

# Speech by FS at business luncheon held by Hong Kong Economic and Trade Office in San Francisco (English only) (with photo/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at a business luncheon held by the Hong Kong Economic and Trade Office in San Francisco yesterday (November 15, San Francisco time):

Thank you Jacko (Director of the Hong Kong Economic and Trade Office in San Francisco, Ms Jacko Tsang).

Distinguished guests, friends of Hong Kong, ladies and gentlemen, thank you very much for joining us at this lunch, and for giving me this welcome opportunity to update you on the developments in Hong Kong, and to exchange views with you as to how we can serve you better, and at the same time, grow Hong Kong's economy.

I understand that some of you have recently been back to Hong Kong, and some of you haven't been to Hong Kong for over four years, and your last visit was probably before the pandemic. So let me first clarify one or two questions that you may have in mind.

In the past year, because of geopolitics and other reasons, there have been some questions about whether "one country, two systems" in Hong Kong is still continuing, and how is the rule of law working in Hong Kong.

On "one country, two systems", I wish to share with you this is a very important institutional strength for Hong Kong, and this will continue for the long term. Last year, President Xi came to Hong Kong, on the occasion of the 25th anniversary of Hong Kong's return to the motherland, and he made an important speech. He reiterated that "one country, two systems" is a good system, that it should be here for the long term. It is important not just for Hong Kong, but also for the country. "One country two system" is not an expedient measure because of 1997, but indeed, for a prosperous and internationally facing Hong Kong, which is also serving the country's best interest. This commitment to "one country, two systems" was subsequently written into the constitution of the Communist Party of China last October during their meeting in Beijing. It was further written into the Constitution of the country in March this year in Beijing during the "two sessions". it is indeed a very solemn commitment.

Then, what are the advantages of "one country, two systems"? In a nutshell, we are part of China, and we have easy access to the Mainland market. But at the same time, we are operating on different economic and legal systems that distinguish us from the rest of the country. That allows

us to continue to positively engage with international communities. Say for example, in Hong Kong, we are a free port – free flow of goods, capital, talent, as well as data.

Secondly, we practise common law, and our Judiciary exercises its powers independently. If I may give you one or two examples: in Hong Kong, the Court of Final Appeal, our highest court, has 11 non-permanent judges. These judges are serving judges or retired judges from the UK, Australia and Canada. In every sitting of our Court of Final Appeal, there are five judges, three from local and two non-permanent judges. On the other hand, in the lower courts, including the Court of Appeal, there are still a substantial number of foreign nationals serving as judges. In fact, it is very uncommon in any jurisdiction to allow foreign nationals to serve on the court at this high level. The second example, if I may cite, is in a recent decision with regard to same sex relationships. In that case, the Court of Final Appeal ruled partly against the Government, and we would be bound to make reference to that judgement to modify certain policies with regard to same sex relationships.

When you have the opportunity to visit Hong Kong, when you talk with your friends, you will realise we in Hong Kong uphold the rule of law and independent judiciary. It is dear to us. It is the very foundation of our society and a clear competitive advantage of Hong Kong in Asia.

Then if I may move on to talk briefly about our economic situation, economic prospects and development directions. This year, our GDP (Gross Domestic Product) is estimated to grow at 3.2 per cent. We have come out from the pandemic. We went through four difficult years, really, from the second half of 2019, first the social violence, and then three years of the pandemic. So Hong Kong had been kind of cut off from the rest of the world. But now we have fully been reopened, reconnecting the world and the Mainland. In August, tourist arrivals reached about 4 million, and in September, over 3 million because there were seasonal differences. The numbers were about 65 to 70 per cent of the pre-COVID level. International flight resumption at the moment is about 70 per cent, and will reach 80 per cent towards the end of this year, and full recovery by next year. We welcome visitors, business and leisure travellers to come to Hong Kong.

Inflation in Hong Kong is low, about 2 per cent because we are basically a service economy. The impact of energy costs escalation on our inflation is comparatively modest. A lot of our daily necessities and food stuff are from the Mainland, and they stay at a comparatively stable price.

