June 2018 HONG KONG Hong Kong Economic and Trade Office, London

Budget helps Hong Kong 'forge ahead'



ong Kong will 'forge ahead' and become an even better place to live and work, said Financial Secretary Paul Chan during his budget speech to the Legislative Council in February.

Mr Chan reported a fiscal surplus of HK\$138 billion for 2017 with reserves expected to reach HK\$1,092 billion by the end of March. Around 40% of the 2017 surplus will be given back to Hong Kong people through tax breaks

and rebates, he said, with the remainder used for improving services.

Mr Chan reported that Hong Kong's economy had grown by 3.8% in 2017, faster than expected and up from 2.1% in 2016. Mr Chan was cautiously optimistic, predicting GDP growth of between 3 and 4 per cent in 2018.

Looking ahead, Mr Chan noted that IT had revolutionised the traditional,

capital-intensive business model and that Hong Kong planned to stay at the front of this trend. The Government would introduce measures to attract research institutions and innovative companies from new sectors of the economy to Hong Kong, he said. The Government is also committed to spending an additional HK\$50 billion to support Hong Kong's development in key areas such as biotechnology, artificial intelligence and smart cities, he noted.

Promote creative industries

To promote the creative industries, Mr Chan said the Government would inject a further HK\$1 billion to nurture talent, help start-ups and enhance public understanding of the value of creativity and design.

The Government would also strengthen Hong Kong's traditional industries, he added, including setting aside HK\$500 million over five years for the development of, for example, financial technology, green finance and training for the financial services industry. The Hong Kong Monetary Authority has also been asked to set up an academy of finance, he said, to help enlarge and enrich Hong Kong's pool of financial sector talent. To help Hong Kong take full advantage of opportunities under China's Belt and Road Initiative, the Government will also provide HK\$250 million of additional funding to the Hong Kong Trade Development Council, he added.

Continued on page 2

Above: Paul Chan, Financial Secretary, delivers his 2018–19 budget at the Legislative Council in February.

Profits tax halved

The rate of profits tax for corporations in Hong Kong has been halved to 8.25% for the first HK\$2 million of profits. Tax on profits over HK\$2 million remains at 16.5%.

The new two-tier tax was announced by Chief Executive Carrie Lam in her first policy address last October and came into force in April. Designed to support small and medium-sized companies in particular, only one enterprise in any group of connected businesses can receive the lower rate. The move will cost the treasury an estimated HK\$5.8 billion per year in foregone revenue, around four per cent of total profits tax in 2016-17.

"The Government's objective is to adopt a competitive taxation system to promote economic development while maintaining a simple and low tax regime," a Government spokesperson said. For partnerships and sole traders the rates will be 7.5 per cent and 15 per cent.





Education Secretary visits UK

Page 2



Great Festival of Innovation in Hong Kong – Page 7



UK film première - Page 7

Education

Education Secretary visits UK



Above: Mr Yeung speaking at the Education World Forum in January.

Kevin Yeung, Hong Kong Secretary for Education, visited London in January to attend the Education World Forum, the largest international gathering of education ministers.

Addressing delegates, he said that recent major curriculum reform in Hong Kong had focussed on 'whole-person development' and helping children 'learn to learn'. The results had been pleasing, he added, with Hong Kong students continuing to have remarkable achievements in reading, mathematics and science, as shown by the most recent Programme for International Student Assessment.

During a meeting with

Nick Gibb, UK Minister for Education, Mr Yeung said he looked forward to even closer ties between the education sectors in Hong Kong and the UK. Hong Kong universities already collaborate on over 300 research projects with UK institutions.

Before leaving London, Mr Yeung met Sir Ciarán Devane, Chief Executive of the British Council, and Professor Dame Alison Peacock, Chief Executive of the Chartered College of Teaching, which promotes continuous professional development. He also met a group of Hong Kong teachers who were on a study tour to the UK.





Top above: Mr Yeung (centre) with Hong Kong teachers and their students at the British Educational Training and Technology Show in London.

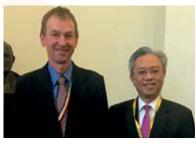
Above: Mr Gibb (first left) discusses education issues with Mr Yeung (first right).

