

FS UNVEILS BUDGET MEASURES TO RESPOND TO NEW ECONOMIC ORDER

Delivering the 2016-17 Budget on February 24, the Financial Secretary, Mr John C Tsang, said Hong Kong should build on its strengths, together with Hong Kong people's flexibility, resourcefulness and market acumen, to find its place in the new economic order.

Hong Kong should act swiftly to identify new development opportunities as a result of a new economic order being driven by breakthroughs in information technology (IT) and the increasingly influential role of emerging markets in the global economy.



The Financial Secretary, Mr John C Tsang, attends "Financial Secretary's Budget Phone-in" to explain to the public about Budget measures.

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二零一六至一七財政年度

政府財政預算案

The 2016-17 Budget

財政司司長熱絲

BOOSTING THE ECONOMY

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Mr Tsang has announced a package of HK\$38.8 billion relief measures in the Budget to help business and residents weather looming economic prospects and to stimulate consumption. He has projected that Hong Kong's economy would grow 1 - 2 % in 2016 and that the headline inflation rate for 2016 would be 2.3% with an underlying inflation rate at 2%. **HK BUDGET**

NURTURING INNOVATION

"Two dominant forces are now transforming the global economic landscape: the overwhelming application of technology and the influential role of the developing economies in Asia. Together, they are responsible for the emergence of a new economic order," Mr Tsang said.

The Budget for 2016-17 helps the Hong Kong community embrace some of these fastevolving realities. To help businesses identify the opportunities that are available, and to help our people capture the rewards that these opportunities can offer.

Hong Kong has well in place the necessary foundation to reap the benefits that these opportunities can offer – the very same foundation that has enabled Hong Kong to rise as a global trading and commercial economy and one of the world's major financial capitals.

"The new economic order demands much more than that. It demands that we turn the creative and the innovative into practical products and services that are commercially attractive. It demands that we transform these technological concepts into practical realities that would improve the way that we live in the future," he added.

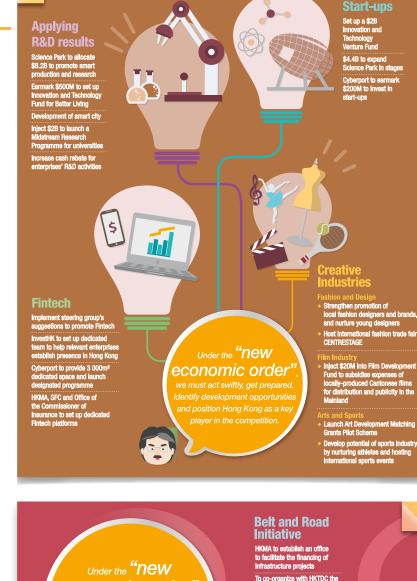
The Budget this year expands on that very innovation and technology focus.

It targets robotics, healthy aging and smart city as areas that our community, with its rapidly aging population and shrinking workforce, must embrace – and sooner rather than later.

"To that end, the Science Park is planning a HK\$8.2 billion smart production centre at the Tseung Kwan O Industrial Estate with completion expected in five years; we will have HK\$500 million for an Innovation and Technology Fund for Better Living, HK\$2 billion for a Midstream Research Programme for our universities, HK\$2 billion for an Innovation and Technology Venture Fund to invest in local technology startups on a matching basis with private venture capital," he said.

"We are investing HK\$200 million in our startups in Cyberport as we emerge as a global hub for these new ventures; expanding Science Park to provide by the year 2020 an additional 70,000 square metres of floor space for more technology companies; and also offering measures to help promote Hong Kong as a hub for FinTech," he added.

Mr Tsang said creative industries were part of the new order, and that Hong Kong would continue to support their healthy growth. This includes assisting startups and nurturing talent through the HK\$400 million injection into the CreateSmart Initiative.



