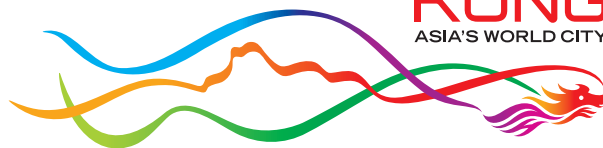


HONG KONG FILES

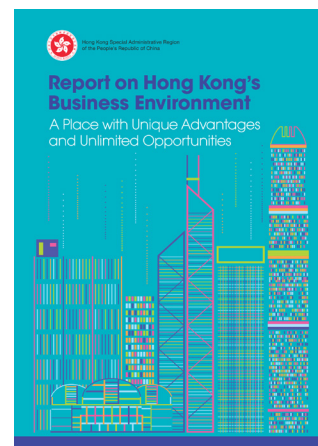
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Report on Hong Kong's Business Environment

The Hong Kong Special Administrative Region (HKSAR) Government published "Report on Hong Kong's Business Environment: A Place with Unique Advantages and Unlimited Opportunities" on September 27, 2021. The Report reviews and sets out Hong Kong's current business environment and advantages following the events over the past two years, and describes the development opportunities available to Hong Kong under the country's new phase and pattern of development. The Report also aimed to tell the real Hong Kong story and set the record straight to clear international investors' misconceptions of Hong Kong as a result of persistent biased media reports.



The Financial Secretary, Mr Paul Chan, in a press conference releasing the Report noted that under the "One Country, Two Systems", Hong Kong had built an economic system different from that of Mainland cities, and is a highly internationalised cosmopolitan city. Despite the trials and tribulations during the past two years or so, Hong Kong's strengths have remained intact. Mr Chan added that Hong Kong would continue to serve as the gateway connecting Mainland China and the rest of the world and perform the functions of a "super-connector", a high-value-added services platform, an international talent and capital pool and more, and also be an internationally preferred place of doing business.



The Financial Secretary, Mr Paul Chan (left), accompanied by the Deputy Government Economist, Mr Adolph Leung (right), meets the media on the release of "Report on Hong Kong's Business Environment: A Place with Unique Advantages and Unlimited Opportunities".

The Crisis

In 2019, the large-scale violence and damage triggered by the proposed legislative amendments to the Fugitive Offenders Ordinance took a heavy toll on the economy, society and people's livelihood of Hong Kong. The violent acts caused the Hong Kong economy to plunge into a deep recession even before the outbreak of the COVID-19 pandemic. The economy contracted by 1.7% for year 2019 as a whole, the first annual decline since the global financial crisis in 2009. Tourism and consumption-related economic activities were particularly hard hit. Visitor arrivals, retail sales volume and the restaurant sector took a heavy toll, leading to many business closures and layoff.

The black-clad violence in 2019, together with a spate of illegal acts advocating "Hong Kong independence" severely challenged the principle of "One Country, Two Systems" and endangered national security. The series of violent acts did not only seriously threaten personal safety, but also severely trampled on Hong Kong's rule of law. Hong Kong's business environment and investment prospects were adversely affected, with both local and foreign chambers of commerce increasingly concerned about business confidence and operating prospects in Hong Kong amid social instability.

The Turning Point



The social disturbance lasted for more than 10 months. Groups advocating “Hong Kong independence” emerged, organising resistance against the governance of the Central Authorities and even colluding with external elements to interfere in Hong Kong’s affairs. In view of the grave situation, the Thirteenth National People’s Congress (NPC) adopted the decision on establishing and improving the legal system and enforcement mechanisms for the HKSAR to safeguard national security at its Third Session held on May 28, 2020, and entrusted its Standing Committee with the task of formulating the relevant laws. At its Twentieth Session held on June 30, 2020, the Standing Committee of the Thirteenth NPC passed the Law of the People’s Republic of China on Safeguarding National Security in the HKSAR, which took effect on the same day. The Hong Kong National Security Law (NSL) has reversed the chaotic situation that had beset Hong Kong since June 2019, restoring peace and stability in society.

