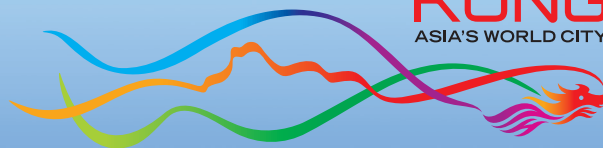


HONG KONG ECONOMIC & TRADE OFFICE IN SINGAPORE

HONG KONG FILES

**HONG
KONG**
ASIA'S WORLD CITY

ISSUE NO. 3/2019

HONG KONG ^{is} ON

2019 was tough, but
Hong Kong's fundamentals remain strong.

"One Country, Two Systems", the rule of law,
highly internationalized, competitive, a level playing field.

We will bounce back strong.

- **Freedom** of speech
- **Freedom** of the press
- **Free**, unfettered access to information
- **Free** flow of capital
- **Freely** convertible currency
- **Free** trade
- **Freedom** of travel
- **Freedom** of religious belief
- **Freest** economy in the world



The Government of the Hong Kong Special Administrative Region
of the People's Republic of China



2019 POLICY ADDRESS



On October 16, 2019, the Chief Executive (CE), Mrs Carrie Lam, presented her third Policy Address amid the social unrest. She unveiled more than 220 new initiatives, spanning a wide range of issues from Housing and Land Supply, Economic Development, People's Livelihood to Public Health. Mrs Lam urged Hong Kong people to put aside differences, so that the city could set sail again through adversities. Taking the opportunity, the CE stressed the importance of Hong Kong's long-established core values, such as the rule of law, respect for human rights, diversity and inclusiveness, freedom of expression; as well as the city's unique strengths under "One Country, Two Systems" and the comprehensive safeguards under the Basic Law.

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

Diversified Economy

Innovation and Technology

- Extend the coverage of the Technology Talent Admission Scheme to companies outside the Hong Kong Science and Technology Parks Corporation and Cyberport and to cover new technology areas
- Extend the coverage of the Researcher Programme, Postdoctoral Hub and Public Sector Trial Scheme to all technology companies conducting research and development activities
- Inject \$500 million into the Social Innovation and Entrepreneurship Development Fund to further promote social innovation

Transportation and Logistics

- Provide tax concession for ship lessors and leasing managers to develop ship leasing business; and plan to introduce tax concessionary measures to encourage more commercial principals of the maritime industry to establish a presence in Hong Kong

Trade and Investment

- Inject \$1 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales and significantly increase the funding ceiling per enterprise under its Mainland Programme and Free Trade Agreement Programme to \$2 million
- Inject \$1 billion into the Export Marketing and Trade and Industrial Organisation Support Fund to double the cumulative funding ceiling for each enterprise under the SME Export Marketing Fund to \$800,000
- Provide a 90% guarantee under the SME Financing Guarantee Scheme for approved loans

- Extend the application period of the special concessionary measures under the SME Financing Guarantee Scheme and the validity period of the three enhancement measures to 30 June 2022
- Introduce a relief measure under the SME Financing Guarantee Scheme and the SME Loan Guarantee Scheme where enterprises may apply for principal moratorium of up to 6 months, during which only interest repayments have to be made

Telecommunications and Broadcasting

- Launch a Community Care Fund programme to assist needy households to procure digital TV sets or set-top boxes



Housing and Land Supply

Housing Policy

- Set aside \$5 billion to increase the number of transitional housing projects substantially to provide a total of 10 000 units within the next three years
- Invite the Community Care Fund to launch in the next financial year two rounds of grants of the one-off living subsidy for low-income households not living in public rental housing (PRH) and not receiving Comprehensive Social Security Assistance (CSSA), including those awaiting PRH, and to complete the study on implementing a regularised cash allowance scheme by the end of 2020
- Increase the maximum rates of rent allowance for CSSA households
- Invite the Hong Kong Housing Authority (HKHA) to explore the feasibility of redeveloping its factory estates for public housing use
- Propose HKHA to actively prepare for accelerating the sale of the existing 42 000 unsold flats in the estates under the Tenants Purchase Scheme
- Put up about 12 000 flats under the Home Ownership Scheme and Green Form Subsidised Home Ownership Scheme for pre-sale next year
- Suggest HKHA further raise the quota of White Form Secondary Market Scheme in 2020