Government

Improved training for civil servants



Above: Mr Law (left) with Päivi Nerg, Permanent Under Secretary at the Finnish Ministry of Finance.



Above: Mr Law (right) met with Tom Scholar, Permanent Secretary at the HM Treasury, during his visit to London.

Joshua Law, Hong Kong Secretary for the Civil Service, visited Finland and the UK in March to learn more about the management and training of civil servants.

In Finland, Mr Law met Päivi Nerg,
Permanent Under Secretary at the Ministry
of Finance, as well as Kimmo Lähdevirta,
Director General of the Department for the
Americas and Asia at the Ministry for
Foreign Affairs. He also visited the HAUS
Finnish Institute of Public Management to
learn about its training programmes.

While in the UK, Mr Law visited the Cabinet Office of the British Government and the Blavatnik School of Government of the University of Oxford, where he discussed a collaboration that could see Hong Kong Civil Servants attending training courses there. He also visited the Saïd Business School of the University of Oxford to discuss the arrangements for Hong Kong senior civil servants to join its courses.

Mr Law also called on the HM Treasury to exchange views with officials on human resources management in the civil service.

Before departing, Mr Law met with members of the Hong Kong Association Committee and Hong Kong students in the United Kingdom.

Continued from page 1

Budget helps Hong Kong 'forge ahead'

On the environment, Mr Chan proposed to issue green bonds with a borrowing ceiling of HK\$100 billion in order to fund green public works projects. A further HK\$396 million will also be allocated to the tourism industry to implement the industry's blueprint released by the Tourism Commission last year.

Mr Chan also outlined initiatives to improve services for older people and those from disadvantaged backgrounds and promote opportunities for job seekers with special employment needs In order to share the fruits of Hong Kong's economic success with the community as a whole he also outlined measures to reduce the tax burden on individuals, such as adjusting tax rates and increasing tax allowances. The Budget was passed by the Legislative Council on 10 May.

The Budget document can be downloaded in full at budget.gov.hk/2018/eng/speech.html

Economy

Boao Forum 2018

Carrie Lam, Hong Kong Chief Executive, attended the annual Boao Forum for Asia Annual Conference, which took place in Hainan, China, in April. The Forum, which is modelled on the World Economic Forum in Davos, hosts high-level discussions between leaders from government, business and academia.

In his keynote speech, President Xi Jinping said China would continue to open up to the outside world. This would bring new opportunities and impetus to the economic development of Hong Kong, which is China's international centre for finance and trade, Mrs Lam said.

Bay Area opportunity

While at the conference Mrs Lam gave a speech about the Guangdong-Hong Kong-Macao Bay Area, a 56,500 square kilometre region that encompasses 11 cities (including Hong Kong, Macao, Guangzhou, Shenzhen and Zhuhai) and has been compared to the bay areas of San Francisco, New York and Tokyo. Mrs Lam said the success of the Bay Area would hinge on whether it could serve as an important link between China and other parts of Asia as well as the rest of the world.

Mrs Lam also attended a CEO roundtable discussion about the Belt and Road Initiative, discussing topics including the role of financial institutions.



Above: President Xi Jinping (first row, 10th left) pictured with Mrs Lam (first row, 11th left), and other Hong Kong and Macao delegates.



Above: Mrs Lam (third left) attends a discussion on the Guangdong-Hong Kong-Macao Bay Area at the Boao Forum for Asia Annual Conference 2018.

Trade

Scotland's First Minister visits Hong Kong

Nicola Sturgeon, First Minister of Scotland, visited Hong Kong in April to further develop ties between the two places, particularly in the fields of innovation and technology.



Topics discussed by Mrs Lam and Ms Sturgeon included data-driven innovation, inclusive growth and the possibility of further academic and cultural collaboration between Scotland and Hong Kong.

Universities from the two places already work closely together on scientific research. The Edinburgh Centre for Carbon Innovation, for example, which is the UK's leading hub for emerging low carbon innovation, has a base at the Hong Kong

Science Park. Exports from

Scotland to China rose 40 per cent last year.

Above: Ms Sturgeon (left) and Mrs Lam pictured during the First Minister of Scotland's visit in April.

