

Calendar of Events of Significance for the Hong Kong Economy in 2006

- 1 Jan The third phase of Closer Economic Partnership Arrangement (CEPA) between the Mainland and Hong Kong came into effect. All products of Hong Kong origin could enter the Mainland tariff free, upon the CEPA rules of origin being agreed and met. 262 additional products were added to the list of goods with CEPA rules of origin, making a total of 1 370. Moreover, Hong Kong service suppliers enjoyed preferential access to the Mainland market in 27 service areas.
- The Mainland continued to reduce its import tariffs on more than 100 items in line with the World Trade Organization (WTO) commitments. The average import tariff rate was 9.9% in 2006. After this round of tariff reduction, the Mainland basically fulfilled its tariff reduction commitments under the WTO.
- The Mainland ceased levying export duty on textile exports.
- 3 Jan The People's Bank of China (PBOC) announced further measures to improve the managed float exchange rate regime and promote development of the foreign exchange market in the Mainland. Among other measures, over-the-counter transactions were introduced in the inter-bank spot foreign exchange market on 4 January.
- 4 Jan The Heritage Foundation and the Wall Street Journal released the 2006 Index of Economic Freedom. Hong Kong was rated the freest economy in the world for the 12th straight year, followed by Singapore and Ireland.
- 6 Jan The Office of the Telecommunications Authority (OFTA) introduced a new Services-Based Operator (SBO) Licence for the provision of Internet Protocol (IP) Telephony services. The creation of SBO Licence enabled services-based operators to enter the IP Telephony services market, thereby further enhancing market competition.
- 8 Jan The Hong Kong Shipping Register reached 30 million gross tonnage.
- 9 Jan The Hong Kong Monetary Authority (HKMA) launched the CMU Bond Price Bulletin website (www.cmu.org.hk). The website provided retail investors with convenient on-line access to indicative bond prices quoted by the major banks in Hong Kong, and help promote the retail bond market in Hong Kong.
- 10 Jan The new franchised bus fare adjustment arrangement came into effect.
- 17 Jan The Government granted the approval for the further planning of the Northern Link and the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link. The Kowloon Canton Railway Corporation (KCRC) was invited to proceed with further planning work of the project.
- 19 Jan HKMA announced the position of the Exchange Fund at the end of 2005. The Fund recorded an investment income of \$38.1 billion in 2005. After deducting interest and other expenses, net investment income was \$30.4 billion, of which the Fiscal Reserves' share amounted to \$10.0 billion. At the end of 2005, the Accumulated Surplus stood at \$443.2 billion.

- 23 Jan The Treasury Markets Association was established. The Association aimed to further promote the professionalism and competitiveness of the treasury markets in Hong Kong.
- 24 Jan The Housing Authority (HA)'s Subsidized Housing Committee endorsed the sale of surplus Home Ownership Scheme (HOS) flats, standing at about 16 600, from 2007 onwards. The surplus flats would be offered for sale to both public rental housing tenants and eligible households living in private housing.
- 2006
- 1 Jan Holders of Document of Identity for visa purposes who held smart identity cards could make use of the automated passenger clearance channels and automated vehicle clearance channels (e-channels) at boundary control points.
- 31 Jan The construction of the Deep Bay Link (DBL) in the northwest New Territories was substantially completed. The DBL, together with the Hong Kong-Shenzhen Western Corridor, would serve to meet the increasing cross-boundary traffic needs.
- A circular, issued jointly by the Mainland's Ministry of Finance and four other Ministries, announced that foreign investors (including Hong Kong, Macao and Taiwan) were allowed to make strategic investments in tradable A shares of companies which had completed share reform, or companies which had been listed after the share reform, provided that these foreign investors would acquire at least a 10% stake and hold the stock for three years.
- 1 Feb The Marine Department introduced the Annual Tonnage Charge reduction scheme for ships registered in Hong Kong.
- The Base Rate under the Discount Window operated by HKMA was raised by 25 basis points to 6.0%, following an increase of the United States (US) Fed Funds target rate by the same magnitude to 4.5%.
- 11 Feb The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect.
- 14 Feb The International Monetary Fund (IMF) released its Staff Report on Hong Kong. IMF gave a positive assessment of Hong Kong's economic performance and commended the Government's fiscal and exchange rate policies. IMF also noted the importance of Hong Kong playing an increasing role in the Mainland's financial intermediation, which Hong Kong was well-positioned to assist given its sophisticated financial infrastructure.
- 17 Feb The Legislative Council (LegCo) Finance Committee approved the equity investment by the Financial Secretary Incorporated in the DTTN Limited. The investment was made in response to industry's demand for government investment in the company to ensure the neutrality and non-exclusivity of the Digital Trade and Transportation Network System.
- 22 Feb The Financial Secretary (FS) presented the Budget for the financial year 2006-07 to the LegCo.
- FS proposed, among others, to lower the marginal salaries tax rates of the second, third and top tax bands by one percentage point from 8, 14 and 20 per cent to 7, 13 and 19 per cent respectively; and to extend the maximum number of years of deduction for home loan interest from 7 years to 10 years.

The 2005 Economic Background and 2006 Economic Prospects were published along with the 2006-07 Budget. On Hong Kong's economic outlook for 2006, the Gross Domestic Product (GDP) growth was forecast at 4% to 5% in real terms, while the Composite Consumer Price Index (CPI) was forecast to increase by 2.3%.

1 Mar The United Kingdom (UK) Foreign and Commonwealth Office presented to UK parliament the 18th Six-monthly Report on Hong Kong covering the period July to December 2005. The Report stated that the "One Country, Two Systems" principle had generally worked well in practice and that the rights and freedoms promised to Hong Kong in the Joint Declaration and the Basic Law had continued to be upheld. It also reported that bilateral trade had continued to expand healthily.

The Customs and Excise Department signed a Customs Co-operative Arrangement with the Customs Department of Thailand. The Arrangement pledged to strengthen cooperation in fighting transnational customs crimes.

2 Mar A pilot scheme was launched for opening up intellectual property in government information technology systems for commercial exploitation.

3 Mar The Commerce, Industry and Technology Bureau (CITB) commenced a three-month consultation on the proposed merger of the Broadcasting Authority and Telecommunications Authority to set up a unified regulator, namely the Communications Authority, to oversee the entire electronic communications sector. The merger proposal aimed to enhance regulatory co-ordination and efficiency, and facilitate further development of the electronic communications industry, thereby benefiting consumers. The public and the industry had responded positively. In the light of this, the Administration planned to introduce the relevant legislation into the LegCo in 2007.

6 Mar The Renminbi Settlement System was launched. Key functions of the System included a clearing and settlement system for renminbi cheques drawn on banks in Hong Kong for consumer spending in Guangdong, an automated system for remittance processing, renminbi bank card payments and renminbi position-squaring, and a real-time enquiry service for participants of the system.

9 Mar HA launched a three-month public consultation on the review of its domestic rent policy. The consultation paper set out the initial findings of the HA's Ad Hoc Committee on Review of Domestic Rent Policy. Amongst the most important reform proposals was the establishment of a more transparent and well-defined index-linked mechanism to guide future rent adjustments, both upwards and downwards, based on movements in consumer price or tenants' household income.

10 Mar The Revenue (Profits Tax Exemption for Offshore Funds) Ordinance 2006 was enacted.

The Revenue (Personalized Vehicle Registration Marks) (PVRMs) Ordinance 2005 came into effect. Under the Scheme, a vehicle owner could choose a preferred registration mark, apply to the Transport Department and use it upon approval and bidding. Three auctions were held for the approved PVRMs in September, October and December of 2006.

