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財經事務科  
香港金鐘道六十六號  
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FINANCIAL SERVICES BRANCH  
FINANCIAL SERVICES AND  
THE TREASURY BUREAU  
GOVERNMENT OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION  
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(Translation)

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來函檔號 YOUR REF.:

29 October 2020  
(By email)

Clerk to the Finance Committee  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong  
(Attn: Ms Ada LAU)

Dear Ms LAU,

**Finance Committee  
Follow-up items to the meeting held on 23 October 2020**

We refer to your email dated 27 October 2020, requesting the Administration to provide supplementary information on the discussion item FCR(2020-21)68. We also refer to your email dated 28 October 2020, referring to us the Hon Alvin YEUNG's letter. As the information requested by the Hon Alvin YEUNG is similar to item (a) of the information request, we provide a consolidated response at Annex.

Yours sincerely,

[Chinese version signed]

(TE Chi-wang)  
for Secretary for Financial Services and the Treasury

Encl.

**Follow-up to the meeting of  
the Finance Committee on 23 October 2020**

- (a)<sup>1</sup> Regarding the corporate procurement made by the Asian Infrastructure Investment Bank (AIIB), the sums of service contracts awarded to Hong Kong's professional service providers in the past three years were as below:

	Contract sum (US\$ million)
2017	0.5036
2018	0.1825
2019	4.0895
Total	4.7756

The contracts covered areas such as auditing, management consultancy, information technology and staff development. For the award of professional service contracts that are related to projects financed by the AIIB's investment and/or loan, we are not able to provide the statistics for the time being as the AIIB has not collated such statistics.

The AIIB and the Asian Development Bank (ADB) are established to promote the economic development in Asia, which in turn facilitate Hong Kong enterprises to expand into the Asian market. These two multilateral development banks could make use of the capital markets, asset management professionals and a wide range of financial products in Hong Kong to support their operation in areas such as project financing, bond issuance, investment, financial management and foreign exchange management. In fact, some engineering and consultancy companies from Hong Kong have participated in the infrastructure projects financed by multilateral development banks. For example, in the past three years, Hong Kong companies were awarded contracts for ADB financed projects with contract sums shown as below:

	Contract sum (US\$ million)
2017	36.04
2018	5.68
2019	6.67
Total	48.39

We will continue to encourage the AIIB to leverage on the strength of Hong Kong as an international financial centre by setting up an office in Hong Kong and issuing bonds in our capital market. This will not only benefit the financial services and professional services sectors in Hong Kong, but also help further

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<sup>1</sup> As the information requested by the Hon Alvin YEUNG in his letter dated 27 October 2020 is similar to item (a) of the information request, the Financial Services and the Treasury Bureau hereby provides a consolidated response.

consolidate our status as an international financial centre. We will continue to work with the AIIB.

- (b) For the years between 2018 and 2020 (up to June), the Hong Kong Police Force received 177, 384 and 280 complaints suspected to involve unscrupulous intermediaries respectively. Among them, a total of 376 complaints still under investigation were classified as criminal cases involving malpractices of financial intermediaries.

The Police have noticed that as the COVID-19 pandemic continues, some swindlers have disguised as bank staff to offer low-interest loans to people in financial difficulties, resulting in an increase in the number of such cases. Prosecution action has been taken against ten cases, of which five persons were convicted and sentenced to imprisonment for up to 38 months.

- (c) The posts of Deputy Secretary for Financial Services and the Treasury (Financial Services)<sup>3</sup> (DS(FS)<sup>3</sup>) and Principal Assistant Secretary for Financial Services and the Treasury (Financial Services)<sup>6</sup> (PAS(FS)<sup>6</sup>) were created in April and October 2006 respectively and were then mainly dedicated for the rewrite exercise of the Companies Ordinance. Since then, the two posts have been extended five times for handling the work related to the policies on companies, bankruptcy/insolvency, the accountancy sector and corporate governance, as well as for undertaking additional duties involving trust laws, money lenders, financial technologies (Fintech), the AIIB and the ADB, etc. So far, the major legislative exercises completed by the two posts include the Trust Law (Amendment) Ordinance 2013 (in operation since December 2013), the new Companies Ordinance (in operation since March 2014), the Companies (Amendment) Ordinance 2018 (in operation since March 2018) and the Financial Reporting Council (Amendment) Bill 2018 (in operation since October 2019).

While certain legislative amendment exercises have been completed, it is necessary for these two posts to provide policy steer and inputs for taking forward, implementing and reviewing policies in the relevant areas on a long-term basis. Take the implementation of the new auditor regulatory regime as an example. Apart from continuing to assume the policy oversight role, the Government also has to regularly review the overall accounting and auditing regulatory regime in Hong Kong from the policy perspective so as to ensure that the regime is benchmarked against the latest international standard and practice. On the introduction of a statutory corporate rescue procedure (CRP), the Bill concerned is an integral part of the overall corporate governance regime in Hong Kong. If the Bill is passed, we will continue to work with the Official Receiver's Office in reviewing the policy matters concerning the implementation of the new legislation and will take forward other policies and legislative proposals to refine the corporate governance regime in Hong Kong. On the regulation of money lenders, the Government has to keep a close watch over the money lending market situation and its development, with a view to continuously enhancing the regulatory measures including administrative measures and licensing conditions, and conducting reviews on the regulatory requirements under the Money Lenders

Ordinance (Cap 163) as appropriate. Meanwhile, as the adoption of Fintech has become more widespread in different domains, the holders of the two posts will have to continue to supervise the formulation and implementation of various cross-sector and cross-boundary initiatives, as well as maintaining liaison with different financial regulators for supervisory co-ordination. As for the long-term work related to the AIIB and the ADB, we will continue to encourage the AIIB and the ADB to leverage on the strength of Hong Kong as an international financial centre to support their operation.

As mentioned by DS(FS)3 in the meeting on 23 October, amid the impact brought by the COVID-19 pandemic on various sectors, the work relating to the introduction of the statutory CRP and the development of Fintech under his purview has become particularly important. Specifically, the CRP offers a new option under which an independent professional third party is allowed to take control of a company for a period of time while seeking to draw up a rescue plan. This will give the company a chance to revive its business or even a new start. Meanwhile, different sectors have quickened their pace of digitisation in the wake of the pandemic. By promoting the development of Fintech, Hong Kong will be able to enhance the overall competitiveness of its financial services sector, consolidate its status as a leading international financial centre and create high quality job opportunities.

- (d) DS(FS)3 is currently supported by PAS(FS)6 and they are both responsible for undertaking policy work on a long-term basis. As these two posts are complementary to each other and cover a wide range of policy areas with heavy workload, it is not feasible for their duties to be absorbed by other officers in the Financial Services Branch. We consider that it is more effective and reasonable to consider in one go the proposal of making these two posts permanent.

Financial Services and the Treasury Bureau  
October 2020