Unemployment rate is at 2.8 per cent, which is very low. In fact, we have been rolling out schemes to recruit more foreign labourers and workers, and are also rolling out schemes to attract talent to Hong Kong.

For the asset market, property price dropped by about 17 per cent when compared to the historic height in September 2021. But remember that our property price was extremely high, so it was still high even after down by 17 per cent. It doesn't pose any challenge to our banking system or the

confidence of people in our economy, because there has been an orderly adjustment with low transaction level. Given the high interest rate and the unfavourable economic situation in the past few years and the geo-political tensions, that adjustment is natural. Outlook, I would say, is stable.

Another dimension in the asset market is the stock market, which has been kind of a roller coaster. This year, from the end of last year, down by about 14 per cent, in line with the drop in the Mainland stock market. But it has been functioning in an orderly manner, in and out, no problem, no matter it is about the fund flow, or investor flow. So the outlook is positive. We have formed a task force to look at our stock market's liquidity, and the task force has come up with several recommendations. We are in the process of implementing them, including enhancing our listing regime, our listing mechanism, making it easier for Mainland capital to come to Hong Kong, attracting more international issuers, quality companies from the Middle East, Southeast Asia, and Europe to come to Hong Kong for listing. So a number of measures are being implemented. The economic situation on the Mainland, after the adjustment, turned to be more positive. I think both the property market and the stock market will be a lot more positive. But at the moment, it is stable and orderly.

How about the economic direction, development direction? We have two main engines of growth – one is financial services. Hong Kong is an IFC (international financial centre) – I think most of you are very familiar, so I am not going to elaborate further. The second engine is innovation and technology. We believe Hong Kong's economic success in the past has rest on our ability to continue to transform ourselves. We have been a very successful IFC for quite some time. The per capita GDP is close to US\$50,000, comparatively a wealthy society. But at the same time, the economic structure needs to be diversified. We want to diversify it, for a number of reasons. First, if our economic structure could be more diversified, we could better weather different economic cycles. Hong Kong, being a small open economy, is susceptible to external changes, so a more diversified and balanced industry structure is important.

Second, to offer more quality job opportunities for our people. For people not interested in becoming a banker or VC (venture capital) or private equity investor, or becoming an accountant or a lawyer, they can choose to have an excellent career in the technology sector.

Over the past few years, we have invested over HK\$200 billion and an eco-system is now formed. In the community, the buy-in for Hong Kong in developing innovation and technology is very strong. We now focus on four areas: one is artificial intelligence and data analytics; life and health sciences; fintech; and finally, advanced manufacturing and new energy and new materials.

We rolled out an innovation and technology blueprint in December last year. One of the objectives, one of the KPIs (key performance indicators) we have given ourselves is that by the year 2032, we want to have about 5 per cent of our GDP from the manufacturing sector. Hong Kong, being a small

place, obviously will go for advanced manufacturing, which will not occupy a lot of land resources. Here, let me share more about fintech.

At the moment, we have about 1 000 fintech companies, which has been growing very fast. In 2017, it was only about 180. We have eight virtual banks, four virtual insurers, two virtual assets trading platforms. One of them is here – thank you for joining us. I give these figures to indicate the openness we have in adopting financial innovation. We know this is a major engine of growth, but at the same time, we have to pay due regard to the risks associated with it.

In the Web3.0 space, our policy position is like this: we issued a policy statement last October, setting out our vision and the development direction. We know that Web3.0 basically is blockchain technology. And this financial innovation is going to be there. We have to embrace it, but also at the same time be alert to the risks associated with it, in terms of investor protection, anti-money laundering, terrorist financing, and the possible impact on financial stability. So it is important to put in guardrails to ensure the risks that I have mentioned are being taken care of, and then allow it to develop in a sustainable and responsible way.

For the innovation and technology sector, apart from clustering those companies, we hope to provide funding to enable them to grow at different stages of development. We have a very vibrant VC and private equity (PE) sector – there are around 650 private equity firms and VC firms altogether, and the PE alone manages slightly over US\$210 billion. So quite a vibrant space.

