

HONG KONG FILES

HONG KONG ECONOMIC & TRADE OFFICE, SINGAPORE

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CHIEF SECRETARY MEETS SINGAPORE LEADERS



Call on Singapore's Prime Minister, Mr Lee Hsien Loong (right)



Call on Singapore's Senior Minister, Mr Goh Chok Tong (right)

The Chief Secretary Mr Henry Tang called on Prime Minister Mr Lee Hsien Loong and Senior Minister Mr Goh Chok Tong, during a visit to Singapore on February 14 and 15.

Mr Tang said both Hong Kong and Singapore are small, open economies, and Singapore's experiences provided good reference for Hong Kong.

He said, "With challenges posed by global economic changes, the two places have to consolidate and upgrade their traditional pillar industries. We should actively explore new growth areas and ensure our human resources can cope with our development needs.

"Meanwhile, we have to tackle internal social problems arising from changes in economic structure and strive to raise our city management levels."

Mr Tang also exchanged views on bilateral economic and trade co-operation and various issues of mutual interest with Deputy Prime Minister Mr Wong Kan Seng, Minister for Foreign Affairs Mr George Yeo, Minister for Trade and Industry Mr Lim Hng Kiang, Minister for Manpower Mr Gan Kim Yong and Economic Development Board Chairman Mr Leo Yip.

During his stay in Singapore, Mr Tang also visited Mandai Columbarium and the Tuas South Incineration Plant to learn more about Singapore's policies and facilities on burial and waste treatment.

"Both Singapore and Hong Kong are densely populated cities. Columbarium and waste management are two areas of great public concern that require a proper balance between the provision of facilities and public perception and acceptance," Mr Tang said.

Concluding the fruitful visit, Mr Tang was confident that it would help to strengthen bilateral relations, promote mutual understanding and foster long term co-operation between Singapore and Hong Kong.



Visit to Tuas South Incineration Plant

HIGHLIGHTS

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7 A NEW STAGE FOR HK'S RENMINBI BUSINESS



Strong economic growth, investment in future: 2011-12 Budget



Press conference on 2011-12 Budget

TO BOOST HONG KONG'S OVERALL COMPETITIVENESS, THE FINANCIAL SECRETARY SAID THE GOVERNMENT WOULD STEP UP EFFORTS TO BUILD TIES WITH EMERGING ECONOMIES AS WELL AS WITH THE CITY'S NEAREST NEIGHBOURS.

The Financial Secretary, Mr John C Tsang, released in his 2011-12 Budget that Hong Kong's economy grew strongly by 6.8 per cent in 2010, a full recovery at a faster pace than expected thanks to the strong growth in the Mainland and Asia. Hong Kong's exports of goods soared by 17.3 per cent, while private consumption spending grew by 5.8 per cent and investment spending grew by 8.1 per cent.

However, Mr Tsang said the strong economic recovery, a soft US dollar and rising food and commodity prices around the world would cause inflationary pressure to gradually build up in Hong Kong this year. He forecast inflation of 4.5 per cent with GDP growth of 4 to 5 per cent for 2011.

He said in the short term, the Government would strive to ease domestically generated price pressure by forestalling

property market exuberance, preventing excessive credit growth and pursuing a prudent fiscal stance.

Meanwhile, the Financial Secretary announced record infrastructure spending and a series of initiatives to foster growth in key economic areas, saying that investing in Hong Kong's future economic development to maintain the city's competitiveness is a major plank of the 2011-12 Budget.

He estimated that capital works expenditure would reach a record HK\$58 billion (approx. US\$7.5 billion) in 2011-12 as the 10 major infrastructure projects, including the Hong Kong-Zhuhai-Macao Bridge, the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Kai Tak Development Plan Stage 1, continue to be rolled out over the next few years.

Mr Tsang said the Government would strive to develop Hong Kong's four pillar industries – trade and logistics, professional services, tourism and financial services. To enhance Hong Kong's competitiveness as an international business centre, he pledged to increase the supply of Grade A office space and develop high-grade office clusters.

