

Transcript of remarks by FS

Following is the transcript of remarks by the Financial Secretary, Mr Paul Chan, at a media session after attending "M21 TV Programme at Book Fair with Mr Paul Chan" held by the Hong Kong Federation of Youth Groups this morning (July 24):

Reporter: Secretary, how will the weaker Renminbi affect Hong Kong itself? And also on the banning of reselling of HOS flats to the private market, is the Government inclined to have such a ban or what are some of the considerations?

Financial Secretary: On the weakening of Renminbi over the past three months, according to the information available to us, the weakening of Renminbi is mainly attributable to the continuing strengthening of US dollar. During the middle of April to the middle of July, Renminbi vis-à-vis US dollar depreciated by about some 6 per cent, but during the same period actually US dollar has been strengthening and it has risen by over 5 per cent against other currencies. So, if you're netting off these two you would appreciate that the depreciation in Renminbi is not that much. This is one point. Secondly, according to market intelligence, there were not much speculative activities against Renminbi, and we also noted that the Central Authorities reiterate the position of China in terms of not using depreciation of Renminbi as a tool to respond to trade conflict.

As to your second question about home ownership flats, whether these should be allowed to be resold into the private market, we have heard views from the community. As you may know, for this batch of Home Ownership Scheme flats, the Housing Authority, has already tightened up the resale restrictions. But whether we should apply a ban against all those future home ownership units to be sold in the private market, this will be studied by the Housing Authority and the Transport and Housing Bureau. We will keep an open mind. We'll continue to listen to different views before we come to a conclusion.

Reporter: Secretary, what kind of support will you give the URA if it continues to develop subsidised housing like this?

Financial Secretary: For the Urban Renewal Authority, they are going to use their project in Ma Tau Wai as a pilot project for Starter Homes scheme. For that particular project, they are going to give about 40 per cent discount, but even with this discount for that particular project I don't expect them to incur a lot of losses, because the project was acquired quite a number of years ago at a comparatively, at that time compared to now, very reasonable cost. But going forward, if Urban Renewal Authority is to be engaged into development of subsidised flats for sale and if this is supported by the Government, I think resources support will follow if required.

As you may know, the initial setting up of URA was with an injection of

HK\$10 billion seed money, and in fact a couple of years ago when I was Secretary for Development, URA did launch another project in Kai Tak as subsidised flats for sale. So this is not a new initiative. The overriding consideration remains whether from the government policy standpoint URA should position itself as an agency for developing subsidised flats for sale. That is the most important. If that is the position taken by URA endorsed by the Government, I don't think resources support from the Government will be a difficulty.

(Please also refer to the Chinese portion of the transcript.)