- 13 Mar The income and asset limits for the HA's Waiting List applicants were increased by an average of 2.7% and 1.7% respectively for 2006–07 to reflect the change in consumer price levels and private rentals in Hong Kong over the year.
- 14 Mar The Mainland's 11th Five-year Plan (2006–2010) was endorsed in the fourth session of the 10th National People's Congress. The key targets of the Plan included building a new socialist countryside, boosting optimization and upgrade of industrial structure, speeding up services industry development and promoting balanced regional development. The Plan unequivocally supported Hong Kong in the development of its services industries such as financial services, logistics, tourism and information services, and the maintenance of its status as an international centre of financial services, trade and shipping.
- 16 – 17 Mar A seminar on the Avian Influenza Preparedness for the Aviation Sector cum Contingency Exercise was held. The seminar focused on the preparedness for the Avian Influenza in the aviation sector and provided a forum for delegates from various states/territories and international organizations to share experience in the fight against Avian Influenza.
- 17 Mar The Government announced the 2006–07 Application List for the sale of Government land, which comprised 33 residential sites and 12 commercial/business sites of various sizes and at various locations.
- The Copyright (Amendment) Bill 2006 was published in the Gazette. The Bill included proposals which sought to introduce new end-user criminal liability for copyright infringement, improve the copyright exemption regime, strengthen the protection for technological measures for copyright protection, introduce rental rights for films and comic books, and further liberalize the use of parallel imports. The Bill was introduced into the LegCo on 29 March 2006.
- 20 Mar The Planning Study on the Co-ordinated Development of the Greater Pearl River Delta (PRD) Townships, carried out jointly by Guangdong and Hong Kong, commenced. Its objective was to formulate a regional planning strategy for the Greater PRD Region.
- 21 Mar The third Digital Entertainment Leadership Forum was held, where overseas experts in digital entertainment shared their vision and experience with the local practitioners.
- 21 – 24 Mar The third Corporate Registers Forum, hosted by the Companies Registry, was held. The forum provided an opportunity for Registrars of Companies or their equivalents from all over the world to meet and exchange information and experiences on the latest international developments.
- 22 Mar The fourth Hong Kong Digital Entertainment Excellence Awards Presentation Ceremony was held. The awards aimed to recognize and honour the best works produced in Hong Kong in digital entertainment and to promote excellence in the field.
- The Civil Aviation Department (CAD) signed a Technical Arrangement on Aircraft Maintenance with Civil Aviation Directorate of Transport Canada for the mutual recognition of aircraft maintenance approval. This was an expansion of a previous arrangement signed in December 2005.

- 23 Mar The Pan-PRD Financial Services Forum was held by the Financial Services and the Treasury Bureau (FSTB) to enable leaders and entrepreneurs from the Pan-PRD Region to gain a better understanding of Hong Kong's financing and investment services, and encourage them to use Hong Kong as the capital formation and investment platform. At the Forum, the Chief Executive of HKMA proposed a five-pronged financial development strategy for the maintenance of the status of Hong Kong as an international financial centre.
- The Hong Kong Mortgage Corporation Limited (HKMC) announced the launch of a debut issue under the Debt Issuance Programme for a \$100 million 2-year Composite Interest Rate Notes. It was another initiative by HKMC to promote product diversification in the Hong Kong debt market.
- 29 Mar The Base Rate under the Discount Window operated by HKMA was raised by 25 basis points to 6.25%, following an increase of the US Fed Funds target rate by the same magnitude to 4.75%.
- 31 Mar The second stage consultation exercise on the Future Development of the Electricity Market in Hong Kong ended with over 17 000 submissions. The Government would finalize the post-2008 regulatory arrangements taking into account the public comments received.
- The Office of the US Trade Representative released the 2006 National Trade Estimate Report on Foreign Trade Barriers. The report gave recognition to Hong Kong's continued efforts in protecting intellectual property rights and highlighted Hong Kong's efforts in removing service barriers and opening up markets.
- 6 Apr The Treasury Markets Association launched the Spot USD/HKD Fixing. The Fixing served as a benchmark for the market exchange rates of US dollar against Hong Kong dollar at 11:00 a.m. Hong Kong time and was expected to provide a reference rate for the pricing of Hong Kong dollar-linked currency products.
- 10 Apr –
23 Aug About 15 hectares of land in Tai Po and Kwai Chung were tendered out to meet the demand of land for port and logistics use.
- 11 Apr The Government announced that a non-binding Memorandum of Understanding (MOU) was signed with the MTR Corporation Limited on the structure and terms for the merger of the Mass Transit Railway (MTR) and the Kowloon-Canton Railway (KCR) systems. Under the merger proposal, KCRC would grant a service concession with an initial term of 50 years to MTR Corporation Limited to operate the KCR system. The proposed merger would bring overall benefits to the community as a whole.
- 12 Apr The Securities and Futures Commission signed a MOU with the Israel Securities Authority to facilitate cooperation on enforcement of securities laws and exchange of information.
- 13 Apr The Report on the Consultancy Study on the Local Auto-fuel Retail Market was released. The consultant concluded that there was no clear evidence of collusion by the oil companies in setting prices of auto-fuel. Nevertheless, given the inherent characteristics of the local auto-fuel market, the consultant recommended that the Government should consider preventive measures for prohibiting cartel behaviour, either through general or sector-specific competition laws.

- 14 – 15 Apr The Cross-Straits Economic and Trade Forum was held in Beijing. At the conclusion of the Forum, the Mainland announced a new package of 15 policies to boost cross-straits exchanges and cooperation in favor of Taiwan compatriots.
- 14 – 17 Apr The ICT Pavilion 2006 was held. The event provided a platform for the industry to promote their information and communications technology (ICT) products and services, and opportunity for business matching among local, Mainland and overseas companies.
- 18 Apr Standard & Poor (S&P) upgraded Hong Kong's foreign currency and local currency rating outlooks from "Stable" to "Positive". S&P also affirmed Hong Kong's long-term foreign currency and long-term local currency ratings at "AA-".
- PBOC, the Chinese Banking Regulatory Commission and the State Administration of Foreign Exchange together issued new rules allowing Mainland institutions and residents investing in offshore financial products through onshore commercial banks.
- 20 Apr The second meeting of the Mainland and Hong Kong Science and Technology Co-operation Committee was held in Hong Kong. The Committee agreed to organize various activities, such as innovation achievements exhibition and forums, and to promote technological exchange and collaboration between the Mainland and Hong Kong.
- Five new Research and Development (R&D) Centres were set up, with funding support from the Innovation and Technology Fund, to undertake industry-oriented research in technologies demanded increasingly in the PRD region. The Centres aimed to become the focal points of applied R&D and develop core competencies in the selected focus areas of automotive parts and accessory systems; information and communications technologies; logistics and supply chain management enabling technologies; nanotechnology and advanced materials; and textiles and clothing.
- 21 Apr The first batch of civil celebrants of marriages was appointed to provide greater flexibility and convenience to marrying parties.
- 27 Apr The US State Department published its ninth report on Hong Kong after Hong Kong's reunification with the Mainland. The report gave an overall positive assessment of the developments in Hong Kong in the 12-month period ending March 2006. It recognized that Hong Kong remained an international city and one of the world's freest and most open economies. It affirmed Hong Kong's autonomy, rule of law, respect for freedom and civil liberties, and praised Hong Kong's contribution to issues of interests to the US. It also gave recognition to Hong Kong's strong support for global counterterrorism efforts.
- HA announced that the monthly and hourly charges at its car parks would be adjusted downwards, with effect from 1 June 2006, to boost occupancy rate of its 108 car parks with 27 410 parking spaces.
- 28 Apr PBOC raised the benchmark interest rate of loans with a maturity of one-year of the financial institutions by 27 basis points to 5.85%. It was the first time since 2004.

