

**CHINA'S HONG KONG SPECIAL
ADMINISTRATIVE REGION
POLICIES IN 2021**

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EAI Background Brief No. 1621

Date of Publication: 6 January 2022

Executive Summary

1. Pro-Beijing candidates won 82 of the 90 seats in the legislature at the Hong Kong LegCo election. Of the eight, one (Dik Chi-yuen) is from the non-establishment camp and seven have unknown political affiliations while all eight passed the patriotism/loyalty approval for candidature.
2. The central government increased the number of seats in the election committee by 300 seats from 1,200 to 1,500 and established the Candidate Eligibility Review Committee to screen all candidates. Following this, the majority of the democrats indicated they would not participate in the Election Committee and LegCo elections.
3. A May 2021 bill expanded LegCo seats from 70 to 90 and reduced geographical constituency seats from 35 to 20 while increasing geographical constituencies from five to 10, with each district electing two representatives. Hong Kong's new legislature will have 20 elected members, 30 selected by the constituencies and 40 by an Election Committee that also selects the Chief Executive (CE).
4. Candidates had to obtain at least two nominations from each of the five sectors in the Election Committee in order to run before they are screened by the national security police and eligibility review committee led by Chief Secretary John Lee; the committee decision is unappealable and unchallengeable by judicial reviews.
5. Housing was a major theme in the elections. CE Carrie Lam suggested allocating a northern Hong Kong region for constructing a metropolis (Northern Metropolis) for residential/industrial use, converting it into an innovative technological hub, contributing to Hong Kong/Shenzhen development and hosting 350,000 residential apartments (with option for an additional 186,000 units).
6. The central government foresees a new socio-political role for Hong Kong's powerful tycoons in redirecting resources and social capital to support China's interests and resolve Hong Kong's housing shortfall in a message disseminated in a

2021 closed-door gathering on the theme of showing more “patriotism” to Hong Kong.

7. Beijing is working with the Hong Kong government to introduce a new syllabus to associate patriotism with loyalty to the Chinese Communist Party (CCP) in the education system and universities. Students are mobilised for patriotic expressions such as raising the Chinese flag and singing the national anthem on memorable dates.
8. Maritime vessels flying China and Hong Kong’s flags navigated past Castle Peak Bay Waterfront Promenade at Tuen Mun to commemorate the 100th anniversary of CCP establishment and 24th anniversary of Hong Kong’s return to the motherland while more than 60 senior Hong Kong public personalities led by CE Carrie Lam went to Beijing for its parallel celebrations of the Party’s founding.
9. The Lam administration has aligned itself with Beijing’s demand for zero COVID-19 infections. Hong Kong has justified its rejection of lifting global travel ban and “living with the virus” on the fact that Hong Kong has relatively low COVID-19 deaths and infections due to early border closures and meticulous entry procedures.

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Socio-political Reforms

- 1.1 In March 2021, the Chinese government introduced electoral reforms that require a more “patriotic” ensemble to the new election committee tasked with selecting Hong Kong’s future chief executives and legislators; prominent tycoons like Li Ka-shing, 93, have been excluded for the first time since Hong Kong reverted to Chinese sovereignty in 1997.¹ Instead, a new body is put in place to review the qualifications of candidates to run for public office in an effort to screen out “patriots”-only, a terminology that is frequently used in the political language of Beijing when referring to Hong Kong.²

- 1.2 According to Hong Kong’s Constitutional and Mainland Affairs Bureau, the new election committee would be more representative of Hong Kong society, moving past vested interest groups and representatives of specific sectors/districts/groups while a Hong Kong and Macau Affairs Office and Liaison Office team will limit the influence of groups that do not contribute to Beijing’s agendas.³ Essentially, Hong Kong’s new legislature will have 20 elected members, 30 selected by the

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¹ Jim, Clare and Farah Master, “With tighter grip, Beijing sends message to Hong Kong tycoons: fall in line” dated 17 September 2021 in Reuters [downloaded on 17 September 2021], available at <https://www.reuters.com/world/china/with-tighter-grip-beijing-sends-message-hong-kong-tycoons-fall-line-2021-09-17/>.

² Associated Press, “Hong Kong’s Delayed Legislative Elections Set for December” dated 14 April 2021 in Voice of America (VOA) [downloaded on 14 April 2021], available at https://www.voanews.com/a/east-asia-pacific_hong-kongs-delayed-legislative-elections-set-december/6204550.html.

³ Jim, Clare and Farah Master, “With tighter grip, Beijing sends message to Hong Kong tycoons: fall in line”.

constituencies and 40 by an Election Committee that selects the Chief Executive (CE).⁴

- 1.3 As Beijing closed in on stronger governance of Hong Kong, the authorities foresee a new socio-political role for Hong Kong's powerful tycoons in redirecting resources and social capital to support China's interests, while resolving Hong Kong's housing shortfall in a message disseminated in closed-door gathering in 2021 on a broader theme of showing more "patriotism" to the Special Administrative Region (SAR).⁵ According to a Reuters report that interviewed an anonymous source acquainted with mainland officialdom, the tycoons were told that "[t]he rules of the game have changed...[and Beijing is no longer willing to tolerate] monopoly behavior".⁶
- 1.4 Reforming the property sector and resolving the housing shortage were top Beijing priorities. Hopewell Holdings' Gordon Wu's take is that "Beijing is not telling us what to do, but saying you need to solve this problem...it won't be impatient but it will give you pressure" while another anonymous developer indicated that Chinese officials "[laid out expectations, but no strategy or deadline]...We can continue our businesses as long as we give back more to society".⁷
- 1.5 CY Leung, a former Hong Kong CE and now vice-chair of the National Committee of the Chinese People's Political Consultative Conference (CPPCC, China's top advisory body) is advising the central government to proceed incrementally with any new prescribed roles for the tycoons: "They are a major component of our political and economic ecosystem, so we need to be careful...I think we need to be judicious with what we do and not throw the baby out with the bathwater".⁸ The message is not to completely side-line the tycoons whose economic roles were

⁴ Associated Press, "Hong Kong's Delayed Legislative Elections Set for December".

