



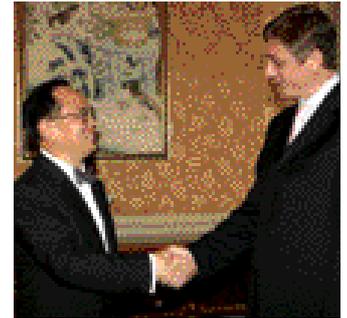
# Review

## Magic Kingdom meets Middle Kingdom



Fireworks soar skyward as China's Vice-President, Mr Zeng Qinghong (second left), together with (from left) Hong Kong's Chief Executive, Mr Donald Tsang; Disney CEO Michael Eisner and the company's Chief Operating Officer Bob Iger, celebrate the grand opening of Hong Kong Disneyland.

○ See pages 4/5 for details.



Cultural connection

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## Economic growth boosts HK\$ status

Improvements in Hong Kong's fiscal prospects have resulted in an upgrade of the Special Administrative Region's currency rating by international credit agency Standard & Poor (S&P).

S&P pointed to several factors including steady economic growth, continued recovery in asset markets and tighter expenditure control behind its decision to upgrade Hong Kong's foreign currency sovereign credit rating by one notch, from A+/A-1 to AA-/A-1.

It added that the rise in Hong Kong's rating was linked to an upswing in the China's foreign currency rating.

The one cause for concern, said the agency, was Hong Kong's contin-

ued narrow revenue base; introduction of a goods and services tax or other broad-based tax could potentially lead to a further upgrade in Hong Kong's ratings.

Welcoming the S&P upgrade, Financial Secretary Mr Henry Tang said it represented an important recognition of Hong Kong's sound economic fundamentals, improved public finance and growth prospects.

"On the fiscal front, the Government remains committed to further consolidating Hong Kong's public finances with continued fiscal discipline," he said.

- According to the Government's Half-Yearly

Economic Report, Gross Domestic Product continued to grow at a brisk pace in the second quarter of 2005, up 6.8 per cent in real terms. This followed a revised figure of 6.2 per cent for the first quarter. Overall investment spending was up 3.5 per cent in real terms compared to a year earlier. In trade, merchandise exports were up 11.1 per cent in the second quarter compared to a year earlier, while export of services climbed 7.8 per cent.



Olympic opportunity

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Crimefighters gather

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# Reassurance for students

Hong Kong's educational links with the UK will be taken into consideration if the recent terrorist attacks in London lead to tightened border security, the Secretary for Education and Manpower was assured during his visit to London in July.

Professor Arthur KC Li met a series of UK politicians and education officials, among them Mr Ian Pearson, Minister for Trade at the Foreign and Commonwealth Office, and Mr Stephen O'Brien, Shadow Minister for Education.

Professor Li conveyed on behalf of the Hong Kong Special Administrative Region Government and the people of Hong Kong condolences to the victims of the recent bomb attack in London.

Due to its well-established and

diversified system of education and unique blend of Chinese and Western cultures, Hong Kong is developing as the education hub of Asia. Given the UK's popularity as a destination for Hong Kong students, Professor Li expressed concern as to whether there would be any new restrictions on overseas students as a consequence of tightened security, similar to that in the United States after the 9/11 terrorist attacks.

"I was very happy to have been given the reassurance that in view of the close ties and long-standing relationship between Hong Kong and the UK, special considerations would be given to Hong Kong students even if such restrictions were in place," Professor Li said later.

During his five-day visit, Professor Li also met Members of Parliament, the Chief Inspector of Schools, heads of UK universities and members of the media to brief them on the progress of education reform in Hong Kong.



The Secretary for Education and Manpower, Professor Arthur K C Li, meets the Minister for Trade at the UK Foreign and Commonwealth Office, Mr Ian Pearson.

