

Government disappointed by Hong Kong's exclusion from 2021 Index of Economic Freedom

A Hong Kong Special Administrative Region (HKSAR) Government spokesman today (March 4) expressed deep disappointment and serious dismay at the Heritage Foundation's decision to exclude Hong Kong from its 2021 Index of Economic Freedom.

"The decision is neither warranted nor justified. It does not do justice to the HKSAR, which topped the chart as the world's freest economy for 25 years out of the Index's 27-year history.

"We take strong exception to the Foundation's claim that Hong Kong's economic policies are 'ultimately controlled from Beijing'. This is ill-conceived and simply not true.

"The HKSAR enjoys a high degree of autonomy over its economic and trade policies as enshrined in our Basic Law.

"Hong Kong is and will always remain an open, safe, vibrant and pluralistic international financial and business hub, underpinned by economic freedom, the rule of law and judicial independence."

The spokesman said that the Foundation's decision to suddenly exclude Hong Kong from this year's assessment was politically biased and a departure from its long-established practice for the Index.

"Hong Kong always ranked high in the areas of fiscal health, business freedom, trade freedom and financial freedom, which are the parameters used by the Foundation in compiling its index. Our strength in these areas has not changed and the best example of this is the thousands of international business corporations operating in Hong Kong," the spokesman said.

"The Foundation's decision ignores the fact that under the Basic Law, the HKSAR retains its status as a separate customs territory, and is a member in its own right of the World Trade Organization (WTO) and APEC (Asia-Pacific Economic Cooperation). The HKSAR also enters into free trade agreements, investment agreements and taxation agreements with other trading partners as an individual economy.

"We have developed and will continue to develop mutually beneficial economic and trade relations with economies around the world. Our special status has been widely recognised and respected by the international community, and Hong Kong's economic and trade status is on par with that of other WTO members."

The spokesman said that since the establishment of the HKSAR in 1997

under "one country, two systems", Hong Kong has retained its capitalist system, free economy and trusted legal system.

"The free flow of capital is guaranteed. As a matter of fact, the Linked Exchange Rate System has been operating smoothly, and the Hong Kong dollar exchange rate has been on the strong side with net capital inflows of US\$50 billion in 2020. Financial market activities have been buoyant. In 2020, Hong Kong was the second largest initial public offering centre in the world. Hong Kong's monetary autonomy, fiscal autonomy and control over foreign exchange reserves, as well as its freely convertible currency, will continue to be maintained.

"Despite the global economic recession, the number of regional headquarters, regional offices and local offices in Hong Kong remained stable at a total of 9 025 in June 2020."

The spokesman said that the HKSAR Government would continue to uphold Hong Kong's institutional strengths, including the rule of law and independence of the judiciary, a simple and low tax system, an efficient government, a free trade and investment regime and a level-playing field for all so as to create a favourable environment for business to thrive and enable the economy to prosper.

"As a sophisticated international metropolis highly connected to the world, Hong Kong has been playing a unique role as a gateway, a springboard and an intermediary between China and the rest of the world. We will continue to leverage on the advantages of 'one country, two systems' to consolidate our position as an international centre for finance, commerce and trade as well as a home for corporate headquarters. We have every confidence in Hong Kong's long-term economic development."

The 2021 Index of Economic Freedom report was released by the Foundation on March 4, 2021, analysing the level of economic freedom of 178 economies. Hong Kong was not included in this report.

Extension of Pre-approved Principal Payment Holiday Scheme for another six months

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) together with the Banking Sector SME Lending Coordination Mechanism (Mechanism) today (March 4) announced that the Pre-approved Principal Payment Holiday Scheme (Scheme) will be extended for another six months to October 2021.

Given the persistence of the COVID-19 pandemic around the globe and the severity of the ensuing impact on the global and local economy, some small and medium-sized enterprises continue to face cash-flow pressure. The Mechanism agreed that all principal payments of loans falling due between May and October 2021 by eligible corporate customers will be deferred by another six months except for repayments of trade loans, which will be deferred by 90 days.

As the Scheme has been rolled out for nearly one year, in order to strike a balance between catering for the unique circumstances facing individual customers and the need for prudent risk management, the Mechanism has agreed that, for loans which have been extended for 540 days or more cumulatively since first being drawn down (or trade loans which have been extended for 270 days or more cumulatively since first being drawn down), banks can adopt a flexible approach and consider, on a case-by-case basis and subject to prudent risk management principles, whether other forms of relief are more suitable to help the customers ride out the current difficulties.

Similar to the Scheme extension in November 2020, banks will not issue individual notifications to eligible customers regarding the deferment arrangement. Interested corporate customers may contact their banks. Deferment requests will be handled on a "pre-approved" basis. Banks may request customers to provide up-to-date operational and financial information to better understand their needs when processing their requests.

The Scheme covers all corporate customers that have an annual sales turnover below HK\$800 million and that have no seriously overdue loan payments. For enquiries about the Scheme, please contact the HKMA via the dedicated email account (ppphs@hkma.gov.hk) or enquiry hotline (2878 1199).

