

# CE's speech in delivering "The Chief Executive's 2023 Policy Address" to LegCo (4)

International Financial Centre

70.\* Hong Kong is a leading international financial centre. It is also a global offshore Renminbi (RMB) business hub, an international asset management centre and a risk management centre. We will capitalise and unleash our advantages.

Strengthen the Competitiveness of the Stock Market

71.\* A vibrant stock market is vital for upholding Hong Kong's status as an international financial centre and maintaining our competitiveness. The Task Force on Enhancing Stock Market Liquidity has submitted its report. I have accepted the Task Force's recommendations, and will implement the following:

(i) reduce stamp duty on stock transfer—We will reduce the rate of Stamp Duty on Stock Transfer from the current 0.13% to 0.1% of the consideration or value of each transaction payable by buyers and sellers respectively. The target is to complete the legislative procedures by the end of November;

(ii) review stock trading spread—The HKEX and the financial regulators will review and explore reducing the minimum trading spreads to facilitate the market prices of those liquid but spread-constrained stocks to better reflect market circumstances and reduce bid-ask spreads. The HKEX will consult the market on the specific measures in the second quarter of next year;

(iii) reduce market data fees—The HKEX will provide fixed fee enterprise data packages, and review the fee structure of its real-time data services so as to facilitate investors obtaining real-time market data and reduce relevant costs. The new fee structure will be implemented later this year;

(iv) reform GEM—The HKEX has put forward its recommendations on GEM (formerly known as the Growth Enterprise Market) reform and commenced consultation. It has proposed to streamline the transfer mechanism to the Main Board and add a new listing route for R&D-focused companies, among other proposals. After considering public views, the HKEX plans to implement the revised Listing Rules in the first quarter of next year; and

(v) continue to promote stock market development—As for the other recommendations from the Task Force for enhancing the competitiveness of the stock market and promoting its sustainable development, including promoting the listing of overseas issuers, facilitating share repurchase by issuers,

maintaining trading under severe weather, improving transaction mechanism, strengthening market promotion etc., as well as those on future directions for continuous market enhancement, I have asked the Securities and Futures Commission to work with the HKEX closely to comprehensively examine how to implement the recommendations.

#### Other Measures to Reinforce the Competitiveness as the Financial Centre

72.\* We will strengthen the connection with domestic and overseas investors and markets to forge an innovative and diversified financial market. We will also seek to deepen mutual access with the Mainland financial market. Measures include the following:

(i) strengthen the offshore RMB business—The Government will continue to press ahead with the inclusion of RMB counters under the Southbound Trading of Stock Connect to facilitate the trading of Hong Kong stocks in RMB. We will take forward the introduction of offshore Mainland government bond futures and enrich the variety of RMB investment products, with a view to strengthening Hong Kong's position as an offshore RMB centre;

(ii) deepen financial co-operation in the GBA—We will take advantage of the financial reform and innovation measures in the Qianhai Co-operation Zone to expand the businesses of Hong Kong financial institutions in Qianhai. Relevant measures include facilitating Hong Kong's limited partnership funds to be qualified under the Qianhai Qualified Foreign Limited Partnerships (QFLP) to participate in private equity investment in the Mainland; and co-establishing the Shenzhen-Hong Kong Financial Co-operation Committee with the Shenzhen authorities in the first half of 2024. The committee will advise and offer suggestions in respect of bolstering mutual access to the financial markets, co-operation on financial technologies (Fintech) and green finance, and exchange of financial talents;

(iii) establish a new platform to expand fund distribution—We will establish a new integrated fund platform within next year to expand Hong Kong's fund distribution network, enhance market efficiency and lower transaction costs; and

(iv) promote the development of green and sustainable finance in Hong Kong—Drawing on the successful experience in the implementation of the Fintech Proof-of-Concept Subsidy Scheme over the past two years, we will launch a dedicated proof-of-concept subsidy scheme for green Fintech in the first half of 2024. The new scheme will promote the development of technological solutions and provide early-stage funding support for pre-commercialised green Fintech, conducive to expanding the green Fintech ecosystem and developing Hong Kong into a green Fintech hub.

#### Regional Intellectual Property Trading Centre

73. The Government will leverage our advantages in legal, taxation and professional services to develop Hong Kong into a regional intellectual property (IP) trading centre. We will:

(i) enhance the IP legal regime...The latest amendments to the Copyright Ordinance came into force in May to strengthen copyright protection in the digital environment. We will conduct consultation next year to explore further enhancement of the Ordinance regarding protection for AI technology development;

(ii) implement the "patent box" tax incentive...We will introduce a bill into the LegCo in the first half of next year to reduce the tax rate for qualifying profits derived from patents from the existing 16.5% to 5%, with a view to encouraging more R&D activities, as well as transformation and commercialisation of patented inventions;

(iii) plan for regulatory arrangements on patent agent services...The Government will take the lead in discussing with stakeholders to plan for the introduction of regulatory arrangements for local patent agent services, covering professional qualification requirements and registration, as well as the regulatory model and framework, with the aim of enhancing service quality and nurturing talents; and

(iv) boost trading of local original works...The Hong Kong Trade Development Council (HKTDC) will enrich the Hong Kong International Film and TV Market, Hong Kong International Licensing Show and Hong Kong Book Fair, as well as its Asia IP Exchange portal, with more trading elements, such as including more business-matching activities and providing additional market information on IP trading and professional support services (such as legal, mediation and arbitration, accounting, valuation, etc.), so as to strengthen support for local original works to exploit the Mainland and international markets.

## International Shipping Centre

74. Hong Kong is a free port characterised by fast customs clearance, high efficiency and strong international connectivity. We also have a quality ship registry and a vibrant maritime cluster. The Government will continue to consolidate Hong Kong's premier position in ship registration, develop the city into a leading international maritime centre, and facilitate maritime collaboration within the GBA. Measures include the following:

(i) action plan on maritime and port development strategy...The Transport and Logistics Bureau (TLB) will publish an action plan later this year to enhance high-end maritime services, facilitate transformation towards zero emission, promote smart initiatives and digitalisation in the maritime industry, and promote exchanges and collaboration among maritime industries in the GBA and around the world;

(ii) promote the development of high value-added maritime services...The Commissioner for Maritime and Port Development under the TLB will co-ordinate efforts of various government departments and stakeholders to spearhead maritime development from an industry-oriented perspective, especially professional services such as maritime law, insurance, ship finance, etc., and develop our maritime strengths in collaboration with the trade;

(iii) expand the local maritime networkâ€¦â€¦We have introduced tax concessionary measures for various maritime business services. Shipping commercial principals and overseas shipping companies have responded positively to the idea of establishing and expanding their businesses in Hong Kong. InvestHK will step up its recruitment efforts;

