



Hong Kong eagerly welcomes Olympic flame

HONG KONG is the first stop on Chinese soil for Beijing 2008 Olympic Torch Relay, and is also the first Olympic venue reached by the flame, due to arrive on April 30. The Olympic Torch Relay will be held in the territory on May 2.

The Olympic flame will be carried by 120 torchbearers through Kowloon, the New Territories and Hong Kong Island to spread the Olympic spirit by running and other modes of transportation.

Olympic history in the making

THE 2008 OLYMPIC equestrian venues and facilities provided by the Hong Kong Jockey Club include a number of unique features and Olympic firsts:

- First-ever six-star accommodation for horses
- First-ever on-site testing laboratory for Olympic equine samples
- Fastest ever turnaround promised for Olympic equine samples
- First-ever Olympic on-site elective testing offered to equestrian teams
- First-ever 100 per cent recycling of Olympic stable waste
- First-ever air-conditioned indoor training arena in Olympic history
- Fastest ever creation of Olympic equestrian facilities (in less than two years)
- First-ever mobile cooling units for horses
- First-ever use of a racecourse in an Olympic equestrian venue



Chief Secretary for Administration Henry Tang (middle) and other distinguished guests officiate at the "200-day Countdown to the Beijing 2008 Olympic Games".

The route will pass through major landmarks and scenic spots of Hong Kong to showcase the city's unique appeal and attractions to the world.

After the torch relay in Hong Kong, the Olympic flame will be transported to Macau and other major cities on the Mainland before arriving in Beijing on August 8 for the opening ceremony of the Beijing 2008 Olympic Games.

Hong Kong is honoured to have the opportunity to stage the Equestrian Events of the Olympics from August 9 to 21, and of the Paralympics from September 7 to 11. The Hong Kong Jockey Club has invested HK\$1.2 billion to provide Hong Kong with the best equestrian venues and facilities in Olympic history. Olympic officials have praised Hong Kong's equestrian facilities.

More information on the Equestrian Events is available from <http://www.equestrian2008.org/eng/front.aspx> ◇

Budgetary measures enhance competitiveness

HONG KONG is enhancing its competitiveness and ensuring sustainable development with the delivery by John C Tsang, the Financial Secretary, of his first budget on February 27.

Mr Tsang forecast a record budget surplus in the Consolidated Account of HK\$115.6 billion and a surplus of HK\$63.7 billion in the Operating Account for 2007-08.

He proposed a host of measures to return wealth to the people. These include lowering the standard rate of salaries tax and personal assessment tax from 16 per cent to 15 per cent, with effect from the 2008-09 fiscal year. Profits tax will be lowered from 17.5 per cent to 16.5 per cent. Business

registration fees will also be waived for 2008-09, while hotel accommodation tax will be reduced to 0 per cent.

In addition, Mr Tsang proposed measures to boost the Research and Development sector, a key area for promoting high value-added economic activities. He also said that over the next few years, Hong Kong would vigorously complete various infrastructure projects, including the 10 major projects announced by the Chief Executive in his Policy Address last October.

On the environment, Mr Tsang proposed a reduction of the First Registration Tax on commercial vehicles meeting Euro V emissions standards.

To encourage businesses to use

cleaner production techniques, Mr Tsang also proposed a 100 per cent profits tax deduction for capital expenditure on environment-friendly machinery and equipment in the first year of purchase, while shortening the depreciation period for such equipment from 25 to five years.

With immediate effect, duties on wine, beer and other alcoholic beverages except spirits were exempted to help promote Hong Kong as a trade and distribution centre for quality wine in Asia.

The full text of the Budget Speech can be downloaded from www.budget.gov.hk ◇



Islamic finance development underway

HONG KONG possesses the required credentials to become an international centre for Islamic finance, a development which has the full support of the government, John C Tsang, the Financial Secretary, said on January 15.

