfying some basic requirements.

7. Ladies and Gentlemen, it will be remiss for me not to mention Hong Kong's emergence as a wine trading and distribution hub in Asia. Since the government eliminated wine duties in 2008, the wine sector has blossomed. The market has responded positively with total wine exports into Hong Kong in 2011 amounting to over US\$ 1 billion. I am pleased to note that Hong Kong and Hungary signed a Memorandum of Understanding on co-operation in wine-related businesses back in 2009. In the first eleven months of 2011, wine imports from Hungary into Hong Kong amounted to about € 480,000, representing a spectacular growth of 740% as compared with the same period last year.

8. Looking forward, 2012 will be a challenging, yet exciting year for Hong Kong. On the economic front, the global economic slowdown will no doubt affect Hong Kong, but we are confident that we will continue to see growth, albeit with a lower rate (latest forecast 1% to 3%).

9. Politically, this year we will have two important elections to implement the 2010 Constitutional Reform Package: the Chief Executive election in March and the Legislative Council election in September.

10. 2012 is also of great significance as it marks the 15th anniversary of Hong Kong's reunification with China. There will be many celebrations both inside and outside Hong Kong.

11. Turning to another reason for celebration, the bilateral relationship between Hungary and Hong Kong continues to grow. Bilateral trade between Hong Kong and Hungary grew at about 2.9% annually between 2007 and 2011 and amounted to about EUR 1,100 million in 2011. In 2011, about EUR 1 billion or 12.7% of the total trade between Hungary and the Mainland was routed through HK.

12. Indeed, in the past year the relationship between Hungary and Hong Kong has been reinforced by the inauguration of the Honorary Consulate General in Hong Kong, Mr Paul Kan, in March last year.

13. Before I conclude a few words on the dragon. Dragon is a mythical creature which brings with it optimism and hope for better times ahead in 2012. May the innovation and high energy of the Dragon stimulate us all, as we embrace the challenges facing us in the coming year! Thank you, Ladies and Gentlemen, and I wish you all a very prosperous Year of the Dragon!

Ends.