

Transcript of remarks by CE at media session before ExCo (with video)

Following is the transcript of remarks by the Chief Executive, Mr John Lee, at a media session before the Executive Council meeting today (May 30):

Reporter: Good morning, Mr Lee. The Government has opposed accusations that the Security Law is broad or vague or unclear. If that's the case, are you able to give Hong Kongers a straight answer as to whether it is legal to peacefully mourn individually June 4 in public this Sunday, yes or no. And you mentioned APEC, the APEC meetings in the US this November, but you're still facing US sanctions. If Washington does not lift them, would you still attend? Thank you.

Chief Executive: First of all, it is incorrect to say that the Hong Kong National Security Law is not clearly defined as regards offences. There are four types of offences that the Hong Kong National Security Law covers, and all the ingredients of the offences are clearly spelled out in the law itself. It will be up to the individuals to really look at the different elements of the offences, which are clearly stated. So it is unfounded to make accusation against the Hong Kong National Security Law. In actual fact, cases that are heard in court will also be judged in accordance with the law, which will also let the public understand the ingredients of the law.

In regard to any activities that take place in Hong Kong, the law enforcement agencies, particularly the Police, will deal with them in accordance with the law. And all the applicable laws in Hong Kong will apply, of course, and individuals have to act in accordance with the law. For any activity that contradicts the law, of course the Police will have to take action. And the Police will take action resolutely, particularly in regard to public order activities. Everybody should act in accordance with the law and think of what they do, so as to be ready to face the consequences.

In regard to APEC (Asia-Pacific Economic Cooperation), APEC is an international organisation. It doesn't belong to any country or economy. According to APEC rules and conventions, the organiser has the responsibility to invite members to attend. Hong Kong, China has been a member of APEC, and has been taking part in APEC conferences in accordance with APEC rules and conventions. It is up to the organiser to act in accordance with these conventions. The Hong Kong Government will, of course, also act in accordance with the APEC rules and conventions in regard to invitation to attend the APEC conference.

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

LD reminds employers and employees to take heat stroke preventive measures in times of Heat Stress at Work Warning

As the Heat Stress at Work Warning is now in effect, the Labour Department (LD) reminds employers and employees to take appropriate measures during the effective period of the warning to prevent heat stroke when working in hot weather or hot environments.

Employees who work outdoors or in non-air-conditioned indoor environments face high levels of heat stress and are at a relatively higher risk of heat stroke. Employers should assess the risk factors of heat stress for employees at work and, based on the identified risk factors, take necessary preventive and control measures, including rescheduling work periods, setting up shading covers, providing ventilation and heat dissipation equipment, and reminding employees to replenish water and rest in a timely manner.

The Heat Stress at Work Warning is formulated by the LD based on the Hong Kong Heat Index. There are three levels of the warning: Amber, Red and Black, which help employers and employees better understand the level of heat stress while working outdoors or indoors without air-conditioning systems.

A spokesman for the LD said that when the department issues the Heat Stress at Work Warning, employers must refer to the criteria and recommendations provided in the "[Guidance Notes on Prevention of Heat Stroke at Work](#)" to conduct risk assessments, according to the workloads and other relevant heat stress risk factors, for employees who work outdoors or in non-air-conditioned indoor workplaces. Appropriate rest breaks should be arranged every hour, as far as reasonably practicable, based on various levels of the Heat Stress at Work Warning, to reduce employees' risk of heat stroke.

Employees must also follow instructions to rest on time. Whenever there are any symptoms of heat-related illnesses, such as headache, dizziness, thirst, and nausea, they should rest in a cool and shady place, drink water, and inform employers/supervisors to take appropriate action immediately.

The LD issued the "Guidance Notes on Prevention of Heat Stroke at Work", detailing the various risk factors that should be considered when conducting heat stress risk assessments and recommending corresponding control measures for identified risk factors for employers' and employees' reference. For the Heat Stress at Work Warning and related guidelines, please refer to the department's thematic webpage:

www.labour.gov.hk/eng/news/prevention_of_heat_stroke_at_work.htm.

