

# HONG KONG REVIEW



## New Chief Executive elected

**Left:** Hong Kong Chief Executive-elect, Mr Leung Chun-ying, pictured with his wife after winning the election in March.

**H**ong Kong's next Chief Executive (CE) will be Mr Leung Chun-ying, following his victory in the election which took place on 25 March. Mr Leung will replace current CE Mr Donald Tsang when his term of office comes to an end on 30 June 2012.

Mr Leung received 689 votes from the 1,193 members of the Election Committee. Of the other candidates, former Chief Secretary Mr Henry Tang Ying-yen got 285 votes, and Democratic Party candidate Mr Albert Ho received 76 votes.

### Milestone

Congratulating CE-elect Mr Leung, Mr Tsang said the election process underlined the success of 'One Country, Two Systems' and the principle of 'Hong Kong people running Hong Kong', calling the election "an important milestone in

our constitutional development."

Mr Leung said: "During the heat of the campaign, inevitably passions were roused and strong remarks made. Now that the contest is over, it is time to reunite. We must work in unison, be inclusive, embracing diverse views, and we must once again instil positive energy into our community."

### Transition

Mr Tsang said his administration would "give every assistance to Mr Leung as he makes the necessary preparation for the new term of government". Mr Leung will be supported by the recently-formed CE-elect's Office, which will, for example, liaise with the incumbent government, draw up a policy plan for the new government based on the CE-elect's election platform and liaise with different sectors of the community.

### Election process

The arrangements for electing Hong Kong's chief executives are outlined in the Basic Law, the mini-constitution of Hong Kong. The Election is overseen by the Electoral Affairs Commission and votes are cast by the Election Committee whose 1,193 members represent different sectors of the community. Mr Leung becomes Hong Kong's third Chief Executive after Mr CH Tung and Mr Tsang and will serve for five years.

Moves towards universal suffrage for the 2017 Chief Executive elections are already underway, and Mr Tsang urged Hong Kong residents to "participate in public service, so as to build a solid foundation for Hong Kong's democratic development."

### ●●● News

## Happy Chinese New Year

The Year of the Dragon was greeted in style at celebrations organised by the Hong Kong Economic and Trade Office (HKETO) in London, Oslo, Moscow, St Petersburg, Helsinki, Copenhagen, Stockholm and Lund. A spring reception was also organised in Edinburgh.

"In the Chinese zodiac, dragons are free spirits – unafraid of challenges, and willing to take risks," said Mrs Agnes Allcock, Director-General, HKETO. "These attributes are exactly what we need in this time of challenges and uncertainties."

More pictures pages 2-3.



**Above:** The Hong Kong Economic and Trade Office's entry in the London Chinese New Year Parade included an updated contemporary version of Hong Kong's dragon boat dance.



# Kung Hei Fat Choy!\*



\* Happy New Year

The Chinese New Year celebrations in London attracted an estimated 500,000 people in January – making it probably the biggest celebration of its kind outside Asia. The Hong Kong Economic and Trade Office, London, took part in this major event. It also hosted its own celebration at London's Whitehall Banqueting House.



**Above:** A dramatic lion dance heralds the start of a Chinese New Year reception at London's Whitehall Banqueting House.

**Top Left:** Mrs Agnes Allcock, Director-General of the Hong Kong Economic and Trade Office, London, greets over 650 guests at a Chinese New Year reception at London's Whitehall Banqueting House.

**Bottom Left:** East meets West as 15-year-old Hong Kong piano prodigy, Aristo Sham, performs with renowned UK violinist, Sebastian See-Schierenberg, at the Chinese New Year reception at London's Whitehall Banqueting House.

Seven other cities hosted seminars and receptions co-organised by the Hong Kong Economic and Trade Office, London, Hong Kong Trade Development Council and business associations, to mark the Chinese New Year.

**Right:** Welcoming in the Chinese New Year in Copenhagen at a reception organised by the Hong Kong Economic and Trade Office, London.