- Launch the second Starter Homes (SH) for Hong Kong Residents pilot project at the Anderson Road site, enlisting private developers to provide about 1 000 SH units for sale
- Entrust the Urban Renewal Authority (URA) with a new mission to provide more SH or other types of subsidised sale flats in its redevelopment projects in light of the experience of the first SH project at Ma Tau Wai Road
- URA plans to announce early next year the commencement of the redevelopment of Civil Servants' Co-operative Building Society Scheme buildings as a pilot project
- Raise the cap on the value of the properties eligible for a mortgage loan of maximum cover of 90% loan-to-value ratio from \$4 million to \$8 million for first-time home buyers under the Mortgage Insurance Programme of the HKMC Insurance Limited
- Provide 3 300 youth hostel places and relax the prevailing requirement to allow tenants of the Youth Hostel Scheme to submit/retain their applications for public rental housing and continue to accumulate points under the Quota and Points System

Land Supply

- Expedite planning work and then invoke the Lands Resumption Ordinance to resume three types of private land for developing public housing and SH:

- Privately-owned brownfield sites in the New Territories that may have development potential;
- private land which has been zoned for high-density housing development in statutory outline zoning plans, but without any development plans yet; and
- the urban private land located in Chai Kwo Ling Village, Ngau Chi Wan Village and Chuk Yuen United Village
- Announce a proposed framework for the Land Sharing Pilot Scheme with the target of accepting applications in early 2020
- Establish a platform for professionals and young people to take part in the development of the Kau Yi Chau Artificial Islands under the Lantau Tomorrow Vision, and to explore how to link up the housing development plans on the artificial islands with the housing needs of Hong Kong people
- Re-plan the coastal development of Tuen Mun West, including exploring the feasibility of developing the coastal areas which also cover the River Trade Terminal into residential areas
- Review over 300 "Government, Institution or Community" sites that are earmarked for standalone public facility with a view to developing them under the "single site, multiple use" model, and assist non-governmental organisations to optimise their under-utilised sites



Improving People's Livelihood

Medical and Healthcare

- Following the opening of the first District Health Centre (DHC) in Kwai Tsing District, we will strive to establish DHCs in six other districts and DHC Express in the remaining 11 districts
- Extend the School Outreach Vaccination Programme to cover kindergartens and child care centres on a pilot basis, and give pregnant women one dose of acellular pertussis-containing vaccine
- Provide a quota of more than 600 000 subsidised Chinese medicine out-patient, acupuncture and tui-na services at Chinese Medicine Centres for Training and Research, and reduce the additional daily in-patient fee for Integrated Chinese-Western Medicine services to \$120
- Implement a series of targeted measures progressively to further support patients with uncommon disorders

Labour and Welfare

- Launch a pilot scheme to encourage people to undergo and complete on-the-job training under the employment programmes of the Labour Department through the provision of a retention allowance
- Introduce a three-year pilot programme for construction workers injured at work to receive private treatment and rehabilitation services
- Enhance the After School Care Programme, including adding 2 500 full fee-waiving places, relaxing application eligibility, increasing the subsidy level, and streamlining the financial vetting process, etc.
- Inject \$500 million into the Community Investment and Inclusion Fund to support social capital development projects and build mutual help networks in the community
- Regularise the provision of a student grant with each secondary day school, primary school and kindergarten student receiving an annual allowance of \$2,500

- Raise all payment rates of the Working Family Allowance, including increasing the household allowances by 16.7%-25%, and substantially raising the Child Allowance by 40%
- Improve the CSSA Scheme to encourage employment, including raising the maximum amount of disregarded earnings per month by 60% to \$4,000, enhancing the employment support services, extending a range of supplement and special grants to eligible non-elderly able-bodied recipients, and increasing the rent allowance
- Increase the total number of service vouchers to 8 000 under the Pilot Scheme on Community Care Service Voucher for the Elderly
- Provide an additional service quota of 3 000 under the Integrated Home Care Services (Frail Cases)
- Provide an additional 1 000 service places under on-site pre-school rehabilitation services in each school year from 2020/21 to 2022/23, raising the total number of service places to 10 000, to help achieve "zero-waiting time"
- Provide some 1 200 additional service places in Special Child Care Centres and Early Education and Training Centres from 2019-20 to 2021-22
- Provide some 3 800 additional places in day rehabilitation service units and residential rehabilitation service units from 2019-20 to 2021-22



