



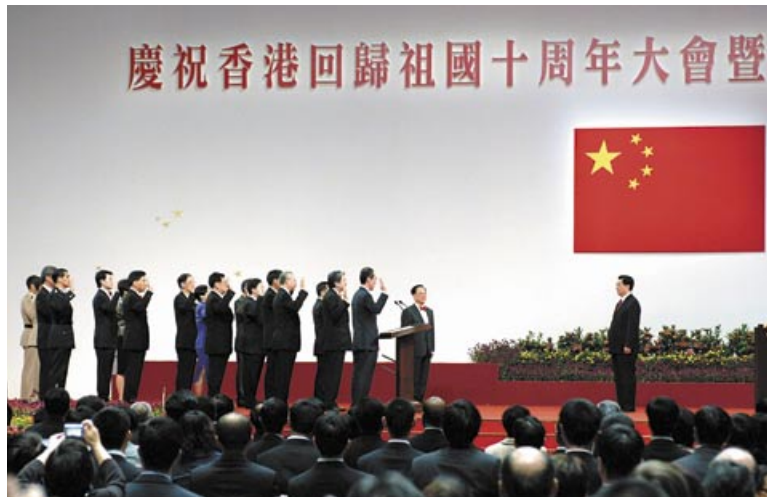
Hong Kong aims higher in next decade

THIS year, Hong Kong celebrates the 10th anniversary of its reunification with the motherland, and July 1 marked the beginning of Hong Kong's next decade of development as a Special Administrative Region. On the day, the inauguration ceremony of the third term Hong Kong Special Administrative Region (HKSAR) Government was held. President Hu Jintao, who was in Hong Kong for this special occasion, swore in Donald Tsang, the Chief Executive, and the Principal Officials.

President Hu said the Central Government hopes Hong Kong and the Hong Kong people have a better future. In concluding the past 10 years' experiences, President Hu said it is important to fully implement the "One Country, Two Systems" policy and strictly comply with the Basic Law.

Focus on economic development

President Hu also said that Hong Kong should concentrate on developing the economy and improving people's livelihood, so that the community can remain stable and a democratic system that is suitable for Hong Kong can be developed. The Central



President Hu (right) swears in the Principal Officials of the third term HKSAR Government, with CE Donald Tsang looking on.

Government will implement policies to facilitate Hong Kong's economic development, and improve cooperation mechanisms with Hong Kong.

"As long as the Hong Kong Government and people work in partnership, give full play their strengths, enhance economic cooperation with the Mainland, and adapt to accelerated economic globalisation, they can ensure Hong Kong's sustained and steady economic growth," President Hu said.

President Hu also pointed out that Hong Kong has remained a free port and an international financial, trade and shipping centre during the past decade, and has been consistently rated as the most open and freest economy and one of the most dynamic regions with the best business environment in the world.

At the inauguration ceremony, the Chief Executive said: "The Government will promote a new mode of economic development: The financial sector will be expanded and investment in infrastructure will be increased to drive wage increases and create more job opportunities for grassroots workers". ◇



President Hu shakes hands with a girl after officiating at the opening of the Shenzhen Bay Port and Bridge.

Shenzhen Bay Port and Bridge open

THE opening of Shenzhen Bay Port marked the success of the "One Country, Two Systems" policy, and the implementation of immigration co-location realised the policy's flexibility and creativity, Donald Tsang, the Chief Executive said.

Speaking at the Shenzhen Bay Port and Shenzhen Bay Bridge opening ceremony on July 1, Mr Tsang said the facilities were the fruitful results of close cooperation between Hong Kong and Shenzhen in the past five years.

Tang Jiaxuan, State Councillor said at the ceremony that the port and bridge would greatly improve the cross-boundary traffic between Hong Kong, Shenzhen and the Pearl River Delta Region, strengthening Hong Kong's ties with the Mainland.