⁵ Jim, Clare and Farah Master, "With tighter grip, Beijing sends message to Hong Kong tycoons: fall in line".

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

crucial to Hong Kong's success in the past. From Hong Kong's return to Chinese sovereignty in 1997, Li Ka-shing and several tycoons made up about a fifth of the Election Committee votes.⁹ Their power was, however, diluted in the 2021 LegCo election.

- 1.6 Four major developers, CK Asset, Henderson Land Development, Sun Hung Kai Properties and New World Development, continue to dominate the property market and exercise their influence in Hong Kong society while some like Li Ka-shing of CK Asset have diversified with assets like supermarkets, pharmacies and utilities.¹⁰ Beijing no longer allows Hong Kong's property tycoons to exercise disproportionate political-economic power on Hong Kong's selection of leadership and influence on public policies, and exploit a land auction system that restricted land release and shaped property prices, making Hong Kong properties the globe's most expensive.¹¹
- 1.7 The tycoons' market dominance in Hong Kong has been blamed lately for the rising property prices. In 2015, an article by *Outlook Weekly* magazine published by China's state-owned *Xinhua News Agency* titled, *Don't let Li Ka-shing run away*, urged Li to use his wealth accumulated with Beijing's political support to "help improve the livelihoods of the underprivileged, stabilize investors' confidence and contribute to social charity".¹² Unaffordable property prices were cited by Chinese officials and state media for triggering anti-government protests in 2019. Raymond Tsoi, chairperson of Asia Property Holdings (HK) and CPPCC Shanxi Committee adviser, noted: "Now the focus is on contribution to the country; this is not what the traditional business sector in Hong Kong is used to".¹³

⁹ Pao, Jeff, "Li Ka-shing walking away from HK democracy" dated 13 August 2021 in *Asia Times* [downloaded on 13 August 2021] available at <https://asiatimes.com/2021/08/li-ka-shing-walking-away-from-hk-democracy/>.

¹⁰ Jim, Clare and Farah Master, "With tighter grip, Beijing sends message to Hong Kong tycoons: fall in line".

¹¹ Ibid.

¹² Pao, Jeff, "Li Ka-shing walking away from HK democracy".

¹³ Jim, Clare and Farah Master, "With tighter grip, Beijing sends message to Hong Kong tycoons: fall in line".

- 1.8 Taking the cue from Beijing, Li Ka-shing, senior adviser to CK Asset Holdings Limited and CK Hutchison Holdings who used to wield powerful political influence in the SAR as Hong Kong's richest tycoon announced that he would contribute to charity in his retirement days.¹⁴ Even some newer generation business leaders are also taking the cue from the mainland authorities.
- 1.9 For example, Adrian Cheng, 41, who took over as chief executive officer of New World established by his grandfather, declared in 2020 that his conglomerate has to adjust to be "more relevant to society, especially in a new environment where firms have to carefully balance the interests of various parties".¹⁵
- 1.10 Some tycoon-owned conglomerates like Sun Hung Kai Properties are already adjusting to the new realities, indicating it would invest in the future of Hong Kong and other Chinese cities while most property developers have released public statements and media ads together with Chinese companies to declare their support for the national security legislation and electoral reforms.¹⁶
- 1.11 As local Hong Kong tycoons are falling in line with Beijing's directives, there is a rising group of red tycoons from the Mainland entering Hong Kong's economic landscape. While the total wealth of China's top 10 richest individuals has tripled to US\$425 billion from 2016 to 2021 on the Bloomberg Billionaires Index, Hong Kong's richest merely doubled to US\$218 billion.¹⁷ Hong Kong billionaires are falling behind the red tycoons in various ways.
- 1.12 First, the Hong Kong tycoons are operating traditional sectors like real estate, ports, infrastructure, telecommunications, aviation and retail while most of China's wealthiest billionaires operate sunrise tech giants like Tencent Holdings (Pony Ma),

¹⁴ Pao, Jeff, "Li Ka-shing walking away from HK democracy".

¹⁵ Jim, Clare and Farah Master, "With tighter grip, Beijing sends message to Hong Kong tycoons: fall in line".

¹⁶ Ibid.

¹⁷ Bloomberg, "Hong Kong's old-school tycoons are losing out to China tycoons" dated 26 May 2021 in Exbulletin [downloaded on 26 May 2021], available at <https://exbulletin.com/world/940624/>.

