

Financial Secretary visits 3 ASEAN countries

Hong Kong's Financial Secretary, Mr John C Tsang, made an official visit to Malaysia, Brunei and Indonesia from 16 to 24 March 2010 to foster economic relations between Hong Kong and the ASEAN region. He was extended warm hospitality by the governments of the three countries and met their top leadership.

Malaysia

In Kuala Lumpur, Mr Tsang called on the Malaysian Prime Minister, Dato' Sri Mohd Najib bin Tun Abdul Razak. They discussed co-operation between the two economies in a co-ordinated exit from the deposit insurance schemes at the end of 2010 and the development of Islamic finance. They agreed Malaysia and Hong Kong should start working on an avoidance of double taxation agreement.



Financial Secretary (right) calling on the Malaysian Prime Minister.

Mr Tsang also met the Malaysian Finance Minister II, Dato' Seri Haji Ahmad Husni bin Mohamed Hanadzlah; the Chairman of Malaysian National Economic Advisory Council, Tan Sri Amirsham Abdul Aziz; the Governor of Bank Negara Malaysia, Tan Sri Dato' Dr Zeti Akhtar Aziz; the Chairman of Securities Commission Malaysia, Tan Sri Zarinah Anwar; the Group Chief Executive of CIMB Group, Dato' Sri Nazir Razak; and other prominent Malaysian bankers and business people.

In these meetings, Mr Tsang outlined Hong Kong's efforts in developing a platform for Islamic finance. Hong Kong will soon amend the relevant tax laws to provide a level playing field for Islamic financial products vis-à-vis conventional ones. Malaysia and Hong Kong have together identified four areas of collaboration in Islamic finance. They are financial infrastructure development; enhancement of financial interlinkage; cross border business opportunities and human capital development.

The Financial Secretary also gave a speech at a business luncheon jointly organised by the Malaysian International Chamber of Commerce and Industry, the Associated Chinese Chambers of Commerce and Industry of Malaysia and the Hong Kong Economic and Trade Office in Singapore.

Mr Tsang invited Malaysian enterprises to make good use of the well-established capital markets in Hong Kong and to take advantage of Hong Kong as a gateway to tap business opportunities in China.

Brunei

During his stay in Brunei, the Financial Secretary had an audience with His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam, Sultan Hassanal Bolkiah Mu'izzaddin Waddaulah. Mr Tsang thanked the Sultan for the hospitality offered to his delegation. He also had meetings with the Minister of Foreign Affairs and Trade, His Royal Highness Prince Mohamed Bolkiah; the Second Minister of Finance, Pehin Dato Abdul Rahman Ibrahim; the Second Minister of Foreign Affairs and Trade, Pehin Dato Lim Jock Seng, and visited the Brunei Economic Development Board. He invited Brunei enterprises to make use of Mainland and Hong Kong Closer Economic Partnership Arrangement and Hong Kong's knowledge of doing business on the Mainland to enter the Chinese market.



Financial Secretary (left) meeting His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam.

Indonesia

In Jakarta, the Financial Secretary met the Indonesian Co-ordinating Minister for Economic Affairs, Mr Hatta Rajasa; the Indonesian Finance Minister, Sri Mulyani Indrawati; the Indonesian Minister of Trade, Dr Mari Elka Pangestu; the Acting Governor of Bank Indonesia, Mr Darmin Nasution; and the Chairman of the Indonesian Capital Market and Financial Institution Supervisory Agency, Dr A Fuad Rahmany.

Mr Tsang discussed with them various issues of mutual interest, including regional and global economic outlook, development of Islamic finance in Hong Kong and the region, and prospects of further co-operation between Indonesia and Hong Kong.

In addition, Mr Tsang attended a luncheon hosted by HSBC and addressed a cocktail reception hosted by the Hong Kong Trade Development Council in Jakarta.