## Hong Kong aims to host fruitful trade negotiations

Three months after the opening of Hong Kong Disneyland, the world will again be watching Hong Kong – this time on serious and intensive negotiations aiming at trade liberalisation.

As a firm believer and practitioner of free trade, Hong Kong is playing host

to the Sixth Ministerial Conference of the World Trade Organisation this December. Earlier on, the Secretary for Commerce, Industry and Technology, Mr John Tsang, expressed hope that the Hong Kong Ministerial Conference would be a significant milestone along the road to the

successful conclusion of the Doha Round and early implementation of the Doha Development Agenda.

While intensive negotiations are going on in Geneva, the Hong Kong Ministerial Conference Co-ordination Office in Hong Kong, the Hong Kong Police Force and other relevant departments are finalising plans to ensure a smooth and efficient conference.

In the run-up to the Conference, the Hong Kong Economic and Trade Office in London maintains contacts with delegations of WTO member countries under its purview. Director-General, Mrs Carrie Lam, called on relevant ministries to update officials on Hong Kong's preparations for the Ministerial Conference. Since end-August, she has called on trade officials in Hungary, Croatia, Estonia, Norway, Romania and Bulgaria. Such visits will cover Lithuania and Latvia before end-September.



Mr Kalem Kukku, Economic Adviser to Estonia's Prime Minister, shows the port of Tallinn to Mrs Carrie Lam, Director-General, Hong Kong Economic and Trade Office in London, during her pre-conference round of visits.



### Symbol for conference is revealed

The newly-unveiled host logo for the WTO's 6th Ministerial Conference incorporates three elements – the number '6'; shades of gold to symbolise hope and smooth sailing in the future; and the WTO emblem, signifying the close relationship between the organisation and Hong Kong.

The emblem will be widely used in publicity and promotional materials.

## Welcome for new investors

The results of Hong Kong's most successful year ever for investment promotion were seen at a reception for new companies who had set up operations in the Special Administrative Region.

The Chief Executive, Mr Donald Tsang, thanked new foreign and Mainland investors for their substantial contribution to the Hong Kong economy.

More than 200 guests representing some 160 overseas and Mainland companies that set up operations or increased their overall investment in Hong Kong in the year to August attended.

Mr Tsang commented: "It is always exciting living and working in Hong Kong, but the next few months are likely to be particularly lively."

Developments included the opening of Hong Kong Disneyland, December's World Trade Organisation Ministerial Conference and, in the same month, the opening of AsiaWorld-Expo, the new world-class exhibition centre at the airport.

"That in turn will make it possible for us to host ITU Telecom World in December 2006, the first time the event will have been held outside Geneva," he added.

The Chief Executive assured the investors: "We are not complacent, we are aware that there are aspects of our city that need improving if we are to maintain and enhance our position."

Director-General of Investment Promotion at Invest Hong Kong, Mr Mike Rowse, added: "Your presence here today means a lot to us. We understand that most of you conducted extensive evaluation of alternative locations before investing or expanding in Hong Kong. We can assure you that you have made the right decision."

Mr Rowse said that in 2004 Invest Hong Kong assisted 205 foreign and Mainland companies to set up or expand operations in Hong Kong.

He also noted that inward investment has stayed on the upswing. By the end of June, Invest Hong Kong had assisted 144 companies to invest or expand in Hong Kong, achieving more than half of its annual target of 220 and representing a healthy 13.4 per cent increase from the same period last year.

These projects led to the immediate creation of more than 1,400 jobs. The same investors planned to create over 3,000 additional jobs in the next two years.



The LegCo delegation met Ms Kari Huseby (centre), Director of the Health and Social Affairs Directorate and other officials of the Royal Norwegian Ministry of Health and Care Services as they sought information on Norway's smoking ban in bars and restaurants.

## Seeking Nordic knowledge

With a smoking ban proposed for public areas in Hong Kong, a Legislative Council (LegCo) delegation visited Norway to find out how the first year of a smoking ban in the Nordic kingdom had been implemented and received.

