



Hong Kong to embrace new challenges



HONG KONG people's resilience would help the city emerge stronger from the current global financial tsunami, Donald Tsang, Chief Executive of the Hong Kong Special Administrative Region (HKSAR) (see picture) said.

Delivering his fourth Policy Address to the Legislative Council on October 15, Mr Tsang said Hong Kong could turn current challenges into new opportunities by enhancing its strength as a financial centre, pursuing further integration with Guangdong and pressing ahead with its infrastructure projects.

He will set up and chair a task force to continually monitor and assess the impact of the financial crisis on Hong Kong's economy, and propose specific options for the Government and business community to address the challenges.

On reinforcing Hong Kong's position as a global financial centre, Mr Tsang proposed measures such as strengthening banking supervision and fund managers regulation, establishing an independent Insurance Authority and Policyholders' Protection Funds.

The Chief Executive also unveiled several measures that will help reduce greenhouse gas emissions, improve air quality and encourage recycling.

Strengthening cooperation with Guangdong

The HKSAR Government will take the lead in building a Hong Kong-Shenzhen metropolis and strengthening cooperation with Guangdong.

Measures include:

- promoting co-operation in service industries;
- working with Guangdong to optimise and upgrade industrial infrastructure while helping Hong Kong enterprises to respond to Mainland policy adjustments;
- facilitating cross-boundary environmental protection to create a green and quality living area in the Pearl River Delta Region; and
- strengthening co-ordination and planning of cross-boundary infrastructure projects.

The HKSAR Government will work with the Shenzhen authorities on the development of the Lok Ma Chau loop, exploring in particular uses for higher education, high-tech research and development of cultural and creative industries.

Infrastructure projects to move ahead

Mr Tsang said good progress had been made over the past year implementing the major cross-boundary infrastructure projects and initiatives outlined in his 2007-08 Policy Address. These include construction of the Guangzhou-Shenzhen-Hong Kong Express and Rail Link and the Hong Kong-Zhuhai-Macao Bridge, and co-operation between the Hong Kong International Airport and Shenzhen Airport.

These projects will create new jobs and economic benefits, injecting fresh impetus to economic growth.

More exhibition spaces

In addition, to help commerce and business development, the HKSAR Government will discuss with the Hong Kong Trade Development Council (HKTDC) a phase-three expansion of the Hong Kong Convention and Exhibition Centre at a nearby site in Wan Chai.

To complement enhanced cross-strait relations, the HKSAR Government would strengthen exchanges and co-operation with Taiwan by encouraging local and Taiwanese business leaders to establish a Hong Kong — Taiwan Business Co-operation Committee to foster closer links in areas such as trade, investment and tourism. The HKTDC will also establish an office in Taipei.

The full text of the Policy Address is available from www.policyaddress.gov.hk/08-09/

More key initiatives:

- Set up a dedicated Creative Industry Office to integrate, realign and co-ordinate the work of different departments and work closely with the trades to promote the development of creative industries in Hong Kong.
- Attract more new enterprises from emerging markets to list in Hong Kong, and push ahead with the development of the commodity futures market and an Islamic bond market.
- Reinforce Hong Kong's intermediary role in technological co-operation between Mainland China and the rest of the world and maximise the benefits of the Shenzhen-Hong Kong Innovation Circle.
- Revitalise Haw Par Mansion by designating it for commercial uses including wine-related businesses.
- Introduce the Competition Bill in the 2008-09 legislative session to ensure a business environment conducive to free competition.
- Ask oil companies to enhance pricing transparency and consider tightening fuel prices monitoring. ◇



New measures strengthen confidence in banking system

WITH continuing stress in the financial systems of developed markets, the HKSAR Government announced on October 14 two precautionary measures to further strengthen confidence in Hong Kong's banking system.

These include the use of the Exchange Fund to guarantee the repayment of all customer deposits held with all Authorised Institutions in Hong Kong following the principals of the existing Deposit Protection Scheme; and the establishment of a Contingent Bank Capital Facility to make available additional capital to locally incorporated licensed banks, should this become necessary. Both measures take immediate effect and will remain in force till end 2010.