In recent years, anti-China forces have made use of their status as public officers to obstruct and paralyse the functioning of the HKSAR Government and even colluded with external elements to undermine Hong Kong’s security and interests by exploiting the electoral system to worm their way into the political structure of the HKSAR. In view of the loopholes and deficiencies in Hong Kong’s electoral system, the NPC made the Decision on Improving the Electoral System of the HKSAR on March 11, 2021 and authorised the Standing Committee of the NPC to amend Annex I on the Method for the Selection of the Chief Executive and Annex II on the Method for the Formation of Legislative Council (LegCo) and Its Voting Procedures to the Basic Law.



Improving the electoral system can put in place institutional safeguards to ensure full implementation of “patriots administering Hong Kong”. Together with the full implementation of the NSL, the HKSAR Government will be able to resolve deep-rooted problems concerning social, livelihood and economic matters in a practical manner, and hence achieve good governance and maintain long-term social stability. Hong Kong can also provide investors with a better business and investment environment, and share development dividend from the National 14th Five-Year Plan and the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development.

Unlimited Opportunities



Since the implementation of the NSL, Hong Kong’s financial market has remained stable, and the Linked Exchange Rate System and various segments of the financial market have been functioning properly. Hong Kong has successfully retained its outstanding advantages in business environment with unlimited room for future development.

The National 14th Five-Year Plan sets a clear positioning for the development of Hong Kong. It supports Hong Kong in consolidating and enhancing its status as an international financial, transportation and trade centre as well as a centre for international legal and dispute resolution services in the Asia-Pacific region. At the same time, the Plan also supports Hong Kong’s development in four emerging areas, i.e. as an international aviation hub, an international I&T hub, a regional intellectual property trading centre, and a hub for arts and cultural exchange between China and the rest of the world. As long as Hong Kong can have complementary and co-ordinated development with the Mainland in these areas, there will be unlimited business opportunities for local industries and foreign enterprises in Hong Kong.

Looking ahead, Hong Kong under “One Country, Two Systems” will continue to be an important node in the international circulation of our country in strengthening its roles and functions as a “super connector”, a high value-added services platform, international talent and capital pools, a testing ground and a firewall, so as to provide business opportunities for all industries. On the other hand, Hong Kong can participate in the domestic circulation of the national economy through the GBA, thereby integrating into the country’s overall development and better grasp the huge domestic market of the Mainland.

Election Committee Subsector Ordinary Elections

The 2021 Election Committee (EC) Subsector Ordinary Elections were held successfully on September 19, 2021. It was also the first elections held after improving Hong Kong's electoral system, symbolising that the HKSAR has reached a new milestone in the implementation of the principle of "patriots administering Hong Kong" in the political system to ensure that the power of the HKSAR is in the hands of patriots, thereby promoting the realisation of good governance in Hong Kong.

In the elections, 364 EC members were elected and a total of about 4,380 voters cast their vote, representing a turnout rate of nearly 90%. They will form the new term of EC together with the 325 ex-officio members who have been validly registered, the 156 nominees who have been validly nominated and 603 candidates who have been returned uncontested earlier. The term of office will commence on October 22, 2021 and end on October 21, 2026.

The EC is endowed with important functions under the improved electoral system, including nomination and election of the Chief Executive, nomination of candidates for the LegCo election and election of 40 LegCo members. Made up of 1,500 members from 40 subsectors, the EC is broadly representative and fulfils the principle of balanced participation.

TOGETHER, WE FIGHT THE VIRUS

Together, We Fight the Virus

Containing the epidemic amid global spread of Delta variant

In mid-2021, the epidemic situation rebounded in different parts of the world, especially in Southeast Asia, and many of the cases involved the Delta variant. With stringent border control measures in place, Hong Kong managed to guard against the importation of cases. Hence many of the social distancing measures had been relaxed since late June 2021. Business and social activities had resumed to a large extent, and some large-scale exhibitions could also take place as scheduled.

