

**Information Paper for
LegCo Panel on Commerce and Industry**

**Report on the Work of
HKSAR Government's Offices in the Mainland**

This paper gives an account of the work undertaken by the Office of the Government of the HKSAR in Beijing and the Hong Kong Economic and Trade Offices in Guangdong, Shanghai and Chengdu between November 2007 and May 2008. Details of the work of these four Mainland Offices are set out in Annexes 1 to 4.

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Mainland Liaison Affairs Office
Constitutional and Mainland Affairs Office
June 2008

**Report on the Work of
the Office of the Government of the Hong Kong
Special Administrative Region in Beijing**

The main functions of the Office of the Government of the Hong Kong Special Administrative Region in Beijing (BJO) are to (a) enhance liaison and communication between the Government of the Hong Kong Special Administrative Region (HKSARG) and the Central People's Government (CPG), Mainland authorities in the 15 provinces/municipalities/autonomous regions¹ under its coverage, (b) promote Hong Kong in general and particularly over economic and trade relations with the 15 provinces/municipalities/autonomous regions, (c) handle immigration related matters, and (d) provide assistance to Hong Kong residents in distress.

Liaison with CPG, Mainland Authorities and HK Fraternities

2. BJO continued to maintain close liaison with the Mainland authorities during the report period. We arranged calls and provided logistics support to 18 visits including three visits to Beijing by the Chief Executive (one in November 2007, and two in March 2008), two visits to Beijing by the Chief Secretary of Administration (November 2007 and April 2008), a visit to Tianjin by Heads of Economic and Trade Offices of the HKSARG (November 2007), and 12 other visits by principal officials.

3. BJO also further strengthened its network with relevant Mainland offices of the Hong Kong Trade Development Council, Hong Kong Tourism Board, Hong Kong Exchanges and Clearing Limited, major Hong Kong related business chambers and Hong Kong students studying in Beijing. Examples of collaboration activities included a dinner gathering with the Jinan Chamber of Hong Kong / Macao Enterprises in March 2008 and the "Exchange Forum between Beijing Municipal Government and the Hong Kong Chamber of Commerce in China (HKCCC) also held in March 2008. BJO also supported the campus activities organised by Hong Kong students during the period and informed them of the commencement of Government's recruitment exercises.

4. BJO provided regular reports to bureaux and departments to enable them to better understand the policies and developments in the Mainland and assess possible implications on Hong Kong.

Commercial Relations

5. BJO assisted in the organisation of the "11th Beijing – Hong Kong Economic Cooperation Symposium" which was held in Beijing in November 2007. Apart from further exploring opportunities for economic cooperation, the scope of the symposium was expanded to include exchanges on commercialisation of advanced and innovative technology, urban development and management, environmental protection, cultural and creative industries, logistics, tourism and professional services.

6. BJO participated in the Tianjin Trade Fair held in April and the Qinghai Fair held in May 2008. Exhibitions on the latest developments in Hong Kong, with particular focus on the organisation of the Olympic Equestrian Events, were held at these events. BJO also used the opportunity to establish contacts with relevant Mainland authorities.

¹ 15 provinces/ municipalities/autonomous regions under BJO's coverage are Beijing, Tianjin, Hebei, Henan, Shandong, Shanxi, Liaoning, Jilin, Heilongjiang, Inner Mongolia, Xinjiang, Gansu, Ningxia, Qinghai and Tibet.

7. BJO continued to facilitate the effective exchange, discussions and cooperation relating to further trade liberalisation and implementation of the Closer Economic Partnership Arrangement (CEPA). With BJO's assistance, hyperlink connecting the web site of Department of Commerce of Jilin Province with the dedicated web site on CEPA of the Trade and Industry Department of HKSARG was set up.

Investment Promotion

8. In line with the CPG's "Going Out" policy, the North China Investment Promotion Unit (IPU) of the BJO liaised with potential investors from the Mainland, and provided those who were interested in investing in Hong Kong with timely and comprehensive assistance and consultation services. IPU visited 139 companies and generated 49 prospective and 24 live projects, completed 10 projects from November 2007 – May 2008. The IPU also participated in 20 fairs and exhibitions, attended and/or organised seminars, briefing sessions and workshops during the same period.