• • Law

UK judge joins Hong Kong's top court

Hong Kong has appointed a further senior UK judge to join its Court of Final Appeal.

Baroness Brenda Hale of Richmond, currently President of the Supreme Court of the United Kingdom, will join a panel of overseas justices, along with Canadian judge Beverley McLachlin, PC, who was the Chief Justice of the Supreme Court of Canada until retirement in 2017. The panel now has 14 judges from the United Kingdom, Australia and Canada.

Hong Kong's five-member Court of Final Appeal includes an overseas judge who is drawn from the panel. "The presence of these non-permanent judges manifests the judicial independence of Hong Kong," said Chief Executive Carrie Lam, welcoming the appointments.

"As the first female Chief Executive of Hong Kong, I am thrilled that Baroness Hale and Ms McLachlin will be the first female judges to the Court of Final Appeal," she added. "Their appointment is a historic moment in Hong Kong." The appointments are subject to ratification by Hong Kong's Legislative Council.

"The presence of these non-permanent judges manifests the judicial independence of Hong Kong," Chief Executive Carrie Lam

Business

GREAT Festival of Innovation 2018

The UK Government's GREAT Festival of Innovation, which took place in Hong Kong in March, attracted people from across the UK and Asia to share innovative thinking about industry, society and community.

Described by one delegate as an 'ideas bouncing board', the four-day festival included masterclasses, speeches and presentations on a huge range of topics including the future of transport, smart cities, sustainable farming, how space travel will change our lives, and the future of fashion, sport and retail. Each day of the festival focussed on innovation in a particular area of our lives: how we live, how we work, how we play and how we learn.

"Look into the future"

Opening the festival, which took place at the Asia Society Hong Kong Centre, Dr Liam Fox, UK Secretary of State for International Trade, said the event offered an opportunity to "look far into the future, exploring the technological developments that will unite the UK and Asia, and shape the world economy for up to a century or more."

Carrie Lam, Hong Kong Chief Executive, said the festival would "showcase the latest in innovative and creative excellence from the UK and Asia" and foster new and deeper partnerships between governments and businesses. "I am extremely pleased that the UK Government has chosen Hong Kong as a place for building closer ties between UK and Asia," she said.

The festival, which was attended by industry leaders, entrepreneurs, artists and educationalists, follows the success of the GREAT Festivals of Creativity in Istanbul in 2014 and Shanghai in 2015.

Above top right: The GREAT Festival of Innovation offered the latest innovative thinking across industry, society and community.

Above middle right: Mrs Lam speaking at the GREAT Festival of Innovation in March.







Above: Dr Fox opens the UK Government's GREAT Festival of Innovation, which took place in Hong Kong.

● ● Trade

UK and Hong Kong 'move forward together'

The Hong Kong and UK governments have agreed to strengthen collaboration in areas such as smart cities, financial technology, healthcare technologies, artificial intelligence, nurturing creative talent and project procurement and management.

A joint statement on closer collaboration was signed in March. "Hong Kong and the UK ... enjoy deep and strong economic and trade relations. We are pleased to issue this Joint Statement with the UK today to signify our commitment to creating a more prosperous partnership to benefit Hong Kong and UK businesses and people," said the Secretary for Commerce and Economic Development, Edward Yau.

The Secretary of State for International Trade of the UK, Dr Liam Fox, said: "As an international economic department, we want to further deepen our trade collaboration, and work together as champions of global trade. This Joint Statement is an example of our shared intention to continue to move forward together."

Finance

Asian Financial Forum



Above: Carrie Lam (front row, seventh left), Hong Kong Chief Executive, with other guests at the opening ceremony of the 11th Asian Financial Forum.



Above: James Lau (first left), Hong Kong Secretary for Financial Services and the Treasury moderates a plenary session at the 11th Asian Financial Forum.

The 11th Asian Financial Forum, which took place in Hong Kong in January, attracted more than 3,000 policy makers, financial and business leaders from 46 countries and regions.

Topics covered at the two-day event included the economic outlook of China, the impact of the internationalisation of the Renminbi, and the Belt and Road Initiative. The Asian Financial Forum, which brings together members of the global financial and business community, is coorganised by the Hong Kong Government and the Hong Kong Trade Development Council.