- 1 May The Individual Visit Scheme (IVS) was extended to cover six more Mainland cities, including Nanchang, Changsha, Nanning, Haikou, Guiyang and Kunming, bringing the total number of IVS cities to 44.
- 8 May The China Securities Regulatory Commission lifted the restriction, which lasted for around a year, on fund raising by enterprises in the A-share market. Listed companies could once again raise additional capital from the stock market by issuing new shares, share placement and other types of securities.
- 11 May The International Institute for Management Development once again ranked Hong Kong as the second most competitive economy in the world in 2006 and the most competitive amongst the small economies.
- The Base Rate under the Discount Window operated by HKMA was raised by 25 basis points to 6.5%, following an increase of the US Fed Funds target rate by the same magnitude to 5.0%.
- 16 – 17 May The Greater PRD Business Council Joint Investment and Trade Promotion Sub-group, in conjunction with Invest Hong Kong, organized the first private-owned enterprises study mission to Hong Kong. Over 30 delegates from Guangdong private-owned enterprises came to study the business environment and explore how Hong Kong could be used as a springboard to access the international market.
- 17 May The China Securities Regulatory Commission issued new rules and regulations governing initial public offerings (IPOs), which effectively lifted the restriction on IPOs in the A-share market. This followed the earlier measures announced in resuming fund raising activities by already listed companies.
- The First Expert Group on Co-operation in Informatisation Meeting under the Hong Kong/Guangdong Co-operation Joint Conference was held in Guangzhou. The Meeting aimed to foster co-operation between the two places.
- 18 May The Mainland's State Council announced six guidelines to cool property markets nationwide following its meeting on 17 May.
- 20 May Hong Kong Wetland Park, a world-class conservation, education and tourism facility, was opened. The Park attracted a total of over 750 000 visitors in its first six months of operation.
- 21 – 31 May FS visited New Zealand and Australia to meet with ministers responsible for trade, economic and financial portfolios as well as business leaders in the two countries to provide an update on the strong recovery of Hong Kong's economy and initiatives taken to reinforce Hong Kong's position as a leading international financial, business and tourist centre.
- 23 May The Government published the First Quarter Economic Report 2006. The Report pointed out that the Hong Kong economy sustained its strong upturn, with GDP leaping by a stronger-than-expected 8.2% in real terms over a year earlier. The strong growth momentum was underpinned by the robust growth in exports of both goods and services amidst surging intra-regional trade and vibrant inbound tourism. Locally, consumption spending picked up on the back of improving employment incomes and stronger household balance sheet and investment expenditure also maintained strong growth.

In the May update of the economic forecast for 2006, the forecast growth rate in real terms of GDP was kept at 4% to 5%, same as the forecast first released in the Budget. Meanwhile, the forecast rate of increase in the Composite CPI was lowered to 2.0%.

26 May The LegCo Finance Committee approved an allocation of \$1 billion to launch a Third Matching Grant Scheme. The Scheme was opened for application by the eight University Grants Committee-funded institutions from 1 June 2006 to 28 February 2007 to match their eligible private donations. As at end-November, over \$1.2 billion of private donations were secured by the institutions under the Scheme.

The Intellectual Property Department completed the launch of its interactive electronic services. These services enabled instant approval for renewal of registered trademarks and patents, change of particulars for owners and agents of trademark, patents and designs, extension of time of trademark applications, and registration of assignments and assents for registered marks and trademark applications.

29 May The Office of the Commissioner of Insurance (OCI) and the Office of the Superintendent of Financial Institutions Canada concluded a MOU to strengthen supervisory cooperation and exchange of information between the two regulators.

31 May The Immigration Department completed the installation of all e-channels at boundary control points.

1 Jun The OCI and the National Association of Insurance Commissioners of the US concluded a MOU to strengthen supervisory cooperation and exchange of information between the two regulators.

Bank of China Ltd, one of the four largest state-owned commercial banks in the Mainland, was listed in Hong Kong, raising equity fund of \$86.7 billion through IPO. This surpassed Hong Kong's IPO fund raising record set by China Construction Bank Corporation last year.

The Voluntary Surrender Scheme for Pig Farmers was launched to reduce the risk to public health and the threat to the environment posted by pig farming. Under the Scheme, pig farmers were encouraged to exit the trade permanently in exchange for ex-gratia payment.

2 Jun CAD signed a Cooperation Arrangement on Mutual Acceptance of Approval of Aircraft Maintenance Organizations with the General Administration of Civil Aviation of China and Macao Civil Aviation Authority. This Cooperation Arrangement, which included entire aircraft maintenance, was an expansion of a previous one signed in May 2002 that covered only aircraft component maintenance.

2 – 4 Jun A Hong Kong Special Administrative Region (HKSAR) mission led by the Chief Executive (CE) visited Guangxi. The governments of Guangxi and HKSAR agreed to strengthen cooperation in areas including tourism, financial services, aviation and exhibition.

- 4 – 7 Jun A HKSAR delegation led by CE attended the Third Pan-PRD Regional Cooperation and Development Forum and the Third Pan-PRD Trade Fair in Kunming, Yunnan. The delegation met “9+2” officials and experts and held fruitful discussions with them on ways forward of Pan-PRD cooperation.
- At the margin of the Forum, a logistics delegation led by the Secretary for Economic Development and Labour signed seven MOU on exchange and cooperation with the Yunnan Provincial Economic Commission.
- 5 – 8 Jun The 31st Annual Conference of International Organization of Securities Commissions (IOSCO) was successfully held by the Securities and Futures Commission in Hong Kong. The presence of more than 650 regulators and market practitioners from 135 jurisdictions around the world made the event the largest gathering for an IOSCO Annual Conference in recent years. During the conference, member jurisdictions reached important decisions, including a new resolution that encouraged members to examine the legal framework under which they operated and to enable the freezing of assets derived from cross-border securities and derivatives violations.
- 6 – 7 Jun The Seminar on Financial Infrastructure jointly organized by PBOC and HKMA was held in Beijing and Shanghai. The Seminar aimed at sharing experience of the financial infrastructures in the Mainland and Hong Kong, and further reinforcing co-operation between the two places on the development of financial infrastructure.
- 13 Jun An Industry Working Group on Prevention of Money Laundering and Terrorist Financing was formed. The Working Group aimed to further strengthen the banking industry’s preparedness to meet new challenges in the prevention of money laundering and terrorist financing activities, and to serve as a forum for discussing international developments on anti-money laundering and exchanging views on issues affecting the implementation of international standards and other related matters.
- 14 Jun Cathay Pacific Airways Limited (CPA) was voted the “Best Airline – Asia”, and Hong Kong Dragon Airlines Limited (Dragonair) voted, for the fifth consecutive year, the “Best Airline – China” in a large scale annual survey undertaken by Skytrax Research in the UK involving over 13 million voters of over 93 nationalities from September 2005 to May 2006.
- The Cross-straits Aviation Transport Exchange Council and the Taipei Airlines Association reached a consensus on the framework of chartered flights for festivals and special cases. The two sides also agreed to open chartered flights for emergency medical rescue, first aid and chartered cargo flights for special needs.
- 15 Jun The second E-government Conference was held to facilitate the sharing of experience of major economies in setting policies and pushing through programmes for transforming government service delivery under a citizen-centric approach. Over 100 senior government officials attended the event.
- 16 Jun The system for electronic submission of cargo manifests, which commenced operation in 2003, was fully implemented. Henceforth, manifests for ocean and river cargoes had to be submitted by electronic means.