(iv) capitalise on Hong Kong's international position in maritime arbitrationâ€¦â€¦Hong Kong is one of the four designated arbitration venues in the Baltic and International Maritime Council (BIMCO)'s global standard maritime contracts, and is among the leading cities in the world for maritime services. We will enhance our co-operation with various international maritime organisations, including deepening the operation of the BIMCO and the International Chamber of Shipping in Hong Kong, as well as strengthening our role as a gateway for international maritime enterprises and organisations to enter the Mainland market; and

(v) strengthen collaboration in the GBAâ€¦â€¦We will prepare for the next Greater Bay International Maritime Conference so as to promote the comprehensive strength of the GBA port cluster, and continue to enhance logistics co-operation with other GBA cities, such as those in the west bank of the Pearl River, so as to facilitate cargo transshipment via Hong Kong using the Hong Kong-Zhuhai-Macao Bridge (HZMB). We will also work with the GBA port cluster to jointly enhance teacher exchanges and provide multi-location training programmes to strengthen the training of maritime talents.

#### International Aviation Hub

75. The Hong Kong International Airport (HKIA) continued to rank first in cargo throughput in 2022, demonstrating its long-standing leading position as an international aviation and cargo hub.

76. The Government will continue to work with the AAHK to enhance the competitiveness of the HKIA. We will press ahead with the Three-Runway System and various projects under the "Airport City" vision, including SKYCITY, the premium logistics centre at the South Cargo Precinct and the smart airport, for developing core passenger and cargo transport services. We will:

(i) open up opportunities for cargo transportâ€¦â€¦Operating on a pilot basis, the HKIA Logistics Park set up by the AAHK in Dongguan allows export cargo from the Mainland to go through security screening, palletisation and cargo acceptance in advance in Dongguan before being transported by sea to HKIA for export by air, without the need to repeat screening procedures and thereby achieving savings in time and operating cost. The operation has been smooth to date, and the AAHK plans to complete the first-phase construction of a permanent facility for the logistics park by end-2025 so that the cargo handling capacity will reach one million tonnes per annum. Furthermore, new facilities are being completed for the development of the international aviation hub, including the express cargo terminal of DHL Express at the HKIA, scheduled for opening next month, and the premium logistics centre recently completed by a joint venture led by Cainiao Network;

(ii) introduce autonomous transportation systemâ€¦â€¦The AAHK will introduce

an autonomous transportation system to carry passengers along the Airport City Link connecting SKYCITY and the Hong Kong Port Island of the HZMB from 2025 onwards, and it plans to extend the system to Tung Chung Town Centre in 2028;

(iii) enhance intermodal passenger service—Actively leveraging the complementarity with the Zhuhai Airport's aviation network in the Mainland, the HKIA will introduce the "Fly-Via-Zhuhai-Hong Kong" passenger service so that Mainland and international passengers can enjoy seamless travel between the Mainland and other places in the world via Zhuhai and Hong Kong in an "air-land-air" mode using the HZMB. In future, the new service will be promoted to more Mainland passengers; and

(iv) streamline screening of carry-on luggage—The AAHK will gradually introduce "Smartlane", beginning next year, so that passengers will not need to take out such items as liquids and electronic devices from their carry-on luggage during aviation security screening, making the screening process faster and more convenient.

#### Centre for International Legal and Dispute Resolution Services in the Asia-Pacific Region

77. The Government will continue to develop Hong Kong into a centre for international legal and dispute resolution services in the Asia-Pacific region. We will:

(i) extend the adoption of Hong Kong law and usage of Hong Kong's dispute resolution services by Mainland enterprises—We will strive for the extension of the measures of "allowing Hong Kong-invested enterprises to adopt Hong Kong law" and "allowing Hong Kong-invested enterprises to choose for arbitration to be seated in Hong Kong" from Qianhai, Shenzhen and Pilot Free Trade Zones in the Mainland to the whole GBA. We will also strive for state-owned enterprises' prioritisation of adopting Hong Kong law as the applicable law for their contracts, or choosing to use Hong Kong's dispute resolution services for resolving contractual disputes;

(ii) step up efforts in establishing interface with the Mainland—We will work with the Supreme People's Court on the establishment of a standing interfacing platform next year to take forward the research and practical work on judicial and legal matters relating to the GBA so as to address issues arising from the differences in the legal systems, including further enhancing the arrangement for cross-boundary service of judicial documents, studying the mechanism for mutual assistance in corporate bankruptcy proceedings, as well as matters relating to cross-boundary dispute resolution; and

(iii) deepen the mediation culture—Mediation is generally more affordable than commencing legal proceedings. The Government will enhance the mediation system by, for instance, strengthening the regulatory system on the accreditation and disciplinary matters of the mediation profession, incorporating standard mediation clauses in government contracts, and encouraging private organisations to incorporate similar clauses in their

contracts.

\* As some contents of the Policy Address involve sensitive information related to stock market transactions, the Chief Executive has rearranged the sequence of some paragraphs for delivery after the market closes. In terms of paragraph sequence, the printed version shall prevail.

(To be continued.)

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## **Stamp Duty (Amendment) (Stock Transfers) Bill 2023 gazetted**

The Government published in the Gazette today (October 25) the Stamp Duty (Amendment) (Stock Transfers) Bill 2023 (the Bill) to give effect to the measure of reducing the rate of Stamp Duty on Stock Transfers (the Stamp Duty) to 0.1 per cent as announced by the Chief Executive in the 2023 Policy Address.

The Bill seeks to amend the Stamp Duty Ordinance (Cap. 117) to reduce the rate of the Stamp Duty payable on contact notes for sale or purchase of Hong Kong stock, and correspondingly on certain transfers of such stock.

"The reduction of the rate of the Stamp Duty will lower investors' transaction costs, improve market sentiment, and enhance the competitiveness of Hong Kong's stock market. The measure has taken into account the views received from stakeholders during the Policy Address consultation process as well as the recommendation of the Task Force on Enhancing Stock Market Liquidity, and strikes a balance between promoting the development of the stock market and maintaining a healthy fiscal position," a Government spokesperson said.

The Bill will be introduced into the Legislative Council for first reading on November 1.

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## **CE's speech in delivering "The Chief Executive's 2023 Policy Address" to**

## LegCo (3)

### V. Continue to Create Strong Impetus for Growth

#### Raise Competitiveness

50. The measures we launched last year to attract enterprises, investment and talents have generated positive results. On the trawl for talents, we have attracted about 160,000 applications, among which over 100,000 have been approved and around 60,000 talents have already arrived at Hong Kong as at end-September.

