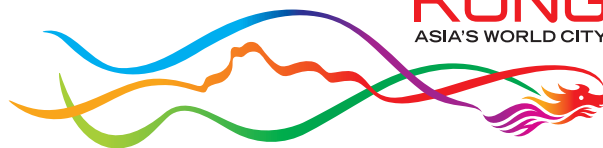


HONG KONG FILES

HONG KONG
ASIA'S WORLD CITY



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Together, We Fight the Virus

More than a year into the fight against COVID-19, the Hong Kong Special Administrative Region (HKSAR) Government continued to implement a comprehensive and co-ordinated approach in tackling the virus, and has managed to keep the epidemic in check with the concerted efforts of different sectors of the community. Given the volatile epidemic situation, stringent border control and social distancing measures have been adopted to guard against imported cases and prevent community spread of the virus respectively.

After consolidating anti-epidemic efforts of the past year, the HKSAR Government continues to stay focused to enhance testing and stringent contact tracing, make bold adjustment to social distancing measures as appropriate, and prevent imported cases by plugging all loopholes, among other initiatives. The host of measures does not only aim at suppressing the epidemic in Hong Kong, but also targets to bring back normalcy for people's lives and business operations as soon as possible.

Vaccination Programme



After the Chief Executive and the officials received the vaccination at the Community Vaccination Centre run by the Department of Health at the Exhibition Gallery of the Hong Kong Central Library, some members of the Executive Council and the Legislative Council also received their first dose of the COVID-19 vaccine there on February 22.

The HKSAR Government has been taking forward proactively the work on the procurement, approval and preparation for the administration of vaccines since late 2020. On February 18, 2021, the arrangements for the territory-wide COVID-19 Vaccination Programme were announced. Two vaccines, namely Sinovac, developed and produced in the Mainland, and Fosun Pharma/BioNTech, manufactured in Germany, have been assessed by experts and authorised by the Secretary for Food and Health for emergency use in Hong Kong in accordance with the relevant legislation.

On February 22, the Chief Executive, Mrs Carrie Lam, and a number of Principal Officials took the lead to receive their first dose of the Sinovac vaccine. While serving as an example to encourage members of the public to join the COVID-19 vaccination drive, they appealed to the public to get vaccinated against COVID-19 early to protect themselves and others, which is a major step in tackling the epidemic.

According to the recommendations of the two scientific committees under the Centre for Health Protection of the Department of Health and the four expert advisers appointed by the Chief Executive, and taking into account the supply situation of the vaccines when the vaccination programme kick started on February 26, priority vaccination was first arranged for five groups of people, including healthcare staff, staff involved in anti-epidemic work and the elderly. The Government has then expanded the priority groups under the programme to cover as many people as possible from different age groups (aged 12 and above) and personnel in various frontline settings. On May 25, the Government announced that the vaccination programme would be further expanded to cover eligible non-Hong Kong residents, including Mainland residents who are holders of the Exit-entry Permit for Travelling to and from Hong Kong and Macao and will stay in Hong Kong for a period of time due to public health considerations, as well as non-refoulement claimants and refugees recognised by the United Nations High Commissioner for Refugees in Hong Kong.

"Early Vaccination for All" campaign



The Chief Executive, Mrs Carrie Lam (centre), holds a press conference on the launch of the "Early Vaccination for All" campaign with the Secretary for Food and Health, Professor Sophia Chan (second left); the Secretary for the Civil Service, Mr Patrick Nip (second right); the Secretary for Innovation and Technology, Mr Alfred Sit (first right); and member of the Advisory Panel on COVID-19 Vaccines Dr Thomas Tsang (first left) on May 31.

The "Early Vaccination for All" campaign was aimed to help build an immune barrier as soon as possible by significantly raising the vaccination rate during the three-month critical period from May to August, thereby restoring normality to society sooner rather than later. Under the campaign, the Government rolled out various measures while different sectors in the community proposed reward programmes to encourage members of the public to get vaccinated. The Chief Executive, Mrs Carrie Lam, also appealed for support for the campaign from more than 100 property developers, retailer associations, employer federations and associations of Chinese fellow townsmen.

