

# Remarks by CE at press conference on “The Chief Executive’s 2024 Policy Address” (with photos/video)

Following are the remarks by the Chief Executive, Mr John Lee, at the press conference on "The Chief Executive's 2024 Policy Address" today (October 16):

Reporter: Some opinions, such as the League of Social Democrats, have demanded democratic reform for Hong Kong. Are political reform and universal suffrage on the agenda of this administration? The second question: the proposed regulation on subdivided flats do not cover the so-called "coffin homes" or "cage homes". Why is this so? Will the Government consider extending the regulation to cover this type of subdivided flats? Thank you.

Chief Executive: I have said more than once that the political reform has been settled at this moment with the introduction of, first of all, the new election system for LegCo (Legislative Council) members, for the Chief Executive, and also after improving the district administration system. At this moment, I think it is important to ensure that all these improvements of the different election systems will be run smoothly and also that they function effectively to realise the maximum benefit that all these improved measures intend to create. We still have time to make all these systems run, so that they could synergise and create extra value for society. It takes the efforts of everybody in these three systems to think of what they should do: they reform themselves so that they can contribute even bigger value to the overall good. And all these three systems work towards the same goal of creating positive value for Hong Kong as a whole. So what you have just said, I think, is settled. It will not be an issue in this term of the Government.

The second thing regarding subdivided flats. The system that I want to introduce through legislation is not to make what is illegal now legal. What is illegal now will continue to be illegal under the respective ordinances. Enforcement will be taken accordingly. And of course, we will step up the enforcement in concert with the new policy on subdivided flats, which will be introduced in residential buildings. So the intention is to, first of all, regulate subdivided flats using this basic housing concept, so that we will have a standard below which we will take action against, because they will not be regarded as the right standard for our households to live in. I think that is the intention, and we make this policy knowing that it is a difficult matter. That is why I hope it will be thoroughly debated in LegCo so that we can enhance it.

We also want to ensure that this new system will be able to tell the market, which in some way needs to exist – by the sheer evidence that over 110 000 households are living in these accommodations. We want this market to be healthy in existence. In other words, all the standards have to be met,

and we will be taking action after a reasonable registration period and a reasonable grace period, giving the Secretary for Housing the flexibility to define the unsatisfactory units and enforce actions according to the actual situation, so that we will take them off the market, lot by lot, to ensure that things will progress in an orderly manner. It is not easy, but I think it is a problem everybody wants to see solved, and it is under this determination that I would really request that collectively, we discuss the system that I have recommended, and then come to a good consensus eventually at LegCo, so that we can pass a law for all these things to happen. And I think, in due course, we should be able to solve the problem of people having to live in substandard accommodation.

Reporter: Two questions. First, some residents who are living in substandard subdivided units are worried that the new standards for Basic Housing Units will lead to higher rents, or that landlords will kick them out. How will the Government support these people who may lose their homes that they are currently living in? Second, in the sections on national security, part of the focus was put on public officers, such as proposing a new set of guidelines for them to abide by Article 23. Does this show that there are still some loopholes for public officers, such as within the civil service? Are civil servants confused on how to follow Article 23? Thank you.

Chief Executive: First of all, the problem of some households living in substandard subdivided flats is a problem that has been long-lasting. In other words, it has accumulated over the years. We are very conscious of the fact that we have to do it in an orderly manner, so that adjustments can be made by the parties affected.

From now to the time we will actually take enforcement action, I think there will be a few years, because, first of all, we will have to pass the legislation, which I think it will probably be next year the earliest. Then, we will introduce a registration period. My suggestion is either 12 months or 18 months, because we are talking about 110 000 households. If you are talking about a 12-month registration period, it is roughly 9 000 a month. Whether it should be 12 months or 18 months, I think we can debate. We can let LegCo debate it. I am very willing to listen. Then, we will introduce a grace period for adjustments to be made structurally. That may be one year, two years again, subject to discussion by LegCo, because under the present legislation, tenants of these units are guaranteed two tenancies. We have to ensure that tenants' rights are protected under the present law. Again, that is an issue for LegCo to debate. Over this period of time, I think people can make the right adjustment.

