

HONG KONG REVIEW



2016 Policy Address provides boost for economy



Mr Leung delivers the 2016 Policy Address at the Legislative Council.

In his fourth Policy Address delivered in January, C Y Leung, Chief Executive of Hong Kong, announced a range of initiatives to develop the economy, support innovation and technology, enhance education and improve health care.

The innovation and technology sector was given a big boost with nearly HK\$5 billion in funding for a variety of initiatives. These included HK\$2 billion to encourage investment from venture capital funds in innovation and technology start-ups, HK\$2 billion to facilitate the commercial application of university research, and HK\$500 million to finance projects that make use of innovation and technology to improve daily life. Mr Leung

said the Innovation and Technology Bureau would support, co-ordinate and complement Hong Kong's innovation and technology development.

Opportunities

On developing the economy, Mr Leung said Hong Kong would make the most of its advantages under "one country, two systems" to pursue opportunities under the National 13th Five-Year Plan and the Mainland's Belt and Road Initiative. Mr Leung will chair a high-level steering committee responsible for formulating strategies and policies for Hong Kong's participation in the Belt and Road, while a special office would be set up to co-ordinate efforts.

To enhance Hong Kong's competitiveness, the Government would promote the restructuring and upgrading of Hong Kong's traditional industries, namely financial services, transportation services and logistics, trade and professional services and tourism so as to make them move up the value chain. Meanwhile, Hong Kong will pursue agreements with major trading partners along the Belt and Road on free-trade, investment promotion and protection, avoidance of double-taxation and air services.

The full Policy Address can be downloaded from www.policyaddress.gov.hk/2016/eng/pdf/PA2016.pdf

Closer financial cooperation with Russia, Latvia and Finland



Above top: Professor Chan (left) with Arkady Dvorkovich, Deputy Prime Minister of the Russian Federation.

Above: Professor Chan (right) meets Edgars Rinkevics, Minister for Foreign Affairs, Latvia.

Professor K C Chan, Secretary for Financial Services and the Treasury, last month visited Moscow (Russia), Riga (Latvia) and Helsinki (Finland) to study the latest developments in financial technology (fintech) and promote Hong Kong as an international financial centre.

In Moscow, Professor Chan visited the Skolkovo Innovation Centre, Russia's most important science, technology and innovation development project, and met with representatives of local fintech start-ups. He also met Alexander Afanasiev, Chairman of the Executive Board and Chief Executive Officer of the Moscow Exchange, and Georgy Petrov, Vice President of the Chamber of Commerce and Industry of the Russian Federation.

During the visit, Professor Chan addressed a business luncheon hosted by the Hong Kong Economic and Trade Office, London (HKETO), and Invest Hong



Above: Professor Chan (right) with Jari Lindström, Minister of Justice and Employment, Finland.

Kong (InvestHK), promoting Hong Kong's financial opportunities, and spoke at the annual Moscow Exchange Forum 2016. Before leaving Moscow, Professor Chan met separately with Arkady Dvorkovich, Deputy Prime Minister of the Russian Federation, and Alexei Vladimirovich Moiseev, Deputy Minister of Finance.

Riga

In Riga, Professor Chan signed a comprehensive agreement for the avoidance of double taxation with Dana Reizniece-Ozola, Latvian Minister

●●● Economy

Innovation key to economic development

Hong Kong must act swiftly to respond to a 'new economic order' being driven by breakthroughs in information technology, said Financial Secretary, John C Tsang in his annual Budget speech in February.

Although Hong Kong's economy grew by 2.4% in 2015, growth was forecast to slow because of global economic uncertainty, said Mr Tsang. The Government therefore needed to take timely and appropriate measures to stimulate the economy, with innovation and technology likely to play a key role in future economic development.

The Budget, the ninth delivered by Mr Tsang, included several measures designed to boost innovation and speed up the commercial application of research. The Hong Kong Science Park would spend HK\$8.2 billion promoting smart production and research and bring together advanced manufacturing industries at Tseung Kwan O Industrial Estate, said Mr Tsang. He also extended a scheme to fund prototypes and conduct research trials in the public sector.

Fintech investment

The application of technology to the financial services sector also offered a long-term opportunity for Hong Kong, noted Mr Tsang.

