



President & Premier pledge staunch support of Hong Kong

CHINA'S Central People's Government would continue its staunch support of the Hong Kong Special Administrative Region (HKSAR) Government and the Chief Executive, President Hu Jintao and Premier Wen Jiabao said in April.

The State Council endorsed Donald Tsang's appointment as the third-term Chief Executive on April 2. Mr Tsang's next five-year term will start on July 1.

Presenting the instrument of appointment to Mr Tsang as the third-term Chief Executive in Beijing on April 9, Premier Wen said measures would be taken to boost exchanges and co-operation between Hong Kong and the Mainland to leverage on each other's strengths. The Central People's Government would also promote projects which are conducive to Hong Kong-Mainland ties and the city's development, he added.

In a meeting with Mr Tsang in the afternoon, President Hu said Mr Tsang was nominated and elected with a high degree of public support, showing Hong Kong people's endorsement of Mr Tsang's work and his election platform.



Premier Wen Jiabao (right) presents CE Donald Tsang the instrument of appointment as the third term CE of the HKSAR in Zhongnanhai, Beijing.

Noting the next five years would be a key stage in Hong Kong's development, President Hu said Mr Tsang and the HKSAR Government would play an important role.

He pointed out economic development, improving people's livelihood, promoting democracy progressively, safeguarding Hong Kong's prosperity, stability and social harmony are Hong Kong people's common wishes and common interests.

Brighter future

President Hu believed Mr Tsang could lead the HKSAR Government and all sectors of the community to further the city's development, creating a brighter future for all. The Central People's Government would remain steadfast to the principles

of "One Country, Two Systems", Hong Kong people ruling Hong Kong and a high degree of autonomy – all under the Basic Law.

Mr Tsang thanked the Central People's Government for the appointment, and pledged he would not fail the trust of the Central Government and Hong Kong people in him. ◇

Budget supports ongoing economic development

HENRY TANG, the Financial Secretary unveiled on February 28 a package of budget measures designed to "share the fruits of economic prosperity with the community" and support Hong Kong's ongoing economic development and job creation.

Mr Tang said the Government's fiscal position had markedly improved as a result of the strong economic recovery. He forecast a consolidated surplus of HK\$55.1 billion for 2006-07, much higher than the original forecast.

"Due to our economy's better-than-expected performance over the past 12 months," he said, "investment income and revenue from land premiums, stamp duty, profits tax and salaries tax alone are about HK\$31 billion higher than the original estimates."

Mr Tang revealed that GDP grew by 6.8 per cent in 2006, significantly higher than the 4 to 5 per cent forecast by the market and the Government earlier that year. GDP growth for



FS Henry Tang attends a joint television panel discussion programme on the 2007-08 Budget.

2007 is forecast at 4.5 to 5.5 per cent, with a trend growth rate of 4.5 per cent a year from 2008 to 2011.

Strong recovery

The Financial Secretary said Hong Kong's economy had staged a strong recovery since mid-2003, when the city was in the doldrums following the SARS outbreak.

He said Hong Kong's ability to undergo continuous economic restructuring was a key element underpinning competitiveness and its economic integration with the Mainland was pivotal to its future development.

"Hong Kong's restructuring should complement the economic development of the Mainland and create a 'win-win' situation," he said, adding the Government would continue to improve Hong Kong's business environment through removing barriers, promoting fair competition, nurturing and attracting talent, supporting scientific and technological research, and encouraging innovation and creativity. ◇



Government attaches great importance to PPRD co-operation



SCA Stephen Lam (right) presents a souvenir to the Deputy Secretary-General of the Guangdong Provincial Government and Director-General of the Guangdong Hong Kong and Macao Affairs Office, Mr Tang Hao.

THE HKSAR Government attaches great importance to Pan-Pearl River Delta (PPRD) regional co-operation, Stephen Lam, the Secretary for Constitutional Affairs said on April 15 when welcoming a delegation of PPRD Secretaries-General visiting Hong Kong.

Mr Lam said that the HKSAR Government had been implementing various concrete measures to promote the development of the PPRD region.