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HK BUDGET

FOSTERING

The ASEAN Internship Scheme launched by the Hong Kong Economic and Trade Office in Singapore in 2014 has so far provided internship opportunities for about 300 students. Through this scheme, students can gain first-hand knowledge about the economic and socio-cultural environments of the ASEAN countries. From 2016 onwards, the scheme will be extended to cover the Hong Kong Academy for Performing Arts, Hong Kong Shue Yan University and Hang Seng Management College, bringing the total number of participating tertiary institutions to 11.



"Nothing creates opportunity, offers hope and promises, more than education. That is why I have allocated HK\$75 billion this year to education – our single largest recurrent outlay. Our education expenditure this year, by the way, is some 70 per cent higher than it was a decade ago, while the student population in primary and secondary schools for the corresponding period dropped by 20 to 30 per cent," he said. Mr Tsang made special reference to the ASEAN Internship Scheme launched by the HKETO in Singapore in 2014.

Other highlights.

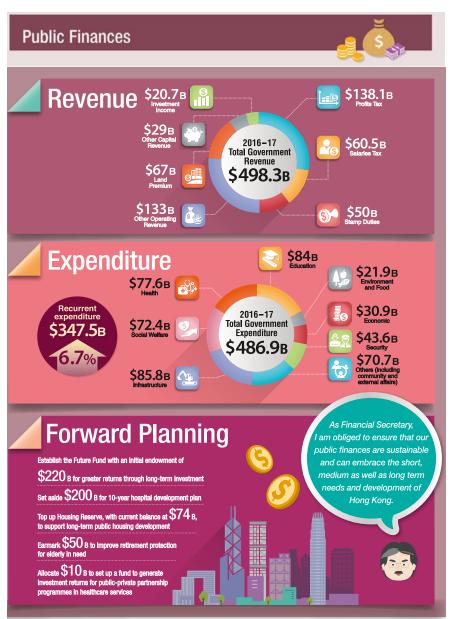
The Budget also provides substantive short-term assistance – some HK\$39 billion in tax and relief measures – to help Hong Kong businesses, in particular our small and medium-size companies to bridge the difficult year ahead and to lend a helping hand to our tourism, catering, as well as retail sectors.

FINDING **NEW MARKETS** ALONG CHINA'S BELT AND ROAD ROUTES

Mr Tsang has also pointed to emerging markets as the other major force in the new economic order. In view of this trend, Hong Kong needs to expand its trading ties with the rest of the world and develop more markets for Hong Kong enterprises.

The Central Government's Belt and Road initiatives offer a wealth of opportunities. The Government will continue to pursue trade and investment agreements to expand commercial and trading networks, creating more favourable conditions for Hong Kong enterprises.

Mr Tsang said negotiations for a free trade agreement (FTA) between Hong Kong and the Association of Southeast Asian Nations (ASEAN) would likely be concluded this year, and that the Government would seek to participate in the FTAs that have been, or will be, concluded between the Mainland and other countries.



TECH STARTUPS PLUG INTO HK

Hong Kong has been opening its doors to a new generation of innovative entrepreneurs as it works towards building a dynamic startup ecosystem. The city's startup scene has experienced phenomenal

growth in recent years. An Invest Hong Kong (InvestHK) poll released last September showed 1 558 registered startups are operating in co-working spaces in the city, a 46% jump compared to 2014.

BRIGHT IDEA

Lumos is one of them. Its co-founder, Ding Eu-wen from Singapore was studying at Harvard University when he met Jeff Chen, an exchange student from Hong Kong University of Science and Technology. As students, they cycled everywhere and that was when they came up with the Lumos Helmet to improve the safety and visibility of cyclists riding after dark. It is the world's first smart bicycle helmet with integrated lights, brake, and turn signals.

At only two years old, Lumos is still a fledgling startup, but the young entrepreneurs are already considering making Hong Kong the firm's headquarters because of its proximity to experienced helmet manufacturers in Shenzhen.

"Hong Kong made a ton of sense because it's really easy to live here and get around and China's just there and we go in on a weekly basis, so we started working with the factory and we know them pretty well now," Eu-wen said.