Building Double Barriers against COVID-19

The Chief Executive, Mrs Carrie Lam, proposed in early August 2021 to build double barriers for Hong Kong against COVID-19 by enhancing measures on preventing the importation of cases to ensure that there are no loopholes, and keeping up the vaccination promotion efforts to strengthen the community's defence against the virus.

In view of the volatile global epidemic situation, Hong Kong has re-categorised overseas places more systematically into high, medium and low risk and implemented quarantine requirements according to the risk level. The Government tightened the quarantine requirements for persons arriving from 16 high-risk overseas places, requiring them to be subject to 21 days of compulsory quarantine, while those travelling from medium-risk places and fully vaccinated could undergo a shorter 14-day quarantine period. Furthermore the authorities have strengthened every step from the arrival of the travellers in Hong Kong to their completion of quarantine so as to ensure that there are no loopholes.

As for building an immunity barrier through vaccination, multiple measures have been taken to boost the vaccination rate, which include extending the requirement of "getting vaccinated or undergoing regular testing at own expenses" to cover all government employees, staff members of the Hospital Authority, school teachers and staff, etc., and expanding the same-day ticket arrangement at community vaccination centres to cover the elderly aged 60 or above and students aged 12 or above.



TOGETHER, WE FIGHT THE VIRUS

Striving to Resume Quarantine-Free Travel with the Mainland

With the adoption of stringent measures to prevent the importation of COVID-19 cases, Hong Kong has successfully prevented imported cases from spreading into the community and maintained zero local infection. After the gradual easing of social distancing restrictions, many residents look forward to the resumption of cross-boundary people flow, especially quarantine-free travel with the Mainland.

The Return2hk Scheme, which allows quarantine exemption for Hong Kong residents returning from the Mainland, has been operating for a period of time. The Come2hk Scheme, through which non-Hong Kong residents coming to the city are not required to undergo quarantine, commenced on September 15, 2021, marking a step closer to quarantine-free travel with the Mainland.

On quarantine-free travel to the Mainland by Hong Kong people, the HKSAR Government has been continuously reflecting the aspiration to the Central Authorities and expressed the hope of setting up meetings for communication between experts on both sides to create conditions for quarantine-free travel with the Mainland. The Chief Secretary for Administration, Mr John Lee, in late September led a delegation to Shenzhen, including experts from the Centre for Health Protection and Professor David Hui, who is a member of the Government's Expert Advisory Panel, for a meeting with the Mainland ministries and experts. They are proactively following up on the relevant issues and the HKSAR Government will spare no effort to achieve the goal.

HONG KONG SPOTLIGHT

Belt and Road Summit

The sixth Belt and Road Summit was successfully held online on September 1 and 2, 2021, with over 6,000 senior government officials and business leaders from more than 80 countries and regions along and beyond the Belt and Road registered for participation. Organised by the HKSAR Government and the Hong Kong Trade Development Council, the Summit was themed "Driving Growth Through Fostering Regional and International Trade".

Addressing the opening session of the event, the Chief Executive (CE), Mrs Carrie Lam, noted the importance of multilateralism amid the continuing spread of protectionism. She said that regional economic integration as fostered by the Regional Comprehensive Economic Partnership (RCEP) is an essential complement to multilateral trade, creating plentiful investment and market opportunities as well as driving global economic recovery in the post-pandemic era. Expressing interest in starting formal discussions on accession to the free trade agreement, CE pointed out that Hong Kong has much to offer RCEP and the world at large, in particular in creating connections with the Mainland through the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt and Road Initiative.