To reinforce the local banking framework at a time of instability and stress in the world financial system, the Hong Kong Monetary Authority also implemented from October 2 five temporary measures to provide liquidity assistance to licensed banks in Hong Kong till end March 2009. Details of these measures can be obtained from www.info.gov.hk/hkma/eng/press/index.htm

Lehman-Brothers-related cases

Meanwhile, to help investors of Lehman-Brothers-related prod-

ucts, the Government asked distributing banks to consider a buy-back proposal for the Lehman Minibonds. While the banks gave their agreements to do so on October 17, the HKMA also appointed an independent advisor to oversee the valuation process to ensure that the investors receive fair treatment. It has also referred cases involving complaints of alleged misconduct in respect of these products to the Securities and Futures Commission for further action.

Assistance for SMEs

To ease the economic difficulties facing small and medium-sized enterprises (SMEs) in Hong Kong, the Government proposes implementing funding changes and boosting Hong Kong Export Credit Insurance Corporation's service to provide timely assistance to these enterprises, which are the backbone of Hong Kong's economy.

The proposed measures include removing the loan guarantee caps for two sub-schemes under the SME funding schemes, and extending the maximum guarantee period for working-capital loans. More information on these measures is available from www.news.gov.hk/en/storyindex.htm#BusinessAndFinance ◇

New supplemental CEPA pact signed

SUPPLEMENT V to the Hong Kong-Mainland Closer Economic Partnership Arrangement (CEPA) was signed by John C Tsang, Financial Secretary, and Jiang Zengwei, Vice-Minister of Commerce, on July 29, expanding the total number of services sectors covered from 38 to 40.

The Mainland will introduce 29 liberalisation measures covering 17 service sectors, including two new sectors — services incidental to mining, and related scientific and technical consulting services.

The new measures will come into force on January 1, 2009.

Hong Kong and Guangdong will also implement a package of liberalisation and facilitation measures on a pilot basis to enhance economic and trade co-operation.

More opportunities

Witnessing the signing, Donald Tsang, Chief Executive said the new package would open more opportunities for Hong Kong traders who wish to enter the Mainland market.

The measures would not only bring mutual economic benefits but would also create a solid platform for enhancing economic integration between the two jurisdictions, he said.

CEPA was first signed in June 2003. Under CEPA, the Mainland agrees 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 accorded

preferential treatment to Hong Kong service suppliers in 38 service sectors. Details on CEPA are available on the Trade and Industry Department's website at www.tid.gov.hk/english/cepa/index.html

Foreign investors briefed

Following the signing of the new supplement, Ms Subrina Chow, Director of the HKETO (second from right, front row in picture) gave a presentation on the subject to the Joint Foreign Chambers of Commerce Thailand in Bangkok on September 15. She also updated heads of the foreign chambers on the latest opportunities that Hong Kong had to offer to investors from Thailand and around the world, including Hong Kong's advantage as Asia's premier fund-raising platform and wine trading hub. ◇



Photo: Joint Foreign Chambers of Commerce Thailand

SFC facilitates Islamic products introduction

HONG KONG has the strengths and capabilities to develop its Islamic finance sector and contribute to global Islamic finance market growth, Martin Wheatley, Chief Executive Officer, the Securities and Futures Commission (SFC) said.

At an Islamic finance forum held in Malaysia on August 12, Mr Wheatley said Hong Kong has an open market economy, world-class infrastructure and enjoys high transparency in its policies and regulation. These provide market players the level playing field needed for growth.

He noted the SFC had worked closely with the Government

to ensure Islamic investors could utilise the city as a platform to manage their wealth and invest into other Asian markets, including the Mainland.

In the past year the Commission facilitated the introduction of various Islamic-related financial products developed by the market, which had been well received by investors.

Its latest Fund Management Activities Survey showed more than 80 per cent of assets managed in Hong Kong were invested in Asia, reflecting Hong Kong's unique edge in managing investments in the Mainland and other regional markets. ◇



Hong Kong is China's global financial centre

HONG KONG is a fund raising centre in Asia and plays an important role as China's global financial centre, John C Tsang, Financial Secretary told guests attending the Asia Securities Forum 2008 Gala Dinner in Hong Kong on September 5.