SFST's speech at Hong Kong Venture Capital and Private Equity Association China Private Equity Summit 2023 (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Hong Kong Venture Capital and Private Equity Association (HKVCA) China Private Equity Summit 2023 today (May 30):

Rebecca (Chairwoman of the HKVCA, Ms Rebecca Xu), Conrad (President and Director of the HKVCA Mr Conrad Tsang), Jacob (Director of the HKVCA Mr Jacob Chiu), distinguished guests, ladies and gentlemen,

Good morning to you all. Thank you for having me again at the China Private Equity Summit, a flagship event gathering great minds in the venture capital and private equity (PE) industry from across the globe to spark new ideas to bring the industry forward. This is the second year I am joining the Summit in a physical format, but this year in the context of the post-COVID recovery, I am speaking to you in a more forward-looking manner, as we have entered a new stage, one in which we concentrate our efforts on driving economic growth.

Let us first review our industry's brilliant performance before we kick-start the rich programme today. With approximately US\$212 billion in capital under management as of end-March this year, our PE sector is a crucial component of Hong Kong's asset and wealth management business, ranking second in Asia only to Mainland China. Additionally, the largest cross-border financial centre in Asia is Hong Kong, which was also listed as the top hedge fund centre in Asia as of March this year.

As I have just mentioned, Hong Kong is in a new stage of our journey towards vigorously pursuing economic growth and development. We've made it our top priority to help advance Hong Kong by fostering growth and enhancing people's quality of life, and we count on industry experts like you to join hands with us to make it a reality. To ensure that development momentum is maintained and even accelerated, we will continue to strengthen and leverage Hong Kong's advantages to enhance our competitiveness. For the next few minutes, I would like to share with you some of our endeavours, focusing on establishing Hong Kong into a diversified fund management platform, developing family office businesses in Hong Kong, enhancing connectivity with the Mainland, and promoting green finance.

Let's begin with the asset and wealth management industry in Hong Kong. As at end 2021, our asset and wealth management business amounted to US\$4.6 trillion, with 65 per cent of funds sourced from non-Hong Kong investors,

demonstrating our attractiveness to international capital. In recent years, we have been strengthening the competitiveness of our asset and wealth management industry through various measures, including the introduction of a diversified fund structure, providing a more favourable tax environment for the fund industry, expanding the fund distribution network, promoting the REIT (real estate investment trust) market, and at the same time providing subsidy schemes.

Speaking of diversifying our fund structure, since we have introduced the open-ended fund company (OFC) regime in 2018, and a limited partnership regime for funds in 2020, the response has been very positive. As of March this year, over 130 OFCs have been established and over 610 limited partnership funds have been registered.

We have enhanced the attractiveness of OFCs and REITs by providing subsidies for OFCs set up or re-domiciled to Hong Kong as well as REITs authorised by the Securities and Futures Commission (SFC) and listed in Hong Kong for three years since May 2021.

In addition, as announced in this year's Budget, the Government will review the existing tax concessions applicable to funds and carried interests. We will continue to listen to the views of the industry on the tax concession regimes and assess the need for further enhancements.

What's more, the SFC has also entered into fund mutual recognition arrangements with the Mainland and a number of countries to broaden the fund distribution network, so as to simplify the arrangements for eligible funds to be sold directly to retail investors in the markets. This widens the distribution channels for our industry and sharpens our competitive edge for the asset and wealth management sector.

In recent years, family office businesses have been growing rapidly around the world and Hong Kong's well-developed financial services platform, free flows of capital and information, as well as connectivity with the Mainland market naturally make us a beneficiary of this global trend. Indeed, Hong Kong is the world's top city for ultra-high-net-worth individuals to manage their investment portfolios. We can also foresee the next two to three decades will be an important period for wealth succession of family offices, and Hong Kong can provide the full range of professional services required by owners of wealth. Here, let me go deeper into this area which has great potential for growth – developing family office businesses in Hong Kong.

The Government has been adopting a multi-pronged approach to create a business-friendly environment for family offices. As an important part of the Government's promotion strategy, the Wealth for Good in Hong Kong Summit held in March this year was attended by over 100 key decision makers from global family offices. It was a top-tier exclusive international event tailored for global family offices and asset owners to showcase our unique advantages as an international asset and wealth management centre. I'm so proud to announce that the feedback has been very encouraging. Many family office participants have indicated interest and plan to set up in Hong Kong.

To achieve the target of attracting at least 200 family offices by 2025 to establish or expand in our market, as stated in our Policy Statement on Developing Family Office Businesses in Hong Kong, we have set out eight new measures tailored to the holistic and unique needs of family offices and asset owners. Some of the measures include launching a new Capital Investment Entrant Scheme, setting up a new Academy for Wealth Legacy, promoting art storage facilities, and providing facilitating measures for charity activities.

