Index Page

Replies to initial written questions raised by Finance Committee Members in examining the Estimates of Expenditure 2019-20

Director of Bureau : Secretary for Financial Services and the Treasury
Session No. : 4
File Name : FSTB(FS)-1-e1.doc

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(FS)001	1251	AU Nok-hin	148	(1) Financial Services
FSTB(FS)002	3243	AU Nok-hin	148	(1) Financial Services
FSTB(FS)003	3130	CHAN Chi-chuen	148	(2) Subvention: Financial Services Development Council
FSTB(FS)004	0114	CHAN Chun-ying	148	(1) Financial Services
FSTB(FS)005	0437	CHAN Chun-ying	148	(1) Financial Services
FSTB(FS)006	2569	CHAN Chun-ying	148	(1) Financial Services
FSTB(FS)007	2570	CHAN Chun-ying	148	(1) Financial Services
FSTB(FS)008	0308	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)009	0309	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)010	0315	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)011	0318	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)012	0319	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)013	0321	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)014	0325	CHAN Kin-por	148	(2) Subvention: Financial Services Development Council
FSTB(FS)015	0326	CHAN Kin-por	148	(2) Subvention: Financial Services Development Council
FSTB(FS)016	1396	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)017	1397	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)018	1398	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)019	1399	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)020	1400	CHAN Kin-por	148	(1) Financial Services
FSTB(FS)021	2656	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)022	2657	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)023	2658	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)024	2659	CHEUNG Wah-fung,	148	(1) Financial Services

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Christopher		
FSTB(FS)025	2660	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)026	2661	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)027	2662	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)028	2663	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)029	2664	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)030	2665	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)031	2668	CHEUNG Wah-fung, Christopher	148	(1) Financial Services
FSTB(FS)032	3082	CHU Hoi-dick	148	(1) Financial Services
FSTB(FS)033	2543	HO Kai-ming	148	(1) Financial Services
FSTB(FS)034	1092	HO Kwan-yiu, Junius	148	(1) Financial Services
FSTB(FS)035	2504	KWOK Wing-hang, Dennis	148	(2) Subvention: Financial Services Development Council
FSTB(FS)036	2505	KWOK Wing-hang, Dennis	148	(1) Financial Services
FSTB(FS)037	2506	KWOK Wing-hang, Dennis	148	(1) Financial Services
FSTB(FS)038	1187	LAU Ip-keung, Kenneth	148	(1) Financial Services
FSTB(FS)039	1858	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)040	1868	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)041	1886	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)042	1888	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)043	1891	LEUNG Kenneth	148	(1) Financial Services
FSTB(FS)044	1074	LO Wai-kwok	148	(1) Financial Services
FSTB(FS)045	0522	LUK Chung-hung	148	(1) Financial Services
FSTB(FS)046	1134	LUK Chung-hung	148	(1) Financial Services
FSTB(FS)047	2259	QUAT Elizabeth	148	(1) Financial Services
FSTB(FS)048	0466	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)049	0467	TO Kun-sun, James	148	(1) Financial Services

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(FS)050	0468	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)051	0469	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)052	0609	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)053	0610	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)054	0891	TO Kun-sun, James	148	(2) Subvention: Financial Services Development Council
FSTB(FS)055	0941	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)056	0943	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)057	1442	TO Kun-sun, James	148	(1) Financial Services
FSTB(FS)058	1612	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)059	1613	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)060	1614	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)061	1615	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)062	1621	TSE Wai-chun, Paul	148	(1) Financial Services
FSTB(FS)063	0474	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)064	0476	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)065	0477	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)066	0478	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)067	0479	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)068	0481	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)069	3118	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)070	3119	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)071	3120	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)072	3121	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)073	3122	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)074	0811	WU Chi-wai	148	(1) Financial Services
FSTB(FS)075	0812	WU Chi-wai	148	(1) Financial Services
FSTB(FS)076	0440	CHAN Chun-ying	26	(2) Social Statistics
FSTB(FS)077	1093	HO Kwan-yiu,	26	(2) Social Statistics

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
		Junius		
FSTB(FS)078	1404	LAM Kin-fung, Jeffrey	26	(6) Labour Statistics
FSTB(FS)079	0119	SHEK Lai-him, Abraham	26	(6) Labour Statistics
FSTB(FS)080	2808	TAM Man-ho, Jeremy	26	(2) Social Statistics
FSTB(FS)081	2061	YUNG Hoi-yan	26	(2) Social Statistics
FSTB(FS)082	0117	CHAN Chun-ying	116	(1) Official Receiver's Office
FSTB(FS)083	3735	CHAN Chi-chuen	148	(1) Financial Services
FSTB(FS)084	3736	CHAN Chi-chuen	148	(1) Financial Services
FSTB(FS)085	3738	CHAN Chi-chuen	148	(1) Financial Services
FSTB(FS)086	3739	CHAN Chi-chuen	148	(1) Financial Services
FSTB(FS)087	5233	CHAN Chi-chuen	148	(1) Financial Services
FSTB(FS)088	4346	CHAN Tanya	148	
FSTB(FS)089	5804	CHAN Tanya	148	
FSTB(FS)090	6747	CHEUNG Chiu-hung, Fernando	148	
FSTB(FS)091	7078	CHEUNG Chiu-hung, Fernando	148	(1) Financial Services
FSTB(FS)092	4976	CHU Hoi-dick	148	(1) Financial Services
FSTB(FS)093	5396	CHU Hoi-dick	148	(2) Subvention: Financial Services Development Council
FSTB(FS)094	4451	KWONG Chun-yu	148	(1) Financial Services
FSTB(FS)095	7250	KWONG Chun-yu	148	
FSTB(FS)096	3441	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)097	3442	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)098	3443	WONG Ting-kwong	148	(1) Financial Services
FSTB(FS)099	4936	YEUNG Alvin	148	(1) Financial Services
FSTB(FS)100	4937	YEUNG Alvin	148	(2) Subvention: Financial Services Development Council
FSTB(FS)101	4938	YEUNG Alvin	148	
FSTB(FS)102	3737	CHAN Chi-chuen	26	
FSTB(FS)103	5206	CHAN Chi-chuen	26	(2) Social Statistics
FSTB(FS)104	4333	CHAN Tanya	26	(2) Social Statistics
FSTB(FS)105	5792	CHAN Tanya	26	
FSTB(FS)106	7131	CHEUNG Chiu-hung, Fernando	26	

Reply Serial No.	Question Serial No.	Name of Member	Head	Programme
FSTB(FS)107	7132	CHEUNG Chiu-hung, Fernando	26	
FSTB(FS)108	5176	FAN Kwok-wai, Gary	26	(2) Social Statistics
FSTB(FS)109	5183	FAN Kwok-wai, Gary	26	(4) General Statistical Services
FSTB(FS)110	3555	HO Chun-yin, Steven	26	
FSTB(FS)111	6217	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)112	6423	SHIU Ka-chun	26	(2) Social Statistics
FSTB(FS)113	7237	CHAN Tanya	31	(2) Anti-narcotics Investigation
FSTB(FS)114	5805	CHAN Tanya	116	
FSTB(FS)115	7192	LAM Kin-fung, Jeffrey	116	(1) Official Receiver's Office
FSTB(FS)116	4492	TAM Man-ho, Jeremy	116	(1) Official Receiver's Office
FSTB(FS)117	4493	TAM Man-ho, Jeremy	116	(1) Official Receiver's Office

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)001

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1251)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

1. With the introduction of "weighted voting rights" (WVR) in Hong Kong in 2018, some 30 companies from the "new economy" or biotechnology sectors have been listed on the Hong Kong Exchanges and Clearing Limited. Some of them have been sustaining losses while some have changed the emphasis of their businesses from the Internet to manufacturing processing. It is also not uncommon to see a brief increase in their stock prices followed by a rapid bubble development. In this connection, please advise on the following:
   a. After the Securities and Futures Commission (SFC) relaxed its listing rules in April 2018, has the Government evaluated or reviewed the effectiveness of the relevant measures?
   b. Given a likely downturn in the global economy, has the Government assessed the potential stability risks posed to our financial system by these WVR companies in the light of their rapid bubble development?
   c. To achieve the aims of the Financial Services Branch and safeguard the basic interest of small investors through overseeing the SFC, will the Government review the listing rules in the light of the above circumstances, by, for example, including conditions in the tests for listing, so as to maintain the stability of our financial system?
   d. In response to a written question on valuation for biotechnology enterprises in last year's Special Finance Committee Meeting (reply serial no. S-FSTB(FS)03), the Government stated that the Stock Exchange of Hong Kong (SEHK) "takes the view that the relevant regulatory approval regime in relation to the development of a biotech company's products provides a frame of reference to assist investors in the assessment of biotech companies." In this connection, what is the current "relevant regulatory approval regime" as far as assisting the Financial Secretary in overseeing the SFC is concerned?

2. It is mentioned that during this financial year the Bureau will "continue to prepare legislation for introducing a statutory corporate rescue procedure and insolvent trading

provisions". In recent years, the rapid development of information technology has led to the swift emergence of online selling as well as a large number of such platforms in the market. Failures of these platforms have caused substantial losses to sellers who deposited funds on them. In this connection, please advise of the following:

a. Although the Government had long finished the consultation on statutory corporate rescue procedure in 2010, the relevant legislative proposals have yet to be submitted to the Legislative Council (LegCo). What is the legislative timetable for the relevant legislation? When will the bill be submitted to the LegCo?
b. As the consultation on the relevant legislation was done almost 10 years ago, has the Government, in the course of preparing the legislation, made any adaptations in the light of new enterprises or new modes of business arising from the emergence of internet technology in recent years? If so, what are the adaptations? If not, what are the reasons?
c. High fees charged by liquidators to statutory corporations for the reason of financial recovery may erode the compensations due to creditors. How can the Government ensure that this will not happen in preparing the legislation?