Belt and Road Summit

Themed "Hong Kong IN: Creating and Realising Opportunities", the fourth Belt and Road Summit jointly organised by the Hong Kong Special Administrative Region (HKSAR) Government and the Hong Kong Trade Development Council (HKTDC) opened in Hong Kong on September 11, 2019. Around 5,000 government officials, entrepreneurs and professionals from 69 countries gathered in the Asia's World City to explore and discuss collaboration opportunities under the Belt and Road Initiative.

The two-day Summit comprised an opening session, two policy dialogue sessions, two plenary sessions, eight thematic breakout forums, a series of open forums, three project pitching sessions and over 700 one-on-one business-matching meetings for more than 240 projects. The first Belt and Road Week was also being staged.

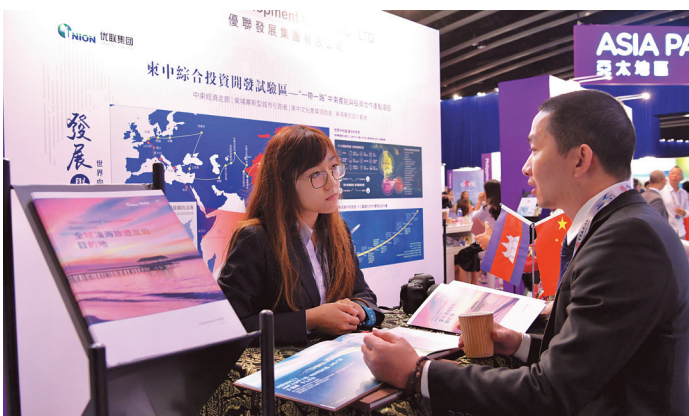


CE Mrs Carrie Lam (first row, sixth left), pictured with senior Mainland officials and major representatives of HKTDC, at the Belt and Road Summit

The Chief Executive (CE), Mrs Carrie Lam, spoke at the opening session, highlighting how Hong Kong was well positioned to serve as the gateway to the Belt and Road and its manifold prospects and possibilities, especially in respect of capacity building, green finance, professional services and business matching. She added that Hong Kong would embark on a programme for interactive exchanges on practices and experiences with Mainland ministries in areas including finance, commerce, foreign-related legal matters, dispute resolution and city management, noting that such collaboration would realise green and sustainable Belt and Road projects.

To facilitate business matching, the CE shared with the participants that business delegations had been organised to explore opportunities in Belt and Road-related countries and regions, new free trade and investment protection agreements had been forged with trading partners, and Hong Kong's Economic and Trade Office network was being expanded. Mrs Lam expressed confidence that given the spirit of Hong Kong, the city could find its place along the Belt and Road.

The Financial Secretary, Mr Paul Chan, in a policy dialogue session, spoke with the participants on Hong Kong's edge in professional risk management services and insurance services. The Secretary for Justice, Ms Teresa Cheng, SC, delivered welcome remarks at the thematic breakout forum entitled "Towards a Greater Success of Belt and Road Projects for Sustainable Investment – Hong Kong Can Lead".



MAJOR EVENTS



The Secretary for Economic Development, Mr Edward Yau (first left in both photos), chaired two policy dialogue sessions, which were joined by the Under Secretary of the Foreign Trade and Industry of the Ministry of Economy of the United Arab Emirates, Mr Abdulla Al Saleh; the Minister of State for Financial Policy Affairs of the Ministry of Finance of Hungary, Mr Gábor Gion; the Secretary of State of the Ministry of Commerce of Cambodia, Mr Sok Sopheak; the Deputy Minister of Finance and Plenipotentiary of the Slovak Government for Negotiations on Belt and Road Initiative, Ms Dana Meager; the Union Minister for Investment and Foreign Economic Relations and Chairman of the Myanmar Investment Commission, U Thaung Tun; and the Assistant Secretary of the Department of Trade and Industry of the Philippines, Mr Angelo B Taningco.