With support from InvestHK, Eu-wen added that he had no problems in getting a Hong Kong visa. "We were told that a typical visa application process takes about one month to review and then another month for approval, but because InvestHK endorsed our application, it took only about seven days for me to get the visa."



Dynamic duo: Ding Eu-wen (left) and Jeff Chen launched their smart helmet startup Lumos in Hong Kong as it is close to manufacturers in Shenzhen.

Another success story is Aivvy Inc, a Silicon Valley technology startup that relocated its regional headquarters to Hong Kong in 2014 to launch its portable music player globally.

Its smart headset Aivvy Q can "learn" a user's music preferences. When the headset is charging, it automatically connects to Wi-Fi to sync the user's preferences, updating its library with new songs selected by advanced algorithms from 40 million songs on the Aivvy Cloud.

Its founders chose Hong Kong to launch their product because of its stable and mature business environment and strategic location next to factories in Shenzhen.

The firm was also impressed with how easy it was to set up a company in Hong Kong, with the added bonus of support from InvestHK alleviating a lot of the burden smaller companies face, such as securing visas, finding service providers and making media contacts.

"It took around seven days to see up a new company from scratch, so the whole registration process was very easy, and we were introduced to many resources by InvestHK, including accounting firms and to local community resources such as Science Park and coworking spaces," said Aivvy co-founder Cheryl Zeng.

SOUND OF SUCCESS **FEATURE STORY**

LAUNCHING PAD_____

Companies like Aivvy show that Hong Kong is attracting high-tech market players, even from world-leading startup hubs like Silicon Valley.

Hong Kong's low taxes, strong legal system, tech-savvy population and key position as a global trade centre and gateway to the Mainland market, make it an ideal launching pad for startups seeking to scale globally.

InvestHK noted that the city's startup ecosystem had seen rapid growth, due to increasing entrepreneurship and a surge in the number of co-working spaces - where tech workers share office space.

"We've been helping large and small companies for the past 15 years, but what's happened in just the last couple of years is we've seen an explosion in the number of founders and entrepreneurs coming to Hong Kong," a spokesman for InvestHK said.

"Many entrepreneurs think that Hong Kong is really only for big businesses, that you've got to be a big bank or a big Fortune 50 company to be able to afford to have an office here in Hong Kong. But that's not really true. Because we've seen such a huge increase in the number of co-working spaces, there is more supply than demand and so if you're a founder or an entrepreneur, you can rent a seat in a co-working space much cheaper than you could in London or Silicon Valley or many other parts of the world."





StartmeupHK Venture Forum ___

InvestHK hosted the StartmeupHK Venture Forum in January, attracting more than 900 participants who seized the opportunity to listen to a diverse range of renowned speakers sharing their inspiring stories, including Tesla Motors CEO and Product Designer Elon Musk (picture above). The forum was the main event of the week-long StartmeupHK Festival aimed to promote Hong Kong as one of the fastest growing startup hubs in the world.

HONG KONG FILES 5

INTERNATIONAL IT FEST 2016 & INTERNET ECONOMY SUMMIT_

With a world-class Internet infrastructure, a tech-savvy community and a free market supported by sound legal system, Hong Kong is a vibrant digital city and an ICT hub in the region for ICT businesses.

The city will stage its annual edition of International IT Fest from April 11 to 23, bundling a number of large-scale ICT events spanning a diversity of domains, including FinTech, big data, smart city, Internet of Things, startups, e-commerce, information security, mobile technology, cloud computing, digital inclusion and ICT education in April (www.itfest.hk).

The International IT Fest 2016 hails over 40 exciting events. Apart from signature anchors such as Hong Kong ICT Awards Presentation Ceremony and the International ICT Expo, the Fest also features the inaugural Internet Economy Summit hosted by the Hong Kong Government on April 13 to share world leaders' vision of economic changes brought by the Internet.

Global IT leaders, including executives from Alibaba, Facebook, Microsoft and Xiaomi, among others, will be the keynote/panel speakers. The Chief Executive of Hong Kong, Mr C Y Leung; and the Director of Cyberspace



Administration of China, Mr Lu Wei, will be the Guests of Honour for the Summit (www.i-EconSummit.hk).

