Govt slashes stamp duty on property

Tax on stock trading also cut in a bid to reboot markets in financial center

By **LIU YIFAN** in Hong Kong
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Hong Kong has made a much-anticipated move to ease its decade-old property cooling measures and cut the stamp duty on stock trading amid concerns over the health of the Asian financial hub.

Both a 15 percent levy for residents who are not first-time buyers and the stamp duty for nonpermanent residents will be halved to 7.5 percent, Chief Executive John Lee Ka-chiu announced in his annual Policy Address on Wednesday.

Meanwhile, property owners will not need to pay a 10 percent special stamp duty when selling their property two years after purchase.

For buyers who entered Hong Kong under the nonlocal talent programs, payment of the stamp duty will be suspended. They are required to pay only if they fail to obtain permanent residency.

The property cooling measures, also known as "spicy measures", were first introduced in 2010 to curb the city's once-notoriously hot housing prices. However, under pressure from rising interest rates and a sluggish economy, the property market has hit a downward spiral in recent years and struggled to find a way out.

According to Centaline Property Agency, Hong Kong's existing home prices have dropped 18 percent since 2021 and to their lowest level in six years. Newly built homes are also reeling from a supply glut. Some developers have cut new-home prices by up to 20 percent to lure hesitant buyers.

Jason Leung Yeuk-ho, a researcher at local think tank Our Hong Kong Foundation, said the measures in the Policy Address "actively respond to the latest market changes and expectations", saying it would not only improve market liquidity but also help residents improve their quality of life.

"Furthermore, the measures send a positive message to trawl for talents from outside the city, playing a beneficial role in Hong Kong's push for talent," Leung said.

Nevertheless, Joseph Tsang, chairman of real estate brokerage JLL in Hong Kong, said the relaxation of cooling measures is only a "Band-Aid solution" that is unlikely to reverse the downward trend of home prices.

"Home prices would not pick up. The outlook of Hong Kong's housing market and home prices is not optimistic amid the overall economic downturn, geopolitical uncertainty in the Middle East, high interest rates, and stock market slump," Tsang said.

"Instead, the government should reduce the target for private housing supply, reintroduce the mechanism of triggering of land for auction to replace the current regular tender, and remove all cooling measures in the housing market, including stress tests," he added.

Lee said Hong Kong would also cut its stamp duty on stock trading from 0.13 percent to 0.1 percent to bolster its sagging equities market.

Hong Kong's benchmark Hang Seng Index has retreated more than 15 percent this year, while average daily turnover shrank 16 percent year-on-year to HK$115.5 billion ($14.77 billion) in the first six months.

This reduction followed the Chinese mainland's decision to halve the levy to 0.05 percent in late August and is part of a package of measures, including a review of stock trading spread and a cut in market data fees, to boost the city's standing as a financial center.

Lee said the target is to complete legislative procedures by the end of November.

Nicolas Aguzin, CEO of the bourse operator Hong Kong Exchanges and Clearing (HKEX), said he believes the measures will help reduce trading costs, encourage more participation in Hong Kong's capital markets, and in turn build greater liquidity and market depth.

"HKEX looks forward to working closely with the Hong Kong Special Administrative Region government, regulators and market participants to facilitate the timely implementation of these measures," he added.

Mofiz Chan, chairman of the Hong Kong Securities and Futures Professionals Association, argued that the reduction is too slight to draw overseas funds into the Hong Kong stock market as the city's levy on stock transactions "remains significantly higher than in other major international financial centers".

He suggested that the government further reduce or even abolish the stamp duty on stock trades to boost market liquidity and attract more companies to list in Hong Kong.

Hong Kong Chief Executive John Lee Ka-chiu delivers his 2023 Policy Address to the Legislative Council on Wednesday morning. ANDY CHONG / CHINA DAILY

Multiple incentives to attract talents, boost birthrate

By **XI TIANQI** in Hong Kong
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The Hong Kong Special Administrative Region seeks to address its population woes by stimulating childbirth internally and attracting outside talent, according to Chief Executive John Lee Ka-chiu's second Policy Address, delivered on Wednesday.