The Financial Secretary, Mr Paul Chan, took part in the Business Plenary session titled "Belt and Road and RCEP: Enhancing Regional Business Connectivity", in which he spoke with the audience on the common ground between the two and how they can complement each other. The Secretary for

Justice, Ms Teresa Cheng, SC, addressed a thematic breakout session in which she spoke with the participants on Hong Kong's legal and dispute resolution services in the context of the post-pandemic era. On the other hand, the Secretary for Commerce and Economic Development, Mr Edward Yau, chaired the Policy Dialogue session titled "Promoting Multilateral Co-operation along the Belt and Road", and was joined by his counterparts in the ASEAN region and the United Arab Emirates, including the Minister for Manpower and Second Minister for Trade and Industry of Singapore, Dr Tan See Leng.

The two-day Summit featured a wide variety of programmes, including project pitching sessions, thematic breakout sessions, business-matching meetings, panel discussions pertaining to the Belt and Road development theme.



The Chief Executive, Mrs Carrie Lam, delivers a video speech at the opening of the sixth Belt and Road Summit held online on September 1.

HONG KONG SPOTLIGHT



The Financial Secretary, Mr Paul Chan, speaks at the Business Plenary session titled “Belt and Road and RCEP: Enhancing Regional Business Connectivity”.



The Secretary for Justice, Ms Teresa Cheng, SC, delivers welcome remarks at the thematic breakout session titled “Fostering Trade and Resolving Disputes in the Post-COVID Era - Hong Kong’s Legal and Dispute Resolution Services”.



The Founder and Executive Chairman of the World Economic Forum, Professor Klaus Schwab, delivers a keynote address at the opening session of the event.



The Secretary for Commerce and Economic Development, Mr Edward Yu (top), chaired the policy dialogue session titled “Promoting Multilateral Co-operation along the Belt and Road”.

Cross-boundary Wealth Management Connect



Photo shows (from left) the Chief Executive of the Hong Kong Monetary Authority, Mr Eddie Yue; Deputy Director of the Liaison Office of the Central People’s Government in the HKSAR, Mr Yin Zonghua; Mrs Carrie Lam; Mr Paul Chan; the Secretary for Financial Services and the Treasury, Mr Christopher Hui; and the Chairman of the Securities and Futures Commission, Mr Tim Lui, at the launching ceremony on September 10, 2021.

The Cross-boundary Wealth Management Connect (WMC) in the GBA was officially launched on September 10, 2021, enabling residents in Hong Kong, Macao and nine cities in Guangdong Province to carry out cross-boundary investment in wealth management products distributed by banks in the area.

At the launching ceremony, the Chief Executive, Mrs Carrie Lam, said that the Cross-boundary WMC is a milestone in the financial development of the GBA that deepens and widens mutual access between the financial markets of the Mainland and Hong Kong. She added that the scheme underlines the unique advantages of Hong Kong’s financial system under the “One Country, Two Systems” principle, contributes to the high-quality development of the GBA and facilitates the financial development and further opening-up of the country. The Financial Secretary, Mr Paul Chan, expected the WMC to attract more international financial institutions to establish a foothold in Hong Kong to expand their Mainland businesses, which will reinforce Hong Kong’s role as an important gateway for capital flowing into and out of the Mainland, as well as its position as the global offshore Renminbi business hub and an international asset management centre.

The cross-boundary scheme covers relatively low-to-medium risk simple wealth management products and consists of the Southbound Scheme and the Northbound Scheme, with an aggregate quota of RMB 150 billion in each direction and an individual investor quota of RMB 1 million.

Completion of Third Runway Pavement of Hong Kong International Airport



The Chief Executive, Mrs Carrie Lam (centre); Chairman of the Airport Authority Hong Kong (AA), Mr Jack So (right); and Chief Executive Officer of the AA, Mr Fred Lam (left), officiated at the ceremony for the Completion of the Third Runway Pavement on September 7, 2021.



*Completion of pavement works of the Third Runway
(Photo courtesy of Airport Authority Hong Kong)*

Hong Kong International Airport (HKIA) has reached a major milestone for its Three-runway System (3RS), with the completion of runway pavement works for the new 3,800-metre-long Third Runway, which is expected to begin operations in 2022. On September 7, 2021, the Airport Authority Hong Kong (AA) held a ceremony to mark the special occasion.