Asked by: Hon AU Nok-hin (LegCo internal reference no.: 46)

Reply:

1. (a) to (c) The securities market of Hong Kong has been properly supervised and regulated. Moreover, the launch of the new listing regime in April 2018 allowed us to be the first international financial centre in the world that set out comprehensive regulatory requirements for companies with weighted voting rights structures. Indeed, Hong Kong has always been a premier fundraising platform for different enterprises. We ranked first around the world in terms of initial public offerings funds raised in 2018, showing that our listing regime is successful and reliable. The market value and stock price of listed companies are market-driven, on which we will not comment.

The Government and regulatory authorities will continue to closely monitor the market development with a view to ensuring that the market will operate in a proper and orderly manner, and that investors will receive appropriate safeguards. The Stock Exchange of Hong Kong ("SEHK") has established a robust mechanism to handle extreme market situations and to ensure the stability of the financial system.

(d) The SEHK has set out the relevant regulatory approval regime in the Listing Rules and the Guidance Letter that it issued. For example, the relevant regulatory approval authority in respect of pharmaceutical products includes the US Food and Drug Administration, the China Food and Drug Administration and the European Medicines Agency.

2. (a) The Government is preparing a bill to introduce a statutory corporate rescue procedure and insolvent trading provisions. Concurrently, we continue to engage stakeholders on the latest legislative proposals. We will introduce

the bill into the Legislative Council ("LegCo") as soon as possible, with a view to having the bill enacted before the end of the current LegCo term.

(b) The proposed statutory corporate rescue procedure will be applicable for all companies registered under the Companies Ordinance (Cap. 622) (including companies registered under the former Companies Ordinances), except for those which are authorised institutions regulated by the Hong Kong Monetary Authority, authorised insurers regulated by the Insurance Authority and licensed corporations or relevant entities regulated by the Securities and Futures Commission.

(c) The determination of a liquidator's remuneration is governed by legislation. According to section 196(2) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), as the case may be, a liquidator's remuneration is either fixed by an agreement between the liquidator and the committee of inspection (which is appointed by creditors and contributories), or by the court.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)002

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3243)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Services and the Treasury Bureau stated in Matters Requiring Special Attention in 2019-20 that it will "engage the industry and formulate proposals to promote the further development of our financial services industry". To combat "shell planting" and shell stock trading, the Hong Kong Exchanges and Clearing Limited (HKEx) amended the Listing Rules to introduce an automatic delisting mechanism in 2018, which gave rise to different opinions within the financial sector. In this connection, please advise on the following:

1. It is learnt that the Shenzhen Stock Exchange and the Shanghai Stock Exchange also have an automatic delisting mechanism in place, but cancellation of listing is required only for companies running a deficit for 3 consecutive years. HKEx, however, does not have clear criteria. Section 13.24 of the Listing Rules stipulates that "an issuer shall carry out a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets to warrant the continued listing of the issuer's securities". It is observable from the above that there is a difference in criteria. Given that the Bureau has stated, at the same time, the need to deepen the mutual access between financial markets in Hong Kong and the Mainland this year, has the Government assessed whether the difference in practices could hamper the development of mutual market access?
2. Further to the above question, what is the definition of "a sufficient level of operations" under the existing mechanism? How can it be determined what constitutes a low level of operations, sufficient revenue and profits as well as assets of sufficient value?
3. It was reported that the major shareholder of a listed company received a direction of delisting from HKEx after taking over the company for less than 4 months. The new shareholder did not have enough time to prove that the company had "a sufficient level of operations". In this regard, how will the Bureau ensure orderly and efficient operation of the financial markets?
4. Currently, what is the specific system under which written applications can be made for a review of the delisting decisions by the Listing Committee? Has the Bureau

considered making recommendations for providing a business environment which is open, fair and conducive to financial market developments?

5. In case of disagreement between the SFC and the Growth Enterprise Market (GEM) Listing Committee on the decision about a delisted company, how will the Bureau intervene and help resolve it?

Asked by: Hon AU Nok-hin (LegCo internal reference no.: 49)

Reply:

The capital markets of Hong Kong and the Mainland have their own unique features. When taking forward the mutual market access schemes, we will ensure that the schemes will meet the regulatory needs of the Hong Kong and the Mainland markets, and strike an appropriate balance between market development and investor protection, having regard to the inherent features of the two markets.

The Listing Rules of the Stock Exchange of Hong Kong ("SEHK") is made pursuant to the Securities and Futures Ordinance and has to be approved by the Securities and Futures Commission ("SFC"). Prior to making any changes to the Listing Rules, the SEHK will normally conduct consultation on the proposed amendments and ensure that the Listing Rules will continue to maintain the smooth and orderly operation of the market.

The SEHK launched consultation on the proposal to enhance delisting procedures of listed companies from September to November 2017. Having considered the feedback received, the SEHK revised the Listing Rules with effect from August 2018 to address concerns about prolonged suspension of listed companies. Under the new mechanism, the SEHK can delist a company listed on the Main Board after continuous trading suspension for 18 months, or a company listed on GEM after continuous trading suspension for 12 months, with a view to allowing time for listed companies to rectify the relevant regulatory issues and for resuming trading as soon as possible.

The SEHK has issued guidance letter to provide detailed information about the obligations of the suspended companies, the regulatory actions of the SEHK, the resumption procedures, etc. The SEHK also explains in the guidance letter that listed company must demonstrate to the SEHK that it has a business which is of substance and is viable and sustainable in the longer term in order to comply with the requirements of Rule 13.24 of the Listing Rules (i.e. listed companies must maintain sufficient operations or assets). It is not appropriate to generalise what constitute sufficient operations or assets under Rule 13.24. The specific requirements should take into account different factors of the individual listed companies such as their size and nature. The SEHK has issued a guidance letter elaborating on the guidance materials regarding re-compliance with Rule 13.24 of the Listing Rules under specific circumstances.

Chapters 2A and 2B of the existing Listing Rules prescribe the mechanism regarding the review of the decisions made by the Listing Committee, including the composition of the Listing Appeals Committee, the timing and procedures of review application, etc. The SFC may also request the Listing Committee or the Listing Appeals Committee to review their decisions in accordance with the Memorandum of Understanding Governing Listing

Matters signed by the SFC and the SEHK so as to fulfill the SFC's role and responsibility in supervising the securities market of Hong Kong.

The SEHK launched a consultation on the proposed changes to the review structure for the Listing Committee from August to October 2018 and has published consultation conclusions that set out the revised mechanism relating to the review of the Listing Committee's decisions. The new mechanism is expected to take effect from mid-2019. Under the new mechanism, the SEHK will establish an independent Listing Review Committee as the final review body. The SEHK will also revise the Listing Rules to prescribe that the SFC could request the Listing Review Committee to review the decisions made by the Listing Committee.

Under the Securities and Futures Ordinance and the relevant subsidiary legislation, the SFC and the SEHK have the statutory obligation to ensure the smooth and orderly operation of the market. Regardless of whether it is under the existing mechanism or the new mechanism, the Government will not intervene in the operation of the Listing Committee and the relevant review mechanism.

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)003

(Question Serial No. 3130)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(2) Subvention: Financial Services Development Council
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Would the Government tabulate the establishment, ranks, salaries and related allowances of the staff of the Financial Services Development Council in 2019-20 under this Programme?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 8)

Reply:

The Financial Services Development Council ("FSDC") was incorporated as a company limited by guarantee in September 2018. All staff of the FSDC will be recruited from the market. The number of staff in 2019-20 is estimated to be 13, including an Executive Director, a Head, 4 Senior Managers, 4 Managers and 3 Executive Assistants. The estimated annual staff cost is $16.2 million.

- End -

FSTB(FS)004

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0114)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

It is stated in Matters Requiring Special Attention in 2019-2020 that the Financial Services Branch will engage the industry and formulate proposals to promote the further development of our financial services industry. In this regard, what are the specific measures to be taken and is there any timetable? What are the number of staff and amount of expenditure to be involved in this area of work?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 6)

Reply:

The financial services industry is an important pillar of the Hong Kong economy. We will continue to work closely with the industry to promote the further development of our financial services industry. The key initiatives in 2019-20 are as follows –

Asset and wealth management

We are looking into the introduction of a limited partnership regime for private equity funds, with a view to providing the industry with more fund structure choices and attracting more funds to set up and operate in Hong Kong. We plan to put forward the proposal details for industry consultation in 2019.

Insurance sector

Measures to enhance Hong Kong's status as an international insurance hub are: (i) improving the legislative framework for the supervision of insurance groups where the holding company for the group is incorporated in Hong Kong; (ii) providing tax concessions at 50% of the profits tax rate for marine insurance and the underwriting of specialty risks in Hong Kong; (iii) facilitating the insurance sector to issue insurance-linked securities in Hong Kong; and (iv) reducing restrictions on insurable risks that can be carried by captive insurers set up in Hong Kong to meet the risk management need of multinationals. Our current target is to introduce the relevant amendment bills in respect of items (i) to (iv) into the Legislative Council in the 2019-20 legislative session.

Development of Uncertificated Securities Market ("USM") Regime

The Government is committed to further enhancing and modernising our securities market infrastructure. The Securities and Futures Commission, the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited are inviting public's views on the proposal for implementing an USM regime in Hong Kong. We will take into account the responses received and embark on the necessary legislative exercise to enable the progressive implementation of the USM regime.

Funding for promoting and facilitating the development of the financial services sector

We have set aside a dedicated provision of $500 million to promote the development of various fronts of the financial sector including bond market, financial technologies, green finance and to provide necessary support for other aspects of the industry in the 5 financial years from 2018-19. We will continue to explore and formulate, in consultation with industry players and stakeholders, the initiatives and programmes to promote and facilitate the development of the financial services industry.