Economy

World's freest economy



Hong Kong has again been named the world's freest economy in the annual Index of Economic Freedom, published by the Heritage Foundation research institute.

The index ranks 180 economies around the world using measures such as fiscal health, business and financial freedom. Hong Kong has topped the index every year since it was first published in 1995.

On a scale of 0 to 100, the overall rating of Hong Kong was 90.2, up 0.4 points from last year. Singapore and New Zealand came second and third. The UK was ranked eighth in the world.

Above: Carrie Lam (right), Hong Kong Chief Executive, receives a copy of the Heritage Foundation's 2018 Index of Economic Freedom Report from its founder. Dr Edwin Feulner.

Finance

Shares quota boost



China has increased the daily quota of shares that can be traded on the Shanghai and Shenzhen stock connect schemes. The schemes, which allow investors in Mainland China and Hong Kong to trade shares on the other market, were opened in 2014 and 2016 respectively.

The daily northbound quotas will be increased to RNB52bn (around US\$8 billion) the China Securities Regulatory Commission said. Daily southbound quotas will be adjusted to RMB42bn. "The expansion of daily quota will further enhance the smoothness and certainty of trading," said Norman Chan, Chief Executive of the Hong Kong Monetary Authority.

Above: The Shanghai and Shenzhen stock connect schemes allow investors in Hong Kong and Mainland China to trade shares in each other's markets.

Business

Russia arbitration agreement

Hong Kong's International Arbitration Centre (HKIAC) has signed a cooperation agreement with its Russian counterpart to facilitate collaboration between legal and business communities in Russia and Asia.

Russia's legal and business sectors are increasingly looking to HKIAC to help them resolve disputes, said Elena Borisenko, Deputy Chairperson of the Management Board at Gazprombank. "HKIAC has developed a neutral, sophisticated, efficient and cost-effective arbitration system that is highly attractive to Russian businesses," she added.

The agreement provides a framework under which the HKIAC and the Russian Arbitration Centre at the Institute of Modern Arbitration will work together to develop dispute resolution mechanisms. HKIAC has expanded its panel to include 30 Russian-speaking arbitrators.

Business

InvestHK brings record number of companies to Hong Kong

A record number of foreign or Chinese Mainland companies were helped to set up or expand their operations in Hong Kong during 2017 by InvestHK, the government department responsible for attracting overseas businesses.

InvestHK announced that it had assisted 402 companies during 2017, a record number and an increase of 2.8% on the previous year. The companies created an estimated 5,098 jobs in Hong Kong during the year, an increase of 28.5 per cent on 2016.

The largest number of companies came from Mainland China (86), followed by the US (47), UK (35), Australia (23) and Japan (22). The three largest sectors were transport and industry, tourism and hospitality, and innovation and technology. "Hong Kong continues to attract overseas and Mainland investors because of its core advantages and emerging business opportunities," said Stephen Phillips, Director-General of Investment Promotion at InvestHK.

Below: Last year 402 companies from Mainland China or overseas set up or expanded their operations in Hong Kong.



• • • Business

"Kick start your Asian journey"

Asia's growing population, which now numbers four and a half billion, and its expanding middle class are driving the world's economy forward, said Priscilla To, Director-General of the Hong Kong Economic and Trade Office, London, addressing a Hong Kong Dinner at Wolfson College, University of Cambridge.

Asian economic growth has persistently outpaced other regions over the past two decades and the trend is likely to continue, she said. The GDP of Mainland China grew by 6.9% last year, she noted, while the Hong Kong economy also saw an impressive 3.8% growth in real terms GDP.

"To explore either the Chinese or the Asian markets, I would say Hong Kong is perhaps the easiest city to kick-start plans for a new journey," she added.

Finance

Fintech opportunities

in Sweden

Businesses in Sweden are being urged to take advantage of financial technology (fintech) opportunities in Asia.

About 40% of the roughly 150 fintech companies now operating in Hong Kong were founded by overseas companies, said Priscilla To, Director

General of the Hong Kong Economic and Trade Office, London, speaking at an event in Stockholm organised by InvestHK.