Finally, I wish to invite you all to come to Hong Kong. As a tourist, as well as an entrepreneur to set up your businesses here and find partners here in Hong Kong. Work with us to explore the opportunities not just in Hong Kong, but also the Greater Bay Area, of which Hong Kong is a part. In the Greater Bay Area – nine cities on the Mainland plus Hong Kong and Macao, with a total population of about 87 million – the per capita GDP is about US\$22,000. This area is young in terms of demographics, and the consumption power is strong. For those over 80 million people on the Mainland, they are very keen on having some of their asset allocation offshore, and Hong Kong is naturally the platform and the first stop. So there are tremendous opportunities.

But business aside, the value proposition of Hong Kong is still tremendous. Apart from starting a business within 24 hours, easy access to capital, excellent banking services, well, what's more, law and order – we are a safe city. For education, we are excellent. We have eight universities – five of them are within global top 100. We also have over 50 international schools. So if you settle in Hong Kong and want to put your children in international schools, you can put them in the Hong Kong International School which is basically on the American curriculum, or the English Schools Foundation, the French International, German, Swiss, or even Singapore, Japan, Korea – you choose it. We have a very vibrant education system, which is very important for attracting talent, I would say.

And what else, arts and culture. We have two major art infrastructures recently completed. One is the M+ museum, and the other is the Hong Kong Palace Museum. Apart from that, we host many events in this area, in March, usually Art Central, Art Basel, and the art trading transactions in Hong Kong are huge – I think we are Asia's number one, more than one-third of the market share there. One more: if you like good food, we have over 200 Michelin-recommended restaurants. And we don't tax on wine, and are in fact a wine trading hub. Apart from that, the tax system is very favourable for corporates: For the first \$2 million profit, profits tax is half of our standard rate, at 8.25 per cent; the excess will be taxed at 16.5 per cent, and it is not progressive. For individuals, the maximum tax across the board without deduction is 15 per cent. And we don't charge capital gains tax. We don't have GST (goods and services tax) or VAT (value-added tax). So it is basically a place where you can make money, where you can save and build your wealth. Perhaps I should stop here and would be delighted to take your questions. Thank you.



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## [Speech by CS at Hong Kong Laureate Forum 2023 Inspiring Breakfast Gathering \(English only\) \(with photo/video\)](#)

Following is the speech by the Chief Secretary for Administration, Mr Chan Kwok-ki, at the Hong Kong Laureate Forum 2023 Inspiring Breakfast Gathering today (November 16):

Professor Timothy Tong (Chairman of the Council of the Hong Kong Laureate Forum), Dr Rita Fan (member of the Council of the Hong Kong Laureate Forum), esteemed Shaw laureates, young scientists, ladies and gentlemen,

First of all, I would like to say thank you for Dr Fan's kind words on

me. Thank you.

Good morning. It gives me great pleasure to join you all at this meaningful gathering of the Hong Kong Laureate Forum. And thank you, Rita, once again, for your introduction.

It is well-known that Hong Kong's success has always relied on the hard work, resilience and entrepreneurial spirit of the local population.

But no less important, Hong Kong has been drawing talent from around the world. Their new skills, ideas and perspectives have helped transform Hong Kong from a fishing village into an international city, where we enjoy economic vibrancy and cultural richness.

After some three years of the COVID-19 pandemic, Hong Kong has resumed full normality, and full connectivity with Mainland China and the rest of the world, since early this year.

It's the top priority of the Hong Kong Government to inject new impetus into Hong Kong's economic growth and boost its competitiveness. One of our key tasks is to proactively attract top-notch talent from around the world to our city.

To this end, our Government rolled out a series of new measures last December. Alongside enhancements to the various existing talent admission schemes, we introduced a new one called the Top Talent Pass Scheme to target high-income professionals and graduates from the world's top 100 universities.

Overall, talent in the innovation and technology sectors are surely among our targets.

Also, we launched an online portal called Hong Kong Talent Engage. Talent can, at their fingertips, learn about Hong Kong's competitive advantages, apply for the talent admission schemes that suit them, and look for jobs that interest them.

The results of our proactive approach, I am pleased to say, have been very encouraging.