"Looking ahead, through collaborating with the PPRD region, HKSAR could complement national development, such as contributing to the development of eastern, central and western regions, stepping up industrial restructuring, enhancing the development of services industry, and facilitating PPRD enterprises to raise capital and go global," he said.

Earlier in January, Donald Tsang, the Chief Executive led a 130-strong delegation of HKSAR Government officials and local business leaders to Jiangxi Province on a three-day study tour to promote economic and trade co-operation between Hong Kong and the PPRD region. Jiangxi Province is a constituent of PPRD.

Mr Tsang has led business delegations to three other provinces in the PPRD region, including Guangxi, Hunan and Guizhou since June 2006. ◇

Special events to mark Hong Kong SAR's 10th anniversary

MORE than 450 celebration activities are being held from April to December by the HKSAR Government and interested parties to celebrate the 10th anniversary of the establishment of the HKSAR.

The themes of the celebrations are "The successful implementation of One Country, Two Systems" and "The Hong Kong Spirit".

Overseas Economic and Trade Offices and offices of the HKSAR Government on the Mainland also organise celebration activities and roving exhibitions to showcase Hong Kong's achievements in the past decade and opportunities in future.

An evening cocktail reception to be held by the HKETO on June 28 will kick off the celebration in Singapore. In Kuala Lumpur, Malaysia, a Hong Kong Pavilion will be staged from June 22 to 24 at the Putra World Trade Centre to mark the occasion. Other events in Singapore include a large scale business forum in July and a Hong Kong Film Festival in September.



Chief Secretary for Administration Rafael Hui (left) visits China Conservation and Research Centre for the Giant Panda in Wolong. "Le Le" and "Ying Ying" were selected there.

The joy and festive spirit of the 10th anniversary was enhanced by the arrival in Hong Kong of a pair of national treasures – the giant pandas "Le Le" and "Ying Ying" on April 26 from Wolong, Sichuan, where they were born.

Meanwhile, a photo competition that involved capturing Hong Kong's spirit and success was successfully held from mid-November last year to mid-January this year. Winning entries can be browsed at the dedicated website, www.gov.hk/10

A theme song for the 10th anniversary, entitled "Just Because You Are Here", can also be accessed from the web site. The song was created by composer Peter Kam and lyricist Chan Siu-kei and sung by local Hong Kong artists. ◇

Hong Kong: services gateway to China

AS economic prosperity spreads in the Mainland, Hong Kong benefits from a closer economic integration with the Mainland. At the same time, with more advanced systems for doing business, coupled with Hong Kong's international outlook and connections, Hong Kong also contributes to the development of the Chinese economy.

China's 11th Five Year Plan, covering 2006-2010, states unequivocally that it supports the development of Hong Kong's services industries, and maintaining Hong Kong's status as an international centre for financial services, trade and shipping.

In response, the HKSAR Government organised in May 2006 the Economic Summit on "China's 11th Five Year Plan and the Development of Hong Kong", bringing together 33 prominent persons in business, professional, labour and academic fields,

and organising them into four focus groups, namely, Trade and Business; Financial Services; Maritime, Logistics and Infrastructure; and Professional Services, Information Technology and Tourism to chart the way forward. Fifty strategic proposals and 207 action items were proposed by the four focus groups.

Donald Tsang, the Chief Executive, was pleased to note that through the Economic Summit and the work of the focus groups, a community-wide consensus had been formed on the strategic positioning of Hong Kong's economy. He called for concerted efforts from the Government, the business sector, and the community at large to work together to bring Hong Kong and the Mainland to greater heights.

Reports of the four focus groups can be accessed via the web link www.info.gov.hk/info/econ_summit/eng/action.html ◇



InnoCentre promotes creative industries

THE InnoCentre, Hong Kong's first facility which aims at cultivating a cluster of high-value added design activities among design professionals and user industries, was opened in November 2006.