It is an ongoing task of the Financial Services Branch to formulate the above policies and measures to facilitate the development of our financial market. The expenses involved will be absorbed from within our existing resources. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0437)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimate for 2019-20 is $326.6 million higher than that for 2018-19, an increase of 63.6%. Based on the analysis on page 377, the increase in provision is mainly due to the increased cash flow requirement for non-recurrent commitment items and anticipated increase in general departmental expenses. In this connection, please provide details of the intended uses of the said non-recurrent commitment items and the amounts involved.

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 7)

Reply:

In 2019-20, the intended uses of the general non-recurrent items of the Financial Services Branch and the amounts involved are as follows –

	Intended uses	Commitment $'000	2019-20 Estimated Expenditure $'000
1	Consultancy study for establishing a Risk-based Capital Regime	10,000	10,000
2	Funding for promoting and facilitating the development of the financial services sector	500,000	148,000
3	Provision of seed capital to the Financial Reporting Council	400,000	400,000
4	Funding requirements for a centralised platform for the administration of Mandatory Provident Fund registered schemes	3,367,150	40,327
5	Pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector	100,000	39,036
	Total	**4,377,150**	**637,363**

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)006

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2569)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

It is stated in Matters Requiring Special Attention this year that the Financial Services Branch of the Financial Services and the Treasury Bureau will continue to advance financial co-operation with the Mainland by reinforcing the offshore Renminbi business platform. Will the Government inform this Committee:

1) whether it has formulated specific measures for reinforcing the offshore Renminbi business; if yes, what are the details?
2) of the manpower and expenditure involved in achieving the objective this year?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 41)

Reply:

Hong Kong is a global offshore Renminbi ("RMB") business hub and maintains the world's largest offshore RMB liquidity pool, processing more than 70 per cent of RMB transactions globally. We are also one of the busiest RMB foreign exchange trading centres. With the advantages of well-established market system and financial infrastructure, close ties with the Mainland market and the support of the Central Government, a number of mutual market access schemes (including Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, Northbound Trading of Bond Connect and the mutual recognition of funds between the Mainland and Hong Kong) have been launched. These schemes have consolidated Hong Kong's status as a premier platform for international investors to access the Mainland market and allocate RMB assets.

We will continue to strengthen Hong Kong's status as the global offshore RMB business hub by enhancing the mutual market access schemes. We will also leverage the opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") development. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area has set out the objectives to progressively expand the scale and scope of the cross-boundary use of RMB in the Greater Bay Area; implement measures to facilitate banking institutions in the Greater Bay Area to launch, in accordance with relevant regulations, cross-boundary RMB interbank lending, RMB foreign exchange spot and forward businesses, related RMB derivative products and cross distribution of wealth management products; encourage enterprises in the Greater Bay Area to issue cross-boundary RMB bonds in accordance with relevant regulations; and develop more offshore RMB, commodity and other risk management tools. These objectives will help reinforce Hong Kong's status as the global hub for offshore RMB business.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)007

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2570)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

For the Financial Services and the Treasury Bureau (Financial Services Branch), one of the Matters Requiring Special Attention in 2019-20 is to continue to promote the development of financial technologies in Hong Kong. Will the Government inform this Committee of the following:

1) whether a blueprint has been mapped out for the development of financial technologies in Hong Kong, e.g. setting a percentage of local banking practitioners to receive training on financial technologies; if yes, what are the details?
2) the manpower to be deployed to take forward the development of financial technologies in Hong Kong this year;
3) the total provision earmarked by the Financial Services and the Treasury Bureau and the Innovation and Technology Bureau for developing financial technologies in Hong Kong.

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 43)

Reply:

1)

The Government will continue to adopt a five-pronged approach in facilitating financial technologies ("Fintech") development, namely (a) promotion; (b) facilitation; (c) regulation; (d) talents; and (e) funding. Major initiatives announced by the Financial Secretary in the 2019-20 Budget to promote the development of Fintech include –

The Government is planning for the use of the Faster Payment System ("FPS") to provide the public with greater convenience in paying taxes, rates and water charges. The Transport Department, the Immigration Department and the Leisure and Cultural Services Department will examine the feasibility of accepting payments through the FPS at their shroff counters on a pilot basis.

The Hong Kong Monetary Authority ("HKMA") will shortly issue virtual banking licences. Banks are also implementing the Open Application Programming Interface functions in phases. These will bring more innovative banking services to the public.

The HKMA and the Securities and Futures Commission will make use of the Global Financial Innovation Network to share among regulators across the globe the experiences and knowledge in managing Fintech applications.

On training local in-service practitioners, the University of Hong Kong, together with Cyberport and other industry players, launched Asia's first Fintech Massive Open Online Course in 2018 in which practitioners of the financial services industry can enroll. The Government and the industry have also offered various training programmes to enhance the digital literacy of practitioners of the financial services industry. For example, under the Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector, industry associations can make use of the Financial Incentive Scheme for Professional Training to enhance wider adoption of innovative technology among practitioners.

2) & 3)
Fintech-related work in the Financial Services Branch ("FSB") will be absorbed from within FSB's existing resources and manpower. The Financial Services and the Treasury Bureau ("FSTB") has earmarked $20 million in 2019-20 to continue to support Invest Hong Kong's dedicated Fintech team. Policy and measures for Fintech development are under the responsibility of FSTB. The Innovation and Technology Bureau has not earmarked provision for this purpose.

- End -

Examination of Estimates of Expenditure 2019-20 | Reply Serial No.

FSTB(FS)008

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0308)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Bureau will prepare the bill for providing tax reliefs to promote the development of marine insurance and underwriting of specialty risks in Hong Kong. In this connection, please inform this Committee of:

a) the estimated expenditure regarding the provision of tax reliefs so as to strengthen Hong Kong's status as an international insurance hub; and

b) whether a development framework will be considered and formulated in collaboration with the industry. If yes, what will be its staffing structure and timetables for promotion and implementation? If no, what are the reasons?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 1)

Reply:

(a) To enhance Hong Kong's status as an international insurance hub, the Financial Services and the Treasury Bureau has established a taskforce with the Insurance Authority ("IA") to discuss details of providing tax concessions to the insurance industry. The Government plans to provide tax concessions at 50% of the profits tax rate for marine insurance and the underwriting of specialty risks in Hong Kong, so as to promote the development of relevant business. We are still working with the IA and relevant government departments to prepare the implementation details and legislative proposals. Therefore, the estimated financial impact on the Government arising from the tax concessions is currently unavailable.

(b) We will take forward the relevant legislative work with existing financial and staffing provision. Our current target is to introduce the relevant amendment bill into the Legislative Council in the 2019-20 legislative session.

- End -

FSTB(FS)009

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0309)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Branch will co-ordinate and facilitate the implementation of new initiatives on financial infrastructure to enhance Hong Kong's competitiveness. In this connection, will the Government inform this Committee of:

a) the direction and timetable of the new initiatives;
b) the estimated number of staff required for the co-ordination work and the expenditure to be incurred; and
c) whether a new division has to be set up to implement and handle the related work; if yes, of the details?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 3)

Reply:

The financial services industry is an important pillar of the Hong Kong economy. We will continue to co-ordinate and facilitate the implementation of new initiatives on financial infrastructure to enhance Hong Kong's competitiveness. The key new initiatives on financial infrastructure in 2019-20 include –

Development of Uncertificated Securities Market ("USM") Regime

The Government is committed to further enhancing and modernising our securities market infrastructure. The Securities and Futures Commission, the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited are inviting public's views on the proposal for implementing an USM regime in Hong Kong. We will take into account the responses received and embark on the necessary legislative exercise to enable the progressive implementation of the USM regime. It is an ongoing task of the Financial Services Branch ("FSB") to formulate policies and measures to facilitate the development of our financial market. The expenses involved will be absorbed from within our existing resources. We do not have a separate breakdown.

Financial technologies ("Fintech")

Regarding Fintech infrastructure, the Faster Payment System ("FPS") and the Common QR Code Standard for Retail Payments was launched in September 2018. FPS has recorded over 2 million registrations and processed a cumulative total of over 6.86 million transactions as at end January 2019. FSB will continue to closely keep in view its development in the coming year. FPS is operated by Hong Kong Interbank Clearing Limited and does not involve FSB's resources.

- End -

FSTB(FS)010

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0315)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Branch will continue the implementation of the pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector and review whether, and if so, what initiatives should be extended upon the completion of the pilot programme. In this connection, will the Government inform this Committee of:

a) the latest detailed figures concerning the pilot programme to enhance talent training, such as the figures on insurance-related graduates and those joining the insurance sector;
b) the specific work plan for this year; and
c) the timetable of the review on the pilot programme?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 13)

Reply:

(a)&(b) There are 4 initiatives under the Pilot Programme for the insurance sector, namely the Public Education Programme ("PEP"), the Financial Incentive Scheme for Professional Training ("FIS"), the Work-and-learn Programme ("WLP") and the Summer Internship Programme ("SIP"). On PEP, we have conducted workshops, seminars, competitions and publicity and outreach programmes. In respect of FIS, as at end-February 2019, there were 3 421 attendances at the training courses. On WLP, as at end-February 2019, 12 people completed the training courses and joined the insurance sector. There are currently 4 student-workers receiving training under WLP. As for SIP, 138 university students participated in the programme in 2017 and 2018. Interns will work up to 2 months in participating companies. As the participants are non-final year undergraduate students who will continue to complete their university courses after the internship, we currently do not have statistics on the number of participants who may join the insurance sector after graduation. We will continue the above initiatives in 2019-20.