- 23 Jun The Industry Task Force convened by the Hong Kong Association of Banks, comprising representatives from FSTB and HKMA, announced a package of recommendations to minimize the impact of branch closures on the public.
- 27 Jun The Government of the HKSAR and the Central People's Government signed the Supplement III to CEPA. From 1 January 2007, the Mainland would implement 15 new liberalization measures in 10 existing service areas. The two sides also agreed to add protection of intellectual property as a new initiative under the trade and investment facilitation (TIF) framework of CEPA, bringing the number of TIF areas to eight. In addition, with effect from 1 July 2006, the number of products with CEPA rules of origin was increased to 1 407.
- The Mobile Enterprise 2006: Conference & Exhibition was held to promote the development and adoption of mobile and wireless applications in various industries in Hong Kong.
- 28 Jun The Immigration Department launched the Quality Migrant Admission Scheme. The Scheme aimed to attract highly skilled or talented persons from the Mainland and overseas to settle in Hong Kong in order to further enhance Hong Kong's economic competitiveness in the global market. Results of the first selection exercise were announced in November 2006 with 83 applications approved in principle.
- 29 Jun The Ministry of Commerce and the Government of the HKSAR jointly organized the Mainland, Hong Kong and Macao Trade and Economic Co-operation Forum in Hong Kong to mark the third anniversary of the signing of CEPA. 600 guests from the three places attended the Forum.
- 30 Jun The Hang Seng Index (HSI) Services Limited announced the inclusion of H-share companies as HSI constituents and an increase of the maximum number of HSI constituents from 33 to 38. This was the first time that the number of HSI constituents was adjusted since the establishment of HSI in 1969.
- The Base Rate under the Discount Window operated by HKMA was raised by 25 basis points to 6.75%, following an increase of the US Fed Funds target rate by the same magnitude to 5.25%.
- 1 Jul The State Administration of Foreign Exchange of the Mainland allowed enterprises to buy foreign currencies according to their needs for foreign investments, provided that the investment projects were approved by the relevant authorities.
- The Government implemented the first phase of the five-day week scheme to reduce the pressure on government staff and to improve the quality of their family life, without impairing operational efficiency. It was expected that the scheme would have a positive impact on the community. The first phase covered more than 70 000 public officers.
- 4 Jul The Competition Policy Review Committee released its review report. Having reviewed local and overseas competition models, the Committee concluded that without appropriate legislative backing it would be difficult to combat anti-competitive practices effectively. The Committee therefore proposed that a cross-sector competition law be introduced.

- 5 Jul CAD endorsed the reclassification of Hong Kong International Airport (HKIA) to a Code 4F aerodrome for accommodating aircraft with wing span up to 80 m, following the upgrading works on essential airfield and apron facilities by the Airport Authority (AA) in preparation for the future operation of the new large aircraft Airbus A380 at HKIA.
- PBOC raised the renminbi reserve requirement ratio of deposit-taking financial institutions by 0.5 of a percentage point in response to the rapid growth of monetary and credit aggregates.
- 7 Jul Moody's upgraded Hong Kong's local currency outlook from "Stable" to "Positive". Moody's also indicated it would review Hong Kong's foreign currency rating for possible upgrade.
- 10 Jul The Customs and Excise Department, in collaboration with the Hong Kong Brands Protection Alliance, launched the Fast Action Scheme to facilitate investigation of infringing activities at large-scale exhibitions.
- 12 Jul The Government introduced into the LegCo the Unsolicited Electronic Messages Bill after careful consideration of the views received in the public consultation exercise. The Bill strived to strike a balance between containing the spamming problem and allowing the development of legitimate electronic marketing in Hong Kong. The Bill proposed that all types of commercial electronic messages, including email, fax, or pre-recorded voice messages but excluding person-to-person telemarketing calls, originating from or sent to Hong Kong, should be regulated.
- 13 Jul The Financial Reporting Council Ordinance was enacted by the LegCo, providing for the establishment of the Financial Reporting Council to investigate irregularities concerning auditors and reporting accountants of listed entities and to enquire into non-compliance matters regarding financial statements of listed entities.
- 14 Jul OFTA issued a consultation paper to solicit public views on its proposal of updating the regulatory framework to pave the way for the fixed-mobile convergent era. Issues identified in the consultation included interconnection settlement arrangement between fixed and mobile networks, the local network access charge arrangement and licensing regime, etc.
- 18 Jul Government held the first land auction of 2006-07. A residential site of 2 240 m² at Cheung Sha, Lantau Island was sold for \$30.5 million.
- FSTB launched a public consultation exercise on tax reform for some nine months.
- 19 Jul Expansion work on the Hong Kong Convention and Exhibition Centre began. The \$1.4 billion project would create 40% more exhibition space and was scheduled for completion in the first half of 2009.
- The Customs and Excise Department, in collaboration with the Intellectual Property Department, copyright owners' associations and 11 local youth uniformed groups, launched the Youth Ambassador Against Internet Piracy Scheme to combat sharing of infringing copyright materials on the Internet using the BitTorrent (BT) software.

- 20 Jul A package of measures to improve occupancy rate at the HA's retail premises in 181 public rental housing estates or HOS housing courts was endorsed. More flexible terms of letting by advertising short-term lettings through instant open tender or direct negotiations on a first-come-first-served basis were introduced.
- 25 Jul Fitch upgraded Hong Kong's long-term foreign currency rating outlook to "Positive" from "Stable". Fitch also affirmed Hong Kong's long-term foreign currency rating at "AA-" and long-term local currency rating at "AA+" with a stable outlook.
- The UK Foreign and Commonwealth Office presented to UK parliament the 19th Six-monthly Report on Hong Kong covering the period January to June 2006. The Report stated that the "One Country, Two Systems" principle had generally worked well in practice and that the rights and freedoms promised to Hong Kong in the Joint Declaration and the Basic Law had continued to be upheld. It also reported that bilateral trade had continued to expand healthily.
- 27 Jul S&P upgraded Hong Kong's foreign and local currency ratings to "AA" from "AA-", with stable outlooks. This was the highest rating that S&P had ever assigned to Hong Kong.
- HKMA published the investment results of the Exchange Fund for the first half of 2006 and the unaudited balance sheet of the Exchange Fund for the end of June 2006. HKMA earned for the Exchange Fund an investment income of \$30.7 billion in the first half of 2006. The share of investment income for the fiscal reserves placed with the Exchange Fund was \$8.7 billion. The Accumulated Surplus of the Exchange Fund recorded an increase of \$17.1 billion. At the end of June 2006, the total assets of the Exchange Fund was \$1,105.2 billion.
- At the WTO General Council meeting, the Director-General of the WTO recommended suspending the Doha Development Agenda negotiations as impasse persisted in the area of agriculture. The recommendation was accepted by WTO Members at the meeting. It would not be possible to complete the Doha Round by the end of 2006 as targeted.
- 2 Aug The Ninth Plenary Meeting of the Hong Kong Guangdong Cooperation Joint Conference was held. The two governments reached agreement on a number of issues, including major infrastructural projects, air quality improvement, control-point operation, facilitating cross-boundary flow of people and cargo, food safety and prevention of diseases. The two sides also agreed to step up co-operation in various aspects to tie in with the future development of Guangdong, and to grasp the opportunities brought about by the development under the 11th Five-Year Plan.
- 3 Aug HKMA released for public consultation a draft of the Banking (Capital) Rules, which would be the implementing Rules for Basel II.
- 9 Aug The 2006 Guangdong-Hong Kong Technology Cooperation Funding Scheme invited applications. Jointly launched by the Innovation and Technology Commission of the HKSAR and the Guangdong Provincial Department of Science and Technology since 2004, the Scheme aimed to enhance collaborations among research institutions and technology enterprises in Hong Kong and Guangdong. In 2006, the two sides earmarked a total of \$800 million to support applied R&D projects that would facilitate industry upgrading.

