

# CE's speech in delivering "The Chief Executive's 2023 Policy Address" to LegCo (3)

## V. Continue to Create Strong Impetus for Growth

### Raise Competitiveness

50. The measures we launched last year to attract enterprises, investment and talents have generated positive results. On the trawl for talents, we have attracted about 160,000 applications, among which over 100,000 have been approved and around 60,000 talents have already arrived at Hong Kong as at end-September.

51. On our efforts to attract enterprises, the Office for Attracting Strategic Enterprises (OASES) has reached out to over 200 strategic enterprises, of which 30 are planning to establish their foothold or expand their operations in Hong Kong. A total of about \$30 billion of new investment is involved, with around 10,000 employment opportunities expected to be created. In the first nine months of this year, Invest Hong Kong (InvestHK) assisted over 300 Mainland and overseas enterprises in establishing or expanding their operations in Hong Kong, representing an increase of more than 25% over the same period last year.

52. We must nonetheless sustain our efforts to strengthen Hong Kong's competitiveness in view of the fierce global competition.

### Trawl for Enterprises

53. The Government will continue its endeavours to attract enterprises, particularly those pertinent to Hong Kong's development as the "eight centres", including key enterprises and leading representatives in advanced technology, innovation and strategic industries.

### Develop "Headquarters Economy"

54. We will develop "headquarters economy" to attract enterprises from outside Hong Kong to set up headquarters and/or corporate divisions in Hong Kong, bringing in quality enterprises to explore the immense opportunities brought about by the national and international dual circulation. We will facilitate foreign enterprises to tap into the Mainland market, and also assist Mainland enterprises in expanding abroad. The HKSAR Government will explore with the relevant central authorities feasible measures to facilitate Mainland enterprises in setting up headquarters and/or corporate divisions in Hong Kong, such as arrangements for investments relating to capital account.

### Attract Companies to Re-domicile in Hong Kong

55. The Government will introduce a mechanism to facilitate companies

domiciled overseas, in particular those with a business focus in the Asia-Pacific region, for re-domiciliation to Hong Kong. We aim to introduce the legislative amendments into the LegCo in the first half of next year. InvestHK and the Hong Kong Exchanges and Clearing Limited (HKEX) will reach out to major Hong Kong listed companies domiciled overseas and encourage them to re-domicile to Hong Kong.

"Multiple-entry Visa" to the Mainland for Foreigners Working in Companies Registered in Hong Kong

56. To attract more overseas companies to set up operations in Hong Kong and facilitate foreigners working in these companies to travel to the Mainland for business purposes, reinforcing our role to connect the Mainland with the world, foreign staff of companies registered in Hong Kong may, starting from tomorrow, apply with the Chinese Visa Application Service Centre in Hong Kong for "multiple-entry visas" valid for two or more years to the Mainland, enjoying priority processing.

Attract and Retain Talents

57. The Government will endeavour to trawl for and retain talents. We will:

(i) establish the physical office of the Hong Kong Talent Engage (HKTE) – Following the launch of the online platform for the HKTE last year, a physical office will be established by the end of this month. The office will provide support for incoming talents and follow up with their development and needs after arrival. In 2024, we will organise a "Global Talent Summit cum Guangdong-Hong Kong-Macao Greater Bay Area High-quality Talent Development Conference" to promote regional exchange and co-operation in talent attraction;

(ii) expand the coverage of universities under the Top Talent Pass Scheme – To expand the network for attracting global talents, we will add eight top-notch institutions from the Mainland and overseas to the list of eligible universities under the scheme, making a total of 184 institutions, with effect from November;

(iii) relax visa requirements – Starting from today, we will relax the visa policy in respect of employment for Vietnamese talents and the criteria for Vietnamese applying for "multiple-entry visas" for business and travel. We will also relax the visa policy for Laotian and Nepalese talents for employment, training and study in University Grants Committee (UGC)-funded institutions;

(iv) implement the Capital Investment Entrant Scheme – Under the scheme, eligible investors who make investments of \$30 million or above in assets such as stocks, funds, bonds, etc. (excluding real estate) can apply for entry into Hong Kong. This will strengthen the development of our asset and wealth management business, financial services and related professional services. Details of the scheme will be announced by the end of this year; and

(v) the Vocational Professionals Admission Scheme. To alleviate the manpower shortage in skilled trades, starting from the 2024/25 admission cohort, non-local students of designated full-time professional Higher Diploma programmes of the Vocational Training Council (VTC) will be allowed to stay in Hong Kong for one year after graduation to seek jobs relevant to their disciplines. This pilot arrangement will be reviewed after two years.