Public Relations

9. Started in September 2007, the "Hong Kong SAR 10th Anniversary" Roving Exhibition continued into November and December 2007, highlighting the successful implementation of "One Country, Two Systems"; close cooperation of the HKSAR with the Mainland; HKSAR's achievements; and the preparation for the Equestrian Events of the 2008 Olympics. The roving exhibition attracted more than 230 000 visitors in total.

10. To reach out to a wider audience, BJO promoted Hong Kong through regular radio programmes and a dedicated website with the "People's Daily Online". An estimated 21.9 million people tuned into the radio programmes each week. Hit rate of the website exceeded 5 million in the first nine months since its launch in mid-June 2007.

Immigration-related matters and assistance rendered

11. Immigration matters handled by BJO include processing applications for entry to Hong Kong, conducting negotiations on visa-free access with foreign diplomatic missions in Beijing, handling enquiries on immigration matters, and providing practical assistance to Hong Kong residents who have lost their documents or encountered personal safety problems in the Mainland². Between November 2007 and May 2008, 3,097 entry applications were processed, 12,567 enquiries were handled and assistance was rendered to 130 cases relating to personal safety. Requests for assistance regarding cases other than those relating to personal safety amounted to 97 for the same period. 308 general enquiries about Hong Kong were also handled.

Looking ahead

12. With the 2008 Olympic Games drawing near, BJO will step up the promotion of the Equestrian Event. A number of cultural activities will be held in tandem with the Olympic Games and BJO will support the visiting Hong Kong arts groups to stage their performances.

13. The preparatory work for the "12th Beijing – Hong Kong Economic Cooperation Symposium" tentatively scheduled for late November 2008 has started. BJO will also continue to monitor major developments in economic and trade policies and initiatives in the Mainland. We will assist in organising a large scale study mission to the three North-Eastern

² Except Guangdong, Guangxi, Fujian, Jiangxi, Hainan, which are under the ambit of the Guangdong ETO.

provinces this summer.

Beijing Office
June 2008

Report on the Work of the Hong Kong Economic and Trade Office in Guangdong

The Hong Kong Economic and Trade Office in Guangdong (GDETO) is responsible for handling economic and trade matters between the Hong Kong Special Administrative Region (HKSAR) and the five provinces/region of Fujian, Jiangxi, Guangdong, Guangxi and Hainan. Similar to other HKETOs, the GDETO serves to promote Hong Kong's economic and trade interests and seeks to attract investment into Hong Kong.

2. To continue to strengthen our ties with the provincial and municipal authorities in the five provinces/region as well as the non-governmental organisations there, we co-organised the second of the series of roving TV programmes in March 2008 in Fujian with the Hong Kong and Macao Affairs Office /Foreign Affairs Office of the five provinces/region under GDETO's coverage. The show was jointly produced by Fujian Department of Culture, Fujian Strait TV and HK ATV and was well received by over 1 400 in the live audience. The show would be broadcast in the Mainland, Hong Kong and some overseas cities. The next TV show will be held in Jiangxi.

3. Hong Kong business organisations stationed in the provinces/region and trade associations are our valuable working partners. We work closely together to provide better services to Hong Kong businessmen and assist them in looking for investment opportunities in the Mainland. The sixth joint party of Hong Kong enterprises operating in the Pearl River Delta region was organised in December 2007 in Huizhou, which was attended by over 700 Hong Kong businessmen.

4. In the past six months, we continued to provide logistical support to the Expert Groups under the Pan-Pearl River Delta Regional Cooperation and Development Forum, the Hong Kong/Guangdong Cooperation Joint Conference and CEPA when meeting in Guangdong. With the growing economic relation between Hong Kong and the Mainland in recent years, we assisted government departments both in Hong Kong and the Mainland in planning and coordinating a number of mutual visits by senior officials of the two sides.

Commercial Relations

5. GDETO continued its effort in providing Hong Kong enterprises with a wide range of services to facilitate their business development in the Mainland. The weekly Guangdong ETO Newsletters provided the latest information on rules and regulations, as well as economic and trade-related development and activities in the provinces/region under GDETO's coverage.