International IT Fest 2016 is a platform for overseas and local ICT professionals to share knowledge and exchange insights on technological trends and developments. Organisations from all over the world showcase their products in the International ICT Expo which is a leading ICT expo in Asia. You are welcome to take this opportunity to visit Hong Kong and experience the wonder of 'Hong Kong, Asia's World City'.



EVENTS IN HONG KONG

VISUAL FEAST AT ART BASEL HONG KONG

Some 240 leading art galleries from around the world; historical masterpieces; outstanding contemporary creations; eclectic works by 4 000 artists – paintings, drawings, sculpture, installations, prints, photography, film, video and digital art. That is the feast on offer for art lovers at Art Basel Hong Kong.

Its 2016 edition, held from March 22 to 26, 2016 at the Hong Kong Convention and Exhibition Centre, placed Hong Kong in the centre of Asia's international art scene and offered a premier platform for showing art works from across the globe. The show provided an in-depth overview of the region's diversity through both historical material and cutting-edge works by established and emerging artists.

The event, which helps make Hong Kong the epicentre of Asia's international art scene, draws from across the world tens of thousands of visitors – many are high-profile ones in the arts and culture world, including museum officials, gallery owners, collectors, famous celebrities and media. It has become an important annual cultural tourism event in Hong Kong.

EVENTS IN HONG KONG



ENTERTAINMENT EXPO HONG KONG 2016

'Work hard, play hard' is the Hong Kong way of life and the city enjoys the latest and best in entertainment. Since its launch in 2005, Entertainment Expo Hong Kong has fed off this appetite to become one of the city's glitziest entertainment extravaganzas, attracting leading players from Asia's entertainment industry every March.

The twelfth edition of Entertainment Expo Hong Kong opened between March 14 and April 4. This year's Expo features a spectacular series of events spotlighting some of the world's best in film, television, music and digital entertainment. They include the founding event HK International Film & TV Market (FILMART); core events HK-Asia Film Financing Forum, Asian VFX and Digital Cinema Summit, Digital Entertainment Summit and TV World International Forum.

The Financial Secretary, Mr John C Tsang, said at the opening that the event was an annual three-week celebration of film, TV, music and digital entertainment, with the spotlight shining on the riveting business in Hong Kong, across Asia as well as around the world.

"The entertainment industry is the crown jewel of Hong Kong's cultural and creative industries. It helps shape Hong Kong's image as a creative and cosmopolitan city. Despite Hong Kong's modest size, the local film business has maintained a production output of some 50 movies a year over the past decade," he said.

Hong Kong is also a centre for the business of buying and selling entertainment products. FILMART is Asia's largest marketplace for the entertainment industry. Last year, FILMART attracted some 800 exhibitors from 34 countries and regions, drawing more than 7 000 visitors from over 50 countries and regions. That is a potent and productive global mix of producers, investors, distributors, as well as creative and business professionals.

"To ensure that Hong Kong remains a key player on the regional and global entertainment stage, the Government will continue to support the Entertainment Expo," Mr Tsang added.



At the opening ceremony are: (front row, from left) Director-General of the TV Drama Department, State Administration of Press, Publication, Radio, Film and Television, Mr Li Jingsheng; Executive Director of Hong Kong Trade Development Council (HKTDC), Ms Margaret Fong; Mr Tsang; Hong Kong Entertainment Ambassador, Leon Lai; and Chairman of HKTDC Entertainment Industry Advisory Committee, Ms Terry Lai, with other guests.

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VISUAL ARTS EXHIBITION IN SINGAPORE: *More Than Words - Visual Playground of Chinese Characters*

More Than Words - Visual Playground of Chinese Characters is a month-long HKETO-supported exhibition featuring respective motif artwork and derivative patterned artwork of Hong Kong-based artists, Sun Chan and his daughter Hikoko Chan on the themes of Fantasy, Triangle and Happiness, among others. The exhibition was held from March 10 to April 9 at The Arts House at Old Parliament, Singapore.