The visit to Oslo of the four-member delegation was arranged by the Hong Kong Economic and Trade Office in London, with meetings set up with both the relevant government departments and the leisure industry to provide an overview of how the ban had been conceived, implemented and enforced.

Officials from the Royal Norwegian Ministry of Health and Care Services explained the legislative process

required to get the measure on to the statute book, highlighting the challenges and factors involved.

An expert from the Norwegian Institute for Drug and Alcohol Research presented the results of an independent, scientific evaluation of the first year of the ban, while Labour Inspection Authority officials explained compliance and enforcement procedures.

The LegCo delegation got another slant on the topic through discussions with management and staff of several bars and restaurants, which provided an indication of public opinion on the smoking ban and its implications for the leisure industry.

## New Hungarian link signed

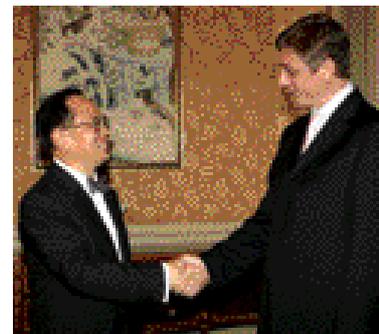
Quoting one of cinema's most famous lines, from a film directed by one of Hungary's most famous film-makers, Hong Kong's Chief Executive ushered in a new age of cultural co-operation with the Central European nation.

Mr Donald Tsang was welcoming the Hungarian Prime Minister, Mr Ferenc Gyurcsány, as the premier ended an official visit to China with two days in Hong Kong.

The centrepiece was

the signing of a memorandum or understanding on cultural co-operation between Hong Kong and Hungary. It provides a framework for further cultural exchanges and opens up co-operation in culture and the arts.

Mr Tsang concluded: "To paraphrase a famous line from an Oscar-winning movie, *Casablanca*, made by a Hungarian-born director, 'Prime Minister, I think this is the beginning of a beautiful friendship.'"



The Chief Executive, Mr Donald Tsang, greets the Hungarian Prime Minister, Mr Ferenc Gyurcsány, during the latter's visit to Hong Kong.



# Tourism boost as Disney opens its gates



After six years of planning and construction, Hong Kong Disneyland was formally opened by China's Vice-President Zeng Qinghong in a spectacular ceremony on Lantau Island.

Having toured the theme park and being briefed on the major new attraction by Hong Kong's Financial Secretary Mr Henry Tang and Hong Kong Disneyland's Group Managing Director Mr Don Robinson, Mr Zeng officiated at the opening. Together with assembled VIPs, he performed the official ribbon-cutting to declare the park open.

Speaking at the event, Hong Kong's Chief Executive, Mr Donald Tsang,

said the opening "marks the beginning of a new chapter for tourism in Hong Kong".

The attraction would help the Special Administrative Region (SAR) develop as a premium Asian family destination: "We will capitalise on the drawing power of the Disney brand to complement our renowned strengths in dining and shopping, and as a city that perfectly blends East and West."

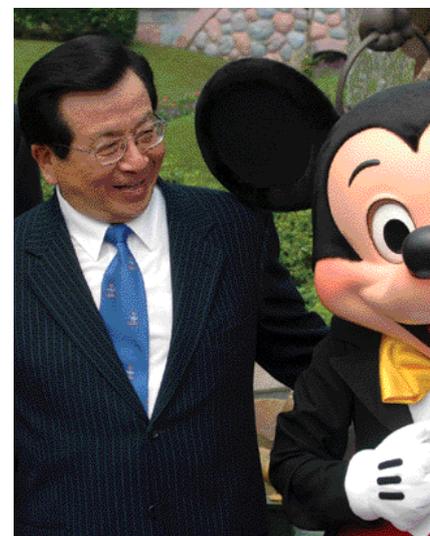
As a strategic investment in tourism by the Hong Kong SAR Government, it would "provide thousands of direct and indirect jobs and, over the long term, bring billions of dollars of economic benefit to our economy".

