

**For Information**

**Legislative Council Panel on Commerce and Industry**

**Hong Kong/Shenzhen Co-operation Meeting**

**Purpose**

This paper briefs Members on the gist of the Hong Kong/Shenzhen Co-operation Meeting (the Meeting) held on 30 January 2015 in Shenzhen.

**Background**

2. The Chief Secretary for Administration (CS), Mrs. Carrie Lam, and the Mayor of the Shenzhen Municipal Government (the Mayor), Mr. Xu Qin co-chaired the Hong Kong/Shenzhen Co-operation Meeting on 30 January 2015 in Shenzhen. In the meeting, the two sides comprehensively reviewed co-operation progress of the past year, and set the main directions for co-operation in the coming year.

3. CS and the Mayor held a press conference to brief the media on the outcome of the meeting on the same day and issued press release after the meeting. Key areas discussed at the Meeting are set out in ensuring paragraphs below.

Qianhai development

4. The Shenzhen Municipal Government issued in December last year the Work Plan on Promoting the Shenzhen-Hong Kong Co-operation in the Shenzhen-Hong Kong Modern Service Industry Co-operation Zone in Qianhai, putting forward a number of initiatives which help support Hong Kong people and enterprises in entering Qianhai market. The Inter-ministries Joint Conference on the Promotion of the Development of Qianhai, Nansha and Hengqin in Guangdong, chaired by the National Development and Reform Commission, also held its first meeting in November last year in Beijing, to discuss on ways to push forward the development of Qianhai, Nansha and Hengqin, with the joint efforts of the relevant ministries of the State Council, as well as the Hong Kong and Macao SAR Governments.

5. In the coming year, both sides would continue to push forward policies and initiatives which are conducive to Hong Kong people and enterprises' development in Qianhai, including Qianhai's implementation of the "Ten Thousand, Thousand, Hundred and Ten" development target in year 2020 set by the Shenzhen Municipal Government, the offering of national treatment to Hong Kong-invested enterprises registered in Qianhai, further opening up the market for Hong Kong financial institutes to start business in more business areas, lowering the entry threshold for Hong Kong non-life insurance companies to set up offices and conduct business in Qianhai under the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) framework, supporting qualified insurance institutes from both sides to start two-way cross-boundary Renminbi (RMB) reinsurance businesses and allowing professionals qualified to practise in Hong Kong to directly provide direct professional services for enterprises and residents in Qianhai upon registration.

6. As for the provision of professional services, Qianhai Authority has agreed to identify pilot construction projects allowing Hong Kong accredited construction sector and engineering related professionals and enterprises to provide services directly in Qianhai. The HKSAR Government expects Qianhai Authority to identify the pilot projects the soonest for early implementation. As a way forward, we also expect such similar arrangement be extended to the whole municipal city of Shenzhen.

#### Financial co-operation

7. The scale of financial co-operation between Hong Kong and Shenzhen continued to expand last year. According to the Shenzhen authorities, the registered amount of cross-boundary RMB loan in Qianhai exceeded RMB 82 billion as at end-2014, a significant increase from RMB 15 billion at end-2013. Up to end of last year, a total of 11 banks with Hong Kong capital set up over 50 sub-branches and subsidiaries in Shenzhen.

8. In respect of infrastructure support for cross-boundary RMB businesses, with the joint effort of the concerned authorities of both sides, the operating hours of the system linkage between the RMB Real Time Gross Settlement (RTGS) system in Hong Kong and the Shenzhen Financial Settlement System, has been further extended to 5am of the following day for same-day value payment since last October, to give financial institutions in other parts of the world a longer operating window to settle cross-boundary RMB payments, and thus, help provide more comprehensive cross-boundary payment services for both Hong Kong and non-Hong Kong sectors.

9. In the coming year, both sides would continue to push forward the financial co-operation between Hong Kong and Shenzhen under the "National 12th Five-Year Plan" and the newly signed "Guangdong CEPA". In the area of offshore RMB businesses, the HKSAR Government hopes to continue to promote and expand the cross-boundary RMB businesses, and to jointly pursue the Central Government to offering more market liberalisation measures in order to facilitate Hong Kong financial institutions to start diversified services in Shenzhen, with a view to contributing to the further reform and opening up for the Mainland financial system.

#### Youth co-operation

10. Hong Kong and Shenzhen has agreed to include youth co-operation as a key co-operation area between the two places in the coming year. Both sides will focus on taking forward co-operation in three aspects, namely youth exchange, internship and entrepreneurship.

11. On youth exchange and internship, in response to the target set by Shenzhen of youth exchange, the Home Affairs Bureau of the HKSAR Government will liaise and work with the relevant departments in the Shenzhen Municipal Government to implement projects including the University Students Summer Internship, Voluntary Services Exchange, Youth Entrepreneurship Training etc. Both sides will also actively consider the possibility of carrying out further new projects in future.