Bytedance (Zhang Yiming) and NetEase (William Ding).¹⁸ From 2016 to 2021, five of Hong Kong’s major conglomerates (CK Hutchison Holdings, New World Development, Henderson Land Development, Sun Hung Kai Properties and Wharf Holdings) traded at deep discounts on their net assets with their shares at just 0.5 times the value of the book on average compared with 10 for the five companies owned by the red tycoons.¹⁹

1.13 Second, the prospects of the red tycoons are much stronger in the near future. Andy Wong, founding partner of LW Asset Management Hong Kong, noted: “Hong Kong’s major corporate businesses are not growing much... Investors prefer to focus on growth rather than on the value of a company” and the red tycoons have used technology to deliver services and create wealth, reaping some US\$14.3 trillion during the COVID-19 coronavirus pandemic.²⁰

1.14 The Hong Kong tycoons in the past depended on favourable government policies to profit on the sales of land parcels in order to go into services, retail, ports and infrastructure but this business model could not be repeated easily in mainland China due to high capital requirements, local competition and regulatory obstacles.²¹ The mainland tycoons are much more adapted to China’s complex environment and on a much larger scale of production. Zhong Shanshan, China’s richest individual set up bottled water conglomerate Nongfu Spring and grew his fortune to US\$69 billion (twice of Li Ka-shing, Hong Kong’s richest tycoon).²² Moreover, even Hong Kong’s political climate is changing from the British system under which the Hong Kong tycoons prospered, to a patriotism-centred political system.

1.15 Hong Kong’s inaugural legislative election after Beijing-imposed ‘patriots-only’ conditionality for running was held on 19 December 2021. The seventh LegCo is historical given that it was postponed for more than one year from September 2020

¹⁸ Ibid.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

due to the COVID-19 coronavirus pandemic. To CE Carrie Lam, “It is a really tough decision to delay the election, but we want to ensure public safety and health, and to make sure the elections are held in an open and impartial manner”.²³ Before the changes were instituted, CE Carrie Lam announced the lawmakers’ first reading of draft amendments to various laws in the LegCo to align with Beijing’s political reforms of the SAR’s electoral system.²⁴

1.16 The December 2021 LegCo election was the first election without major pan-democracy parties (including Democratic Party and Civic Party) candidates and political turbulence with the enforcement of national security and anti-extradition laws. It elected 90 lawmakers from 153 candidates in three constituencies, with 22% of them directly elected by the public from geographical constituencies.²⁵ Some mainland Chinese intellectual elites were critical of the absence of pro-democrats in Hong Kong’s new LegCo. Associate Professor Tian Feilong from Beijing’s Beihang University Law School and director of the Chinese Association of Hong Kong and Macau Studies blamed the opposition camp in a *Ming Pao* article on 11 August 2021 for not participating in the 2021 LegCo elections to what he considered the illusion that “Hong Kong’s democracy is dead”,²⁶ noting that it was “[politically challenging to transform these people into a] “loyal opposition camp” [as they had] “disloyal genes” [colonial mindsets and anti-mainland sentiments].²⁷

1.17 Some of the rare self-identified non-professional “pro-democrat” political candidates like Adrian Lau, a former public relations entrepreneur noted: “Now, we don’t have the power to oppose, but we could still monitor the government and officials as well as the budget...A legislator also has an important role to communicate with foreign media. Do we still need someone from the pro-

²³ Chau, Candice, “Explainer: Hong Kong’s first legislative election since Beijing’s ‘patriots-only’ overhaul” dated 27 November 2021 in Hong Kong Free Press [downloaded on 27 November 2021], available at <https://hongkongfp.com/2021/11/27/explainer-hong-kongs-first-legislative-election-since-beijings-patriots-only-overhaul/>.

²⁴ Associated Press, “Hong Kong’s Delayed Legislative Elections Set for December”.

²⁵ Chau, Candice, “Explainer: Hong Kong’s first legislative election since Beijing’s ‘patriots-only’ overhaul”.

²⁶ Pao, Jeff, “Li Ka-shing walking away from HK democracy”.

²⁷ Ibid.

democracy camp to do this job? If no one is doing it, we are just sitting back and doing nothing...I choose not to sit back and surrender”.²⁸

- 1.18 In March 2021, when the central government increased 300 seats to the Election Committee from 1,200 to 1,500 and established the Candidate Eligibility Review Committee to screen all candidates, most democrats indicated their intention to boycott.²⁹ Another bill passed in May 2021 expanded the seats in LegCo from 70 to 90, and the number of seats in geographical constituencies from 35 to 20 and geographical constituencies from five to 10, with each district electing two representatives.³⁰ The national security law often critiqued by the pro-democrats was imposed by Beijing in June 2020.
- 1.19 The Election Committee now made up of slightly under 1,500 members staffed by pro-Beijing forces supportive of central government agendas, from 1,200 previously.³¹ An expanded, more influential and strongly pro-Beijing Election Committee shaped the LegCo election in a major way for the first time with 1,448 members (including Hong Kong deputies to the Chinese legislature) selecting 40 lawmakers; the Committee itself was elected by 4,389 people in September 2021.³² Thirty seats are functional constituencies catering to particular industries, trades or professions with 219,254 registered voters eligible to vote in functional constituencies, compared to 4,472,863 registered voters in geographical constituencies.³³
- 1.20 Additional security measures were in place to mitigate what the central government perceived as anarchist forces affecting the political atmospherics in Hong Kong.

²⁸ Associated Press (AP), “Hong Kong public gears up to vote amid new election laws” dated 17 December 2021 in Mainichi Japan [downloaded on 17 December 2021], available at <https://mainichi.jp/english/articles/20211217/p2g/00m/0in/047000c>.

²⁹ Pao, Jeff, “Li Ka-shing walking away from HK democracy”.

