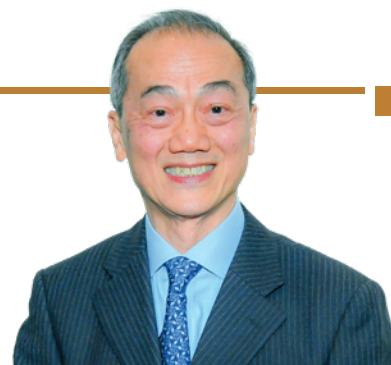




Message from the CEO



Kwok-chuen Kwok
CEO, Hong Kong Academy of Finance

The AoF had a very busy and fruitful fourth quarter. As Hong Kong embarks on the path towards normality with a gradual relaxation in travel restrictions, the AoF has stepped up its efforts in organising activities for our Members and Friends, and spreading a message to the world that Hong Kong is back.

Against the background of a highly uncertain investment environment, we co-organised with the HKMA a "Conversations with Global Investors" seminar in November, as part of the much celebrated Global Financial Leaders' Investment Summit. About 270 Members and Friends attended the seminar physically, and through RTHK and other digital platforms, the seminar was broadcast live in Hong Kong, Mainland China, and overseas. As Hong Kong's Investment Summit was widely reported by the media both locally and globally in a high profile manner, the hosting of this event has greatly buttressed the brand of the AoF. We look forward to more participation from Members and Friends in the Investment Summit planned for next year.

During the quarter, we also organised a number of timely and well received events such as the HKIMR's signature Annual International Conference on the Chinese Economy, a Distinguished Speaker seminar featuring world class venture capitalist Neil Shen of Sequoia China, and an Expert Speaker webinar with John Greenwood on inflation. We also co-organised with the Insurance Authority a panel session focusing on dealing with climate change in the 2022 Asian Insurance Forum.

Another important AoF event took place in mid-December when we conferred AoF Fellowship upon Dr Norman Chan, Professor Edward Chen, and Dr David Wong to recognise their outstanding contribution to the financial industry. On the same occasion, we saw the graduation of the inaugural cohort of our flagship Financial Leaders Programme (FLP). The 19 graduates have undergone a nine-month leadership development journey that has broadened their horizon and exposure. I congratulate the new Fellows and the FLP graduates, and I look forward to working with them to promote financial leadership for the betterment of Hong Kong. The 2022 FLP has received a lot of excellent feedback, and the 2023 Programme is expected to start in April.

On the research front, the HKIMR released a new and timely research report on "Climate Risk Measurement: The Existing Landscape and Developments in Hong Kong's Financial Services Industry" and widened further the outreach of its research outputs with the launch of a new HKIMR electronic journal. Visits by overseas scholars and Advisers to share research findings through in-person seminars have re-started, after being suspended for over two years.



Message from the CEO

On a final note, the recent Policy Address has placed heavy emphasis on addressing the talent shortage Hong Kong is facing. Since its inception, the AoF has been a stern force in nurturing financial talents and financial leadership. With the support from our Members and Friends, and building on the track record we have achieved in the past, the AoF will continue to work with other stakeholders to step up our efforts in this direction.

Kwok-chuen Kwok

CEO, Hong Kong Academy of Finance
December, 2022



Global Financial Leaders' Investment Summit

Conversations with Global Investors

The AoF co-organised with the Hong Kong Monetary Authority (HKMA) the "Conversations with Global Investors" seminar on 3 November, as part of the Global Financial Leaders' Investment Summit. The seminar was attended physically by senior leaders in the financial, corporate and public sectors, both from Hong Kong and overseas.

In his opening speech, Mr Paul Chan, Financial Secretary of HKSAR and Honorary President of AoF, explained how Hong Kong has weathered through the risks and volatilities in our financial markets; our philosophy and approach towards market regulation, and concluded Hong Kong is "simply the best IFC in Asia".



(From Left) Mr Paul Chan, Financial Secretary of HKSAR and Honorary President of AoF and Mr Eddie Yue, Chief Executive of the HKMA and Chairman of AoF

Mr Eddie Yue, Chief Executive of the HKMA and Chairman of AoF, closed the seminar by proclaiming "the buzz and energy of this city is coming back. I hope that this week will really mark the beginning of our path to normality from now on".