Financial Secretary visits 3 ASEAN countries (cont'd)

During his visit in the three countries, the Financial Secretary also called on the Chinese ambassadors - His Excellency Liu Jian in Malaysia, Her Excellency Tong Xiaoling in Brunei and Her Excellency Zhang Qiyue in Indonesia. Mr Tsang was briefed by the Ambassadors on the latest economic and political conditions in these countries.

Comprehensive agreement on avoidance of double taxation

Taking the opportunity of his visit, the Financial Secretary signed on behalf of the Hong Kong Special Administrative Region Government agreements with Brunei and Indonesia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

The agreements with Brunei and Indonesia are respectively the sixth and eighth comprehensive agreement for the avoidance of double taxation (CDTA) concluded by Hong Kong. They will eliminate double taxation instances encountered by Hong Kong and Bruneian/Indonesian investors, and bring about tax savings and certainty in tax liabilities in connection with cross-border economic activities. They will also help forge closer economic and trade links between Hong Kong and the countries by providing added incentives for Bruneian/Indonesian enterprises to do business or invest in Hong Kong, and vice versa.

The signing of the agreement also marks a new page for Hong Kong in supporting the international effort in enhancing tax transparency. In February last year, the Financial Secretary announced his decision to put forward legislative amendments to enable Hong Kong to adopt the prevailing international standard on exchange of information in its CDTAs. The relevant legislation took effect in April 2010. These two agreements are among the first batch of CDTAs Hong

Kong signed using the latest Organisation for Economic Co-operation and Development (OECD) standard on exchange of information.

Hong Kong is actively seeking to establish a network of CDTAs. It concluded CDTAs with Belgium in 2003, Thailand in 2005, the Mainland of China in 2006, Luxembourg in 2007 and Vietnam in 2008. The latest three agreements were signed with Brunei, the Netherlands and Indonesia in March this year.

Details of the two agreements can be found in the website of the Inland Revenue Department of Hong Kong at: www.ird.gov.hk/eng/pdf/Agreement_Brunei_HongKong.pdf www.ird.gov.hk/eng/pdf/Agreement_Indonesia_HongKong.pdf ◇

HK-Indonesia cross-border PvP link

The Hong Kong Monetary Authority and Bank Indonesia jointly announced the launch of the new cross-border payment-versus-payment (PvP) link between Hong Kong's US Dollar real time gross settlement system and Indonesia's Rupiah RTGS system in January 2010. The link will eliminate settlement risk in foreign exchange transactions between the US Dollars and Indonesian Rupiah by ensuring the simultaneous delivery of US Dollars in Hong Kong and Rupiah in Indonesia. Banks in Indonesia can better manage their counterparty risks arising from the foreign exchange transactions and enhance their operational efficiency in settling those transactions during Asian hours. ◇



Financial Secretary (left) presenting a souvenir to the Malaysian Finance Minister II.



Financial Secretary (left) meeting the Bruneian Minister of Foreign Affairs and Trade.



Financial Secretary (left) signing with Brunei's Second Minister of Finance a CDTA between Brunei and Hong Kong.



Financial Secretary (left) and the Indonesian Finance Minister at the Signing Ceremony of the CDTA between Indonesia and Hong Kong.



High-level official visits

The Secretary for Transport and Housing, Ms Eva Cheng; the Secretary for Food and Health, Dr York Chow; and the Secretary for the Environment, Mr Edward Yau, visited the region in the

past months and had useful exchanges with their counterparts on various subjects in their relevant portfolio. ◇



The Secretary for Transport and Housing, Ms Eva Cheng, attended the International Housing Conference 2010 organised by Singapore's Housing and Development Board on 28 January. Photo shows Ms Cheng giving a speech entitled "Sustainable public housing through partnering with the local community" at the Conference.



Photo shows Ms Eva Cheng at a Q&A session of the Conference with the Chairman of the Singapore Housing and Development Board, James Koh Cher Siang (centre), and the Minister for Housing from New South Wales, Australia, the Hon David Borger (right).