6. GDETO organised a number of activities which aimed at promoting the business development of Hong Kong enterprises in the Mainland and enhancing their understanding of relevant rules and regulations. These activities covered a variety of topics of concern among Hong Kong businessmen, e.g. customs related regulations, corporate income tax, labour contract law etc. GDETO organised the second meeting of the "Joint Conference on the Transformation and Upgrading of Hong Kong-invested Enterprises in Dongguan" on 16 January 2008 in Hong Kong. Representatives from Dongguan Municipal Government and the relevant government departments met with representatives from GDETO and the four major chambers of commerce of Hong Kong to discuss issues of concern to Hong Kong businessmen and to learn more about the difficulties experienced by Hong Kong-invested companies in their course of transformation and upgrading. In addition, GDETO co-organised

a processing trade seminar with Dongguan Municipal Government on 29 May 2008, inviting experts on financial and taxation to analyse challenges faced by processing trade enterprises in Dongguan and provide relevant solutions. The seminar attracted about 400 participants.

7. GDETO assisted CMAB in the organisation of the “*Seminar on Facilitation of Industrial Upgrading, Restructuring and Relocation of Hong Kong Enterprises in the Pan-Pearl River Delta Region*” which was held in Hong Kong on 23 November 2007. In addition, in order to assist Hong Kong businessmen to better understand upgrading, restructuring and relocating of enterprises within the PPRD region, GDETO and CDETO jointly launched a platform which provides such latest information as relevant policies, investment environment of the respective provinces/region for reference online.

8. GDETO organises study missions from time to time to assist Hong Kong businessmen to understand the investment environment in the Mainland. On 13-14 March 2008, GDETO assisted Hong Kong Printers Association to visit Hainan. Delegates had meetings and exchanges with the relevant departments in Hainan and visited a number of printing enterprises there. The study mission enhanced delegates’ understanding of the investment environment and development of printing industry in Hainan.

9. CE attended the Boao Forum for Asia Annual Conference 2008 held on 11-13 April 2008. GDETO assisted in arranging CE’s and HKSARG official delegates’ participation in various events during the Forum.

10. We also actively assisted Hong Kong enterprises by reflecting their common concerns to the relevant local government departments and taking follow-up actions. Some important issues included processing trade policy adjustment, arrangements on exports of textiles products, environmental protection policy, minimum wage, as well as policy on product safety, etc.

Investment Promotion

11. Contacting, attracting and assisting Mainland enterprises from Fujian, Jiangxi, Guangdong, Guangxi and Hainan to invest in Hong Kong is one of the major foci of work of the GDETO. GDETO has endeavoured to promote the image of Hong Kong as the ideal platform for Mainland enterprises to expand their businesses and to enter into the global market.

12. GDETO has built up and maintained strategic working relationship with the relevant local government departments and more than 30 local trade and industry organisations. These strategic partners would refer their contacts or members to us for assistance if they are interested in investing in Hong Kong.

13. In the past seven months, GDETO conducted about 111 meetings with Mainland enterprises and provided advice and assistance to them for setting up a presence in Hong Kong. During this period, GDETO generated 56 prospective projects and 17 live projects respectively.

14. Furthermore, GDETO organised or co-organised a total of 6 investment promotion activities such as seminars, experience sharing sessions, and round table meetings, etc. in four cities namely Zhanjiang, Shenzhen, Shantou and Guangzhou. In December 2007, GDETO organised a training class on export of agricultural products in Haikou of Hainan. In May 2008, GDETO organised a training class on “Going Out” of Guangdong Brands. We also organised an investment study mission for Guangzhou enterprises to Hong Kong in March 2008. Apart from that, we sent representatives to give talks in the seminars organised by different bodies in the region and participated in local trade and investment events such as

Seminar on Hong Kong Listing for Dongguan Enterprises in Dongguan in November 2007 and Hong Kong Solicitors' Road Show in Shenzhen in December 2007.

Assistance to Hong Kong Residents

15. The Immigration Division of GDETO (the Division) has commenced its operation since 1 April 2006 to provide practicable assistance to Hong Kong residents in distress in areas within the coverage of GDETO. During the report period, 63 in-distress cases were received.