#### Establish the Hong Kong International Legal Talents Training Academy

58. We will set up a dedicated office and an expert group within next year to take forward the establishment of the Hong Kong International Legal Talents Training Academy. Capitalising on Hong Kong's bilingual common law system and international status, the academy will regularly organise practical training courses, seminars, international exchange programmes, etc. to promote exchanges among talents in regions along the B&R. It will also provide training for talents in the practice of foreign-related legal affairs for the country, and nurture legal talents conversant with international law, common law, civil law and the country's legal system.

#### Establish the Hong Kong International Academy Against Corruption

59. The Independent Commission Against Corruption will establish the Hong Kong International Academy Against Corruption in the first quarter of 2024. The academy will organise professional training for graft fighters worldwide, as well as local public and private sectors, to promote the exchange of anti-corruption experience among experts and scholars from Hong Kong, the Mainland and overseas, strengthening Hong Kong's international status in integrity building.

#### Dovetail with National Strategies and Enhance the Development of the "Eight Centres"

60. The Government will consolidate and enhance Hong Kong's development of "eight centres" as outlined in the 14th Five-Year Plan, providing impetus for sustaining our competitiveness and economic growth.

#### International Innovation and Technology Centre

61. The Government promulgated last December the Hong Kong I&T Development Blueprint for developing Hong Kong into an international I&T centre. On the Emerging Ecosystems ranking in 2023, Hong Kong ranks second in the world and first in Asia. To further implement the Blueprint, we will:

(i) set up the New Industrialisation Development Office. Established under the Innovation, Technology and Industry Bureau and led by the Commissioner for Industry, the office will adopt an industry-oriented approach to promote new industrialisation in Hong Kong, support strategic enterprises to develop their businesses in Hong Kong, assist the manufacturing sector in upgrading and transformation by making use of I&T, and provide support for start-ups;

(ii) facilitate the research and development of microelectronics. We will establish the Hong Kong Microelectronics Research and Development

Institute next year to lead and facilitate collaboration among universities, R&D centres and the industry, which will include exploring the third-generation semi-conductor core technology and leveraging the GBA's well-developed manufacturing supply chains and enormous market. The newly-built Microelectronics Centre will also be commissioned next year to provide advanced infrastructure and hardware facilities designated for microelectronics;

(iii) expedite the establishment of a supercomputing centre to foster AI development—From next year onwards, Cyberport will establish an AI supercomputing centre in phases, with a view to supporting the huge demand for computing power from R&D and relevant sectors and promoting industry development;

(iv) support transformation of R&D outcomes from start-ups—The Research, Academic and Industry Sectors One-plus Scheme seeks to promote the transformation and commercialisation of R&D outcomes from universities. The results of its first batch of applications will be announced in the first quarter next year. We will double the maximum funding provided for the Technology Transfer Office of each specified university to \$16 million, enabling universities to strengthen their support on technology transfer and expand marketing services. We will also attract more renowned Mainland and overseas start-up services agencies to set up their operations in Hong Kong for providing incubation services and development guidance;

(v) set up a \$10 billion New Industrialisation Acceleration Scheme—To promote the downstream development of new industrialisation, we will provide financial assistance for enterprises in the fields of life and health technologies, AI and data science, advanced manufacturing, and new energy technologies. These include providing funding support for the set-up of new production facilities on a one (Government) to two (company) matching basis, subject to a funding ceiling of \$200 million. We will also explore the feasibility of allowing enterprises under the scheme to employ non-local technical personnel more flexibly, and relaxing the limitation of the number of subsidised research talents that can be employed;

(vi) promote cross-boundary data flow—We signed a memorandum of understanding with the Mainland in June to foster secure cross-boundary flow of Mainland data within the GBA. We are liaising with the Guangdong Province to adopt an "early and pilot implementation" approach in the GBA to streamline the compliance arrangements for the flow of personal data from the Mainland to Hong Kong. This will facilitate the provision of cross-boundary financial and medical services within the GBA; and

(vii) establish the third InnoHK cluster—The two existing InnoHK research clusters focusing on healthcare technologies and AI have successfully convened top-notch R&D personnel from across the globe. We will initiate preparations next year for the establishment of the third cluster focusing on advanced manufacturing, materials, energy and sustainable development.