President Hu Jintao officially opened the port and bridge, as his car drove through a ribbon at the boundary line dividing Hong Kong and Shenzhen. He then left Hong Kong, concluding his three-day visit to the city. ◇



HKSAR 10th anniversary celebrations in ASEAN



HKETO Director K K Lam (third left) picture with the Chinese Ambassador Madam Zhang Xiaokang (fourth right), the Chair Moderator Professor Wang Gungwu (third right), Vice President of the Singapore Chinese Chamber of Commerce and Industry Patrick Lee (fourth left) and speakers at the business forum.

BEGINNING June, the HKETO launched a series of activities to mark the HKSAR 10th anniversary. All of these events received enthusiastic response and helped to promote the Hong Kong spirit.

Celebrations in the ASEAN were kicked off with the stage of a Hong Kong Pavilion in Kuala Lumpur, Malaysia from June 22 to 24. The Hong Kong Tourism Board (HKTB) and Hong Kong tourist attraction operators were co-organisers of this pavilion.

"We are pleased to stage our special exhibition of the 10th anniversary within this Hong Kong Pavilion at the Putra World Trade Centre to highlight, among other themes, the successful implementation of the 'One Country, Two Systems', and our developments in economy, business, infrastructure, sports and culture. Hong Kong indeed has much to celebrate, as illustrated in this exhibition," K K Lam, Director of the HKETO said.

The three-day event in Kuala Lumpur attracted about 50,000 visitors from all walks of life.

Dignitaries graced reception in Singapore

In Singapore, more than 300 leaders from the Government, diplomatic, finance, business and academic sectors as well as media representatives joined the toast in celebration of the HKSAR 10th anniversary at a cocktail reception organised by the HKETO on June 28. Dignitaries included Madam Zhang Xiaokang, Chinese Ambassador in Singapore, and Dr Balaji Sadasivan, Senior Minister of State (Foreign Affairs), Singapore.

The highlight of the evening was a performance by seven students from the Hong Kong Academy for Performing Arts. The dizi performance, soprano solo and modern dance staged by the students won great applause of the guests.

The guests were also impressed with the achievements of the HKSAR through watching the videos of the 10th anniversary theme

song "Just Because You Are Here", and "Challenge Met". They noted the importance of Hong Kong as a strategic gateway to Mainland China as they viewed the display panels of the HKSAR 10th anniversary special exhibition.

Business forum drew Malaysian and Indonesian participants

To sustain the efforts to raise the profile of the HKSAR for the 10th anniversary occasion, the HKETO also partnered the Singapore Chinese Chamber of Commerce and Industry to organise a business forum named "Singapore and Hong Kong: Building Economic Synergies" on July 31 in Singapore.

Mr Lam said the current 11th Five-Year Plan of China stated clearly that China would continue to support the development of Hong Kong as an international hub of financial services, logistics, trade and tourism.

He looked forward to identifying more opportunities and platforms for Singapore and Hong Kong to collaborate and achieve win-win.

Under the chairmanship of Professor Wang Gungwu of the East Asian Institute in Singapore, four speakers from Hong Kong and Singapore shared their insights at the forum.

They were Professor Yeung Yue Man, Director, Hong Kong Institute of Asia-Pacific Studies, the Chinese University of

Hong Kong; Professor Michael Enright, Sun Hung Kai Properties Professor, School of Business, the University of Hong Kong; Richard Eu, Chief Executive Officer of the Eu Yan Sang Group in Singapore; and Simon Galpin, Associate Director-General of Investment Promotion at Invest Hong Kong.

The forum drew more than 200 participants with some from Malaysia and Indonesia.

On the cultural side, a Hong Kong Film Festival will be launched in Singapore from September 18 to 23 to showcase 10 Hong Kong productions in the last decade and to introduce a diverse spectrum of Hong Kong movies. ◇



Guests look at the display panels of the HKSAR 10th anniversary exhibition at the celebration reception in Singapore.



HKETO Director K K Lam (right), Hong Kong actress and singer Karen Mok, and HKTB Regional Director David Leung officiate at the opening ceremony of the Hong Kong Pavilion in Kuala Lumpur.



