

Speech by CE at MIPIM Asia Summit 2021 (English only) (with photos/video)

Following is the speech by the Chief Executive, Mrs Carrie Lam, at the MIPIM Asia Summit 2021 today (December 7):

Christine (Asia Pacific Regional Director of RX Global, Ms Christine Lam), distinguished guests, members of the jury panel, ladies and gentlemen,

Good afternoon. It really gives me great pleasure to come back to an event of MIPIM Asia, especially on its 15th anniversary. First of all, I have to thank Reed MIDEM for choosing Hong Kong in the last 15 years. Christine was right, I was associated with MIPIM Asia from the very beginning, but not in 2006 – in 2006, I was in charge of sports and culture. I became Hong Kong's Secretary for Development, in fact the first Secretary for Development in the Hong Kong Special Administrative Region (HKSAR) Government, in 2007, and came to know about this event which was, at that point in time, a newborn event to bring together practitioners in Hong Kong's real estate market. I think this is a very worthwhile event because there are so many ideas we could exchange during an occasion of this nature, particularly with the awards ceremony, because I love to see beautiful projects in Hong Kong and also learn from beautiful projects being awarded from other parts of Asia.

My secretary has done me a little bit of research. I have been to MIPIM Asia, whether in a summit or in a dinner presenting awards, four times as the Secretary for Development, and then three times as the Chief Secretary for Administration. The last occasion was actually shortly after I took office in 2017 as the Chief Executive of the HKSAR. On that particular occasion, I spoke to the MIPIM Asia audience on a theme called "The best is yet to come" – the best of Hong Kong is yet to come. And I remember I showed you a four-minute video on all the things that would make Hong Kong better in the coming years. This afternoon, I will harp on the same theme, that the best of Hong Kong is yet to come. And on this occasion, I am speaking with far more confidence than any previous occasions as a government official and I will tell you why.

First, after more than two years of extremely challenging conditions, Hong Kong is now back on the right track. And this track is called "One Country, Two Systems", because Hong Kong is an inalienable part of the People's Republic of China, and the historic problem of Hong Kong was resolved in 1997 through "One Country, Two Systems". We are part of our Motherland, but at the same time, we preserve our way of living, our common law system, our language, our financial regulation and so on. All these ingredients have made Hong Kong a very successful international finance, trade and transportation centre over many decades and they are there, preserved under "One Country, Two Systems", through the constitutional document, the Basic Law.

Unfortunately, after two decades of practice, somehow in Hong Kong this city has gone astray. The events in the last two years, especially in the latter half of 2019, have caused a lot of soul-searching on how we could make sure that Hong Kong will continue to thrive and succeed under "One Country, Two Systems". So, the Central Authorities have done two very important things. One was, on June 30 last year, the highest state power organ, that is the Standing Committee of the National People's Congress, has enacted the Hong Kong National Security Law, which was immediately promulgated for implementation in Hong Kong. That ensures that Hong Kong's safety, not only in the daily law and order, but also in terms of national security, has been safeguarded. The second initiative is the improvements to our electoral system. By the way, in less than two weeks' time, we will have the voting of the Legislative Council General Election and I appeal to you, all the registered voters, that you should turn out to vote on that particular Sunday, because your vote is a vote of confidence in the future of Hong Kong.

The second factor for my confidence is that all the good things about Hong Kong that have made Hong Kong successful have not been eroded. You shouldn't believe in the things said in some of the Western media in particular. All the important ingredients like the rule of law, the independence of the judiciary, the respect for contractual rights, human rights, freedoms, the use of language and so on have not been eroded. Quite on the contrary, because national security and law and order are now safeguarded, we could all exercise our individual rights to go out on the streets, to travel on the Mass Transit Railway, and also to speak our mind without being subject to that sort of intimidation that we experienced back in the latter half of 2019.

The third factor, now becoming more and more obvious, is Hong Kong's economic development has to integrate into the national development. The staunch support from the Central People's Government is very obvious and very tangible. If one looks at the 14th Five-Year Plan promulgated in March this year, you will see a dedicated chapter on Hong Kong and Macao, where the Central Authorities have given us a lot of support, not only in the traditional economic sectors like the international finance, trade, transportation, and legal and arbitration, but also in some emerging sectors which people hitherto did not feel that we would do well, for example, an innovation and technology hub, an East-meets-West cultural hub, an IP trading hub, and also, with the third runway coming, an international aviation hub. All these will be translated into very practical and concrete policy measures both from the Central Government and also locally by the HKSAR Government.