The Secretary for Food and Health, Dr York Chow, attended the "Healthcare in Asia 2010" Conference in Singapore on 30 March. Photo shows Dr Chow chatting with Singapore's Minister of Health, Mr Khaw Boon Wan (right) and the Minister of Health of the Republic of Indonesia, Dr Endang Rahayu Sedyaningih (left), at the Conference.



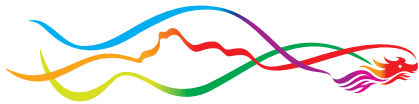
Dr York Chow visited the newly opened Khoo Teck Puat Hospital in Singapore. The design of the hospital brings together the elements of accessibility, comfort and convenience for patients and visitors. Photo shows the Chief Executive Officer of the hospital, Mr Liak Teng Lit, introducing the design of the hospital to Dr Chow.



The Secretary for the Environment, Mr Edward Yau, attended the 4th International UNESCO Conference on Geoparks 2010 held in Langkawi, Malaysia on 12 April. The conference is held every two years to discuss geoheritage and geoparks development. Themes of this year's conference include tourism, sustainable development and conservation of geoparks. Photo shows Mr Yau giving a presentation on "Geosites for Urbanites" at the conference.



Mr Edward Yau then visited Singapore on 14 April to learn more about the latest green efforts to improve the environment there. He met with Singapore's Senior Parliamentary Secretary for Ministry of the Environment and Water Resources, Dr Amy Khor, to exchange views on environmental protection policies in Hong Kong and Singapore. Photo shows Mr Yau visiting a bio-methanisation plant in Singapore to learn how energy is produced from organic waste.



Hong Kong Film Festivals

Southeast Asia has been one of the major markets of Hong Kong movies since the 1960s. In appreciation of the faithful support of the Southeast Asian audience, Hong Kong Economic and Trade Office (HKETO) in Singapore has organized several Hong Kong film festivals in Singapore and Kuala Lumpur in the past to introduce quality Hong Kong productions, especially those that had not been commercially released, to the region.

The Hong Kong Film Festival 2010 (HKFF) held in Kuala Lumpur and Singapore in March and April respectively are the latest in the series. Director of HKETO in Singapore, Ms Subrina Chow, hoped the effort would continue to enhance social exchange and promote co-operation in culture and the arts between Hong Kong and these two countries. The film festivals are also opportunities to highlight the unique culture of Hong Kong.

HK Film Festival in Kuala Lumpur

Co-organised by HKETO in Singapore and 988 Radio Station Malaysia, with the support of Golden Screen Cinemas, the HKFF in Kuala Lumpur was held from 26 to 28 March. The film festival was launched with the Gala Premiere on 17 March. The Financial Secretary, Mr John C Tsang, and Malaysian Deputy Minister for Information, Communication and Culture, Y.B. Senator Heng Seai Kie, graced the occasion as Guests of Honour. The presence of the director of the opening film *At The End Of Daybreak*, Mr Ho Yuhang, together with his cast, Ms Wai Ying-hung, Mr Chui Tien-you and Miss Ng Meng Hui, added glitter to the evening.



Director of *At The End Of Daybreak*, Mr Ho Yuhang (right), and his cast Mr Chui Tien You (right second); Ms Wai Ying Hung (left second) and Ms Ng Meng Hui (left) at the film workshop in Kuala Lumpur.



Officiating guests at the Opening Ceremony of HKFF in Kuala Lumpur: (from right to left) Mr Irving Chee of GSC; Mr Tan Chia Yong of 988; HKETO Director, Ms Subrina Chow; Director General of National Film Development Corporation Malaysia, Mr Mohd Mahyidin Mustakim; Chinese Ambassador in Malaysia, His Excellency Liu Jian; Malaysian Deputy Minister for Information, Communication and Culture, YB Senator Heng Seai Kie; Financial Secretary Mr John C Tsang, and Mrs Tsang; and the director and cast of *At The End Of Daybreak*.