Over a period of just 10 months, our various talent admission schemes have attracted over 180 000 applications, with over 110 000 of them approved so far. Some 70 000 talents have obtained their entry visas and made their move to Hong Kong. We have already out-performed our annual target of drawing at least 35 000 talents to Hong Kong. This is the target set for me by the Chief Executive.

And all those actual figures I have mentioned represent the many incoming talents' vote of confidence in our city.

In particular, I wish to highlight our Top Talent Pass Scheme, which has

proven to be a top pick among talent. Of the some 110 000 applications approved under our various schemes, around 40 per cent came from this new initiative.

And over 70 per cent of the successful applicants under this scheme are aged 40 or below. They have a global vision, good education background, and solid work experience in sectors such as financial services and innovation and technology. Surely, they could complement our local workforce in driving Hong Kong's economic development.

For one thing, what makes our new scheme so attractive is that there is no need to secure employment offers before applications. Applicants are most welcome to first come to Hong Kong, tasting the city's lifestyle and exploring the many opportunities ahead.

But faced with the intense global competition for high-skilled professionals, we are in no way complacent.

That's why the Chief Executive, in his second Policy Address delivered last month, announced a package of further measures to attract and retain talent.

That includes expanding the coverage of universities under the Top Talent Pass Scheme to enrich Hong Kong's talent pool.

The package also includes the opening of the physical Hong Kong Talent Engage office last month.

Offering one-stop support, this office not just attracts talent, but also facilitates the settlement of those interested to come to Hong Kong or having newly arrived here – together with their family members, of course. Our colleagues stand ready to offer useful advice on accommodation, education, networking, job searching, and more.

For some of the young scientists here, you may also be interested to learn that our city offers various scholarships, as well as subsidised postgraduate research places, for non-local students.

Atop all these, the Chief Executive's latest Policy Address announced that, for a two-year pilot starting this month, full-time non-local postgraduate students are exempted from the restriction on taking up part-time jobs.

That means students can look for jobs during their studies, thereby enhancing their experience and understanding of working in Hong Kong and, accordingly, increasing their incentive to stay upon graduation.

What's more, under our Government's immigration arrangements – as enhanced last year – for non-local graduates, the limit of stay has been increased from one year to two years to facilitate the graduates' stay in Hong Kong for work as professionals.

All in all, flexibility is the key when it comes to attracting non-local talent, including the many young scientists here of course, to pursue developments in Hong Kong.

And of course, having the right policy to attract people to come is one thing. Maintaining a good living environment to retain them needs a lot more work.

As you will experience for the rest of the day and the remaining time of your stay here, Hong Kong has a lot more to offer.

Some 40 per cent of our city's land is designated as country parks and areas with habitat protection. Indeed, you could go from a busy shopping centre to a green hiking trail in just half an hour. We have beautiful beaches, coastlines and outlying islands too.

What also comes under the spotlight is the West Kowloon Cultural District, where I am sure you will be impressed, later today, with the East-meets-West arts and culture.

And there is always good food as mentioned by Dr Fan – coming with a great variety of choices – everywhere in Hong Kong, like the seafood dinner you will experience this evening.

Meanwhile, enjoy what is on offer at this breakfast gathering. I am sure the exchanges ahead will be as inspiring as those throughout this week-long forum.

On that note, I wish this gathering, and the Hong Kong Laureate Forum, every success. Thank you so much.



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**[“M” Mark status awarded to Hong Kong-](#)**



# Zhuhai-Macao Bridge (HK Section) Half Marathon, FIBA 3×3 World Tour Hong Kong Masters and Hong Kong Squash Open

The following is issued on behalf of the Major Sports Events Committee:

The Major Sports Events Committee (MSEC) has awarded "M" Mark status to three major international sports events to be held in late November this year, namely the Bank of China (Hong Kong) Hong Kong-Zhuhai-Macao Bridge (HK Section) Half Marathon 2023 (November 19), the FIBA 3×3 World Tour Hong Kong Masters 2023 (November 25 and 26) and the TTI Milwaukee Hong Kong Squash Open 2023 (November 27 to December 3).

The Chairman of the MSEC, Mr Wilfred Ng, said today (November 16) that like all other "M" Mark events, the three events as mentioned above will add colour and vibrancy to Hong Kong and thereby bring in more visitors from abroad.