A number of measures to promote vaccination were announced for the campaign, which includes the following:

- Facilitating vaccination – Government employees are entitled to a day of vaccination leave for each vaccination dose received for them to recuperate after getting vaccinated. Statutory bodies/public organisations and employers of enterprises were asked to provide similar facilitation arrangement.
- Vaccination in lieu of regular testing – To safeguard their health, front-line employees who have received the first dose of a vaccine and provided their vaccination record can be exempted from regular testing.
- Facilitating gatherings – Government to further relax social distancing measures with the vaccine bubble concept as the basis, including relaxation of the maximum number of persons allowed at premises, the maximum capacity of premises and operation hours, the types of activities allowed, and the distance among groups. Relaxation measures will be reviewed and adjusted as the situation warrants.

- A designated website (www.covidvaccine.gov.hk) provides information about the vaccines and the inoculation drive on a one-stop basis. The website is also linked to the online vaccination booking system for Hong Kong residents.



The Secretary for Food and Health, Professor Sophia Chan (centre), visits the University of Hong Kong Community Vaccination Centre at Ap Lei Chau Sports Centre to view the administration of a COVID-19 vaccine for teachers, students and their parents on June 24.



The Secretary for the Civil Service, Mr Patrick Nip (third left), on May 27 visits a construction site office in Kai Tak, which signed up for the Government's outreach vaccination service. Photo shows Mr Nip chatting with a site worker who has received his vaccination.

Efforts to prevent imported cases

While Hong Kong's epidemic situation has stabilised with only sporadic confirmed cases, the Government has stepped up efforts to continuously guard against the importation of cases. Entry restrictions and quarantine requirements for incoming travellers at different times have been extended or tightened for places of different infection risk levels. In general, all inbound travellers are required to comply with stringent quarantine measures and repeated testing. More specifically, countries and places are categorised into three groups according to the relevant risk-based boarding and compulsory quarantine requirements, which differ for inbound travellers according to their status of Hong Kong residency and vaccination. Before boarding the flight to Hong Kong, all travellers must show their negative result proof of a polymerase chain reaction-based nucleic acid test for COVID-19 conducted within 72 hours of their departure, confirmation of room reservation in a Designated Quarantine Hotel and vaccination record as appropriate. Details of the requirements are set out in the COVID-19 thematic website (www.coronavirus.gov.hk/eng/inbound-travel.html).

THE 2021-22 BUDGET



Financial Secretary Paul Chan delivers the 2021-22 Budget at the Legislative Council on February 24.



Financial Secretary Paul Chan (third right) attends a joint television panel discussion programme on the Budget on February 24.

The Financial Secretary (FS), Mr Paul Chan, announced his 2021-22 Budget on February 24, unveiling wide-ranging measures to revive Hong Kong's economy and help people overcome financial difficulties amid the COVID-19 pandemic. He said the Budget was aimed to alleviate the hardship and pressure caused by the economic downturn and the epidemic through the introduction of counter-cyclical measures costing over HK\$120 billion, and sought to create a leverage effect to benefit Hong Kong residents, workers as well as enterprises.

In his budget speech, FS reviewed that the global COVID-19 pandemic has severely impacted on Hong Kong's economy, which contracted by 6.1% in 2020 while the seasonally adjusted unemployment rate stood at a near 17-year high of 7% in early 2021. As regards Hong Kong's economic outlook, he forecast that the economic growth could reach between 3.5% and 5.5% in real terms in 2021, and average annual growth of 3.3% from 2022 to 2025, while the underlying inflation rate is expected to average 2%.