51. On our efforts to attract enterprises, the Office for Attracting Strategic Enterprises (OASES) has reached out to over 200 strategic enterprises, of which 30 are planning to establish their foothold or expand their operations in Hong Kong. A total of about \$30 billion of new investment is involved, with around 10,000 employment opportunities expected to be created. In the first nine months of this year, Invest Hong Kong (InvestHK) assisted over 300 Mainland and overseas enterprises in establishing or expanding their operations in Hong Kong, representing an increase of more than 25% over the same period last year.

52. We must nonetheless sustain our efforts to strengthen Hong Kong's competitiveness in view of the fierce global competition.

#### Trawl for Enterprises

53. The Government will continue its endeavours to attract enterprises, particularly those pertinent to Hong Kong's development as the "eight centres", including key enterprises and leading representatives in advanced technology, innovation and strategic industries.

#### Develop "Headquarters Economy"

54. We will develop "headquarters economy" to attract enterprises from outside Hong Kong to set up headquarters and/or corporate divisions in Hong Kong, bringing in quality enterprises to explore the immense opportunities brought about by the national and international dual circulation. We will facilitate foreign enterprises to tap into the Mainland market, and also assist Mainland enterprises in expanding abroad. The HKSAR Government will explore with the relevant central authorities feasible measures to facilitate Mainland enterprises in setting up headquarters and/or corporate divisions in Hong Kong, such as arrangements for investments relating to capital account.

#### Attract Companies to Re-domicile in Hong Kong

55. The Government will introduce a mechanism to facilitate companies domiciled overseas, in particular those with a business focus in the Asia-Pacific region, for re-domiciliation to Hong Kong. We aim to introduce the legislative amendments into the LegCo in the first half of next year. InvestHK and the Hong Kong Exchanges and Clearing Limited (HKEX) will reach

out to major Hong Kong listed companies domiciled overseas and encourage them to re-domicile to Hong Kong.

"Multiple-entry Visa" to the Mainland for Foreigners Working in Companies Registered in Hong Kong

56. To attract more overseas companies to set up operations in Hong Kong and facilitate foreigners working in these companies to travel to the Mainland for business purposes, reinforcing our role to connect the Mainland with the world, foreign staff of companies registered in Hong Kong may, starting from tomorrow, apply with the Chinese Visa Application Service Centre in Hong Kong for "multiple-entry visas" valid for two or more years to the Mainland, enjoying priority processing.

Attract and Retain Talents

57. The Government will endeavour to trawl for and retain talents. We will:

(i) establish the physical office of the Hong Kong Talent Engage (HKTE) – Following the launch of the online platform for the HKTE last year, a physical office will be established by the end of this month. The office will provide support for incoming talents and follow up with their development and needs after arrival. In 2024, we will organise a "Global Talent Summit cum Guangdong-Hong Kong-Macao Greater Bay Area High-quality Talent Development Conference" to promote regional exchange and co-operation in talent attraction;

(ii) expand the coverage of universities under the Top Talent Pass Scheme – To expand the network for attracting global talents, we will add eight top-notch institutions from the Mainland and overseas to the list of eligible universities under the scheme, making a total of 184 institutions, with effect from November;

(iii) relax visa requirements – Starting from today, we will relax the visa policy in respect of employment for Vietnamese talents and the criteria for Vietnamese applying for "multiple-entry visas" for business and travel. We will also relax the visa policy for Laotian and Nepalese talents for employment, training and study in University Grants Committee (UGC)-funded institutions;

(iv) implement the Capital Investment Entrant Scheme – Under the scheme, eligible investors who make investments of \$30 million or above in assets such as stocks, funds, bonds, etc. (excluding real estate) can apply for entry into Hong Kong. This will strengthen the development of our asset and wealth management business, financial services and related professional services. Details of the scheme will be announced by the end of this year; and

(v) the Vocational Professionals Admission Scheme – To alleviate the manpower shortage in skilled trades, starting from the 2024/25 admission cohort, non-local students of designated full-time professional Higher Diploma programmes of the Vocational Training Council (VTC) will be allowed



to stay in Hong Kong for one year after graduation to seek jobs relevant to their disciplines. This pilot arrangement will be reviewed after two years.

#### Establish the Hong Kong International Legal Talents Training Academy

58. We will set up a dedicated office and an expert group within next year to take forward the establishment of the Hong Kong International Legal Talents Training Academy. Capitalising on Hong Kong's bilingual common law system and international status, the academy will regularly organise practical training courses, seminars, international exchange programmes, etc. to promote exchanges among talents in regions along the B&R. It will also provide training for talents in the practice of foreign-related legal affairs for the country, and nurture legal talents conversant with international law, common law, civil law and the country's legal system.

#### Establish the Hong Kong International Academy Against Corruption

59. The Independent Commission Against Corruption will establish the Hong Kong International Academy Against Corruption in the first quarter of 2024. The academy will organise professional training for graft fighters worldwide, as well as local public and private sectors, to promote the exchange of anti-corruption experience among experts and scholars from Hong Kong, the Mainland and overseas, strengthening Hong Kong's international status in integrity building.

#### Dovetail with National Strategies and Enhance the Development of the "Eight Centres"

60. The Government will consolidate and enhance Hong Kong's development of "eight centres" as outlined in the 14th Five-Year Plan, providing impetus for sustaining our competitiveness and economic growth.

#### International Innovation and Technology Centre

61. The Government promulgated last December the Hong Kong I&T Development Blueprint for developing Hong Kong into an international I&T centre. On the Emerging Ecosystems ranking in 2023, Hong Kong ranks second in the world and first in Asia. To further implement the Blueprint, we will:

(i) set up the New Industrialisation Development Office—Established under the Innovation, Technology and Industry Bureau and led by the Commissioner for Industry, the office will adopt an industry-oriented approach to promote new industrialisation in Hong Kong, support strategic enterprises to develop their businesses in Hong Kong, assist the manufacturing sector in upgrading and transformation by making use of I&T, and provide support for start-ups;

(ii) facilitate the research and development of microelectronics—We will establish the Hong Kong Microelectronics Research and Development Institute next year to lead and facilitate collaboration among universities, R&D centres and the industry, which will include exploring the third-generation semi-conductor core technology and leveraging the GBA's well-developed manufacturing supply chains and enormous market. The newly-built

Microelectronics Centre will also be commissioned next year to provide advanced infrastructure and hardware facilities designated for microelectronics;

(iii) expedite the establishment of a supercomputing centre to foster AI development—From next year onwards, Cyberport will establish an AI supercomputing centre in phases, with a view to supporting the huge demand for computing power from R&D and relevant sectors and promoting industry development;