Hong Kong will continue to invest in transport infrastructure projects and optimize its highly efficient multimodal transport services, with a view to promoting the development of air, sea and land transport and logistics. On financial services, Hong Kong will continue to build on its momentum, particularly in Renminbi business and as an attractive capital-raising centre for overseas companies.

To further diversify the economy, the Financial Secretary said the government would continue to roll out support measures for the six industries identified as having a clear advantage, namely, medical services, testing and certification services, education services, environmental industries, cultural and creative industries and innovation and technology.

Among the initiatives, Mr Tsang earmarked HK\$1 billion (approx. US\$130 million) for a Health and Medical Research Fund to be set up by the Food and Health Bureau. On environmental industries, the Government will continue to facilitate the widespread introduction of electric vehicles by expanding the charging network across Hong Kong.

To boost Hong Kong's overall competitiveness, the Financial Secretary said the Government would step up efforts to build ties with emerging economies as well as with the city's nearest neighbours.

NATIONAL PLAN ELABORATES HK POSITION

THE HONG KONG SPECIAL ADMINISTRATIVE REGION (HKSAR) GOVERNMENT WILL CONTINUE TO SPARE NO EFFORT IN TAKING FORWARD THE IMPLEMENTATION OF THE 12TH FIVE-YEAR PLAN ACCORDING TO THE 'ONE COUNTRY, TWO SYSTEMS' PRINCIPLE.

The Outline of the 12th Five-Year Plan for the National Economic and Social Development of the People's Republic of China has been promulgated, with a chapter dedicated to Hong Kong and Macau. The chapter elaborates on the significant functions of Hong Kong in the development strategy of the country. It also emphasises the Central Authorities' support for Hong Kong in three major areas:

- (A) Consolidating and enhancing Hong Kong's position as an international financial, trade and shipping centre, and support for Hong Kong's development into an offshore Renminbi (RMB) business centre and an international asset management centre. This will assist the country in capitalising on the Hong Kong financial market as a platform for attracting investment, allocating assets and promoting the 'go out strategy' of RMB.
- (B) Nurturing emerging industries and developing the six industries where Hong Kong enjoys clear advantages, namely education services; medical services; testing and certification; innovation and technology; cultural and creative industries; and environmental industries.
- (C) Deepening the economic co-operation between the Mainland and Hong Kong; continuing the implementation of the Closer Economic Partnership Arrangement (CEPA); and confirming the significant functions and positioning of Hong Kong-Guangdong co-operation.

This is a significant breakthrough in Hong Kong's efforts in complementing the National Five-Year Plan. The Hong Kong Special Administrative Region (HKSAR) Government will continue to spare no effort in taking forward the implementation of the 12th Five-Year Plan according to the 'One Country, Two Systems' principle.

In the development of offshore RMB business, the HKSAR Government will strive to further enhance the RMB settlement platform, conduct overseas roadshows to promote Hong Kong's offshore RMB market and attract more enterprises to make use of Hong Kong's settlement services. At the same time, the HKSAR Government will continue to encourage issuance of RMB bonds in Hong Kong by both overseas and Mainland institutions, as well as promoting the diversification of RMB financial products and services.

In facilitating the development of asset management business, the priorities include seeking to enter into more agreements for the avoidance of double taxation, continuing to develop an Islamic

financial platform and stepping up overseas promotion. The HKSAR Government will also continue to strengthen the competitiveness of the asset management industry by improving the regulatory regime, enhancing market quality and facilitating market development.

The Central Authorities also support the development of Hong Kong as a high-value goods inventory management and regional distribution centre. The HKSAR Government will gradually make available long-term sites in Kwai Tsing to attract third-party logistics services providers to operate in Hong Kong. Efforts to promote to the Mainland and overseas markets professional logistics services available in Hong Kong will continue. In addition, the Airport Authority is implementing the midfield expansion project and the construction of a new air cargo terminal to increase the handling capacity of the airport to meet future demand.

The Chief Executive, Mr Donald Tsang, expressed gratitude to the Central Authorities for their continued strong support for maintaining the long-term prosperity and stability of Hong Kong. Hong Kong has the autonomy to decide, under the 'One Country, Two Systems' principle and the Basic Law, its own development directions, policies and measures that complement the overall national development strategies.