³⁰ Chau, Candice, “Explainer: Hong Kong’s first legislative election since Beijing’s ‘patriots-only’ overhaul”.

³¹ Associated Press, “Hong Kong’s Delayed Legislative Elections Set for December”.

³² Chau, Candice, “Explainer: Hong Kong’s first legislative election since Beijing’s ‘patriots-only’ overhaul”.

³³ Ibid.

Months of long-drawn pro-democracy protests in 2019 saw hundreds of thousands of protestors out in the open, with some turning violent when the authorities pushed back on pro-democracy demands.³⁴ With the 2021 electoral changes, candidates need to go through a more rigorous qualification process. They must obtain at least two nominations from each of the five sectors³⁵ in the Election Committee in order to run (in total at least 10 nominations) before they are screened by the national security police, eligibility review committee led by Chief Secretary John Lee, with the decision of the committee unappealable or unchallengeable by judicial reviews.³⁶

- 1.21 Given the stricter criteria for candidature, the likely support base for the Chinese Communist Party (CCP) came from the patriotic pro-government forces and the non-aligned pragmatists. Pro-government individuals are the likes of Regina Ip, a pro-establishment candidate in the Hong Kong Island West constituency, who articulated: “In the long term, this is a system that permits people of different political ideologies to take part as long as they support our basic constitutional system...That is not too much to ask”.³⁷
- 1.22 There is another group (the non-establishments) who reserve the right to work with the pro-government forces if it aligns with what they perceive as Hong Kong’s interests. Jeffrey Chan, a “non-establishment” candidate and local think tank Path of Democracy member explained: “We would support pro-establishment lawmakers or the government if what they propose is good for Hong Kong. We will oppose if they don’t make sense... We don’t have a fixed stance. This is what we are. We stand with Hong Kong citizens and we strive for democracy, rule of law and freedom”. The “non-establishments” form potential convenient political allies on a per issue-basis for pro-government forces to work with.

³⁴ Associated Press, “Hong Kong’s Delayed Legislative Elections Set for December”.

³⁵ The sector represent five specific groups in Hong Kong society: (1) industrial/commercial/financial industries; (2) professional occupations; (3) grassroots, labour and religious groups; (4) legislative council members; and (5) deputies to the National People’s Congress.

³⁶ Chau, Candice, “Explainer: Hong Kong’s first legislative election since Beijing’s ‘patriots-only’ overhaul”.

³⁷ Associated Press (AP), “Hong Kong public gears up to vote amid new election laws”.

- 1.23 Minor procedural changes to the election regulations include stipulating polling starting time at 8:30 a.m. and ending at 10:30 p.m., providing a special queue for those 70 years old and older, physically challenged individuals and pregnant ladies, utilising electronic poll registers/vote counting and passing a new regulation to make it illegal to incite others to boycott the election or cast blank ballots.³⁸ Voters, however, had the freedom to boycott voting or cast votes on their own volition.³⁹ In conjunction with the new rules, Hong Kong’s corruption watchdog agency arrested three individuals in September 2021 for allegedly reposting an online appeal for casting blank ballots.⁴⁰ CE Lam firmly announced: “When a person wilfully obstructs or prevents any person from voting at an election, we will consider it corrupt conduct”.⁴¹
- 1.24 Hong Kong’s first “patriots-only” legislative council election had a low turnout rate of 30.2% and 82 of the 90 seats in the legislature were dominated by pro-Beijing politicians. Of the eight, one (Dik Chi-yuen) was from the non-establishment camp and seven have unknown political affiliation while all eight passed the patriotism/loyalty test for candidature. Against this context, the turnout represented a greater political/policy space for the central and SAR governments to put in place their policies (especially those that concern bread and butter issues like connectivity infrastructure and housing projects). Meanwhile, Hong Kongers (including ex-Hong Kongers) who are not used to the current system have already migrated their political ideals overseas to participate in their host societies’ democratic systems.
- 1.25 The lower turnout despite the Hong Kong government’s efforts in promoting and legitimising the poll is likely to push the SAR and central governments to consolidate their cooperation with pro-government forces. In all likelihood, they will reach out to the non-establishment forces who are pragmatists and willing to

³⁸ Chau, Candice, “Explainer: Hong Kong’s first legislative election since Beijing’s ‘patriots-only’ overhaul”.

³⁹ Associated Press, “Hong Kong’s Delayed Legislative Elections Set for December”.

⁴⁰ Chau, Candice, “Explainer: Hong Kong’s first legislative election since Beijing’s ‘patriots-only’ overhaul”.

⁴¹ Associated Press, “Hong Kong’s Delayed Legislative Elections Set for December”.

work with the government on common interests and those who want to take up the unofficial role of monitoring public policy implementation/progress.