**Above:** A toast for the Year of the Dragon with, from left: Mr Leonid Orlov, Director, Hong Kong Trade Development Council Moscow office; Lore Buscher, Regional Director Europe, Hong Kong Trade Development Council; Director-General of the London ETO, Mrs Agnes Allcock; and Mr Ivan Polyakov, Chairman, Russia-Hong Kong Business Association.



**Above:** Mrs Agnes Allcock, Director-General of the Hong Kong Economic and Trade Office, London, speaking at the Oslo Chinese New Year seminar.



**Above:** Mr Dennis Ching, Deputy Director-General of the Hong Kong Economic and Trade Office, London, addressing the St Petersburg Chinese New Year seminar.



**Above:** Prof Timothy Tong, President of the Hong Kong Polytechnic University, speaking at the Chinese New Year reception in Lund, Sweden.



**Above:** Mr Hannu Bergholm, Chairman of the Finland – Hong Kong Trade Association, speaking at a Chinese New Year seminar and reception in Helsinki.



**Above:** Mr Victor Lo, Chairman of the Hong Kong Design Centre, speaking at the Chinese New Year reception in Stockholm.



A spectacular flying lion entertains massive crowds during the London Chinatown celebrations for the Year of the Dragon.

●●● Economy

## HONG KONG BUDGET TARGETS GROWTH



**Above:** Hong Kong Financial Secretary, Mr John C Tsang, delivers Hong Kong's 2012-13 budget at the Legislative Council in February.

“New initiatives will further help SMEs maintain their competitiveness, tap into emerging markets and ease their financial pressure.” Mr John C Tsang, Hong Kong Financial Secretary

### Competition and growth were the focus of the fifth annual Hong Kong budget delivered by Financial Secretary Mr John C Tsang in February.

Announcing measures worth nearly HKD 80 billion to increase Hong Kong's competitiveness, support business and protect jobs, Mr Tsang said the government planned to maintain Hong Kong's steady economic growth despite an uncertain global economy.

Hong Kong's economy grew by five per cent in 2011, said Mr Tsang, predicting that growth would slow to between 1-3 per cent in 2012, largely because of sluggish economic performance in the US and Europe. However, Hong Kong's annual average growth is expected to rise to four per cent in real terms between 2013-16, he said, with underlying inflation averaging 3.5 per cent.

### SME boost

Mr Tsang announced measures to support Hong Kong's small and medium-sized enterprises (SMEs) including an enhanced SME Finance Guarantee Scheme, which will make it easier for small businesses to borrow the money to invest and remain competitive. The Hong Kong Export Credit Insurance Corporation will also assist SMEs by offering new policy terms.

“I believe that these new initiatives will further help SMEs maintain their competitiveness, tap into emerging markets and ease their financial pressure,” said Mr Tsang.

### Competitive

To help businesses cut operating costs, enhance competitiveness and preserve jobs, Mr Tsang announced the government would:

- waive business registration fees for 2012-13
- cut profits tax by 75% for 2011-12, with a cap of HKD 12,000
- reduce charges for import and export declarations by 50 per cent
- abolish the capital duty levied on local companies, to encourage investors to set up companies in Hong Kong.

Mr Tsang also unveiled a HKD 1 billion fund to help Hong Kong's traditional industries (trading and logistics, financial services, business and professional services, and tourism) tap into markets in Mainland China.

### Creative sector

Mr Tsang also revealed measures to boost newer sectors where Hong Kong enjoys a clear competitive advantage, including cultural and creative industries and education services. The Hong Kong Design Centre and Business of Design Week will benefit from HKD 100 million, while four new international schools will be created to offer an additional 5,000 places, he said.

Mr Tsang also announced that spending on education would increase seven per cent to HKD 60 billion in 2012-13 and unveiled new measures to encourage the development of data centres in, for example, former industrial buildings.