Below are some of the highlights of FS' budget speech:

Stimulating the Economy

Functions and Positioning

- With its deep and extensive connections with the world, Hong Kong will continue to be an important platform for economic exchanges and trade between the Mainland and the international community.
- **Guangdong-Hong Kong-Macao Greater Bay Area** is the best entry point for Hong Kong to participate in the domestic circulation of our country's economy. Be it for the mutual market access for financial services and products, cooperation and collaboration in respect of innovation and technology, or people's stay and living across the boundary, policy arrangement will be in place to ensure a smoother two-way flow of funds, people and factors of production.
- **Belt & Road (B&R) Initiative:** The Hong Kong Special Administrative Region Government will continue to provide financing services to B&R infrastructure projects, encourage Hong Kong enterprises and professional services sectors to develop business in the overseas Economic and Trade Co-operation Zones set up by our country, and establish connections with Mainland enterprises and industry associations for jointly exploring new markets.

Financial Services

- Issue green bonds totalling HK\$175.5 billion within the next 5 years, and plan to issue retail green bonds
- Roll out Green and Sustainable Finance Grant Scheme to subsidise expenses on bond issuance and external review services
- Issue no less than HK\$24 billion of Silver Bond and no less than HK\$15 billion of iBond in 2021. Lower eligible age for Silver Bond subscription from 65 to 60.
- Provide subsidy for Open-ended Fund Companies to set up in or re-domicile to Hong Kong



THE 2021-22 BUDGET

Innovation and Technology

- Earmark over HK\$200 million to roll out “Knowing More About IT” Programme, subsidise primary schools to enhance students’ interests and knowledge in I&T and their applications through extra-curricular activities
- Inject HK\$9.5 billion into the Innovation and Technology Fund by two year instalments
- Hong Kong Monetary Authority to consider enhancing its Fintech Supervisory Sandbox to reduce time for launching innovative financial products in the market
- Press ahead with the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop
- Continue to implement the Science Park expansion and Cyberport 5 development

Air Cargo Sector

- With the expansion of the existing express air cargo terminal, the commissioning of a new premium logistics centre and the Three Runway System, annual cargo handling capacity of Hong Kong International Airport (HKIA) is expected to increase to some 9 million tonnes in 2024
- Explore measures to facilitate trans-shipment through Hong Kong, so as to maintain Hong Kong’s competitive edge as an international air cargo hub
- Redevelop the Air Mail Centre at HKIA to become operational by end 2027 at the earliest

Reviving the Economy

Digital Economy

- Allocate HK\$375 million to Hong Kong Trade Development Council (HKTDC) to enhance its capability to organise online activities and to proceed with digitalisation
- Explore the use of HKTDC’s platforms to assist young business starters in promoting their original products
- Develop the business version of the “iAM Smart” digital authentication platform

Explore Markets

- Inject HK\$1.5 billion into the Dedicated Fund on Branding, Upgrading and Domestic Sales, increase funding ceiling per enterprise to HK\$6 million and extend its geographical coverage in phases

Issue Consumption Vouchers

- Issue HK\$5,000 Electronic Consumption Vouchers in

instalments to each eligible Hong Kong permanent resident and new arrival aged 18 or above to facilitate and stimulate local consumption. This measure is expected to benefit around 7.2 million people.

Support Tourism

- Earmark HK\$169 million to continue to take forward local cultural, heritage and creative tourism projects
- Earmark HK\$765 million to support Hong Kong Tourism Board (HKTb) in reviving the tourism industry
- HKTb to conduct a comprehensive review of the positioning of Hong Kong’s tourism in the long run, formulate strategies to spur industry’s recovery



Overcoming the Epidemic

Support Enterprises

- Extend the application period of 100% guarantee low-interest loan for enterprises to the end of 2021, raise loan ceiling to HK\$6 million, extend repayment period and duration of principal moratorium
- Reduce profits tax for 2020-21 assessment year by 100%, subject to a HK\$10,000 ceiling
- Waive business registration fees for 2021-22

Support Employment

- Allocate HK\$6.6 billion to create around 30,000 time-limited jobs
- Launch the fourth tranche of Love Upgrading Special Scheme, provide more training options and online courses

Relieve People’s Hardship

- Set up a special 100% loan guarantee for individuals – extra financing option for the jobless, loan ceiling at HK\$80,000, interest rate at 1% per annum and maximum repayment period of 5 years
- Reduce salaries tax by 100%, subject to a HK\$10,000 ceiling

IMPROVING HONG KONG'S ELECTORAL SYSTEM



In recent years, Hong Kong has faced unprecedented challenges that have risked undermining the “One Country, Two Systems” principle and have revealed loopholes and deficiencies in Hong Kong’s electoral system. Groups advocating “Hong Kong independence”, organising resistance against the governance of the Central Authorities, and even colluding with external elements to stir up disorder in society have placed the city’s stability and prosperity at risk.