Right: Mr Tsang presents the 2016-17 Budget in the Legislative Council.



The Enterprise Support Scheme will assist fintech start-ups and financial institutions, he announced, and the Government will also create a dedicated workspace for new fintech companies and expand its programme to support up to 150 such start-ups over the next five years. Three hundred university students would also be supported to join fintech training camps at overseas universities.

Resourcefulness

Mr Tsang said Hong Kong should build on its strengths, together with Hong Kong people's flexibility, resourcefulness and market acumen, to find its place in the new economic order. "We, the Hong Kong people, are proud of our ability to persevere through these turbulent years," he said. "Government should also continue to fortify the economic foundation of Hong Kong, promote diversity, and channel public resources towards improving people's livelihood and supporting the disadvantaged."

●●● Business

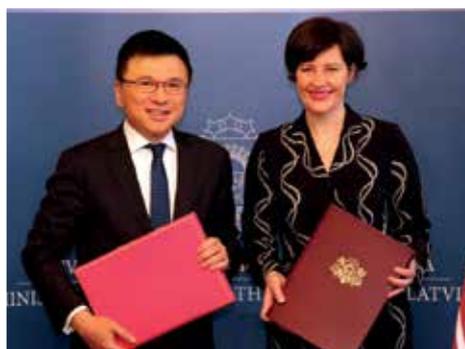
Hong Kong tax pacts with Russia and Latvia

Hong Kong and Russia signed a tax agreement in January to avoid profits being taxed twice if they are made by companies working in both places. In April, a tax pact was also signed between Hong Kong and Latvia, bringing to 35 the number of countries with which Hong Kong has reciprocal comprehensive double tax arrangements (CDTA).

In future, any tax paid by Hong Kong companies in Russia or Latvia will be allowed as a credit against the tax payable in Hong Kong. Similarly, income earned by Russian or Latvian residents in Hong Kong will be allowed as a credit against tax payable on the same income in Russia and Latvia respectively.

Expanding network

Professor K C Chan, Secretary for Financial Services and the Treasury said these agreements signify the Government's "ongoing efforts to expand its CDTA network, in particular with economies along the Belt and Road."



He added: "the CDTA sets out clearly the allocation of taxing rights between the ... jurisdictions and thus will help investors better assess their potential tax liabilities from cross-border economic activities."

The CDTAs with Russia and Latvia will come into force after the completion of ratification procedures.

Above: Professor Chan (front row, right) and Yuriy Zubarev, Russia's State Secretary, Deputy Minister of Finance (front row, left), sign the tax pact, witnessed by John C Tsang, Financial Secretary (back row, right), and Arkady Dvorkovich, Deputy Prime Minister of Russia (back row, left).

Left: Professor Chan (pictured left) exchanges agreements with Dana Reizniece-Ozola, Latvia's Minister of Finance.

●●● International

Chief Executive CY Leung greets top overseas politicians

Chief Executive CY Leung met senior politicians from the UK, Russia, Sweden and Lithuania during their visits to Hong Kong earlier this year.

Right: Mr Leung met Philip Hammond (left), Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom, during his visit to Hong Kong in April. They discussed the latest political, economic and social developments in Hong Kong. Mr Leung said he hoped that the two places would continue to strengthen exchanges and co-operation.



Above: Algirdas Butkevicius (left), Prime Minister of the Republic of Lithuania, visited Government House in March where he and Mr Leung exchanged views on issues of mutual concern. Mr Leung said that the two sides could enhance economic and trade co-operation to tap the vast development opportunities brought about by the Belt and Road initiative.



Above: Welcoming Arkady Dvorkovich (left), Deputy Prime Minister of Russia, to Government House in January, Mr Leung said he hoped more Russian enterprises would establish a presence in Hong Kong and capitalise on the city's role as the "super-connector" between the Mainland of China and rest of the world. The two met again in March at the Boao Forum for Asia Annual Conference in March.



Left: Mr Leung greeted Per Bolund (left), Minister for Financial Markets and Consumer Affairs and Deputy Minister for Finance of Sweden, who was a guest speaker at the Asian Financial Forum in January (see page 5).