16. GDETO has established notification arrangements at the operational level regarding serious traffic accidents with the relevant Mainland authorities of the five provinces/region within its coverage. Notification will be made to the GDETO any traffic accidents which involve death or hospitalisation of Hong Kong residents. Practicable assistance for the victims and their families could be readily provided as and when required. The arrangement has been operating smoothly and GDETO will conduct periodic review on the arrangement.

17. GDETO has started an arrangement since November 2007 to provide emergency financial assistance to Hong Kong residents in the Mainland who have lost monies and the assistance could not be sought immediately from their family members. GDETO could advance a reasonable amount of money to the persons in need subject to their undertaking to repay the advanced sum in full and return to Hong Kong immediately. During the period, one relevant assistance case was received.

18. GDETO also handles cases other than those concerning personal safety. A total of 27 cases on economic and trade-related matters and 27 cases about real estate and land compensation issues were handled during the period, mainly by making referrals to and following up the cases with the relevant Mainland authorities.

Public Relations

19. The Chief Executive (CE) and various Principal Officials' frequent visits to the Mainland had provided opportunities to foster government-to-government connections. The highlights of such visits included the CE's visit to Guangzhou and Boao, the Chief Secretary's visit to Guangzhou, a series of visits by the Financial Secretary to major cities in the Pearl River Delta area, and SCED's visit to Ganzhou. Media plans were coordinated to facilitate local and Hong Kong media to cover the visits where appropriate.

20. To celebrate the 10th Anniversary of HKSAR and to promote the image of Hong Kong, GDETO continued with a roving exhibition in three major cities during November to December, 2007. The exhibition was staged through collaboration with local governments. In addition, a cultural performance night was organised in November 2007 in collaboration with Guangdong Department of Culture, Guangdong TV and HK ATV.

21. GDETO and the Hong Kong Tourism Board jointly organised an exhibition to promote the equestrian events at an international travel festival held in Guangzhou in early April. Exhibition panels were also produced for setting up at various functions, including a series of seminars held in Guangzhou, Jiangmen and Dongguan from early April to late June and a cultural event held in Jinan University at the end of May. Leaflets and souvenirs were distributed at these and other events, including a TV variety show jointly organized by GDETO and the five provinces/region under GDETO's purview. An icon has been created in GDETO website for linking to the homepage of the Equestrian 2008.

Looking Ahead

22. In view of the frequent cooperation between HKSAR and the Mainland provinces/cities in the areas of economy, trade, culture and education, etc, GDETO will continue to serve as the bridge of liaison between Hong Kong and the local Mainland authorities, and to promote mutually beneficial regional cooperation. We will try our best to assist Hong Kong businessmen with operations in the five provinces/region in their upgrading and relocation. Besides providing services to Hong Kong businessmen, we will continue our efforts in facilitating incoming investment of potential Mainland enterprises into Hong Kong. On investment promotion, taking into account the varied potential and economic development of the provinces/region, we will continue to intensify our work in Guangdong and Fujian, and consolidate the groundwork for future cooperation in the other provinces/region.

Hong Kong Economic and Trade Office in Guangdong
June 2008

Report on the Work of the Hong Kong Economic and Trade Office in Shanghai

The main functions of the Hong Kong Economic and Trade Office in Shanghai (SHETO) are (a) to enhance liaison and communication between the Government of the Hong Kong Special Administrative Region (HKSARG) and Mainland authorities in the Municipality of Shanghai and the four provinces of Jiangsu, Zhejiang, Anhui and Hubei; (b) to promote Hong Kong and facilitate economic and trade cooperation between Hong Kong and the above places; and (c) to provide suitable assistance to Hong Kong residents in need.

Public Relations

2. During the report period, SHETO continued to maintain close liaison with the Mainland authorities and provided timely reports to HKSARG bureaux and departments on the latest policies, regulations and measures of concern.