Hong Kong focusing on Islamic finance

JOHN C TSANG, the Financial Secretary stopped over at Kuala Lumpur on August 6 on his way back to Hong Kong after attending the 14th Finance Ministers' Meeting of the Asia-Pacific Economic Co-operation (APEC) in Coolumb, Australia, and his side trips to Brisbane and Sydney. The main purpose of his visit to Malaysia was to learn more about the development of Islamic finance in the country.

Mr Tsang said that among Muslim countries, Malaysia was generally considered to have the most sophisticated market structure, as well as legal and regulatory regimes, for Islamic finance. "My trip serves as a valuable source of information and experience as we formulate our strategy to promote and develop Islamic finance in Hong Kong," he said.



On his first official visit to Malaysia as the Financial Secretary, Mr Tsang met Senator Tan Sri Nor Mohamed Yakcop, the Minister of Finance II (see picture), and Dato' Dr Ng Yen Yen, Deputy Finance

Minister to discuss co-operation between Hong Kong and Malaysia in financial and monetary matters.

Mr Tsang also had a discussion with Ms Irene Dorner, the Chief Executive Officer of HSBC Bank Malaysia Berhad to learn the latest developments of the banking sector in Malaysia.

During a luncheon gathering with top leaders of major banks and financial investment entities including Tun Mohamed Dzaiddin, Chairman of Bursa Malaysia, Mr Tsang exchanged with them issues on global and regional financial development.

Other major organisations visited by the Financial Secretary included Khazanah Nasional Berhad, Bank Islam Malaysia Berhad and Bank Negara Malaysia. ◇

Talks to share Hong Kong's investment climate

MIKE ROWSE, Director-General of Investment Promotion at Invest Hong Kong conducted an official visit to Singapore on August 31 and September 1. Apart from having a busy schedule of conducting calls on investment promotion, Mr Rowse also gave a luncheon talk for members of the Singapore International Chamber of Commerce and interlocutors of the HKETO.

Over 100 guests listened with great interest to Mr Rowse's analysis of Mainland China's economic development and the continued importance of Hong Kong. He pointed out that being an integral part of China and having successfully

implemented the "One Country, Two Systems" principle, Hong Kong played an even more special and unique role in the sustained development of China as the HKSAR celebrated the 10th anniversary of its return to the country.

Mr Rowse also conducted a dinner dialogue with members of the Singapore Institute of International Affairs (SIIA), the country's oldest think-tank. Moderated by Ms Euleen Goh, Advisor of the SIIA and Chairman of the International Enterprise Singapore, the session featured candid exchange of opinions on a range of subjects by Mr Rowse with the businessmen, academics and economists who were present. ◇

Tourism Commissioner speaks at world conference



MISS AU KING CHI, the Commissioner for Tourism, spoke on "Creating a Shopping Paradise" at the World Tourism Conference in Kuala Lumpur on June 5. The conference, held by the World Tourism Organisation (UNWTO), brought together tourism leaders to share their experiences in tourism planning, development and marketing.

During her visit, Miss Au had a bilateral meeting with Mr Francesco Frangialli, the Secretary-General of UNWTO

to exchange views on latest tourism trends and co-operation between Hong Kong and UNWTO on managing tourism growth. She also paid a courtesy call on Hon Datuk Seri Tengku Adnan Tengku Mansor, the Minister of Tourism in Malaysia. ◇

Visit for experience on public private partnerships

TO attain first-hand experience on Public Private Partnerships (PPPs) in the ASEAN, a group of HKSAR government officials led by Ms Kitty Choi, the Head of Efficiency Unit (EU) visited Singapore, Malaysia and Thailand from May 28 to June 1.

They met with government officials involved in PPP projects as well as the clients and customers using facilities developed under this model to gain a deeper understanding on the use of PPPs to deliver public services.

Participants also visited a range of PPP facilities covering water and sewage treatment, incineration plant, drainage facilities, highways, mass transit system, sports and recreational facilities, hospitals, port facilities, and information technology systems.

South East Asian countries are actively exploring the use of PPPs as the means to deliver large-scale infrastructural projects and services. By drawing on their experiences, the HKSAR government hopes to learn from their experiences and how they overcame various challenges.