"Hong Kong has what it takes to be the launch pad for fintech companies and start-ups in Asia," she said, noting that fintech is one of the Government's four priority areas in innovation and technology. A new HK\$2 billion Innovation and Technology Venture Fund has been launched to encourage venture capital companies to join forces with the Government to invest in technology start-ups.

Above: Ms To urges Swedish fintech businesses to explore opportunities in Asia.



The Harbour Arts Sculpture Park

Part of Hong Kong Arts Month which filled the city with a host of world-class arts events in February including Art Basel Hong Kong, The Hong Kong French Theatre Festival, Hong Kong International Film Festival, Harbour Art Fair at Harbour City, Asia Contemporary Art Show and the Affordable Art Fair.

Economy

'Project of the century'

The UK's expertise in financial, legal, technical and professional services means it is in a unique position to partner with China on the Belt and Road Initiative, delegates to the 2018 China Business Conference were told.



Described by President Xi as the 'project of the century', around US\$50 billion has already been invested in Belt and Road projects. A special panel discussion, including Priscilla To, Director-General, Hong Kong Economic and Trade Office, London, examined the opportunities for UK-China collaboration, the principal challenges, and how UK businesses can best capitalise on emerging opportunities.

The conference, organised by the China-Britain Business Council, took place at the Queen Elizabeth II Conference Centre in March.

Above: From left: Peter Budd CBE, Director, Arup; Chris Davies, CEO of Europe International, HSBC; Huabin Wang, Deputy General Manager, Bank of China London; Ms To; Richard Gurney, CEO Construction Division, JLT; and Carl Miao, Senior Partner, AllBright Law Offices; Douglas Flint CBE, HM Treasury Special Envoy for the Belt and Road Initiative.



London company wins fintech award

A London-based company has won the first InvestHK UK Fintech Awards, designed to foster collaboration between the financial technology (fintech) sectors in Hong Kong and the UK.

Mosaic Smart Data, a data analytics company, impressed judges from both the UK and Hong Kong with its advanced industry-specific analytics that provide insights into customer behaviour.

The awards follow the launch last September of the UK-Hong Kong Fintech Bridge agreement to foster closer collaboration between the fintech sectors of the two places. The competition received 30 submissions from companies based in the UK.

Hong Kong has "all it takes to be the launchpad for the products and solutions developed by fintech companies and start-ups" said Priscilla To, Director-General, Hong Kong Economic and Trade Office, London, speaking at the awards ceremony.



Above: From left: Thorsten Terweiden, InvestHK; Paul Cruttenden, Marketing & Digital Sales Manager, Cathay Pacific Airways; Ms To; Matthew Hodgson, CEO & Founder, Mosaic Smart Data; Rohini Kumar, Deputy Director, Financial Services, UK Department for International Trade; Charles D'Haussy, InvestHK; Simon Squibb, Founder and CEO, NEST. Culture

Hong Kong writers



Leading writers from Hong Kong were celebrated at China Exchange's 2018 China in Context Festival in London during March.

Jin Yong, whose masterpiece A Hero Born: Legends of the Condor Heroes has just been published in an English translation, was featured at

an event that discussed his martial heroes (wuxia) novels. These have a huge following in the Chinese-speaking world but until now have been largely unread in the West.

Roger Lee, one of Hong Kong's most renowned screen writers and producers, introduced a screening of his acclaimed film *A Simple Life*, explaining how it was inspired by real-life experiences and shared with the audience the stories behind his film-making career.

The festival, held at the China Exchange in London, culminated in a book fair featuring Hong Kong and Chinese books. The annual festival, which celebrates writers and writing from and about China, was supported by the Hong Kong Economic and Trade Office, London.

Above: Screen writer Roger Lee (right) at the 2018 China in Context Festival.

Culture

Play about Hong Kong migrants tours England



British theatregoers enjoyed a
new play about
Hong Kong migrants
to the UK, which
toured England
recently thanks to
support from the
Hong Kong

Economic and Trade Office, London (HKETO).

Mountains: The Dreams of Lily Kwok by In-Sook Chappell, tells the story of Helen Tse and her quest to find out the history of her family. Her family moved from Hong Kong to set up a restaurant in Manchester, where they serve meals based on those that Helen's grandmother, Lily, learned to cook on her journey to the UK – meals which the cast actually cook on stage. The play is based on Helen Tse's family memoir, Sweet Mandarin.