Mr Tsang gave the above remarks at the one-and-a-half day Seminar on Islamic Finance co-organised by the Hong Kong Monetary Authority and the Islamic Financial Services Board to promote discussion of the development of an Islamic financial platform in Hong Kong. The seminar was attended by more than 280 local and overseas professionals.

"Islamic finance has become part of the global financial system while Shariah-compliant products and services have grown rapidly in both use and popularity. To further consolidate Hong Kong's position as an international financial centre, we should actively leverage on this new trend by developing an Islamic finance platform, and focus on, among other things, developing a wholesale Islamic finance market," Mr Tsang said.



He said Hong Kong is an ideal location for developing Islamic financial services. "We already have a well developed financial services sector, which is

underpinned by an open and transparent regulatory regime. A significant number of leading international banks have devoted considerable resources to the creation and servicing of a variety of Islamic financial products."

Unique edge of Mainland access

The Financial Secretary also highlighted the flexibility of Hong Kong's legal system in supporting international transactions. He pointed out that Hong Kong's access to the markets of Mainland China is a unique advantage over other competitors. "Hong Kong remains the only jurisdiction outside of the Mainland in which banks may transact business using the renminbi," Mr Tsang said, adding that this provides Hong Kong with an opportunity to develop wholesale markets in Shariah-compliant instruments for Mainland based issuers.

Given the potential requirement for capital on the Mainland, Hong Kong could also play a significant role in structuring and financing Islamic investment products to meet the needs of Mainland borrowers, Mr Tsang said.

The first Islamic retail fund for sale to retail investors in Hong Kong was launched in November 2007 with the approval of the Securities and Futures Commission.

The fund, an index-tracking fund, attracted some US\$45 million worth of orders by December last year, mainly from local investors. The fund's net asset value grew to US\$62 million as at end of 2007.

Dr Zeti Akhtar Aziz, Governor of Bank Negara Malaysia delivered the opening and keynote address at the seminar. ◇

MOU inked to enhance financial cooperation with Dubai

THE SECURITIES AND FUTURES COMMISSION and Dubai Financial Services Authority (DFSA) signed the bilateral Memorandum of Understanding (MOU) on April 3 to enhance co-operation on promoting and developing the respective Islamic capital market segments of Hong Kong and Dubai.

DFSA was holding its Board Meeting in Hong Kong. Speaking at the Reception of the Board Meeting, John C Tsang, the Financial Secretary, pointed out that Hong Kong had been serving as a centre for international financial intermediation for many years, matching investors and fund-raisers from many different places.

"Our stock exchange has successfully hosted the largest IPOs of Chinese enterprises globally. Our bond market is also very open and highly internationalised with foreign issuers being the major player in the Hong Kong dollar bond market. Offering financial intermediation services that are Shariah compatible is a natural extension of Hong Kong's role as an international financial centre.

"With our own unique and complementary market advantages, Dubai and Hong Kong can work together to promote the development of Islamic finance in

Asia. Hong Kong can learn a great deal from Dubai's experience of how to build a framework to facilitate the conduct of Islamic finance.

"At the same time, Dubai may also wish to use Hong Kong's financial platforms to introduce the investment opportunities available in the Middle East to investors in our region. The two centres may also jointly explore ways to broaden awareness and understanding of Islamic

finance in Asia, and foster Islamic financial activities between Dubai International Financial Centre and Hong Kong," Mr Tsang said.

As a first step in that direction, the Hong Kong Monetary Authority will lead a high level financial services delegation to Dubai and Jordan in May, to showcase Hong Kong's competitive advantages and capabilities for developing an Islamic capital market. ◇

Hong Kong and Vietnam sign stock exchange pact

HONG KONG EXCHANGES AND CLEARING LIMITED (HKEx) and the Ho Chi Minh Stock Exchange Limited (HOSE) signed a Memorandum of Understanding (MOU) boosting co-operation and information exchange on December 3, 2007. The pact will contribute to the growth of the securities markets in both Hong Kong and Vietnam.