12. On youth entrepreneurship, the HKSAR Government will actively complement the Shenzhen side to implement the Qianhai Shenzhen-Hong Kong Youth Innovation and Entrepreneur Hub. Through provision of funding, venue, programmes, talents and lodging, the project allows young people possessing innovative ideas in Hong Kong, Shenzhen and the global world to start their businesses in the Hub.

#### Healthcare services co-operation

13. Both sides reviewed the progress of healthcare co-operation between the two places on the medical and health front. The HKSAR Government is liaising with the University of Hong Kong to launch a pilot scheme to allow Hong Kong elderly people to use the Elderly Health Care Voucher to pay for primary care services provided by the University of Hong Kong-Shenzhen Hospital. The pilot has already been approved by the Health and Family Planning Commission of Shenzhen Municipality, and the HKSAR Government

is now working on the detailed arrangements of the pilot which is expected to be formally launched in mid-2015.

#### Livelihood issues

14. The HKSAR Government launched the Pilot Residential Care Services Scheme in Guangdong in end-June last year to purchase places from residential care homes for the elderly on the waiting list for subsidised residential care places to choose to live in. As at end-February 2015, a total of 29 elderly persons have been admitted to two residential care homes in Yantian, Shenzhen and Zhaoqing, Guangdong operated by non-government organisations of Hong Kong. Among them, 18 were admitted to the residential care home in Yantian, Shenzhen.

15. Besides, the HKSAR Government launched the Guangdong Scheme in October 2013. Up to end-January this year, about 17 400 elderly residing in Guangdong were provided the \$1,180 monthly Old Age Allowance, without having to come back to Hong Kong annually, including about 5 600 Hong Kong elderly residing in Shenzhen.

#### Cross-boundary infrastructure

16. Construction works on the Hong Kong side for site formation and the connecting road of the Liantang/Heung Yuen Wai (LT/HYW) Boundary Control Point (BCP) have commenced in phases. As the construction cost is higher than the original estimate, the HKSAR Government is seeking approval from the Legislative Council (LegCo) for an increase in the approved project estimate. As for the construction of the BCP buildings and the associated facilities on the Hong Kong side, the HKSAR Government is also seeking funding approval from the LegCo with a view to commencing construction in the second quarter of this year. Both the Hong Kong and Shenzhen sides will continue to press ahead with the construction works according to their respective programme and will strive for completion of the LT/HYW BCP in 2018.

#### Development of the Loop area

17. With concerted efforts of both sides and after conducting public consultation, the planning study on the Loop area has been completed. At

present, the HKSAR Government aims to commence the preparation of statutory plan within this year.

### Co-operation on education

18. After the last Hong Kong/Shenzhen Co-operation Meeting, Shenzhen and Hong Kong Education Bureaux have extended the eligibility criteria of student admission to the schools for Hong Kong children and the schools operating classes for Hong Kong students to include Type II children, hence allowing more Hong Kong students to choose to stay in Shenzhen for education. The number of minban schools offering Hong Kong curriculum to Hong Kong students has increased from six in the last school year to nine in the current school year, including two schools for Hong Kong children. The number of students has been increased by around 60 per cent from 1400 to 2200. Recently, two more minban schools have been approved to operate classes for Hong Kong students in the next school year, providing around 180 to 210 additional places.

19. In addition, to facilitate Hong Kong students to link to the education system of Hong Kong smoothly, Hong Kong Education Bureau has paired up such schools for Hong Kong children and the minban schools operating classes for Hong Kong students in Shenzhen with Hong Kong primary and secondary schools as sister schools. Both sides would continue to enhance the professional exchange and collaboration between teachers as well as strengthening the support to teachers.

### Cross-boundary students

20. In response to the demand from cross-boundary students (CBS) for cross-boundary school coaches (CBSC) and with the support and concerted efforts of the Guangdong Port Administration Office, Shenzhen Port Administration Office and relevant port authorities, the number of special quota for CBSC has increased to 170 in this school year, i.e. 2014/15 school year, representing a 20 per cent increase over last year. Hong Kong and the relevant Mainland authorities will continue to discuss and examine for the coming years, the facilitating measures for CBS travelling daily across the boundary.

## Co-operation on environmental protection

21. The Chief Executive announced in his 2015 Policy Address to allocate \$150 million to extend the Cleaner Production Partnership Programme for five years till 2020 to continue to fund the Hong Kong-owned factories in the Mainland (including those in Shenzhen) to adopt cleaner production technologies and strengthen promotional activities so as to encourage more factories to practise cleaner production.

## Other co-operation areas

22. Apart from the above, the two sides have also made steady progress in other areas of co-operation, such as trade and investment promotion, creative industries, tourism, culture, etc.

## **Conclusion**

23. Over the past year, with the concerted efforts of the Hong Kong and Shenzhen governments, implementation of the co-operation initiatives has made good progress. In the coming year, the HKSAR Government will continue to maintain close co-operation with Shenzhen under the principles of 'complementarity, coordinated development and mutual benefits' and to deepen co-operation in various areas, with a view to achieving mutual benefits for the people in both Hong Kong and Shenzhen.

**Constitutional and Mainland Affairs Bureau  
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