Asian Logistics and Maritime Conference

Themed "Connect and Innovate: Navigating Challenging Times", Asia's largest logistics and maritime industry gathering "Asian Logistics and Maritime Conference" was held in Hong Kong from November 19 to 20, 2019. Some 2,000 people, including 60 expert speakers, from 25 countries/regions gathered in Hong Kong to discuss Asian connectivity, e-commerce customer experience and logistics technology at the event, which was jointly organised by the HKSAR Government and HKTDC.

The Chairman of the Hong Kong Maritime and Port Board and Secretary for Transport and Housing (STH), Mr Frank Chan Fan, addressed the opening session of the Conference. Citing the impressive hardware for Hong Kong to be a global trade and logistics hub, including the world's busiest international air cargo airport, top 10 busiest container ports, a large cluster of maritime service providers, Mr Chan said that the city's logistical capability would be further enhanced by the third runway of the Hong Kong International Airport, expansion of the express air cargo terminal, and the development of the premium logistics on the airport island. The STH concluded that Hong Kong's logistics and maritime industries were well placed for success with a host of newly rolled out facilitating measures, such as tax concessions for ship leasing companies and marine insurance providers, as well as the setting up of regional desks to support ship owners.



(Top right) Mr Frank Chan Fan (centre), pictured with the Executive Director of the Hong Kong Trade Development Council, Ms Margaret Fong (third left); the Senior Economist of the Economic Research and Statistics Division of the World Trade Organization, Mr Coleman Nee (third right); the Senior Vice President and Head of Asia Pacific Region of Maersk, Mr Robbert van Trooijen (second left); the Partner and Chief Executive Officer of HOPU Investments, Mr Lau Teck Sien (second right); the Senior Executive Officer of Yamato Holdings Co Ltd, Mr Katsuhiko Umetsu (first left); and the Managing Director of Li & Fung Development (China) Limited and Fung Business Intelligence, Mr Chang Ka-mun (first right), at the Asian Logistics and Maritime Conference.



Cultural event

Hong Kong-based performing arts group Zuni Icosahedron brought “The Southernmost – One Table Two Chairs Project” to Singapore in November 2019. Co-presented with Emergency Stairs, Singapore’s experimental theatre company, Southernmost Festival comprised theatrical performances, open rehearsals, master classes, forum and screening of theatrical works. The week-long event held at an iconic arts and theatre premises at Waterloo Street was well attended by theatre lovers and arts reviewers.

Zuni Icosahedron has been actively promoting Hong Kong's strengths in the cultural scene in the ASEAN region by staging performances and collaborating with local partners and artists to enhance cultural exchanges between Hong Kong and the region. In Southernmost Festival, Zuni Icosahedron's Co-Artistic Director, Mr Danny Yung, and Emergency Stairs' Artistic Director, Mr Liu Xiaoyi, co-directed a theatrical work featuring cross-disciplinary artists from Indonesia, Thailand, Cambodia, Singapore, Japan and Mainland China.



Photos show artists at rehearsals and their engagement with members of the public during various sessions of Southernmost Festival.

(Photo credit: Tuckys Photography)

Briefing to Hong Kong visitors

Some 30 youth delegates of the Asia Pacific Youth Development Foundation, which was sponsored by the Funding Scheme for International Youth Exchange under Hong Kong's Youth Development Commission, visited Singapore in October 2019. The HKETO in Singapore warmly welcomed the delegation, with Deputy Director, Mr Joey Tang, briefing our visitors on the Hong Kong-ASEAN trade relations, our work in promoting Hong Kong in the ASEAN region, and the ASEAN Internship Scheme for Hong Kong Higher Education Students. The youth delegates also showed great enthusiasm in exchanging views on Hong Kong's competitiveness and the development of the future economy.



BILATERAL VISIT



The Director-General of Investment Promotion, Mr Stephen Phillips, conducted a duty visit to Singapore from September 2 to 3, 2019, to promote Hong Kong's business attractions to senior representatives of companies. These companies included those from the creative industries, healthcare, innovative food, and fintech sectors, that have plans to establish in Hong Kong. He also spoke at a roundtable event supported by Enterprise Singapore to update business communities about the opportunities Hong Kong has to offer related to the Guangdong-Hong Kong-Macao Greater Bay Area development.