The Policy Statement is also committed to creating a more facilitative tax environment in Hong Kong. We have delivered on this target, as recently the Legislative Council has passed the legislative proposal to provide profits tax exemption for family-owned investment holding vehicles managed by single family offices in Hong Kong. The exemption will apply to any year of assessment commencing on or after April 1, 2022.

Talent is the cornerstone of family office business development in Hong Kong. In this regard, the Financial Services Development Council is now working at full speed on the set up of the Hong Kong Academy for Wealth Legacy, which is expected to be launched by the end of this year. It will offer talent development services to industry practitioners and next-generation wealth owners, cultivating a deep talent pool for the family office sector in Hong Kong.

I have been talking a lot on the progress we have made so far, but let's also bear in mind that the strength and competitiveness of Hong Kong lies fundamentally in our distinctive advantages of enjoying strong support from our country under the "one country, two systems" principle. Hong Kong's distinctive status as a bridge which allows international investors to access the Mainland market, and Mainland funds to gain international exposure, is fundamental to our core competitiveness.

To provide facilitation and preferential policies for the Hong Kong PE industry, last year, the Shenzhen Qianhai Authority and the Financial Services and the Treasury Bureau jointly promulgated the 18 Measures for Supporting the Linked Development of Shenzhen and Hong Kong Venture Capital Investments in Qianhai. It supports eligible Hong Kong LPFs (limited partnership funds) to set up qualified investment entities, under the Qualified Foreign Limited Partnership scheme in Qianhai, to commence onshore investments.

In February this year, the Mainland promulgated the "Opinion on Providing Financial Support for the Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone", setting out 30 measures on financial reform and innovation, including measures to further support Hong Kong PE funds' development in Qianhai. Earlier this month, I led a Hong Kong financial sector delegation to attend an event on promoting 30 Financial Support Measures for Qianhai, held in Shenzhen, to explore ways to implement the relevant policy measures and to strengthen Shenzhen-Hong Kong financial co-operation. We will continue to co-ordinate and co-operate with the relevant Mainland authorities, with a view to promoting further development in

Shenzhen-Hong Kong financial co-operation and creating more opportunities for the industry.

Over the past years, a number of mutual capital market access schemes were launched. These schemes are the historical milestones of the mutual access between the Hong Kong and Mainland capital markets. Continuous efforts are also being made to enhance these schemes.

The exchanges in Shanghai, Shenzhen and Hong Kong implemented the expansion of the scope of eligible stocks under Stock Connect in March 2023, including the addition of eligible stocks of foreign companies that are primary listed in Hong Kong and more companies listed on the Shanghai and Shenzhen stock exchanges. The inclusions, I must say, are a significant enhancement of the scheme. Not only will the expansion facilitate Mainland and international investors to enrich their investment choices via Stock Connect, but also attract more quality international enterprises to list in Hong Kong, enhancing the competitiveness of our fundraising platform.

Earlier this month, the mutual access between the interest rate swap markets (Swap Connect), Northbound trading has been launched, extending the mutual access arrangements to the realm of financial derivatives products. The initiative provides a convenient and secure channel for offshore investors to trade interest rate swap products in the Mainland via a connection between the financial infrastructures between the two markets. Its implementation will further support Hong Kong in strengthening our functions as a global offshore Renminbi business hub and a risk management centre.

With the strong support of our country and by leveraging our financial strengths to serve the real economy, there will be many exciting opportunities in the years to come. This has also laid down a solid foundation for Hong Kong to accelerate our development into an international centre for green finance, and assist our country in reaching the "3060 Dual Carbon Targets".

Hong Kong is a leading player in green finance and we will continue to promote the green transformation of our economy along five directions, namely, building a green technology ecosystem, facilitating green finance application and innovation, promoting green certification and alignment with international standards, training for talent, and enhancing exchanges and co-operation with the Guangdong-Hong Kong-Macao Greater Bay Area and international markets.

Over the years, the amount of green debt arranged and issued in Hong Kong has been increasing steadily, with local, Mainland and overseas issuers actively using Hong Kong's green finance platform. The total green and sustainable debt (including both bonds and loans) issued in Hong Kong increased by over 40 per cent from 2021 to reach over US\$80 billion in 2022, among which the volume of green and sustainable bonds arranged in Hong Kong accounted for one-third of the Asian market.

