

# Very Hot Weather Warning issued

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

The Hong Kong Observatory has issued the Very Hot Weather Warning.

To prevent heat stroke, avoid prolonged activities outdoors.

If engaged in outdoor work or activities, wear a wide-brimmed hat and light-coloured, loose-fitting clothes. Stay in shaded areas as much as possible.

Drink plenty of water, and avoid beverages containing caffeine or alcohol.

If you feel sick, consult a doctor right away.

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## Transcript of remarks by FS at press conference on latest economic situation and measures to support enterprises and residents

The Financial Secretary, Mr Paul Chan, joined by the Secretary for Financial Services and the Treasury, Mr James Lau; the Secretary for Labour and Welfare, Dr Law Chi-kwong; the Secretary for Transport and Housing, Mr Frank Chan Fan; the Secretary for Food and Health, Professor Sophia Chan; the Secretary for Commerce and Economic Development, Mr Edward Yau; the Secretary for Education, Mr Kevin Yeung; and the Permanent Secretary for Financial Services and the Treasury (Treasury), Ms Alice Lau, today (August 15) held a press conference on the latest economic situation and a series of measures to support enterprises and residents. Following is the transcript of remarks:

Reporter: Thank you, Mr Chan. The Chief Executive said last week that we could see something worse than what we experienced under SARS. Is that something that you expect as well, for the situation to get that bad? Secondly, you also mentioned a lot about the domestic environment in your press release. Can you explain why you've mentioned that when you can address that with economic measures, why not also political measures, such as some of the five demands that the protestors have been asking for over this time? And finally, do you expect these measures to have an impact on the people who are

out on the streets protesting right now or are you trying to, maybe, turn public opinion against those protestors?

Financial Secretary: Well, as you rightly pointed out, the measures that we have just announced are economic measures trying to tackle the current economic difficulties and the coming economic headwind. It is not related to the political difficulties that we are facing. In my opening remarks, I refer to the political difficulties in order to avoid any confusion between the two. I just want to make sure our friends in the media and the public do understand where we come from. As to the upcoming economic situation, it is indeed very challenging. The escalating tension between the US and China, no matter on the trade front or the technology side, both are escalating, not to mention the possible spill-over to the financial market.

Apart from the US, the chance of a hard Brexit is also heightened. The economic activities within Asia also are slowing down, so the external headwinds are indeed strong. But how this would further develop will depend on a lot of different factors. I do not want to speculate to what extent all these will translate into impact on our economy but it would be prudent and reasonable to assume that the economic headwind will continue to be very strong. So we need to get ourselves prepared. In preparing for this economic headwind, we need to help our SMEs. By helping the SMEs, we try to safeguard jobs. We also need to inspire confidence among the people in terms of our preparedness, and our ability to weather through this difficulty. That's why we come up with all these measures. As to the protestors that you have mentioned, I just want to appeal to everyone that violence will not lead us to a solution. That will cause additional harms to the community and that would also escalate the tension among our people. Let's stop that. Let's take a break and focus ourselves and work together to weather through these economic difficulties ahead of us. Thank you.

Reporter: Can you tell us a bit about why you've chosen to use the word "social incident" in referring to the protest in the press release. Is there any meaning behind the word choice? Also, how cost-effective is this 19.1 billion series of measures going to be and how quickly can they be implemented, considering that the LegCo will only resume in October? And also, a question for Dr Law, your former allies in the Democratic Party have called on you to resign, as well as basically everyone sitting here. Do you have any comments on that – would you consider their appeal? Thank you.

Financial Secretary: Sorry, I didn't hear your last question. Would you mind repeating your last question?

Reporter:...(inaudible)

Financial Secretary: Ok, thank you. Let me ask Alice (Permanent Secretary for Financial Services and the Treasury (Treasury), Ms Alice Lau) to respond to your question about implementation.

Permanent Secretary for Financial Services and the Treasury (Treasury): Thank you, FS. In terms of implementation, it will depend on the nature of

different measures, the amount of money that would be required, and whether that would also involve some implementation preparations by the relevant bureaux and departments. For instance, those measures that can be implemented quickest, earliest, would be rental waiver for premises leased by the government to enterprises and also the short-term tenancies. Because these are administrative measures, and with a little bit of preparation, we expect most of these beneficiaries to start receiving benefits under this measure starting from October this year.