- 15 Aug The Betting Duty (Amendment) Ordinance 2006 came into effect to reform the horse race betting duty regime based on gross profit margin.
- PBOC decided to raise the reserve requirement ratio of deposit-taking institutions by 0.5 of a percentage point to strengthen liquidity management, restrain the relatively fast growth of money and credit and preserve a sound development momentum.
- 19 Aug POBC further raised the benchmark lending rates for financial institutions by 27 basis points. The benchmark interest rate of loans with a maturity of one-year was raised to 6.12%.
- 21 Aug The Government of the HKSAR and the Central People's Government signed a new Arrangement for the Avoidance of Double Taxation on Income and Prevention of Fiscal Evasion. The new Arrangement, which extended the scope of the original Arrangement signed in 1998, covered direct income earned by businesses and individuals as well as indirect income; and it ensured that the same income would not be doubly taxed in the two tax jurisdictions.
- 22 Aug The Government published the Half-yearly Economic Report 2006. The Report pointed out that the Hong Kong economy grew by 5.2% in real terms in the second quarter over a year earlier, after an exceptionally strong growth in the first quarter. Externally, exports of goods grew more moderately owing to the weaker external demand and the feeding-through of a stronger US dollar in the earlier period. Yet exports of services maintained notable growth momentum, bolstered by continued distinct growth in offshore trade and vibrant inbound tourism. Locally, consumption demand continued to hold up well alongside improving employment conditions.
- In the August update of the economic forecast for 2006, the forecast growth rate in real terms of GDP was kept at 4% to 5%, same as the forecast in the May round. GDP growth for the year as a whole was likely to be close to the upper end of the range forecast. Likewise, the forecast rate of increase in the Composite CPI was maintained at 2.0%.
- 23 Aug The first shipment of chilled pork from the Mainland was introduced to Hong Kong, thereby adding to the variety of meat available to local consumers. The chilled pork came from registered plants in the Mainland where slaughtering and meat processing procedures were strictly monitored.
- 31 Aug The MTR Corporation Limited submitted the West Island Line Revised Proposal to the Government.
- 1 Sep HKMC announced the launch of a new retail bond issue under the Retail Bond Issuance Programme, including Hong Kong dollar two-year notes, US dollar two-year notes and Hong Kong dollar 10-year zero-coupon bonds. This was the first time that a zero-coupon bond product was offered to the retail public in Hong Kong and it was also the first time HKMC issued retail bond with 10-year tenor.
- The Guidelines for Sponsors and Compliance Advisers were gazetted. The Guidelines outlined the specific eligibility criteria and ongoing requirements for sponsors and compliance advisers acting for listing candidates and listed companies. The Guidelines took effect on 1 January 2007.

HKMA released for public consultation a draft of the Banking (Disclosure) Rules. These Rules and the Banking (Capital) Rules comprised the full implementing Rules for Basel II.

3 Sep The Office of the Government Chief Information Officer (OGCIO) completed the implementation of its Central Computer Centre outsourcing initiative. This signified a major milestone of data centre outsourcing in the Government of the HKSAR, which facilitated the development of data centre service industry in Hong Kong.

6 Sep Hong Kong was ranked the fifth amongst 175 economies in the world in terms of the ease of doing business and the second most business-friendly in Asia, according to the World Bank's report on Doing Business in 2007.

A new one-stop portal, GovHK, was soft launched to the general public for trial use. To facilitate access to government information and services, GovHK clustered related content offered by different government bureaux and departments by subjects familiar to citizens, such as education and training, employment, health and medical services, transport and motoring.

The Hong Kong Economic and Trade Office in Shanghai commenced operation to promote Hong Kong's exchanges and cooperation with the eastern region of the Mainland, covering the Yangtze River Delta region and its peripheries.

7 Sep Hong Kong remained the freest economy in the world, according to the 2006 Annual Report on the Economic Freedom of the World jointly released by the Fraser Institute of Canada, CATO Institute of the US and more than 70 think tanks.

The European Commission published its eighth report on the HKSAR. The report pointed out that Hong Kong continued to enjoy a high degree of autonomy under the Basic Law and the principle of "One Country, Two Systems". It also commented, among others, that Hong Kong's economy showed strong economic growth, restoring fiscal balance for the first time since 1997.

11 Sep The Economic Summit on China's 11th Five-Year Plan and the Development of Hong Kong was held to provide a platform for the Government and all sectors of the community to discuss how Hong Kong should respond to the challenges and opportunities arising from the 11th Five-Year Plan and to come up with a set of strategic proposals.

The first H-share company, the China Construction Bank, was included as a HSI constituent stock.

11 – 13 Sep TDC organized its first large-scale solo exhibition, Style Hong Kong in Budapest Exposition, in Hungary to present innovative and lifestyle products from over 100 Hong Kong manufacturers and traders to Central and Eastern European buyers and further explore business opportunities in these emerging markets.

12 Sep A residential site of 2 076 m² at Tsing Lung Tau was sold by way of auction for \$53 million.

Specified non-permanent residents holding smart identity cards could make use of e-channels at boundary control points.

- 14 Sep The Mainland announced the adjustment of the rates of tax rebate for certain exports. Among which, the rates of tax rebate for products of industries which were high energy-consuming, high resource-consuming, and/or high pollution-generating were reduced or eliminated. The Mainland also classified products with zero export rebate into the prohibited category for processing trade. The measures took effect from 15 September 2006.
- 15 Sep The Telecommunications Authority announced its decision to put resellers of telecommunications services under the regulation of a class licensing regime with a view to ensuring level playing field in the market and enhancing consumer protection. Under the new regulatory regime, resellers would automatically become class licensees without any requirements of individual licence applications or registrations. They would be subject to the licence conditions aiming at consumer protection, such as provision of more information to the consumers.
- 15 – 16 Sep The eHealth Forum 2006 was held. The Forum drew together the policy makers and key executives from relevant government departments and agencies as well as major corporations of both healthcare and ICT industries. It was a major international event for healthcare professionals.
- 17 – 19 Sep FS participated in the IMF/World Bank Annual Meeting held in Singapore. He also took the opportunity to meet with the Minister of Finance, the Governor of PBOC and the US Federal Reserve Board Chairman.
- 18 Sep Ngong Ping 360 was opened, which brought about another brand new tourist attraction to Hong Kong. It comprised a 20-minute cable car ride offering a spectacular panoramic view of the beautiful landscape of Lantau Island, and a traditional Chinese and Buddhist themed village.
- 21 Sep The Asian-Oceanian Computing Industry Organization (ASOCIO) ICT Summit 2008 Bidding Committee, headed by the Information and Software Industry Association, won the bid for staging the ASOCIO ICT Summit 2008 in Hong Kong.
- 22 Sep The Securities and Futures Commission published the Consultation Conclusions on Possible Reforms to the Prospectus Regime in the Companies Ordinance. Implementation of the proposed initiatives would more closely align Hong Kong's public offering regime with that of other leading jurisdictions and support Hong Kong's continuing role as an international financial centre.
- 24 – 26 Sep A HKSAR mission led by CE visited Hunan. The delegation attended the First Central China Trade and Investment Expo in Changsha.
- 25 Sep The Hong Kong Digital Content Alliance was formed by 12 organizations and trade bodies of the creative industries under the Programme to Promote Legal Download of Digital Content in Hong Kong. The Alliance would implement initiatives to arouse public awareness of the importance of legal download of digital content.
- The Deposit Protection Scheme in Hong Kong started providing deposit protection. The Scheme would help strengthen public confidence in the banking system and contribute to the maintenance of financial stability.