The HKFF in Kuala Lumpur featured eight films. Besides *At The End Of Daybreak*, there are *The Way We Are*, *KJ: Music and Life*, *Mr Cinema*, *Split Second Murders*, *Happy Funeral*, *I Corrupt All Cops* and *Nobody's Perfect*. Most of them have not been previously screened in Malaysian cinemas. The selection of films covered a good variety of genres, ranging from drama, comedy, romance to crime thriller and documentary. Four are winners of prominent film awards. A HKFF film workshop was also held on 17 March, where the director and cast of *At The End Of Daybreak* shared their experience in film making with some 150 students and audience.

HK Film Festival in Singapore

Co-organized by HKETO in Singapore and Golden Village Multiplex, the HKFF is back to Singapore after a break of three years with six films hand-picked to reflect the strong Hong Kong film culture identity.



HKETO Director Ms Subrina Chow (right) and the director of *Crossing Hennessy*, Ms Ivy Ho, at the HKFF gala premier in Singapore.



HKETO Deputy Director Mr Law Kin-wai (right) and the director of *Prince of Tears*, Mr Yonfan, after the closing screening of Singapore HKFF.

Held at Golden Village VivoCity from 8 to 11 April, the festival opened with *Crossing Hennessy*, a romantic comedy starring Jacky Cheung and Tang Wei, and closed with *Prince of Tears*, Hong Kong's Oscar entry to the foreign film category. The other four films in the festival are the award winning features *KJ: Music & Life* and *The Way We Are*, iconic animation *McDull Kung Fu Kindergarten* and crime thriller *Black Ransom*, which were all presented in their original language. This excited festival goers as they were able to enjoy the original flavour of the films.

Festival-goers also got the chance to interact with the directors of the opening and closing films. Ms Ivy Ho shared her experience working on *Crossing Hennessy* at the Blog Aloud session after its screening on 9 April, while Mr Yonfan met festival-goers after the screening of *Prince of Tears* on 11 April. ◊



HK at World Expo 2010

Hong Kong will take the excellent opportunity of the Shanghai World Expo 2010 to showcase its modern, vibrant and interconnected metropolitan city life built on creativity and innovation. Located near Nanhuan Road in Expo Zone A

in Pudong, the Hong Kong Pavilion is built on a stand-alone site and occupies an ideal location close to the China Pavilion and adjacent to the Macau Pavilion. It has an exhibition area of about 800 square metres.



An artist's impression of the day view of the Hong Kong Pavilion



Shanghai Expo mascot Haibao welcomes visitors to the Expo



HK's Expo 2010 exhibition won international design accolade. The setting of the mirror-room symbolises Hong Kong's openness, transparency and infinite potential.



The room on HK's participation in Urban Best Practices Area (UBPA) Exhibition has a fluorescent lime-green string screen to provide 3D-type effect for the UBPA video.

Theme

Under the theme "Hong Kong - Potential Unlimited", the Hong Kong Pavilion will highlight the city's unique connectivity with the Mainland and the world in both hardware and software. It will draw to attention Hong Kong's achievements in sustainable urbanisation and illustrate the infinite potential for enhancing city life in a place with limited land resources.

Design

The three-level Pavilion has a lofty, transparent chamber that takes up the entire middle level and allows visitors to experience the modernity, openness and transparency of Hong Kong society. The ground level contains an exhibition hall that will highlight Hong Kong's global connectivity and infinite potential. A viewing gallery between the mid-level and rooftop will provide visitors with a bird's eye-view of the exhibits and the scenery outside the pavilion. The upper level will highlight Hong Kong's connectivity to nature, with an exhibition on Hong Kong's wetland environment. Natural landscaping and the subtle application of graphics will provide visitors with a first-hand experience of the proximity of nature to the built environment.

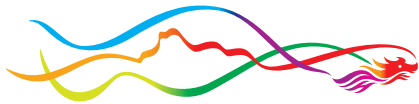
Experience

A Hong Kong Week will be held from 18 to 22 October to present a variety of cultural performances from the city's top performing groups, such as police band, opera, orchestra, jazz and parade.