Whereas for a number of other measures, such as fee waiver, there are actually 27 groups of these fee items, which will be waived for one year. For most of them, the implementation would require amendment to subsidiary legislation. So we would have to wait until the Legislative Council is back in operation. We would then immediately table those subsidiary legislation, gazette them for immediate implementation. So for most of the fee items, we expect them to kick in probably from November onwards. Whereas for most of the big-ticket items, because of the amount involved, we would have to go to Finance Committee to seek funding approval, so their implementation will take a bit longer.

There is one significant revenue proposal which is tax concession. Friends in the media would recall that we already have a revenue bill (Inland Revenue (Amendment) (Tax Concessions) Bill 2019) that is lining up for enactment in the Legislative Council before the summer recess. We will now have to introduce an amendment to that bill in order to raise the percentage limit in the tax concession. This, barring unforeseen changes, we plan to do so again as soon as the Legislative Council is back. Hopefully we will be able to have this passed earliest possible. We might be able to, therefore, start issuing the tax demand notes from October/ November onwards. In other words, the implementation time table will depend on the nature of the measures and whether we need approval or endorsement, or passage of bills and subsidiary legislation in the Legislative Council.

Financial Secretary: As to your question about the impact of all these measures on the GDP, it is estimated to be about 0.3 per cent, but because of the different implementation time, this will realise over a period of time. But, let me reiterate that the purpose of these measures is to relieve the burdens of SMEs and our people, and through these measures we also hope that the people of Hong Kong will be better able to maintain their confidence in our economy and spend more. Finally, may I invite CK (the Secretary for Labour and Welfare, Dr Law Chi-kwong) to respond to your last question?

Secretary for Labour and Welfare: Sorry, I am not going to openly comment on that particular appeal.

Reporter:...choice of word...why do you say "social incident"...

Financial Secretary: Thank you. I used that word as a general term to describe all the events (that we saw in the community over the past two months).

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

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## SEN visits youth programme interns working in Wolong (with photos)

The Secretary for the Environment, Mr Wong Kam-sing, continued his visit to Wolong, Sichuan, today (August 15) where he visited Zumushan, the Museum of Nature and Earthquake in Wolong, the Dengsheng conservation station and Wolong Old Street together with the participants of the Youth Internship Programme at the Wolong National Nature Reserve in Sichuan. They also prepared beehives in Wolong town.

Accompanied by the former Chairman of the Steering Committee for the Biodiversity Strategy and Action Plan for Hong Kong, Professor Lam Kin-che, and the former Convenor of the Steering Committee's Marine Biodiversity Working Group, Professor Nora Tam, Mr Wong in the morning visited Zumushan, the habitat for various kinds of birds. They were briefed by programme interns on avian ecology.

He then departed for the Museum of Nature and Earthquake in Wolong where he received a briefing from programme interns who engaged in multi-media on filming of ecological conservation, sketching of giant pandas and their experience on natural ecology. Interns working as museum guides introduced the Wolong National Nature Reserve and gave a presentation on their internship duties. During the visit, Mr Wong learned about the promotion of natural ecological education at the museum and spoke with the interns.

In the afternoon, Mr Wong, together with the two professors and interns, called at the Dengsheng conservation station, where they were briefed by station staff and interns on the installation of infrared cameras in the field for observing biological species and recording the progress and results of related outdoor research work.

Afterwards, they headed to Wolong Old Street, a place where indigenous Tibetans and ethnic Qiang live. There, they were briefed by programme interns on the balance between local livelihoods and natural ecology. They then prepared beehives, which serves a role in the promotion of eco-tourism, in Wolong town.

Professor Tam hosted a sharing session for interns on the marine ecology and conservation of the Guangdong-Hong Kong-Macao Greater Bay Area in the evening. She introduced information on the resource management and development of the coastal area, and discussed the work and effectiveness of



marine ecology and conservation in the region.

Mr Wong will officiate at the closing ceremony of the Youth Internship Programme at the Wolong National Nature Reserve in Sichuan tomorrow morning (August 16). Following that, he will conclude his visit and return to Hong Kong on the same day.