- 26 Sep The World Economic Forum released its Global Competitiveness Report 2006–2007. Hong Kong’s ranking rose to 11th, from 14th last year.
- Results of the 2006 Annual Survey of Companies in Hong Kong Representing Parent Companies located outside Hong Kong conducted by the Census and Statistics Department showed that Hong Kong remained a magnet for international companies to oversee their regional operations. Both the total number of regional operations in Hong Kong and the number of local offices operated by overseas and Mainland companies reached all-time highs.
- 27 Sep Moody’s upgraded Hong Kong’s foreign currency rating to “Aa3” from “A1”, with “Positive” outlook. Following Moody’s upgrade, Hong Kong achieved AA-category ratings by all major international credit rating agencies. The latest ratings were also the highest that had ever been assigned to Hong Kong.
- 28 Sep The Hong Kong Economic and Trade Office in Chengdu commenced operation to promote Hong Kong’s exchanges and cooperation with the southwestern region of the Mainland, covering four of the Pan-PRD provinces and its peripheries.
- 1 Oct New measures to address risks arising from securities margin financing came into effect. The measures would help protect the investing public and provide a stronger foundation for the long-term development of the industry.
- 5 Oct A review of debt market development in Hong Kong, covering issues related to the Exchange Fund Bills and Notes programme and the three-year rule imposed on Multilateral Development Banks since 1998, was completed.
- 6 Oct The driving of the bored tunnel of the Kowloon Southern Link (KSL) along Canton Road and Salisbury Road commenced. The 3.8km long KSL would be a strategic passenger railway line linking up the West Rail and the East Rail.
- 10 Oct HKIA was voted, for the fourth consecutive year, the “TTG’s Best Airport Award”, and CPA voted the “Airline of the Year” in the TTG Travel Awards 2006.
- 11 Oct CE delivered his 2006-07 Policy Address outlining the Government’s policy direction for the coming year.
- CE announced in the Policy Address that the Government would join hands with the business community and labour sector to launch a Wage Protection Movement for cleansing workers and security guards. On environment protection, the Government would provide an incentive for the early replacement of pre-Euro and Euro I diesel commercial vehicles with Euro IV vehicles to lower the emissions of nitrogen oxide and respirable suspended particulates. Moreover, a 30% reduction in first registration tax would be given to people purchasing vehicles with low emissions and high fuel efficiency, subject to a ceiling of \$50,000 per vehicle. These initiatives were scheduled to start on 1 April 2007.
- 14 Oct The Innovation Festival 2006 was officially kicked-off. With the theme “Youth Inspires...City of Innovation”, the Festival aimed to enhance the young people’s interest in innovation and technology. The Hong Kong Youth Innovation Club was also established to nurture young talents.

- 17 Oct Hong Kong retained its position as Asia's second largest destination for foreign direct investment (FDI), according to the World Investment Report 2006 released by the United Nations Conference on Trade and Development. FDI flows to Hong Kong in 2005 reached US\$35.9 billion. On a global scale, Hong Kong ranked sixth in FDI inflows in 2005.
- 18 Oct CITB released a public consultation document on the updated Digital 21 Strategy for two months. The Strategy, updated every three years, was the blueprint for the development of ICT in Hong Kong. The finalized 2007 Digital 21 Strategy would be published within the first half of 2007.
- 23 Oct A bulk settlement service for Hong Kong dollar credit card transactions between banks participating in a credit card scheme was launched. The new service minimized settlement risk by eliminating the time gap between payments made by participating banks with net outgoing payments and payments received by participating banks with net incoming payments.
- The Intellectual Property Department and Business Software Alliance jointly launched the Business Software Certification Programme. The Programme aimed to encourage the business community to use licensed software as well as to promote the knowledge of Software Asset Management (SAM). An independent SAM contractor was commissioned to provide free SAM consultancy services to the participants. The Programme would end in mid-March 2007.
- 24 Oct The Government announced a plan to develop new cruise terminal facilities at the southern end of the former runway at Kai Tak through an open land tender. This development was important for Hong Kong to capture the growth of the cruise industry in the Asia Pacific Region, and sustain its development as a regional cruise hub. The target was to commission the first berth of the new cruise terminal in 2012.
- 24 – 27 Oct The Cable and Satellite Broadcasting Association of Asia Convention 2006 took place in Hong Kong. Over 500 senior executives from the broadcasting and telecommunications industries from the region and around the world gathered in Hong Kong for this premier broadcasting event.
- 25 Oct An Air Services Agreement (ASA) was signed between Hong Kong and Ethiopia.
- The Government launched a public consultation on the proposed spectrum policy framework with a view to formulating a more responsive and transparent radio spectrum policy. The policy aimed to enable the community to reap maximum benefits from the deployment of spectrum and to facilitate technological advances and the evolution of new business models.
- 26 Oct Oasis, the fifth Hong Kong-based passenger carrier, launched its first scheduled service between London and Hong Kong with two frequencies per week. The frequency was increased to daily since 25 November.
- The European Commission published an update on its Communication on Hong Kong proposing to further enhance the existing close cooperation between the European Union and Hong Kong on trade, economic and other areas within Hong Kong's high degree of autonomy under the Basic Law.

- 27 Oct OFTA issued a public consultation paper proposing to release radio frequency spectrum in the 850 MHz frequency band through a public auction for the provision of a mobile service using the CDMA 2000 standard. The proposal aimed at enabling the continuity of the CDMA mobile service, which was one of the major mobile service standards deployed in the Mainland and other countries, in Hong Kong to ensure that those CDMA users around the world could continue to enjoy mobile roaming service whilst visiting Hong Kong.
- The Banking (Capital) Rules and Banking (Disclosure) Rules were published in the Gazette. They were tabled before the LegCo for negative vetting on 1 November 2006.
- The Industrial and Commercial Bank of China Ltd was simultaneously listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. The IPO raised US\$21.9 billion, marking the first simultaneous listing in both the A-share and H-share markets, and also the largest IPO ever recorded in the world. The H-share portion raised \$124.9 billion (US\$16.0 billion), which also set a new record for Hong Kong's IPO fund raising history, surpassing the Bank of China listing earlier in June.
- 31 Oct With an upgrade of HKMC's local currency issuer rating to triple-A by Moody's, HKMC became the first triple-A institution in Hong Kong. The upgrade improved the ability of HKMC to promote the development of the debt and securitisation markets in Hong Kong.
- 1 Nov The Mainland promulgated the new Catalogue of Prohibited Products for Processing Trade which operationalised the arrangements concerning processing trade as announced on 14 September 2006.
- 3 Nov The Tuen Mun Ferry Terminal, designated for cross-boundary passenger ferry services, was commissioned with regular sailings between Hong Kong and Zhuhai.
- 6 Nov The Public Consultation on the Way Forward for Hong Kong's Competition Policy was launched. Building on the work of the Competition Policy Review Committee, the Government sought the public's view over a number of key issues including the need for a new regime, the scope and implementation framework.
- 7 Nov The IMF Staff Mission to Hong Kong completed its Article IV Consultation, welcoming the Government's efforts in further strengthening market infrastructure and promoting the financial integration with the Mainland. The Mission also endorsed the general policy framework of the Government, including its fiscal and exchange rate systems.
- 8 – 9 Nov The 2006 PRD Software World Forum was held in Guangzhou. The Forum aimed to promote co-operation between the software industries in the PRD region. A large number of government officials and software industry representatives from Guangdong and Hong Kong participated in the event.
- 8 – 10 Nov The Asia-Pacific Economic Cooperation (APEC) Workshop on Effective Strategies for Intellectual Property Rights Public Education was held in Hong Kong. This workshop was co-organized by the intellectual property authorities of Hong Kong, Australia and Singapore.