- 1.26 At the same time, the pro-establishment forces have a preponderance of political strength to push through long-term initiatives, including greater alignment with central government policies. The vote allows the current and future Hong Kong governments to have a stronger hand in managing housing issues, the campaign promise of CE Carrie Lam and an issue of interest to many Hong Kongers. This may include the implementation of the Northern Metropolis project with its residential units.
- 1.27 On changes in the judiciary, Hong Kong’s Secretary for Justice Teresa Cheng Yeuk-wah at the International Criminal Law Conference under Hong Kong Legal Week 2021 from 1 to 5 November 2021 emphasised efficiency of the city’s criminal justice system: “In today’s ever-changing society, technological advances are accelerating in many areas. Therefore, in addition to keeping our core values intact, we must remain vigilant of the need for changes and reform to ensure that our criminal justice system remains fair and effective”.⁴²
- 1.28 Secretary Cheng’s articulation contrasted with US-China Economic and Security Review Commission (ESRC) annual report to Congress which stated that judges after the national security law became effective (1 July 2020) were selected from CCP-sanctioned list and vetted by national security apparatus, “effectively stripping the Hong Kong judiciary of its former independence”.⁴³ The same report noted that “[t]he changes enable the Hong Kong government to ensure that all national security cases are assigned to progovernment preferred judges, guaranteeing outcomes favorable to the government and the CCP”.⁴⁴

⁴² Wang, Zhan, “HK justice chief: Need to be vigilant about judicial reform” dated 2 November 2021 in *China Daily* [downloaded on 2 November 2021], available at <https://www.chinadailyhk.com/article/245711>.

⁴³ Yan, Man Hoi, Gigi Lee and King Man Ho, “China has undermined Hong Kong’s judicial and parliamentary independence: U.S. report” dated 19 November 2021 in Radio Free Asia (RFA) [downloaded on 19 November 2021], available at <https://www.rfa.org/english/news/china/hongkong-interference-11192021155700.html>.

⁴⁴ Ibid.

- 1.29 Secretary Cheng insists that Hong Kong’s “prosecutors act independently without fear or favor, and free from political interference or undue influence...[in] a society and an economy premised on the rule of law...[as] constitutionally guaranteed [under] Article 63 of the Basic Law...”.⁴⁵ Secretary Cheng also asserts that “Hong Kong’s judicial independence is premised on the solid infrastructure that has been laid down in the Basic Law, including the security of tenure, the immunity of judges, and importantly the express provision in Article 85 of the Basic Law that guarantees judicial independence, free from any interference”.⁴⁶
- 1.30 Many now see the wide-ranging changes to the elections, candidate criteria, judiciary norms and patriotism cultivation as signs that the central government is keen to have greater political convergence between Hong Kong and the Mainland. The Hong Kong government conceptualises the changes as helpful for boosting economic development and keeping the post-pandemic economic recovery going. Critics outside Hong Kong continue to see this as an erosion of the ‘one country two systems’. Hong Kong Democracy Council founder Samuel Chu opined that the ESRC annual report to Congress is “an accurate reflection of Hong Kong’s reality, which is that the city is now much like any other part of China”.⁴⁷

Adjusting Socioeconomic Policies

- 2.1 Hong Kong CE Carrie Lam stated in her policy address at the Legislative Council on 6 October 2021 that “[w]ith the implementation of the National Security Law and improvement to our electoral system, chaos has ended and social order has been restored...We are now embracing a new era where we can focus on economic development”.⁴⁸ To jumpstart the accent on economic development and greater integration with the Mainland, companies in Beijing and Hong Kong decided to draw up more agreements. They inked 11 contracts (one cooperation programme

⁴⁵ Wang, Zhan, “HK justice chief: Need to be vigilant about judicial reform”.

⁴⁶ Ibid.

⁴⁷ Yan, Man Hoi, Gigi Lee and King Man Ho, “China has undermined Hong Kong’s judicial and parliamentary independence: U.S. report”.

⁴⁸ Ng, Abigail, “Hong Kong’s leader says national security law has city ‘back on the right track’” dated 6 October 2021 in CNBC [downloaded on 6 October 2021], available at <https://www.cnbc.com/2021/10/06/hong-kongs-carrie-lam-says-national-security-law-has-curbed-chaos.html>.

and 10 investment programmes) on biological medicine, artificial intelligence, public health and new energy at the 24th Beijing Hong Kong Economic Cooperation Symposium in December 2021 valued at US\$8.814 billion, paving the way for Hong Kong companies to enter these sectors.⁴⁹

- 2.2 CE Carrie Lam suggested allocating a northern Hong Kong region for constructing a metropolis (Northern Metropolis) for residential/industrial usage, converting it into an innovative technological hub, contributing to Hong Kong/Shenzhen development and hosting 350,000 residential apartments (with option for additional 186 000 units).⁵⁰ In the Northern Metropolis, the projected 905,000 to 926,000 flats (encompassing 390,000 homes in Yuen Long and North districts) may be able to reside approximately 2.5 million residents while the 1,000-hectare Lantau Tomorrow Vision (LTV) can accommodate up to 700,000 residents.⁵¹
- 2.3 Conceptualised by former CE Leung Chun-ying in 2014, the current Hong Kong authorities' blueprint focuses on three elements: growth in households, redevelopment of aged homes and residences that have inadequate numbers of households and making adjustments for vacancies.⁵² Of the estimated one million residential units needed between 2019 and 2048, 390,000 units accommodate growth in households, 370,000 for displaced households due to redevelopment and 240,000 for inadequately housed households, mobile population and private housing sector.⁵³
- 2.4 Ngan Tam Mei, San Tin/Lok Ma Chau, New Territories North New Town, Man Kam To and other land parcels will become the nucleus of the 2,270-hectare

⁴⁹ *Global Times*, "Beijing, Hong Kong firms sign investment deals worth \$8.8 billion" dated 7 December 2021 in *Global Times* [downloaded on 7 December 2021], available at <https://www.globaltimes.cn/page/202112/1240836.shtml>.

⁵⁰ Ng, Abigail, "Hong Kong's leader says national security law has city 'back on the right track'".