The two sides will develop communication channels, conduct joint research projects and stage conferences to advance the development of both organisations.

The possibility of co-operation in areas such as technical assistance, training, cross-border listing and trading, and the creation of share-price indices will also be explored.

Professor K C Chan, the Secretary for Financial Services and the Treasury (fifth from right in back row in picture), said at the MOU signing ceremony: "With strong global linkages and with Mainland China as our resourceful hinterland, Hong Kong's



Secretary for Home Affairs visits Singapore

UPON the invitation of Dr Lee Boon Yang, the Minister for Information, Communications and the Arts, Singapore (right in picture), Tsang Tak-sing, the Secretary for Home Affairs (left in picture), visited Singapore from March 16 to 19 to see for himself the country's arts, culture, sports, recreation and community developments.

Mr Tsang called on Dr Lee to exchange views on cultural exchanges between the two places. He also had a lunch meeting with Dr Vivian Balakrishnan, the Minister for Community Development, Youth and Sports.

In addition, Mr Tsang toured a number of arts, cultural and sports facilities, including the School of the Arts, Singapore Sports School, the National Museum and the Esplanade.

He also visited the local community and met with district personalities.

Prior to concluding his Singapore trip, Mr Tsang had very fruitful exchanges on a range of social and livelihood subjects with a group of ex-Hong Kong residents. ◇



West Kowloon Cultural District in full swing

FORTY HECTARES of land at the southern tip of the West Kowloon Reclamation will be developed into a world-class integrated arts, cultural, entertainment and commercial district.

The project, known as the West Kowloon Cultural District (WKCD), is now in full swing. It will provide ample open space, vibrant harbourfront for public enjoyment and be closely connected with the neighbourhood community.

All arts and cultural facilities in the WKCD will be managed by non-Government organisations, seeking to promote artistic

excellence and building venue identity. These facilities will also be suitably clustered to achieve synergy and efficiency; integrated with superb retail, dining and entertainment facilities wherever appropriate.

The HKSAR Government plans to set up the WKCD Authority later this year to take forward the project. To tie in with the vision of the WKCD project, the Government will also take measures to further enhance the city's human resources and software on the arts and culture front. ◇

Hong Kong wins acclaim as MICE and cruise destination

WITH HONG KONG'S professional and quality services, strategic location as the gateway city of Mainland China and strong network of Chinese and international buyers, Hong Kong won the Best MICE (Meeting, Incentive, Convention, Exhibition) City Award in 2008 Industry Awards organised by *CEI Asia Pacific Magazine*. The Hong Kong Tourism Board (HKTb) was also voted one of the best National Tourism Organisations providing support services for convention and tourism.

In 2007, many international corporations and organisations chose Hong Kong for their meetings and events. Developing MICE segment continues to be Hong Kong's strategic focus in 2008.

Market confidence

Meanwhile, in the yearly Best Cruise Destinations poll of British cruise magazine *Dream World Cruise Destinations*, Hong Kong

was voted among others in the *Best Destination Experience — Independent Sightseeing* and *Best Turnaround Destination* sections. HKTb also announced that total ship calls of cruise liners in 2007 exceeded 1,110, while total cruise passenger throughput was more than 620,000, a surge of 52 per cent over that of 2006.

In the past two years, the three biggest cruise companies in the world, Carnival Corporation, Royal Caribbean Cruise Ltd and Star Cruises, made Hong Kong their home port and reaped much success. Cruise companies that have chosen to homeport in Hong Kong offer regular and seasonal voyages in 2008 and 2009, including *SuperStar Aquarius*, *SuperStar Libra* and *SuperStar Virgo* of Star Cruises, *Rhapsody of the Sea* of Royal Caribbean Cruise Ltd, *Costa Allegra* and *Costa Classica* of Costa, all of which reflect confidence of cruise operators in the Hong Kong market. ◇



status as a fund-raising centre shows the deep and large pool of liquidity in our market. We are committed to positioning Hong Kong as the fund-raising centre for not just China, but also other rising economies like Vietnam”.