The HKETO and the EU co-organised a reception in Singapore on May 28 for the visiting delegation to network so as to get more information on the practice of PPPs in the region. ◇



Hong Kong can bridge PPRD and ASEAN

HONG Kong possesses unparalleled strengths and unique features in bridging the Pan-Pearl River Delta (PPRD) region and ASEAN, said Donald Tsang, the Chief Executive.

Mr Tsang said Hong Kong is an open economic entity. Being an international financial centre, it has superior professional services and extensive global connections, and can facilitate economic and trade exchanges and cooperation between ASEAN and PPRD.

"The ASEAN and PPRD regions are in different stages of economic development. Their strengths vary yet they share some common features. Their differences and similarities in industrial architecture and strengths call for a go-between. Hong Kong is the ideal go-between," Mr Tsang said during a dialogue with PPRD leaders and officials from ASEAN ministries of commerce in Changsha, Hunan, on June 10.

The HKSAR government attaches great importance to ASEAN and PPRD markets. Its Economic and Trade Offices in Singapore, Guangdong and Chengdu as well as Invest Hong Kong are actively helping businessmen across the region, and achieving tripartite economic and trade co-operation.

"Our extensive trade connections both with the Mainland provinces and ASEAN countries have facilitated import and export trade between the two regions," said Mr Tsang.



"For instance, last year the value of goods that were routed through Hong Kong amounted to nearly 20% of the total bilateral trade value between China and ASEAN. That clearly illustrates the important intermediary role that Hong Kong plays.

"We are at advanced stage of preparation for establishing China-ASEAN free trade area. Hong Kong has unparalleled bridging role.

"We have experience. We have the connectivity and we will continue

to work hard in bridging enterprises in PPRD and ASEAN countries through our mutual benefits." ◇

FundsUPERmart launches online service in Hong Kong

SINGAPOREAN-based FundsUPERmart.com announced on July 30 that it had recently expanded its operations with the launch in Hong Kong of the online unit trust trading platform of iFAST Financial (HK) Limited. It is the company's first investment in Greater China.

iFAST (HK) has been issued with Type 1 and Type 4 licenses for dealing and advisory services by the Hong Kong Securities and Futures Commission.

Speaking at the launch, Mr Patrick Ho, FundsUPERmart.com's Managing Director in Hong Kong said he was confident that the new service would offer Hong Kong-based investors an easy and cost-effective way to research and build a unit trust investment portfolio.

Mr Charles Ng, Acting Director-General of Investment Promotion at Invest Hong Kong congratulated FundsUPERmart, adding "Hong Kong's mature and well-regulated financial services, coupled with easy access to a strong pool of local, regional and international investors has driven the city's success and made Hong Kong a particularly attractive base for foreign companies." ◇

Launch of 'ArtSIA Calendar' website



Secretary for Home Affairs Tsang Tak Sing (centre) and cultural ministers from other Asian economies officiate at the website launching ceremony.

AN ArtSIA Calendar website (www.artsia.org) was launched at the Asia Cultural Co-operation Forum (ACCF) 2007 on July 23 to disseminate the latest information on signature arts events in 11 Asian economies.

The public is now able to access information on major arts events on the Mainland, Hong Kong, Macau, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand and Vietnam via this website.

Cultural ministers of the participating countries speak highly of the new website. Dr Lee Boon Yang, the Minister for Information, Communications and the Arts of Singapore applauded the move to launch the ArtSIA Calendar.

Dr Lee said: "This is an effective way to promote and strengthen cultural relations among Asian countries as well as between Asia and the world. ArtSIA Calendar will facilitate information sharing within Asia and internationally, and expand people-to-people exchanges which are so important for the arts and culture sector. Singapore gives its full support to this initiative." ◇

Banking information exchange cooperation

THE Bank of Thailand (BoT) signed on June 23 a Statement of Cooperation (SoC) on Information Exchange for Effective Cross-border Banking Supervision with the Hong Kong Monetary Authority (HKMA), the regulator of deposit taking financial institutions in the HKSAR.

Currently, there are five Thai authorised institutions in Hong Kong and there is one Hong Kong authorised institution maintaining a branch in Thailand.