## Budget 2012-13

### Key details at a glance

- Annual average growth predicted to be 4% for 2013-2016
- HKD 80 billion made available to stabilise the economy and protect jobs
- Enhanced SME Finance Guarantee Scheme to make it easier for SMEs to borrow money
- Profits tax for 2011-12 cut by 75% to help businesses remain competitive
- HKD 1 billion to help Hong Kong businesses tap into the Chinese Mainland market
- Design, cultural and creative industries to receive HKD 100 million
- 5,000 more places in International schools, with four new schools built

See full details of the Hong Kong 2012-13 budget at [www.budget.gov.hk](http://www.budget.gov.hk)

●●● Education

## International focus for higher education



**Left:** Principal Assistant Secretary for Education (Higher Education), Mr Wallace Lau (front left), exchanges documents with the Chief Executive Officer of SCQFP, Ms Aileen Ponton (front right), after signing a Memorandum of Understanding in the presence of Mr Chen (far left) and Mr Russell (far right).

### The Hong Kong Under Secretary for Education, Mr Kenneth Chen, visited the UK in March to strengthen ties with the UK's education sector and promote education developments in Hong Kong.

Mr Chen met the UK's Minister of State for Universities and Science, Mr David Willetts, and attended the Going Global Conference on international higher education, leading a delegation which included representatives from eight Hong Kong higher education institutions.

He also met with representatives from Scottish and UK Universities to exchange views and explore opportunities for collaboration.

While in Scotland, Mr Chen met with Mr Michael Russell MSP, Cabinet Secretary for Education and Lifelong Learning, and witnessed the signing of a Memorandum of Understanding on the Development of Qualifications Framework with the Scottish Credit and Qualifications Framework Partnership (SCQFP). This marks a key milestone in the development of the qualifications framework and lifelong learning in Hong Kong.

●●● Health

## Healthy exchange of views

### Hong Kong Secretary for Food and Health, Dr York Chow, met officials from the UK's Department of Health during his two-day visit to London in January.

He also met representatives from the NHS National Patient Safety Agency, the Council for Healthcare Regulatory Excellence (CHRE), National Institute for Health and Clinical Excellence and General Medical Council to exchange views on medical and health issues including manpower and professional development.



**Right:** Dr York Chow, Hong Kong Secretary for Food and Health (second left), meets officials from the UK's Department of Health and CHRE during his recent visit to London.

●●● Culture

## Danish design co-operation

### Denmark and Hong Kong will strengthen their co-operation in the field of design, following a visit to Denmark by a Hong Kong delegation led by Mr Victor Lo, Chairman of the Hong Kong Design Centre.

This year has been designated 'Hong Kong Design Year', with the government putting special emphasis on developing the cultural and creative industries in Hong Kong. Denmark is the partner country of Hong Kong's Business of Design Week, Asia's leading annual design event on design, innovation and brands, which takes place at the Hong Kong Convention and Exhibition Centre, during 3-8 December 2012.

The delegation, which visited Denmark in March, comprised representatives of the government and design training institutes in Hong Kong. They visited the Danish Ministry of Business and Growth, design institutions in Denmark and the Technical University of Denmark as well as private companies.

●●● Economy

## Opportunities for Latvia

Members of the Latvian business community learned about opportunities to expand into Hong Kong, Mainland China and Far East markets during a seminar in March 2012, hosted in Riga by the Hong Kong Economic and Trade Office, London, Invest Hong Kong and the Investment and Development Agency of Latvia.



**Above:** Mr Andy Lam, Deputy Director-General of the Hong Kong Economic and Trade Office, London, speaking about Hong Kong's advantages under 'One Country, Two Systems.'

●●● Economy

## Asia-Pacific Economic Co-operation

### Hong Kong Director-General of Trade and Industry, Ms Maria Kwan, led the Hong Kong, China delegation at the Asia-Pacific Economic Co-operation (APEC) Senior Officials' Meeting in Moscow this February



APEC is the leading forum for facilitating economic growth, co-operation, trade and investment in the Asia-Pacific region. The Moscow meeting was a key milestone in preparation for the 2012 APEC Forum, which will take place in Vladivostok in September 2012.

While in Moscow, Ms Kwan also met Mr Sergei Chernishev, Head of the Department of Asian and African Countries of the Russian Ministry of Economic Development to discuss the general development of bilateral trade and investment relations between Russia and Hong Kong.