●●● Economy

United Kingdom MPs visit Hong Kong

Members of the United Kingdom All Party Parliamentary China Group visited Hong Kong in January to meet senior government officials and Legislative Council members, and visit various organisations.

Welcoming the delegation, Carrie Lam, Chief Secretary for Administration, updated the Members of Parliament (MPs) on Hong Kong's latest developments and the implementation of "one country, two systems", and discussed with them the economic and trade as well as cultural ties between Hong Kong and the United Kingdom.

The delegation, the largest since such visits started more than 12 years ago, comprised MPs Graham Brady, Michelle Donelan, Karl McCartney, Andrew Stephenson, Henry Smith, Dr Roberta Blackman-Woods, Jonathan Reynolds, Joan Ryan and Jeff Smith.

Right: Mrs Lam (centre) welcomes a delegation of UK MPs, with Caroline Wilson, British Consul General to Hong Kong and Macao (first right).



● ● ● Business

Business bridge to Mainland China



Priscilla To, Director-General of the Hong Kong Economic and Trade Office, London (HKETO), addressed the 4th Annual China Business Conference which took place at London's QEII Centre in March, organised by the China-Britain Business Council. Over 500 delegates attended the conference.

During her speech Ms To highlighted Hong Kong's unique ability to serve as a "two-way business bridge linking the Mainland of China and the wider region with the rest of the world."

Challenges and opportunities

Earlier in the year, Ms To addressed a seminar organised by the Institute of Directors in London on the theme of the '2016 Economic Outlook – Opportunities and Challenges'. Speaking about the outlook for Hong Kong, she said: "Hong Kong's mature financial infrastructure presents

an ideal platform for companies to raise capital and finance their business in the Asia Pacific region."

In January Ms To spoke at a seminar in Glasgow organised in February by the Hong Kong Trade Development Council, at which she encouraged Scottish companies to take advantage of the opportunities presented by the "Belt and Road" initiative. She also spoke at a business seminar in Edinburgh organised by Invest Hong Kong and described the business opportunities available to Scottish companies in Hong Kong and Asia.

In March, the HKETO participated in a business seminar in Tallinn, Estonia, at which Estonian business leaders were briefed on the latest developments in Hong Kong, and its unique advantages under the "One Country, Two Systems" arrangement.

Above left: Ms To (third left) pictured at the China Business Conference with (from left) Chair, Stephen Phillips, Chief Executive, CBBC; Professor Li Jun, Deputy Dean, OBOR Institute, Tsinghua University; Peter Budd, Director, Arup; then (2nd right) Wang Congxiao, Vice President and Director of New Energy Engineering Department, China Triumph International Engineering Company and (right) Trevor Sturmy, Managing Director and Head of Project Finance, Europe and SSA, HSBC.

Above middle: Over 500 delegates attended the 4th Annual China Business Conference in London.

Above right: Ms To (far right) speaks at a business seminar in Edinburgh. Pictured with (from left): Andy Kerr, Executive Director, Edinburgh Centre for Carbon Innovation; Andrew McRae, owner of CONTEXT Interiors; and David Scott, Deputy Head Corporate Scotland, HSBC Bank PLC.

● ● ● Transport

Airport of the Year



Hong Kong International Airport (HKIA) has again been named Airport of the Year by aviation magazine Air Transport World. The airport was praised for its environmentally-friendly operation, innovative passenger services and strong working relationships with local authorities. A new concourse was opened in December 2015 with stands for 20 aircraft, giving HKIA the capacity to serve an additional 10 million passengers each year.

Best Airport Immigration Service



Hong Kong Immigration Department has won the 2016 Skytrax Award for best airport immigration service. It's the second consecutive year the service has been ranked first in the annual passenger survey of 550 airports commissioned by research agency Skytrax. Innovations such as a non-stamping immigration clearance service have helped to speed passengers through immigration, resulting in continued high levels of customer satisfaction.

● ● ● Economy

World's freest economy



Hong Kong has once again been ranked the world's freest economy in the Heritage Foundation's annual Index of Economic Freedom Report – the 22nd consecutive year Hong Kong has achieved top spot. Hong Kong came first for business freedom, trade freedom and financial freedom, with the report also recognising its prudent economic policy, high level of market openness and fiscal discipline.