3. SHETO arranged meetings with senior Mainland officials and visits to relevant Mainland agencies and institutions for visiting principal and other senior HKSARG officials. Such visits included Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)'s (PSCIT) attendance at the "CEPA Seminar - Cooperation between Service Industries of Hong Kong and the Yangtze River Delta" in Shanghai (November 2007); Secretary for Commerce and Economic Development's (SCED) attendance at the "2007 Shanghai International Creative Industry Week" in Shanghai (November 2007) and the "Shanghai-Hong Kong Metropolitan Development Seminar 2007" in Shanghai (December 2007); Secretary for Development's visit to Shanghai and Nantong, Jiangsu Province (January 2008); Permanent Secretary for Constitutional and Mainland Affairs' visit to Shanghai (January 2008); Secretary for Justice's visit to Shanghai and Hangzhou, Zhejiang Province (April 2008); the visit by the Chief Executive, SCED and PSCIT to Wuhan, Hubei Province to attend the 3rd Expo Central China (April 2008); and the visit to Shanghai by the Chief Executive, Secretary for Constitutional and Mainland Affairs and Permanent Secretary for Constitutional and Mainland Affairs to attend the agreement signing ceremony on HKSAR's participation in the World Expo 2010 Shanghai China, and meetings with Secretary of CPC Shanghai Committee YU Zheng-sheng and Shanghai Mayor HAN Zheng (May 2008).

4. On 25 February 2008, SHETO held a Spring Reception in Shanghai, which was attended by more than 200 senior government officials and representatives of major chambers of commerce and enterprises of Shanghai and the neighbouring provinces.

Promotional Activities

5. On 6-10 November 2007, SHETO set up a booth at the "China International Industry Fair 2007" held at the Shanghai New International Expo Centre to promote Hong Kong and the work of SHETO, attracting about 41,300 visits. SHETO also participated in the Investment and Trade Expo 2008 Anhui China organised by the Anhui Provincial Government in Huangshan in May 2008, where an exhibition booth was set up to promote Hong Kong and the functions of the SHETO.

6. To help publicise the Olympic and Paralympic Equestrian Events to be held in Hong Kong in August and September 2008, SHETO has included information about the equestrian events in its newsletters to various contacts and in the publicity pamphlets distributed at exhibitions, put up display panels and distributed equestrian event souvenirs at its office

premises and at various publicity events organised or participated by the office, and enlisted the assistance of the Hong Kong enterprises based in Shanghai to display exhibition panels and broadcast promotional videos in their buildings.

Commercial Relations

7. SHETO organised and participated in a number of major trade promotion events to promote Hong Kong's business sectors and help them explore business opportunities in the eastern and central regions of the Mainland during the report period.

8. Pursuant to the announcement of the new liberalisation measures under CEPA - Supplement IV in June 2007, SHETO co-organised with the Hong Kong Trade Development Council a "CEPA Seminar - Cooperation between Service Industries of Hong Kong and the Yangtze River Delta" in Shanghai on 1 November 2007, to promote Hong Kong's modern service sectors that were covered by the new measures and to explore ways to strengthen economic cooperation between Hong Kong and the Yangtze River Delta after the new measures came into effect on 1 January 2008.

9. SHETO worked with the Commerce and Economic Development Bureau (CEDB) to coordinate HKSAR's participation in the "2007 Shanghai International Creative Industry Week" held at the 1933 old abattoir building in Shanghai on 15-21 November 2007. SCED led a 30-member strong delegation comprising representatives from the design, architecture, urban planning, culture, television and films, animation and comics, and digital entertainment sectors to Shanghai to participate in various events. HKSARG cooperated with the said creative industry sectors to set up a Hong Kong Pavilion entitled "Creative Hong Kong", to showcase a number of creative projects that highlighted Hong Kong's creativity and vibrancy. HKSARG also co-organised with the Shanghai organiser a dinner banquet and a cocktail reception after the opening ceremony on 15 November, for major representatives of the creative industries from Hong Kong, the Mainland and other countries to exchange views and establish new contacts.

10. SCED attended the "Shanghai-Hong Kong Metropolitan Development Seminar 2007" in Shanghai on 6 December 2007, which was co-organised by the Shanghai Chinese Overseas Friendship Association and Hong Kong-Shanghai Economic Development Association, with SHETO and HKTDC as supporting organisations. SCED gave a keynote address on the present situation and future prospects regarding cooperation between Hong Kong and the Yangtze River Delta in modern services.

11. SHETO also attended major trade and economic promotion events organized by relevant Mainland government authorities and organisations, such as the 3rd Expo Central China held in Wuhan, Hubei Province in April 2008, and the Investment and Trade Expo 2008 Anhui China held in Huangshan, Anhui Province in May 2008.