(iv) support transformation of R&D outcomes from start-ups—The Research, Academic and Industry Sectors One-plus Scheme seeks to promote the transformation and commercialisation of R&D outcomes from universities. The results of its first batch of applications will be announced in the first quarter next year. We will double the maximum funding provided for the Technology Transfer Office of each specified university to \$16 million, enabling universities to strengthen their support on technology transfer and expand marketing services. We will also attract more renowned Mainland and overseas start-up services agencies to set up their operations in Hong Kong for providing incubation services and development guidance;

(v) set up a \$10 billion New Industrialisation Acceleration Scheme—To promote the downstream development of new industrialisation, we will provide financial assistance for enterprises in the fields of life and health technologies, AI and data science, advanced manufacturing, and new energy technologies. These include providing funding support for the set-up of new production facilities on a one (Government) to two (company) matching basis, subject to a funding ceiling of \$200 million. We will also explore the feasibility of allowing enterprises under the scheme to employ non-local technical personnel more flexibly, and relaxing the limitation of the number of subsidised research talents that can be employed;

(vi) promote cross-boundary data flow—We signed a memorandum of understanding with the Mainland in June to foster secure cross-boundary flow of Mainland data within the GBA. We are liaising with the Guangdong Province to adopt an "early and pilot implementation" approach in the GBA to streamline the compliance arrangements for the flow of personal data from the Mainland to Hong Kong. This will facilitate the provision of cross-boundary financial and medical services within the GBA; and

(vii) establish the third InnoHK cluster—The two existing InnoHK research clusters focusing on healthcare technologies and AI have successfully convened top-notch R&D personnel from across the globe. We will initiate preparations next year for the establishment of the third cluster focusing on advanced manufacturing, materials, energy and sustainable development.

## Promote 5G Development

62. Commercial 5G services in Hong Kong have already covered more than 90% of the population, and nearly 99% of the core business districts. We will enhance the coverage of 5G networks by expediting the expansion of mobile

network infrastructure in rural and remote areas through subsidies, and supplying more spectrum to mobile network operators by auctions, with a view to improving the transmission speed of 5G networks.

#### East-meets-West Centre for International Cultural Exchange

63. The Government is actively promoting the cultural and creative industries. The Culture, Sports and Tourism Bureau (CSTB) will promulgate and implement the Blueprint for Arts and Culture and Creative Industries Development before the end of this year. We will also inject a total of \$4.3 billion to the Film Development Fund and the CreateSmart Initiative to provide incentives for attracting private sector capital and expanding new markets. Other measures include the following:

- (i) establish the Cultural and Creative Industries Development Agency—Create Hong Kong will be restructured as the Cultural and Creative Industries Development Agency, which will proactively promote the development of arts, culture and creative sectors as industries under the industry-oriented principle;
- (ii) strengthen the efforts of Economic and Trade Offices on cultural promotion—Our Economic and Trade Offices in the Mainland and overseas will strengthen their promotion work on arts and culture, deepening cultural exchanges and promoting people-to-people bonds;
- (iii) develop the film market—The Government will launch the Filming Financing Scheme for Mainland Market to support Hong Kong and Mainland cultural enterprises to invest in the productions of Hong Kong directors for release in the Mainland market. We will also launch the Hong Kong-Europe-Asian Film Collaboration Funding Scheme to sponsor film projects co-produced by Hong Kong filmmakers and their Asian and European counterparts in order to enhance international exchanges and nurture talent;
- (iv) launch the Signature Performing Arts Programme Scheme—To nurture world-class performing arts productions and international cultural brands that are representative of Hong Kong, the Government will offer a subsidy capped at \$10 million and an additional \$5 million matching fund to match private sector funding. This will support representative and large-scale local signature performing arts productions to be staged as long-run performances, attracting more audiences from other places;
- (v) increase the provision for cultural exchanges—The existing annual provisions will be increased by 40%, from \$50 million to \$70 million, to support more local arts groups and artists to perform, or participate in exhibitions and other activities outside Hong Kong;
- (vi) organise Hong Kong Fashion Design Week—as a flagship initiative, it will feature prominent events on local fashion design for developing Hong Kong's fashion and textile design brands, as well as promoting Hong Kong as a prime destination for hosting major cultural and creative events; and
- (vii) launch the Pilot Scheme on the Use of School Venues by Arts

Groups...We will further open up school venues for rehearsals by arts groups during after-school hours on a pilot basis.

#### International Trade Centre

64. The Government will continue to reinforce and enhance Hong Kong's status as an international trade centre, tapping the opportunities in the eastward shift of global economic gravity and the high-quality development of our country.

#### Expand our Global Economic and Trade Networks

65. We will expand our global economic and trade networks and promote regional co-operation. While keeping our close ties with the European and the American markets, we will also expand our reach to the B&R markets, including those of ASEAN, the Middle East, Central Asia and Africa. To that end, we will:

(i) explore business opportunities with Mainland enterprises...We will organise more outbound missions with Hong Kong and Mainland enterprises to promote business opportunities for our professional services together with Mainland partners. We will also organise visits to the GBA for overseas enterprises operating in Hong Kong;

(ii) set up additional offices for business and trade along the B&R...We will strengthen our trade promotional efforts in these emerging countries; and

(iii) strengthen regional co-operation...The Government will continue to consolidate business co-operation and connections with the markets of ASEAN and the Middle East, etc. and strive for Hong Kong's early accession to RCEP. We will sign an investment agreement with Türkiye soon, and are negotiating a free trade agreement with Peru, plus investment agreements with Bahrain, Bangladesh and Saudi Arabia respectively. These would provide Hong Kong enterprises with legal protection and better market access.

#### Deepen Economic and Trade Co-operation with the Mainland

66. Since the signing of CEPA in 2003, the Mainland has fully or partially opened up 153 (or 96%) service sectors to Hong Kong's service industries, and Hong Kong products meeting the CEPA rules of origin enjoy zero tariff preference on entering the Mainland market. We are actively seeking to enrich the contents of CEPA by striving for further liberalisation, aiming especially at those sectors that Hong Kong enjoys competitive advantages (such as financial services), for the GBA as well as the entire Mainland, with a view to facilitating Hong Kong enterprises to tap the nation-wide domestic consumption market.

#### Action Plan on Modern Logistics Development

67. Logistics development is vital to our status as an international trade centre. In the Action Plan on Modern Logistics Development, to be published later this year, the Government will formulate strategies and action measures

to realise smart development, modernisation, green and sustainability, internationalisation and facilitation, with a view to promoting high-quality and development of the logistics industry. In the first phase, we will develop modern logistics clusters in Hung Shui Kiu/Ha Tsuen New Development Area (NDA), which will serve as a logistics gateway to the GBA. The Government will also promote the upgrading of the logistics industry by leveraging on the major trend in smart logistics, and develop an information platform to facilitate the interconnection of local logistics data and goods and information flow across the GBA.