Lok Ma Chau boundary crossing - one of the major links between HKSAR and the Mainland



Hong Kong Stock Exchange - China supports Hong Kong as an international financial centre

3RD HK FILM FESTIVAL IN KUALA LUMPUR



HKFF OFFICIATING GUESTS (FROM LEFT): Director General Finas, Mr Mohd Mahyidin Mustakim; Director of HKETO in Singapore, Ms Subrina Chow; film director Mr Jimmy Wan; actress Ms Kay Tse; film director Mr Derek Tsang; Malaysian Deputy Minister for Information, Communication and Culture, the Honourable Senator Datuk Maglin Dennis D' Cruz; Chinese Ambassador to Malaysia, Mr Chai Xi and Mrs Chai; and Chief Executive of Golden Screen Cinemas, Ms Koh Mei Lee.

The Hong Kong Film Festival (HKFF) 2011 was launched in Kuala Lumpur, Malaysia on March 16 with a gala premiere attended by more than 250 invited guests from the Malaysian government, business and media sectors. This was the third HKFF organized by the Hong Kong Economic and Trade Office (HKETO) in Singapore with the support of 988 Radio Station Malaysia and the Golden Screen Cinemas. A total of 11 Hong Kong movie titles were screened during the Festival from March 17 to 20.

Speaking at the HKFF opening ceremony, the Director of HKETO in Singapore, Ms Subrina Chow, said, "The film industry is the flagship of Hong Kong's creative industry. More and more of our actors, directors and producers are gaining international recognition. In the past decade alone, Hong Kong movies and film talents won over 300 international awards, including those at the Cannes, Berlin and Venice Film Festivals."

As a way to express appreciation for Malaysians' long-lasting support for Hong Kong movies, this year's HKFF brought back to the big screen six Hong Kong blockbusters from the 1980s to 2000s. These best-loved Hong Kong movies were chosen by the audience of Radio 988 in an open voting campaign last December.

The HKFF 2011 also featured five new Hong Kong productions that have not

been screened in Malaysian cinema before. Three of these five are winners and/or nominees of prominent Hong Kong and international film awards. The opening film of this year's Festival, 'Lover's Discourse', by two new generation directors Mr Derek Tsang and Mr Jimmy Wan, won the Grand Prix (Best Picture Award) at Osaka Asian Film Festival 2011.

Ms Chow said 'Lover's Discourse' was partly financed by the Hong Kong Film Development Fund (FDF) set up to support the long-term development of Hong Kong's film industry. Since 2007, the Fund has provided financial support to 16 small to medium-budget film projects, involving eight directors and four producers who produced commercial films for the first time.

Mr Derek Tsang and Mr Jimmy Wan, together with actress Ms Kay Tse, flew to Kuala Lumpur to attend the gala premiere and conduct a workshop to share their experience in film making with some 150 Malaysian students and audience.

The HKFF 2011 comprised two parts: (i) review of six favorite Hong Kong movies from 1980s to 2000s – 'A Better Tomorrow', 'Police Story', 'Fight Back To School', 'Once Upon A Time In China', 'Infernal Affairs' and 'Ip Man'; and (ii) showcase of five new movies produced in 2010 – 'Lover's Discourse', 'Gallants', 'Break Up Club', 'All About Love' and 'Quattro Hong Kong'.



HKFF PRESS CONFERENCE (FROM LEFT): Ms Kay Tse, Mr Derek Tsang, Ms Subrina Chow, Mr Jimmy Wan, and 988 Marketing Director Mr Victor Gu.



Premiere of 'Lover's Discourse' in Singapore

'Lover's Discourse' premiered in Singapore on January 10. Sponsored by HKETO in Singapore, the two directors came to Singapore to attend the premiere screening at the Cathay Cineplex. They also conducted a public forum on their experience in film making at the National Library. The actress Ms Kit Chan also appeared at the premiere screening.



ENTERTAINMENT EXPO HONG KONG



Lighting ceremony of Entertainment Expo 2011

Entertainment Expo Hong Kong 2011, the seventh edition of Asia's leading entertainment industry gathering, took place from March 21 to April 17, with an expanded lineup of 10 international events presenting a multimedia extravaganza of film, television, digital entertainment and music.