The third important point is the new entries. When there is a new supply of subdivided flats that haven't been rented out, i.e. there are no tenants yet, and if it is a new operator, they can only enter the market with units that satisfy the standard. Otherwise, they will not be allowed to register. It is designed this way so that there will be no increase in the number of substandard subdivided flats. In other words, all new supplies will have to be conforming to our standard. And this new supply will, of course, be available for present tenants to consider moving into, because I believe that

once the standards are clearly defined, operators will know very well how to do their calculation on what subdivision they will create, what flats they will then have to build to satisfy our standard. This supply of flats will also come out for people to consider. Then, of course, if the rent is not set reasonably, they will not have tenants. There are a lot of things, and also individual cases – as we always have very special individual cases – we will deal with individual cases specifically.

But overall, I think what is important is when I design any new measures, I always ask myself a question: if this new measure solves 95 per cent of the problem, should I still go ahead and deal with the remaining 5 per cent after the first implementation, or should I ignore it until I have a perfect solution to solve 100 per cent of the problem? I decide to go all out, even though there may be individual cases that we need to address, but overall, if the system solves the majority of the problem, I think we should go ahead, and then, after implementation, we deal with the special cases.

Regarding national security, the law has been created. We are now talking about implementation, and for implementation, there is never the best, only the better. I have always said I look for continuous improvement. The law is new, and we all need to increase our knowledge about it. It is just natural. I think it is a natural thing for any government when there is a new law, they, first of all, have to do some education, enhance familiarisation, do some system building and do some enhancement in the course. It is a natural process.

Reporter: Good afternoon, Mr Lee. Firstly, with regards to the measure regarding the housing market in the Policy Address, why does the Government see the need to introduce property loan relaxation measures, and will this only benefit those who are looking to purchase high-end flats? And with subdivided units, how transparent would the Government be with the requirements and the corresponding criminal liabilities regarding the subdivided units? Is it worried that what it's doing right now is going against the wish of Beijing to get rid of subdivided housing altogether? And lastly, with the focus of the Government on the economy for this year's Policy Address, there doesn't seem to be further efforts to stimulate the economy beyond areas such as those vis-a-vis access for some countries, relaxation of loans and even the reduction of spirits tax. Would you be concerned that these efforts would not be enough to kick-start the economy? And what do you think is the most eye-catching point of this year's Policy Address? Thank you.

Chief Executive: Well, thank you very much. First of all, we allow the mortgage rate to go back to 70 per cent for all kinds of properties because I think the introduction of extra measures were made at a time when the property market was too much of a problem for people to buy flats, so it has gone out of control. And you know that the property market has somehow consolidated. It has now settled down, so it will be unreasonable for measures that were introduced for a specific purpose that no longer exists now to continue. I think it will be something you don't want the Government to not act on when some situation no longer exists, where what may be

regarded as inappropriate still continues. So that is the first point.

The second point is, I do want to help people to buy their own flats if they can afford it, and from a lot of opinions I received in the consultation, the desire of Hong Kong people to buy their own flats continues to appear very strongly at the back of my mind. So I do want to help them to buy property by alleviating their burden of finding enough of a down payment. Of course, at the end of the day, he has to make his own calculation to assess whether he can afford it, but helping them in the first step to realise their dream, I think is something I should try to do my best. And that is why, when now I think the situation allows it, I set the mortgage rate to 70 per cent for all properties.

Regarding subdivided flats, I think we have to be realistic as to why subdivided flats exist. They exist over a long period of time because of need, because of actual needs of households, because of the lack of enough supply of flats. So we have to be realistic, pragmatic. We don't live in a dream world. We live in the real world. So how do we pragmatically address the problem? It's not easy, but I'm determined, and I think society supports that we should solve the problem. So I need collective wisdom, I think, during our consultation, during the study, when the study team worked very hard to do their own studies and consult stakeholders, they did an excellent job. And now I have come to a decision that, first of all, it has to be a legislative process so that it is clear. And when people are clear about what the rules are, then the market, which now exists but is not properly regulated, will become a regulated market, supplying flats which satisfy the standard. I think that is what any government would want to do. And I think what is done, what is proposed, is necessary according to the actual situation of Hong Kong. And I have said, the intention is not to make things that are illegal, legal. We just want to regulate residential flats that mainly create this market of subdivided flats, so the market will be providing flats of what we think will be a reasonable and liveable standard.