#### Promote Development of Convention and Exhibition Industry

68. The Government continues to promote the development of the convention and exhibition (C&E) industry, and will expand our C&E facilities, including the AsiaWorld-Expo and construction of new C&E facilities in Wan Chai North, raising our C&E space by 40% to 220,000 square metres in total.

#### Support Small and Medium Enterprises to Embrace Challenges

69. The Government will promote the continuous development of SMEs and support them to rise to challenges, including:

(i) tap into electronic commerce (e-commerce) – In view of the rapid growth of e-commerce business worldwide, the Commerce and Economic Development Bureau (CEDB) will establish the inter-departmental E-commerce Development Task Force to implement policies assisting Hong Kong's SMEs in developing e-commerce business on the Mainland, including organising Hong Kong Shopping Festivals on e-commerce platforms to promote awareness of Hong Kong brands for developing the nation-wide domestic consumption market; launching "E-commerce Easy" under the Dedicated Fund on Branding, Upgrading and Domestic Sales to enable enterprises to make use of \$1 million for the implementation of e-commerce projects within the cumulative funding ceiling of \$7 million; and expediting the rollout of the Single E-lock Scheme and the Trade Single Window, etc. to enhance efficiency in customs clearance and e-commerce delivery;

(ii) strengthen export credit insurance – We will raise the statutory cap on the contingent liability of the Hong Kong Export Credit Insurance Corporation from \$55 billion to \$80 billion to enhance its underwriting capacity. The corporation will upgrade its free credit check services for policyholders regarding buyers from the 10 ASEAN member states, giving exporters more confidence in accepting overseas orders;

(iii) address the financing needs of SMEs – The application period of the principal moratorium arrangement under the SME Financing Guarantee Scheme ended in September, and some SMEs have already resumed normal repayment, with the principal moratorium arrangement of the remaining loans expiring gradually by the end of next year. Having regard to the cash flow situations of different enterprises, the Government will provide more flexible repayment options so that enterprises may choose to repay only 10%, 20% or 50% of the original principal amount payable each month during the specified period, enabling them to have more time to gradually switch to normal repayment;

(iv) utilise data to provide more efficient financing services for SMEs...The Commercial Data Interchange of the Hong Kong Monetary Authority provides enterprises (especially SMEs) and banks with an exchange platform covering various commercial data for credit underwriting. By the end of this year, the Commercial Data Interchange will be connected to the Government's Consented Data Exchange Gateway. This will enable financial institutions to obtain more useful data for accelerating credit underwriting; and

(v) support digital transformation of SMEs...Cyberport will launch the Digital Transformation Support Pilot Programme by the end of this year to subsidise SMEs in the retail and food and beverage sectors in applying for electronic payment and other digital packages.

(To be continued.)

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## [CE's speech in delivering "The Chief Executive's 2023 Policy Address" to LegCo \(2\)](#)

III. Uphold the Principle of "One Country, Two Systems" and Safeguard National Security

Fully and Faithfully Implement the Principle of "One Country, Two Systems"

17. As highlighted in the report to the 20th National Congress of the Communist Party of China, the principle of "One Country, Two Systems" is the best institutional arrangement for the long-term prosperity and stability of Hong Kong, and we must adhere to it in the long run. The fundamental premise of "One Country, Two Systems" is to safeguard sovereignty, security and development interests of our nation. The more firmly the "One Country" principle is upheld, the greater the strength of "Two Systems".

18. Hong Kong has emerged from social disorder and the pandemic, and is now advancing from stability to prosperity. The Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the National Security Law) has addressed the near-vacuum of national security laws for the Hong Kong Special Administrative Region (HKSAR). And the improved electoral system safeguards the HKSAR's governance system. Hong Kong is back on the path to progress.

19. Nevertheless, geopolitics today is complex. Some countries are undermining China and the implementation of "One Country, Two Systems" in Hong Kong for their own benefits. External forces continue to meddle in Hong Kong affairs. As Xia Baolong, Director of the Hong Kong and Macao Affairs

Office of the State Council, said in his address on National Security Education Day in April this year: "while Hong Kong may appear to be peaceful and calm, there are indeed undercurrents – the root causes for 'chaos' have not yet been eliminated, and the foundation of 'orderly governance' needs to be fortified. We must stay vigilant against the possible resurgence of street violence, be conscious of covert rebellions through 'soft resistance', and watch out for those anti-government movements overseas looping back to Hong Kong. We should pay particular attention to those anti-China and destabilising activities camouflaged in the name of human rights, freedom, democracy and livelihood". We must guard against those seeking to provoke conflict, misinform or spread rumours through different channels, and remain alert to acts of "soft resistance" in different forms that can undermine the governance of our country and the HKSAR.

20. The HKSAR Government will fully, faithfully and resolutely implement the principles of "One Country, Two Systems", "Hong Kong people administering Hong Kong" and a high degree of autonomy. We will safeguard the constitutional order of the HKSAR as laid down by the Constitution of the People's Republic of China (the Constitution) and the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the Basic Law). We will implement the "executive-led" structure and "patriots administering Hong Kong".

#### Safeguard National Security

21. The Government will continue to safeguard national security and improve its relevant legal system and enforcement mechanisms.

#### Legislate for Article 23 of the Basic Law

22. Article 23 of the Basic Law stipulates that the HKSAR shall enact laws on its own to prohibit acts and activities that endanger national security. Article 7 of the National Security Law stipulates that the HKSAR Government shall complete, as early as possible, legislation for safeguarding national security as stipulated in the Basic Law and shall refine relevant laws. The Government is pressing ahead to draw up effective legislative options and will complete the legislative exercise in 2024 to fulfil our constitutional duty.

#### Legislate for Cybersecurity of Critical Infrastructure

23. To address the increasing risks of cyber-attacks globally, the Government is working to enhance the cybersecurity of our critical infrastructure, including energy, telecommunications, transportation, financial institutions, etc. We will introduce a bill into the Legislative Council (LegCo) for this purpose in 2024.

#### National Security Education

24. We will strengthen the promotion of national security education. Apart from school education, we will organise exhibitions and activities, particularly the National Security Education Day on 15 April each year, to

raise public awareness about the importance of safeguarding national security. We will set up an exhibition gallery, prepare teaching materials and provide training for district-based tutors to promote national security education in the community.

