

## **Transcript of SFST's remarks**

Saturday, May 16, 2015

Following is a transcript of remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, at a media session after attending a radio programme today (May 16):

Reporter: What are the areas that Hong Kong can work on to increase competitiveness?

Secretary for Financial Services and the Treasury: I think we must understand what are the constraints to our growth and I firmly believe that the high land cost and the availability of land is one of the major problems for Hong Kong. If we do not solve it, I think there will be a bottleneck for Hong Kong's growth. I also feel that we have not done enough to promote innovation and the desire for starting new business. We have not done enough to promote technology. I think it is very important for us to do that because there are a lot of exciting developments in the technology areas. Some of them are not very high tech, some are about innovation, about innovating new business applications. Hong Kong people can have this kind of opportunity. Hong Kong people have entrepreneurship. We must bring back the entrepreneurial spirit of Hong Kong people.

Reporter: (On Shenzhen-Hong Kong Connect and impact of A-shares on Hong Kong's shares)

Secretary for Financial Services and the Treasury: A-shares have already had some impact on Hong Kong's shares even before the connect because the markets are always influencing each other. The Shanghai-Hong Kong connect programme gives investors a direct way of investing in each other's market, and so will the Shenzhen link to Hong Kong, will have the same effect. Generally speaking, by linking the two markets, we are actually bringing more liquidity. Yet you may see some volatility happening, but in the long run, we will actually bring better liquidity and stability to the markets.

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

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