⁵¹ Yam, Tom, "Lam's Northern Metropolis: Welcome to Hong Kong's make-believe land of white elephants" dated 23 October 2021 in Hong Kong Free Press [downloaded on 23 October 2021], available at <https://hongkongfp.com/2021/10/23/lams-northern-metropolis-welcome-to-hong-kongs-make-believe-land-of-white-elephants/>.

⁵² Ibid.

⁵³ Ibid.

Northern Metropolis with a population density of 110,000 per sq km, denser than the Lantau Tomorrow Vision (LTV) where 700,000 residents reside on 1,000 hectares of reclaimed land (population density: 70,000 per sq km).⁵⁴ It will have one tunnel to Hong Kong island serving 700,000 commuters, traffic to and from northwest New Territories and northern Lantau.⁵⁵ In other parts of Hong Kong, LTV contributes 260,000 units, while 430,000 public/private apartments will be made available in other regions in the next decade; thus, alongside Northern Metropolis and LTV, some 1.22 million flats will be made available in the coming three decades.⁵⁶

2.5 Property tycoons in the private sector are also helping to resolve the housing shortage. New World and Henderson Land have gifted rural land as reserves for constructing social housing while Nan Fung Group, Sun Hung Kai, Henderson Land and Wheelock joined a public-private partnership scheme established in May 2020 to allow developers to construct on a higher percentage of open land on the provision that it must use at least 70% of extra surface area for public housing.⁵⁷

2.6 The property industry was not the only sector where Beijing and the Hong Kong authorities sought support from Hong Kong investors. Secretary for Financial Services/Treasury Bureau of Hong Kong Hui Ching-yu noted that Hong Kong has issued \$7.25 billion in “green bonds” to fight global climate change since 2018 (barely after Shenzhen authorities issued an offshore RMB bond in Hong Kong for sustainable development), following Hong Kong’s US\$12 billion “green debt” in 2020 where 60% of debt issuers came from the Mainland.⁵⁸ Secretary Hui mentioned: “We encourage enterprises and institutions to invest in the sustainable development industry based on Hong Kong’s financing platform and services” and, by end September 2021, 17,782 Hong Kong enterprises based themselves in Beijing

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Jim, Clare and Farah Master, “With tighter grip, Beijing sends message to Hong Kong tycoons: fall in line”.

⁵⁸ *Global Times*, “Beijing, Hong Kong firms sign investment deals worth \$8.8 billion”.

with 576 of their branches set up in Beijing between January and September 2021 at a total investment value of US\$10.63 billion (year-on-year increase of 27.4%).⁵⁹

- 2.7 Besides socioeconomic issues of housing, the central government and the Hong Kong authorities are also keen to integrate Hong Kong economically through the Greater Bay Area (GBA) project.⁶⁰ One of the blueprints for guiding GBA development is the 59-page *Outline Development Plan of the Greater Bay Area*. The GBA that spans nine cities in Guangdong province, and Hong Kong and Macao SARs was first broached in the Belt and Road Initiative policy circles in 2015. The Guangdong-Hong Kong-Macao GBA connects the two SARs of Hong Kong and Macao and nine municipalities in Guangdong province spanning 56,000 square kilometres (three times larger than San Francisco Bay Area) and home to more than 72 million individuals with a gross domestic product of approximately US\$1,679.5 billion.⁶¹ This is a super-regional entity by any measure.
- 2.8 Other studies on the GBA include the hinterlands in the surrounding areas into the terminology and classify the GBA as an emerging region with more than 120 million individuals and yet others have used the term ‘Pearl River Delta’ interchangeably with the GBA.⁶² High-tech Shenzhen has been conceptualised as China’s unofficial Silicon valley, while Hong Kong is China’s version of Manhattan New York City and Guangzhou as the GBA industrial heartland (the ‘Detroit of China’ in a region that had been characterised in the past as the ‘World’s Factory’).
- 2.9 The Greater Bay Area Development capitalises on its overall regional strengths (including human resources in financial, legal and professional services) through coordination and emphasis on innovation of prioritised technologies. It is supported by Hong Kong (‘Asia’s world city’) in business facilitation, low taxes, rule of law

⁵⁹ Ibid.

⁶⁰ This section on GBA is drawn from the author’s writing.

⁶¹ Hong Kong Government, “Greater Bay Area” dated 4 March 2019 in Brand Hong Kong website [downloaded on 4 March 2019], available at https://www.brandhk.gov.hk/html/en/StrategicFocus/GreaterBayArea.html?gclid=EAlaIqobChMItMWmtfCZ8QIVFQRgCh1QWwgcEAAYASAAEgIdlvD_BwE.

⁶² CGTN, “China’s greater ‘Bay Area’ is growing fast” dated 1 July 2018 in *Global Times* [downloaded on 1 July 2018], available at <https://www.globaltimes.cn/content/1108985.shtml>.

system, free/open economy, modernised facilities and intellectual property rights enforcement.⁶³ Under the “one country, two systems” formula, Hong Kong has economic, social and legal professionals acquainted with the rule of law, expertise in dispute resolution (including arbitration and mediation services) and the English common law legal system that resembles Western legal traditions to a great extent, though hard-core critics in the West argue that this is being pared away.⁶⁴

Cultivation of Patriotism as National Identity

- 3.1 The year 2021 offers a glimpse of how the Chinese central government intends to win the hearts and minds of the Hong Kong people through their policies related to the education system, public awareness and public displays of patriotism. In the mass education sector, Beijing is working with the Hong Kong government to introduce a new syllabus to associate patriotism with loyalty to the CCP in the education system and universities.⁶⁵ Hong Kong schools are mobilising students for patriotic expressions. They raise the Chinese flag and sing the national anthem on memorable dates and, from 1 September 2021, the Citizenship and Social Development lesson has been divided into three segments (“Hong Kong Under ‘One Country, Two Systems’”, “The Country Since Reform and Opening-Up” and “The Contemporary World of Interconnection”) to reinforce that the CCP is China’s sole ruling party.⁶⁶
- 3.2 Senior educators who approve of the overt display of patriotism in Hong Kong include Lawrence Tang Fei, a member of the Chinese Association of Hong Kong and Macao Studies and principal of Hong Kong’s Heung To Secondary School.