Global Financial Leaders' Investment Summit

During the panel titled **"Creating Value Through Uncertainties"** panelists exchanged brilliant ideas on the more promising markets, investment and asset allocation strategies against the background of global inflation, rising interest rates, and economic slowdown.



To watch the video of the panel **"Creating Value Through Uncertainties"**



(From Left) Moderator Mr Weijian Shan, Executive Chairman of PAG, panelists Mr William E. Conway, Jr., Co-Founder, Interim CEO, and Co-Chairman of Carlyle, Mr Ben Way, Group Head of Macquarie Asset Management, Mr Jim Zelter, Co-President of Apollo Global Management, and Mr Luke Ellis, CEO of Man Group.



Global Financial Leaders' Investment Summit

During the panel titled **"Managing through Volatile Markets"** panellists discussed the regime change in financial markets, and revealed their top picks of investment strategies and rebalancing in asset allocation and diversification that they are deploying for their clients. They also discussed what investors nowadays are demanding of investment managers, and what opportunities ESG investment would create.



To watch the video of the panel "Managing through Volatile Markets"



(From Left) Moderator Mr Howard Lee, Deputy Chief Executive of HKMA, panelists Mr Stephen Klar, President & Managing Partner of Wellington Management, Ms Hanneke Smits, CEO of BNY Mellon Investment Management and Cyrus Taraporevala, President and CEO of State Street Global Advisors.



AoF Fellowship Conferment cum FLP Graduation Ceremony

***AoF Fellowship Conferred on Dr Norman T.L. Chan, GBS;
Prof Edward K Y Chen, GBS, JP;
and Dr David Y.K. Wong, GBS, JP***

The AoF held its Fellowship Conferment cum Financial Leaders Programme Graduation Ceremony on 14 December. The Ceremony was officiated by Mr Paul Chan Mo-po, Financial Secretary of the Government of the Hong Kong Special Administrative Region and Honorary President of the AoF, and Mr Eddie Yue, Chief Executive of the Hong Kong Monetary Authority and Chairman of the AoF. Around 90 guests from the financial industry, regulatory authorities and academia attended the Ceremony and enjoyed the opportunity to gather with each other in person again.



AoF Fellowship Conferment cum FLP Graduation Ceremony

This was the second Fellowship Conferment of the Academy. The AoF confers Fellowship to distinguished leaders in the field of finance who have made outstanding contributions to Hong Kong. The three recipients of AoF Fellowship are:

Dr Norman T L CHAN, GBS
Prof Edward K Y CHEN, GBS, JP
Dr David Y K WONG, GBS, JP





AoF Fellowship Conferment cum FLP Graduation Ceremony



To watch the slide show of the Fellowship Conferment Ceremony

Graduation of 2022 Cohort of the Financial Leaders Programme

The Graduation Ceremony of the inaugural cohort of the AoF Financial Leaders Programme (the Programme) was held on 14 December 2022. The Programme aims to inspire financial talents, to equip them with a mindset to lead and look at issues from a macro perspective, as well as to expand their network. At the Ceremony, Mr Eddie Yue, the Chief Executive of the HKMA, congratulated the inaugural cohort and invited them to make good use of the learnings and connections from the Programme in their future leadership roles.

The 2022 graduates comprise 19 promising future financial leaders from a diverse background. During the nine-month programme, the cohort participated in over 30 discussion sessions with top leaders in financial services and other sectors on various issues pertinent to the continuous development of the Hong Kong financial industry.



AoF Fellowship Conferment cum FLP Graduation Ceremony

Mr Paul Chan said "I convey my heartiest congratulations to our three new Fellows and the graduates of the Financial Leaders Programme. Talent development is vital to our success as a leading international financial centre. The Government will continue its efforts on all fronts to attract and groom our talents and develop future financial leaders."