**Above:** Hong Kong Director-General of Trade and Industry, Ms Maria Kwan (fourth from left), at the Asia-Pacific Economic Co-operation Senior Officials' Meeting in Moscow in February.

●●● Environment

## Green tech focus for mission to Europe

**The Secretary for the Environment, Mr Edward Yau, led a green tech mission on a visit to Europe in April/May. Visiting Denmark, Sweden, and the UK, the mission comprised professionals and representatives from academic, quasi-government bodies and commercial organisations in Hong Kong.**

In Sweden, Mr Yau met the State Secretary to Minister for the Environment, Mr Anders Flanking, and spoke at the Stockholm+40 Conference on sustainable development. The mission also visited Malmö and Lund to learn about sustainability development in the region.

In Denmark, Mr Yau and the mission visited the Amagerforbrænding recycling station and waste-to-energy incineration plant in Copenhagen. The mission also met with the Copenhagen Cleantech Cluster and took part in a business luncheon and reception co-hosted by the HKETO London, Hong Kong Trade Development Council and the Denmark-Hong Kong Trade Association.

While in Scandinavia, Mr Yau also met with the Danish Shipowners' Association and the Mayors of Copenhagen, Lund and Malmö.



**Left:** The Secretary for the Environment, Mr Edward Yau (right) and the Hong Kong green tech mission visit the Amagerforbrænding recycling station in Copenhagen.

In Scotland, Mr Yau met the Minister for Environment and Climate Change, Mr Stewart Stevenson. He then joined the delegates to visit the North British Distillery Company to see how it processes by-products from the distillery into a green energy source.

In Cambridge, England, the mission visited Cambridge Consultants and engineering consultants Ricardo at Cambridge Science Park and AmeyCespa – leading organisations in clean automotive technology and waste management respectively.

The party then visited Transport for London to see the new London bus which uses the latest green diesel-electric hybrid technology.



**Above:** Mr Yau and the delegation with the New London Bus

Finally Mr Yau spoke to local businesses at a lunch hosted by the HKETO London, describing the opportunities in green business offered by Hong Kong's collaboration with the neighbouring cities in Guangdong.

●●● Economy

## The world's freest economy

**The Heritage Foundation has named Hong Kong the 'world's freest economy' for the 18th consecutive year.**

Welcoming the accolade, Hong Kong Financial Secretary, Mr John C Tsang, said: "We are determined to uphold economic freedom in Hong Kong, which is the cornerstone of sustained economic stability, growth and prosperity."

In the 2012 Index of Economic Freedom, Hong Kong ranks first in financial and trade freedom, second in investment freedom and property rights, and third in business freedom. The Foundation also commended Hong Kong's tax system, monetary stability and legal framework. The index measures the economic freedom of 179 economies around the world.



●●● Economy

## Hong Kong tops Globalisation Index

**Hong Kong is the most globalised economy in the world, according to the 2011 Globalisation Index published by Ernst and Young in February 2012.**

The index, prepared in co-operation with the Economist Intelligence Unit, ranks the world's 60 largest economies according to factors such as openness to trade, capital movements and cultural integration. This is the second consecutive year Hong Kong has achieved top spot.

●●● Constitutional developments

## DG briefs MPs on Hong Kong

**In March Mrs Agnes Allcock, Director-General of the Hong Kong Economic and Trade Office, London, briefed British MPs from the All Party Parliamentary China Group on latest developments in Hong Kong at a dinner organised by the Hong Kong Association in London.**

She spoke about the current progress on constitutional reform, working towards universal suffrage for the Chief Executive and Legislative Council elections in 2017 and 2020 respectively.

She also talked about Hong Kong's achievements since reunification with China and the high level of autonomy Hong Kong is afforded by the Central government under the Basic Law.

