

Let data and facts speak for Hong Kong's bright future

Some individuals have recently made remarks on Hong Kong's economic and financial development, which have clearly overlooked the existing advantages and the current positive development momentum of Hong Kong. Those remarks are not backed by data and facts. The Hong Kong Special Administrative Region (SAR) Government today (June 5) made the following statement to set out the actual situation in Hong Kong, so as to set the record straight and allow discussions to be based on facts.

The country's economy is growing, and Hong Kong is steadily developing

The real economic growth rates of the Mainland in the first quarter of this year and the whole of last year were both above 5 per cent, which are higher than the respective target, ranking it among the fastest-growing major economies in the world. According to a study by the International Monetary Fund (IMF), the Mainland economy contributed to more than 30 per cent of global economic growth. The country's innovative research and development as well as application capabilities in new economic areas such as new energy vehicles, industrial robots, artificial intelligence and green development are widely recognised worldwide.

Hong Kong's economy is also growing steadily, having achieved a positive growth rate of 3.3 per cent in 2023. Taking on the momentum of the steady development of the economy, the real gross domestic product grew at a year-on-year rate of 2.7 per cent in the first quarter of this year. It is estimated that there will be a growth of about 2.5 per cent to 3.5 per cent for the whole year.

Hong Kong's status as an international financial centre is being reinforced and upgraded. The market capitalisation of Hong Kong stocks exceeds HK\$33 trillion, 10 times of that at the time of the return to the motherland in 1997. The Stock Connect has also brought about a cumulative northbound and southbound capital flows of more than RMB 1.8 trillion and HK\$3.1 trillion respectively. These figures demonstrate that Hong Kong, as an international financial centre, has fully utilised its ability to mobilise both Mainland and foreign capital, and will continue to play a key role in helping to "bring in" international enterprises and investors, as well as assisting Mainland enterprises to "go out".

The Hong Kong stock market has also seen numerous new highlights in recent years. The average daily transaction volume of Exchange Traded Funds (ETFs) on the Hong Kong Stock Exchange exceeded HK\$13 billion in the first quarter of this year, registering an increase of more than 70 per cent from 2021. Regarding derivatives, the total futures trading volume reached 149 million last year, representing a 40 per cent increase from 2021. This has reflected Hong Kong's ongoing development as an international risk management centre. The China Securities Regulatory Commission recently announced five

new measures to support the development of Hong Kong's financial sector. Besides creating a positive market atmosphere, these measures would also bring long-term structural enhancements to the Hong Kong market, such as including REITs in the Stock Connect, further enriching the choice of products available.

On wealth management, our asset management scale exceeds HK\$30.5 trillion. Recent market research also estimates that there are over 2 700 single family offices in Hong Kong, making it an ideal location for high-net-worth asset owners to set up and develop their business.

Effective functioning of "one country, two systems" is the cornerstone of Hong Kong's ongoing prosperity

Under the "one country, two systems" principle, Hong Kong enjoys the unique position of having the strong support of the motherland and being closely connected to the world, making our role as a "super connector" and "super value-adder" unrivalled. Our highly open and international market, the common law system, regulatory regimes that align with those of the major overseas markets, and the free flow of information and capital, have made Hong Kong an ideal place for companies to expand their global operations and a gateway for the Mainland enterprises to access the world's financial markets and global investors.

Freedom of speech is protected

The Basic Law explicitly protects freedom of speech and freedom of the press. The provisions of the International Covenant on Civil and Political Rights related to the protection of freedom of opinion and expression are also included in the Hong Kong Bill of Rights. It must be emphasised that the Hong Kong SAR Government adopts an open attitude and values pragmatic and constructive views of all parties. Bureaux and departments pay close attention to public opinion in the community and information disseminated on different platforms so as to respond as appropriate. Given the complexity of the international political environment, and the deliberate rumour-mongering and distortion of Hong Kong's situation from time to time by external forces, the SAR Government cannot sit back and allow others to discredit Hong Kong indiscriminately. It is necessary to promptly clarify and refute any deliberate slander or unfounded criticism. We are duty-bound to present Hong Kong's strengths, achievements and opportunities and tell the truth about Hong Kong.

Vast opportunities lie ahead, and they will attract talents and businesses to develop in Hong Kong. In fact, the SAR Government has introduced a number of measures to attract enterprises and talents, and the results are encouraging. As of end-April this year, around 290 000 applications had been received under various talent admissions schemes, and around 180 000 had been approved. Over 120 000 people already arrived in Hong Kong. These talented individuals have brought support to Hong Kong's labour force and economic development.

At the same time, the Hong Kong SAR Government has been proactively

leveraging its role in going global and attracting foreign investment to promote Hong Kong's development of the "eight centres". The Government is committed to attracting quality companies to set up or expand their business in the city. As of 2023, there were over 9 000 companies in Hong Kong with their headquarters in the Mainland or overseas, including those from the Mainland, Japan, the United States, the United Kingdom and Singapore. The number of companies from the United States continued to increase. In attracting strategic enterprises, more than 50 companies have established or expanded their business in Hong Kong, or will do so in the future, and they are expected to bring over HK\$40 billion in investment and over 13 000 job opportunities in the coming few years.

These figures all demonstrate Hong Kong's remarkable results in attracting talent, enterprises and investments.

Enhancing national security legislation and reinforcing a favourable business environment

The SAR Government has been implementing the "one country, two systems" principle under which the people of Hong Kong administer Hong Kong with a high degree of autonomy, in strict accordance with the Basic Law. The successful implementation of the Hong Kong National Security Law and Safeguarding National Security Ordinance has brought about a safe and stable environment conducive to investment and financial development. Early this year, a survey conducted by a major foreign chamber of commerce reflected that nearly 80 per cent of its members interviewed had confidence in the rule of law in Hong Kong, and nearly 70 per cent of them also indicated that the operation of their enterprises had not been affected by the National Security Law.

Boundless opportunities within the Guangdong-Hong Kong-Macao Greater Bay Area

The Guangdong-Hong Kong-Macao Greater Bay Area (GBA) is a fast-growing mega city cluster with outstanding financial and innovation advantages and immense economic strength. With a total population of more than 87 million and a GDP surpassing RMB 14 trillion, its enormous potential attracts global attention. The enhanced Cross-Boundary Wealth Management Connect Scheme 2.0 launched at the end of February has been well received by the market. In March, the amount of funds involved in cross-boundary remittances increased by nearly eightfold compared to February, surpassing RMB 13.1 billion, bringing new development opportunities to Hong Kong's financial and other professional services.

Hong Kong's position is very clear as the most open and internationalised city of the GBA. The "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" supports Hong Kong's status as an international financial centre, a global offshore RMB business hub, an international asset and risk management centre, as well as its development into a green finance centre and a platform for investment and financing serving the Belt and Road Initiative. Hong Kong can create synergy with other cities of the GBA to actively guide and support the country's economic development.

Facts speak for themselves

Various data and facts not only reflect the performance of Hong Kong's economic and financial development, but more importantly, highlight Hong Kong's unique advantages and strategic position under the "one country, two systems" principle, as well as its resilience and flexibility, in the face of global instability. Despite the fact that external environment will remain complicated, the Mainland and Hong Kong's economic growth is steadily improving, and even in a faster pace than some developed economies. In fact, Hong Kong's stock market capitalisation and size of asset under management are both equivalent to 10 to 11 times of Hong Kong's GDP. This has reflected that capital and investors have casted a vote of confidence in the steady development and bright prospects of Hong Kong's market.