Speaking at the opening ceremony of the InnoCentre, Donald Tsang, the Chief Executive, noted that all the key elements of a creative economy already existed in Hong Kong. These included the rule of law, protection of intellectual property, free flow of capital and information, the right environment to nurture and attract creative talent, an infrastructure that encouraged investment in cultural industries and a community that appreciated the importance of creativity.

To make the InnoCentre a magnet for design activities, the Government has earmarked an additional HK\$100 million to support the Hong Kong Design Centre over the coming five years. This will help the centre to hold exhibitions, conferences, workshops, networking functions and professional education and training courses. ◇



CE Donald Tsang (middle), SCIT Joseph Wong (second from left) and other officiating guests perform a lighting ceremony of the InnoCentre.

Journalists impressed with Olympic preparations

THE 2008 Olympic Equestrian and Paralympic Events will be held in Hong Kong in August and September respectively. In preparation for hosting the Events, Hong Kong will stage a trial competition in August 2007.



Project manager Julian Wright conducts a site briefing for the visiting journalists.

A group of international equestrian journalists, who were in Hong Kong for one week in early March for a familiarisation visit ahead of the trial events, gave Hong Kong the thumbs up for its preparations for the events.

They visited the equestrian venues at Penfold Park and the Hong Kong Sports Institute at Shatin, and the cross-country course straddling the Beas River Country Club and the Hong Kong Golf Club at Fanling.

They were briefed on venue preparations to date, as well as importation and quarantine procedures, veterinary care and drug testing.

Jennifer Anstey, the International Alliance of Equestrian Journalists' spokesperson said: "Construction has progressed very nicely. Facilities for the horses look top notch with thorough air conditioning and the site in general looks to be progressing well. We were all very impressed by the presentations made and the thoroughness of the preparations."

Lam Woon-kyong, the Chief Executive Officer of the Equestrian Events (Hong Kong) of the Games of the XXIX Olympiad Company Ltd, told the journalists that more than 300 horses were expected to take part in the Olympic Events in 2008.

Details of the Events can be found on the website: www.equestrian2008.org ◇

Development of new cruise terminal facilities

THE HKSAR Government has plans for developing new cruise terminal facilities at Kai Tak, the former site of the Hong Kong International Airport.

According to Stephen Ip, the Secretary for Economic Development and Labour, the development of new cruise terminal facilities is important for Hong Kong to capture the growth of the cruise industry in the Asia Pacific Region, and sustain its development as a regional cruise hub.

An incremental approach will be adopted in developing the new cruise terminal and tourism-related facilities at the southern end of the former runway.

Provision of tourism-related facilities

First, a new cruise terminal will be developed on a 7.6 hectares site earmarked at the southern end of the runway. Thereafter, the Government will offer land adjacent to the cruise terminal to the market for development of tourism-related facilities, such as hotels, shopping malls and conference facilities. Priority will be given to the new cruise terminal facilities to allow for their early completion. Other tourism-related facilities will proceed as the Kai Tak Development evolves.

The Government will develop the new cruise terminal through an open tender. The successful bidder will, at his own cost, form the site as well as design, build, and operate the berthing and supporting facilities. These will include reconstruction of the existing seawall, and development of two alongside berths which can meet the need of mega cruise vessels up to a displacement of 100,000 tonnes.

Depending on the implementation programme of the successful bidder, the first berth at Kai Tak is expected to be completed in 2012. ◇



Singapore-listed companies tap on Hong Kong advantages

SINGAPORE-LISTED Eu Yan Sang International Ltd, a leading traditional Chinese medicine (TCM) company, launched its new quality assurance and processing facilities for Wisconsin American Ginseng in Hong Kong on March 14.

The new facilities were established following the Group's announcement in December 2006, of the award of an exclusive worldwide distributorship to Eu Yan Sang by the Wisconsin Ginseng & Herb Corp (GHC), as well as the granting of the sole right to use the Wisconsin Ginseng Seal, by Ginseng Board of Wisconsin (GBW).