Officiating at the event, the Chief Executive, Mrs Carrie Lam, remarked that the 3RS project is an integral part of Hong Kong's vision to transform from a "city airport" into an "Airport City". She added that the project would generate direct, indirect and induced contributions of about 5% of the gross domestic product of Hong Kong by 2030, which demonstrated that 3RS would inject impetus to HKIA and the overall Hong Kong economy in future. Citing the advantages of HKIA's unique geographical location, Mrs Lam expressed confidence that Hong Kong's aviation industry will seize the opportunities arising from various new infrastructures in the city and the synergy generated by integration of the airport's core functions and related developments.

Chairman of AA, Mr Jack So, added that with further expansion of other airport facilities, HKIA will be able to handle the targeted annual passenger and cargo volume of around 120 million and 10 million tonnes respectively, enabling Hong Kong to enhance its status as an international aviation hub in accordance with the National 14th Five-Year Plan.

Hong Kong ranked freest economy

The Fraser Institute ranked Hong Kong as the world's freest economy in the Economic Freedom of the World 2021 Annual Report as announced in September 2021. Hong Kong has retained the top rank since the inception of the report. Among the five areas of assessment, Hong Kong continued to rank top in "Freedom to Trade Internationally" and "Regulation".

A Government spokesman welcomed the ranking, saying that it was an unequivocal affirmation of Hong Kong's long-standing and steadfast commitment to building a free economy with a level playing field. However, in relation to Fraser Institute's unfair comments regarding Hong Kong's rule of law and the enactment of the NSL, the spokesman stressed that under "One Country, Two Systems", HKSAR's trusted legal system remains as robust as ever, and that Hong Kong's fine tradition of the rule of law and judicial independence have been upheld. He also emphasised that the enactment of the National Security Law is for safeguarding national security, which is the legitimate right and duty of every state.

The spokesman added that the HKSAR Government will continue to uphold Hong Kong's institutional strengths, including the rule of law and judicial independence, a free trade and investment regime, a simple and low tax system, a favourable business environment and an efficient and clean government, which will continue to provide a conducive environment for businesses to thrive and to strengthen their competitiveness. The spokesman concluded that Hong Kong will continue to play the unique roles as a gateway, a springboard and an intermediary, and actively integrate into the new overall development of the country, capturing the opportunities arising from the National 14th Five-Year Plan and national development plans, such as the GBA development and the Belt and Road Initiative.



HKETO Webinar “Hong Kong – an Ideal Gateway”



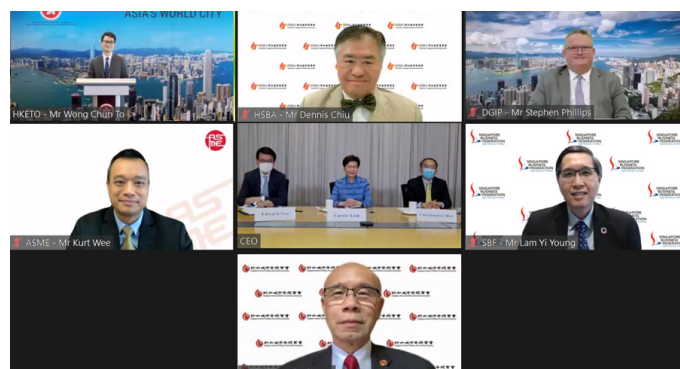
The Chief Executive, Mrs Carrie Lam (centre), speaks at the webinar. The Secretary for Commerce and Economic Development, Mr Edward Yau (left), and the Secretary for Financial Services and the Treasury, Mr Christopher Hui (right), also attended the online event.

The CE, Mrs Carrie Lam, reached out to the business community in Singapore in a webinar held on August 4, 2021. More than 500 business leaders and senior representatives of enterprises joined the online event.