Besides the three founding events – the Hong Kong International Film and Television Market (FILMART), the Hong Kong International Film Festival and the Hong Kong Film Awards Presentation Ceremony, this year's Expo also included the Asian Film Awards, the Hong Kong-Asia Film Financing Forum, the Hong Kong Asian Pop Music Festival, the IFPI Hong Kong Top Sales Music Award and the Hong Kong Independent Short Film and Video Awards. In addition, the Expo featured two affiliated events – the Digital Visual Effects Summit and Pixar: 25 Years of Animation.

The Chief Executive, Mr Donald Tsang, speaking at the opening ceremony, said beyond total sponsorship to support the expo, the Hong Kong Government ensures a vibrant social setting for the creative industries to flourish. "This, together with our location in the heart of East Asia, makes Hong Kong an unrivaled entry point to the entertainment industry of Mainland China," he added.

In addition, the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) facilitates co-productions with Mainland art and film houses. This facility provides an effective avenue to break into the vast China entertainment market. The Expo also makes for a great networking platform for professionals across a broad spectrum of the entertainment industry.

This year's FILMART attracted a record 600 exhibitors and more than 5,200 visitors from around the world. Organised by the Hong Kong Trade Development Council (HKTDC), the event for the first time included a Pan-European pavilion, a pavilion representing the United States and a Cambodia pavilion.

PIXAR ANIMATION EXHIBITION



"Toy Story Zoetrope"



The cast urethane resin on Mater (Cars, 2006)

Presented by the Leisure and Cultural Services Department, the Expo-affiliated event "Pixar: 25 Years of Animation" exhibition will run until July 11 at the Hong Kong Heritage Museum. As the first stop of its new global tour, the exhibition offers the most comprehensive review of Pixar Animation Studio's work to date. It features more than 400 items, some of which have never been seen outside of the studio's archives, including traditional artwork, models, early animated short films, one-of-a-kind media installations created by Pixar technical artists, as well as artwork from Cars 2, which has not yet been released. For details, please visit <http://hk.heritage.museum/>.

HONG KONG FILMART 2011



Photos by courtesy of Hong Kong Trade Development Council

39TH HK ARTS FESTIVAL CLOSES WITH 95% TICKETS SOLD

Running over a six-week period between February 17 and March 27, the 39th Hong Kong Arts Festival 2011 (HKAF) presented 228 ticketed performances featuring top international, regional, national and local talent to a total audience of over 154,000. More than 1,700 artists from 54 performing groups gathered for the Festival, featuring 14 world and nine Asian premieres. With over 140,000 tickets available at the box office, 95% were sold.

The 39th HKAF continued to invest in new work, celebrate great traditions and push the boundaries: from international superstar Cecilia Bartoli and Leipzig Opera's monumental *Tristan und Isolde* to a New Stage Series; from classic Chinese opera to a hybrid rock music/Peking Opera co-production between Hong Kong, Shanghai and Taiwan. The Festival also offered additional opportunities for audience to interact with artists and their works through a plethora of masterclasses, lecture demonstrations, talks, workshops and meet-the-artist sessions.

UPCOMING FESTIVAL BEGINS THIS SEPTEMBER

In celebration of the 40th anniversary of the Festival, HKAF 2012 will have an unprecedented early start in September 2011, featuring the Academy-award winning collaboration between Sam Mendes and Kevin Spacey in a production of Shakespeare's *Richard III* for the final installment of the three-year-long Bridge Project. For early bird booking, please visit <http://www.hk.artsfestival.org/en/press/2011/11071>

HKAF 2012 will continue to run from February 1 to March 8, 2012.

"MURDER IN SAN JOSE"

Hong Kong's award-winning Cantonese play "Murder in San Jose", which was commissioned and produced by HKAF, was staged at Esplanade Theatre in Singapore on April 1 and 2. Since its premiere run at HKAF 2009, the play has had three sold-out runs. It swept four major awards at the 2009 Hong Kong Drama Awards, including Best Script, Best Director and Best Actress. This was the first time a Cantonese theatre production was presented at Esplanade.