"Our stock market is the 7th largest in the world and the 3rd largest in Asia, with a market capitalisation of over US\$2.1 trillion at end-July. We have some 1,260 listed companies covering a wide variety of sectors," Mr Tsang said.

He also pointed out that as China's global financial centre, Hong Kong is a springboard for Mainland enterprises wishing to tap international capital markets.

"Some 450 Mainland enterprises are listed on the Stock Exchange of Hong Kong, comprising more than one-third of total listings. They account for 57 per cent of the total market capitalisation and about 70 per cent of daily turnover. Through Hong Kong, Mainland enterprises have raised over US\$245 billion since 1993, when Tsingtao Brewery Company became the first Mainland firm to list in Hong Kong.

"Over the years, we have remained committed to our fundamental strengths, including the rule of law upheld by an independent judiciary; a freely convertible currency that has been pegged to the US dollar since 1983; clean and efficient government and zero tolerance of corruption. We believe in a low and simple tax regime, and we maintain a regulatory framework that meets international standards," Mr Tsang added.

To attract more quality enterprises from around the world to list in Hong Kong and enhance the competitiveness of Hong Kong's listing platform, the Securities and Futures Commission and the Hong Kong Exchanges and Clearing Limited (HKEx) published in March 2007 a Joint Policy Statement Regarding the Listing of Overseas Companies. The policy statement was aimed at facilitating the listing of overseas companies in Hong Kong.

And in July this year, the HKEx launched the framework for issuers to list in Hong Kong through Hong Kong depositary receipts or HDRs. This provides an alternative listing route for issuers. ◇

Equestrian events a remarkable success

HONG KONG has again proved its competence as a event capital in Asia by successfully co-hosting the 2008 Olympic Equestrian Events.

Noting this was the first time Hong Kong had held such a premier international sports event, Henry Tang, Chief Secretary for Administration said on August 22 it was a highly complicated project.

In almost one month, 218 horses arrived in, departed from, and were safely transferred between venues. Hong Kong received over 3,000 athletes, technical and team officials and other Olympic members, more than 30 international dignitaries and 650 media representatives.

Thirteen events were held successfully over 12 days at the Equestrian venues



During a training session at the Hong Kong Olympic Equestrian venue in Sha Tin, CS Henry Tang chats with Hong Kong equestrian rider Samantha Lam.

in Sha Tin and Beas River. More than 155,000 spectators enjoyed the events, with average attendance rate at over 80 per cent.

Efforts applauded

The International Olympic Committee, Federation Equestre Internationale, Beijing Organising Committee for the Games, participating teams, spectators and the media all have high praises for the organising work, Mr Tang added.

Hong Kong also staged the most successful Paralympic Equestrian competition from September 7 to 11. Mr Tang described the competition as an inspirational occasion which had left the city with an Olympic and Paralympic legacy.

The success in staging the two successful Games provide invaluable experience for Hong Kong's preparation for the 2009 East Asian Games and the hosting of other major sports events in future. ◇

Hong Kong athletes excel in Beijing Games



SHA Tsang Tak-sing (second from left, back row) watches the final training of Hong Kong's boccia team in Beijing to show support for the Paralympic athletes.

THE HKSAR GOVERNMENT hosted a reception on September 18 in honour of the Hong Kong, China Delegation to the Beijing 2008 Paralympic Games.

Mr Donald Tsang, Chief Executive, presented certificates of appreciation to the 22 Hong Kong athletes who took part in the Games.

The Hong Kong delegation fetched a total of 11 medals at the Beijing Paralympic Games, comprising five gold, three silver and three bronze. Track athlete So Wah-wai finished the 200M — T36 (Men) race in 24.65 seconds, breaking the world record he maintained and earning

him a gold medal for the third consecutive Paralympic Games.

Earlier, a welcome home reception for the Hong Kong, China Delegation to the Beijing 2008 Olympic Games was held on August 27. Mr Tsang officiated at the reception and praised the performances of the Hong Kong athletes at the Games.