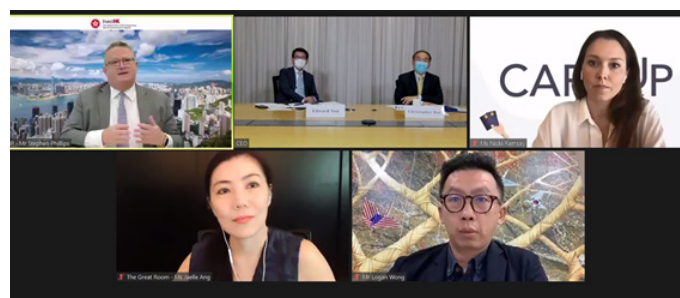
Addressing the participants, she reaffirmed the strong bilateral ties between Hong Kong and Singapore, which are important trading partners and investment destinations to each other. Mrs Lam noted that the Free Trade Agreement and the Investment Agreement between Hong Kong and the ASEAN will further enhance the relationship between the two cities. She highlighted the unparalleled strengths of Hong Kong under “One Country, Two Systems” and called on Singaporean businesses to tap the new opportunities in Hong Kong brought about by the National 14th Five-Year Plan, and Hong Kong’s active role played in the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road Initiative. She also took the opportunity to engage business leaders from major chambers of commerce and business associations in Singapore in a dialogue session. On the other hand, three Singaporean entrepreneurs who have expanded their businesses into Hong Kong participated in a panel discussion afterwards. Moderated by the Director-General of Investment Promotion (DGIP) at Invest Hong Kong (InvestHK), Mr Stephen Phillips, the panellists shared how Hong Kong will continue to be an important hub for them to attract clients and businesses across the region. The Secretary for Commerce and Economic Development (SCED), Mr Edward Yau, and the Secretary for Financial Services and the Treasury (SFST), Mr Christopher Hui, who joined the webinar, also took questions from event participants on how they can leverage various business advantages of Hong Kong to grow their businesses and expand markets.

Co-organised by the Hong Kong Economic and Trade Office in Singapore and InvestHK, the webinar was supported by the Hong Kong Trade Development Council, the Singapore Business Federation, the Singapore Chinese Chamber of Commerce & Industry, the Association of Small & Medium

Enterprises and the Hong Kong Singapore Business Association.



CE, SCED and SFST (centre) pictured online with Chief Executive Officer of the Singapore Business Federation, Mr Lam Yi Young (first right, second row); Vice-President of the Singapore Chinese Chamber of Commerce & Industry, Mr Charles Ho Nai Chuen (third row); President of the Association of Small & Medium Enterprises, Mr Kurt Wee (first left, second row); and Chairman of Hong Kong Singapore Business Association, Mr Dennis Chiu (centre, first row); DGIP (first right, first row) and Director of the Hong Kong Economic and Trade Office in Singapore, Mr Wong Chun To (first left, first row)



SCED, SFST and DGIP pictured online with Ms Nicki Ramsay, Founder/CEO, CardUp (first right, first row); Ms Jaelle Ang, CEO and Co-Founder, The Great Room (left, second row); and Mr Logan Wong, Founder and Managing Director, Pure Senses Pte Ltd (right, second row)

Hong Kong and Vietnam hold joint webinar to enhance collaboration



Photo shows the Secretary for Commerce and Economic Development, Mr Edward Yau (fifth left) responding to participants’ questions with panellists of Hong Kong and Vietnam at the discussion session.

The Commerce and Economic Development Bureau and the Ministry of Industry and Trade of the Socialist Republic of Vietnam jointly held a webinar titled “Revival under the ‘New Normalcy’: Hong Kong - Viet Nam Partnership” on September 20, 2021, to explore collaboration opportunities in trade, investment, professional services as well as

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innovation and technology (I&T), and enhance people-to-people bonds. The webinar attracted some 500 sign-ups.