The fourth factor is, having been in this job for more than four years, and also, I have been a public servant for over four decades, I do feel that in this term of Government, we have displayed a more proactive government and this proactive government does pay off. During my electioneering and soon after I took office, I said that the Government should have more than the role of being a regulator or a service provider – the Government should also perform the roles of a facilitator and also a promoter in order to have the things we want to see to happen in Hong Kong and to raise our international competitiveness. I want to show you a few tangible outcomes of some of the

proactive measures that I have taken in my various capacities, including that of the Secretary for Development, because you are all from the real estate sector, so I'm sure you will feel very familiar with some of the policies and initiatives that we have rolled out in the past decade or so.

The first is the revitalisation of industrial buildings, which I talked about in one of the MIPIM Asia summits. I introduced a policy to revitalise Hong Kong's stock of old industrial buildings in 2010, that is 11 years ago, by waiving the payment of premium all together. We called it waiver fee but actually it's premium waived for the wholesale conversion of an industrial building. We saw over 120 such industrial buildings being converted in the past decade. They have been converted into hotels, co-working spaces or even quite good office spaces in various parts of Hong Kong, particularly in Kwun Tong, Kowloon Bay, Chai Wan and a little bit in Wong Chuk Hang. And then we introduced in this term of Government what we called a "revitalisation of industrial buildings 2.0", because the 1.0 was introduced in 2010.

Under the 2.0 scheme, we have two important measures. One is to provide extra plot ratio for the redevelopment – no longer wholesale conversion, it's demolition and rebuilding of an industrial building. We already have 58 such industrial buildings coming forward for redevelopment under this bonus plot ratio; most of them were approved. And then we introduced a standard rate for those that have to go through premium assessment, because turning an industrial building into an office block requires some premium. In order to streamline the process, we introduced a standard rate premium assessment and, so far, we have five successful cases. I welcome more such cases to come forward because it saves a lot of time on the part of developers and on the part of my government colleagues.

The second initiative under a proactive government is we could not expect all the old buildings in Hong Kong to be redeveloped. Old buildings need to be looked after through rehabilitation. When I was the Secretary for Development, I introduced a programme called OBB, Operation Building Bright – now it's called Operation Building Bright 1.0 because we have introduced OBB 2.0 in this term of Government. The OBB started with a \$1 billion endowment to help owners of old buildings to rehabilitate their buildings, to renovate, and to make them safe. The OBB 2.0 is far more extensive than 1.0 and that's why it has cost this term of Government HK\$19 billion on this second phase because it covers not only the building structure's exterior, it covers drains, pipes and fire safety and all sort of problems that an old building will face.

The third is something very close to my heart and that is conservation. The Secretary for Development happens to be Hong Kong's Antiquities Authority and so he or she has been given the task to conserve Hong Kong's heritage buildings. One of the several initiatives I introduced in 2010 was Conserving Central. A total of eight historical sites and buildings were included in Conserving Central. I'm very pleased to say that now we have completed seven out of the eight projects and that the remaining one is a private project of the Sheng Kung Hui. I hope that they will complete it as soon as possible. And amongst the Conserving Central projects, I am extremely excited to see

the Central Market being awarded two prizes on this occasion. This is a project that has cost the Government a lot of money because that site should have been sold for Grade A offices in the heart of Central. If you care to cast a vote, please cast a vote for the Central Market. It has completely fulfilled my vision for the Central Market as a green oasis in the heart of Central, as a hangout area for the white collar workers, so they don't need to buy a lunch box to eat in front of a desk, they could go to the Central Market as a hangout area, and also with the wonderful green space and public space in the Central Market.

The second project in Conserving Central should be very close to your heart and that is the disposal of Site 3 which has made a record-breaking land premium of HK\$50.8 billion in Hong Kong. That was also Conserving Central because the Victoria Harbour is also part of our very valuable heritage over the years. We wanted this site to be developed in a way that was integrated with the Victoria Harbourfront, not another couple of high-rise buildings in the heart of Central. And I'm pleased not only with the money – of course I'm happy with the money, that will improve the fiscal position for 2021 – but also the design. And I have to congratulate the developer and the architects for coming up with the design – at least that's what I saw from the video – that is completely in line with my vision for Site 3.