25. The Government has introduced a bill amending the Regional Flag and Regional Emblem Ordinance. When the bill is enacted by the LegCo after considerations, we will organise a publicity campaign to enhance public awareness of the importance of respecting the regional flag and emblem and ensuring their proper usage.

26. The Government will continue to enhance training for all civil servants to nurture their patriotism and sense of national security. This will help civil servants to be more conscious of the importance of safeguarding our country's sovereignty, national security and development interests, particularly in view of the complex external environment.

#### Patriotic Education

27. The Government endeavours to build mainstream values characterised by patriotism with affection for our country and Hong Kong and in conformity with the principle of "One Country, Two Systems". We will roll out patriotic education to enhance national identity and appreciation of the richness and beauty of the traditional Chinese culture amongst the people of Hong Kong, laying a good foundation for our national unity and solidarity. We will also integrate patriotic education into our education system. The Constitution and Basic Law Promotion Steering Committee, led by the Chief Secretary for Administration, will extend its scope to cover patriotic education. The Committee will establish a Working Group on Patriotic Education, co-ordinating the work of government departments and non-governmental organisations (NGOs) in taking forward national education and dovetailing with the Patriotic Education Law of the People's Republic of China, with a view to enhancing education on our country's history, culture and current affairs on different fronts, thereby promoting patriotism and ensuring its continuity from generation to generation.

#### Establish the Chinese Culture Promotion Office

28. The Leisure and Cultural Services Department (LCSD) will establish a Chinese Culture Promotion Office, which will be tasked to plan and implement programmes to promote Chinese culture and history, and the Chinese Culture Festival will be organised starting from next year.

#### Set up Two Museums about Our Country and the War of Resistance

29. The Government will set up a museum to showcase the development and achievements of our country, covering areas such as its history, politics, economic development and culture. Before the commissioning of the new museum, the LCSD will set up exhibition galleries in existing museums to display the relevant contents and deepen public understanding of our country and national affairs. In 2024, we will convert the existing Hong Kong Museum of Coastal Defence into the Hong Kong Museum of the War of Resistance and Coastal



Defence. It will focus on the history of the War of Resistance to cultivate a stronger sense of national esteem and patriotism. We will also collaborate with the Shenzhen Municipal Cultural Relics Bureau to organise exhibitions introducing the joint efforts by Hong Kong and Shenzhen during the War of Resistance.

#### Education for Students

30. In July, President Xi Jinping replied to the students of Hong Kong's Pui Kiu Middle School, noting that patriotism is the core of the spirit of the Chinese nation. He encouraged students to gain a deeper understanding of global trends, delve into the history and culture of our country and national affairs, strengthen their affection for and sense of belonging to our country, and make contributions to building an even better Hong Kong and advancing national rejuvenation.

31. To help students cultivate the spirit underscored in President Xi's message, the Government will take forward the following measures starting from this school year:

(i) strengthen training for teachers—We will organise Mainland study tours for teachers, provide in-school enhancement programmes on national security education as well as teaching resources on our country's development and history with regular updates. The Education Bureau (EDB) will also conduct regular focus inspections on the implementation of national education, with plans to inspect at least 50 schools every year. The EDB will share experiences and promote the good practices observed in the focus inspections to enhance the quality and effectiveness of national education;

(ii) enhance national affairs education—The EDB will publish a Humanities Curriculum Framework for primary schools, which will be implemented starting from the 2025/26 school year. It will also strengthen training for Constitution and Basic Law Student Ambassadors and their national history learning experiences, organise more Chinese culture immersion activities, and enrich the contents of the Values Education Curriculum Framework so as to enhance students' learning about the Chinese culture, our country's history and geography, and issues on national security; and

(iii) offer diversified learning experiences—The EDB will launch the "Love Our Home, Treasure Our Country 2.0" series of inter-school national-education activities to enrich students' cognitive, affective and practical learning, and to promote exchanges and development among schools.

#### IV. Strive to Improve Governance

32. Since taking office, the current-term Government has strived to improve governance systems, capability and efficacy. We are also working to strengthen our leadership and execution capabilities.

33. In the last Policy Address, I set 110 indicators for specific tasks, including key performance indicators (KPIs). The performance of departments

has generally met my expectations. The indicators have enabled me to monitor work progress and outcomes more effectively. More importantly, they have helped cultivate a result-oriented culture within the Government. For this Policy Address, to sustain my governing belief of engaging in pragmatic efforts and delivering results, I have set a total of 150 indicators, of which 73 are new. The remaining 77 indicators, introduced last year, are still on-going and valid.

## Enhance Governance Systems

### Interaction and Exchange between the Executive and the Legislature

34. In line with the executive-led structure and the principle of "patriots administering Hong Kong", the Government will continue to collaborate closely with the LegCo through the Chief Executive's Interactive Exchange Question and Answer Sessions, the LegCo Ante Chamber Exchange Sessions and face-to-face communication, etc. for better policy formulation. We will explore means to take these exchanges to a higher level, optimising the contribution of "patriots administering Hong Kong".

### Liaison Mechanism with NPC Deputies and CPPCC Members

35. The HKSAR deputies to the National People's Congress (NPC) and the HKSAR members of the National Committee of the Chinese People's Political Consultative Conference (CPPCC) are members of the country's major institutions. Excelling themselves in different sectors, they are a key force dedicated to the country and Hong Kong. The Constitutional and Mainland Affairs Bureau will take forward the regular exchange mechanism to enhance communication and collaboration with NPC deputies and CPPCC members so as to rally patriots with affection for the country and our city and to build a better Hong Kong together.

### Improve Governance at the District Level

36. We will fully implement the improved district governance structure and ensure its effective and efficient operation at the community level. With the participation of patriots with dedication to serve, we would be able to better connect with the people and take their views into account in building the community. The Government will ensure that the seventh-term District Council elections are conducted in a fair, just, safe, clean and orderly manner. I call on all of you to cast your votes on 10 December. The new District Councils will begin operation in January. With the Care Teams established in all 18 districts, the governance structure at the district level is largely in place.

### Establish a Framework on the Financing of Major Development Projects

37. The Government is taking forward a number of major development projects, including the Northern Metropolis and the Kau Yi Chau Artificial Islands. The projects will bring about substantial economic and social benefits, but they also require significant funding. The Government will establish the Committee on the Financing of Major Development Projects, led by the Financial

Secretary, and the Office for the Financing of Major Development Projects to advise on feasible investment and financing options, taking advantage of market capital and efficiency. The two bodies will assess the feasibility of bringing in private investors for these projects, and thoroughly evaluate their financial viability to ensure the Government's fiscal sustainability.