Addressing the audience at the opening session, the SCED, Mr Edward Yau, underlined the close trade, economic and cultural relations between Hong Kong and Vietnam. He suggested that there was room for even closer business collaboration between the two places in areas such as biotech, medical tech and information and communication technologies under the COVID-19 pandemic. He introduced the I&T Experience Sharing and Business Promotion Platform, covering inventions that were being successfully used in Hong Kong, and indicated that Hong Kong stood ready to share its experience with Vietnam. Noting that Vietnam has embarked on a number of infrastructure and investment projects, Mr Yau highlighted the useful roles of Hong Kong's professional and financial services in those projects and appealed to Vietnamese enterprises to leverage Hong Kong's unique advantages to capitalise on the new and exciting opportunities offered by China. The Deputy Minister of Industry and Trade of the Socialist Republic of Vietnam, Mr Tran Quoc Khanh, was also a guest speaker in the online event.

The webinar concluded with a panel discussion session themed "Joining Hands for Economic Recovery", at which panellists from Hong Kong and Vietnam shared their insights on opportunities in trade, investment and I&T; as well as how the two places can deepen their partnership and seek collaboration in the region.

Hong Kong Film Gala Presentation

Six Hong Kong films were featured in the Hong Kong Film Gala Presentation in Singapore from July 2 to 4, 2021. The film event was organised by the Asian Film Awards Academy in collaboration with Singapore's mm2 Entertainment and Cathay Cineplexes, with the financial support of Create Hong Kong and Film Development Fund of Hong Kong. The Hong Kong Economic and Trade Office (HKETO) in Singapore was the supporting organisation for the event.

Speaking at the Opening Night of the Hong Kong Film Gala Presentation, the Director of the HKETO in Singapore, Mr Wong Chun To, welcomed the film event for showcasing the diversity and vibrancy of Hong Kong's creative industry. Mr Wong noted that the six movies featured are a good mix of remarkable works by both veteran and emerging creative talents. He expressed confidence that Hong Kong's film industry will continue to grow and flourish, given the city's diverse and international culture, freedom of expression and a sound legal system that protects the intellectual property rights of filmmakers.

The three-day programme has drawn strong interest from movie fans and film industry players in Singapore. The six

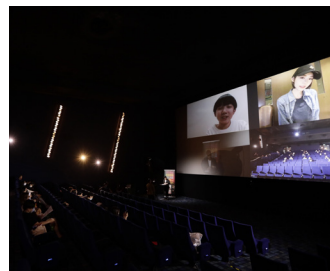
films shown were "One Second Champion" (一秒拳王), "The Way We Keep Dancing" (狂舞派3), "Ready o/r Knot" (不日成婚), "Drifting" (濁水漂流), "All U Need Is Love" (總是有愛在隔離) and "Septet: The Story of Hong Kong" (七人樂隊). All screenings were in Cantonese with English and Chinese subtitles.



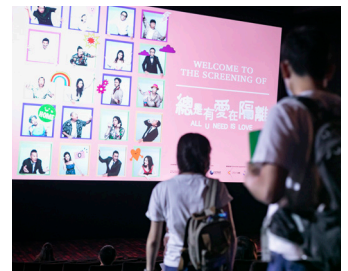
The Director of the HKETO in Singapore, Mr Wong Chun To, speaks at the Opening Night of Hong Kong Film Festival, expressing appreciation for the overwhelming support of the film event from Singapore audiences.



The Chairman of the Asian Film Awards Academy and Hong Kong International Film Festival Society, Mr Wilfred Wong, in a pre-recorded speech said the event is aimed to strengthen film and cultural exchanges and bring together film professionals from ASEAN countries.



Live-streaming of post-screening Question & Answer session connecting lead actress Lim Min-chen (林明禎) and child actor Hung Cheuk-lok (熊倬樂) of "One Second Champion" (一秒拳王) with audiences in Singapore



The three-day film programme has drawn strong interest from moviegoers in Singapore.

(Photo courtesy of mm2 Entertainment)

COMMENTS / SUGGESTIONS

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