●●● Finance

Asia and global growth

Over 2,600 people from the global financial community met in Hong Kong for the 9th Asian Financial Forum in January.

Organised by the Hong Kong Government and the Hong Kong Trade Development Council, the annual two-day forum brings together government officials, bankers, regulatory organisations and business leaders from around the world to discuss developments and trends in the markets of Asia. The theme of this year's forum was 'Asia: Shaping the New Paradigm for Growth'.

Addressing the forum, Chief Executive C Y Leung outlined Hong Kong's unique role as the 'super-connector' bringing East and West together in pursuit of business and investment opportunities.



Above: Mr Leung (front row, centre) with speakers and guests of the Asian Financial Forum 2016.

●●● Business

Start-ups welcomed

Over 900 people took part in the StartmeupHK Venture Forum organised by Invest Hong Kong in January as part of a week-long festival designed to promote Hong Kong as an ideal base for start-ups.

Speaking at the forum, John C Tsang, Financial Secretary, noted that Hong Kong is one of the fastest-growing start-up hubs in the world with ventures led by entrepreneurs, investors, corporations, universities and Government. "We now have more than 1,500 start-ups in our city, an increase of nearly 50% compared with 2014," he said.

Participants heard renowned speakers talk about entrepreneurship and innovation, including Elon Musk, CEO and Product Designer of Tesla Motors, who said that Hong Kong plans to have the highest percentage of electric vehicles of any city in the world and serve as a model for sustainable transport systems. Other speakers included Cindy Chow, Executive Director of Alibaba Entrepreneurs Fund, Eric Gnock Fah from Klook, Paul Tomes from PassKit, Kevin Chan from Insight Robotics and Fritz Demopoulos from Queen's Road Capital.

Right: Elon Musk, CEO and Product Designer of Tesla Motors, speaking at the StartmeupHK Venture Forum 2016.



Right: Mr Leung addresses the Asian Financial Forum 2016 at the Hong Kong Convention and Exhibition Centre in January.

Other prominent speakers included Arkady Dvorkovich, Deputy Prime Minister of the Russian Federation, Liu Zhenmin, Vice Minister of Foreign Affairs of the People's Republic of China, Per Bolund, Minister for Financial Markets and Consumer Affairs and Deputy Minister for Finance of Sweden, and Dr Ben S Bernanke, former Chairman of the Board of Governors of the United States Federal Reserve System.

●●● Business

Record year for overseas companies



Invest Hong Kong (InvestHK) helped 375 overseas and Mainland companies to set up or expand in Hong Kong in 2015 – an all-time high and an increase of 5.6% on the previous year.

Mainland China continued to lead with a total of 78 companies, followed by the US with 49 companies and the UK with 36. For the first time, InvestHK helped two companies from Latvia and the Seychelles to set up in Hong Kong: a bank and a food and beverage company respectively.

Meanwhile, InvestHK also assisted 69 start-ups, which represented 18.4% of the total number of companies assisted in 2015.

Closer financial cooperation with Russia, Latvia and Finland

Continued from page 1

for Finance (see page 2) and called on Zoja Razmusa, Deputy Governor of the Bank of Latvia. He also met Edgars Rinkevics, Minister for Foreign Affairs. While in the Latvian capital he also met local business leaders, appealing to them to make the most of Hong Kong's unique role connecting the Mainland with the rest of the world. He also addressed a business luncheon co-hosted by HKETO and InvestHK.

Helsinki

During his two-day visit to Helsinki, Professor Chan had meetings with Jari Lindström, Minister of Justice and Employment of the Ministry of Employment and the Economy; Martti Hetemäki, Permanent Secretary of the Ministry of Finance; Anneli Tuominen, Director-General of Financial Supervisory Authority of Finland; and Dr Seppo Honkapohja, Board Member of the Bank of Finland. Professor Chan also attended a dinner hosted by the Finland-Hong Kong Trade Association.

On the last day of his stay, Professor Chan also attended a breakfast meeting with representatives of financial institutions hosted by the Finland Chamber of Commerce, and joined a roundtable discussion on fintech development. He also visited a cyber security firm to learn more about the technology and its application in the financial services sector.