And if you spend time to read the Policy Address – in a way, I can understand why all these questions come out, because it is the first day of the release of the document. It has, in Chinese, over 31 000 words, so it does take time to really look at the things in detail. But a lot is done to help the economy to grow. What is important is that what we can strengthen, we will strengthen. At the same time, we look for new opportunities of growth. That is why, for some areas, we are recommending measures which I think is only probably 10 per cent of the final goal that I want to go. Some may be at a position of 20 per cent. So when all these things work together, they create a synergy effect.

Hong Kong has been growing as a whole from the macro angle because last year, the GDP (Gross Domestic Product) growth was over 3 per cent. This year, the economy will still grow. The GDP is expected also to grow between 2.5 and 3.5 per cent, and some analysts have suggested a rate of 3 per cent, so overall, we're still growing. The economy is still going ahead. But of course, different sectors are at different stages, and I have to tell those sectors that are not doing too well, that I will roll out measures to help

you, but you also have to help yourself. You have to change. You have to reform, find new ways to make a difference, a difference for you to be able to win. I think that has been in the DNA of Hong Kong people. And I make it no secret that we all have to work hard. That is why I say "reform together and build our economy together". It is this togetherness that I want everybody to subscribe to, because working together will ensure that one plus one will be bigger than two. And when 7.5 million work together, when we work together, it will be bigger than a "7.5 million effect". Thank you.

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



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## Imported Clotted cream samples detected with total bacterial count exceeding legal limit

â€‹The Centre for Food Safety (CFS) of the Food and Environmental Hygiene Department announced today (October 16) that samples of prepackaged pasteurized Cornish clotted cream imported from the United Kingdom (UK) were detected with total bacterial count exceeding the legal limit. The affected batch of product has been marked and sealed, and has not entered the market.

The CFS is following up on the incident.

Product details are as follows:

Product name: Cornish Clotted Cream

Brand: M&S

Place of origin: UK

Sole importer: Alf Retail Hong Kong Limited

Packing: 227 grams per pack

Use-by date: October 18, 2024

A spokesman for the CFS said, "The CFS collected the above-mentioned samples at the import level for testing under its routine Food Surveillance Programme. The test results showed that the total bacterial count of the samples were 620 400, 1 128 000 and 1 504 000 per milliliter respectively. According to the Milk Regulation (Cap 132 AQ), milk after heat treatment by means of pasteurisation should not contain more than 30 000 bacteria per millilitre.

The CFS has informed the importer concerned of the irregularity. An investigation revealed that the affected batch of the product is still stored in the importer's warehouse. It has not entered the local market. The CFS has temporarily suspended the permission to import for sale of the product concerned granted earlier to the importer. Other types of similar products of the same brand being sold in the market are not affected.

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The spokesman said that the total bacterial counts exceeding the legal limit indicated that the hygienic conditions were unsatisfactory, but did not mean it would lead to food poisoning.

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The CFS has informed the British authorities of the incident, and will continue to follow up on the case and take appropriate action.

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## [University Grants Committee welcomes “The Chief Executive’s 2024 Policy Address”](#)

The following is issued on behalf of the University Grants Committee:

The Chairman of the University Grants Committee (UGC), Mr Tim Lui, said today (October 16) that he welcomed the Chief Executive's announcement of several relevant measures in the 2024 Policy Address, which aim at nurturing future talent and establishing the "Study in Hong Kong" brand. The UGC will join hands with the eight UGC-funded universities to optimise Hong Kong's competitive advantages under "One Country, Two Systems", as well as the

highly internationalised and diversified characters of the higher education landscape, thereby pressing ahead with the development of Hong Kong into an international hub for post-secondary education and high-calibre talent.