Wisconsin American Ginseng contracted under the auspices of GHC will be shipped to Eu Yan Sang's GMP plant in Yuen Long Industrial Park in Hong Kong, where fingerprinting and processing are undertaken. The certified and processed Wisconsin American Ginseng will then be exported from the Hong Kong GMP centre to markets worldwide, furthering Hong Kong's lead as the world's QA pioneer and centre for TCM.

John Rutherford, acting Director-General of Investment Promotion said, "Invest Hong Kong is proud to be the catalyst that brought together Eu Yan Sang and the Ginseng Board of Wisconsin. We are also delighted to be able to celebrate this expansion of Eu Yan Sang's presence in Hong Kong, only four months after the establishment of the company's new manufacturing facilities in Yuen Long."

Springboard to enter Mainland market

Meanwhile, Best World International Ltd, a Singapore-based health and lifestyle products company, opened its regional centre in Causeway Bay, Hong Kong in January.

The new regional centre marks Best World's commitment to develop Hong Kong into a key market. Best World, which is the only direct selling company listed on the Singapore Exchange, first entered the Hong Kong market in September 2005 by operating franchised retail outlets, namely bwL Authorised Lifestyle Centre.

Best World Lifestyle (HK) will serve consumers in Hong Kong, Macao and Guangdong Province, and will serve as a springboard for the Group to enter the Mainland market.

Dr Dora Hoan, Group Managing Director & CEO remarked, "We decided to establish a regional centre in Hong Kong, because we are confident of the opportunities for growth in this booming consumer market. Hong Kong has long been an excellent business hub renowned for its outstanding infrastructure and business-friendly environment. By establishing ourselves in this vibrant, international business hub, we expect to achieve outstanding results." ◇



From left: Acting DGIP John Rutherford; Eu Yan Sang Group CEO Richard Eu; GBW President Joe Heil and Director of the US Agricultural Trade Office Hong Kong Philip A. Shull.

Spotlight Hong Kong in Singapore

DR PATRICK HO, the Secretary for Home Affairs visited Singapore from January 31 to February 3 upon the invitation of the Republic Government. Apart from calling on Dr Lee Boon Yang, the Minister for Information, Communications and the Arts, Dr Ho also met with top representatives of the Urban Redevelopment Authority, National Heritage Board and the Preservation of Monuments Board, and visited major arts and culture institutes in Singapore, before concluding his visit by officiating at the opening ceremony of the Spotlight Hong Kong cultural event co-organised by The Arts House in Singapore and the Hong Kong Fringe Club.

From February 2 to 10 Spotlight Hong Kong featured a smorgasbord of arts and culture offerings involving some 100 artists from Hong Kong.

More than 100 VIP guests including diplomats and leaders from the local cultural sector invited by the HKETO, together with a similar number of guests invited by The Arts House enjoyed thoroughly a performance by The Hong Kong Saturday Night Jazz Orchestra and an exhibition featuring Hong Kong artists in the evening of February 2.

From February 26 to March 2, Dr Ho also visited Hanoi and Ho Chi Minh City, Vietnam at the invitation of the country. Apart from meeting Le Tien Tho, the Deputy Minister for Culture and Information in Hanoi and leaders of the People's Committee of Ho Chi Minh City, Dr Ho also attended the opening ceremony and performances of the first Cultural Festival of Chinese in Vietnam, featuring again the Hong Kong Fringe Club. ◇



SHA Patrick Ho and the Minister for Information, Communications and the Arts, Singapore, Dr Lee Boon Yang (right) view the works of Hong Kong artist Annysa Ng on display at the Spotlight Hong Kong event. On the left is Fringe Club's Artistic Director Benny Chia.

Sharing anti-bookmaking experience

THE first International Experience Sharing Session on Anti-Bookmaking Enforcement by officers of crime investigation units of Hong Kong, Guangdong, Shenzhen, Macao, Singapore and Malaysia was successfully held in January.

The two-day sharing session provided a unique opportunity for officers of crime investigation units of the six places to exchange experiences and strategies in tackling illegal bookmaking activities, in particular, soccer bookmaking.

