

# Speech by FS at business luncheon in San Francisco (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at a business luncheon in San Francisco co-organised by the Hong Kong Economic and Trade Office in San Francisco (HKETO San Francisco) and the Bay Area Council on May 28 (San Francisco time):

Jacko (Director of HKETO San Francisco, Ms Jacko Tsang), Alex (Senior Director, Global Business Development of the Bay Area Council), distinguished guests, ladies and gentlemen,

Good afternoon. Thank you for giving me this wonderful opportunity to meet you. In fact, this is my second visit to San Francisco in just six months. This time, as alluded to by Jacko earlier on, we have a big delegation from the financial sector, the tech sector and the key government bureaux responsible for economic development to share with you the updates in Hong Kong and our collaboration opportunities. The purpose of our visit is to join the Bay-to-Bay Dialogue as well as the US-China High-Level Event on Subnational Climate Action.

If I may, I want to update you on the situation in Hong Kong, particularly for those of you who are new to this kind of events and less familiar with Hong Kong.

How does Hong Kong compare to San Francisco? I think there are a lot of commonalities and yet differences. Commonalities would enable us to learn from each other, advance ourselves and become even more competitive. When it comes to differences, they present a chance where we could connect and work together for mutually rewarding outcomes.

So, what are the commonalities? It seems to me that there are at least four key areas. Number one, we are both economic powerhouses exerting influence in an "outsized" manner. For example, the Greater Bay Area, comprising Hong Kong, Macao and nine cities in Guangdong Province, has a combined population of about 87 million. It is about six per cent of China's population. But our contribution to the national GDP (Gross Domestic Product) is about 12 per cent. Putting the GDP aside, there is also another important perspective: that is, this area is the technology and innovation hub of the country. According to the World Intellectual Property Organization, the Shenzhen-Hong Kong-Guangzhou technology cluster, for the past four years, ranked second globally in scientific and technological innovation. San Francisco is an innovation hub too, and similarly, there are quite a number of major tech giants in the GBA in China, Hong Kong included. The tech giants like Tencent and a few others are all in the Area.

Another commonality is higher education. Here in California, you have Stanford, Berkeley, and a few other renowned universities. In Hong Kong alone we have eight universities (funded by University Grants Committee), but

five of them rank among the top 100. Our medical schools rank among the top 40.

The San Francisco Bay Area and the Greater Bay Area are magnets to talents. That is our competitive advantage. And also that will give us continuous impetus in innovation and economic development.

And what are the differences? Number one, population. The San Francisco Bay Area has more than 7 million people, while there are over 87 million in the Greater Bay Area in China. And in terms of geographic area, the GBA is huge.

And the difference in population would also mean that the market sizes are different. Good news for companies in the San Francisco Bay Area. If you want to launch your products or services in China and Asia, Hong Kong is naturally your launching pad. Because from here you can springboard to other parts of the Mainland and Asia.

Another difference is that Hong Kong is also an international financial centre. To support technological development and innovation, money is very important.

In Hong Kong, we have vibrant venture capital and venture capital sectors. Funds managed by these sectors in Hong Kong is estimated to be in the order of about US\$220 billion. So it is quite huge. But apart from that, we have a very active stock market. The market capitalisation is about 11 times of our GDP, close to \$32 trillion. But more than that, in our stock exchange, we have two specialist chapters – 18A and 18C. One is for biotech companies without revenue stream or profit track record, but upon fulfilling certain criteria, they can get listed. Another chapter is for deep tech companies. Again, without track record, you can get listed in Hong Kong.

So the uniqueness of Hong Kong's IFC (international financial centre) also offers San Francisco start-ups and companies of different stages great opportunities. They can come to seek the money needed to support their business development on the Mainland or Asia, or even back home. So talk to us, talk to our Invest Hong Kong colleagues if you are interested.

And we put money to where our mouth is. The Hong Kong SAR (Special Administrative Region) Government has set up the Hong Kong Investment Corporation Limited (HKIC). If you come and bring along cutting-edge technologies, you may want to use Hong Kong as the base for exploring the Asian and Mainland markets. If necessary or useful, the HKIC could come in and co-invest with you. That is another important element in the new stage of development of Hong Kong.

Going forward, in terms of collaboration – if I may update you – IFC is our core competitive advantage. The second area, for which we have been focusing a lot of energy and resources in the past few years, is technology and innovation. And on that, I would like to update you that apart from the funding support, there have been a few other developments.

One is our initiative in attracting strategic enterprises to come to Hong Kong.

Since December 2022, we managed to attract around 50 such strategic enterprises partners. We call them "partners" because they don't just come by themselves, they bring along their supply chains. Altogether, these companies will, over the next few years, invest over HK\$40 billion. Invest Hong Kong, in the year 2023 alone, also attracted 380 companies. According to their business plan, they will be investing another HK\$60 billion.

Hong Kong remains very attractive for businesses seeking opportunities in our part of the world.

We are also welcoming talents from all over the world to come to Hong Kong to seek opportunities and employment. Say for example, we have a scheme called the Top Talent Pass Scheme. Graduates from the global top 100 universities can come to Hong Kong without the need of securing a job offer beforehand. For this Top Talent Pass Scheme, there are over 180 universities eligible because there are different lists of rankings. Since we launched this scheme and updated other talent schemes, we had received over 290 000 applications and approved 180 000 of them. And among two-thirds, around 120 000 people, have already arrived in Hong Kong. And we have done some survey among these newcomers. They are young, with a median age at 35 and median income at about HK\$50,000 a month, many are in a young family.

So this tells how attractive Hong Kong is. Apart from strategic enterprises and talents, we are also working hard in terms of green development, green transition, and green tech. These are areas that present tremendous opportunities for San Francisco and Hong Kong to work together. In our Science Park and Cyberport, we have about 200 green tech start-up companies. We have also launched a lot of initiatives to support them, including through government procurement and co-investment. So for those of you who are interested in green development, and initiatives in reducing carbon emissions, please do come to work with us.

Ladies and gentlemen, these are some of the recent updates on Hong Kong. The "one country, two systems" arrangement is alive and working very well. So coming to Hong Kong, you will, on the one hand, enjoy convenient and sometimes even priority access to the Mainland market. At the same time, from there, your international character and facing will be maintained. Talent, capital, goods and data can move freely, and there is no exchange control. Hong Kong dollar continues to be pegged with the US dollar.

Beside work and career, in this city, the lifestyle is wonderful. If I may show you a short video that tells it all.

This is Hong Kong: open, free and welcoming, full of vitality, energy and opportunities. Do come to visit us and work with us.

Now I stand ready to answer any questions that you may have. Thank you.