#### Invest in the GBA

38. The Hong Kong Investment Corporation Limited is considering using the GBA Investment Fund, under its management, to set up a joint investment fund with the Guangdong Provincial Government and other institutions or corporations to invest in the GBA projects with social and economic benefits.

#### Enhance Governance Capability and Governance Efficacy

##### Advance Development of Digital Government

39. We will press ahead with the digitalisation of government services, using artificial intelligence (AI) and opening up more government data to accelerate development of digital economy. The Digital Economy Development Committee, chaired by the Financial Secretary, is conducting studies on digital infrastructure, cross-boundary data flow, digital transformation of enterprises and human resources support. The Committee will put forward its recommendations early next year.

40. The Government will set up the Digital Policy Office by merging the existing Office of the Government Chief Information Officer and the Efficiency Office. Led by the Commissioner for Digital Policy, the new office will be responsible for formulating policies on digital government, data governance and information technology. It will consolidate information technology-related resources within the Government, promote the opening up of data and co-ordinate with departments to offer more digital services.

41. Before the end of this year, the Government will publish administrative guidelines to facilitate data flow and ensure data security to drive digital-based development. From 2024, we will launch over a hundred of digital government initiatives to promote digital government and the smart city. These projects include: issuing and verifying certain licences and certificates electronically by using blockchain technology; enhancing security in public cargo areas by employing AI technology; providing automated parking systems in newly completed government car parks and short-term tenancy car parks; providing electronic payment options for all government fees within one year; developing smart search-and-rescue mobile applications; and enhancing the 1823 enquiry service through AI chatbot.

42. The HKSAR Government will collaborate with the Guangdong Provincial Government to develop the "Digital Bay Area". Efforts include promoting the "Cross-boundary Public Services" initiative, under which Hong Kong residents can log into the Guangdong Government Service Network with "iAM Smart", while Guangdong and Hong Kong residents can use the self-help kiosks rather than having to access government services in person.

## Strengthen the Civil Service Management System

43. A capable and efficient civil service is the key to good-quality government services. In September, when Hong Kong was hit by Super Typhoon Saola, followed by torrential rain, all government departments, including the non-emergency departments, came together and assisted in bringing the community back to normal soon after. I am grateful to all of them for their dedication and hard work.

44. The Government will continue to strengthen our management system, as follows:

(i) advance the performance-based management system...The streamlined mechanism for management-initiated retirement of officers with persistent sub-standard performance became effective in September. Regarding the disciplinary mechanism, we will enhance training for departments on investigating and handling disciplinary cases. Meanwhile, we will give due recognition to civil servants with outstanding performances and dedication to the community. Aside from the Chief Executive's Award for Exemplary Performance Scheme, the Government will publicise the civil servants' good work and dedication to serve. This will help boost staff morale and performance, while attracting talented people to join the Government;

(ii) update the Civil Service Code...In accordance with the principle of "patriots administering Hong Kong", civil servants must be well aware of the need to safeguard sovereignty, national security and development interests. They should be dedicated to their duties, care about the public, embrace collaboration and teamwork, and be committed and responsible. The Civil Service Bureau (CSB) submitted the first draft of the updated Civil Service Code last year. And at my request, it is reviewing the draft taking into account more comprehensive information. The CSB aims to issue the updated Code in the first quarter of next year or earlier for consultation with staff; and

(iii) introduce the Civil Service Staff Exchange Programme with the GBA...The HKSAR Government will introduce an exchange programme with civil servants from other GBA cities by the end of the year to dovetail with the development of the GBA.

## Scale up Capability in Coping with Extreme Weather

45. With global climate change intensifying, it is likely that we will experience extreme weather more often. We will enhance our handling capabilities in respect of early warning, emergency preparedness, response and recovery to minimise the impact on society, with protecting people's safety as our priority.

46. Our preparedness and emergency response to Super Typhoon and the torrential rain in September generally met expectations, but in respect of early-warning arrangements, we were limited by technological constraints. There is, in short, room for improvement in enhancing the early-alert dissemination, including the content, transparency and frequency of the

alerts. In dealing with the aftermath, the Government has strengthened its co-ordination and teamwork, resulting in improvement on staff mobilisation and the short time it took to bring society back to normal. Where we can improve is in publicity and education to strengthen awareness of personal safety and safe conducts under inclement weather, and the handling of airport arrivals under typhoon and suspension of public transportation service, etc.

47. To strengthen Hong Kong's capability in coping with extreme weather conditions, the Government will adopt a more pre-emptive and strategic approach, as follows:

(i) requesting departments and public bodies concerned, such as the Airport Authority Hong Kong (AAHK) and the MTR Corporation Limited (MTRCL), to conduct a comprehensive review of their contingency plans, guided by bottom-line thinking and the need to minimise loss caused to society;

(ii) exploring ways to use big data, AI and other technology to improve our risk assessment capabilities on aspects of more uncertainties, such as meteorological forecast and alerts, flooding and landslide hazards, transport and traffic, etc.;

(iii) conducting systematic investigations and studies on major landslide incidents triggered by extreme rainstorms and devising focused measures of landslide mitigation for more natural slopes; and

(iv) taking forward expeditiously the \$8 billion drainage improvement works projects, covering Wong Tai Sin, Hong Kong Island East and other areas hit by severe floods in the past. The Drainage Services Department will complete its "Strategic Planning Study on Flood Management against Sea Level Rise and Extreme Rainfall" next year and develop a forward-looking strategy.

Enhance the Capability of Co-ordinated Emergency Management across the GBA

48. The Mainland has strong emergency-response capability, especially in terms of installation of heavy-duty equipment. A collaborative and complementary emergency-response mechanism will create synergy and benefit us all in the GBA. To that end, Hong Kong together with other GBA cities will formulate, negotiate and implement a new "Greater Bay Area Emergency Response and Rescue Operational Plan", establishing a systematic emergency-response mechanism that is mutually complementary and in the spirit of joint prevention and collaboration. This will strengthen the region's ability to prevent, mitigate and relieve natural disasters and other major public emergencies.

Cross-boundary Ambulance Service

49. The Government is discussing with the governments of other GBA cities on the provision of cross-boundary ambulance service so as to enable direct point-to-point hospital transfer of patients for better support.

(To be continued.)

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# CE's speech in delivering "The Chief Executive's 2023 Policy Address" to LegCo (1)

Following is the translation of the speech made by the Chief Executive, Mr John Lee, in delivering "The Chief Executive's 2023 Policy Address" to the Legislative Council this morning (October 25):

Mr President, Honourable Members and fellow citizens,

## I. Foreword

1. This is my second Policy Address as your Chief Executive. In putting pen to paper for the 2023 Policy Address, I pondered what measures implemented over the past year have been most well-received by our community. I contemplated, too, which areas we should deepen and what new areas and development directions we should pursue. Throughout the process, I felt the weight of my responsibilities on my shoulders.