Meanwhile, the Chief

Executive of the Walt Disney company spoke of the "breathtaking achievement" that is Hong Kong Disneyland.

"I remember the first time we stood in this spot," Michael Eisner told the audience at the dedication ceremony for the latest addition to the Disneyland family. "We were on the deck of a boat in the middle of what was then Penny's Bay, envisioning what would be. Six years later, through our partnership with the Hong Kong government, that dream is now a reality."

Taking up that theme, Disney's chief operating officer, Robert Iger, said: "From the outset, we have enjoyed



a wonderfully productive partnership with our colleagues in the Hong Kong government – one that has been, at every turn, characterised by collaboration and co-operation.

"That is why today represents a shining symbol of a uniquely international endeavour, showcasing our combined ingenuity and creativity at their best."

Mr Iger added that what made the Disneyland experience truly special was the 5,000-strong Hong Kong Disneyland 'cast members', as the company refers to its theme park employees. "These men and women – with their endless energy and enthusiasm – represent the vibrant spirit of Hong Kong."



Clockwise from top: (From left) Chief Executive Donald Tsang; Chief Executive Officer of Walt Disney Company, Michael Eisner; Vice-President Zeng Qinghong; Walt Disney Company's President, Chief Operating Officer and Chief Executive Officer-elect, Bob Iger; and the Director of the State Council's Hong Kong and Macao Affairs Office, Liao Hui, meet some of Disney's famous characters.

First visitors explore Sleeping Beauty's Castle.

Waiting to hitch a ride, with Sleeping Beauty Castle and the Lantau mountains in the background.

Vice-President Zeng Qinghong greets the world's most famous mouse.

Main Street, USA forms a centrepiece of the site.



## First Olympic events head for Hong Kong

Hong Kong's Chief Executive has spoken of the territory's delight at being given the honour of staging the equestrian events of the 2008 Beijing Olympics.

Describing it as an historic moment for both Hong Kong sport and the Special Administrative Region as a whole, Mr Donald Tsang said Hong Kong was determined to make the equestrian events - the first time Olympic and Paralympic events have been staged there - a resounding success.

Earlier, the Secretary for Home Affairs, Dr Patrick Ho, had announced that the International Olympic Committee had accepted a proposal from the Beijing Organising Committee for the Games to stage the equestrian events in Hong Kong.

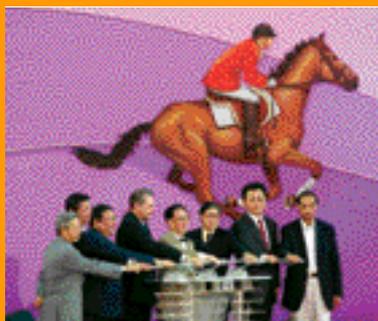
The proposal arose as, despite Beijing having made great strides in improving its quarantine situation, veterinary experts still harboured reservations about the capital's quarantine facilities.

"Hong Kong has in place world-

class equine care facilities and medical services for horses and a group of professionals in the equestrian events," said Dr Ho. "We also have recognised quarantine protocols with many countries." Beijing's proposal to the Federation Equestre Internationale that Hong Kong stage the equestrian events of the Games had then been accepted.

To hold the equestrian events, Hong Kong Sports Institute (HKSI) and Penfold Park will temporarily be converted into the core competition venues for dressage and show jumping events, with the cross-country eventing taking place at a venue temporarily converted from the Hong Kong Jockey Club's Beas River Country Club and part of the neighbouring Hong Kong Golf Club.

Dr Ho said he fully understood the concerns of Hong Kong's elite athletes that they would be deprived of the HKSI's facilities from early 2007 as the conversion of the site got under way. Discussions were under way with sports associations to provide the best and most suitable alternative arrangements for Hong Kong's athletes in the run-up to the Games.