●●● Economy

## Hong Kong first for financial development

**Hong Kong has surpassed the US and the UK to take top spot in the prestigious 2011 Financial Development Index, published by the World Economic Forum in December.**

The study ranks 60 of the world's leading financial systems and capital markets, measuring them for factors such as financial access, business environment and banking financial services. Hong Kong is the first Asian financial centre to be given the top spot, rising from fourth in 2010. In the same index Mainland China ranks 19th, up from 22nd in 2010.

●●● Culture

## White Cube travels East

**London-based art gallery, White Cube, has chosen Hong Kong as the location for its first-ever overseas branch.**

Speaking at the opening of its Hong Kong gallery in March, Mr Graham Steele, White Cube's Asia Director, noted that Hong Kong is now in the top three art markets in the world. "Hong Kong has a unique gateway position to Asia, both culturally and economically," said Mr Steele. "Our gallery in Hong Kong will be a regional headquarters allowing our international artists to show their work."

Located at 50 Connaught Road Central, the gallery's inaugural exhibition, *London Pictures*, featured 22 paintings by world-famous British artists Gilbert and George – the start of the exhibition's global tour.

Welcoming the arrival of White Cube, Director-General of Investment Promotion, Mr Simon Galpin called it "a significant addition to the art scene in Hong Kong."

Hong Kong is now the world's third largest art market.



**Above:** Hong Kong's Director-General of Investment Promotion, Mr Simon Galpin (left), with White Cube Asia Director, Mr Graham Steele (centre) and White Cube Hong Kong Gallery Director, Ms Laura Zhou, at the preview of the exhibition, *London Pictures*, in the new White Cube gallery.



**Above:** Artists Gilbert and George pictured with Hong Kong's Director-General of Investment Promotion, Mr Simon Galpin (left) at the opening of their *London Pictures* exhibition in Hong Kong.

●●● Economy

## BOOST FOR RENMINBI BUSINESS

**In January, the Rt Hon. George Osborne, UK Chancellor of the Exchequer, and Norman Chan, Chief Executive of the Hong Kong Monetary Authority (HKMA), announced the launch of a joint private-sector forum to enhance co-operation on the development of offshore Renminbi (RMB) business. The forum, which will have its first meeting in Hong Kong in May, will be facilitated by the UK Treasury and the HKMA.**

International business in RMB, the currency of Mainland China, is fast expanding, with Hong Kong as its global offshore hub. The forum includes HSBC, Standard Chartered, Bank of China, Deutsche Bank and Barclays and will help to strengthen co-operation, for example in clearing and settlement systems, market liquidity and the development of new RMB financial products.

"Asia will be the engine of world growth in this year and the years ahead," said Mr Osborne, who was in Hong Kong to attend the Asia Financial Forum. He told delegates that the UK's relationship with Hong Kong and Mainland China would be crucial to deepening the UK's future partnerships in Asia, adding he wanted to "expand the amount of business and trade we do with each other, so that the citizens of China, Hong Kong and Britain all benefit from the prosperity and jobs that will bring."



**Above:** Hong Kong Chief Executive, Mr Donald Tsang (right), greets the Chancellor of Exchequer of the United Kingdom, Mr George Osborne, during the latter's visit to Hong Kong in January.

●●● Environment

## "Hong Kong is 70% countryside"

**Around 70% of Hong Kong is countryside, a fact which surprises many people, said Mr Dennis Ching, Deputy Director-General of the Hong Kong Economic and Trade Office, London, speaking at a seminar in Gothenburg, Sweden, in January 2012.**

"Forty per cent of our land area is designated as protected green areas," said Mr Ching, remarking on Hong Kong's numerous sandy beaches, small islands and scenic hiking trails. "What's special is that it will take you a short ride of as little as 30 minutes to get to these places from the city centre," he added.

The seminar was organised by the West Sweden Chapter of the Royal Sweden – Hong Kong Business Council.



**Above:** Visitor numbers to Hong Kong reached an all time high in 2011, with over 41 million arrivals recorded in 2011, an increase of 16% on 2010. Hikers, pictured here, enjoy spectacular views while walking along the Maclehoose Trail in Hong Kong.