HONG KONG THEATRE : MURDER IN SAN JOSE



BEIJING OPERA : THE PAINTED FACES



NEW YORK CITY BALLET : WEST SIDE STORY

Photos by courtesy of Hong Kong Arts Festival

"CITY PARK" CONCEPT FOR HK'S CULTURAL DISTRICT



Conceptual plan "City Park" by Foster + Partners



Photos by courtesy of West Kowloon Cultural District Authority

The design "City Park" by Foster + Partners was selected as the conceptual plan for the West Kowloon Cultural District (WKCD) for its primary focus on the long-term development of arts and culture. WKCD Authority Board Chairman, Mr Henry Tang, said the plan has a balanced mix of land uses integrating arts and cultural facilities with other uses, which improves visitor experience and enhances the district's vibrancy.

The plan contains proposals to support arts education and cultural software development to facilitate work in nurturing arts talent and

building audiences. It has a high degree of flexibility which allows swapping of sites to facilitate earlier development of core arts and cultural facilities. It also allows public enjoyment of arts and cultural facilities amidst ongoing construction programmes. The concept earned the most public support in a public engagement exercise.

There are two other plans submitted by world-class design teams. One plan is Rocco's "Cultural Connect" which comprises a well-delineated layout following fine integration of arts and

cultural facilities with public open space. The other plan is OMA's "Project for a New Dimension" which demonstrates how a thematic layout can showcase the unique local and traditional characteristics of Hong Kong. Without compromising the selected plan's integrity and completeness, certain preferred elements and features from these two plans will be incorporated into the development.

The first phase of the WKCD project is expected to come into operation in 2015.

China the focus of ASIAN FINANCIAL FORUM 2011

IN RESHAPING THE GLOBAL AGENDA, HONG KONG HAS A LEADING ROLE TO PLAY AS CHINA'S GLOBAL FINANCIAL CENTRE



Chief Executive, Mr Donald Tsang, delivering the welcoming remarks



Opening session of AFF 2011.

More than 1,700 participants from over 30 countries and regions attended the 4th Asian Financial Forum (AFF) on January 17 and 18. More than 70 leading finance, business and regulatory players as well as government officials from around the world gathered to exchange ideas on how to tap the opportunities of economic growth.

Under the theme "Asia: Reshaping the Global Agenda", the event was co-organised by the Hong Kong Special Administrative Region Government and the Hong Kong Trade Development Council. Asia, particularly the Chinese Mainland, was the central focus of this year's AFF. Subjects discussed covered global investment opportunities and challenges to Asia, China opportunities, Mainland enterprises in the global scene and the internationalisation of the Renminbi.

Delivering his opening address, Chief Executive Mr Donald Tsang noted that sovereign debt crises and high unemployment levels in regions like the Euro-Zone and the US will impact Asia, adding that sound economic strategies and tactics, working hand-in-hand, has been the key to Asia's early recovery.

Mr Tsang said Hong Kong's strategies and tactics will focus on opening up opportunities for business in Asia and promoting greater transparency in financial markets.

"In reshaping the global agenda, Hong Kong also has a leading role to play as China's global financial centre," he said.

Hong Kong has seized many extraordinary opportunities linked to the Mainland and these opportunities have multiplied. Mr Tsang stressed that this was especially the case for Hong Kong's role as China's global financial centre. The increased participation of Mainland companies in the stock market has attracted foreign investors. On the other hand, foreign companies from Russia, France and Brazil listed in Hong Kong

could benefit from institutional money from the Mainland and other Asian investors.

"Another fast multiplying opportunity is Hong Kong's role as a testing ground for the internationalisation of Renminbi," Mr Tsang said. He cited the rapid expansion of Hong Kong's Renminbi bond market, saying that local firms and global enterprises have tapped into Hong Kong's 'dim sum bonds' market, the nickname given to bonds denominated in Renminbi and issued in Hong Kong.

Speaking at the cocktail reception, Financial Secretary Mr John Tsang said 'dim sum bonds' were born out of the necessity to internationalise the Renminbi in the current climate of financial opening up and reform on the Mainland.