As for the Pilot Programme for the asset and wealth management ("WAM") sector, there are 3 initiatives under it. They are promotion and education initiatives, the Financial Incentive Scheme for Professional Training ("FIS"), and the Summer Internship Programme ("SIP") for undergraduate students. The promotion and education initiatives are conducted in different modes and through different channels (such as career fairs, online and social media promotion, on-campus career seminars/talks, etc.) to enhance the understanding of the job nature and diversified career prospects in the WAM sector by the community (especially the young generation). As at January 2019, we organised 3 rounds of career fair, as well as 120 seminars and briefing sessions for university students, educational institutions, and the industry. There were around 2 100 attendances in total. As for the FIS which targets in-service practitioners, each practitioner working in the financial services industry may be reimbursed 80% of his/her course fees upon completion of eligible courses under the scheme. Each person may be reimbursed up to $7,000 over the three-year period of the Pilot Programme. As at end of 2018, there were over 7 400 attendances at the eligible training courses under the scheme, and over 900 persons have submitted applications for reimbursement of course fees and have been reimbursed. Under the SIP, financial institutions would offer internship positions related to WAM for undergraduate students during the summer vacation. Out of the monthly honorarium that a student intern will receive, the Government will provide a subsidy of up to 75% or $7,000 (whichever is the lower), for a total period of up to 8 weeks. 116 students have completed internship as at end of 2018, while around 850 students have applied for nearly 100 internship vacancies for the 2019 round. Matching is in progress. We will continue with the above initiatives in 2019-20.

(c) The Pilot Programme lasts for 3 years until 2019-20. We are reviewing the cost-effectiveness of the initiatives and considering which initiatives warrant continuation, and if so, in what form. We will take into account the industry's feedback in the course of the review and report to the Legislative Council in due course.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)011

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0318)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

It is mentioned under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Branch will continue to work with the Mandatory Provident Fund Schemes Authority to develop a centralised platform to facilitate standardisation, streamlining and automation of administration processes of Mandatory Provident Fund registered schemes. In this connection, will the Government inform this Committee of:

a) the manpower and financial resources involved in relation to this initiative;
b) the specific work for this year; and
c) the schedule for progress?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 16)

Reply:

a) The Government will task the Mandatory Provident Fund Schemes Authority ("MPFA") as the institution to build, own and operate the Centralised Platform ("CP"). Subject to the approval of the Legislative Council ("LegCo"), the Government will commit $3.36715 billion for the development of the CP to handle Mandatory Provident Fund ("MPF") scheme administration processes and related expenses. In particular, the budgeted expenditure for Project & IT staff and Consultancy Services is around $680 million. We do not have the breakdown for manpower-related expenditure under other service items.

b) & c) The Government plans to introduce into LegCo in the 2018-19 legislative year the first phase legislative proposal to amend the Mandatory Provident Fund Schemes Ordinance, with a view to providing the MPFA with explicit power to set up a wholly-owned subsidiary as the legal entity to build, own and operate the CP. The Task Force under the eMPF Working Group is currently formulating standardised administration processes for MPF registered schemes and plans to complete the relevant work by the end of

2019, in order to prepare for the tendering exercise and the next phase legislative proposal. Our target is to issue tender for the CP project within 2019, with a view to completing the development of the CP in 2022 and implementing the CP by phases thereafter.

- End -

Reply Serial No.

FSTB(FS)012

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0319)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

It is mentioned under the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Bureau will continue to prepare the bill for allowing the formation of special purpose vehicles in Hong Kong specifically for issuing insurance-linked securities. In this connection, will the Government inform this Committee of:

a) the manpower and estimated expenditure involved in handling and reviewing the issuance of insurance-linked securities; and
b) the time when the relevant bill is expected to be introduced to the Legislative Council for discussion?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 22)

Reply:

We will take forward the legislative work for allowing the formation of special purpose vehicles in Hong Kong specifically for issuing insurance-linked securities with existing financial and staffing provision. Our current target is to introduce the relevant amendment bill into the Legislative Council in the 2019-20 legislative session.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)013

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0321)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary mentioned in his Budget Speech that the Government will continue to enhance tax concessions for corporate treasury centres (CTCs) to strengthen our competitiveness. In this connection, please inform this Committee of the following:

a) In terms of attracting investments, whether the Government has assessed the effectiveness of tax concessions for CTCs vis-a-vis those provided by other regions?

b) How will such tax concessions for CTCs be enhanced?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 25)

Reply:

Hong Kong is well positioned for the operation of corporate treasury centres ("CTCs"). Hong Kong offers free flow of capital, a developed financial market, extensive corporate and investment banking networks, first class financial infrastructure, low and simple tax rates, a sound legal system and an abundant supply of corporate treasury talents. These advantages have attracted a number of multinational and Mainland corporations to set up business in Hong Kong.

The Government amended the Inland Revenue Ordinance in June 2016 to enable the deduction of interest payable on money borrowed by a corporation carrying on in Hong Kong an intra-group financing business under specified conditions and reduce the profits tax rate by 50% for qualifying CTCs. Since June 2016, over 200 cases have benefitted from the tax concessions. The Administration will keep in view development in the international regulatory landscape and consider refinement to the regime as necessary.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)014

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0325)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(2) Subvention: Financial Services Development Council
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding the Programme of the Financial Services Development Council (FSDC), will the Government inform this Committee of:

a) the reasons why the 2018-19 revised estimate for the FSDC has been substantially reduced by 25.5% from the original estimate; and
b) the number of studies completed by the FSDC and the number of recommendations implemented by the Government?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 29)

Reply:

a) With the incorporation of the Financial Services Development Council ("FSDC") as a company limited by guarantee in September 2018, the work on setting up of the FSDC's office and staff recruitment has been ongoing. The 2018-19 estimated expenditure was adjusted having regard to the various work progress.

b) Since its inception in 2013, the FSDC has published 38 research reports on the strategic development of the financial services industry of Hong Kong. The Government has been positively following up on the recommendations made by the FSDC as appropriate, and many of the recommendations have already been implemented. For example, the open-ended fund company regime has come into operation, the Government is studying the introduction of a limited partnership regime for private equity funds, and the Government plans to issue its first batch of green bond. The Government will continue to suitably follow up on the recommendations of the FSDC's reports. Details of the progress of implementation of the FSDC's recommendations will continue to be provided in the FSDC's annual reports available on its website.

- End -

Reply Serial No.

FSTB(FS)015

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0326)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(2) Subvention: Financial Services Development Council
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

As stated under Programme (2), the Financial Services Development Council (FSDC) promotes Hong Kong's financial services industry in the Mainland and overseas through organising and participating in a wide range of marketing campaigns and helps nurture human capital for Hong Kong's financial services industry with outreach programmes for students and practitioners. Please set out details of the marketing campaigns and outreach programmes organised by the FSDC in the past year and the effectiveness evaluation of these campaigns and programmes conducted by the Bureau?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 30)

Reply:

In 2018-19, the Financial Services Development Council ("FSDC") hosted or participated in 16 events, including the Belt and Road Summit and Asian Financial Forum organised by the Hong Kong Trade Development Council; InvestHK's Hong Kong FinTech Week; the Green and Social Bond Principles Conference organised by the International Capital Market Association and the Hong Kong Monetary Authority, etc.

On human capital development, the FSDC organised 9 seminars with local tertiary institutions under the Practitioner Speakers Series on the latest industry trends and career opportunities in the financial services sector in 2018-19. The FSDC's 5th Career Day held in October 2018 saw the launch of the first CV Clinic, with human resources professionals offering one-on-one advisory services to over 350 tertiary students and young graduates on-site.

The feedback from the industry and the stakeholders on the above events has generally been positive. The Government will continue to support the work of the FSDC.

- End -

FSTB(FS)016

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1396)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Branch will continue to promote the development of financial technologies (Fintech). Meanwhile, the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC) and the Insurance Authority (IA) have established their respective dedicated Fintech liaison platforms. In this connection, would the Government advise this Committee on:

a) the estimated expenditure on manpower training and promotion of Fintech development;
b) whether the Bureau has drawn reference from other countries in assisting enterprises to apply Fintech; if yes, the details; if no, the reasons; and
c) how to collect the problems that may be encounterd by the sector in applying Fintech and whether the Government will provide funding for those problems or study the ways out.

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 2)

Reply:

a) Financial technologies ("Fintech")-related work in the Financial Services Branch ("FSB") will be absorbed from within FSB's existing resources. The Financial Services and the Treasury Bureau has earmarked $20 million in 2019-20 to continue to support Invest Hong Kong ("InvestHK")'s dedicated Fintech team.

b) Hong Kong and overseas financial regulators have entered into Fintech cooperation agreements to share information regarding the latest Fintech trends, development and regulatory issues. The Hong Kong Monetary Authority ("HKMA") and the Securities and Futures Commission ("SFC") will also make use of the Global Financial Innovation Network to share among regulators across the globe the experiences and knowledge in managing Fintech applications. InvestHK's Fintech team has dedicated staff in Europe and North America to keep in view their Fintech developments.

c) We and financial regulators are in contact with the industry to keep abreast of the dynamic Fintech landscape and their feedback on various initiatives. The HKMA, SFC and Insurance Authority also have established dedicated Fintech liaison platforms to enhance communications with the Fintech industry on regulatory matters.

- End -

Reply Serial No.

FSTB(FS)017

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1397)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Under this programme of the Financial Services and the Treasury Bureau (Financial Services Branch), it is mentioned that the Branch will continue to oversee the transition from the existing self-regulatory regime for insurance intermediaries to a statutory licensing regime administered by the Insurance Authority (IA). In this connection, will the Government inform this Committee of the current progress of the transition and the expected time of entering the stage of statutory licensing regime?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 11)

Reply:

The Insurance Authority ("IA") is formulating rules, regulations and guidelines in relation to the statutory licensing regime for insurance intermediaries. The IA plans to take over the regulation of insurance intermediaries from the 3 Self-Regulatory Organizations and administer a statutory licensing regime for insurance intermediaries in the second half of 2019.