Director of HKETO in Singapore, Mr Bruno Luk, said, "the collection of *More Than Words* of Mr Chan and Ms Chan breathes new life into Chinese characters. Sun and Hikoko's works can be appreciated purely for their visual appeal, yet the embedded words engage viewers who read Chinese characters, in wordguessing games, while their exotic nature sparks curiosity and evokes imagination in others."

"The HKETO in Singapore, like all other HKETOs overseas, has been actively promoting Hong Kong's image as an international art hub. I am sure more exchanges of this



kind will bring benefits to the development of creative industries in both Hong Kong and the ASEAN region," he added.



1. Visual artist Ms Hikoko Chan, as a curator at the opening, invites Director of HKETO in Singapore, Mr Bruno Luk, to engage in word-guessing of the embedded words in her artwork.

2. Mr Luk and Ms Chan with other VIPs at the opening of the exhibition on March 9, a day prior to its free admission for public at The Arts House at Old Parliament, Singapore between March 10 and April 9, 2016.

OPENING RECEPTION *Imminent Domain: Designing the Life of Tomorrow*

Assisted by HKETO, Asia Society Hong Kong Center (ASHK) brought the acclaimed exhibition *Imminent Domain: Designing the Life of Tomorrow* to Singapore's National Design Centre for free public viewing between January 16 and February 28, 2016. It showcases how Hong Kong's creative potentials can interact with its twin-city Singapore, with a focus on the clash between lives in the past, the now, and the future in the fields of product, fashion, and sociourban designs.

"The effort of Hong Kong artists does not only make Hong Kong become one of the dominant players in the world art industry, it also gains the significant recognition of Hong Kong's growing position as an international cultural metropolis," Director of HKETO in Singapore, Mr Bruno Luk, said.

- 1. Picture shows officiating guests proposing a toast at the reception, (from left) Director of DesignSingapore Council, Ms Agnes Chua; Designer, Mr Yeung Chin; Director of HKETO in Singapore, Mr Bruno Luk; Designer, Mr Dylan Kwok, and Head of Gallery and Exhibition of ASHK, Mr Dominque Chan.
- 2. Hong Kong Designer, Mr Yeung Chin (right), explains to a guest about his garment series on a motif challenging our society's dominant perception of skinniness-equals-beauty.
- 3. Hong Kong Designer, Mr Dylan Kwok, stands in front of images of his art work – a series of reflective houses, also displaying outside the National Gallery Centre along the pavement. The series encourages people to pay attention to neither the Internet nor their smartphones but the environment in which we live in.



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HKETO's Chinese New Year Reception cum Debut of Hong Kong Sinfonietta's A Soldier's Story in Singapore

One of Hong Kong's flagship orchestras, Hong Kong Sinfonietta, made its debut in Singapore with a unique version of Stravinsky's *A Soldier's Story – The New Generation* (*A Soldier's Story*), specially reconceived and re-enacted as a 'concert drama', to more than 1 000-strong audience at the Esplanade, Singapore, on February 27, 2016.

The HKETO supported the event and held a pre-show Chinese New Year reception for its some 200 guests.

Addressing the Chinese New Year reception cum the debut of The Soldier's Story, Director of HKETO in Singapore, Mr Bruno Luk, said that the HKETO has been actively fostering cultural exchanges between Hong Kong and ASEAN region. He is glad to bring to friends in Singapore one of Hong Kong's flagship performing art groups, Hong Kong Sinfonietta, which is internationally renowned and recognised for its passionate performances and innovative programming. He also thanks HKETO guests for their support.