Chinese New Year

Welcoming the Year of the Monkey

The Hong Kong Economic and Trade Office, London (HKETO), hosted a series of Chinese New Year events to welcome the Year of the Monkey.

Right: Moscow, Russia

Welcoming the Year of the Monkey are (from left): Ivan Polyakov, Chairman of the Russia-Hong Kong Business Association; Stephen Wong, Regional Director of Europe, Hong Kong Trade Development Council; Shirley Lam, Special Representative for Hong Kong Economic and Trade Affairs to the European Union; Priscilla To, Director-General, HKETO; and Leonid Orlov, Consultant of Invest Hong Kong and the Hong Kong Trade Development Council in Russia.



Above right: Helsinki, Finland

Hong Kong violinist, Winty Wan (left) and violist, Gilbert Sak performed at the Chinese New Year reception in Helsinki.



Above: Helsinki, Finland

Pictured (from left): Mr Wong; Esko Aho, Executive Chairman of the Board at East Office of Finnish Industries; Ms To; Ms Lam; Tomi Erkkilä, Chairman of the Finland-Hong Kong Trade Association; Pekka Vauramo, President and Chief Executive Officer of Finnair Plc.

Below: Copenhagen, Denmark

Ms To speaks at a lunch reception in Copenhagen to welcome the Year of the Monkey.



Above: St Petersburg, Russia

Representatives from government and business attend a business seminar and reception to mark Chinese New Year.



Above: Stockholm, Sweden

Toasting Chinese New Year (from left): Dr Jan Carlzon, Chairman of the Royal Sweden Hong Kong Business Council; Ms Lam; Ms To; Chen Yuming, Ambassador of the People's Republic of China to Sweden; Mr Wong.

Right: Oslo, Norway

Hong Kong musicians Bobby Cheng and Timothy Chan performing at the reception.



Right: London, United Kingdom

Greeting the Year of the Monkey (from left): Mr Wong; Ms Lam; Ms To, Stephane Haubois, Manager, Trade Development, UK and Northern Europe of the Hong Kong Tourism Board.

Bottom right: Hong Kong music group Windpipe Chinese Music Ensemble perform at the London reception.

Left: Ms To with visitors to the HKETO marquee in Trafalgar Square, where they took part in traditional Hong Kong games.



●●● Culture

Hong Kong crime films hit Manchester

Audiences in Manchester recently enjoyed a special season of Hong Kong crime films, from thrillers to comic capers, in a celebration of Hong Kong's flourishing film culture.

The 'CRIME: Hong Kong Style' season, sponsored by the Hong Kong Economic and Trade Office, London (HKETO), included classics such as *Infernal Affairs* and *Police Story* as well as more recent releases such as *That Demon Within* and *Wild City*.

The season also featured the UK premiere of the directorial debut of Hong Kong director Felix Chong's *Once a Gangster*, followed by a question-and-answer session with the director.

'CRIME: Hong Kong Style' was organised by Manchester's HOME arts centre and went on tour to different venues across the UK from February to April.



Above: Priscilla To, Director-General, HKETO, (left) with film director Felix Chong at the UK premiere of *Once a Gangster*.



Above: Film director Felix Chong in conversation with Dr Andy Willis, Reader in Film Studies at the University of Salford.

●●● Culture

New exhibition by Tsang Kin-Wah



Hong Kong artist Tsang Kin-Wah's latest installation was revealed at a special public launch event at the Centre for Chinese Contemporary Art, Manchester, in April, sponsored by the Hong Kong Economic and Trade Office, London (HKETO).

The installation formed part of the programme celebrating the 30th anniversary of the Centre.

Entitled 'The first trumpet in the new millennium', the installation examines how September 11 has defined the new millennium as one marked by chaos but also creation. Mr Tsang takes footage found on YouTube to re-compose a new black and white video taken from different perspectives.

"Kin-wah is a vivid example of the growing international reputation of Hong Kong's thriving cultural and artistic life," said Priscilla To, Director-General of the HKETO. An exhibition by another Hong Kong artist, Gordon Cheung, is also on show at the centre until June.