⁶³ Hong Kong Government, “Greater Bay Area”.

⁶⁴ Hong Kong Government, “HKSARG’s Work on the Belt and Road” dated December 2019 in Hong Kong Government website [downloaded on 1 January 2020], available at <https://www.beltandroad.gov.hk/work.html> and https://www.brandhk.gov.hk/uploads/brandhk/files/factsheets/Hong_Kong_Themes/Belt%20and%20Road_E_Dec%202019.pdf.

⁶⁵ Drew, Kevin, “Hong Kong Crackdown a Part of China’s Larger Strategy” dated 16 September 2021 in *US News* [downloaded on 16 September 2021], available at <https://www.usnews.com/news/best-countries/articles/2021-09-16/hong-kong-crackdown-is-part-of-chinas-larger-global-strategy-experts-say>.

⁶⁶ *Global Times*, “Beijing, Hong Kong firms sign investment deals worth \$8.8 billion”.

Tang noted that, for the first time in 2021, Hong Kong celebrated the CCP's anniversary on an open and massive scale:

“...which can ensure a correct understanding of the fact that the CPC is the only ruling Party of China, and Hong Kong is part of China...Now patriots in the city can express their love and support for the Party and the country openly...noting this is a good start”.⁶⁷

3.3 Pro-government forces like Tang suggested that the CCP no longer needs to remain clandestine and can openly celebrate its ascendancy, anniversaries and operate in the special administrative region.

3.4 The overt display of patriotism was however criticised by some Western media in 2021. According to *US News*, Hong Kong residents are using law enforcement hotlines to highlight “disloyal” neighbours and colleagues while students and teachers were told to tell on each other and demonstrations of a sizeable scale are also banned.⁶⁸ Apparently, the main target of this patriotism drive is the Hong Kong youths. Hoffman Ma Ho-man, a member of the National Committee of the Chinese People's Political Consultative Conference and Hong Kong Culture Association, echoed pro-Beijing opinions:

“Thanks to the implementation of the National Security Law for Hong Kong, it is the first year that patriots in Hong Kong can freely attend activities to celebrate the CPC's⁶⁹ anniversary and share their happiness with more people... It is definitely necessary for Hong Kong to reflect on how it can help Hong Kong youngsters learn about the concept of the CPC to better understand the development of China [in the modern era]... There are very few channels in the city through which to access comprehensive and objective information about the CPC [suggesting the inclusion of CPC management into compulsory lessons in Hong Kong schools].”⁷⁰

3.5 Three dates have been earmarked on the calendar for the Chinese authorities: CCP's centenary birthday on 1 July 2021, 24th anniversary of Hong Kong's return to China and one day after the first anniversary of the implementation of the National Security

⁶⁷ GT staff reporters, “HK delegation attends CPC centenary celebrations in Beijing” dated 28 June 2021 in *Global Times* [downloaded on 28 June 2021], available at <https://www.globaltimes.cn/page/202106/1227313.shtml>.

⁶⁸ Drew, Kevin, “Hong Kong Crackdown a Part of China's Larger Strategy”.

⁶⁹ Chinese Communist Party (CCP) and Communist Party of China (CPC) are used interchangeably.

⁷⁰ GT staff reporters, “HK delegation attends CPC centenary celebrations in Beijing”.

Law for Hong Kong.⁷¹ Maritime vessels flying China and Hong Kong flags navigated past Castle Peak Bay Waterfront Promenade at Tuen Mun to commemorate the 100th anniversary of CCP establishment and 24th anniversary of Hong Kong's return to the motherland while more than 60 senior Hong Kong public personalities led by CE Carrie Lam went to Beijing for its parallel celebrations of the Party's founding.⁷² Maritime vessels stationed at Hong Kong harbour were adorned with the national and SAR flags.

3.6 Hong Kong government figures were now fully engaged with state celebrations and anniversary festivities in Beijing. Hong Kong luminaries who participated in the anniversary gala at the Bird's Nest National Stadium in Beijing included Financial Secretary Paul Chan, Secretary for Justice Teresa Cheng, Secretary for Constitutional and Mainland Affairs Erick Tsang, Secretary for Security Tang Ping-keung, CE's Office Director Chan Kwok-ki, heads of several departments and agencies, representatives of Legislative Council and businesses.⁷³

3.7 The Beijing and Hong Kong authorities are hoping that more extensive exposure to patriotism can cultivate Hong Kong youths' loyalty to the state and the CCP. Other celebration activities such as a light show and screening of *1921* (a Chinese movie that traces the CCP's turbulent origins) which *Global Times* noted is suitable for Hong Kong youths who "lacked complete and objective learning of modern Chinese history...who were deceived by rioters to attend violent protests in 2019...to learn about the country's system and the Party".⁷⁴ The *Global Times* also highlighted, *Awakening Age*, a 43-episode series about the establishment of the CCP in 1921, as a documentary for veering away from "the indoctrination of the Western notion of democracy" leading to "a lack of complete and objective modern Chinese history education".⁷⁵

⁷¹ Ibid.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ GT staff reporters, "HK delegation attends CPC centenary celebrations in Beijing".

