

HONG KONG ECONOMIC & TRADE OFFICE IN SINGAPORE

HONG KONG FILES

**HONG
KONG**
ASIA'S WORLD CITY


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Financial Secretary unveils 2019-20 Budget



The Financial Secretary, Mr Paul Chan (second left), held a press conference on February 27 after delivering the 2019-20 Budget in the Legislative Council. Also in attendance were the Secretary for Financial Services and the Treasury, Mr James Lau (second right); the Permanent Secretary for Financial Services and the Treasury (Treasury), Ms Alice Lau (first left); and the Government Economist, Mr Andrew Au (first right).

Direction of Economic Development

“ While we are amidst a new situation, new landscape and new norm of global politics and economies, we should maintain a clear and flexible mind, identifying the unique positioning of Hong Kong, grasping the opportunities, leveraging on and giving full play to our strengths. ”

The Financial Secretary (FS) Paul Chan announced the 2019-20 Budget on February 27. Noting the public and the business community's concerns about Hong Kong's economic outlook, Mr Chan prepared the Budget along the direction of supporting enterprises, safeguarding jobs, stabilising the economy and strengthening livelihoods. To support the implementation of various measures, including those proposed in the Policy Address, the FS would provide new resources ready for use of about \$150 billion in the Budget, with additional resources earmarked for various purposes. This demonstrates the Government's determination to enhance public services, support enterprises, relieve people's burden and invest for the future.

Major Budget Initiatives *(* All currency quoted in Hong Kong dollar)*

Financial Services Industry

- Issue the first batch of government green bonds to promote the development of green finance



- Consider establishing a limited partnership regime and introducing tax arrangement to attract private equity funds to set up and operate in Hong Kong
- Promote mutual recognition of funds with other jurisdictions to broaden the distribution network of local fund products



- Provide tax concessions for marine insurance and underwriting of specialty risks, and facilitate them to issue insurance-linked securities
- Promote the use of Faster Payment System for payment of government fees and charges
- Issue virtual bank licences

- Establish the Academy of Finance in mid-2019 to promote financial leadership development

- Provide a **\$400** million seed capital for the Financial Reporting Council and enable it to waive levy in the first two years under the new regulatory regime



Tourism

- Allocate **\$353** million for the continued implementation of the Development Blueprint for Hong Kong's Tourism Industry

Diversified Economy

Innovation and Technology



- Set aside **\$5.5** billion for the development of Cyberport 5 to accommodate more technology companies and start-ups
- Set aside **\$16** billion for universities to enhance or refurbish campus facilities, in particular those for R&D

- Inject **\$20** billion into the Research Endowment Fund of the Research Grants Council under the University Grants Committee to provide research funding

- Establish two innovative clusters in the Science Park focusing on "A.I. and robotic technologies" and "healthcare technologies", pooling top-notch universities and institutions to collaborate and undertake R&D activities



- Launch the **\$2** billion Re-industrialisation Funding Scheme in 2019

- Expand the Corporate Venture Fund of the Science Park to **\$200** million

- Allocate **\$800** million to support R&D work and the realisation of R&D results by universities, key laboratories and engineering research centres

- Double the annual funding ceiling for each university under the Technology Start-up Support Scheme for Universities to **\$8** million

- Increase the monthly allowance for researchers under the Researcher Programme to attract local graduates to join the I&T sector

- Extend the funding period under the Researcher Programme and the Postdoctoral Hub Programme



Creative Industries

- Inject **\$1** billion into the Film Development Fund
- Commence the works for the Sham Shui Po Design and Fashion Project



Construction Industry

- Promote the digitisation of works supervision system to enhance the standard of and efficiency in public works monitoring
- Implement Construction 2.0 to improve productivity, quality, safety and environmental impact
- Upgrade the Project Cost Management Office under the Development Bureau to strengthen cost management of public works projects



- Earmark **\$40** million for the first three years of operation of the Centre of Excellence for Major Project Leaders to enhance public officers' capability in delivering public works projects

Professional Services

- Allocate **\$150** million to support the development of an online international dispute resolution platform by NGOs



International Transportation Centre

- Consider introducing tax and related measures to attract ship finance companies to develop ship leasing businesses in Hong Kong
- Provide a **50%** profits tax concession to marine insurance businesses



- Public Housing: estimated production for the next 5 years is about **100 400** units

- Private Housing: projected supply of first-hand private residential property in the next 3-4 years is about **93 000** units

- Annual production of private residential units in the next 5 years is estimated to be about **18 800** units on average

- Potential land supply for private housing in 2019-20 is expected to have a capacity to produce about **15 500** units