Mr Eddie Yue said "Today we are very glad to confer Fellowship upon three distinguished leaders of Hong Kong's financial industry and celebrate the graduation of the first cohort of the Financial Leaders Programme. Three years into operation, the AoF has become an active player in financial leadership development and research in Hong Kong. Going forward, it will continue to develop itself into a centre of excellence for talent development and a knowledge hub that helps power Hong Kong as a leading international financial centre."

The full list of 2022 graduates can be found on <https://www.aof.org.hk/flp/participants/2022-cohort>.



The 12th Annual International Conference on the Chinese Economy

The HKIMR successfully hosted its 12th Annual International Conference on the Chinese Economy on 23 November in a hybrid format. The theme of this year's conference is **"The Next Phase of China's Economic Development"**.

In his opening remarks, Mr Eddie Yue, Chief Executive of the HKMA, said the Chinese economy faced many challenges in the short run, but he was confident that the economy was resilient and would successfully move to the next phase of high-quality growth.



(From Left) Mr Eddie Yue, Chief Executive of the HKMA and Dr Wang Yiming, Vice Chairman and Chairman of the Academic Committee, China Center for International Economic Exchanges



The 12th Annual International Conference on the Chinese Economy

During his keynote speech Dr Wang Yiming, Vice Chairman and Chairman of the Academic Committee, China Center for International Economic Exchanges, said China needed to get its economy back on track as soon as possible through appropriate monetary and fiscal policies.

After that, four Chief China Economists of major investment/commercial banks exchanged views about zero-covid policy, property market development, supply chain reshuffle and longer-term growth prospects in a panel discussion.

The conference also invited a number of leading experts to present their research papers on various topics.

The conference had more than 1.18 million real time online views and 75 on-site participants. It was widely reported by the local and the Mainland media.



*(Top) Alicia Garcia-Herrero, Chief Economist for Asia Pacific of Natixis
(Bottom left) Shan Hui, Chief China Economist of Goldman Sachs
(Bottom middle) Zhu Haibin, Chief China Economist of J.P. Morgan and
(Bottom right) Liu Jing, Chief Economist for Greater China of Global Research of HSBC*



To access the conference programme and watch the video replay



Financial Leaders Programme

Progressing into the last phase of this year's Programme, the inaugural cohort had dinners and fireside chats with distinguished leaders from the financial industry and regulatory bodies. The Programme ended on a high note with an in-depth and intriguing sharing by the Senior Adviser of the AoF, Mr Norman Chan, on his central banking career and his leadership philosophy. Highlights of past sessions can be found at <https://www.aof.org.hk/flp/programme-highlights/2022-cohort>.

The application for the 2023 Programme closed on 11 December 2022. The industry response has been overwhelming, as evident in the large number of high-quality applications received. Application results will be announced in March 2023. Please stay tuned for the 2023 Programme activities on <https://www.aof.org.hk/flp>.

Dialogue with Norman Chan





Dinner with Dr Moses Cheng and Mr Tim Lui



Dialogue with Diana Cesar





Dialogue with Victor Fung



Dialogue with Lee Yuan Siong





Neil Shen Shared His Secrets of Success in Discovering Hidden Gems

The AoF held a conversation session with Mr Neil Shen, Founding and Managing Partner of Sequoia China on 14 October 2022. The session was moderated by Mr Norman T.L. Chan, Senior Adviser of the AoF.



During the event, Mr Shen shared his insights on a wide range of subjects. On promising technologies, he believed that in addition to the so called "ABCD" technologies (AI, Blockchain, Cloud, Data Analytics), among which AI and Cloud will continue to prosper, the greentech is emerging as another crucial theme. He also pointed out that we are witnessing the birth of new cross-sector opportunities such as those crossovers between AI and drug discovery, creating new products and services.

Other than technological innovation, Mr Shen is of the view that the key thesis for China growth involves two major dynamics: (i) the consumption economy, which translates to ample opportunities for domestic consumption goods and services and (ii) urbanisation and industrialisation, which would lead to increasingly more supply chains located in China. These dynamics enable start-ups to thrive in China.

A world class venture capitalist, Mr Shen shared his secret of success in discovering hidden gems: to combine the "top down" and "bottom up" approaches. On "top down" approaches, it is important to understand what the megatrends are and what is up and coming. For "bottom up" approaches, it is vital to develop a knowhow of identifying and integrating key players and founders into one's network. The "top down" and "bottom up" approaches are intertwined.