The Government announced in this year's Policy Address that it will establish the Hong Kong Future Talents Scholarship Scheme for Advanced Studies (SSAS) starting from the 2025/26 academic year, under which up to 1 200 local students enrolling in designated taught postgraduate programmes will receive a scholarship each year.

Mr Lui said, "Over the past five years, the UGC has implemented the Targeted Taught Postgraduate Programmes Fellowships Scheme on a pilot basis, which incentivised local students with aspirations for advanced studies to pursue over 100 master's programmes within our priority areas. They have fuelled Hong Kong's impetus for development as they equip themselves for the future. We welcome the establishment of the SSAS by the Government with reference to the experience and achievements of the pilot scheme. This clearly demonstrates the Government's commitment towards the nurturing of high-calibre local talent and the development of new quality productive forces."

The Policy Address also announced that Hong Kong will strive to host international education conferences and exhibitions, as well as encourage local post-secondary institutions to enhance collaboration and exchanges with their counterparts around the world in promoting the "Study in Hong Kong" brand on a global scale. In this regard, the UGC will further strengthen collaboration with the Heads of Universities Committee's Standing Committee on Internationalisation to actively enhance external promotion efforts targeting the Association of Southeast Asian Nations and other Belt and Road countries, and strive to foster closer partnerships with institutions worldwide in student mobility and research collaboration. The UGC also welcomed the Government's introduction of a series of new measures to improve hostel facilities, including a pilot scheme to encourage the market to convert hotels and other commercial buildings into student hostels on a self-financing and privately funded basis. This will increase the supply of student hostels and facilitate the recruitment of more non-local students to pursue their studies in Hong Kong.

In terms of research promotion, the UGC extended its gratitude to the Government for providing \$1.5 billion to launch a new round of the Research Matching Grant Scheme (RMGS), which will incentivise more organisations to fund research activities by institutions. The inaugural round of the RMGS was concluded with resounding success in July 2024, which effectively expanded research funding sources of the higher education sector. The UGC also welcomed the introduction of a series of measures to facilitate close collaboration among the Government, industry, academic, research and investment sectors. Mr Lui is confident that the new round of the RMGS as well as various measures will deepen the collaboration between higher education and other sectors, thereby raising Hong Kong's research capabilities as well as enhancing the local ecosystem for innovation and technology.



Mr Lui continued, "Looking ahead, our higher education sector can tap into the immense opportunities presented by the Northern Metropolis University Town to leverage our distinctive advantage of having strong support from the motherland and close connection with the world, thereby enabling Hong Kong to scale new heights. Together with our UGC-funded universities, we will devote ourselves relentlessly to cultivating local talent, attracting elites from all over the world and reinforcing our global reputation, so as to contribute positively to Hong Kong's development into an international hub for post-secondary education."

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## Hong Kong ranks as the world's freest economies

The Fraser Institute published the Economic Freedom of the World 2024 Annual Report (2024 Report) today (October 16). Hong Kong ranks as the world's freest economies among 165 economies, up by one place from last year. Among the five areas of assessment in the 2024 Report, Hong Kong ranks top in "Freedom to trade internationally" and "Regulation", and its ranking in "Sound money" rises to third globally.

A spokesman for the Hong Kong Special Administrative Region (HKSAR) Government said, "For long, Hong Kong has fully leveraged the advantages of a free market, and maintained a free, open, effective and fair business environment. The ranking fully reflects the international recognition of these advantages."

"Hong Kong's free market and premier business environment are attributable to our distinctive institutional strengths of the 'one country, two systems' arrangement, including the practice of the common law system, robust rule of law, a judiciary that exercises powers independently, free flow of goods and factors of production such as capital, talent, and information, a simple tax system and low tax rates, a conducive business environment as well as efficient and transparent markets, a regulatory regime that adheres to international standards, among others. These factors have made Hong Kong an ideal city for doing business.