Promote 5G Development

62. Commercial 5G services in Hong Kong have already covered more than 90% of the population, and nearly 99% of the core business districts. We will enhance the coverage of 5G networks by expediting the expansion of mobile network infrastructure in rural and remote areas through subsidies, and supplying more spectrum to mobile network operators by auctions, with a view to improving the transmission speed of 5G networks.

#### East-meets-West Centre for International Cultural Exchange

63. The Government is actively promoting the cultural and creative industries. The Culture, Sports and Tourism Bureau (CSTB) will promulgate and implement the Blueprint for Arts and Culture and Creative Industries Development before the end of this year. We will also inject a total of \$4.3 billion to the Film Development Fund and the CreateSmart Initiative to provide incentives for attracting private sector capital and expanding new markets. Other measures include the following:

(i) establish the Cultural and Creative Industries Development Agency—Create Hong Kong will be restructured as the Cultural and Creative Industries Development Agency, which will proactively promote the development of arts, culture and creative sectors as industries under the industry-oriented principle;

(ii) strengthen the efforts of Economic and Trade Offices on cultural promotion—Our Economic and Trade Offices in the Mainland and overseas will strengthen their promotion work on arts and culture, deepening cultural exchanges and promoting people-to-people bonds;

(iii) develop the film market—The Government will launch the Filming Financing Scheme for Mainland Market to support Hong Kong and Mainland cultural enterprises to invest in the productions of Hong Kong directors for release in the Mainland market. We will also launch the Hong Kong-Europe-Asian Film Collaboration Funding Scheme to sponsor film projects co-produced by Hong Kong filmmakers and their Asian and European counterparts in order to enhance international exchanges and nurture talent;

(iv) launch the Signature Performing Arts Programme Scheme—To nurture world-class performing arts productions and international cultural brands that are representative of Hong Kong, the Government will offer a subsidy capped at \$10 million and an additional \$5 million matching fund to match private sector funding. This will support representative and large-scale local signature performing arts productions to be staged as long-run performances, attracting more audiences from other places;

(v) increase the provision for cultural exchanges—The existing annual provisions will be increased by 40%, from \$50 million to \$70 million, to support more local arts groups and artists to perform, or participate in exhibitions and other activities outside Hong Kong;

(vi) organise Hong Kong Fashion Design Week—as a flagship initiative, it will feature prominent events on local fashion design for developing Hong Kong's fashion and textile design brands, as well as promoting Hong Kong as a

prime destination for hosting major cultural and creative events; and

(vii) launch the Pilot Scheme on the Use of School Venues by Arts Groups—We will further open up school venues for rehearsals by arts groups during after-school hours on a pilot basis.

#### International Trade Centre

64. The Government will continue to reinforce and enhance Hong Kong's status as an international trade centre, tapping the opportunities in the eastward shift of global economic gravity and the high-quality development of our country.

#### Expand our Global Economic and Trade Networks

65. We will expand our global economic and trade networks and promote regional co-operation. While keeping our close ties with the European and the American markets, we will also expand our reach to the B&R markets, including those of ASEAN, the Middle East, Central Asia and Africa. To that end, we will:

(i) explore business opportunities with Mainland enterprises—We will organise more outbound missions with Hong Kong and Mainland enterprises to promote business opportunities for our professional services together with Mainland partners. We will also organise visits to the GBA for overseas enterprises operating in Hong Kong;

(ii) set up additional offices for business and trade along the B&R—We will strengthen our trade promotional efforts in these emerging countries; and

(iii) strengthen regional co-operation—The Government will continue to consolidate business co-operation and connections with the markets of ASEAN and the Middle East, etc. and strive for Hong Kong's early accession to RCEP. We will sign an investment agreement with Türkiye soon, and are negotiating a free trade agreement with Peru, plus investment agreements with Bahrain, Bangladesh and Saudi Arabia respectively. These would provide Hong Kong enterprises with legal protection and better market access.