The 26th Asia Pacific Privacy Authorities (APPA) Forum, hosted by the Office of the Privacy Commissioner for Personal Data for the first time, was held in Hong Kong. The event brought APPA Privacy Commissioners together to discuss jurisdictional reports, and exchange views and experience on common privacy concerns within the Region.

10 Nov A large-scale joint investment promotion event, Hong Kong – Guangdong Business Conference in Paris 2006, was held by Hong Kong and Guangdong governments to promote business opportunities in the Greater PRD, Hong Kong and Guangdong for companies in France. CE and the Governor of the People’s Government of Guangdong Province led high-level delegations to join this event.

13 Nov The InnoCentre was officially opened. It was jointly run by the Hong Kong Design Centre and the Hong Kong Science and Technology Parks Corporation as a one-stop shop to bridge designers and users of design services, develop and promote different design services, and enhance the role of Hong Kong as the design hub in the region.

HKMA and Bank Negara Malaysia launched the new cross-border payment-versus-payment link between Hong Kong’s US dollar real time gross settlement (RTGS) system and Malaysia’s ringgit RTGS system to eliminate settlement risk in foreign exchange transactions between the US dollars and Malaysian ringgit. This was the first cross-border payment-versus-payment link established in Asia.

15 Nov HKIA was voted the “Best Airport in China”, and Dragonair voted, for the second consecutive year, the “Best China Airline” by subscribers of Business Traveller China in the Business Traveller China Awards 2006.

PBOC decided to raise the renminbi reserve requirement ratio of deposit-taking financial institutions by 0.5 of a percentage point to consolidate liquidity control effects.

16 Nov At the informal meeting of the WTO Trade Negotiations Committee, WTO Members agreed to resume work of all the Negotiating Groups at technical level so as to prepare the ground for the resumption of the Doha Development Agenda negotiations when the conditions were right.

17 Nov The Hong Kong Tourism Board announced an extension of its Quality Tourism Services Scheme to cover visitor accommodation service. The extension was designed to help visitors identify quality budget accommodation, while motivating operators to strive for service excellence.

18 – 19 Nov CE attended the 14th APEC Economic Leaders’ Meeting in Ha Noi, Viet Nam. Leaders reaffirmed their commitments to concluding an ambitious and balanced WTO Doha agreement without further delay. They were committed to breaking the current deadlocks on negotiations and moving beyond their current positions in key areas of the negotiations. Leaders also urged economies in other regions to match the APEC Leaders’ commitments.

Airbus launched an A380 trial flight to HKIA. Operational trial involving airport facilities and ground handling franchisees was smoothly conducted.

- 20 Nov An ASA was signed between Hong Kong and Mexico.
- 21 Nov The Government published the Third Quarter Economic Report 2006. The report pointed out that the Hong Kong economy gathered strong momentum again, with GDP expanding briskly by 6.8% in real terms in the third quarter over a year earlier. Externally, exports of goods resumed a faster growth amidst the thriving trade flows of the Mainland and the renewed weakening of the US dollar. Exports of services continued to surge along with vibrant offshore trade and buoyant financial market activities. Locally, consumption demand rose notably further on the back of upbeat consumer sentiment and an improving labour market. Investment expenditure surged underlining the strength of business confidence.
- In the November update of the economic forecast for 2006, the forecast growth rate in real terms of GDP was revised upwards to 6.5%, from 4% to 5% in the August round. Meanwhile, the forecast rate of increase in the Composite CPI was maintained at 2.0%.
- 22 Nov The presentation ceremony of the first Hong Kong ICT Awards 2006 was held at the Hong Kong Convention and Exhibition Centre. The awards aimed to recognize and promote the outstanding achievements of local ICT professionals and organizations.
- HKMA announced the revisions to the requirements in the HKMA Guideline on prevention of money laundering and terrorist financing relating to wire transfers. These revisions gave effect to Special Recommendation VII issued by the Financial Action Task Force on Money Laundering.
- 23 Nov FS officiated the groundbreaking ceremony of the Ocean Park Redevelopment Project, which would turn the Ocean Park into a world-class marine-themed attraction by phases from 2007 to 2012. The redevelopment would further enhance Hong Kong's position as a premier destination for family visitors.
- HA's Subsidized Housing Committee approved that the average selling prices for 3 056 surplus HOS flats to be offered for sale in early January 2007 were set at a 30 percent-discount of the assessed market values.
- The TD-SCDMA Service Development Centre, with sponsorship from the OGCIO, was established in Cyberport to assist the planning, supervision and execution of the Mainland initiated standards for 3G mobile communication.
- 24 Nov The Planning Department and the Shenzhen Planning Bureau signed a cooperation agreement for jointly carrying out a study to establish the need, function and benefits of developing the Liantang/Heung Yuen Wai Control Point.
- The Town Planning Board exhibited the draft Kai Tak Outline Zoning Plan No. S/K22/1 under section 5 of the Town Planning Ordinance (Cap. 131) for public inspection for a period of two months.
- 27 Nov HA endorsed the Report on the Review of Domestic Rent Policy submitted by its Ad Hoc Committee on Review of Domestic Rent Policy following a three-month public consultation. The report recommended, among other things, a new rent

adjustment mechanism enabling public rental housing (PRH) rents to move both upwards and downwards in tandem with tenants' household income. An amendment bill to replace the 10% median rent-to-income-ratio cap in the Housing Ordinance by the new rent adjustment mechanism would be introduced into the LegCo in the first quarter of 2007.

HA also decided to grant a one-off rent remission for its PRH tenants and interim housing licensees for February 2007, with the exception of those paying additional rent or licence fee. This decision was to address strong demands and expectations among some of the PRH tenants for HA to take immediate action to remit or reduce rent following conclusion of the judicial review cases and the rent policy review.

HKIA was awarded by Travel Weekly China, the trade magazine, for offering the "Best Airport Facilities".

28 Nov Two residential sites were sold by auction. The site with an area of 6 088 m² at Kowloon Tong was sold for \$1.94 billion while the other site of 16 440 m² at Ma On Shan was sold for \$3.24 billion.

1 Dec The Securities and Futures (Reduction of Levy) Order 2006 that provided for a 20% reduction of transaction levy on securities and futures trading came into force. Investors paid 0.004% in securities transaction levy.

The Mandatory Provident Fund Schemes (General) (Amendment) Regulation 2006 came into operation. The new regulation aimed to enhance protection of scheme members' interests, improve operation of the investment regulations, enhance flexibility of Mandatory Provident Fund (MPF) investments and remove undue restrictions on investment of MPF scheme funds.

HKMA announced that the LegCo completed its negative vetting of the Banking (Capital) Rules and Banking (Disclosure) Rules gazetted on 27 October 2006. The two sets of Rules, as amended by the resolutions, came into operation on 1 January 2007.