“I hope that the MOU will help bring Vietnam and Hong Kong

closer together and strengthen our partnership in financial cooperation in the years ahead.

“We eagerly look forward to Hong Kong playing a more proactive role in contributing to Vietnam's economic reform, and seeing Vietnamese enterprises making more and better use of the financial services in Hong Kong,” he added.

Paul Chow, HKEx Chief Executive (right in front row) said the MOU marked a new stage for HKEx's collaboration with one of the world's fastest growing economies.

“We hope by entering into this MOU, HOSE and HKEx will form a good base for collaboration in the promotion of dual listings and other joint efforts,” he said.

Tran Dac Sinh, HOSE Vice Chairman and President (left in front row) said the pact would foster closer ties facilitating future co-operation opportunities in areas such as market operations, regulation, cross listings and training, as well as equity and derivative products. ◇



Hong Kong draws Singapore investors to Huizhou

HONG KONG serves as a perfect strategic hub for Singaporean investors to expand and manage their businesses in Huizhou and the rest of the Mainland, Mike Rowse, Director-General of Investment Promotion said.

He made the statement on March 5 at the 'Hong Kong & Huizhou: Your Winning Formula in China' seminar in Singapore, attended by more than 150 Singapore executives and 40 government officials and executives from Hong Kong and Huizhou.

Ideal gateway to Mainland

Noting Singapore is the city's one large source of foreign direct investment, Mr Rowse said more than 150 Singaporean



DGIP Mike Rowse (left) and Huizhou Executive Vice Mayor Huang Shifang host a media session in Singapore.

companies have based their offices or regional headquarters in Hong Kong, as the ideal gateway to expand into the Mainland.

Huang Shifang, Huizhou Executive Vice

Mayor said his municipality is renowned as a rising digital and petrochemical city and is an export-oriented economy with more than 8,000 foreign-funded enterprises.

"At present, 53 Singaporean companies have been established in Huizhou with an investment of about US\$91.95 million," he said.

Organised jointly by Invest Hong Kong and the Huizhou Municipal People's Government, and co-organised by the HKETO and the Hong Kong Trade Development

Council, the seminar updated potential investors on opportunities in Hong Kong and Huizhou, and on Hong Kong's role in helping firms wishing to develop new business in the Mainland. ◇

Food Republic expands to Lantau



(From right) Associate DGIP Charles Ng, Managing Director of Food Republic (China) Ltd Chen Poh On, Managing Director of Megabite Hong Kong Ltd Jensen Ong, and Consul-General of the Republic of Singapore in Hong Kong Dr Ker Sin Tze, officiate at the new outlet opening ceremony.

MEGABITE Hong Kong Ltd, a subsidiary of Singaporean-listed BreadTalk Group, announced the grand opening of its second food court, Food Republic Citygate, in Tung Chung, Lantau Island on January 19.

Jensen Ong, Managing Director of Megabite Hong Kong Ltd, said: "Hong Kong is renowned as a dining paradise. With the success of Food Republic in Taikoo Shing, we are confident about further expanding our business in Hong Kong. More of our food courts will be opened this year and Hong Kong will definitely be a vital location in our business development."

Charles Ng, Associate Director-General of Investment Promotion, welcomed the company's expansion. He said: "Hong Kong's appetite for high quality food from around the world has formed part of our cosmopolitan culture. Locating at the heart of Lantau Island close to our award-winning airport, AsiaWorld-Expo and outstanding tourist attractions like Hong Kong Disneyland and the Ngong Ping 360 cable car should help form the basis of success for Food Republic Citygate." ◇

Inward and outward direct investment surges

THE STOCKS of Hong Kong's inward and outward direct investment surged further in 2006, on the back of robust economic performance in Hong Kong and overseas.