12. SHETO provided timely reports to CEDB on the latest economic and trade policies, regulations and other measures in the regions concerned and informed the Hong Kong Chamber of Commerce in China – Shanghai Branch, and the major trade and industry organisations in Hong Kong of the same, through issuing regular newsletters and special notices. The office also monitored the views of Hong Kong businesses on Mainland policies and regulations that might have impact on their businesses and other issues of common concern, and where appropriate, reflected their views to relevant Mainland authorities for consideration. The office also actively liaised with various trade and industry organisations in Hong Kong to explore opportunities for cooperation to enhance Mainland-Hong Kong economic relationship.

13. SHETO provided assistance to various Mainland provinces and cities in organising

trade promotion activities in Hong Kong, by helping them to inform the relevant HKSARG bureaux and departments, as well as trade and industry organizations, and to invite HKSARG officials to attend these activities. The office also assisted in organising courtesy calls on senior HKSARG officials for visiting Mainland officials.

Investment Promotion

14. The Investment Promotion (IP) Division of SHETO has continued to actively promote Hong Kong's investment environment, proactively identify and approach potential Mainland companies and provide them with free one-stop services to attract them to invest or set up operations in Hong Kong. From November 2007 up to May 2008, the IP Division has conducted 12 investment promotion visits, visited 105 companies, generated 33 prospective projects and 14 live projects. With continuous liaison and follow-up work on the prospective and live projects generated since the establishment of the office, 13 projects have been successfully completed during the report period.

15. The IP Division also attended two important trade fairs, and organised seminars, briefing sessions and workshops during the report period. Head of the IP Division spoke on Hong Kong's investment environment at the China Limited Partner Forum 2008 Corporation Investment Annual Meetings held in Shanghai and Hangzhou on 17 and 19 January 2008 respectively, and at the 2008 Investment and Financing Roadshow held in Wuhan, Hubei Province on 25 April 2008, during the 3rd Expo Central China. The IP Division also organised two seminars on Hong Kong's investment environment in Changzhou and Suzhou of Jiangsu Province on 28 March and 28 May 2008 respectively.

16. The IP Division assisted Invest Hong Kong in carrying out a nationwide marketing campaign called "On Your Marks, Get-set Go", in Zhejiang Province to promote Hong Kong's investment environment, targeting privately owned enterprises. Seminars and promotion activities were held in Hangzhou, Yiwu, Wenzhou and Ningbo from August to October 2007. Over 600 companies attended the events. The IP Division has been actively following up the potential leads arising from these activities.

Research

17. SHETO has commissioned a study on the complementariness of the economic development of Hong Kong and Shanghai in conjunction with the Shanghai Foreign Economic Relations and Trade Commission, Economic Committee of Shanghai Pudong New Area and Shanghai Research Institute of International Economy and Trade. The study, which should be completed in 2008, aims to provide recommendations for fostering economic and trade cooperation between Hong Kong and Shanghai, for consideration by HKSARG and Shanghai Municipal Government.

2010 Shanghai World Expo

18. The Shanghai World Expo will be held from 1 May to 31 October 2010, with the theme "Better City, Better Life". HKSAR will participate extensively in the Shanghai World Expo, including constructing a Hong Kong Pavilion, setting up an exhibition in the Urban Best Practices Area, and organising Expo Shanghai Online and other activities such as "Hong Kong Week" and various cultural performances.

19. As the liaison office between HKSARG and the organisers of the Shanghai World Expo, SHETO has proactively liaised with the Shanghai World Expo organisers (mainly the Bureau of Shanghai World Expo Coordination (Expo Bureau)) and other relevant parties to obtain the latest information and made timely reports to the relevant HKSARG bureaux/departments. Director of SHETO met with senior officials of the Expo Bureau on

many occasions to present HKSARG's proposals and requests.

Assistance rendered to Hong Kong Residents

20. During the report period, SHETO continued to provide suitable assistance to Hong Kong residents in need, by making referrals to relevant Mainland authorities for follow-up where appropriate.