\- End -

FSTB(FS)018

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1398)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme of the Financial Services and the Treasury Bureau (Financial Services Branch), it is mentioned that the Branch will continue to promote the development of financial technologies in Hong Kong. In January last year, the Hong Kong Monetary Authority, in collaboration with the Hong Kong Applied Science and Technology Research Institute, Cyberport and the Hong Kong Science and Technology Parks Corporation, launched the upgraded version of the Fintech Career Accelerator Scheme (FCAS 2.0) to nurture young talent at various stages of their career development. In this regard, please advise this Committee of the following:

a) Are there regular reviews of the effectiveness of the scheme? If so, what are the schedules and details? If not, what are the reasons?
b) The Financial Services Development Council's report on human capital in financial services pointed out the serious shortage of talent in our financial services industry, especially the insurance sector. To this end, will the Bureau deploy additional resources to regularise the scheme? If so, what are the details? If not, what are the reasons?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 12)

Reply:

(a) The Fintech Career Accelerator Scheme 2.0 ("FCAS 2.0") was launched in 2018 with a view to enhancing the financial technologies ("Fintech") talent pool in Hong Kong to meet the industry demands. FCAS 2.0 offers Fintech talent building programmes, including entrepreneurship summer boot camp, Shenzhen internship programme, gap year full-time placement programme and full-time graduate programme. The Financial Services Branch and relevant parties have regular meetings to monitor the progress of Fintech-related initiatives, including FCAS 2.0, and keep track of the latest market developments.

(b) In addition, we have allocated $100 million funding to launch the Pilot Programme to Enhance Talent Training for the Insurance Sector and the Asset and Wealth Management Sector ("Pilot Programme") in 2016. There are four initiatives under the Pilot Programme for the insurance sector, namely the Public Education Programme, the Financial Incentive Scheme for Professional Training, the Work-and-learn Programme and the Summer Internship Programme. The Pilot Programme lasts for 3 years until 2019-20. We are reviewing the cost-effectiveness of the initiatives and considering which initiatives warrant continuation, and if so, in what form. We will take into account the industry's feedback in the course of the review and report to the Legislative Council in due course.

- End -

FSTB(FS)019

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1399)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

It is stated in the Programme of the Financial Services and the Treasury Bureau (Financial Services Branch) that the Branch will continue to promote the development of the asset and wealth management industry, including providing profits tax exemption to funds operating in Hong Kong and developing a limited partnership regime for private equity funds in Hong Kong. In this connection, will the Government inform this Committee of the following:

a) the estimated number of fund companies that will benefit from the provision of profits tax exemption and the expenditure involved;
b) the latest details of the promotion of the development of the asset and wealth management industry; and
c) whether additional manpower and resources will be required and if required, the details.

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 20)

Reply:

The Government will continue to enhance Hong Kong's competitiveness as an asset and wealth management centre through a series of measures. These measures include –

(a) introduction of regimes for new fund structures – after the operation of the open-ended fund company regime in July 2018 which allows a fund to be set up in the form of a company besides unit trust, we are looking into the introduction of a limited partnership regime for private equity funds. This should provide more choices for fund domiciliation. We plan to put forward the proposal details of the limited partnership regime for industry consultation in 2019;

(b) provision of a facilitating tax environment for funds – all publicly offered funds can enjoy profits tax exemption. As for privately offered funds, both onshore and offshore funds can enjoy profits tax exemption for their transactions in specified assets subject to meeting certain conditions with effect from 1 April 2019. Since tax arrangement is one of the many factors influencing the choice of jurisdiction for fund domiciliation and management, we are unable to estimate the number of funds that will benefit from the tax exemption arrangement and the associated tax revenue. That said, we expect the new arrangement would increase Hong Kong's attractiveness for funds and drive demand for the related professional services locally; and

(c) expansion of the fund distribution network – the Securities and Futures Commission ("SFC") has reached mutual recognition of funds arrangement ("MRF") with the Mainland, Switzerland, France, the United Kingdom and Luxembourg. An MRF allows eligible funds to be offered directly in each other's market after obtaining authorisation under streamlined procedures. The SFC will continue with its efforts in this regard.

Expenditure and manpower involved in taking forward the above initiatives will be absorbed from within existing resources.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)020

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1400)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(700) General non-recurrent
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

A surplus of $41.487 million is recorded in Subhead 700 Item 888 of the Financial Services and the Treasury Bureau (Financial Services Branch) for the pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector (the pilot programme) and the programme will come to an end in mid-2019. In this regard, please inform this Committee of:

a) whether the huge surplus is caused by the lukewarm response to the pilot programme;
b) the latest progress of the pilot programme; and
c) if the pilot programme still records a surplus upon its completion, whether the surplus will be carried forward as the funding for the next phase.

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 23)

Reply:

(a) As regards the effectiveness of the 4 initiatives under the Pilot Programme for the insurance sector, generally speaking, the Public Education Programme ("PEP"), the Financial Incentive Scheme for Professional Training ("FIS") and the Summer Internship Programme ("SIP") received positive feedbacks. However, the Work-and-learn Programme ("WLP") has attracted lukewarm response. The main reason was the low matching rate between employers and student-workers and the high dropout rate of student-workers.

On the effectiveness of the 3 initiatives under the Pilot Programme for the asset and wealth management ("WAM") sector, generally speaking, the promotion and education initiatives and the Summer Internship Programme ("SIP") have received positive feedback, while the industry's uptake of the Financial Incentive Scheme for Professional Training ("FIS") has been lower than expected. This was mainly because many employers have their own subsidy arrangements for staff training.

(b) There are 4 initiatives under the Pilot Programme for the insurance sector, namely the PEP, the FIS, the WLP and the SIP. On PEP, we have conducted workshops, seminars, competitions and publicity and outreach programmes. In respect of FIS, as at end-February 2019, there were 3 421 attendances at the training courses. On WLP, as at end-February 2019, 12 people completed the training courses and joined the insurance sector. There are currently 4 student-workers receiving training under WLP. As for SIP, 138 university students participated in the programme in 2017 and 2018. Interns will work up to 2 months in participating companies. As the participants are non-final year undergraduate students who will continue to complete their university courses after the internship, we currently do not have statistics on the number of participants who may join the insurance sector after graduation. We will continue the above initiatives in 2019-20.

As for the Pilot Programme for the WAM sector, there are 3 initiatives under it. They are promotion and education initiatives, the FIS, and the SIP for undergraduate students. The promotion and education initiatives are conducted in different modes and through different channels (such as career fairs, online and social media promotion, on-campus career seminars/talks, etc.) to enhance the understanding of the job nature and diversified career prospects in the WAM sector by the community (especially the young generation). As at January 2019, we organised 3 rounds of career fair, as well as 120 seminars and briefing sessions for university students, educational institutions, and the industry. There were around 2 100 attendances in total. As for the FIS which targets in-service practitioners, each practitioner working in the financial services industry may be reimbursed 80% of his/her course fees upon completion of eligible courses under the scheme. Each person may be reimbursed up to $7,000 over the three-year period of the Pilot Programme. As at end of 2018, there were over 7 400 attendances at the eligible training courses under the scheme, and over 900 persons have submitted applications for reimbursement of course fees and have been reimbursed. Under the SIP, financial institutions would offer internship positions related to WAM for undergraduate students during the summer vacation. Out of the monthly honorarium that a student intern will receive, the Government will provide a subsidy of up to 75% or $7,000 (whichever is the lower), for a total period of up to 8 weeks. 116 students have completed internship as at end of 2018, while around 850 students have applied for nearly 100 internship vacancies for the 2019 round. Matching is in progress. We will continue with the above initiatives in 2019-20.

(c) The Pilot Programme lasts for 3 years until 2019-20. We are reviewing the cost-effectiveness of the initiatives and considering which initiatives warrant continuation, and if so, in what form. We will take into account the industry's feedback in the course of the review and report to the Legislative Council in due course.

- End -

Reply Serial No.

FSTB(FS)021

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2656)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The Budget Speech stresses on "actively promoting mutual access with the Mainland" and mentions the outcomes of initiatives such as the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect and the Bond Connect as well. However, there is completely no mention of the "Primary Equity Connect" which the Government has undertaken to actively pursue. There were also no more new updates on the "Primary Equity Connect" in the past year either. In this connection, please advise on the following:

(1) Whether studies on the "Primary Equity Connect" are still in progress or have shelved? Or is it just not ready to implement?

(2) Whether there are technical issues difficult to solve or prerequisites needs to be in place before implementation? Please provide an answer.

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 41)

Reply:

We will continue to deepen the mutual financial market access between Hong Kong and the Mainland, with a view to further consolidating Hong Kong's role in connecting the financial markets between the Mainland and the rest of the world. Regarding "Primary Equity Connect", we will study this suggestion for the medium to long term, having regard to the financial regulations in the Mainland and Hong Kong. The Securities and Futures Commission will maintain communication with the Hong Kong Exchanges and Clearing Limited on the subject.

- End -

Reply Serial No.

FSTB(FS)022

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2657)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that the Government will continue its efforts to increase the quotas for and expand the scope of mutual access.

(1) Please provide details of the aspects in which the Government will seek to increase the quotas for and expand the scope of mutual access.

(2) The quotas under the Shenzhen-Hong Kong Stock Connect and the Shanghai-Hong Kong Stock Connect have increased since 1 May 2018. Please provide details, including the quantity/percentage used, of the relevant quotas.

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 42)

Reply:

(1) Mutual market access schemes including Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and Northbound Trading of Bond Connect have been operating smoothly since their launch, with a number of enhancement measures implemented in 2018. The Government and the regulatory authorities will continue to discuss with the relevant Mainland authorities to enhance the existing schemes, including covering more investment products, with a view to further deepening the access scheme and promoting the collaboration and interaction between the two financial markets.

(2) The average monthly quota usage of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect between May 2018 and December 2018 is at **Annex**.