UBPA Exhibition

Shanghai Expo 2010 will include a new concept - the Urban Best Practices Area (UBPA) - that will underscore the Expo theme of "Better City, Better Life". UBPA exhibits have been chosen on a competitive basis. Of 106 applications, 55 were approved for the UBPA Area, including Hong Kong's proposal to highlight the extensive use of smart card technology in the city. There we will highlight ways this technology has improved efficiency in everyday city life and enhanced our connectivity both within Hong Kong and further afield. The UBPA Exhibition is located at Expo Zone E in Puxi.

If you are unable to make it to Shanghai, you can still experience the Online Hong Kong Pavilion, which provides a realistic demonstration of the appearance, layout and content of the physical pavilion. The Online Hong Kong Pavilion will 'go live' the same day as the World Expo 2010 on 1 May. Please keep an eye on <http://www.hkexpo2010.gov.hk/>. ◇



Brand Hong Kong revitalised

Brand Hong Kong (BrandHK), a communications platform launched nine years ago to promote Hong Kong to the global audience, has been reviewed and revitalised with its dragon logo taking on a more contemporary look. The brand DNA, or basic elements that make up BrandHK, has also been updated. There are five updated core values of BrandHK: Free, Enterprising, Excellence, Innovative and Quality Living, which are what Hong Kong people cherish or aspire to. As for attributes, which describe Hong Kong's perceived characteristics, they have been revised as: Cosmopolitan, Secure, Connected, Diverse and Dynamic. On the other hand, "Asia's world city" remains the BrandHK positioning.

The updated brand platform defines Hong Kong as a free and dynamic society where creativity and entrepreneurship

converge. Strategically located in the heart of Asia, it is a cosmopolitan city offering global connectivity, security and rich diversity, and is home to a unique network of people who celebrate excellence and quality living.

The most eye-catching update is the BrandHK visual identity, which keeps the essence of the original flying dragon, although the dragon itself has evolved and changed colour. The blue and green ribbons that extend from the dragon symbolise blue sky and a sustainable environment, while Lion Rock, which represents the "can-do" spirit of Hong Kong people, is silhouetted by the red ribbon.



Revitalised Brand Hong Kong visual identity

In May, the revitalised Brand Hong Kong will gain exposure to a global audience at the Shanghai World Expo, which is expected to attract more than 70 million visitors. ◇

Asian Financial Forum

More than 60 world's leading business, finance and regulatory players, as well as government officials shared their insights on the new financial landscape at the two-day Asian Financial Forum (AFF) on 20 and 21 January. The forum, the third since September 2007, attracted more than 1,500 high-powered delegates from 31 countries and regions all over the world.

Carrying the theme "Asia in the New Economic Order", this annual event was co-organised by the Hong Kong Special Administrative Region Government and the Hong Kong Trade Development Council.

The Chief Executive, Mr Donald Tsang, said in his opening remarks that the international community today expected Asia to rise to the challenge and play a more prominent role in the changing economic landscape amid the improved situation after the financial crisis.

He stressed that Asian economies, individually and collectively, stood to benefit from greater co-operation in managing risks, reinforcing systemic resilience, enhancing productivity and ensuring financial stability.

Asia was the central focus of forum discussions, where the spotlight was on the Mainland's growing domestic market and its implications for the global economy, the

internationalization of the renminbi and what it means for the new financial order, and new business opportunities arising from the Mainland's massive infrastructure programme. AFF panels also discussed global investment opportunities, dwindling natural resources and its impact on global investors, and the latest trends in carbon financing.

The forum featured a strong line-up of speakers from the Mainland and overseas, such as the Managing Director of International Monetary Fund, Dr Dominique Strauss-Kahn; the Managing Director of Goldman Sachs and former President of the Federal Reserve Bank of New York, Dr E Gerald Corrigan; the Chairman of the China Banking Regulatory Commission, Professor Liu Mingkang; and the Governor of the People's Government of Guangdong Province, Mr Huang Huahua.