#### Deepen Economic and Trade Co-operation with the Mainland

66. Since the signing of CEPA in 2003, the Mainland has fully or partially opened up 153 (or 96%) service sectors to Hong Kong's service industries, and Hong Kong products meeting the CEPA rules of origin enjoy zero tariff preference on entering the Mainland market. We are actively seeking to enrich the contents of CEPA by striving for further liberalisation, aiming especially at those sectors that Hong Kong enjoys competitive advantages (such as financial services), for the GBA as well as the entire Mainland, with a view to facilitating Hong Kong enterprises to tap the nation-wide domestic consumption market.

#### Action Plan on Modern Logistics Development

67. Logistics development is vital to our status as an international trade centre. In the Action Plan on Modern Logistics Development, to be published later this year, the Government will formulate strategies and action measures to realise smart development, modernisation, green and sustainability, internationalisation and facilitation, with a view to promoting high-quality and development of the logistics industry. In the first phase, we will develop modern logistics clusters in Hung Shui Kiu/Ha Tsuen New Development Area (NDA), which will serve as a logistics gateway to the GBA. The Government will also promote the upgrading of the logistics industry by leveraging on the major trend in smart logistics, and develop an information platform to facilitate the interconnection of local logistics data and goods and information flow across the GBA.

#### Promote Development of Convention and Exhibition Industry

68. The Government continues to promote the development of the convention and exhibition (C&E) industry, and will expand our C&E facilities, including the AsiaWorld-Expo and construction of new C&E facilities in Wan Chai North, raising our C&E space by 40% to 220,000 square metres in total.

#### Support Small and Medium Enterprises to Embrace Challenges

69. The Government will promote the continuous development of SMEs and support them to rise to challenges, including:

(i) tap into electronic commerce (e-commerce) – In view of the rapid growth of e-commerce business worldwide, the Commerce and Economic Development Bureau (CEDB) will establish the inter-departmental E-commerce Development Task Force to implement policies assisting Hong Kong's SMEs in developing e-commerce business on the Mainland, including organising Hong Kong Shopping Festivals on e-commerce platforms to promote awareness of Hong Kong brands for developing the nation-wide domestic consumption market; launching "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales to enable enterprises to make use of \$1 million for the implementation of e-commerce projects within the cumulative funding ceiling of \$7 million; and expediting the rollout of the Single E-lock Scheme and the Trade Single Window, etc. to enhance efficiency in customs clearance and e-commerce delivery;

(ii) strengthen export credit insurance – We will raise the statutory cap on the contingent liability of the Hong Kong Export Credit Insurance Corporation from \$55 billion to \$80 billion to enhance its underwriting capacity. The corporation will upgrade its free credit check services for policyholders regarding buyers from the 10 ASEAN member states, giving exporters more confidence in accepting overseas orders;

(iii) address the financing needs of SMEs – The application period of the principal moratorium arrangement under the SME Financing Guarantee Scheme ended in September, and some SMEs have already resumed normal repayment, with the principal moratorium arrangement of the remaining loans expiring gradually by the end of next year. Having regard to the cash flow situations of different enterprises, the Government will provide more flexible repayment

options so that enterprises may choose to repay only 10%, 20% or 50% of the original principal amount payable each month during the specified period, enabling them to have more time to gradually switch to normal repayment;

(iv) utilise data to provide more efficient financing services for SMEs—The Commercial Data Interchange of the Hong Kong Monetary Authority provides enterprises (especially SMEs) and banks with an exchange platform covering various commercial data for credit underwriting. By the end of this year, the Commercial Data Interchange will be connected to the Government's Consented Data Exchange Gateway. This will enable financial institutions to obtain more useful data for accelerating credit underwriting; and

(v) support digital transformation of SMEs—Cyberport will launch the Digital Transformation Support Pilot Programme by the end of this year to subsidise SMEs in the retail and food and beverage sectors in applying for electronic payment and other digital packages.

(To be continued.)