"The story of *Mountains* reflects the close relationship between Hong Kong and the UK," said Priscilla To, Director-General, HKETO, which supported the tour to London, Manchester, Peterborough, Derby, Sheffield, Coventry and other places. Manchester Theatre Award called it: "A remarkable production that combines a cleverly structured script with outstanding performances."

Above: The cast of *Mountains* at the Stratford Circus Arts Centre, London.

Sport

Rugby Sevens



Forty teams from around the world, including England, Scotland and Wales, took part in the world-famous Hong Kong Rugby Sevens in April.

One of the most popular annual sporting events in Asia, the event attracts thousands of fans from every corner of the globe. As well as around 70 matches played at the magnificent Hong Kong Stadium, fans were treated to street performances, music, food and drinks at the nearby FanWalk. On the pitch, Fiji continued their dominance of this form of the game, winning the trophy for the fourth year in a row.

● ● ● Travel

Copenhagen-Hong Kong flights take off



Passengers can now fly non-stop from Copenhagen to Hong Kong following the launch of a new seasonal three-times-weekly service in May. To mark the inaugural flight a special ceremony was attended by Priscilla To (second right), Director-General, Hong Kong Economic and Trade Office, London; James Ginns (second left), General Manager Europe, Cathy Pacific; and Thomas Woldbye (third right), CEO, Copenhagen Airports. Also joining the festivities was Countess Alexandra Christina of Frederiksborg (third left).

Culture

UK film première

Hong Kong film director Cheung King-wai visited London in May for the UK première of his highly acclaimed fiction feature debut *Somewhere Beyond the Mist* – a stunning crime masterpiece based on a shocking murder case.

After the screening the director answered questions at the 'Hong Kong Day' of the 2018 Chinese Visual Festival, which

also featured a
selection of short
films by new film
makers from Hong
Kong. The Hong
Kong Day was
supported by the
Hong Kong
Economic and Trade
Office, London.



Year of the Dog

The Hong Kong Economic and Trade Office (HKETO), London, held Chinese New Year celebrations in the UK, Finland, Sweden, Denmark, Norway and Russia to mark the start of the Year of the Dog in February.



Hong Kong and Russia.





Above and right: London, UK.

Priscilla To (above top), Director-General, HKETO, welcomes more than 500 guests at the Chinese New Year reception at the Banqueting House, Whitehall. Guests enjoy a spectacular traditional Lion Dance (above). Crowds gather for Chinese New Year celebrations in Trafalgar Square, Chinatown and Charing Cross Road, supported by HKETO (right).



Ms To (second right) and the State Secretary for the Ministry of Industry and Fisheries of Norway, Roy Angelvik (right) at the Chinese New Year reception in Oslo. As well as celebrating the New Year, guests learned about Hong Kong's position as a leading maritime capital and the latest initiatives to promote research and development in Hong Kong.



Left: Helsinki, Finland.
The New Year luncheon in
Helsinki included an update
on the latest initiatives on
innovation and technology
in Hong Kong.

Above: St Petersburg, Russia.

Ms To (left) toasts the Year
of the Dog and shares an
update on Hong Kong's
economic development at a
seminar and reception attended
by representatives from
government and business.



Above: Stockholm, Sweden.
Ms To (front row, third right), the Chinese Ambassador to Sweden,
Gui Congyou (front row, third left), and guests from government,
business and academia celebrate the progress made in 2017
toward fostering closer relations between Hong Kong and Sweden.



Above: Copenhagen, Denmark.

Ms To (second right), the Chinese
Ambassador to Denmark, Deng Ying
(third right) and guests drink a toast to the
Chinese New Year and celebrate the
close co-operation between Hong Kong
and Denmark on areas such as the
creative industries and start-ups.

FORTHCOMING EVENTS

Sunday, 3rd June 2018
London Hong Kong
Dragon Boat Festival.
More details at liberity could

Wednesday, 13 June 2018
Hong Kong Association
Seminar: Hong Kong as an
ideal hub for deal making
in the Greater Bay Area

Monday, 6 August 2018 Hong Kong Children's Choir concert in Helsinki, Finland

FOR HONG KONG EVENT DETAILS:



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