- 2019-20 Land Sale Programme includes **7** commercial/hotel sites, capable of providing about **814 600** square meters of floor area

- Set aside **\$2** billion to support NGOs in constructing transitional housing

- Set aside **\$22** billion to implement the first batch of government projects under the "single site, multiple use" initiative

Land and Housing

2019 - 20 BUDGET

Healthcare

- Earmark **\$10 billion** as a Public Healthcare Stabilisation Fund to ensure stable funding for public healthcare services and for coping with unexpected circumstances



- Earmark **\$5 billion** to expedite the upgrading and acquisition of medical equipment
- Provide **\$400 million** additional recurrent funding to expand the scope of the Drug Formulary
- Provide over **\$700 million** additional recurrent funding for the Hospital Authority to implement measures to boost staff morale and retain talents

- Allocate **\$1.2 billion** to establish the Hong Kong Genome Institute for promoting the application and development of genomic medicine
- Continue to pursue two 10-year Hospital Development Plans, enhance training for healthcare manpower, and promote primary healthcare services

Sports

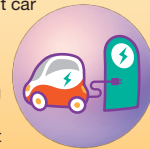
- Inject **\$250 million** into the Hong Kong Athletes Fund to support athletes in pursuing athletic training and academic studies concurrently



- Allocate around **\$100 million** in the next two years to support the operation of **60** national sports associations

Environmental protection

- Allocate **\$120 million** to extend the public charging network of electric vehicles at government car parks, and explore the feasibility of installing chargers in on-street parking spaces



- Provide **\$1 billion** for government departments to install renewable energy facilities

Building the City

- Earmark **\$6 billion** for the enhancement of waterfront



- Allocate **\$600 million** to refurbish **240** public toilets by phases



- Set up a **\$200 million** Urban Forestry Support Fund to strengthen public education and promotion on tree care, enhance the professionalism of the arboriculture and horticulture sector, and attract new blood

Smart City

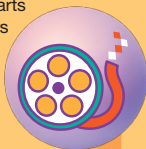
- Earmark **\$300 million** to develop a geospatial data sharing platform and 3D digital maps of the whole territory
- Assign and auction spectrum by batches to prepare for the development of 5G



A Liveable City

Arts and Culture

- Provide **\$176 million** for hosting large-scale world-class arts programmes and strengthening district arts activities in the next 5 years
- Allocate **\$20 million** to support the digital conversion of film copies and film heritage
- Provide additional recurrent funding of **\$54 million** to support the operation of art groups

Relieve people's burden
Support enterprises

Relieve people's burden

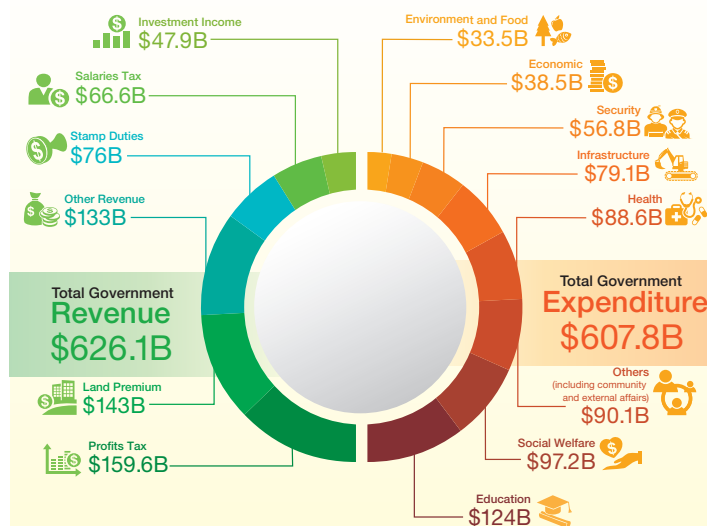
- Reduce salaries tax and tax under personal assessment for Year of Assessment 2018-19 by **75%**, subject to a ceiling of **\$20,000**
- Reduce profits tax for Year of Assessment 2018-19 by **75%**, subject to a ceiling of **\$20,000**

- Waive rates for **4** quarters of 2019-20, subject to a ceiling of **\$1,500** per quarter for each rateable property
- Provide an extra **1** month allowance to recipients of CSSA, Old Age Allowance, Old Age Living Allowance or Disability Allowance; similar arrangements will apply to Working Family Allowance and Work Incentive Transport Subsidy
- Provide a one-off additional **\$1,000** worth of Elderly Health Care Vouchers, and increase the accumulation limit of vouchers to \$8,000
- Provide a one-off grant of **\$2,500** to each student in need
- Pay the examination fees for school candidates sitting for the 2020 Hong Kong DSE Examination