He said Hong Kong athletes' fighting spirit and determination won people's hearts, even if they did not win medals at the Beijing Olympics. The 72-strong Hong Kong delegation took part in the Beijing 2008 Olympic Games with 35 athletes participating in 11 sports. Mr Tsang presented certificates of appreciation to the athletes.

Mr Tsang said that Hong Kong was one of the places in Asia which excelled in many sports, with its swimming team breaking five Hong Kong records. Despite its first-time participation, Hong Kong's equestrian riders got into the third round; the two sailing athletes were among the top 10, and Hong Kong table tennis athletes reached the quarter-finals both in men's and women's singles.

The HKSAR Government will continue to render full support to athletes and promote sports development. ◇



Inaugural international wine fair held at HKCEC

THE INAUGURAL HONG KONG INTERNATIONAL WINE FAIR featuring 240 exhibitors from 25 countries/regions received 8,800 buyers from 55 countries/regions. The Fair was successfully held at the Hong Kong Convention and Exhibition Centre from August 14 to 16.

It is a further vote of confidence in Hong Kong's position as a wine trading and distribution hub for Asia. Hong Kong became the first free wine port among major economies with its abolition of wine duty in end February this year. The market has since reacted swiftly.

Speaking at the opening ceremony of the Fair, Ms Carrie Lam, acting Financial Secretary said, "Besides duty reduction, the Government has been working on a number of measures in support of the further development of wine-related businesses in Hong Kong. These include introducing customs facilitation measures; identifying possible heritage sites for wine-related uses; synchronising the promotion work of various agencies; enhancing training programmes for personnel in the trade; and strengthening enforcement actions against possible wine counterfeits."



FS John C Tsang (centre) proposes a toast with the two signatories — SCED Rita Lau (second from right) and French Minister for Agriculture and Fisheries Michel Barnier (second from left) — at the MOU signing ceremony.

MOU signed with France

On August 19, Hong Kong signed a deal with one of the world's premier wine producers to boost co-operation in the trade.

John C Tsang, Financial Secretary, hailed the signing of the first memorandum of understanding (MOU) on co-operation in wine-related business with France, saying it shows the two sides' commitment to promoting the trade.

Under the MOU, Hong Kong and France will facilitate and promote trade in wine. More specifically, the two sides will strengthen co-operation, exchanges and the sharing of experience in areas including the stimulation of wine-related trading and investment activities, wine education and manpower training, promotion of wine-related tourism and wine culture, as well as customs co-operation against counterfeit wine. ◇

Breadtalk adds outlet in Tsim Sha Tsui

BREADTALK Concept Hong Kong Limited announced on October 4 the grand opening of its catering branch at the Silvercord, Tsim Sha Tsui.

Jenson Ong, Managing Director, BreadTalk Concept Hong Kong Limited, said, "Our Group operates several catering brands including Food Republic in Hong Kong. The success of our food courts further strengthened our confidence in Hong Kong's food and beverage industry. The success is also a positive sign for our continued investment in the city."

Simon Galpin, Associate Director-General of Investment Promotion at Invest Hong Kong, welcomed the company's

expansion in Hong Kong. He said, "Hong Kong is renowned as Asia's culinary capital. Over 10,000 food outlets operate here, providing a wide variety of quality cuisines. Total restaurant receipts amounted to over HK\$38.6 billion for the first half of 2008. The rapid expansion of BreadTalk's business in our city signifies Hong Kong's role as the world's leading dining city".

BreadTalk Concept Hong Kong Limited is wholly owned by Megabite Hong Kong Limited — a subsidiary of BreadTalk Group Limited, which is a listed bakery founded in Singapore in 2000. ◇

Publication of Michelin Guide on Hong Kong

MICHELIN announced on August 28 that Hong Kong is chosen for the publication of a Michelin Guide. Hong Kong is the second Asian city and the first city in Mainland China being selected as a Michelin city. Also, the "Michelin Guide on Hong Kong" is the first Chinese/English bilingual Michelin Guide.

