

Speech by CE at business luncheon in Vietnam (English only) (with photos/video)

Following is the speech by the Chief Executive, Mr John Lee, at a business luncheon titled "Super-connecting New Pathways to Success: Hong Kong-Vietnam Partnerships in Fostering Mutual Prosperity and Economic Development" co-organised by the Hong Kong Economic and Trade Office in Singapore and the Hong Kong Trade Development Council in Vietnam today (August 2):

Your Excellency Chairman Phan Van Mai (Chairman of the Ho Chi Minh City People's Committee), distinguished guests, ladies and gentlemen,

Hello everyone, good afternoon. Xin chào! I thank the thoughtfulness of the organiser for putting the translation of the speeches on the screen. I will try to speak as clearly as possible. It's a great pleasure to be here with you, in Ho Chi Minh City, the economic, cultural and educational capital of Vietnam. The culinary capital, too, I'm delighted to have discovered.

I'm grateful for this welcome opportunity to speak to you – business and investment leaders from all over Vietnam – this afternoon.

I'm here with a high-level business and institutional delegation from Hong Kong. Some 30 strong, they represent a wide range of sectors, including finance and trade, innovation and technology, aviation, logistics, real estate, hospitality and more. And I can tell you they look forward to talking business and investment opportunities with you today – before, during and after lunch.

After almost two days in Hanoi and almost two days here in Ho Chi Minh City, I can tell you we are confident that Hong Kong's strong bilateral relations with Vietnam will continue to grow and diversify.

Vietnam, after all, is a fast-rising economic star in Asia. The World Bank calls your country, and I quote, "a development success story". Your continuing economic reforms have propelled the country to a middle-income economy – in just one generation. And Vietnam is committed to its long-term goal – to become a high-income country by 2045 – an achievable goal.

Vietnam and Hong Kong are important economic partners, I'm pleased to say. Vietnam is our seventh-largest merchandise trading partner in the world, and second-largest among ASEAN (Association of Southeast Asian Nations) countries.

More than trading partners, we like to invest in Vietnam. Last year, Hong Kong ranked third in foreign direct investment in this beautiful

country. On an accumulated basis, we were the fifth-largest foreign investor in Vietnam.

Today, we can see many companies and conglomerates in Hong Kong have expanded their businesses to this part of ASEAN.

And I'm confident that sustainable economic growth will be underpinned by your pillar industries. I'm talking about manufacturing, construction, services, exports, high-tech and advanced manufacturing, renewable energy – and a great deal more.

A lot of them are supported right here in Ho Chi Minh City – Vietnam's dynamic financial centre.

And I have no doubt that your booming economy will continue to present ample market opportunities for Hong Kong companies to expand and flourish here.

As for Vietnam's many booming companies, I believe that their next step – your next step – is going global. Hong Kong stands ready to facilitate Vietnam's connection to a world of possibilities.

Under the auspices of the unique "one country, two systems" principle, Hong Kong is the only city in the world that enjoys both the China advantage and the global advantage.

Hong Kong is one of the world's leading financial centres, ideal for fund raising. That, let me add, includes public listings, critical for companies looking to establish a global presence. The market capitalisation of Hong Kong stocks amounts to some US\$4 trillion.

And as the world's largest offshore Renminbi service hub, we have a raft of measures in place to facilitate the capital flow between Hong Kong and the Mainland. They range from schemes that connect our stock markets, wealth management products, interest rate swaps, and many, many more.

It means that through Hong Kong, you gain convenient access to the Mainland and its markets, while enjoying Hong Kong's world-class services and singular advantages.

These singular advantages include our long tradition of the rule of law, and a judiciary that exercises its judicial power independently. As the only common law jurisdiction in the People's Republic of China, our country, Hong Kong practises a legal system that resembles that of many international financial centres around the world.

Along with the free flow of information, capital, goods and people, a low and simple tax regime, and business practices aligned with international standards, Hong Kong functions as a "super connector" and "super value-adder" for investors keen to pursue opportunities in this part of the world. I say "low", because the tax in Hong Kong, for income tax, it's only 15 per cent

(standard rate of salaries tax on the first HK\$5,000,000 of net income); for corporate tax, it's 16.5 per cent (profits tax rate on assessable profits over HK\$2,000,000; or 8.25 per cent on assessable profits up to HK\$2,000,000). And the tax regime is simple because we don't have a capital gains tax, we don't have a dividend tax, we don't have estate duty, we don't have sales tax. That means you take home almost what you gain. Isn't it attractive?

Hong Kong is also a regional hub in transport, logistics, aviation, dispute resolution and other professional services. We are, in short, ideally placed to serve the economic goals of Vietnam and other ASEAN member states.

And, thanks to the "one country, two systems" principle, we benefit greatly from China's 14th Five-Year Plan and other national strategies, including the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area.

The Greater Bay Area, or we call it the GBA, is particularly promising – for Hong Kong and for the countries that partner with Hong Kong. The cluster-city development takes in Hong Kong, Macao and nine major cities in southern China.