The steps for attracting nonlocal talents include expanding the Top Talent Pass program; easing visa policies for people of member states of the Association of Southeast Asian Nations, as well as employment policies for nonlocal students studying in the SAR; doubling the quota for nonlocal students at publicly funded universities; and setting up an office of the Hong Kong Talent Engage to provide well-rounded support for incoming talents.

The quota for nonlocal students, which will rise from 3,000 to 6,000, aims to attract more people from the Chinese mainland and Belt and Road Initiative participating countries. The new quota may not be fully utilized initially because of limited facilities, but it will not affect local student admissions, according to a government source.

In a bid to entice professionals from BRI countries and regions, the government will introduce visa programs for Vietnamese talents seeking employment in Hong Kong and relax the application process for multiple-entry visas for Vietnamese nationals coming to the city for business and tourism.

This visa incentive targets high-end talents in business, allowing them to apply for visas for two years or more, with unrestricted entries to the SAR, and each visit limited to 14 days.

Besides Vietnam, talents from Laos and Nepal will have their employment, training and education opportunities at universities funded by the University Grants Committee extended.

From next month, full-time nonlocal research postgraduates studying in Hong Kong can seek part-time work in excess of the previous maximum limit of 20 hours per week. Over 35,000 eligible nonlocal students are expected to benefit from the two-year pilot program.

The list of eligible universities under the Top Talent Pass program will be expanded next month to include eight top-tier mainland and overseas institutions, bringing the total to 184. Among the eight new educational institutions are Wuhan University, Xi'an Jiaotong University and the Harbin Institute of Technology on the mainland.

The talent pass list will also cover graduates of the top 10 universities of the Academic Ranking of World Universities, published by Shanghai Jiao Tong University in the past five years, as well as the top five institutions in the "Hospitality and Leisure Management" category of the QS World University Rankings.

By late last month, Hong Kong had approved more than 100,000 out of 160,000 applications under different talent initiatives rolled out or updated in the past year. About 60,000 of the successful applicants have arrived in the city.

To provide support and follow-up services for incoming talent to meet their needs, the government will establish the Hong Kong Talent Engage office by the end of October.

Boost childbearing

Internally, to encourage childbearing, the government has introduced a range of policies, including a one-off cash handout of HK$20,000 ($2,557) for parents-to-be. Priority in purchasing subsidized housing or renting public housing will be given to these parents, along with increased subsidies for raising children and additional childcare places to accommodate working parents. It is estimated that these family support policies may lead to a 20 percent annual increase in newborns within three years.

A government source said the eligibility for these policies extends to employed parents as long as one parent is a permanent resident of Hong Kong, regardless of marital status. The application process takes approximately two to three weeks.

Families with newborns will also be given priority for subsidized flats, with 10 percent of the Home Ownership Scheme's subsidized flats allocated to them. Parents will have the opportunity to select flats through a lottery system until their children are 3 years old.

Additionally, the waiting time for public rental flats will be reduced by one year for parents of newborns, compared to an average waiting time of 5.3 years for the general public.

To support working families in childbearing, a new pilot plan offering after-school care services will be launched. Around 50 schools will provide 3,000 care services, with collaboration from suitable NGOs. This program, estimated to cost $99 million, will be free for families receiving Comprehensive Social Security Assistance or those with low incomes.

Furthermore, over the next three years starting from 2024, the after-school care program for pre-primary children will be extended. The number of participating centers will increase to 28, with the number of service places rising from 672 to 1,176.

To encourage more people to participate in the Neighbourhood Support Child Care Project, the incentive payment for carers of children aged three to nine will increase from the standard rate of HK$25 per hour to HK$40. For carers of children under three or with special learning needs, the incentive payment will be raised to HK$60 per hour. Starting from the fourth quarter of next year, the number of service places under the project will be doubled to approximately 2,000.