Distinguished Speakers Series

Mr Shen also discussed how to attract, groom, and retain talents. The key is to cultivate both a culture and system that are built on (i) Meritocracy, which encourages younger team members to contribute more and offers more opportunities to develop their careers; (ii) Teamwork. No investment is made by one person. Concerted efforts from not just the investment team, but also functional teams of Sequoia China are needed.

The conversation was conducted in hybrid format, and was broadcast online.



To watch the highlight video of the webinar



(Left) Ms Irene Lee, Executive Chairman of Hysan Development Company Limited, (Middle) Mr Bi Ming Qiang, President & CEO of China CITIC Bank International Limited, and (Right) Mr KC Kwok, CEO of AoF exchanged views with Neil about Hong Kong's relevance as an innovation hub, blockchain developments, and private equity as an asset class during the Q&As session.



HKIMR-AoF Expert Speakers Series

The HKIMR organised a webinar on **"Inflation in the Aftermath of Covid-19 – Was it Inevitable or Avoidable?"** featuring Dr John Greenwood, Founder and Chief Economist of International Monetary Monitor Ltd., under the HKIMR-AoF Expert Speakers Series on 2 November. This webinar is part of the Global Financial Leaders' Investment Summit.

During the webinar, Dr Greenwood presented his analysis on the recent surge in inflation in the advanced economies, arguing that the inflation is largely caused by too much money supply growth. The webinar was well received with close to 200 online participants.



To access Dr Greenwood's presentation materials and watch the video replay



(Top right) Dr John Greenwood, (Top left) Mr KC Kwok and
(Bottom) Mr Hongyi Chen, Senior Adviser of HKIMR



Asian Insurance Forum 2022

Asian Insurance Forum 2022 – Panel Discussion on "Supporting Climate Actions – Collaboration, Innovation and Finance"

The AoF and the Insurance Authority (IA) co-organised a panel discussion "Supporting Climate Actions – Collaboration, Innovation and Finance" at the Asian Insurance Forum (AIF) on 5 December 2022. The AIF is the annual flagship event of the IA, featuring discussions among leading players and experts in the insurance and financial markets, as well as top authorities in Hong Kong and the Asia Pacific region. The 2022 AIF had around 1,500 participants, including both in-person and virtual.



Moderated by Mr KC Kwok, CEO of the AoF, the panel featured Mr Ericson Chan, Group Chief Information and Digital Officer, Group Executive Director, Zurich Insurance Group, Prof Christine Loh Kung-wai, Chief Development Strategist of Institute for the Environment, The Hong Kong University of Science and Technology, Dr Gillian Rutherford, Head Reinsurance Sustainability, Swiss Re, and Ms Emily Woodland, Managing Director, APAC Head of Sustainable and Transition Solutions, BlackRock.

Speakers discussed how climate change is affecting insurers, reinsurers and how they are responding to keep insurance affordable; what governments could do both locally and at the multilateral level such as through COP27; how insurance companies could mainstream climate change into their investments and leverage technology to help their clients tackle climate change; and the issues related to data, reporting and standards. Asia is very important in the battle against climate change, and while huge investments mean a lot of opportunities, public private partnerships would be needed to mitigate risks.



(From Left) Moderator Mr KC Kwok, CEO of the AoF, panelists Mr Ericson Chan (virtually), Group Chief Information and Digital Officer, Group Executive Director, Zurich Insurance Group, Prof Christine Loh Kung-wai, Chief Development Strategist of Institute for the Environment, The Hong Kong University of Science and Technology, Dr Gillian Rutherford (virtually), Head Reinsurance Sustainability, Swiss Re, and Ms Emily Woodland, Managing Director, APAC Head of Sustainable and Transition Solutions, BlackRock.