●●● Culture and business

## Taiwan ties strengthened

**The Hong Kong SAR government opened an Economic, Trade and Cultural Office in Taiwan last December to promote closer economic and cultural links between Hong Kong and Taiwan.**

The new office will promote closer links in investments, financial services and business, as well as co-operation in culture, education and tourism, said Mr John Leung, the office's first director.

"We will also support Hong Kong residents and businesses in Taiwan, and encourage Taiwan businesses to invest in Hong Kong," he said, noting that cultural and creative exchanges would also be strengthened.

## ●●● Culture

## Shakespeare meets Hong Kong

An award-winning production of Shakespeare's *Titus Andronicus* came to the Globe Theatre, London, at the beginning of May, performed in Cantonese and directed by famous Hong Kong theatre director Tang Shu-wing.

Shakespeare's grisliest play was performed by Mr Tang's groundbreaking troupe in a production influenced by the hybrid culture of Hong Kong. This was the first time audiences in the UK had been able to see this performance, following tours to the US and Singapore.

Hailed as an 'alchemist of minimalist theatre', Tang Shu-wing works with simple staging, using voice and movement to 'release the energies' of classic texts.

This performance is part of the Globe to Globe season, which will see each one of Shakespeare's 38 plays performed by a major international theatre company in its own language.



**Left:** Hong Kong theatre visionary Tang Shu-wing brought his production of *Titus Andronicus* to Shakespeare's Globe Theatre in May.

On Friday 4 May, Mr Tang ran a special theatre workshop at Regents College, in a collaboration between the HKETO London, True Heart Theatre and the London School of Film, Media and Performance, Regents College.

*Titus Andronicus* was also performed in Fredrikstad, Norway, on 11-12 May.

### FORTHCOMING EVENTS

**Sunday 1 July**  
15th Anniversary of the establishment of the Hong Kong Special Administrative Region.

**Sunday 1 July**  
London Hong Kong Dragon Boat Festival.



## ●●● Culture

## London Book Fair first



**Hong Kong was represented by a special pavilion at the recent London Book Fair, to mark and support China's role as 'market focus country' in this year's event. This was the first time Hong Kong has been represented at such a high level at the annual exhibition, which took place at Earls Court in April.**

A stand organised jointly by the Hong Kong Publishing Federation and the Hong Kong Printers Association highlighted Hong Kong's success in establishing itself as a regional publishing centre, printing books that sell successfully not just in Mainland China and Hong Kong, but also world-wide.

A second stand, organised by the Hong Kong Economic and Trade Office, London, celebrated the 15th Anniversary of the establishment of the Hong Kong Special Administrative Region with a photo exhibition showcasing the successful implementation of 'One Country, Two Systems' and the Basic Law.

A ribbon cutting ceremony was held to open the Hong Kong Pavilion (above left), featuring VIP guests from left, Mr K. C. Chiu, Chairman of the Supervisory Committee of the Hong Kong Printers Association, Mrs Agnes Allcock, Director-General of the HKETO London, Mr Liu Bin Jie, Minister of the General Administration of Press and Publication of China, Mr Alistair Burtenshaw, Director of the London Book Fair, and Dr Elvin Lee, Chairman of the Organising Committee for the Hong Kong Pavilion.

## ●●● Culture

## British Library lectures

**The British Library co-hosted a seminar titled *Dunhuang and Hong Kong: Gateways to Ancient and Modern China*, on Monday 14 May.**

The event was co-organised by the Hong Kong Economic and Trade Office, London and the International Dunhuang Project (IDP) at the British Library with the support of the Jao Tsung-I Petite Ecole of the University of Hong Kong.

Renowned speakers from Hong Kong, Mainland China and the UK spoke on the parallels between Dunhuang, a significant stopping point on the ancient Silk Road and a trading hub between East and West, and Hong Kong, which fulfils a similar role in the modern world.



**Left:** Professor Fan Jinshi, Director of the Dunhuang Academy, speaking at the 'Dunhuang and Hong Kong: Gateways to Ancient and Modern China' seminar in May.



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