Background

The Banking Sector SME Lending Coordination Mechanism was established by the HKMA in October 2019. Participants include 11 banks that are most active in SME lending. The Hong Kong Association of Banks and the HKMC Insurance Limited are also represented in the Mechanism. Since its establishment, the Mechanism has rolled out several rounds of relief measures for corporate customers, including the Scheme, loan tenor extensions, and the conversion of trade financing lines into overdraft facilities. At the end of January 2021, banks had granted over 59,000 cases of loan tenor extension and other forms of relief, involving an aggregate amount of HK\$750 billion.

The Scheme, which took effect in May last year, was extended by six months in November 2020 to April 2021. Around 100 banks participate in the Scheme, which covers around 120 000 eligible corporate customers. From May to October 2020, 19 000 eligible corporate customers participated in the Scheme, representing a participation rate of 16 per cent. Following the Scheme's extension in November 2020, the number of participating corporate customers dropped to 5 100, representing a participation rate of 4 per cent. All corporate loans including mortgages, vehicle loans and trade facilities are

covered by the Scheme. The HKMA has also reminded banks to be sympathetic to customers who are not eligible for the Scheme and to help tide them over this difficult time as long as it is consistent with prudent risk management principles to do so.

[Hong Kong Customs seizes suspected liquid cocaine \(with photo\)](#)

Hong Kong Customs seized about 1.7 kilograms of suspected liquid cocaine with an estimated market value of about \$2.6 million at Hong Kong International Airport on February 25. One man was subsequently arrested yesterday (March 3).

Customs officers examined an air postal packet originating from the Netherlands which was declared as carrying food on that day and found the batch of suspected liquid cocaine concealed inside two sugar syrup bottles.

Upon follow-up investigation, Customs officers yesterday arrested an 18-year-old man in Cheung Sha Wan suspected to be in connection with the case.

The arrested man has been charged with one count of attempting to traffic in a dangerous drug and will appear at the West Kowloon Magistrates' Courts tomorrow (March 5).

Customs reminds members of the public to stay alert and not to participate in drug trafficking activities for monetary return. They must not accept hiring or delegation from another party to carry controlled items into and out of Hong Kong. They are also reminded not to carry unknown items for other people, nor to release their personal data or home address to others for receiving parcels or goods.

Under the Dangerous Drugs Ordinance, trafficking in a dangerous drug is a serious offence. The maximum penalty upon conviction is a fine of \$5 million and life imprisonment.

Members of the public may report any suspected drug trafficking activities to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account (crimereport@customs.gov.hk).



[CHP investigates nine additional confirmed cases of COVID-19](#)

The Centre for Health Protection (CHP) of the Department of Health (DH) announced that as of 0.00am, March 4, the CHP was investigating nine additional confirmed cases of coronavirus disease 2019 (COVID-19), taking the number of cases to 11 056 in Hong Kong so far (comprising 11 055 confirmed cases and one probable case).

Among the newly reported cases announced, three are imported cases.

A total of 234 cases have been recorded in the past 14 days (February 18 to March 3), including 199 local cases of which 68 are from unknown sources.

The CHP's epidemiological investigations and relevant contact tracing on the confirmed cases are ongoing. For case details and contact tracing information, please see the Annex or the list of buildings with confirmed cases of COVID-19 in the past 14 days and the latest local situation of COVID-19 available on the website "COVID-19 Thematic Website" (www.coronavirus.gov.hk).

Meanwhile, the CHP reminded those who had visited specified venues under the Prevention and Control of Disease (Compulsory Testing for Certain Persons) Regulation (Cap. 599J) to receive COVID-19 nucleic acid testing according to the compulsory testing notice. The public are also urged to seek medical attention early if symptoms develop.

The CHP called on members of the public to avoid going out, having social contact and dining out. They should put on a surgical mask and maintain stringent hand hygiene when they need to go out. The CHP strongly urged the elderly to stay home as far as possible and avoid going out. They should consider asking their family and friends to help with everyday tasks

such as shopping for basic necessities.

The spokesman said, "Given that the situation of COVID-19 infection remains severe and that there is a continuous increase in the number of cases reported around the world, members of the public are strongly urged to avoid all non-essential travel outside Hong Kong.

"The CHP also strongly urges the public to maintain at all times strict personal and environmental hygiene, which is key to personal protection against infection and prevention of the spread of the disease in the community. On a personal level, members of the public should wear a surgical mask when having respiratory symptoms, taking public transport or staying in crowded places. They should also perform hand hygiene frequently, especially before touching the mouth, nose or eyes.

"As for household environmental hygiene, members of the public are advised to maintain drainage pipes properly, regularly pour water into drain outlets (U-traps) and cover all floor drain outlets when they are not in use. After using the toilet, they should put the toilet lid down before flushing to avoid spreading germs."