- End -

Annex

Monthly Average Quota Usage of
Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

	Shanghai-Hong Kong Stock Connect		**Shenzhen-Hong Kong Stock Connect**	
	(RMB billion)	(%)	(RMB billion)	(%)
Northbound Trading				
May 2018	1.44	2.8	1.28	2.5
Jun 2018	0.98	1.9	0.70	1.4
Jul 2018	1.16	2.2	0.37	0.7
Aug 2018	1.07	2.1	0.66	1.3
Sep 2018	0.76	1.5	0.42	0.8
Oct 2018	-0.27	-0.5	-0.24	-0.5
Nov 2018	1.71	3.3	0.75	1.4
Dec 2018	0.99	1.9	0.33	0.6
Southbound Trading				
May 2018	-0.05	-0.1	0.55	1.3
Jun 2018	-0.22	-0.5	0.46	1.1
Jul 2018	0.18	0.4	0.52	1.2
Aug 2018	-0.42	-1.0	-0.003	-0.01
Sep 2018	0.59	1.4	0.36	0.8
Oct 2018	0.83	2.0	0.23	0.6
Nov 2018	0.10	0.2	0.23	0.5
Dec 2018	0.46	1.1	0.34	0.7

Source: Hong Kong Exchanges and Clearing Limited, Shanghai Stock Exchange and Shenzhen Stock Exchange

Note: Quota usage is the net figure of buy and sell of stocks. Negative figure indicates net sell.

FSTB(FS)023

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2658)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect have been launched for years, and the mechanisms are proved to be feasible and the risks controllable. Will the Bureau seek to increase the types of investment products under the southbound trading links? Following the possible approval for including shares with weighted voting rights structure in the southbound trading links this July, is it possible to include investment products such as ETFs, derivatives, fixed rates and currencies in the links in the future?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 43)

Reply:

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect have been operating smoothly since their launch. With effect from 1 May 2018, the daily quota of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect has been quadrupled. With the more convenient access of the Mainland capital markets (including A shares market) by international investors through Hong Kong, major international indices, including MSCI and FTSE Russell, have now included Mainland A shares in their index portfolios, signifying the achievements made by the mutual market access scheme.

The Government and the regulatory authorities will continue to discuss with the relevant Mainland authorities to expand the mutual market access scheme to cover more investment products, including exchange-traded funds, with a view to further deepening the access scheme and promoting the collaboration and interaction between the two financial markets.

\- End -

FSTB(FS)024

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2659)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

To tie in with the introduction of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, the Hong Kong Government indicated that it would explore with the Mainland the development of a "Wealth Management Connect" to facilitate cross-boundary purchases of wealth management products by investors in Hong Kong and the Mainland. Does the "Wealth Management Connect" cover wealth management products and services provided by banks only? Are products traded by securities firms not covered in the deliberation on the "Wealth Management Connect"?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 44)

Reply:

The "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" ("Outline Development Plan") confirms and supports Hong Kong's status as an international financial centre, a global offshore Renminbi ("RMB") business hub, an international asset and risk management centre, and a platform for investment and financing serving the Belt and Road Initiative. We will continue to liaise with the relevant Mainland authorities to implement the policy initiatives along the broad directions as set out in the Outline Development Plan.

The Outline Development Plan has set out the objectives to progressively expand the scale and scope of the cross-boundary use of RMB in the Guangdong-Hong Kong-Macao Greater Bay Area and strengthen mutual access to financial markets. These can facilitate cross-boundary wealth management. The Hong Kong Monetary Authority will actively explore the related initiatives with the Mainland authorities.

- End -

FSTB(FS)025

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2660)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The development of "financial services in the Greater Bay Area" is emphasised in the Budget. Please advise on the following:

(1) How will the Government assist Hong Kong's financial sector in "entering the Greater Bay Area"?

(2) The securities sector has been seeking to set up business or offer financial products in the Mainland cities. Has the Government discussed with relevant Mainland authorities on this front? When will the securities sector be able to operate or promote their business in the Greater Bay Area?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 45)

Reply:

The "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" ("Outline Development Plan") confirms and supports Hong Kong's status as an international financial centre, a global offshore Renminbi ("RMB") business hub, an international asset and risk management centre, and a platform for investment and financing serving the Belt and Road Initiative. We will continue to liaise with the relevant Mainland authorities to implement the policy initiatives along the broad directions as set out in the Outline Development Plan.

The Outline Development Plan has set out the goals to widen the scope for cross-boundary investment by Hong Kong and Mainland residents and institutions, and steadily expand the channels for Mainland and Hong Kong residents to invest in financial products in each other's market; and subject to compliance with laws and regulations, to progressively promote cross-boundary transactions of financial products such as funds and insurance within the Guangdong-Hong Kong-Macao Greater Bay Area, continue expanding the types of investment products and investment channels, and establish a mechanism for mutual access to capital and products. The Government and the relevant financial regulators will actively explore the related initiatives with the Mainland authorities.

- End -

FSTB(FS)026

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2661)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Financial and business exchanges between the Mainland and Hong Kong will definitely become more frequent upon the implementation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area. Given the daily remittance limit of RMB 80,000 to the Mainland by Hong Kong residents, will the Bureau discuss with the Mainland authorities the granting of exemption from this limit to Hong Kong residents doing business or residing in the Greater Bay Area?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 46)

Reply:

The "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" ("Outline Development Plan") confirms and supports Hong Kong's status as an international financial centre, a global offshore Renminbi ("RMB") business hub, an international asset and risk management centre, and a platform for investment and financing serving the Belt and Road Initiative. We will continue to liaise with the relevant Mainland authorities to implement the policy initiatives along the broad directions as set out in the Outline Development Plan.

The Government and the financial regulators are working closely with the Mainland authorities to promote financial cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area"), especially those facilitation measures relating to people's livelihood, and have attained initial progress on this front. Since 2018, certain Hong Kong e-wallets operators have launched cross-boundary payment services on a pilot basis such that Hong Kong residents could use their smartphones to make payments with designated merchants in the Mainland. The operators are planning to expand the scope of merchants accepting such payments. We will also continue to explore other financial facilitation measures for Hong Kong residents living and working in the Greater Bay Area.

\- End -

FSTB(FS)027

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2662)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Leaders Forum (FLF), chaired by the Financial Secretary, successfully introduced the "weighted voting right" (WVR) listing framework last year, which attracted quite a number of large enterprises from the innovation and technology sector to Hong Kong for fund raising, thus enabling Hong Kong to vie for the top position globally in terms of the amount of funds raised through initial public offerings. In this connection, please advise on the following:

(1) Which aspects of reform/development will be the FLF's focuses of study this year?

(2) Will the proposal concerning "corporate WVR" be one of the focuses of study? Do the Hong Kong Exchanges and Clearing Limited and the Securities and Futures Commission have any plans to consult the market this year?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 47)

Reply:

(1) The Financial Leaders Forum discusses and provides policy steer on strategic and forward-looking proposals to further develop and strengthen Hong Kong's position as an international financial centre, having regard to the need to maintain monetary stability, financial safety and market quality. In the coming year, the Forum will continue to discuss various matters in the above areas.

(2) The Stock Exchange of Hong Kong ("SEHK") and the Securities and Futures Commission have been in discussion on whether the suggestion of allowing corporate entities to benefit from weighted voting rights should be accepted in the listing regime in Hong Kong. The SEHK will announce the arrangements for market consultation at a suitable time.

- End -

FSTB(FS)028

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2663)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget that Hong Kong can serve as a financing and risk management centre for Belt and Road infrastructure projects.

(1) Does the Government have any specific plans to achieve this target?

(2) Will encouraging infrastructure enterprises of countries along the Belt and Road to list in Hong Kong be one of the options?

(3) In the light of the market's concern about the risks of this type of enterprises, will the Government request the Hong Kong Exchanges and Clearing Limited and the Securities and Futures Commission to formulate a set of listing requirements specifically for infrastructure enterprises of countries along the Belt and Road?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 48)

Reply:

The Government and financial regulators will continue to promote Hong Kong as the major infrastructure financing and risk management centre for the Belt and Road Initiative. Concrete measures include:

(1) Infrastructure project financing: The Hong Kong Monetary Authority's ("HKMA") Infrastructure Financing Facilitation Office ("IFFO") aims to facilitate infrastructure investments and their financing, by working with a cluster of key stakeholders who are invited as partners. So far, 95 organisations from the Mainland, Hong Kong and overseas have joined IFFO as partners;

(2) Listing: The Securities and Futures Commission ("SFC") issued a statement in April 2017 to explain its approach to the listing of infrastructure project companies, such as those falling within the Belt and Road Initiative, in Hong Kong. In particular, the

statement sets out the factors that it will take into account when reviewing the proposed listing of infrastructure project companies in Hong Kong. Through the statement, the SFC aims to provide a pathway for infrastructure project companies to achieve a listing in Hong Kong;

(3) Risk management: The Insurance Authority ("IA") and the China Banking and Insurance Regulatory Commission have reached a consensus that when a Mainland insurer cedes business to a qualified Hong Kong professional reinsurer, the capital requirement of the Mainland insurer will be reduced. This will increase the competitiveness of Hong Kong reinsurers in obtaining reinsurance business ceded from Mainland insurers. The IA has also launched the Belt and Road Insurance Exchange Facilitation ("BRIEF") platform. BRIEF brings together a cluster of key stakeholders and provides a platform for exchanging intelligence on risk management and insurance, facilitating networking and looking for solutions. 36 companies, which are insurers, reinsurers, captive insurers and insurance brokers from Mainland, Hong Kong and overseas, have joined BRIEF as members; and

(4) Corporate treasury centre ("CTC"): The Government amended the Inland Revenue Ordinance (Cap. 112) in June 2016, allowing corporations which operate their intra-group treasury business in Hong Kong to enjoy interest deduction in calculating profits tax and profits tax rate reduction by 50% under specified conditions. Since the legislative amendment, HKMA has been actively promoting Hong Kong as a CTC hub to around 350 corporations. Industry feedback has been positive. Close to 60 corporations have reflected to HKMA that they are actively planning to set up or have set up their CTCs in Hong Kong.

- End -

FSTB(FS)029

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2664)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Budget put emphasis on the development of financial technologies (Fintech) and stated that "last year saw significant progress in the application of Fintech".