Looking Ahead

21. Having established a decent liaison network with the provincial and municipal governments, trade and industry organisations and professional bodies in the regions concerned, and with the major trade and industry organisations in Hong Kong, SHETO will embark on more targeted trade promotion efforts to help Hong Kong's modern service sectors to expand their business in the regions. We will enlist the support of Mainland government agencies and trade and industry organisations to organise sector-specific trade missions and other business-matching activities. We will also continue to participate in major trade events and would organise a roving exhibition in major cities in the regions concerned in the second half of 2008, to promote Hong Kong in general, and more specifically our excellent investment environment, talent admission schemes, CEPA liberalisation measures, and successful implementation of the Basic Law and the principle of "One Country, Two Systems". The IP Division will continue to identify and attract potential Mainland enterprises to invest or set up operations in Hong Kong.

22. We expect to be more and more involved in the preparations for HKSAR's participation in the Shanghai World Expo, with less than two years to go before the opening day. We will endeavour to effectively perform our role as the liaison office of HKSARG and contribute to a successful and memorable World Expo.

Hong Kong Economic and Trade Office in Shanghai
June 2008

Report on the Work of the Hong Kong Economic and Trade Office in Chengdu

The Hong Kong Economic and Trade Office in Chengdu (CDETO) is responsible for handling economic and trade matters between Hong Kong Special Administrative Region (HKSAR) and Sichuan, Yunnan, Guizhou, Hunan, Shaanxi and the Municipality of Chongqing. In particular, CDETO serves to promote Hong Kong's economic and trade interests and seeks to attract direct investment into Hong Kong.

Commercial Relations

2. CDETO continued its effort to provide Hong Kong enterprises with a wide range of services to facilitate their business development in the service boundary of CDETO. The monthly CDETO Newsletters provided the latest information on rules and regulations, as well as economic and trade-related information in our service boundary.

3. Industrial relocation remained one of the major foci of work for CDETO during the period. As one of the co-organisers, CDETO assisted CMAB in the organisation of the 'Seminar on Facilitation of Industrial Upgrading, Restructuring and Relocation of Hong Kong Enterprises in the Pan-Pearl River Delta Region' which was held in Hong Kong on 23 November 2007. In addition, in order to assist Hong Kong enterprises proactively in upgrading, restructuring and relocating their operations within the PPRD region, CDETO and GDETO jointly launched on 23 November 2007 a platform on upgrading, restructuring and relocation which provided such latest information as relevant policies, investment activities etc. CDETO also constantly updated the content of platform to ensure that accurate and up-to-date information is provided to the trade. For example, in March 2008, Chenzhou of Hunan issued a paper on the preferential policies for relocating companies. These new policies were updated to the information platform and published to the trade via CDETO monthly Newsletters.

4. The facilitation of CEPA implementation is another major area of work of CDETO. To follow up on the research on "CEPA implementation in Sichuan", CDETO formed a working group with the Sichuan Department of Commerce. The working group decided to construct a website providing comprehensive CEPA-related information in relation to Sichuan. The working group would also commission a study on the "Business potential of Sichuan for Hong Kong's logistics industries" and launch further promotional activities on CEPA implementation. These initiatives are expected to be completed by early 2009. In addition, a similar CEPA study on the business potential of Hunan for Hong Kong's logistics sector is being conducted. It is expected that the study will be completed by the third quarter of 2008.

Public Relations

5. During the reporting period, CDETO continued its efforts in forging closer liaison and working relations with its counterparts by assisting in arranging mutual visits for HKSARG and Mainland officials. In November 2007, arranged by CDETO, officials from the HK and Macao Affairs Office of Sichuan Provincial Government attended briefings by CSB, FSTB and HK Exchange and Clearing Ltd, where they acquired a better understanding of Hong Kong's political system, civil service system and the management and operations of HK Exchange and Clearing Ltd.

6. To celebrate the 10th anniversary of the establishment of HKSAR and promote cultural exchanges, CDETO organised the Hong Kong Film Week in Guiyang, Guizhou in

December 2008. In January 2008, D/CDETO attended the 1st Meeting of the 10th Hunan People's Political Consultative Conference in Changsha and exchanged views with Hong Kong members on various issues in relation to Hunan, e.g. employment, medical care, education and social security. After the Conference, D/CDETO visited the First Social Welfare Institute in Changsha, Hunan, which was reported by local media.