⁷⁵ Ibid.

- 3.8 The pro-democrat community, especially, its leaders, were singled out for lacking in such patriotic notions. Beijing's Beihang University Director of the Chinese Association of Hong Kong and Macau Studies Professor Tian Feilong publicly criticised Democratic Party's vice-chairperson Lee Wing-tat for leaving for the United Kingdom on 6 August 2021 without reforming the Party after he objected to the intended participation of younger members in the 2021 LegCo elections.⁷⁶
- 3.9 Leaving Hong Kong is in fact a complex decision for Hong Kongers. Political changes/disagreements and crowded living spaces are some of the factors motivating Hong Kongers to migrate and, according to a Chinese University of Hong Kong survey in September 2020, 44% of respondents would migrate if they had the opportunity and 35% had taken action in preparation.⁷⁷ The impact of such departures may include manpower shortage, capital outflow by as much as HK\$280 billion (US\$36 billion) in 2021 and brain drain of creative talents crucial for Hong Kong's knowledge-based economy.⁷⁸ CE Carrie Lam did not take this as a major concern as Hong Kong is integrating with the GBA that has a total population of over 72 million and large stocks of young mainland talents.⁷⁹

Central Government and Hong Kong COVID-19 Measures

- 4.1 CE Carrie Lam left no ambiguity about her government's prioritisation of Beijing's demand for zero COVID-19 infections. Hong Kong has rejected lifting global travel ban and "living with the virus", doubling down on the fact that Hong Kong has relatively low numbers of COVID-19 deaths and infections due to early border closures and meticulous entry procedures.⁸⁰ In end October 2021, CE Carrie Lam not

⁷⁶ Pao, Jeff, "Li Ka-shing walking away from HK democracy".

⁷⁷ Yuen, Vera, "The population exodus that will change Hong Kong forever" dated 25 August 2021 in East Asia Forum [downloaded on 25 August 2021], available at <https://www.eastasiaforum.org/2021/08/25/the-population-exodus-that-will-change-hong-kong-forever/>.

⁷⁸ Ibid.

⁷⁹ Ibid.

⁸⁰ Davidson, Helen, "Hong Kong doubles down on Covid restrictions to fall into line with mainland China" dated 28 October 2021 in DW.com [downloaded on 28 October 2021], available at <https://www.theguardian.com/world/2021/oct/28/hong-kong-doubles-down-on-covid-restrictions-to-fall-into-line-with-mainland-china>.

only cancelled most exemptions from mandatory and self-funded quarantine periods of up to 21 days, but also extended COVID-19 patients' hospital stay after recovery to another 14 days.⁸¹

- 4.2 Hong Kong strengthened COVID-19 measures despite an absence of local outbreaks to harmonise with Chinese policies by augmenting contact tracing, utilising LeaveHomeSafe app in state spaces and implementing stricter quarantine regulations (sparing only emergency respondents and essential industries).⁸² These measures are to align with China's pandemic-era zero-tolerance policy that emphasises lockdowns, quarantines and compulsory testing to eradicate COVID-19 outbreaks rapidly.⁸³
- 4.3 Hong Kong's alignment with the Mainland's zero-COVID-19 policy was criticised by Western media for sacrificing the "city's reputation as an international business centre to please Beijing's push for zero Covid" and jeopardising its attractiveness as "an international business centre, the bustling, vibrant commercial gateway to China and the rest of Asia".⁸⁴ Prior to this, Hong Kong's global business status was affected by the foreign business community's perception of its national security law. A May 2021 survey by the American Chamber of Commerce (Amcham) in Hong Kong revealed that 42% of its members are making plans to depart from the SAR and the "most widely shared concern was discomfort" due to the implementation of the national security law.⁸⁵
- 4.4 Chamber President Tara Joseph noted: "We're at the point where it just feels like we're talking to a wall...So we've stopped writing letters at this point".⁸⁶ Despite intense lobbying efforts by Hong Kong's international business groups for the

⁸¹ Ibid.

⁸² AP, "Hong Kong to tighten COVID-19 rules, seeks to open to China" dated 26 October 2021 in *Mainichi Japan* [downloaded on 26 October 2021], available at <https://mainichi.jp/english/articles/20211026/p2g/00m/0in/054000c>.

⁸³ Ibid.

⁸⁴ Davidson, Helen, "Hong Kong doubles down on Covid restrictions to fall into line with mainland China".

⁸⁵ Ng, Abigail, "Hong Kong's leader says national security law has city 'back on the right track'".

⁸⁶ Davidson, Helen, "Hong Kong doubles down on Covid restrictions to fall into line with mainland China".

authorities to relax boundary measures and strict quarantine requirements, the Hong Kong government doubled down their quarantine measures instead.⁸⁷

- 4.5 CE Carrie Lam's rationale is that global companies are based in Hong Kong due to its proximity/access to China and would not want border closure removed without first making the all-important mainland access possible.⁸⁸ Smooth physical access to China therefore is the overriding priority for the Hong Kong government.

⁸⁷ Ibid.

⁸⁸ Ibid.