At the end of 2006, the stock of Hong Kong's inward direct investment (DI) rose markedly by 42.3 per cent over a year earlier to HK\$5,771.9 billion at market value. The stock of Hong Kong's outward DI also increased substantially, by 44.1 per cent over a year earlier to HK\$5,264.5 billion at market value.

They amounted to 3.9 and 3.6 times the size of Hong Kong's GDP respectively in 2006, underlining Hong Kong's status as a hub for regional headquarters and businesses, as well as an international financial centre.

The Mainland continued to feature distinctly in Hong Kong's external direct investment, both as a source and as a destination. The HKSAR Government will continue to work on the economic and financial integration between Hong Kong and the Mainland, with the sound foundation laid by the Closer Economic Partnership Arrangement (CEPA) and its four supplements.

The main cross-boundary infrastructure projects as announced in the latest Policy Address, when completed, will also enhance the flow of people and goods between the Mainland and Hong Kong, which in turn will serve the cause of enhancing further investment flows. ◇



International body recognises Hong Kong's arbitration services

THE INTERNATIONAL CHAMBER OF COMMERCE (ICC) announced its decision on March 12 to open a branch of the Secretariat of its International Court of Arbitration in Hong Kong.

Welcoming the announcement, Wong Yan Lung, SC, the Secretary for Justice, said: "It is our policy objective to strengthen Hong Kong as a centre for arbitration. Apart from forging closer ties with international arbitral bodies, the Department of Justice has recently published a Consultation Paper on reform of the law of arbitration in Hong Kong and draft Arbitration Bill. The reforms proposed in the Consultation Paper and reflected in the draft bill, will improve our legal infrastructure for arbitration services."

The branch secretariat, the first in Asia, will have a case management team to administer cases in the region under the ICC Rules of Arbitration. It is expected to be fully operational by the end of the year.

"The ICC's decision to set up a branch of the Secretariat of the Court in Hong Kong is an endorsement of our position as a premier centre for international arbitration services. Its presence will enhance the provision of arbitration services in Hong Kong," Mr Wong said.

The ICC International Court of Arbitration is one of the world's top international dispute resolution institutions. ◇

Hong Kong, Indonesia reach legal assistance agreement



A LEGAL ASSISTANCE AGREEMENT has been signed with Indonesia, the 23rd pact Hong Kong has made to boost international co-operation against serious crime.

Wong Yan Lung, SC, the Secretary for Justice (right in picture) and His Excellency Hendarman Supandji, the Attorney General of Indonesia signed this Agreement concerning Mutual Legal Assistance in Criminal Matters (MLA) on April 3.

The agreement will allow for a wide range of reciprocal assistance to be offered in the investigation and prosecution of criminal offences and in the proceedings relating to criminal matters. It contains all the essential features and safeguards for international agreements of this type.

MLA agreements have also been signed by the HKSAR with 22 other jurisdictions, including the Philippines, Singapore and Malaysia. ◇

HKETO gives timely updates to regional interlocutors



THE HKETO organised a long series of promotional activities in the first four months of 2008 to focus the region's interlocutors on the competitive edges of Hong Kong and its achievements.

K K Lam, Director of the HKETO, briefed participants of these activities, including Chinese New Year receptions as well as luncheon and dinner talks held in Singapore, Malaysia, Thailand, Indonesia, the Philippines and Vietnam on how well Hong Kong had been faring recently.

While elaborating on the significance of the Hong Kong Budget 2008-09, Mr Lam pointed out that Hong Kong has the lightest tax burden on companies. He added that Hong Kong is proud to be a co-host city for the Olympic and Paralympic Equestrian Events, and the city would further strengthen its position as financial and MICE hubs. Efforts to attract high-quality talent will also be stepped up. ◇

Quality migrant scheme lets in more talents

THE QUALITY MIGRANT ADMISSION SCHEME (QMAS) has been modified since January 15 to cast a wider net for quality migrants.