There were also a number of prominent regional policymakers, including Thai Minister of Finance, Mr Korn Chatikavanij; Malaysian Minister of Finance II, The Hon Dato' Seri Ahmad Husni Hanadzlah; and Indonesian Vice Minister for Transportation and Deputy Minister for Infrastructure and Regional Development, Dr Bambang Susantono. ◇



The Chief Executive delivering the opening remarks



Prominent speakers at the Asian Financial Forum



New Academic Structure “334”

To sustain the development of Hong Kong as an international city and to meet the requirements of the increasingly diverse and complex environment, Hong Kong implemented the New Academic Structure “334” (NAS) in 2009. “334” represents 3 years of junior secondary education (Secondary 1-3), 3 years of senior secondary education (Secondary 4-6) and 4 years of university education. The 3-year senior secondary education under the New Academic Structure was implemented in Secondary 4 in September 2009 and the 4-year university courses will be implemented in September 2012.

The NAS is intended to help students build a broader knowledge base and a more solid foundation for whole-person development and life-long learning. In addition to learning knowledge and skills, the new structure will help students learn to become an informed and a responsible citizen with a sense of global and national identity, to understand their own career/academic aspirations and to develop positive attitudes towards work and learning. Students will also learn to respect pluralism of cultures and views; be critical, reflective and independent in thinking; and be able to understand contemporary issues that may impact on their daily life at personal, community, national and global levels.

The implementation of the NAS includes the development of the broad and balanced new senior secondary curriculum and a new public examination – the Hong Kong Diploma of Secondary Education (HKDSE) Examination. This qualification provides multiple

progression pathways for further studies and career development, which articulate well with international higher education and the ever-changing human resource requirements amidst globalisation, advent of information technology and development of a knowledge-based economy.

The HKDSE Examination has secured very positive recognition by various overseas benchmarking agencies. The National Recognition Information Centre (NARIC) study reveals that the HKDSE compares favourably with alternative qualifications in Australia (Senior Secondary Certificate of Education), the United Kingdom (General Certificate of Education A Level) and the United States (Advanced Placement). The Australian Government has recognised the HKDSE as equivalent to the Australian Senior Secondary Certificate of Education. The HKDSE has also been admitted into the UCAS

Tariff (the UK’s higher education admissions service), which represents a significant milestone in the international recognition of the qualification for access to higher education.

The Overseas Visitors’ Corner at NAS “334” Web Bulletin (<http://334.edb.hkedcity.net/EN/overseas/index.php>) contains detailed information to assist overseas students interested in studying in Hong Kong and overseas education institutions interested in admitting Hong Kong students.

In addition, the Secretary for Education, Mr Michael Suen, will visit Malaysia and Indonesia in May to meet the education sector of these countries and introduce to them the NAS. ◇



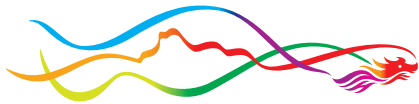
The NAS “334” Web Bulletin Overseas Visitors’ Corner

HKETO New Year celebrations

The Hong Kong Economic and Trade Office in Singapore (HKETO), the Hong Kong Tourism Board, Cathay Pacific Airways and Macau Tourist Office jointly organised the Chinese New Year dinner reception in Singapore on 22 February to celebrate the beginning of the Year of the Tiger and renew acquaintance with local contacts.

HKETO Director, Ms Subrina Chow, took the opportunity to update participants on the latest developments in Hong Kong and brief them on the major events to be organised by the HKETO in the coming year. She also encouraged them to visit the Hong Kong Pavilion at the World Expo in Shanghai. The Chinese New Year celebration receptions were also held in Kuala Lumpur, Bangkok, Manila and Jakarta. ◇





2010-2011 Budget measures to boost recovery

In his 2010-2011 Budget speech, the Financial Secretary, Mr John C Tsang, proposed a series of measures to build on Hong Kong's economic recovery from the global financial crisis. In addition, Mr Tsang unveiled government initiatives to stabilise the property market, develop six priority industries and foster a caring society.