Michelin Guide has been in the business for over a century and is world renowned in recommending high quality restaurant establishments to suit a range of budgets and cuisines.

The HKSAR Government welcomes Michelin's announcement, which recognises Hong Kong as a destination for gastronomic delights in Asia. This initiative will reinforce Hong Kong's position as a wine and dine centre, and firmly put Hong Kong on the global map of gourmets and connoisseurs.

The tentative publication date of the Michelin Guide on Hong Kong is December 2008. ◇



Government to finance Kai Tak cruise terminal

THE HKSAR GOVERNMENT will finance the Kai Tak cruise terminal by taking up its construction and leasing its facilities to cruise operators upon completion. The HK\$7billion project is due for completion in mid-2013.

Mrs Rita Lau, Secretary for Commerce and Economic Development, said on September 30 the Government's decision to develop the cruise terminal through the Public Works Programme would give more certainty to a punctual project implementation and commissioning of the first berth.

Lease arrangements

The Government will tender two contracts — one for the site formation works, involving the construction of berth facilities, and the other for the cruise terminal building works including

the immigration point and other support facilities. The contracts will be prepared in parallel.

"Under this approach the Government retains ownership of the site and terminal facilities. We plan to lease the terminal to an operator with a tenancy agreement of about seven to 10 years," Mrs Lau said.

Hong Kong is committed to developing into a leading cruise hub of the region. The world's top three cruise operators have been expanding their presence in the region, and have redeployed three new vessels for homeporting in Hong Kong. The number of international cruise vessels visiting Hong Kong as port-of-call is on the upward trend, and the total cruise passenger throughput is increasing. ◇

Aircraft maintenance agreement reached with Singapore



DGCA Norman Lo (right) and CAAS's DG and CEO Lim Kim Choon sign the MOU.

THE HONG KONG CIVIL AVIATION DEPARTMENT and the Civil Aviation Authority of Singapore (CAAS) signed on August 29 a Memorandum of Understanding (MOU) known as "Technical

Arrangement on Aviation Maintenance" in Singapore.

The new agreement is an extension of the MOU signed by the two parties on December 16, 2004. It expands the scope of mutual recognition of approvals of maintenance organisations to cover all aircraft, engine and component maintenance.

Norman Lo, Director-General of Civil Aviation said, "Partnership and co-operation among regulatory authorities through mutual recognition will reduce duplication of approvals and auditing activities, thus maximising the utilisation of resources of both the regulators and the industry partners.

"It will also bring about an improved quality of aircraft maintenance through the use of common airworthiness standards."

During this trip, Mr Lo and his professional staff also visited the latest civil aviation facilities in Singapore. They then departed for Bangkok to attend an International Civil Aviation Organisation Asia Pacific Air Navigation Planning and Implementation Regional Group meeting. ◇

Education exchanges benefit teachers and students

MORE THAN 70 Hong Kong students and teachers from 12 secondary schools spent two weeks of their summer break in Singapore under the 8th Hong Kong-Singapore Education Exchange Programme.

The programme is an annual exercise launched in 2000 to promote cultural exchange between participating schools, and to provide opportunities for pupils to broaden their perspectives, learn social and language skills, and cultivate respect for differences in culture.

From July 13 to 27, a mix of cultural and academic programmes was provided to the Hong Kong visitors in Singapore. Apart from attending classes together with their respective host students, the Hong Kong youths also participated in school activities, functions, co-curricular activities and educational visits.

The teachers, meanwhile, took the opportunity to visit the major learning and related agencies in Singapore, including museum and library, besides taking part in some student activities.

Under this exchange programme, Hong Kong and Singapore teachers are also able to share their experience in pedagogy.

Joining the farewell ceremony organised by the Ministry of Education in Singapore on July 25, Ms Subrina Chow, Director of the HKETO, met the Singaporean hosts and Hong Kong visitors, and talked about the strengthening of educational and cultural exchanges between the two places.

Teachers and students from Singapore schools will visit Hong Kong in November.