Since 2019, we have successfully issued government green bonds under the Government Green Bond Programme totalling close to a US\$16 billion

equivalent. This includes the largest ESG bond issuance in Asia totaling a US\$5.75 billion equivalent we issued in January, and the world's first government tokenised green bond totaling HK\$800 million in February this year.

Our mission cannot be achieved without the strong support of relevant stakeholders. We are going to set up a Green Technology and Finance Development Committee, led by the Financial Secretary, inviting industry representatives to join us in the formulation of an action agenda. I would also like to draw your attention to the International GreenTech Week which we will host at the end of this year.

As the top-class professionals in the PE industry, you are at the forefront of unlocking value in businesses and fostering innovation in the financial sector. As you navigate this ever-evolving landscape, I encourage you to seize the opportunities presented by our thriving financial sector. They include leveraging the city's strengths as a gateway to China, capitalising on its growing wealth management and family office ecosystem, and taking advantage of the new investment opportunities brought by green development. Together, we can grasp the opportunities arising from Hong Kong's renewed development, and create a prosperous future for our market.

Before closing, I would like to wish you all a fruitful and engaging summit today. I also wish the discussions and connections made here will propel your businesses to new heights in the days to come. Thank you.

[Appointment to Chief Executive's Policy Unit Expert Group](#)

The Government announced today (May 30) the establishment of the Chief Executive's Policy Unit (CEPU) Expert Group and the appointment of 56 members. The term of appointment will be one year which takes effect immediately and ends on May 29, 2024.

The CEPU Expert Group comprises members of different backgrounds including business, finance, professionals, think-tanks and academia to provide expert views and new ideas to the CEPU concerning various topics. To facilitate the work of the Expert Group and conduct more focused discussions, the Expert Group is organised along three broad streams, namely Economic Advancement Expert Group, Social Development Expert Group and Research Strategy Expert Group.

The Head of the CEPU, Dr Stephen Wong, said he was pleased with the appointment and welcomed the members on board. He said, "Members of the Expert Group all have rich experience and professional knowledge in their respective fields, and are eager to offer valuable insights and innovative

ideas for the benefit of Hong Kong. In addition to holding regular meetings, the CEPU will also proactively consult relevant members on individual issues, with a view to tapping into the members' wisdom and experience as far as possible."

The membership of the Expert Group is as follows (in alphabetical order of surnames):

Economic Advancement Expert Group

Dr Haywood Cheung
Mr Hong Xiaoyuan
Mr Peter Kung
Mr Adam Kwok
Mr Peter Lai
Dr George Lam
Mr David Lau
Dr Martin Lee
Ms Nisa Leung
Mr Laurence Li, SC
Mr Li Xiguang
Mr Dowson Tong
Mr Patrick Tsang
Dr Levin Wang
Mr Samuel Yung

Social Development Expert Group

Mr Alan Chan
Dr Eugene Chan
Mr Kevin Chan
Mr Nicholas Chan
Mr Chen Shaobo
Mrs Eva Cheng
Mr Albert Lee
Mr Edward Liu
Ms Anthea Lo
Ms Lo Po-man
Mr Lo Wing-hung
Dr Lewis Luk
Dr Ma Jun
Dr Chloe Suen
Mr Tai Hay-lap
Dr Stephen Tai
Mr Xu Lin
Mr Allen Yeung

Research Strategy Expert Group

Professor Cai Hongbin
Professor Thomas Chan
Mr Chang Ka-mun

Professor Christopher Chao
Dr Francis Cheung
Dr Chow Man-kong
Dr Chow Pak-chin
Dr Guo Wanda
Professor Alfred Ho
Dr Henry Ho
Professor Huang Ping
Professor Lau Pui-king
Professor Lau Siu-kai
Professor Francis Lui
Professor Terry Lum
Professor Dennis Lo
Professor Mao Zhenhua
Professor Charles Ng
Dr Wang Fuqiang
Professor Richard Wong
Professor Wong Yuk-shan
Professor Xiao Geng
Professor Zheng Yongnian

The CEPU was established on December 28, 2022, to enhance the Government's capabilities in research and advocacy on long-term and strategic issues, and to report to the Chief Executive outcomes of the related studies and analyses. For details, please visit the CEPU's website (www.cepu.gov.hk).

Red flag hoisted at Stanley Main Beach

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (May 30) that due to big waves, the red flag has been hoisted at Stanley Main Beach in Southern District, Hong Kong Island. Beachgoers are advised not to swim at the beach.