- 1. Officiating guests propose a toast at the reception, (from left) Board Chairman of Hong Kong Sinfonietta, Mr Chan Yuk-kwan; Ambassador Extraordinary and Plenipotentiary of the Embassy of the People's Republic of China in Singapore, His Excellency Chen Xiaodong; Director of HKETO in Singapore, Mr Bruno Luk; and Chief Executive Officer of Hong Kong Sinfonietta, Ms Margaret Yang.
- 2. Violinist and highest award winner of the International Tchaikovsky Competition 2015 (Violin Category), Mr Tseng Yu-chien (middle), pictures with Director of HKETO in Singapore, Mr Bruno Luk (right); and Deputy Director of HKETO, Mr Eric Lee (left) after the performance. Mr Tseng Yu-chien performed Bach's Chaconne for Solo Violin and Tchaikovsky's Violin Concerto in D, Op 35, accompanied by Hong Kong Sinfonietta, in the performance.
- 3. Director of HKETO in Singapore, Mr Bruno Luk, chats with Hong Kong Sinfonietta's concertmaster, Mr James Cuddeford. Mr Cuddeford, a leading musician from Australia who has achieved international recognition as both violinist and composer, was the violin soloist at the performance of The Soldier's Story.
- 4. HKETO's alumni friends enjoy themselves at the reception.

DEBUT OF MUSICAL TERESA IN SINGAPORE

A Hong Kong production, *Teresa*, debuted in Singapore by Perry Chiu Experimental Theatre, showcased Hong Kong's theatrical artists and art entrepreneurs to some 3 400-strong audience at Kallang Theatre during its two-day performance on January 22 and 23, 2016.

The HKETO sponsored the event and held a preshow reception for some 200 guests.

"Art transcends time, borders and races. It cherishes people-to-people bond. Looking ahead, with the foundation work of M+ visual arts museum and the Arts Pavilion in the 40-hectare harbourfront West Kowloon Cultural District pressing ahead in full swing, Hong Kong's presence in the international and local arts scene will only become even more prominent," Director of HKETO in Singapore, Mr Bruno Luk, said at the reception.



- 1. Perry Chiu in Teresa plays the role of Teresa Teng, the most well-known singer among the Chinese communities all over the world. The musical led the audience through the love stories of the legendary singer and explored her inner feelings with her familiar songs.
- 2. Mr Luk speaks at the reception.
- 3. Officiating guests propose a toast at the reception, (from left) Chairman of Kowloon Club in Singapore, Mr Philip Chan; Minister Counsellor of the Embassy of the People's Republic of China in Singapore, Mr Fang Xinwen; Mr Luk; and the musical's Producer, Mr Clifton Ko.

Hong Kong and Malaysia Customs Sign Authorized Economic Operator Programmes.

The Commissioner of Customs and Excise, Mr Roy Tang, attended the 17th World Customs Organization Asia/ Pacific Regional Heads of Customs Administrations Conference held in Kuala Lumpur, Malaysia, on March 17 and signed an arrangement with the Director General of the Royal Malaysian Customs Department (RMCD), Dato' Sri Khazali bin Haji Ahmad, to mutually recognise the Authorized Economic Operator (AEO) Programmes of Hong Kong and Malaysia.

Under the Mutual Recognition Arrangement (MRA) signed, Hong Kong companies accredited by the Customs and Excise Department (C&ED) as AEOs can enjoy clearance facilitation, such as reduced examination or prioritised clearance, for goods exported to Malaysia. Reciprocally, the C&ED will provide the same facilitation to Malaysian companies certified by the RMCD as AEOs.

This is the sixth MRA that the C&ED has concluded with other Customs administrations after the MRAs with the Mainland, India, Korea, Singapore and Thailand.



The Commissioner of Customs and Excise, Mr Roy Tang (second left), and the Director General of the Royal Malaysian Customs Department, Dato' Sri Khazali bin Haji Ahmad (second right), witnessed by the World Customs Organization Secretary General, Mr Kunio Mikuriya (centre), sign a Mutual Recognition Arrangement document in Kuala Lumpur, Malaysia, on March 17 to mutually recognise the Authorized Economic Operator Programmes of Hong Kong and Malaysia.