(1) When will "remote cross-border account opening" and "eID", measures that the securities industry are most concerned about, be launched?
(2) Will the information shared as a result of the launch of eID be limited to banks only? Will the sharing cover securities companies as well?
(3) To tie in with the relevant Fintech development, will the Securities and Futures Commission revise the existing restrictions on the "know-your-customer (KYC)" procedures so as to facilitate the securities industry to provide "remote cross-border account opening" services for customers?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 49)

Reply:

Electronic Identity ("eID") is expected to be launched in mid-2020, which will enable all residents to use a single digital identity and authentication to conduct government and commercial transactions online. The Office of the Government Chief Information Officer ("OGCIO") plans to provide public and commercial organisations with technical information on eID related Application Programming Interface ("API") in the second half of 2019, with a view to allowing interested parties to consider and plan for the enhancement of their information systems in preparation for adopting eID in future.

Commercial organisations can streamline and optimise their online business processes, and develop more convenient and innovative online services by using the authentication function of eID. OGCIO is working with the Hong Kong Monetary Authority to examine how specific personal information can be shared, upon consent given by eID users, to assist financial institutions (e.g. banks, securities firms, etc.) in performing risk assessment or providing online financial services.

Client identity verification is an important element of an effective customer due diligence process which securities intermediaries need to put in place. For the purpose of online client onboarding, intermediaries are required to establish procedures for verifying client identity to guard against risks and protect investors. In this connection, the Securities and Futures Commission ("SFC") has updated the "Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission" and issued a number of circulars to lay down guidelines for online client onboarding by intermediaries.

Specifically, the SFC issued circulars to intermediaries in October 2016 and July 2018 to provide more guidance for the industry on the regulatory requirements applicable to account opening in a non-face-to-face situation. These requirements include allowing intermediaries to use certification services that are recognised by the Electronic Transactions Ordinance, or electronic signature certificates issued by certification authorities outside Hong Kong for client identity verification.

The SFC will keep in view the development in technology and continue to communicate with the industry on issues relating to online client onboarding.

- End -

FSTB(FS)030

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2665)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The Faster Payment System (FPS) launched by the Hong Kong Monetary Authority (HKMA) last year has achieved good results. The Government has announced that it will extend the FPS services to such areas as the payment of water charges and taxes. Will the Bureau and the HKMA explore extending the FPS or other electronic payment services to cover the Greater Bay Area?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 50)

Reply:

Regarding cross-border payment service, some Hong Kong e-wallet operators have extended the use of their Hong Kong e-wallets for making payments in the Mainland. The Hong Kong Monetary Authority will continue to discuss with the Mainland authorities with a view to promoting the wider use of Hong Kong e-wallets in the Mainland.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)031

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2668)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Services and the Treasury Bureau stated that it will "prepare legislation for allowing the formation of special purpose vehicles in Hong Kong specifically for issuing insurance-linked securities". Please advise on the following:

(1) Why do the Bureau have such an initiative? Any further information that can be provided?

(2) Does it imply that insurance companies may "package" their insurance policies and other assets as "securitised" investment vehicles and sell them in the open market to the investors in future?

(3) Has the Bureau assessed the risks involved? Have the practices overseas been examined? Will the sale be limited to institutional investors as it is well known that one of the causes of the financial tsunami in 2008 is the existence of too many "securitised" products made up of inherent high-risk assets in the market?

Asked by: Hon CHEUNG Wah-fung, Christopher (LegCo internal reference no.: 54)

Reply:

(1) Catastrophe bond is the most common type of insurance-linked securities ("ILS"). ILS may be considered as an alternative to reinsurance. It provides an alternative risk management tool for the insurance industry. Unlike conventional reinsurance coverage, whereby an insurer transfers a portion of its risk to another insurance company by way of reinsurance contract, ILS enables insurance companies to transfer insurance risk to the capital markets. This, in turn, improves the capacity of the insurance industry to provide insurance, thereby enhancing the industry's sustainable development. For capital markets, ILS provides an alternative investment which is not correlated to economic conditions, but to insurance risk, thereby offering institutional and corporate professional investors a tool to diversify risks.

Many international financial centres have already amended their legislation to facilitate the issuance of ILS. With the development of "Belt and Road", we believe that the demand for ILS such as catastrophe bond will increase. Therefore, there is a need for Hong Kong to amend the legislation to facilitate the issuance of ILS in Hong Kong.

(2)&(3) Given the nature of ILS and the potential for loss of investment upon the occurrence of a predefined trigger event (e.g. earthquake, hurricane), ILS is restricted to over-the-counter trading by institutional and corporate professional investors.

- End -

FSTB(FS)032

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3082)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding the efforts to continue to promote the development of green finance in Hong Kong, please inform this Committee of the details, timetable, manpower and budget involved.

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 1056)

Reply:

The Government seeks to develop and firmly establish Hong Kong as a leading hub for green finance in the region, with focus on the Mainland of China and economies along the Belt and Road. In the coming year, we will continue to take forward various initiatives relating to green finance, including the Green Bond Grant Scheme, which subsidises eligible green bond issuers in obtaining certification; the Pilot Bond Grant Scheme, which provides grant to eligible enterprises issuing bonds (including green bonds) in Hong Kong for the first time, so as to attract more corporates to issue green bonds in Hong Kong; and actively prepare for the inaugural Government green bond issuance so as to encourage more issuers to arrange financing for their green projects through our capital markets and grow the local green investor base.

At the same time, we will also enhance our international visibility in green finance through proactive promotion targeting both Mainland and overseas audience.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2543)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

On promoting the development of financial technologies (Fintech) in Hong Kong, will the Government inform this Committee of:

a. the government departments, staff establishment and expenditure involved in promoting Fintech development (including electronic payment) in Hong Kong in each of the past 3 years, broken down by the nature of activities and initiatives; and
b. the monthly average volume of transactions handled by major banks and stored-value facility (SVF) operators in electronic payment in each of the past 3 years, broken down by type of banks and SVF operators.

Asked by: Hon HO Kai-ming (LegCo internal reference no.: 29)

Reply:

a. Financial technologies ("Fintech")-related work in the Financial Services Branch ("FSB") will be absorbed from within FSB's existing resources and manpower. The Financial Services and the Treasury Bureau ("FSTB") will also continue to support Invest Hong Kong ("InvestHK")'s dedicated Fintech team. FSTB allocated $10.75 million, $14.51 million and $18.69 million respectively to InvestHK's dedicated Fintech team in 2016-17, 2017-18 and 2018-19 respectively.

b. Statistics of Stored Value Facilities can be found at Hong Kong Monetary Authority's website (https://www.hkma.gov.hk).

- End -

CONTROLLING OFFICER'S REPLY

FSTB(FS)034

(Question Serial No. 1092)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

In this year's Budget, the impact of the "US-China relations" on the economy of Hong Kong is explained in great length. Will the Government seize the opportunity to discuss with the Central Government the introduction of additional measures to alleviate the adverse impact of the "US-China trade war" on Hong Kong? Has the Government put in place any measures to cope with the possible escalation of the US-China trade conflict?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 13)

Reply:

The US-Mainland trade conflicts weigh on the global economic sentiments, with possible repercussions on global trade and investment activities, coupled with other factors contributing to uncertainties in the global environment, will inevitably affect the global and local financial markets, rendering them more volatile.

Hong Kong's financial system has withstood crises one after another. With our resilient regulatory regime, Hong Kong can cope with market volatility. The banking system in Hong Kong is highly resilient. Major banks' average liquidity coverage ratio and their average capital adequacy ratio are well above the international standard. The Hong Kong Monetary Authority ("HKMA") has conducted a series of stress tests to assess the ability of the Hong Kong banking sector to withstand the impact of the trade tensions between the US and the Mainland. The results indicate that even in extremely adverse situations, banks will still be able to meet the relevant capital and liquidity supervisory requirements.

The Securities and Futures Commission ("SFC") monitors the securities and futures markets with vigilance, including the financial positions, operations and settlement status of brokers, as well as their ability to deal with different market situations. The SFC also works closely with the Hong Kong Exchanges and Clearing Limited ("HKEX") and the HKMA to address potential systemic issues in case they arise, in particular, ensuring that the trading and risk management systems of HKEX can adequately handle shocks under extreme market situations.

The Insurance Authority has been closely monitoring the insurance market and had performed stress tests on market volatility and increased credit spread to ensure the financial soundness of authorised insurers.

The Government and the financial regulators will continue to closely monitor the financial market situation, with a view to ensuring financial stability.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)035

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2504)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(000) Operational expenses
Programme:	(2) Subvention: Financial Services Development Council
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding the work of the Financial Services Development Council ("FSDC"), please advise this Committee of the following:

1. Proposals made by the FSDC to the Government in the past 3 financial years, setting out the dates, topics, contents and recommendations in a table.
2. The work of FSDC in supporting the financial services industry in developing the core competence and knowledge of its practitioners in the past 3 financial years, setting out the relevant activities, courses, talks, seminars, forums, etc. in a table with information on the nature, date, time, venue, theme, number of participants, target and total expenditure of each activity.
3. Activities held by FSDC in promoting Hong Kong's financial services industry in the Mainland and overseas in the past 3 financial years, setting out the relevant activities, courses, talks, seminars, forums, etc. in a table with information on the nature, date, time, city, venue, theme, number of participants, target and total expenditure of each activity.
4. Reasons for the 40.4% increase in the subvention for FSDC for this financial year with a breakdown of the amount and percentage.

Asked by: Hon KWOK Wing-hang, Dennis (LegCo internal reference no.: 74)

Reply:

1. From 2016-17 to 2018-19, the Financial Services Development Council ("FSDC") has published 17 research reports (see Annex) on the strategic development of the financial services industry of Hong Kong, covering different areas of the financial services industry. The reports have been uploaded on the FSDC's website "www.fsdc.org.hk".

2. The number of seminars on human capital development organised/participated by the FSDC from 2016-17 to 2018-19 and the relevant expenditure are as follows:

Year	No. of Seminars	Expenditure ($)
2016-17	11	276,000
2017-18	10	101,000
2018-19	11	125,000

The target audiences for the seminars are tertiary students. Practitioners of the financial services industry were invited to present the latest industry trends and career opportunities in the sector at the seminars. The seminars were held at different locations including campuses and venue of financial organisations. The numbers of participants ranged from a few dozens to over 300.