"With the first half marathon taking place on the Hong Kong Section of the Hong Kong-Zhuhai-Macao Bridge, the 3×3 basketball advancing from the streets to the world stage as well as the Hong Kong Squash Open being staged at the Cultural Plaza, Xiqu Centre, West Kowloon, for the first time, these events not only showcase Hong Kong's capability to host world-class events, but also enhance Hong Kong's position as a centre for major international sports events," Mr Ng said.

The "M" Mark System aims to encourage and help local national sports associations, private and non-government organisations to organise more major international sports events and nurture them into sustainable undertakings. Sports events meeting the assessment criteria will be granted "M" Mark status by the MSEC. Funding support will also be provided to some events.

For details of "M" Mark events, please visit [www.mevents.org.hk](http://www.mevents.org.hk).

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## 138 Mainland higher education institutions to admit Hong Kong students

The Education Bureau (EDB) welcomed the announcement by the Ministry of Education on the detailed arrangements of the Scheme for Admission of Hong

Kong Students to Mainland Higher Education Institutions (Admission Scheme) for the 2024/25 academic year. The number of Mainland higher education institutions participating in the Admission Scheme will increase to 138 (listed in the Annex), coming from 21 provinces/municipalities and one autonomous region of the Mainland. They will accept applications from candidates sitting for the Hong Kong Diploma of Secondary Education (HKDSE) Examination in 2024.

A spokesperson for the EDB said today (November 16), "The Mainland higher education institutions participating in the Admission Scheme admit Hong Kong students based on their HKDSE Examination results, hence exempting them from taking the Joint Entrance Examination for Mainland Institutions. The 138 participating higher education institutions offer various programmes. We encourage Hong Kong students to pursue further studies on the Mainland through the Admission Scheme and seize the opportunity to learn about the country's latest social, economic and cultural landscape, and plan ahead for their future development. The EDB will continue discussion with the Mainland with a view to inviting more renowned Mainland institutions to participate in the Admission Scheme and providing students with multiple study pathways and opportunities to connect with the country's development.

"As in previous years, there is the School Principal Nomination Scheme under the Admission Scheme and each secondary school can nominate up to eight students. The minimum entrance requirement adopted by the participating Mainland institutions is 'Attained' in Citizenship and Social Development subject and a total score of 8 or above in the three core subjects (i.e. Chinese Language, English Language and Mathematics) in the HKDSE Examination, and among them none is below 2."

Students interested in participating in the Admission Scheme for the 2024/25 academic year can log on to the designated website to apply online from March 1 to 31, 2024, and subsequently review and confirm application verification results before April 10. As for cases in which students provided supplementary information as per the system's request, they can log on and review verification results before April 23. Those who have passed the application verification should make payment of the application fee (HK\$460) by April 30, after which Mainland institutions participating in the Admission Scheme may arrange interviews based on the application information submitted by students. Institutions will announce admission results in late July 2024 and arrange for supplementary enrolment according to the enrolment situation.

Details of the Admission Scheme are available on the EDB's website ([www.edb.gov.hk/admissionscheme](http://www.edb.gov.hk/admissionscheme)). Students, teachers and parents can also participate in the Mainland Higher Education Expo 2024/25 jointly organised by the Ministry of Education and the EDB on December 2 and 3, 2023 (Saturday and Sunday) at the Hong Kong Convention and Exhibition Centre. Details will be announced in due course.

In addition, eligible Hong Kong students enrolled in undergraduate programmes of designated Mainland institutions can apply for a means-tested subsidy or a non-means-tested subsidy under the Mainland University Study Subsidy Scheme. The subsidy level of the Scheme has been increased from the

2022/23 academic year onwards, with a view to enhancing the support for Hong Kong students pursuing further studies on the Mainland.

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## **Red flags hoisted at some beaches**

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (November 16) that due to big waves, red flags have been hoisted at Big Wave Bay Beach in Southern District, Hong Kong Island, and Silverstrand Beach and Clear Water Bay Second Beach in Sai Kung District. Beachgoers are advised not to swim at these beaches.