CUHK visitors

Separately, the HKETO received a group of student visitors on August 25 from the Chinese University of Hong Kong. Led by Professor Raymond So (third from right, front row in picture), 16 undergraduates of double majors in Business Administration and Juris Doctor on a study trip to Singapore visited the HKETO office and learnt about its work and the socio-economic and political landscape in ASEAN. ◇



Photo: Chinese University of Hong Kong



Hong Kong is top choice for business

HONG KONG'S status as one of the world's and Asia's leading destinations for foreign direct investment (FDI) and sources of outward FDI has been reaffirmed by the World Investment Report 2008 released by the United Nations Conference on Trade and Development on September 25.

Hong Kong was the world's seventh and Asia's second largest FDI recipient, attracting US\$59.9 billion inward investment in 2007. Hong Kong was also ranked number one globally in the report's Inward FDI Performance Index, which measures the amount of FDI relative to the size of the economy.

Meanwhile, Hong Kong continues to be the top choice of location for overseas and Mainland companies to manage their regional businesses, according to an annual survey by the HKSAR Government.

Hong Kong was host to 6,612 overseas and Mainland companies representing parent companies located outside Hong Kong, as at June 2. This all-time high number is a strong vote of confidence in Hong Kong's role as Asia's leading business hub. A total of 3,882 of these companies served as regional headquarters or offices.

Invest Hong Kong has helped 148 overseas and Mainland firms invest or expand in Hong Kong in this year's first six months. Speaking at an Invest Hong Kong reception on July 14, Donald Tsang, Chief Executive said the city had become a springboard for Mainland firms to reach global markets and a location where multinational companies perform global functions.

"This is a trend we welcome wholeheartedly and is set to continue and deepen as Hong Kong further develops its role as China's major international financial and business services centre, and as a vital cog in the management of global financial flows," Mr Tsang said. ◇



CE Donald Tsang (left) and DGIP Mike Rowse propose a toast at an Invest Hong Kong reception.

Airports link with Mainland facilitate travellers

HONG KONG INTERNATIONAL AIRPORT (HKIA) and Shenzhen International Airport (SZIA) on October 8 jointly launched the Hong Kong-Shenzhen Airports Link, a service that enables passengers at HKIA or SZIA to check in and obtain boarding passes for connecting flights at either airport.

Huang Chuanqi, Chairman of Shenzhen Airport, said, "SZIA and HKIA will continue to work closely together and look for ways we can further integrate to form one of the largest international airport systems in China, which would in turn become an important gateway for overseas travellers going in and out of the Mainland."

HKIA named best airport

Meanwhile, HKIA has been voted the world's best airport for the seventh time in eight years in the annual Skytrax survey, which polled more than 8.2 million travellers of over 97 nationalities.

The Survey rated more than 190 airports on some 40 product and service categories.

Stanley Hui, Chief Executive Officer, Airport Authority Hong Kong said, "To meet growing demand and maintain our high service standards, we have launched a HK\$4.5 billion enhancement programme for Terminal 1 and the airfield". The improvements are expected to be completed by 2011.

Best business city in NE Asia

Hong Kong has also been voted the Best Business City in Northeast Asia in the annual readers' poll organised by *Business Traveller Asia Pacific* — the travel magazine for frequent business travellers in the region.

In its 2008 survey, about 7,800 subscribers responded and nearly half voted Hong Kong as the best business city in Northeast Asia. ◇

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Hong Kong tops economic freedom ranking

THE FRASER INSTITUTE OF CANADA has rated Hong Kong as the world's freest economy in its Economic Freedom of the World Index for the 13th year. Hong Kong has earned the top spot every year since the Index began.

In this year's overall index released by the Institute's *Economic Freedom of the World: 2008 Annual Report* on September 16, Hong Kong retains the highest rating for economic freedom, 8.94 out of 10. A total of 141 nations and jurisdictions are rated.

In another recent survey by the Political and Economic Risk Consultancy, who asked 1,537 corporate executives working in Asia to rate the judicial systems in the countries where they reside, Hong Kong's judicial system topped the vote with a score of 1.45 on a scale that has zero representing the best and 10 the worst. ◇