Having considered the actual situation in Hong Kong, the Central Authorities took the initiative from the national level to improve the electoral system of Hong Kong, aiming to ensure that Hong Kong can stay true to the original aspiration in implementing the principle of “One Country, Two Systems” and get Hong Kong back on the right track. It is only by putting in place institutional safeguards to ensure “patriots administering Hong Kong” that the principle of “One Country, Two Systems” can be fully and faithfully applied in the HKSAR which is conducive to the long term prosperity and stability of the city.

Passage of the National People’s Congress’s Decision

Against such background, the 13th National People’s Congress (NPC) passed the Decision on improving the electoral system of the HKSAR on March 11, 2021. The NPC Standing Committee then approved the amended Annex I on Method for the Selection of the Chief Executive of the HKSAR and Annex II on Method for the Formation of the Legislative Council (LegCo) of the HKSAR and Its Voting Procedures of the Basic Law on March 30. The HKSAR Government took forward the amendments to the local electoral legislation in accordance with the amended Annex I and Annex II.

The political structure of HKSAR, of which the electoral system is an essential component, is the prerogative of the Central Authorities. The Decision, made in accordance with the Constitution of the People’s Republic of China (PRC), and relevant requirements in the Basic Law of the HKSAR and the Law of the PRC on Safeguarding National Security in the HKSAR, is fully constitutional and legal.

Amendments to Annex I and Annex II to the Basic Law according to the following principles:

- Fully and accurately upholding and implementing the principles of “One Country, Two Systems”, “Hong Kong people administering Hong Kong” and a high degree of autonomy;



The Chief Executive, Mrs Carrie Lam (centre), holds a press conference to unveil and explain the Improving Electoral System (Consolidated Amendments) Bill 2021 on April 13. Other officials at the press conference included the Secretary for Justice, Ms Teresa Cheng, SC (second left); and the Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai (second right).

- Firmly safeguarding the constitutional order of the HKSAR as enshrined under the Constitution and the Basic Law;
- Ensuring “patriots administering Hong Kong”;
- Effectively enhancing the governance capability of the HKSAR; and
- Upholding HKSAR permanent residents’ right to vote and the right to stand for election in accordance with law.

IMPROVING HONG KONG'S ELECTORAL SYSTEM

The Decision comprises nine articles, including the following:

Election Committee - broadly representative, suited to the HKSAR's actual situation, and representative of the overall interests of society

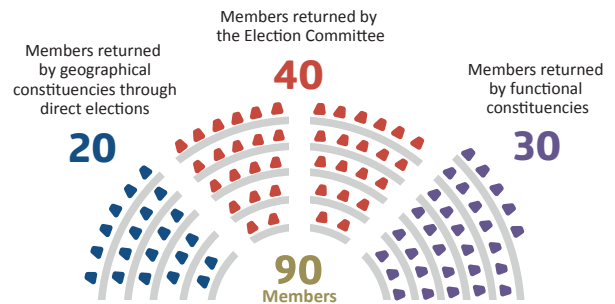
- Responsible for electing the Chief Executive designate and part of the Members of the LegCo
- Responsible for nominating candidates for the Chief Executive and LegCo Members
- Expanded from 1,200 to 1,500 members from five sectors, such as industrial, commercial and financial sectors; the Professions; grassroots, labour, religious and other sectors; LegCo members and representatives of district organisations

Chief Executive

- Candidates nominated jointly by not less than 188 Members of the Election Committee, among whom the number of members of each sector should not be less than 15
- The Election Committee to elect the Chief Executive designate by secret ballot on a one-person-one-vote

basis. The election shall require a simple majority vote of all the Members of the Election Committee.