"Indeed, over 9 000 overseas and Mainland companies have chosen Hong Kong as their base to fully leverage Hong Kong's roles and functions as a 'super connector' and a 'super value-adder'. The current-term HKSAR Government has been proactively attracting enterprises to settle in Hong Kong and talent to come to Hong Kong for development, and the response has been overwhelmingly positive. Since the end of 2022, more than 100 prominent innovation and technology enterprises from around the world have decided to establish or expand their businesses in Hong Kong. These enterprises would



invest a total of more than \$50 billion in the city, creating more than 15 000 jobs. In the first nine months this year, Invest Hong Kong also assisted 470 Mainland and overseas enterprises to establish or expand their businesses in Hong Kong, up by around 57 per cent from the same period last year. In terms of attracting talent, from the end of 2022 to September this year, over 380 000 applications were received under various talent schemes, of which nearly 240 000 were approved, and around 160 000 people have arrived in Hong Kong. These figures underscore Hong Kong's strong appeal to both overseas and Mainland enterprises and talent.

"Looking forward, with the staunch support of the country, we will proactively integrate into the overall national development, align with national development strategies, maintain and improve a free and open business environment, and continue to serve as a two-way springboard for attracting international enterprises to Hong Kong and supporting Mainland enterprises to 'go global'. The Policy Address delivered by the Chief Executive today has set out clear directions, as well as specific and impactful policies and measures to reinforce and enhance Hong Kong's status as an international financial, shipping and trading centre, build itself into an international hub for high-calibre talent, develop new quality productive forces tailored to local conditions, and foster collaboration with the Greater Bay Area, so as to further enhance Hong Kong's development momentum, and promote the high-quality development of Hong Kong's economy.

As to references on Hong Kong's economic and other freedoms in the 2024 Report, the spokesman emphasised, "The HKSAR Government protects the rights and freedoms of Hong Kong residents in strict accordance with the Constitution and the Basic Law, and the interests of enterprises and investors are also fully safeguarded in accordance with the law. According to various surveys, foreign businesses in Hong Kong generally have confidence in Hong Kong's rule of law. The HKSAR Government hopes that future assessments in Economic Freedom of the World can fully reflect the relevant facts."

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## Reduction of duty on liquor with alcoholic strength of more than 30 per cent

As announced in "The Chief Executive's 2024 Policy Address", the Government would reduce the duty on liquor with an alcoholic strength of more than 30 per cent (liquor) by introducing a two-tier system with different duty rates for each tier with effect from today (October 16).

Under the new two-tier system, the duty rate for liquor with import price over \$200 will be reduced from 100 per cent to 10 per cent for the

portion above \$200, while the duty rate for the portion of \$200 and below as well as liquor with import price of \$200 or below will remain at 100 per cent. The new duty rates will only be applicable to liquor of up to one litre. If a larger container is used, the duty payable will be calculated on a "value per litre" basis.

A Government spokesman said, "Hong Kong has been adopting a simple ad valorem duty system on liquor since 1994. Given the experience in waiving wine duty in 2008, a reduction of liquor duty should similarly promote high-end liquor trade, thereby giving impetus to the development of other high value-added sectors such as logistics and storage, tourism as well as high-end food and beverage consumption, creating more job opportunities and bringing overall benefits to society. With the introduction of a two-tier system with different duty rates based on value, we believe that the proposal has struck a balance between facilitating the liquor business and guarding public health against binge drinking as a result of the reduction in liquor duty."

The above two-tier system is set out in the proposed resolution to be moved by the Secretary for Commerce and Economic Development pursuant to section 4(2) of the Dutiable Commodities Ordinance (Cap. 109) (the proposed resolution), which forms part of the Public Revenue Protection (Duty on Liquor) Order 2024 (the Order) made by the Chief Executive today to give full force and effect of law to the proposed resolution so long as the Order remains in force.

The Order and the proposed resolution have been published in the Gazette today. The Hong Kong Customs and Excise Department has also put up notices at boundary control points and on its websites for travellers and the trade.