The inaugural Chairman and Members of the Financial Reporting Council were appointed for three-year terms.

3 Dec HKIA was voted the "Best Airport Worldwide" and CPA the "Best Airline Worldwide" by readers of SmartTravelAsia.com in the online magazine's Best in Travel Poll 2006.

4 – 7 Dec The 10th Annual 3G World Congress & Mobility Marketplace was once again held in Hong Kong. The event promoted the adoption and growth of 3G worldwide.

4 – 8 Dec Hong Kong played host to a prestigious global ICT event, the International Telecommunication Union (ITU) TELECOM WORLD 2006, at the newly opened Asia World-Expo. The event, organized by the ITU every three to four years, was often referred to as the Olympics of the telecommunications industry. This was the first time for the event to be held outside ITU's home-base in Geneva since its inception in 1971.

- 7 Dec CITB and the Department of Industry Canada signed a MOU on Co-operation in ICT at the ITU TELECOM WORLD 2006 to extend the effective term of the current MOU for another 5 years.
- China Aircraft Services Limited held a groundbreaking ceremony to mark the commencement of construction of its first aircraft maintenance hangar at HKIA.
- 8 Dec Supplement on China-ASEAN Free Trade Agreement was signed, which included the signing of two protocols that settled problems left in Framework Agreement on Comprehensive Economic Cooperation between China and the Association of Southeast Asian Nations (ASEAN) and Agreements on Trade in Goods.
- 11 Dec The PRC Foreign Banks Regulatory Ordinance, together with the Detailed Implementation Guidelines promulgated by the China Banking Regulatory Commission came into force. These set out a comprehensive framework on how foreign banks would be regulated after the Mainland's banking industry was fully opened to foreign competition as promised under the WTO agreement.
- 11 – 12 Dec A two-day meeting to discuss the implementation of Basel II in Asia and other supervisory priorities was held in Hong Kong. 70 representatives from 23 central banks and supervisory authorities and 21 leading commercial banks attended the meeting.
- 12 – 13 Dec The second study mission for Guangdong private-owned enterprises visited Hong Kong. Following the success of the first study mission in May, the number of delegates doubled to over 60 top executives from Guangdong private-owned enterprises.
- 13 Dec The Fifth Meeting of the Pan-PRD Joint Conference on Regional Cooperation in Science and Technology was held in Nanchang, Jiangxi. The meeting endorsed the implementation plans to take forward the proposals in the Planning Study on Pan-PRD Cooperation in Science and Technology for 2006 – 2010 and other measures to enhance technology collaboration in the region.
- 13 – 14 Dec The Aviation Medicine Expert of International Civil Aviation Organization (ICAO) evaluated HKIA and confirmed that the policies, training and communication procedures put in place at HKIA fully complied with ICAO's guidelines for preventing the spread of communicable disease through air travel.
- 13 & 15 Dec WTO Trade Policy Review of HKSAR was conducted. Hong Kong was commended once again for its open and free trade policy at the Review meeting. WTO Members also unanimously applauded Hong Kong's staunch support of the multilateral trading system and its commitment to the liberalization of world trade, in particular, the successful hosting of the WTO Sixth Ministerial Conference in December 2005. Hong Kong was subject to the Trade Policy Review once every four years.
- 14 Dec HKMA and eight credit and debit card scheme operators in Hong Kong announced the launch of a Code of Practice for Payment Card Scheme Operators to promote the general safety and efficiency of payment card operations in Hong Kong. This self regulatory approach served as an important step for the credit and debit card industry to act proactively to foster public confidence in payment card operations.

The second aircraft maintenance hangar of Hong Kong Aircraft Engineering Company Limited at HKIA was officially opened.

15 Dec HKMA launched the league tables of market makers for the Exchange Fund Bills and Notes (EFBN) for the first time. The league tables, one for Exchange Fund Bills and the other for Exchange Fund Notes, listed the ranking of the 12 market makers with the highest turnover in the respective markets over a six-month period between June and November 2006.

HKMA and Bank Negara Malaysia established a co-operative oversight arrangement to promote the safety and efficiency of the link between Hong Kong's US dollar CHATS and Malaysia's RENTAS.

18 Dec The Treasury Markets Association launched the Renminbi Swap Offer Rate Fixing in Hong Kong to serve as a market-based floating rate benchmark for Renminbi Non-deliverable Interest Rate Swaps.

The seventh meeting of the Hong Kong-Guangdong Joint Working Group on Sustainable Development and Environmental Protection was held in Hong Kong to examine the implementation of co-operation initiatives and the work plan for 2007.

19 Dec A prime residential site of 7 353 m² at the Peak was sold by way of auction for \$1.8 billion.

The Government issued a consultation paper on Copyright Protection in the Digital Environment to review if the existing legislative framework needed to be improved for more effective copyright protection in the digital environment. The consultation would end on 30 April 2007.

22 Dec An ASA was signed between Hong Kong and Kazakhstan, bringing the total number of ASAs that Hong Kong signed with aviation partners to 58.

26 Dec Earthquakes near Taiwan damaged undersea communications cables, disrupting telecommunications and Internet connections across the region. While the operations of Hong Kong's financial markets were unaffected, there were temporary disruptions to Internet connection.

27 Dec CE announced that the Central Government had decided to establish the Hong Kong-Zhuhai-Macao Bridge Task Force to help push the project ahead. The Task Force would be headed by the National Development and Reform Commission, with representatives from the Ministry of Communications, Hong Kong and Macao Affairs Office and the three governments of Guangdong, Hong Kong and Macao as members.

The second cargo terminal of Asia Airfreight Terminal Company Limited at HKIA was officially opened.

28 Dec HSI broke 20 000 points for the first time in history. Overall, the Hong Kong stock market staged a robust performance in 2006, with market turnover, IPO equity funds raised and total market capitalization all hitting record highs. The total market capitalization as at end-2006 exceeded \$13 trillion, up some 60% compared with end-2005.

OFTA issued a public consultation paper to review the existing universal service obligation (USO) arrangements. The paper proposed, inter alia, to review the scope of the universal service, the USO cost calculation arrangements and the contribution arrangement for funding USO.

29 Dec

The commencement notices for the Merchant Shipping (Local Vessels) Ordinance (LVO) (Cap. 548) and its subsidiary legislation were published in the Gazette to bring the whole set of legislation into operation on 2 January 2007. The LVO sought to consolidate provisions previously set out in different ordinances into one set of legislation dedicated for local vessels.

Leasing of land in EcoPark Phase I in Tuen Mun Area 38 commenced. The EcoPark would provide long-term land for both the recycling and environmental industries with a view to encouraging investment in advanced and cost-effective technology.

The National People's Congress (NPC) Standing Committee Members adopted resolutions to submit drafts on corporate tax law and property law to the fifth NPC full session for deliberation. The draft on corporate law set a unified income tax rate for domestic and foreign companies at 25%. Existing tax concessions granted to foreign companies would be gradually phased out, while favourable tax policies would be applied equally to both local and foreign companies. As to the draft on property law, it emphasized equal protection of private and public property.

The China Construction Bank Corporation completed its acquisition of Bank of America (Asia) Limited, which became an indirect wholly-owned subsidiary of the Bank. This signified Mainland banks' interest in extending its presence in the Hong Kong market.

31 Dec

Hongkong Post issued a set of 2006 Hong Kong Definitive Stamps in 16 different denominations, featuring wild birds in Hong Kong. This was the third set of definitive stamps since the establishment of the HKSAR.

The total net asset value of all MPF schemes reached \$195.0 billion, six years after the launch of the MPF System on 1 December 2000.