Implemented in June 2006, the scheme seeks to attract highly skilled or talented people from the Mainland and overseas to settle in Hong Kong to enhance Hong Kong's economic competitiveness in the global market. The scheme is quota

based. Applicants are required to fulfil a set of prerequisites before they can be awarded points. Successful applicants are not required to secure an offer of local employment before taking up residence in Hong Kong.

The changes to the scheme include: removing the upper age limit of 50; adjusting the marking scheme so that younger degree holders have a better

chance of meeting the minimum passing mark for further assessment; giving marks to applicants with "two to five years" working experience; and giving extra marks to those who are proficient in a foreign language in addition to Chinese (Putonghua or Cantonese) or English.

More information on the QMAS is available from www.immd.gov.hk/ehtml/QMAS.htm ◇



Hong Kong is again world's freest economy

HONG KONG has been ranked as the world's freest economy for the 14th consecutive year by the Heritage Foundation in its 2008 Index of Economic Freedom study released on January 15.

According to the study report, Hong Kong scores exceptionally well in almost all areas of economic freedom.

The report noted that Hong Kong's income and corporate tax rates were very competitive, and overall taxation was relatively small as a percentage of GDP.

It also said that Hong Kong's business regulation was simple, the labour market was highly flexible, and investment in Hong Kong was strongly encouraged with virtually no restrictions on foreign capital.

IMF supports dollar peg

Meanwhile, in its Staff Report on Hong Kong released on February 5, the International Monetary Fund (IMF) reiterated its support for the authorities' commitment to the Linked Exchange Rate System and recognised the Government's efforts in furthering Hong Kong's role as an international financial centre.

On the future of Hong Kong's status as a financial centre, the IMF shared the authorities' view that it is intimately linked with Hong Kong's expanding role in Mainland financial intermediation. The IMF recognised the authorities' proactive efforts in seeking ways for Hong Kong's developed financial platform to benefit the Mainland, and the increased cross-boundary co-ordination with Mainland regulators.

The IMF considered that ensuring continued financial stability



CE Donald Tsang (left) receives at the Government House a copy of the Heritage Foundation's 2008 Index of Economic Freedom from its President Dr Edwin Feulner.

would be essential to the competitiveness of Hong Kong's financial sector.

Top Asian City of Future

Hong Kong's mighty economic potential has again secured it the title of Asian City of the Future 2007-08 by fDi magazine, part of Financial Times Business group.

The city impressed the judges with its bold infrastructure developments, sound investment promotion strategy and high quality workforce. ◇

Singapore revellers cheer Cheung Chau bun tower

HONG KONG unveiled on February 16 a small-size replica of a Cheung Chau Bun Tower complete with bun-pickers and some 2,000 replica buns as its entry in the Annual Chingay Festival in Singapore.

The Kowloon Club, a community organisation of Hong Kong immigrants in Singapore, was invited to take part for the first time in this 90-minute parade staged to celebrate the Chinese New Year.

With the sponsorship and support of the HKETO, an eye-catching bun tower was built on a human-powered structure

carried by Hong Kong immigrants along the 1.5km parade route from City Hall to Raffles Avenue. More than 100 Hong Kong immigrants took part in the parade.

K K Lam, Director of the HKETO, said: "The show demonstrates Hong Kong people's resilience and can-do spirit. I am glad to see so many Hong Kong immigrants and their families come together at the beginning of the Chinese New Year to showcase the uniqueness of our culture."

To step up promotion of Hong Kong as a co-host city for the Beijing Olympics, frisbees printed with the schedule of 2008 Olympic and Paralympic Equestrian Events were also widely given out to Singapore residents and international tourists watching the parade.

The two-day parade, including the preview on February 15, attracted more than 100,000 locals and tourists. The bun tower was also put on display and carried around in local communities in the following weekend. ◇



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