On Wednesday afternoon in Tseung Kwan O, the New Territories, kindergartners are picked up by their carers. Earlier the same day, the city's Policy Address revealed a variety of incentives to increase the birthrate, which hit a record low of about 32,500 newborns in 2022. CALVIN NG / CHINA DAILY

Chief Executive John Lee Ka-chiu answers questions from reporters during a news conference on Wednesday when he discussed his latest Policy Address. ANDY CHONG / CHINA DAILY

Leaders: Policy Address 'visionary, people-oriented'

By **ATLAS SHAO** in Hong Kong
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The newly-released Policy Address has been hailed by Hong Kong leaders as visionary and people-oriented for addressing residents' needs and injecting new impetus into the city's development.

In separate statements, local business chambers — including the Federation of Hong Kong Industries, the Chinese Manufacturers' Association of Hong Kong and the Chinese General Chamber of Commerce — voiced their support for the Policy Address.

They said the proposed measures will support the development of small and medium-sized enterprises and expand opportunities in local and overseas markets.

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I&T industry encouraged by 12 supportive measures

By **LI XIAOYUN** in Hong Kong
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The Hong Kong Special Administrative Region government unveiled an ambitious road map for the city's evolution into an international innovation and technology center, with a dozen measures presented in the Policy Address that include establishing the New Industrialization Development Office and increasing cooperation with the Chinese mainland.

Embracing an industry-oriented approach, the New Industrialisation Development Office under the Innovation, Technology and Industry Bureau will introduce initiatives to facilitate the growth of strategic enterprises in Hong Kong, assist the manufacturing sector in upgrading and transformation through the utilization of I&T, and provide support for startups.

The government is also poised to provide financial assistance for enterprises in key industries, including life and health technologies, AI and data science, and advanced manufacturing, with the introduction of the HK$10 billion ($1.28 billion) New Industrialisation Acceleration Scheme.

Under this initiative, qualified enterprises that establish new production facilities in Hong Kong with an investment of at least HK$200 million will be eligible for funding support on a matching basis of HK$1 from the government for every HK$2 provided by the company, with a government funding cap of HK$200 million.

Inspired by the proposed establishment of the New Industrialisation Development Office, Sunny Tan, chairman of the Hong Kong Productivity Council, said, "The HKPC will continue to collaborate closely with the industry in advanced technology, talent training and funding, in a bid to drive industrial upgrading and transformation, while cultivating an atmosphere conducive to the development of innovation and technology, and the commercialization and application of research outcomes."

The HKPC is ready to make the most of the unique advantages that Hong Kong enjoys under the "one country, two systems" principle to attract advanced-technology and overseas investment, while guiding local enterprises to expand their presence globally, further enhancing the innovation and technology ecosystem in Hong Kong, Tan added.

Accounting firm CPA Australia said that the series of "comprehensive and concrete" measures outlined in the Policy Address indicates "a clear goal and a well-defined action plan for the government in building Hong Kong as an international hub for innovation and technology".

In addition, Hong Kong Chief Executive John Lee Ka-chiu's second Policy Address also makes the cooperation with mainland cities of the Guangdong-Hong Kong-Macao Greater Bay Area a top priority to drive the development of innovation and technology in Hong Kong.

While hosting a news conference on the Policy Address on Wednesday afternoon, Lee said the most direct path for Hong Kong to integrate into the Greater Bay Area is to promote Hong Kong's development of "eight centers" outlined in the nation's 14th Five-Year Plan (2021-25), which include the position as an international I&T center.

"Hong Kong not only serves as a contributor in the Greater Bay Area, but also a beneficiary of its development," Lee added.

According to the Policy Address 2023, the government is collaborating with Guangdong province to streamline the compliance arrangements for the flow of personal data from the mainland to Hong Kong, which is expected to facilitate the provision of cross-boundary financial and medical services within the Greater Bay Area.

This move follows the June signing of a memorandum of understanding between Hong Kong and Guangdong that aims to foster a secure cross-boundary flow of mainland data in the Greater Bay Area.