Climate Risk Measurement: The Existing Landscape and Developments in Hong Kong's Financial Services Industry

With rising temperatures and higher frequency of extreme weather events with intensifying impact, climate change is exerting a significant influence globally. In light of the recent 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP27), we are witnessing paradigm changes in global business under a new "carbon budget". At this juncture, it is important to do a deep dive into financial institutions' current practices and pain points in climate risk measurement, which is the fundamental step to manage the impact of climate risk and to explore how to facilitate further improvements. This will benefit both the financial services industry and society as a whole.

The new report released by the HKIMR, entitled "Climate Risk Measurement: The Existing Landscape and Developments in Hong Kong's Financial Services Industry", reviews global financial institutions' motivations and challenges associated with climate risk measurement, and presents the results of a survey and interviews commissioned by the HKIMR, highlighting the existing landscape and developments on this subject in Hong Kong's financial services industry. Financial institutions in Hong Kong are involved in the measurement of climate risk, with more than half of the survey respondents currently engaging in it and 76% having planned to allocate similar or more resources over the next 12 months. Although some challenges remain, the established experience of insurers in measuring climate risk can provide useful insights for other sectors. The report concludes by offering some considerations that can contribute to the discussion on how to facilitate and enhance climate risk measurement in Hong Kong.

The full report can be viewed [here](#).



To watch the video clip of the summary of the report



The Launch of HKIMR's SSRN Electronic Journal

The HKIMR has recently launched its first issue of an **electronic journal (eJournal)** on Social Science Research Network (SSRN), the world's biggest open-access repository of research in economics and finance. The goal of this new initiative is to disseminate the HKIMR's research output, including both applied/thought leadership research and academic-style monetary research, to a global community of academics, practitioners and policy makers. Applied/thought leadership research covers important topics under the key overarching themes including green and sustainable finance, financial innovation and recent developments in Mainland China's financial markets, while monetary research focuses on macroeconomics, monetary policy and financial economics.

New issues of the eJournal will be published tentatively on a quarterly basis via emails. Everyone can subscribe to the HKIMR eJournal free of charge [here](#).

HKIMR Seminars

The HKIMR has restarted in-person seminars, following the suspension due to the COVID-19 pandemic. Four researchers, under the open-bid applied research programme, and an overseas adviser have recently visited the HKIMR and shared with an interested audience their research findings. Full text of the papers will be available in early 2023.



"Do Investors Care about Carbon-Transition Risk? A Global Perspective" on 7 November 2022 by **Professor Shaojun Zhang**, The Ohio State University.

"The analysis shows that the carbon intensity is strongly associated with green returns in the U.S., while the total carbon emissions and emission growth do not."



"ESG Performance after Financial Liberalisation" on 9 November 2022 by **Professor Gang Zhang**, Cheung Kong Graduate School of Business.

"Increased foreign ownership of Chinese firms under the Shanghai and Shenzhen Stock Connect programs leads to a substantial increase in the ESG ratings of these firms."



"China's Increasing Global Financial Impact" on 11 November 2022 by **Professor Chang Ma**, Fudan University.

"These results speak to a growing global financial impact of China and suggest that a more fully liberalized capital account could indeed have a significant impact on U.S. and world equity markets."



"Investment on Heterogeneous Stock Demands: Evidence from China Stock Connect" on 24 November 2022 by **Professor Gavin Feng**, City University of Hong Kong.

"We find the Northbound investor is relatively inelastic to Mainland local market, implying their flows have a large multiplying impact, and their demands are relatively stable during a volatile market. However, the Southbound is almost elastic, implying the demand from Mainland investors to the Hong Kong market is relatively unstable, and their flows have a small multiplying impact."



"The Transmission of Negative Nominal Interest Rates in Finland" on 16 December 2022 by **Dr. Simon Kwan**, Federal Reserve Bank of San Francisco, HKIMR Overseas Adviser.

"We provide robust evidence that there continues to be pass-through of a cut in the [ECB's] policy rate to mortgage rates even when the policy rate is in negative territory, but that this pass-through is smaller than when the policy rate is in positive territory."



For any enquiry about this Newsletter, please contact us through hotline (+852 2597 0900), email (info@aof.org.hk) or at Aof's address (Units 1005-1011, 10th Floor, One Pacific Place, 88 Queensway, Hong Kong).

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