Chief Executive Mr Donald Tsang and other guests mark the countdown to the 2008 Beijing Olympic Games



# Visitor numbers high

Long-haul markets were the main drivers behind another record-breaking month for Hong Kong's tourism industry.

Continuing the trend of setting a new record every month this year, July saw 2,067,240 visitors arrive in Asia's World City, up 3.8 per cent on July 2004.

The Australia, New Zealand and South Pacific market sector showed the strongest growth year-on-year, up 35.3 per cent to 56,002 arrivals, while Europe, Africa and Middle East jumped by 27.5 per cent above the levels of a year previously at 134,423. North Asia arrivals grew by just 1 per cent to 150,012 while those from the Americas rose by 8.1 per cent to 134,948.

Although posting a marginal percentage fall of 1.2 per cent over July 2004, the influx of 1,147,076 visitors from Mainland China contributed by far the largest number of guests. July's drop was due to July 2004's figures receiving a major boost following a further extension of the Individual Visit Scheme, plus the apparent decision of many Mainland residents to defer travel until after the opening of Disneyland Hong Kong. Aggressive promotion of Hong Kong International Airport's SkyPier, which enables through travellers to connect with ferry services without passing through Hong Kong immigration, was another factor.

Hotel occupancy across

all categories of hotels and guest houses in July was 87 per cent. This was a 5 per cent drop on July 2004's figure, explained partly by a 5.5 per cent increase in the number of Hong Kong hotel rooms in the intervening period.

Meanwhile, by the end of June, the half-yearly total of all visitors to Hong Kong was 10,978,048 - 9.6 per cent more than for the same period in 2004. (See panel.)

Hong Kong Tourism Board (HKTB) Executive Director Clara Chong noted: "Thanks to the exceptional performances of many of our long- and short-haul markets, we've comfortably surpassed our half-yearly target."

## Good European tourism growth

Hong Kong Tourism Board Executive Director Clara Chong noted double-digit growth from France and Germany as among the highlights of Hong Kong's tourist performance in the first half of 2005.

With 14,163 visitors in May alone, France recorded a 36.4 per cent growth in numbers, while Germany advanced 24.5 per cent to 14,039 for May.

The UK remained the largest volume provider from the Europe, Africa and Middle East region with 30,396 visitors in one month, up 12.7 per cent over the corresponding period in 2004.

The relative weakness of the Hong Kong dollar against sterling and the euro made the Special Administrative Region an attractive prospect for Western European tourists. Additionally, a newspaper advertising campaign, travel fairs and a roadshow, plus increased air travel capacity from the UK, all combined to produce the jump in figures.

Taken as a whole, the amount of traffic from the Europe, Africa and Middle East region reached 809,681 for the first six months of 2005.

● The UK's position as the largest single component of Hong Kong's European tourism market will be bolstered by the addition of a fourth daily non-stop flight by Cathy Pacific between Hong Kong and London from December.

Introduction of the increased frequency comes as the carrier celebrates 25 years on the sector. "London was our first European destination and remains a key market for Hong Kong's continued growth as an aviation hub and business centres," said the airline's Chief Executive, Mr Philip Chen.



Mrs Carrie Lam (2nd from left) receives the award from Skytrax's Mr Edward Plaisted (centre).

## SKYTRAX WIN

Millions of travellers worldwide have voted Hong Kong home to the world's best airport and airline. The polls were conducted by UK-based Skytrax Research.

On 5 September Mrs Carrie Lam collected the award of *Airport of the Year 2005* on behalf of the Airport Authority Hong Kong and Cathay Pacific accepted the award of *Airline of the Year 2005* at a special presentation ceremony held at Heathrow Airport.