7. On 15 February 2008, D/CDETO and representatives of the Trade Development Council and Hong Kong Tourism Board offices in Chengdu made a courtesy call on Mr Liu Qibao, Secretary of Sichuan Province and Jiang Jufeng, Governor of Sichuan Province and exchanged views on furthering the economic cooperation between Sichuan and Hong Kong.

8. On 26 February 2008, CDETO held a Spring Gathering for Hong Kong enterprises operating in Chengdu, which was attended by some 70 representatives.

9. D/CDETO hosted a media briefing for local media in Chengdu on 20 March 2008 to introduce the latest work plan of CDETO.

10. D/CDETO represented HKSARG to attend the 12th Investment and Trade Forum for Cooperation between East and West China held on 5 April 2008.

Investment Promotion

11. During the reporting period, CDETO continued to promote the positive image of Hong Kong as the business hub for trade, business services and finance in the region and the unrivalled gateway for Mainland enterprises to go global.

12. In the past seven months, CDETO conducted meetings or visits to 114 mainland enterprises in the service boundary, of which 16 had expressed interests in establishing business operations in Hong Kong. 20 prospective and 3 live projects had been generated during this period.

13. CDETO, in collaboration with Invest Hong Kong, organised a large-scale seminar in Changsha of Hunan in November 2007 to publicise Hong Kong's financial services, professional services, investment environment and policy. Over 200 businessmen participated in the seminar. The seminar produced some good leads from companies which were interested in setting up businesses in Hong Kong. CDETO would follow up on these prospective projects by providing advice and assistance to them for setting up a presence in Hong Kong.

14. During the reporting period, CDETO also organised and participated in various investment promotional activities, e.g. a roundtable for Sichuan technology-related industry in March 2008, an exhibition booth in the 7th China Western Region International Economic Cooperation Fair in Xian in April 2008, and several local trade fairs. Through these activities, we aimed to assist Mainland enterprise to have a better understanding of the investment environment and relevant policies and regulations in Hong Kong, in particular the benefits of setting up operations in Hong Kong.

15. CDETO has also maintained strategic working relationship with more than 25 local trade and industrial organisations. These strategic partners would refer their contacts or members to CDETO for follow up in case they are interested in setting up a presence in Hong Kong.

Earthquake Relief Efforts by CDETO

16. CDETO started emergency coordination work on 12 May immediately after the

Sichuan earthquake. An Emergency Coordination Centre was formally set up on 13 May with a view to providing prompt assistance to Hong Kong residents stranded in the quake-hit region and coordinating relief efforts from Hong Kong.

17. A total of 101 Hong Kong residents had lost contact with their families following the earthquake. All of them were eventually located with the concerted efforts of State Council HKMAO, Sichuan HKMAO and HKSARG.

18. A number of emergency relief teams from different departments of HKSARG, including Fire Services Department, Government Flying Service, Department of Health, Food and Environmental Hygiene Department and Water Supplies Department had been deployed to Sichuan to assist in the relief and rescue work. CDETO worked closely with Sichuan HKMAO and other local government departments to ensure smooth and expedient delivery of the team members and relief supplies to the affected region.

19. CDETO will continue to liaise with Sichuan HKMAO and other related parties, such as Sichuan Provincial Department of Civil Affairs, Sichuan Provincial Department of Public Health etc. regarding the role to be played by HKSARG in the rebuilding and rehabilitation process of Sichuan.

Looking Ahead

20. Through organising various types of economic and trade-related activities and disseminating updated information to Hong Kong enterprises, CDETO will continue to support Hong Kong enterprises operating or intend to operate in our service boundary. In particular, we will try our best to assist those processing trade enterprises in PRD to relocate their operations to our service boundary. On investment promotion front, CDETO will continue to spearhead investment promotion activities in our service boundary to promote Hong Kong as a favourable investment destination. We shall also strengthen our communication with relevant authorities in the Mainland, and organise or co-organise events that will assist Mainland enterprises to foster a better understanding of the investment environment and relevant policies and regulations in Hong Kong.

21. Regarding the rebuilding and rehabilitation of Sichuan after the earthquake, CDETO will continue to play the role of bridging the communication between HKSARG and the Sichuan Provincial Government with a view to ensuring that the resources and efforts from Hong Kong can deliver the desired outcome in an effective and efficient manner.

Hong Kong Economic and Trade Office in Chengdu
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