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**Housing Authority to formulate relief proposal in line with Government's**

## helping measures

The following is issued on behalf of the Hong Kong Housing Authority:

Regarding the Financial Secretary, Mr Paul Chan's announcement of a package of measures today (August 15) to support enterprises, especially small and medium enterprises, to safeguard jobs and relieve people's financial burden, a spokesman for the Hong Kong Housing Authority (HA) said, "We note that the Government will pay one month's rent for lower-income tenants living in public rental units of the HA, including HA licensees. The measure will not apply to tenants who are required to pay additional rent to the HA."

The Government will seek funding approval from the Legislative Council (LegCo). Subject to the LegCo's approval, according to past experience and taking into account the time needed for preparatory work including computer system adjustment, verification of tenancy records and adjustment of auto payment with banks,, the HA will take about one and a half months after the approval to implement the measure. The HA will inform all relevant tenants and licensees of the implementation arrangements in due course.

"We also note that the Government will reduce the rental for most short-term tenancies of government land for community and business use under the Lands Department, public market stalls leased by the Food and Environment Hygiene Department, catering establishments and retail stores leased by the Government Property Agency, public cargo working areas leased by the Marine Department and stalls/facilities in the four wholesale markets managed by the Agriculture, Fisheries and Conservation Department by 50 per cent for a period of six months," the spokesman added.

"In line with the Government's efforts, we will seek approval from the HA's Commercial Properties Committee to reduce the rent for HA's retail and factory units by 50 per cent for six months in tandem with Government's measures. The proposed rent reduction will not apply to tenants of supermarkets, superstores and banks, including ATMs."

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## Record of Discussion of the Meeting of the Exchange Fund Advisory Committee Currency Board Sub-Committee held on

# July 5

The following is issued on behalf of the Hong Kong Monetary Authority:

(Approved for Issue by the Exchange Fund Advisory Committee on July 26)

## Report on Currency Board Operations (April 17-June 25, 2019)

The Sub-Committee noted that the Hong Kong dollar (HKD) exchange rate traded within a range of 7.8065-7.8498 against the US dollar (USD) during the review period. Driven mainly by interest carry trade and weak sentiment in the local stock market, the HKD eased gradually since April and remained close to the weak-side Convertibility Undertaking (CU) before the end of May. Thereafter, the HKD strengthened, due partly to unwinding of interest carry trade amid tightened liquidity approaching the end of May and the half-year-end, and partly to a rise of demand for dividend payments. During the review period, the long-dated HKD interbank interest rates moved up at a gradual pace, while there were more fluctuations in the short-dated rates. Overall, the HKD exchange and interbank markets continued to trade in a smooth and orderly manner.

The Sub-Committee noted that the Aggregate Balance remained little changed at around HK\$54.3 billion, while the Monetary Base increased slightly to HK\$1,625.6 billion at the end of the review period.

The Sub-Committee further noted that, in accordance with the Currency Board principles, all changes in the Monetary Base had been fully matched by changes in foreign reserves.

The Report on Currency Board Operations for the period under review is at Annex.

## Monitoring of Risks and Vulnerabilities

The Sub-Committee noted that in the US, the intensified US-China trade tensions could pose further headwinds to the slowing economy, while communications by the Federal Reserve had reinforced market expectations of interest rate cuts in the coming months.

The Sub-Committee noted that in Europe, elevated political uncertainty and lingering tariff threats by the US could pose downside risks to the region.

The Sub-Committee noted that in Mainland China, growth outlook was clouded by re-escalation of trade tensions with the US. Capital outflow and depreciation pressures in Asia had re-emerged, notably for economies with

higher value-added in China's final demand.

The Sub-Committee noted that in Hong Kong, economic growth slowed in the first quarter and downside risk to growth had increased amid the re-escalation of the US-China trade conflicts. The upward momentum of the housing market also showed signs of softening in recent weeks.

#### Options Markets' Views about the Linked Exchange Rate System (LERS): An Improved and More Flexible Approach

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The Sub-Committee noted a study which used foreign exchange option prices to assess the credibility of the LERS using an improved asset pricing model. The study provided empirical support that the LERS continued to be viewed as highly credible by the market during the period when the weak-side CU was triggered intermittently.