## AIRLINE'S AWARDS

A private 'business masterclass' at Beijing's Tsinghua University awaits the winners of a new awards scheme launched by Cathy Pacific Airways. Three awards will be made:

- The Pacific Star Award will go to the UK-based business that has demonstrated exceptional commitment to business in China and/or Hong Kong;
- The Business Wings Award will recognise



- innovation, creativity and dynamism in developing business successfully in Hong Kong and/or China; and
- The Green Ribbon Award will recognise a company whose business investment has added local value to Hong Kong and/or Chinese communities and employees. The judges' will be searching for companies that demonstrate both

positive financial results and a long-term investment commitment to the region.

Entry is via website at [www.cathaypacificawards.co.uk](http://www.cathaypacificawards.co.uk) and closing date for entries is November 30.

Two employees from each winning company will take part in the two-day business masterclass at Tsinghua University, whose School of Economics and Management's tailored seminar programme is currently rated first in its field in China. The winners will then be flown to Hong Kong for some relaxation, watching the Hong Kong Rugby Sevens.

# Pearl River provinces power up

Closer co-operation between Hong Kong and Guangdong province in several fields was the main recommendation of the Greater Pearl River Delta Business Council as it presented its first annual report.

The Business Council, which was set up to provide advice to Hong Kong's Chief Executive on strengthening ties with Guangdong, also acts as a forum for the private sectors of the two areas to exchange views on co-operation issues.

On the publication of its annual report, Dr Victor Fung, the Business Council's chairman, commented: "The integration between Hong Kong and Guangdong has been mutually rewarding and reinforcing. Enhanced co-operation between the two places will strengthen the competitiveness of the entire region and promote its development."

The partnership had already expanded beyond manufacturing for export and now covered a multiplicity



*Extending the operating hours of two border points to ease the flow of freight and people between Hong Kong and Guangdong has been recommended.*

of issues, from infrastructure and environmental protection to culture and sports, he said.

Among the Business Council's recommendations were:

- extending the operating hours of two border points to ease the flow of cargo and people, while relaxing some of the regulations that governed cross-border trade;
- further promotion of the Closer Economic Partnership Agreement; creation of an annual Greater Pearl River Delta promotional plan;
- promoting cooperation between the two governments and business sectors to promote environmental protection and reduce the problem of air pollution.

## New visa programme for investors to SAR

A project to attract business 'big hitters' to Hong Kong has yielded a total of some HK\$4.06 billion of confirmed or promised investments in its first 20 months of operation.

The Capital Investment Entrant Scheme was launched in October 2003 to facilitate entry for residence in Hong Kong by individuals wishing to make a capital investment in the Special Administrative Region, but not planning to engage in the running of any business there.

The scheme is open to foreign nationals; residents of Macao and Taiwan; Chinese nationals who have permanent resident status in a foreign country; and stateless persons who have

obtained similar status.

A person applying under the scheme has to demonstrate net assets of not less than HK\$6.5 million in the two years prior to applying under the scheme and must invest HK\$6.5 million in either real estate or specified financial assets in Hong Kong.

Such people may be allowed to bring in their spouse and dependent children aged under 18 and may apply to become permanent Hong Kong residents after seven years of continuous ordinary residence.

Some entrants who can not satisfy the seven years' continuous residence requirement may nevertheless apply, after

seven years, to obtain unconditional stay status in recognition of their investment in Hong Kong's economy.

By the end of June 2005, the scheme had attracted 856 applications, with 439 having been approved by the Immigration Department. A further 136 applicants were granted 'approval-in-principle', provided they each made the necessary investments within six months.

● Meanwhile, the Travel Pass Scheme, begun in 1998 to ease business travellers' entry to Hong Kong, is continuing to attract applicants who value the time-saving and convenience benefits it brings.

The Travel Pass aims to

speed up entry for frequent visitors to the Special Administrative Region. Applicants are eligible if they can demonstrate a genuine need to visit Hong Kong frequently, have had at least three trouble-free visits in the year preceding their application, or can demonstrate that their visits may bring substantial benefits to the SAR.