The signing of the SoC will further foster HKMA's ongoing relationship with BoT on sharing of information and supervisory co-operation. ◇



QDII expansion and RMB bonds issue highlight Hong Kong's role

THE China Banking Regulatory Commission's decision on May 11 to widen the scope of investment under the Qualified Domestic Institutional Investors (QDII) scheme highlighted the fact that Hong Kong is our country's principal international financial centre, said Henry Tang, the former Financial Secretary.

The arrangement facilitates the dual-direction capital flow between the Mainland and Hong Kong. The move also shows Hong Kong has a world class financial services platform which can offer a wide spectrum of financial services to the Mainland, increasing the outward mobility of Mainland investors and financial intermediaries to orderly alleviate some of the country's external imbalances, he said.

Mr Tang added that the commission's decision was a practical response to the Action Agenda on "China's 11th Five-Year Plan and the Development of Hong Kong".

The move will bring Hong Kong banks and the finance industry more business opportunities, while enhancing the co-operation and development of Mainland and Hong Kong financial institutions and consolidate the city's status as an international financial centre.

It also gives us more opportunities of making the best use of Hong Kong's advantages to facilitate and complement the Mainland's development needs, Mr Tang said.

Mr Tang also welcomed the announcement on June 8 by the People's Bank of China of the Administrative Rules for issuance by financial institutions on

the Mainland of renminbi-denominated bonds in Hong Kong.

"This also marks the implementation of another specific recommendation in the Action Agenda on 'China's 11th Five-Year Plan' after discussions at various levels between the Central Government and the SAR Government," he said.

He pointed out that the launch of the renminbi bond business in Hong Kong was an important break-through, as Hong Kong would become the first place outside the Mainland that had a renminbi bond market, and this would help strengthen its status as an international financial centre. This new initiative also provided banks in Hong Kong with new business opportunities, for instance, to participate in the issuance of renminbi bonds and in the trading of such bonds in the secondary market. ◇

Agreement reached on CEPA expansion

THE HKSAR Government and the Central People's Government agreed on June 29 on further services liberalisation and economic co-operation under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

The new package of liberalisation and co-operation measures under the Supplement IV to the CEPA provides further and broader opportunities for Hong Kong business and reinforces Hong Kong's comparative advantages in better tapping the potential of the Mainland market.

Under the Supplement IV to the CEPA, the Mainland will introduce 40 liberalisation measures in 28 services areas, including existing ones such as banking, tourism, convention and exhibition, and medical, plus 11 new ones including elderly services, environmental services and public utilities. The two sides will also enhance co-operation in finance, convention and exhibition, and mutual recognition of professional qualifications. All the services liberalisation measures will come into force on January 1, 2008.

The CEPA was first signed in June, 2003. Under the CEPA, the Mainland has agreed to give all products of Hong Kong origin tariff

free treatment if they meet the CEPA rules of origin. On trade in services, the Mainland has already allowed preferential treatment to Hong Kong service suppliers in 27 services areas. Details on the CEPA including the newly agreed liberalisation and co-operation measures in the Supplement IV are available at www.tid.gov.hk/english/cepa/index.html. ◇

Scheme for Mainland individuals to invest directly in Hong Kong securities

THE State Administration of Foreign Exchange (SAFE) announced on August 20 a pilot scheme for Mainland individuals to invest directly in Hong Kong securities.

Under the scheme, resident individuals can use foreign currency funds of their own or those converted from renminbi to invest in securities listed on the Hong Kong Stock Exchange.

"The use of Hong Kong's financial platform for Mainland individuals to invest in securities offshore is a clear demonstration of the mutually-assisting, complementary and inter-active relationship between the financial systems of the Mainland and Hong Kong. It will help to enhance the status of Hong Kong as an international financial centre," John C Tsang, the Financial Secretary said.