2. Since I took office, I have led the Government to embrace a result-oriented culture, building an administration with the focus on actions and delivery of results, as well as strengthening our co-operation and team spirit.

3. Over the past year, we have led Hong Kong out of the pandemic, with society returning to full normalcy. We have enhanced governance on various fronts, strengthening co-ordination and improving the civil service management system. We have formulated strategies to tackle the issues of intergenerational poverty, district environmental hygiene, land and housing supply, etc., and we have attained the targeted outcomes. We have rendered support and help to the elderly and the disadvantaged, established Care Teams, enhanced the Elderly Health Care Voucher Scheme and strengthened public hospital services. We have devised an improved district governance system, and promulgated the Youth Development Blueprint, the Hong Kong Innovation and Technology Development Blueprint and the Primary Healthcare Blueprint. We have enhanced the talent admission schemes and have been creating strong impetus for growth through more proactive integration into our country's development and expansion of international co-operation. These, and other, efforts have yielded some positive results, but I feel that much more can be done and achieved. Blessed with the strong support of our country and the close connection to the world, Hong Kong is the only world-class city that can capitalise on both the China advantage and the international advantage.

4. In preparing for this Policy Address, I have conducted more than 40 consultation sessions and visited numerous districts over the past three

months to gather views from members of the public. I am thankful for their valuable suggestions and grateful for the general recognition of my policy directions and strategies in the community. This Policy Address comprises measures consolidating work introduced over the past year – areas in which we need to delve deeper and wider – as well as new fields and directions we should pursue. It carries my vision and my pledge for the future of Hong Kong. It is a Policy Address for each and every one of us.

## II. Challenges and Opportunities

5. Our governing tenets are to uphold "One Country, Two Systems", strengthen the economy and improve people's livelihoods. Our policy directions are to sharpen our edge and grasp the opportunities, while addressing our shortcomings and any potential risks. Our policy objectives are to make Hong Kong a better place for all – for people to enjoy a better living environment, students to receive quality education, young people to fully realise their potential, and the elderly to be well taken care of. We aspire to create a cohesive and caring community, with a vibrant economy where everyone can enjoy life.

6. This year, Hong Kong came out of the pandemic with strength. The Government has launched a host of campaigns and measures, including "Hello Hong Kong", "Happy Hong Kong" and "Night Vibes Hong Kong", to attract visitors and boost local consumption. The economy is recovering and people's incomes are improving. The real Gross Domestic Product (GDP) in the first half of the year saw a 2.2% increase, year-on-year, and the latest unemployment rate dropped to 2.8%, reflecting nearly full employment. The economy is set to reverse last year's negative results and resume growth this year.

7. Inbound tourism and local consumption have been the key drivers of our economic recovery. Average daily visitor arrivals are steadily rising, and reached nearly 70% of the level over the same period in 2018 this summer. Private consumption expenditure grew by 8.2%, year-on-year, in real terms in the second quarter, and total value of retail sales increased by more than 15%, year-on-year, in July and August, resuming to 85% of the level over the same period in 2018. As the aviation and related sectors gradually resume handling capacity, the number of visitor arrivals is expected to increase. The improvement of the economy and the labour market, alongside measures launched by the Government to sustain economic recovery, will boost private consumption.

8. Nevertheless, the external environment remains challenging. The world is undergoing unprecedented changes. Coupled with the successive interest rate hikes of advanced economies, designed to tame high inflation, the outlook of the global economy has been undermined, putting pressure on Hong Kong's economy. Our total goods exports and our investment and assets markets have been negatively impacted. At the same time, we face keen competition from other economies, while tackling internal challenges such as our ageing population and manpower shortage.

9. Despite the near-term challenges, abundant opportunities and our

advantages remain. I will lead Hong Kong to grasp these opportunities and capitalise on our advantages, and develop new areas of growth. Hong Kong's future will be as bright, energetic, competitive and prosperous as ever.

10. The global economic shift to the east will continue, and Asia will remain an important driver of global economic growth. Steady growth – and well above the global average – is forecast for the Mainland economy this year and next. This will create continuing opportunities for Hong Kong.

11. The Central People's Government has rendered firm support to Hong Kong for our economic development to fully capitalise on our distinctive advantages under the "One Country, Two Systems" principle. We must fully leverage these advantages. That means proactively integrating into our country's development, serving well as the hub connecting the domestic and global markets, participating in and promoting such national strategies as the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the Belt and Road (B&R) Initiative. It also means making good use of the Closer Economic Partnership Arrangement (CEPA) and related measures, while realising Hong Kong's development of "eight centres" as outlined in the 14th Five-Year Plan. Given our country's pursuit of high-quality development and market expansion, these, and other initiatives, present unlimited, long-term promise for Hong Kong.

12. Hong Kong must sustain and reinforce its distinctive advantages as a global city. We must maintain our international reputation, strengthen regional collaborations, pursue the markets of the Association of Southeast Asian Nations (ASEAN) and the Middle East etc., and strive for early accession to the Regional Comprehensive Economic Partnership (RCEP), giving full play to our role as the bridge between the Mainland and the rest of the world.

13. The Government will continue to trawl for talents and retain talents. We will also nurture local talents, strengthen labour training and enhance the productivity of our workers. The Government will step up efforts to promote tourism development, boost local consumption and improve the liquidity and investment sentiment of the asset markets, creating a wealth effect and propelling economic growth. We will continue to be proactive in competing for enterprises, attracting companies and investment to Hong Kong, diversifying our economy and supporting small and medium enterprises (SMEs).

14. We will reinforce the strengths of such traditional sectors as finance, trading, logistics, shipping and professional services. We will, as well, explore new growth potential with industry-oriented approach, developing such emerging strategic areas as innovation and technology (I&T), creative industries, pharmaceutical research and development (R&D), Chinese medicine and new energy transport.

15. In the medium to long term, the Government will reinforce Hong Kong's competitive edge, with the Northern Metropolis as the new engine for growth and the industry-oriented approach as our policy priority. We will boost the economy and drive growth through infrastructural creation, moving ahead with land and transport development projects to expand Hong Kong's economic



capacity.

16. President Xi Jinping, speaking last year at the 25th anniversary of the Hong Kong SAR, put forward "four musts" and "four proposals" for this administration, and said that "Hong Kong will prosper only when its young people thrive". I will continue to take heed of his advice as the basis of my governance blueprint. This will, I am confident, lead Hong Kong to new heights as an economy and a community.

(To be continued.)