The fourth initiative, again I'm sure many of you have been involved in projects within this area called Energizing Kowloon East, that is Kai Tak, Kwun Tong and Kowloon Bay, to turn an old industrial area into a second CBD for Hong Kong. Now if you drive through the areas and look at that area from the eastern corridor, you would not imagine that 10 years ago it was an old industrial estate area. At the time when I announced Energizing Kowloon East in 2011, it had less than 2 million square metres of offices and many of them were not really good quality offices. And in 2016, I came to another MIPIM Asia Summit, I said that my target was by the end of 2021, that 2 million should become 3 million square metres. I'm very pleased to share with you that we are on target. The present non-domestic GFA in the entire Kowloon East is 3 million and it is said to increase to 5 million. We have the projects in the pipeline. It will grow to 5 million square metres, which is more than those in Central and Admiralty put together.

The fifth initiative is urban renewal. After more than two years of consultation, I announced the new URS, Urban Renewal Strategy, in 2011. It introduced concepts like flat for flat, because some old owners did not want to take the money and go away. They want a new flat, so we now have the Flat-for-Flat Scheme. We now have district-based regeneration like the Yau Mong District Study that the URA has announced a couple of months ago. And we also have demand-led redevelopment like the Tai Hang Sai Estate Redevelopment or even the old Civil Servants Co-operative Building Society Scheme projects. They are demand-led – we will not go there unless the owners invited the URA or the Government to go into their old building estate to help them to redevelop.

Within this term of Government, I have introduced, partly because of my

background as the Secretary for Development, more initiatives like the land sharing scheme with private developers, and the Development Projects Facilitation Office, so that for every private developer's project that is a major one in terms of housing production, they can approach the Development Bureau for some one-stop facilitation, and we have completed quite a few projects under that banner.

I just want to say a few more words about my 2021 Policy Address because despite this being the final Policy Address of myself as the Chief Executive – because my five-year tenure will end on June 30 next year – I feel that given all these things that I have shared with you which have given me the confidence that Hong Kong will do better in future, there is no reason for me to pause. I should continue to come up with initiatives for Hong Kong even though I would not be the person to execute most of these policy initiatives. So I announced the Northern Metropolis Development Strategy which is going to be Hong Kong's second metropolis together with the Harbour Metropolis, which is driven by finance and business. The Northern Metropolis will be driven by innovation and technology, because we have the Lok Ma Chau Loop which is going to be our second Science Park, we have Shenzhen on the other side of the river, and we have, in this Strategy, the San Tin Technopole, 新田科技園, which will provide the needed land not only for R&D, but also for advanced manufacturing to support Hong Kong's innovation and technology development.

What will be music to your ears will be the major initiative to review, comprehensively, the land development process. We have done some good things hitherto, but they are all administrative in nature. This time, when we said it is comprehensive, we are willing to review the legislation, whether it is the Planning Ordinance, the EIA Ordinance (Environmental Impact Assessment Ordinance), the Land Resumption Ordinance in order to remove as far as possible the bottlenecks and the constraints to Hong Kong's land development processes so that we, the public and private sectors together, could move ahead with the things that we want to do. On land supply, you will see that we are really leaving no stones unturned. We are going to work with Heung Yee Kuk to review how we could facilitate the disposal of the Tso/Tong lands owned by the rural people under trustees. We are going to review the green belt zones, especially those which do not have ecological value. And we are going to extend the validity of the two measures on revitalisation of industrial buildings that I have just announced for another couple of years. And for standard rate premium, it is now no longer confined to the industrial buildings. We will shortly extend it to land in the New Territories that developers could also come forward for standard land premium assessment.

I hope that with all these things, we could see the light at the end of the tunnel and resolve once and for all the land and housing problem of Hong Kong. We need your help because most of the things I have said are not going to be done by the Government. They require private sector participation but we are there to facilitate the private sector to work in Hong Kong through many of the practitioners and developers in the audience.

Finally, my congratulations go to all the winners of the MIPIM Awards.

One of the reasons why Christine managed to get me here with very short notice – I have an Executive Council this morning and I'm hosting a lunch over this hour – is she told me in MIPIM Asia Awards' history, this is the first occasion that all the three winners in Asia Best Urban Regeneration category are Hong Kong projects. Well done. I was deeply involved with at least two of these projects so it gets me excited – one is the Central Market, the other is the Grand Central, the largest URA project in Kwun Tong. I knew very little about the Siu Hei Shopping Centre revitalisation hitherto but now I know a lot more. I look forward to visiting this awardee project in time to come.

I wish you all a wonderful lunch and gala dinner tomorrow. Since Christmas and New Year are approaching, I wish you all good health, safety and good business in the year 2022. Thank you very much.