Although the GBA only covers an area of 56 000 square kilometres, it is an enormous market, with a population of more than 86 million, and a combined GDP of about US\$2 trillion in 2023. That is more than 10 per cent of China's total GDP! To put that into an even sharper perspective, its size is close to that of Vietnam's southeast and Mekong River Delta regions combined; and its GDP is similar to that of the world's 10th largest economy.

And Hong Kong, the most open and diversified international city in China, is the natural base for Vietnamese companies looking to tap into the Greater Bay Area's vast opportunities.

Indeed, Hong Kong placed fifth, this year, in the annual World Competitiveness Yearbook, published by the Swiss-based International Institute for Management Development. That's up two places over last year's ranking. Hong Kong topped the charts for competitiveness in "international trade" and "business legislation". That means number one in the world in regard to "international trade" and "business legislation", and was among the global top five in such areas as "tax policy", "international investment" and "basic infrastructure".

Not only are we one of the world's most competitive economies, we are also the fourth-largest recipient of foreign direct investment and the world's 10th-largest economy in merchandise trade.

As a champion of free and open trade, we aspire to develop hand in hand with our business partners and explore new pathways to success together. I am glad to note that our visit is already reaping benefits for Hong Kong and Vietnamese businesses and investment, creating fresh co-operation and communication channels and opportunities.

In a while, we will witness the exchange of 22 Memoranda of Understanding (MOUs) between partners of Vietnam and Hong Kong. In Hanoi, I'm pleased to add, we already signed eight MOUs with the Vietnamese government and business entities.

The MOUs cover a wide and welcome range of areas: trade and economic partnership, investment promotion, e-commerce development, education exchange, tourism promotion, technology co-operation, industrial and aviation services development, as well as financial services, banking and capital market development. I'd say that's an impressive list and an impressive outcome.

Some of these agreements venture into entirely new co-operation areas, education included. Hong Kong is one of the world-leading higher education centres, with five universities among the top global 100 ranking.

Two of our leading universities, the University of Hong Kong and the Hong Kong Polytechnic University, are, respectively, signing MOUs with three universities and a leading secondary school in Ho Chi Minh City. The agreements will present scholarship opportunities in undergraduate and graduate programmes, and promote educational collaboration.

After finishing their studies in Hong Kong, Vietnamese graduates are welcome to embark on their careers in Hong Kong, or return home to contribute to your thriving economy.

Travel is another bright prospect for us. After the pandemic, people are eager to travel again. That certainly includes the people of Hong Kong and Vietnam. Vietnam has much to offer Hong Kong – and a world of visitors and holidaymakers.

So, too, does Hong Kong, fast rising as the world's East meets West centre for international cultural exchanges. Our West Kowloon Cultural District, for example, is one of the world's largest cultural developments. And with country parks and beaches globally acclaimed for hiking and outdoor activities, two international theme parks, and some 80 Michelin-starred restaurants, Hong Kong hospitality shines, day and night.

Hong Kong, let me add, has relaxed entrance visa requirements for Vietnam nationals wanting to visit our city. And one of the MOUs to be signed today will further boost our tourism ties.

So, too, will the MOU enhancing air connectivity, to be signed by Hong Kong's Airport Authority and the Airports Corporation of Vietnam.

I know that Ho Chi Minh City is committed to becoming an international financial centre. Hong Kong, one of the world's leading international financial centres, is more than willing to share with you our experience, to assist in your capacity building.

In this regard, Hong Kong's Financial Services and the Treasury Bureau and Vietnam's Ministry of Finance have signed an MOU in Hanoi. It enhances co-operation in the Renminbi's internationalisation, as well as in green finance, fintech and talent development.

Hong Kong is making good use of the free trade agreement and investment agreement between ASEAN and Hong Kong to deepen our collaboration with Vietnam and other ASEAN countries.

And we are eager to go beyond those free trade agreements. We hope, too, to join RCEP, the Regional Comprehensive Economic Partnership. Through RCEP, I'm confident Hong Kong can make an even bigger contribution to the overall economic growth of Vietnam, ASEAN and the larger Asian region.

Yesterday in Hanoi, I was honoured to have met with His Excellency President To Lam. I took the opportunity to thank him for the hospitality extended to us and, importantly, for Vietnam's support to Hong Kong's accession to RCEP.

I count on the support of the business community too, in Vietnam, to back Hong Kong's admission to RCEP for the greater benefit of all concerned.

Ladies and gentlemen, I invite you to come to Hong Kong, to see for yourselves today's Hong Kong: safe, stable and confident, bustling with life, overflowing with business opportunity. That's Hong Kong, Asia's world city.

My thanks to the Hong Kong Trade Development Council and the Hong Kong Economic Trade Office for organising today's welcome gathering. I'm grateful, too, to the Vietnam Trade Promotion Agency and the Hong Kong Business Association Vietnam for supporting this opportune business luncheon among long-standing friends and business partners.

Please enjoy the friendship building and enjoy the partnership. Thank you.