Support enterprises

- Waive the business registration fees for 2019-20
- Regularise the Technology Voucher Programme and double the funding ceiling for enterprises to **\$400,000**
- Inject **\$1 billion** into the Dedicated Fund on Branding, Upgrading and Domestic Sales, extend its geographical scope and increase the funding ceiling for enterprises
- Extend the application period of the special concessionary measures under the SME Financing Guarantee Scheme to end June 2020
- Expand the networks of Free Trade Agreement, Investment Promotion and Protection Agreement, and Comprehensive Avoidance of Double Taxation Agreement
- Expand the Economic and Trade Office network to strengthen external promotion and assist Hong Kong enterprises in exploring new business opportunities

9.0% Recurrent expenditure \$441B



Economy

	GDP Growth	Headline Inflation	Underlying Inflation
2018 Performance	3%	2.4%	2.6%
2019 Forecast	2%-3%	2.5%	2.5%

BILATERAL EXCHANGES

ASEAN visitors in Hong Kong

Senior Minister of State for Trade & Industry of Singapore, Dr Koh Poh Koon, led a visit to the Guangdong-Hong Kong-Macao Greater Bay Area from April 15 to 22. During his visit to Hong Kong, Dr Koh met with the Secretary for Commerce and Economic Development, Mr Edward Yau, to explore potential opportunities on bilateral trade and investment relations between Hong Kong and Singapore, and learn more about Hong Kong's future economic priorities.

President of Lao National Chamber of Commerce and Industry, Mr Oudet Souvannavong, visited Hong Kong from January 27 to February 2. He met with, among others, government officials and visited different bureaux and departments with a view to enhancing exchanges and understanding between Hong Kong and Laos.

EVENTS GALLERY

Chinese New Year Reception in Singapore

The Hong Kong Economic and Trade Office (HKETO) in Singapore celebrated the Chinese New Year of the Pig with some 300 guests from the diplomatic, business, academic and cultural circles, as well as the local Hong Kong community on February 22. The reception was held at the Fullerton Bay Hotel on the eighteenth day of the Lunar New Year.

The Director of the HKETO in Singapore, Mr Bruno Luk, gave a welcoming speech. He presented the outlook of Hong Kong's economy in 2019, highlighting the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" promulgated by the Central Government of China. He also talked about Hong Kong's soft power such as cultural and creative industries which had been a key growth driver in recent years. Mr Luk said the Hong Kong Special Administrative Region Government had been putting a lot of efforts to establish Hong Kong's position as an international cultural metropolis, nurture and support the development of local arts groups and artists; and strengthen our cultural co-operation and exchanges with the Mainland as well as overseas countries.

During the reception, a group of Hong Kong young musicians, who were led by erhu player Chan Pik-sum and harmonica virtuoso Cy Leo Ho, were invited to stage a performance. Guests were fascinated by their Chinese and Western music cross-over performance, which fully demonstrated the creative charm of Hong Kong young music makers.



(Left photo) The Director of HKETO, Mr Bruno Luk (third left); Counsellor of the Embassy of the People's Republic of China in Singapore, Mr Pan Zejun (second left); the Chairman of the Hong Kong Singapore Business Association, Mr Dennis Chiu (third right); the Director of Singapore, Hong Kong Trade Development Council, Ms Vivienne Chee (first left); the Senior Manager of Hong Kong Tourism Board, Ms Amy Lam (second right); and the Chief of Staff, APEC Secretariat, Ms Irene Sim (first right), propose a toast at the reception.



Hong Kong musicians in Singapore

With the support and sponsorship of the HKETO in Singapore, a group of Hong Kong young musicians staged a series of performances in Singapore in February.

As part of Huayi - Chinese Festival of Arts 2019 organised by the Esplanade, the Hong Kong group presented a crossover performance with the theme “Beyond Times, Beyond Boundaries” on February 21 evening. At the audience-packed Esplanade Concourse, the young musicians displayed a fascinating potpourri of sounds from east and west, then and now, fully demonstrating Hong Kong’s music talent to the Singaporean audience.



Hong Kong young musicians in Singapore: (from left) Ma Sze-yan on yangqin, Chan Pik-sum on erhu, Cy Leo Ho on harmonica, Joyce Cheung on keyboard, Blue Kwok on drums and Tsang Ho-wai on bass. (Photo courtesy of the Esplanade)

On February 23 afternoon, the erhu-harmonica duo and their eclectic ensemble gave another successful performance, gathering crowds of audience at the National Museum of Singapore. The performance was part of Singapore Rhapsodies series managed by Global Cultural Alliance to promote cultural exchange between Singaporean and overseas music talents. The Hong Kong group played a number of pieces in collaboration with Singaporean young musicians of Victoria Chinese Orchestra (VCO) and received big applause from the audience.