Above left: Artist Tsang Kin-Wah's latest installation.
Above right: Ms To (left) with Hong Kong artist Tsang Kin-Wah.

●●● Culture

Hong Kong musical on London stage

A musical about the life of Teresa Teng, one of Asia's best-loved singers from the 70s and 80s, came to London earlier this year, supported by the Hong Kong Economic and Trade Office, London (HKETO).

Teresa tells the story of this legendary singer whose popularity spanned Asia including Hong Kong, Mainland China, Taiwan and Japan. "It is often said that wherever there are Chinese people, the songs of Teresa Teng can be heard," said Priscilla To, Director-General, HKETO, speaking at the reception on the opening night at the Shaw Theatre in London. "Her sweet voice and stunning musicality have touched the hearts and souls of generations of the Chinese community."

The musical commemorates the 20th anniversary of Teng's death, and has been seen by audiences around the world, introducing people to the flourishing and vibrant art and theatre scene in Hong Kong.



Above: Teresa tells the story of Teresa Teng, one of Asia's most popular singers from the 70s and 80s.



Above: Ms To (second left) with the show's producer Ko Chi-sum, actress Perry Chiu and director Benny Yu.

●●● Culture

Four decades of contemporary Chinese art

A ground-breaking exhibition of contemporary Chinese art gave visitors a foretaste of what they can enjoy when the new M+ museum of visual culture opens in the West Kowloon Cultural District in 2019.

The exhibition, which took place at the ArtisTree gallery from February to April, was chosen from the renowned collection of Dr Uli Sigg, comprising nearly 1,500 paintings, sculptures, photographs, videos and installations, which were donated to the museum in 2012. The M+ museum will house the world's largest and most comprehensive collection of Chinese contemporary art.

Below: The M+ Sigg collection of contemporary Chinese art covers four decades, from the 1970s to 2012.



● ● ● Sport

Pedal powering to Rio

Top cyclists from over 38 countries and regions competed in the Hong Kong leg of the 2015/2016 Union Cycliste Internationale (UCI) Track Cycling World Cup, held at the Hong Kong Velodrome in January. It was the first time this event, which serves as a qualifier for the Rio Olympics, had been held in Hong Kong.

The races, held over three days, were the last in a three-leg series that started in Colombia and then moved to New Zealand. Opened in 2014, the Hong Kong Velodrome is the first indoor cycling facility in Hong Kong that meets the standards of the UCI and can provide a permanent training base for the Hong Kong Cycling Team.



Left: Carrie Lam, Chief Secretary for Administration (second right) meets Hong Kong cyclist Lee Wai-sze (first right). Pictured with Michelle Li, Director of Leisure and Cultural Services (first left) and Yeung Tak-keung, Commissioner for Sports (Designate) (second left).

Right: Hong Kong athletes at the 2015-2016 UCI Track Cycling World Cup event at the Hong Kong Velodrome.



● ● ● Sport

Snooker success

Hong Kong snooker players Jaique Ip and Cheung Ka-wai won the Mixed Pairs championship at the 2016 World Ladies Snooker Championship, which took place at the Northern Snooker Centre in Leeds during April.

"We are all delighted with their outstanding performance and their achievements has started a new page for the development of snooker in Hong Kong," said Lau Kong-wah, Secretary for Home Affairs.

FORTHCOMING EVENTS

Wednesday, 18 May 2016

Belt and Road Summit, Hong Kong Convention and Exhibition Centre

Tuesday, 24 May 2016

Hong Kong International Arbitration Centre: Arbitration Clause Negotiation Workshop Crown Plaza Moscow World Trade Centre (Oxford Conference Hall) 12 Krasnopresnenskaya emb., Moscow, Russia, 123610

Monday, 20 June 2016

Hong Kong – Technology Super-Connector InvestHK/IOD seminar The Ballroom, The Tramperry Old Street, 239 Old Street, London EC1V 9EY

Sunday, 26 June 2016

London Hong Kong Dragon Boat Festival, London Regatta Centre Royal Albert Docks

Sunday, 24 July 2016

Concert by the Learners Chorus from Hong Kong, St John's Smith Square, London

FOR HONG KONG EVENT DETAILS:



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