NEW DIRECTOR OF THE HKETO ASSUMES OFFICE



Mr Wong Chun-to assumed the office of the Director of the Hong Kong Economic and Trade Office, Singapore (HKETO Singapore) on November 25, 2019. HKETO Singapore is one of the three representative offices of the Hong Kong Special Administrative Region (HKSAR) Government in the ASEAN region, covering Laos, Singapore and Vietnam, as well as India. HKETO Singapore is responsible for fostering the bilateral economic and cultural relations between Hong Kong and these four countries.

Prior to joining HKETO Singapore, Mr Wong was an Assistant Secretary (Commence and Industry) at the Commerce and Economic Development Bureau, with responsibilities over consumer protection policies in Hong Kong. From 2013 to 2017, Mr Wong worked at the Hong Kong Economic and Trade Office, San Francisco, which represents the HKSAR Government in the western 19 states of the US and seeks to strengthen and broaden Hong Kong's economic relations with the US. Previously, Mr Wong had been posted to the Constitutional and Mainland Affairs Bureau, the Home Affairs Department, and the Transport and Housing Bureau.

Mr Wong graduated with a Bachelor of Social Sciences (Government and Laws) from the University of Hong Kong.

HONG KONG SPOTLIGHT

Hong Kong once again ranked as freest economy in the world



Hong Kong was once again ranked as the world's freest economy in the Economic Freedom of the World 2019 Report announced by the Fraser Institute in September 2019. Hong Kong has been retaining the top rank since the inception of the report. Among the five areas of assessment, Hong Kong was ranked top in "Freedom to Trade Internationally" and "Regulation". The Hong Kong Special Administrative Region (HKSAR) Government is fully committed to upholding Hong Kong's institutional

strengths, including our fine tradition of the rule of law, free trade and investment regime, simple tax system with low tax rates, favourable business environment and efficient government. These have provided a conducive environment for businesses to thrive, and enabled our economy to prosper and tide over challenges arising anytime.

The HKSAR Government reiterated that since China resumed the exercise of sovereignty over Hong Kong in 1997, the HKSAR has been exercising "Hong Kong people administering Hong Kong" and a high degree of autonomy in strict accordance with the Basic Law. The "one country, two systems" principle has been fully and successfully implemented. Human rights and freedom in Hong Kong are fully protected by the Basic Law, the Hong Kong Bill of Rights Ordinance and other legislation. The robustness of Hong Kong's rule of law is consistently reflected in the relevant reports of other international ranking institutions since 1997.



IMF commends resilience of Hong Kong's financial system

The International Monetary Fund (IMF) in a Staff Report released on December 30, 2019 reinforced its assessment of Hong Kong's economic and financial positions published on December 4, 2019. Affirming Hong Kong's position as a global financial centre and a regional trading hub with one of the most open economies in the world, the IMF recognises that Hong Kong continues to maintain its competitiveness in the financial sector which is marked by the free movement of capital and information, a simple tax system, a sound regulatory system, the rule of law and quality professional services. The IMF notes that Hong Kong is well placed to address both cyclical and structural challenges given its significant buffers, despite weakened economic activity and mounting headwinds on the growth outlook.

The IMF welcomes the Government's recent introduction of fiscal stimuli to support the economy. It also supports the Government's three-pronged approach to containing housing market risks and increasing housing affordability. The IMF commends Hong Kong for its strong regulatory framework and prudential supervision, which helps ensure the resilience of the financial sector and safeguard financial stability, and also reaffirms its long-standing support for the Linked Exchange Rate System (LERS) as an anchor of financial stability for Hong Kong.

COMMENTS / SUGGESTIONS

The Editor, HK FILES
Hong Kong Economic and Trade
Office in Singapore

9 Temasek Boulevard, #34-01 Suntec Tower Two,
 Singapore 038989, Singapore

Email: hketo_sin@hketosin.gov.hk
 Website: www.hketosin.gov.hk

Our Instagram
@hketosg



Our Facebook
@hketosg