The Budget, released on 24 February, aimed to achieve the three objectives of consolidating the recovery, developing our economy and building a caring society.



Financial Secretary (right) attending a joint radio phone-in programme on the 2010-11 Budget hosted by Radio Television Hong Kong, Commercial Radio and Metro Radio.

Consolidating recovery

Economic prospects: cautiously optimistic

Hong Kong showed strong rebound from the financial tsunami. GDP was forecast to grow 4 to 5% in 2010 and headline inflation forecast at 2.3%. There would be a budget surplus amounting to \$13.8 billion in 2009-10, but a deficit of \$25.2 billion in 2010-2011. The deficit is expected to decrease gradually over the next few years, until a balanced budget is achieved by 2013-14.

Fostering a healthy property market

To prevent volatility in the property market, a series of measures were announced, including raising stamp duty on property sales of above \$20 million and steps to curb excessive expansion of mortgage lending. Depending on market conditions, the Government will put up several urban residential sites for sale. Supply of small and medium-sized residential flats will also be increased. The number of completed private residential units will rise to 14,300 this year and the number of units available in the next three to four years is estimated at 53,000.

Economic Development

Investing in infrastructure

The estimated capital works expenditure will increase to \$49.6 billion in 2010-2011. Major projects expected to start this financial year include the Kai Tak Cruise Terminal Building and ancillary facilities, and the Hong Kong-Zhuhai-Macao Bridge boundary crossing facilities. A sum of \$100 million was earmarked to support the work of the Construction Industry Council to improve training and avoid a mismatch of skills in the construction workforce.

Promoting development of priorities industries

The Budget included measures to support the development of six priority industries to broaden the city's economic base in the wake of the financial crisis. These industries are medical services, education services, environmental industries, testing and certification, innovation and technology, and cultural and creative industries.

For instance, a funding of \$41 million was allocated in the next two years to support the work of the Hong Kong Council for Testing and Certification and the Hong Kong Accreditation Service. Phase 3 of the Hong Kong Science Park will be developed in phases between 2013 and 2016, which is expected to create some 5,000 jobs during construction and 4,000 R&D-related jobs on completion of the project. The development would cost the Government \$4.9 billion.

The establishment of a \$300 million Pilot Green Transport Fund to encourage the transport sector to test out green and low-carbon transport technology was also announced. This Fund will encourage the industry to introduce more innovative green technologies, such as the use of buses, public light buses, taxis, and ferries that employ green technologies. It will also help nurture the budding of green technology in Hong Kong. In addition, \$540 million was set aside for subsidies to replace Euro II diesel commercial vehicles.

Regional co-operation

To foster co-operation with neighbouring economies, the Government will set up a Hong Kong-Taiwan Economic and Cultural Co-operation and Promotion Council to enhance cross-Strait ties. The Government will also take full advantage of the platform being provided under the National 12th Five-Year Plan to capitalise on the "China advantage".

Caring society

The Government will increase recurrent expenditure on education, healthcare and social welfare to \$130 billion or 56% of total government recurrent expenditure. More funding was allocated to develop human capital, support learning, promote building maintenance, redevelop old areas, care for the needy and support job seekers.

Moreover, \$3 billion was earmarked for the Beat Drugs Fund to support the Government's work in combating drug abuse. Another \$3 billion was injected into the Arts and Sport Development Fund as seed money, with its annual investment return to be used to provide additional resources for the long-term development of sports, culture and arts.

An additional \$1.24 billion was also set aside for the Hospital Authority (HA) to strengthen services including training of nurses, strengthening services for cataract, renal and cancer patients, and incorporating eight more drugs into the HA Drug Formulary.

The Budget also proposed a nearly \$20 billion relief package that includes tax rebates, rates concessions and public housing rental waivers, to provide financial assistance to the community during the economic recovery. ♦

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