Legislative Council



Candidate Eligibility Review Mechanism

- A Candidate Eligibility Review Committee established to assess and validate the eligibility of candidates for the Election Committee Members, the Chief Executive, and the LegCo Members
- Aimed to provide a robust systemic safeguard for implementing the principle of “patriots administering Hong Kong” in our political system

(For details of “Improving Electoral System”, please refer to the website www.cmab.gov.hk/improvement)

HONG KONG SPOTLIGHT

Webinars for Singapore and India

Despite international travel restrictions during the COVID-19 pandemic, the Hong Kong Economic and Trade Office (HKETO) in Singapore continued to engage our target markets in Singapore and India through holding thematic webinars so as to reach out to our target audience in the two countries.

On March 4, 2021, the HKETO in Singapore organised a webinar titled “Our Finance Story: Hong Kong, Greater Bay Area and the World” for the Singapore business community, which was presented by the Secretary for Financial Services and the Treasury (SFST) of the Hong Kong SAR, Mr Christopher Hui. The online event was also the first of the webinar series that our office organised in 2021 featuring distinguished guest speakers from Hong Kong.

In the webinar, Mr Hui gave an update on Hong Kong's latest financial situation and highlighted the various strengths of the city being a leading international financial centre. He also introduced the vast opportunities presented by the development of the Guangdong-Hong Kong-Macao Greater Bay Area to the financial services sector, adding that this fast growing region will consolidate Hong Kong's role as the gateway connecting Mainland China and global financial markets. Also speaking at the webinar was the then Group



The Secretary for Financial Services and the Treasury, Mr Christopher Hui (top row, first left), and the Group CEO of OCBC Bank, Mr Samuel Tsien (bottom), engaged participants during the Question and Answer session, which was moderated by the Director of the HKETO in Singapore, Mr Wong Chun To (top row, first right).

CEO of OCBC Bank, Mr Samuel Tsien, who shared with participants his views on how Hong Kong is an important part of the Bank's regional development strategy.

Supported by Invest Hong Kong, HKTDC, Hong Kong Singapore Business Association and the Singapore Business Federation, the webinar received overwhelming response from participants from the Singapore's government sector; banking and financial services sectors; as well as academics and local business associations.

HONG KONG SPOTLIGHT

In mid-June, our office co-organised with Invest Hong Kong another webinar featuring SFST, Mr Christopher Hui, for the Indian business community. Titled “Hong Kong’s Financial Story for Asia and the World”, the online event has received overwhelming response from Indian enterprises, especially those in the financial services and consulting sectors.

Addressing about 200 business leaders and senior company representatives, Mr Hui introduced the boundless opportunities that Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area can offer. He also elaborated on Hong Kong’s competitive edges in a wide range of financial services that can complement Indian companies’ business development strategies, as well as the strategies, including funding and policies, put in place by the HKSAR Government to nurture the fintech ecosystem in Hong Kong.

Besides Mr Hui’s presentation, the Chairman of Edelweiss Group, Mr Rashesh Shah, and the Chief Executive of ICICI Bank Hong Kong, Mr Rohit Gupta, were invited to share their views in a panel discussion on why Hong Kong is an important part of their institutions’ business strategy in the region. The webinar was successfully held with the support of HKTDC, the Confederation of Indian Industry, the Federation of Indian Chambers of Commerce and Industry, the PHD Chamber of Commerce and Industry and the Indian Chamber of Commerce Hong Kong.



Mr Hui (top left); the Chief Executive of ICICI Bank Hong Kong, Mr Rohit Gupta (bottom left); and the Chairman of Edelweiss Group, Mr Rashesh Shah (bottom right), spoke during the panel discussion. The Director-General of Investment Promotion at InvestHK, Mr Stephen Phillips (top right), moderated the session.

“FLOW: Notes between Hong Kong and Singapore”



The first online music collaboration presented by the Hong Kong Economic and Trade Office in Singapore features six well-loved and passionate musicians from Hong Kong and Singapore.