The session was the first of its kind among the Asian law enforcement agencies with a view to combating illegal bookmaking activities. It concluded that the criminal investigation departments of the six places would continue to co-operate closely. ◇



Hong Kong's advantages explained to MNCs and SMEs

DR VICTOR FUNG, Chairman of the Greater Pearl River Delta (PRD) Business Council visited Singapore to deliver a talk entitled "Hong Kong's Hinterland: PRD and Beyond" on January 4 at the Institute of Southeast Asian Studies Regional Outlook Forum 2007 sponsored by the HKETO.

Dr Fung said that Hong Kong had actively participated and played a lead role in the transformation of the PRD, and the Hong Kong economy had, in the process, become increasingly integrated with the PRD. He went on to add that the result of this integration had spurred the enlargement of the PRD into the Greater PRD, and later the development of the Pan PRD (PPRD). He emphasised that Hong Kong's closer economic ties with the Mainland would reinforce its role as a two-way springboard for the flow of people, capital, goods and information from overseas to the Mainland and vice versa. Dr Fung also talked about the contributions of the Closer Economic Partnership Arrangement and the Individual Visit Scheme to the growth of the Hong Kong economy.

Services industries moving ahead

Meanwhile, K K Lam, Director of the HKETO gave a powerpoint presentation on "Hong Kong : Gateway for Services to China" at the SCI Asia Pacific Regional Conference 2007 in Singapore on April 20, and at the Asia Forum 2007 in Ho Chi Minh City on May 4. The latter was hosted by the Hong Kong Business Association, Vietnam, the Federation of Hong Kong Business Associations Worldwide and the Hong Kong Trade Development Council.

Mr Lam talked about the services industries of Hong Kong and how they would move ahead, especially in the context of the findings the Four Focus Groups of the Economic Summit on "China's 11th Five-Year Plan and the Development of Hong Kong"



(also see page 2). Furthermore, he urged the delegates to focus on the advantages of Hong Kong in doing business in the region and with Mainland China. He also described the economic outlook for Hong Kong and the PPRD regional cooperation initiative. In addition, he elaborated on why the One Country, Two Systems concept had been so successful during the last decade.

The message was also disseminated to senior executives of MNCs in Singapore at a joint networking event organised by the HKETO with the Singapore International Chamber of Commerce on April 25 (see picture), and to SMEs in Vietnam at a Hong Kong reception in Ho Chi Minh City immediately after the Asia Forum. ◇

Violin concert charms Singapore audience



(Photo: Ministry of Education, Singapore)

YOUNG Hong Kong violinist Li Chuanyun visited Singapore on March 30 to give a violin recital and violin concerto with the Singapore National Youth Orchestra at the Victoria Concert Hall.

To promote cultural exchanges between Hong Kong and Singapore, the HKETO sponsored his performance by inviting about 60 VIP guests including diplomats and leaders from the local cultural sector to the concert. Some 880 seats available at the Concert Hall were quickly snapped up by Mr Li's supporters, who thoroughly enjoyed his outstanding performance.

Picture shows Singapore's Defence Minister Teo Chee Hean, who was the Guest of Honour, with Mr Li (middle) and K K Lam (left). ◇

Asean interlocutors briefed on Hong Kong's financial situation

K K LAM, Director of the HKETO gave talks in Singapore, Bangkok, Kuala Lumpur, Manila and Ho Chi Minh City in March on the 2007-08 Budget speech delivered by Henry Tang, the Financial Secretary (also see page 1).

Mr Lam highlighted the main objective of this year's Budget, which is to contribute to the long-term economic development, social harmony and stability of Hong Kong under the policy direction of "revitalising the economy, promoting employment and improving people's livelihood".

The HKETO also co-organised a series of spring dinners with the Hong Kong Tourism Board and Cathay Pacific Airways in Southeast Asia. The dinners were well attended by guests from the travel and airline industries, as well as the media.