"For us, 'dim sum bonds' represent more than just a new and appetising initiative for investors to expand their Renminbi portfolios. They also embody Hong Kong's unique role in reshaping the global agenda through our positioning as China's global financial centre," Financial Secretary said.

Secretary for Financial Services and the Treasury, Professor KC Chan, attended the forum as a panel speaker in the policy dialogue session and spoke on "Challenges to Asia in a Global Environment of Low Interest Rates and Excess Liquidity". He also spoke at a workshop on "Hong Kong as China's Global Financial Centre – The Renminbi Dimension".

Speakers from overseas countries included Secretary of State for Foreign and Commonwealth Affairs, the United Kingdom, Mr William Hague; Secretary of Finance, the Philippines, Mr Cesar V. Purisima; Chief Executive Officer, Swiss Financial Market Supervisory Authority FINMA, Dr Patrick Raaflaub; Nobel Prize-winning economist and Professor, Columbia University, the United States, Professor Robert Mundell.

HKETO & HKTB HOST CHINESE NEW YEAR CELEBRATIONS



Mr David Leung of HKTB (Left), HKETO director Ms Subrina Chow (second left); Ms Anna Thompson of Cathay Pacific Airways (second right) and Mr Charles Leong of Macau Government Tourist Office (right) presenting a grand prize of a tour package to Hong Kong and Macau to the lucky draw winner (centre) at the Chinese New Year dinner in Singapore.

HKETO in Singapore, jointly with the Hong Kong Tourism Board (HKTB) and other organisations, hosted a series of Chinese New Year dinners in Kuala Lumpur, Bangkok, Singapore, Manila and Jakarta in February.

In her welcoming remarks, the Director of HKETO in Singapore, Ms Subrina Chow, said many Southeast Asian countries, as well as Hong Kong, were pleasantly surprised by the continuing momentum of growth demonstrated by their economies last year, helped by an early rebound of intra-Asia trade that drove economic recovery across the region.

Looking forward to seeing more co-operation in various aspects with the Southeast Asian countries, Ms Chow mentioned that several Hong Kong senior government officials will be visiting the region later in the year to share with local financial and business communities the exciting development of offshore Renminbi business in Hong Kong, which is offering new opportunities to overseas investors and reinforcing Hong Kong's position as China's global financial centre.

TOURISM SPENDING IN 2010 OVER HK\$200 BILLION

According to HKTB, the total tourism expenditure associated with inbound tourism in 2010 reached a historic high of HK\$209.98 billion (approx. US\$27 billion), 32.7% more than in 2009. Last year, Hong Kong welcomed 36.03 million visitor arrivals, 21.8% more than 2009. The increase in arrivals, along with the strengthening of most currencies against the Hong Kong dollar, which stimulated visitors' spending, led to remarkable growth in the total tourism expenditure. Looking into 2011, it is expected visitor arrivals will further grow to 39.64 million, provided that the global economy remains stable.



HONG KONG FILES SUBSCRIPTION/RESPONSE

We hope you enjoyed this issue of HK FILES.

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Hong Kong Economic and Trade Office, Singapore
9 Temasek Boulevard #34-01 Suntec City Tower Two,
Singapore 038989

Website: www.hketosin.gov.hk

E-mail: hketo_sin@hketosin.gov.hk

Tel: (65) 6338 1771

Fax: (65) 6339 2112

More up-to-date news on Hong Kong is available at
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Invitation of tenders for LEASES OF ECOPARK

The Hong Kong Government is inviting recycling operators, both local and overseas, with relevant experience and expertise to submit tenders for the leases of the first batch of six lots in the EcoPark Phase 2, Tuen Mun. Flexible lease terms and conditions are in place, which include open waste types to be freely proposed by tenderers, a 20-year tenancy period to allow tenants' long term capital investment under a stable and secure environment, and different lot sizes to suit tenderers' operational requirements. Submission of tenders should be made by May 13. Details are available at www.ecopark.com.hk.

The development of the EcoPark aims to provide long-term land at affordable cost for the recycling and environmental industry and to encourage investment in more advanced technologies and value-added processes in Hong Kong. The six lots in Phase 1 have been allocated for the recycling of waste wood, waste cooking oil, waste computer equipment, waste plastics, waste metals and waste batteries.