(From left) International harmonica virtuoso CY Leo, renowned young pianist Joyce Cheung and seasoned saxophonist Timothy Sun perform their original compositions in a Hong Kong studio.



Production teams in both Singapore and Hong Kong provide the technical support to connect performances of the musicians online.

As part of our office’s continuous effort in promoting cultural exchanges, an online concert connecting six renowned musicians from Hong Kong and Singapore was held earlier this year. The music event was also the first Hong Kong-Singapore online collaboration presented by the HKETO in Singapore.

Featuring original compositions by the passionate musicians, namely (from Hong Kong) international harmonica virtuoso CY Leo, seasoned saxophonist Timothy Sun and renowned young pianist Joyce Cheung, as well as (from Singapore) top jazz pianist and organist Chock Korong, talented drummer Aaron James Lee and up-and-coming bassist Benjamin Poh, the hour-long performance drew audience from Singapore, Hong Kong, Vietnam and other countries in the ASEAN region. One special feature of the online concert was the premiere of a music video exclusively produced for the concert by artistes of both cities. The musicians also had the opportunity to engage with the audience through an online dialogue after their performance.

Hong Kong Film Festival – Project HK in Singapore



Hong Kong Film Festival – Project HK, a hybrid event with both cinema and online screenings featuring 11 movies and short films, was held in Singapore from March 12 to 14.

HONG KONG SPOTLIGHT



The Director of the HKETO in Singapore, Mr Wong Chun To, speaks at the Opening Night of Hong Kong Film Festival, expressing appreciation for the overwhelming support of the film event from Singapore audiences.



Photo shows director of "Lion Rock" (獅子山上), Mr Nick Leung (梁國斌) (top photo on screen), and producer, Mr Lai Chi-wai (黎志偉) (bottom photo on screen), in a live-streaming of post-screening Question & Answer session.

(Photo credit: Singapore Film Society)

Co-organised by the HKETO in Singapore and Singapore Film Society with the support of Create Hong Kong of the Hong Kong SAR Government, Hong Kong Film Festival (HKFF) was held in Singapore on March 12 - 14, 2021. Featuring 11 movies and short films, including titles such as "Lion Rock" (獅子山上), "Beyond The Dream" (幻愛), "Bamboo Theatre" (戲棚) and "Keep Rolling" (好好拍電影), for cinema or online screenings, the event received overwhelming support from Singapore audiences who have been staunch supporters of Hong Kong's creative industry with movies in particular.

Speaking at the Opening Night of the HKFF, the Director of the HKETO in Singapore, Mr Wong Chun To, shared that the prosperous development of the Hong Kong film industry can be attributed to the city's diverse and international culture, large pool of creative talents, and freedom of expression as safeguarded by the Basic Law. Mr Wong also pointed out that the HKSAR Government has been providing various initiatives to support and promote the film industry, adding that comprehensive measures were implemented to address challenges faced by the industry under the COVID-19 pandemic.

Hong Kong Ranked Seventh in World Competitiveness

Hong Kong was ranked seventh globally in the latest World Competitiveness Yearbook (WCY) 2021 published by the International Institute for Management Development (IMD) in June. Among the four competitiveness factors in WCY 2021, Hong Kong continued to rank top in "Government efficiency", while our rankings in "Economic performance", "Business efficiency" and "Infrastructure" were slightly lower than those in the previous report. As regards the sub-factors, Hong Kong continued to top the ranking in "Business legislation". Hong Kong's rankings in "International trade", "Tax policy", "Finance" and "Management practices" also remained in the top-three positions globally.

A Government spokesperson said that the publication of WCY 2021 continues to recognise Hong Kong's strengths in various aspects. He noted that under "One Country, Two Systems", Hong Kong will continue to play her unique roles as a gateway, a springboard and an intermediary, and actively integrate into the new overall development of the country and capture the opportunities arising from the National 14th Five-Year Plan and national development plans, such as the Greater Bay Area development and the Belt and Road Initiative.



COMMENTS / SUGGESTIONS

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