In his opening remarks, Mr Lam pointed out that travel industry players in Hong Kong and the region could work hand in hand to promote tourism in the Pan-Pearl River Delta (PPRD), which had great market potential for inbound and outbound travel. He called upon the travel industry to focus on developing PPRD tourism, so that tourist attractions in the region would be linked up in new travel itineraries. ◇



Thumbs up for Hong Kong

- The Heritage Foundation ranked Hong Kong as the world's freest economy for the 13th consecutive year in January. It showed that Hong Kong's efforts in upholding a free market had been once again recognised and reaffirmed by



the international community. Picture shows Dr Edwin Feulner, Heritage Foundation President presents Donald Tsang, the Chief Executive (right) with a copy of the 2007 Index of Economic Freedom.

- In its Staff Report on Hong Kong released in January, the International Monetary Fund (IMF) was highly supportive of the HKSAR Government's policy framework in fostering economic growth and maintaining the competitiveness of Hong Kong as an international financial centre. The IMF commended the HKSAR Government for appropriately focusing on safeguarding Hong Kong's traditional strengths – flexible markets and strong institutions – which have underlined Hong Kong's competitiveness.
- Hong Kong was applauded as a "model member economy" in trade and investment liberalisation and facilitation in its Individual Action Plan Peer Review Session held in January in Canberra, Australia, as part of the meetings of the 2007 First Senior Officials' Meeting of the Asia-Pacific Economic Cooperation (APEC). The study report on the action plan noted that Hong Kong had long maintained a free-market economy and a liberal trade and investment regime. Experts who wrote the report reiterated that Hong Kong could be considered as

the APEC member economy that was closest to achieving the Bogor Goals.

- In its annual "Capital Access Index", the US non-profit economic study organisation, the Milken Institute, rated Hong Kong the world's most competitive economy for capital-raising. The survey gave rankings on the bases of market openness, operational efficiency, variety of financial services and degree of free flow of goods.
- Hong Kong remains China's most competitive city, according to the annual "Metropolis (International City) Competitiveness Study: Hong Kong vs Shanghai" released in March. Now in its sixth year, the study gauges the opinion of 210 CEOs of MNCs based in Hong Kong and Shanghai. Overall Hong Kong scored 4.1 out of a maximum of five points. Shanghai scored 3.21.
- Investment promotion in Hong Kong achieved positive results in 2006. Invest Hong Kong assisted 246 overseas, Mainland and Taiwan companies to set up or expand operations in Hong Kong during 2006 – representing a healthy growth of 6% over 2005, itself a record year. The results suggest that Hong Kong remains a highly attractive location for overseas, Mainland and Taiwan companies to do business in the region. Hong Kong also has maintained its leading position as the preferred destination for foreign direct investment. ◇

HKIA scales new heights

HONG KONG International Airport (HKIA) has been recognised as the world's best airport among facilities serving 40 million-plus air passengers annually in the Airports Council International's 2006 Airport Service Quality Awards. HKIA ranked second overall in the awards, which surveyed more than 200,000 people at over 90 airports worldwide.

Meanwhile, propelled by steady regional and international economic expansion and the surging demand for air transport services, HKIA set record in all air traffic figures in the financial year 2006-07.

HKIA handled over 45 million passengers and 3.57 million tonnes of cargo, up 8.5% and 2.8% respectively over financial year 2005-06. Boosted by the even increasing demand for air traffic, aircraft movement reached 283,000, a 4.8% growth compared to the same period last year. And in a move designed to enhance Hong Kong's role as a financial and logistics centre and meet growing regional demand for gold, Airport Authority Hong Kong announced in January that it would open a precious metals depository at HKIA by end 2007.

Record visitor spending in 2006

The 2006 tourism spending figures released by the Hong Kong Tourism Board (HKTB) in March showed that the Total Expenditure Associated to Inbound Tourism grew by 12.7% compared with 2005 to a record high of HK\$119.43 billion, exceeding the original forecast by more than HK\$4.7 billion. The HKTB also announced that tourism arrivals for February 2007 reached a high for the month of more than 2.8 million.

According to the very first ranking of its kind in the Travel & Tourism Competitiveness Report 2007, released also in March by the World Economic Forum, Hong Kong is among the top 10 economies which have the most attractive environment for developing the travel and tourism industry. ◇

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