Moreover, the Government has launched the website "COVID-19 Thematic Website" (www.coronavirus.gov.hk) for announcing the latest updates on various news on COVID-19 infection and health advice to help the public understand the latest updates. Members of the public may also gain access to information via the COVID-19 WhatsApp Helpline launched by the Office of the Government Chief Information Officer. Simply by saving 9617 1823 in their phone contacts or clicking the link wa.me/85296171823?text=hi, they will be able to obtain information on COVID-19 as well as the "StayHomeSafe" mobile app and wristband via WhatsApp.

To prevent pneumonia and respiratory tract infections, members of the public should always maintain good personal and environmental hygiene. They are advised to:

- Wear a surgical mask when taking public transport or staying in crowded places. It is important to wear a mask properly, including performing hand hygiene before wearing and after removing a mask;
- Perform hand hygiene frequently, especially before touching the mouth, nose or eyes, after touching public installations such as handrails or doorknobs, or when hands are contaminated by respiratory secretions after coughing or sneezing;
- Maintain drainage pipes properly and regularly (about once a week) pour about half a litre of water into each drain outlet (U-trap) to ensure environmental hygiene;
- Cover all floor drain outlets when they are not in use;
- After using the toilet, put the toilet lid down before flushing to avoid spreading germs;
- Wash hands with liquid soap and water, and rub for at least 20 seconds. Then rinse with water and dry with a disposable paper towel. If hand washing facilities are not available, or when hands are not visibly soiled,

performing hand hygiene with 70 to 80 per cent alcohol-based handrub is an effective alternative;

- Cover your mouth and nose with tissue paper when sneezing or coughing. Dispose of soiled tissues into a lidded rubbish bin, then wash hands thoroughly; and
- When having respiratory symptoms, wear a surgical mask, refrain from work or attending class at school, avoid going to crowded places and seek medical advice promptly.

Pilot scheme for charging land premiums at standard rates for redevelopment of industrial buildings to be launched in mid-March

The Development Bureau (DEVB) announced today (March 4) that a pilot scheme for charging land premiums at standard rates for lease modifications for redevelopment of industrial buildings (IBs) will be launched on March 15 and will run for a period of two years. The scheme will be applicable to IBs constructed before 1987 to provide IB owners with an alternative to the conventional mechanism for premium assessment.

A spokesperson for the DEVB said the pilot scheme aims to provide certainty on land premiums through promulgating a set of standard rates and expediting the completion of lease modification procedures for IB redevelopment. This will encourage revitalisation of IBs through facilitating their early transformation into uses more compatible with the needs of society, and thus optimise the use of land.

The pilot scheme is clear and simple. Standard rates are set for five broad regions in Hong Kong and three types of uses involved in lease modifications for IBs (namely "industrial/godown" use before redevelopment, as well as "commercial/modern industrial" use and "residential" use after redevelopment), and have been formulated with reference to a basket of relevant market data. The standard rates applicable to the pilot scheme with a few illustrative examples are in the Annex.

The aforementioned standard rates will remain unchanged for the two-year period of the pilot scheme for greater certainty under the scheme. During the period, IB owners may compute the land premiums payable based on the uses and gross floor areas (GFAs) before and after lease modification by applying the promulgated standard rates, to consider whether to apply for lease modification for redevelopment of IBs.

The Lands Department will issue a Practice Note on March 15 for industry reference on the operational details of the pilot scheme, including how lease modification applicants may exercise the right to opt for calculating land premiums by standard rates, the transitional arrangement applicable to lease modification cases under processing, and the calculation of GFA. The pilot scheme will run for two years from the date of promulgation of the Practice Note.

"The pilot scheme targets pre-1987 IBs for revitalisation, because they were constructed before the Fire Services Department tightened the fire safety requirements in 1987. These buildings have relatively less adequate fire service installations and could pose safety risks to IB users and society. Promoting the redevelopment of these IBs is a more fundamental way to address the safety problems than enforcement or upgrading of installations," the spokesperson said.

The spokesperson emphasised, "The objective of the pilot scheme is not to provide premium concessions for owners, but to enhance the certainty on land premiums payable to expedite revitalisation of IBs. By definition, standard rates are not tailor-made for individual cases, and hence cannot precisely reflect the attributes of individual cases. If lease modification applicants do not find it attractive to have land premiums calculated at standard rates, they may opt to have their cases processed using the existing conventional approach for land premium assessment."

The 2020 Policy Address announced that the Government would implement a pilot scheme for charging premiums at standard rates, as another initiative to encourage revitalisation of IBs following the two rounds of IB revitalisation schemes introduced in 2010 and 2018. As at December 2020, some 60 redevelopment applications had been received under the two rounds of IB revitalisation schemes, of which 14 applications had completed lease modification and around 40 had obtained planning permission (some of the latter would still require lease modification). In addition, owners of some 150 IBs had applied for wholesale conversion under the schemes, and approvals had been given for 140 of the buildings.