The Hong Kong group collaborated with their Singapore counterparts from VCO in an afternoon concert at the National Museum of Singapore. (Photo courtesy of Global Cultural Alliance)

“Beyond: Really Love You The Musical” in Singapore

“Beyond: Really Love You The Musical”, with the sponsorship of the HKETO in Singapore, made its overseas debut in Drama Centre, Singapore on April 18. Produced by Hong Kong’s Spring-Time Experimental Theatre, the musical attracted more than 1,000 audience to their two performances on April 18 and 19, showcasing Hong Kong’s multi-talented artists and its soft power in performing arts.

Some 200 guests from the diplomatic, government, business, academic and media sectors were invited to the first showing of the musical and pre-show reception. The guests enjoyed a reminiscent evening of songs and performance to pay tribute to Hong Kong’s legendary band Beyond, who was widely considered as the most successful and influential Cantopop band from Hong Kong in 1980s and 1990s.

Speaking at the pre-show reception, Acting Director of the HKETO in Singapore, Mr Eric Lee, said Cantopop was an important component of Hong Kong’s local culture and he was fascinated to see how pop culture has brought people together. He particularly appreciated the contribution of Hong Kong’s arts groups in promoting cultural exchanges between Hong Kong and countries along the Belt and Road. Mr Lee added that the HKETO would endeavor to connect Hong Kong’s arts groups of various genres to the local arts circles and audience in the region.



Producer of the musical, Mr Clifton Ko, held a fruitful sharing session with some 30 students from Nanyang Academy of Fine Arts on his theatrical experience.



Briefings to visitors from Hong Kong

The HKETO in Singapore received two delegations from Hong Kong in January. Some 30 students and staff from the Hong Kong Baptist University and about 10 members of the Yau Tsim Mong District Council paid a visit to our office on January 9 and 21 respectively. The Director, Mr Bruno Luk, and Deputy Director, Mr Eric Lee, of the HKETO briefed our visitors on Hong Kong's trade and economic ties with the ASEAN region and the promotional work conducted by our office. There were fruitful exchanges of views during the sessions.



Visit by students and staff of the Hong Kong Baptist University on January 9.



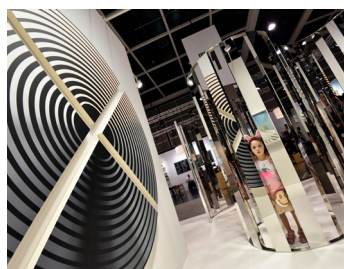
Visit by the Yau Tsim Mong District Council delegation on January 21.



HONG KONG SPOTLIGHT

Art Basel returned to Hong Kong

Featuring 248 leading galleries from 32 territories, Art Basel Hong Kong returned in March this year for its sixth edition showcasing a wide range of masterpieces from the early 20th century alongside contemporary works of art. Paintings, sculptures, drawings, installations, photographs, film, video and digital artworks by both established and emerging artists were on show at the Hong Kong Convention and Exhibition Centre in Wan Chai. With half of the participating galleries coming from Asia and Asia-Pacific, Art Basel Hong Kong has provided a platform for the region's artists to present their highest quality work to a global audience.



Opening of Xiqu Centre

The Xiqu Centre, the first landmark performing arts venue at the West Kowloon Cultural District, opened on January 20. The centre is dedicated to all things connected with the rich traditional Chinese art form of Xiqu. It houses a Grand Theatre, a Tea House Theatre, eight professional studios and a seminar hall. The building's striking design is inspired by traditional Chinese lanterns. The façade resembles parted stage curtains.



In a programme leading up to the event, visitors were able to join a guided tour around the centre, an exhibition, a workshop, and enjoy a performance at the Tea House Theatre which has attracted new audiences and nurtured young performing talent.



The Xiqu Centre is located on the eastern edge of the West Kowloon Cultural District, at the junction of Canton Road and Austin Road in Hong Kong. Directly accessible from MTR Austin station or Jordan station, and the Express Rail Link Hong Kong West Kowloon station, it is also easy to reach by bus, minibus and taxi. For details, please refer to its website: www.westkowloon.hk/en/xiqu-centre



The Chief Executive, Mrs Carrie Lam (front row, fourth left), attended the opening ceremony for the Xiqu Centre at the West Kowloon Cultural District on January 20.

COMMENTS / SUGGESTIONS

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