The Action Agenda on "China's 11th Five-Year Plan and the Development of Hong Kong" published early this year has proposed a greater use of Hong Kong's financial platform to facilitate orderly outflows of funds from the Mainland. The pilot scheme announced by SAFE is a concrete response to the recommendation. ◇



Former FS Henry Tang (left) and Vice-Minister of Commerce Liao Xiaoqi sign the Supplement IV to the CEPA. Minister of Commerce Bo Xilai and CE Donald Tsang witness the ceremony.



Hong Kong is world's freest economy again

HONG KONG is again ranked the world's freest economy in the Economic Freedom of the World: 2007 Annual Report released on September 4 by the Fraser Institute of Canada and over 70 other research institutes around the world. The report compares the level of economic freedom in 141 economies.

Apart from the top overall ranking, Hong Kong also ranks first in "freedom to trade internationally" and "labour market regulations".

Improved ratings by two agencies

Meanwhile, the HKSAR government welcomed Standard & Poor's (S&P's) decision on July 26 to upgrade Hong Kong's ratings outlook to "Positive" from "Stable". The agency also affirmed Hong Kong's credit ratings at "AA".

According to S&P, Hong Kong's economic strength, the government's large net creditor position, and Hong Kong's large net external creditor position are the key strengths of its credit quality. Recent improvements to Hong Kong's fiscal position have further reinforced this support.

The HKSAR government also welcomed on the same day Moody's decision to upgrade Hong Kong's long-term foreign-currency and local-currency sovereign ratings to "Aa2" from "Aa3", with "Stable" outlook.

Moody's attributed the decision to a strengthening of Hong Kong government finance and its external position. This strong position gives the government considerable financial flexibility and provides a strong buffer against potential shocks emanating from the Mainland or elsewhere. ◇

Equestrian facilities impress riders

LOCAL and overseas riders said they were impressed by Hong Kong's facilities for staging the 2008 Olympics equestrian events.

Competitors in the Good Luck Beijing-HKSAR 10th Anniversary Cup in Hong Kong from August 11 to 13 said the facilities they used at Sha Tin and Beas River were good.

Event organiser The Equestrian Company said the competition ran smoothly and feedback was positive, while Mr Jacques Rogge, the International Olympic Committee President hailed Hong Kong's Olympic preparations, saying "everything is progressing well and we will have an absolutely fabulous Games here next year". ◇

Aviation sector keeps scaling new heights

A milestone in the development of Hong Kong's aviation industry was reached with the city playing host to the world's largest dedicated civil aerospace exhibition from September 3 to 6.

The Asian Aerospace International Expo and Congress 2007, held at AsiaWorld-Expo of Hong Kong International Airport (HKIA), was an exclusive business-to-business event featuring around 10,000 pre-registered trade visitors, 1,000 conference delegates and 500 exhibiting companies from more than 20 countries.

The move of the show to Hong Kong for the first time comes as the Asia Pacific market is forecast by the world's top manufacturers to account for a third of aircraft orders over the next 20 years.



Airbus A380 successfully conducted a demonstration flight on the first day of the Aerospace Expo. Picture shows the aircraft flying past Two International Finance Centre in Central.

Another encouraging news is the recognition of HKIA as the world's best airport for the sixth time in seven years in the annual Skytrax survey. Skytrax is an independent, London-based air transport research organisation. From August 2006 to July 2007, 7.8 million passengers across the globe voted in the Airport of the Year Survey.

In July, HKIA received the Air Transport Research Society's Asia-Pacific Airport Efficiency Excellence Award. It was also named the best international airport by TravelWeekly magazine and the world's best airport among facilities serving over 40 million passengers annually by the Airports Council International. ◇

HK FILES Subscription / Response Form

We hope you have enjoyed this issue of HK FILES. To make sure that you can continue to receive free copies of the newsletter, please mail or fax the response form back to us and give us your comments.

Name: _____

Designation: _____

Address: _____

Comments:

Please put me on your mailing list

I enjoyed reading your newsletter. I would like to read about: _____

Other comments: _____

Mail or fax back to the Editor, HK FILES.
Hong Kong Economic & Trade Office,
9 Temasek Boulevard #34-01 Suntec City Tower Two, Singapore 038989.
Tel: (65) 6338 1771, Fax: (65) 6339 2112.