If granted, a Travel Pass allows its holder to use Hong Kong resident counters upon entry, with much-simplified immigration clearance procedures.

Details of how to apply can be found on the Immigration Department website at <http://www.immd.gov.hk/pdf/forms/id888.pdf>



# Conferring on crime

With public interest in the scientific detection of crimes probably never higher as a result of the US CSI TV programmes, Hong Kong's Convention and Exhibition Centre was the scene of the 17th Meeting of the International Association of Forensic Sciences (IAFS).

More than 1,200 of the world's leading practitioners in the field gathered for the five-day meeting – only the second time the triennial event had been staged in Asia since the IAFS was established in 1957.

The IAFS is the only international association bringing together academics and practising professionals of various disciplines in the field, with the aim of developing the forensic sciences; assisting forensic scientists and others to exchange scientific and technical information; and organising meetings for experience-sharing.

Speaking at the opening ceremony, Hong Kong's Assistant Government Chemist and IAFS President, Mr Leung Sze-chung, announced that an international forensic summit would be held during the conference to provide members with an opportunity



to identify and discuss international forensic issues and to produce a plan for collaboration.

The decision to hold the summit came on the heels of questioning of the admissibility of scientific evidence in courts, handing forensic science one of the most serious challenges in its history.

Ironically, however, said Mr Leung, this challenge was arising just as increasing demands were being made of scientists to help deal

with issues such as counter-terrorism and mass disaster victim identification.

The main theme of the meeting was 'Justice Through Science'. To introduce the latest developments in forensic science and medicine in China, a special session entitled Forensic Science in China was added to the scientific programme and attracted 300 papers. More than 200 Mainland Chinese delegates participated in the meeting.

Leading members of the Hong Kong and international forensic and security community gather for a traditional lion dance eye-dotting ceremony at the opening of the Forensic Sciences conference. From left: Director of Health Dr PY Lam, Commissioner of Police Mr Lee Ming-kwai, Secretary for Justice Ms Elsie Leung, Secretary for Security Mr Ambrose Lee Siu-kwong, Vice Chancellor of the University of Hong Kong, Prof Lap-chee Tsui and President of the International Association of Forensic Sciences Mr Leung Sze-chung.

There were 15 workshops encompassing unique local skills, such as the examination of toxic Chinese medicines, forensic gemology and Chinese handwriting scrutiny.

Officiating at the opening ceremony was a high-powered contingent of local dignitaries, including Hong Kong's Secretary for Justice, Ms Elsie Leung; the Secretary for Security, Mr Ambrose Lee; and the Commissioner of Police, Mr Lee Ming-kwai.

## Community aids ICAC's fight

Hong Kong's Independent Commission Against Corruption (ICAC) continued to hold down criminal activities in 2004, with assistance from an increasingly vigilant public.

Presenting the commission's annual report to the Legislative Council, LegCo member and Advisory Committee on Corruption member Mr Sin Chung-kai was able to report that corruption reports had declined from 4,310 in 2003 to 3,746 last year – a drop of 13 per cent.

The majority of complaints – 58 per cent – involved the private sector, while Government departments accounted for 34 per cent and public bodies, 8 per cent.

He added that enthusiastic community

participation in activities marking the ICAC's 30th anniversary showed the strength of public support for the commission's work.

ICAC Commissioner Mr Raymond Wong said 2004's activities saw 417 people prosecuted in 222 cases last year, while a further 77 were charged in 40 election-related cases. The overall case-based conviction rate stood at 84 per cent, due partly to proactive tactics including undercover operations, use of informants and the development and analysis of intelligence.

In addition, an increasing number of public and private organisations had sought advice on tendering, procurement and other corruption-prone areas.



ICAC Commissioner Raymond Wong sharing HK's experience with leaders of law enforcement agencies of the EU in an anti-corruption conference held in Vienna.