Participation in the Hong Kong AEO Programme is free, open and voluntary. Any company engaging in business principally related to the international supply chain is welcome to apply. Since the formal launch of the AEO Programme in April 2012, the C&ED has already accredited 29 companies as AEOs, including multinational companies and small and medium-sized local enterprises.

HONG KONG IMMIGRATION DEPARTMENT WINS 2016 SKYTRAX AWARD FOR BEST AIRPORT IMMIGRATION SERVICE

Assistant Director (Control) of Immigration, Mr Choi Yue-ning (left), receives the 2016 Skytrax Award for Best Airport Immigration Service on behalf of the Immigration Department in Cologne, Germany.

The Hong Kong Immigration Department (ImmD) has been voted the winner of the Skytrax Award for Best Airport Immigration Service for the second consecutive year in the annual Passenger Survey commissioned by Skytrax, a specialist research agent of the air transport industry. The presentation ceremony was held on March 16 in Cologne, Germany.

Skytrax, established in 1989 and based in the UK, mainly undertakes qualitative audits and research studies for airports and airlines across the globe. The survey was conducted between June 2015 and February 2016 and covered a total of 550 airports worldwide. A total of 13.25 million survey questionnaires on the immigration services of various airports were collected from air passengers of 106 nationalities.

HKIA Named "Airport of the Year" by Air Transport World _____

Hong Kong International Airport (HKIA)'s service and facilities are once again recognised when it was named "Airport of the Year" at the Air Transport World Airline Industry Achievement Awards 2016. Organised by the longestablished aviation magazine Air Transport World, the award applauds organisations or individuals for their outstanding performance, innovation and superior services.

In clinching the "Airport of the Year" accolade, HKIA was commended for its excellent partnership with airline customers, high standards of environmentally friendlv operational practices, innovative passenger services and strong working relationships with local authorities, allowing the airport to deliver excellence and drive Hong Kong's economic growth.

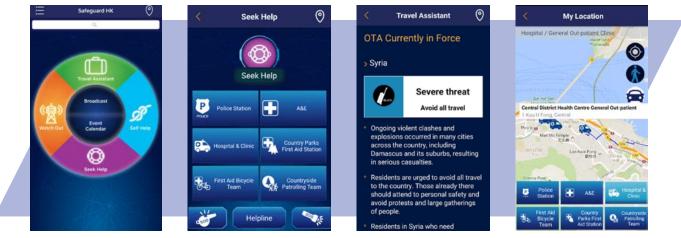
"The 2016 'Airport of the Year' award from Air Transport World is given to HKIA. This is a great honour for both the airport and the people of Hong Kong. I would like to thank the 73 000 staff working at HKIA for their dedication in making it the world's leading airport, in terms of both its hardware and software. We will continue to make every effort to enhance our operations – including expanding the airport into a Three-runway System – to meet future traffic demand," Chairman of Airport Authority Hong Kong (AA), Mr Jack So Chak-kwong said.

"We will strive to continue the economic miracle of Hong Kong by supporting tourism, logistics, finance, trading and various other industries," he added.

> The Executive Director of the Airport Operations of Airport Authority Hong Kong, Mr C K Ng (right), receives the "Airport of the Year" award at the Air Transport World Airline Industry Achievement Awards 2016.



Safety in Your Hands - "Safeguard HK".



"Safeguard HK" is a one-stop platform providing useful information on safety during travel and daily life. To assist Hong Kong people in getting the latest information, "Safeguard HK" will provide instant updates on Outbound Travel Alerts, events of major emergency incidents and more through push notifications.

It covers various categories of useful information including:

- instant updates on Outbound Travel Alerts;
- contact information of Chinese Embassies and Consulates;
- information on controlled and prohibited articles for export and import;
- land boundary control point waiting times;
- first aid procedures;

- electronic tools for emergency SOS calls;
- emergency rescue helplines; and
- information on prevalent crime and scam prevention advice.

You are welcome to download "Safeguard HK" for free through the Apple App Store and through Google Play via this link: www.sb.gov.hk/eng/news/mobileapp/.

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