3. The number of promotional events organised/participated by the FSDC from 2016-17 to 2018-19 and the relevant expenditure are as follows:

Year	No. of Events	Expenditure ($)
2016-17	8	749,000
2017-18	17	1,427,000
2018-19	16	793,000

The FSDC promoted Hong Kong's financial services industry to local practitioners and those from the Mainland and overseas at the promotional events. Such events include the Belt and Road Summit and Asian Financial Forum organised by the Hong Kong Trade Development Council; InvestHK's Hong Kong FinTech Week; the Green and Social Bond Principles Conference organised by the International Capital Market Association and the Hong Kong Monetary Authority, etc. Depending on the nature and scale of the promotional events, the number of participants in each event ranged from a few dozens to over 1 000.

4. The provision for subvention to the FSDC in 2019-20 is 40.4% higher than the revised estimate for 2018-19. This is mainly due to the fact that full-year subvention will be provided for the FSDC in 2019-20, whereas the subvention for 2018-19 is not a full-year provision.

The breakdown of expenditure items for 2019-20 is as follows:

Expenditure Item	2019-20 Estimate ($ million)
Market Promotion	4.5
Research	2.0
Human Capital Development	0.5
Staff, Accommodation and Other Administrative Costs	25.0
Total	**32.0**

- End -

Annex

List of Reports Published by the FSDC from 2016-17 to 2018-19

	Published Date	Title of Report
1.	29 April 2016	Recommendations for Capitalising on the Unique Advantages of Hong Kong in the Process of Renminbi Capital Account Convertibility
2.	24 May 2016	Hong Kong as a Regional Green Finance Hub
3.	29 November 2016	Proposal on the Mainland-Hong Kong Bond Market Connect
4.	13 December 2016	The 13th Five-year Plan: Opportunities for the Hong Kong Financial Industry and Policy Recommendations
5.	29 December 2016	A Paper on Tax Issues Affecting Hong Kong to Become a Preferred Location for Regional and International Financial Institutions to Originate and Trade International Financial Products
6.	3 March 2017	Turning Crisis into Opportunities: Hong Kong as an Insurance Hub with Development Focuses on Reinsurance, Marine and Captive
7.	18 April 2017	Optimising Hong Kong's Listed Structured Products Market
8.	9 May 2017	The Future of FinTech in Hong Kong
9.	9 May 2017	Hong Kong – Building Trust Using Distributed Ledger Technology
10.	7 July 2017	Recommendations for Developing Hong Kong as an Aircraft Leasing and Financing Hub
11.	26 July 2017	Proposals to Extend Offshore Private Equity Fund Tax Exemption to Hong Kong Businesses
12.	11 September 2017	A Proposal for the Introduction of Group Tax Loss Relief in Hong Kong
13.	21 May 2018	Maritime Leasing Paper
14.	22 June 2018	Building the Technological and Regulatory Infrastructure of a 21st Century International Financial Centre: Digital ID and KYC Utilities for Financial Inclusion, Integrity and Competitiveness
15.	28 November 2018	Environmental, Social and Governance (“ESG”) Strategy for Hong Kong
16.	17 December 2018	Enhancing Hong Kong’s Role as a Leading Life Insurance Centre
17.	14 February 2019	Mandatory Provident Fund System - The Way Forward

FSTB(FS)036

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2505)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(000) Operating expenses
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

For the Financial Services Branch, please inform this Committee of:

1. details of the measures to promote the development of financial technologies in Hong Kong; if available, please list the measures according to the timetable, roadmap, direction of reform and latest progress of their implementation.
2. details of the measures to promote the development of green finance in Hong Kong; if available, please list the measures according to the timetable, roadmap, direction of reform and latest progress of their implementation.

Asked by: Hon KWOK Wing-hang, Dennis (LegCo internal reference no.: 75)

Reply:

1. The Government will continue to adopt a five-pronged approach in facilitating financial technologies ("Fintech") development, namely (a) promotion; (b) facilitation; (c) regulation; (d) talents; and (e) funding. Major initiatives announced by the Financial Secretary in the 2019-20 Budget to promote the development of Fintech include –

   The Government is planning for the use of the Faster Payment System ("FPS") to provide the public with greater convenience in paying taxes, rates and water charges. The Transport Department, the Immigration Department and the Leisure and Cultural Services Department will examine the feasibility of accepting payments through the FPS at their shroff counters on a pilot basis.

   The Hong Kong Monetary Authority ("HKMA") will shortly issue virtual banking licences. Banks are also implementing the Open Application Programming Interface functions in phases. These will bring more innovative banking services to the public.

   The HKMA and the Securities and Futures Commission will make use of the Global

Financial Innovation Network to share among regulators across the globe the experiences and knowledge in managing Fintech applications.

2. The Government seeks to develop and firmly establish Hong Kong as a leading hub for green finance in the region, with focus on the Mainland of China and economies along the Belt and Road. Based on the plan announced in the 2018-19 Budget, we will continue to take forward various initiatives relating to green finance, including the Green Bond Grant Scheme introduced in June last year, which subsidises eligible green bond issuers in obtaining certification; the Pilot Bond Grant Scheme, which provides grant to eligible enterprises issuing bonds (including green bonds) in Hong Kong for the first time, so as to attract more corporates to issue green bonds in Hong Kong; and actively prepare for the inaugural Government green bond issuance so as to encourage more issuers to arrange financing for their green projects through our capital markets and grow the local green investor base.

   At the same time, we will also enhance our international visibility in green finance through proactive promotion targeting both Mainland and overseas audience.

- End -

FSTB(FS)037

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2506)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding combating money laundering and terrorist financing, please inform this Committee of the following:

1. how will the regulatory regime concerned be enhanced?
2. in respect of the Financial Action Task Force, what are other members' mutual evaluations of Hong Kong; are there any recommendations made; if yes, will the Government adopt them; when will they be implemented and what are the road maps; if the recommendations are not adopted, what are the reasons?

Asked by: Hon KWOK Wing-hang, Dennis (LegCo internal reference no.: 78)

Reply:

1. Over the years, Hong Kong has established a robust Anti-Money Laundering and Counter-Terrorist Financing ("AML/CTF") regime, which is underpinned by a comprehensive legal framework, effective law enforcement, risk-based preventive measures and international cooperation. The Government makes regular efforts to enhance the regime, having regard to developments in international standards and changes in the financial market and security landscape. In 2018, Hong Kong's AML/CTF regime was further strengthened with the commencement of several pieces of legislations. These legislations include the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) (Amendment) Ordinance 2018, which extends the statutory customer due diligence and record-keeping requirements to designated non-financial businesses and professions and introduces a licensing regime in respect of trust or company service providers; the Companies (Amendment) Ordinance 2018, which requires locally incorporated companies to maintain beneficial ownership information for inspection by law enforcement agencies where needed; the Cross-boundary Movement of Physical Currency and Bearer Negotiable Instruments Ordinance, which establishes a declaration and disclosure system to detect the movement of large quantities of physical currency and bearer negotiable instruments

into or out of Hong Kong; the United Nations (Anti-Terrorism Measures) (Amendment) Ordinance 2018, which implements the relevant United Nations Security Council ("UNSC") resolutions on prohibiting travelling, organizing, facilitating or financing travel for the purpose of terrorist training and prohibiting any person from dealing with properties of a terrorist or terrorist associate; and the United Nations Sanctions (Amendment) Ordinance 2018, which enables regulations made under the Ordinance to impose sanctions directly against persons designated by the UNSC, as well as the relevant regulation to implement the latest UNSC resolutions against the Democratic People's Republic of Korea .

2. Hong Kong is now undergoing a joint mutual evaluation conducted by the Financial Action Task Force and the Asia / Pacific Group on Money Laundering. We will keep in view the recommendations and pursue further efforts to enhance the AML/CTF regime upon completion of the mutual evaluation in the 4th quarter of 2019.

- End -

Reply Serial No.

FSTB(FS)038

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1187)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(-) Not Specified
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The Faster Payment System (FPS) and the Common QR Code Standard for Retail Payments launched by the Hong Kong Monetary Authority (HKMA) in September 2018 has received overwhelming response. The Budget also mentioned that the Government is planning for the use of the FPS to provide the public with greater convenience in paying taxes, rates and water charges, and that the Transport Department (TD), the Immigration Department (ImmD) and the Leisure and Cultural Services Department (LCSD) will examine the feasibility of accepting payments through the FPS at their shroff counters on a pilot basis. In this connection, will the Government advise this Committee what is the estimated expenditure for using the FPS in the above 6 government departments (including the Inland Revenue Department, Rating and Valuation Department, Water Supplies Department, TD, ImmD and LCSD)? What is the manpower involved?

Asked by: Hon LAU Ip-keung, Kenneth (LegCo internal reference no.: 26)

Reply:

Work related to the use of the Faster Payment System ("FPS") to provide the public with greater convenience in paying taxes, rates and water charges will be absorbed within the relevant departments' existing resources and manpower. As for accepting payments through the FPS at the shroff counters of the Transport Department, the Immigration Department and the Leisure and Cultural Services Department on a pilot basis, the relevant departments are examining the feasibility.

\- End -

Reply Serial No.

FSTB(FS)039

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1858)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to the policies to promote Hong Kong as a hub for regional headquarters, will the Government provide the following information:
What is the number of cases where eligible enterprises have set up corporate treasury centres in Hong Kong and enjoyed tax concessions since the amendment to the Inland Revenue Ordinance in June 2016?
Whether statistics on the market value of the parent companies of the enterprises concerned, their business nature, number of staff hired in Hong Kong and their contribution to the Hong Kong's economy are available? If yes, what are the details? If no, what are the reasons?
It is mentioned in the Budget Speech that "the Government will continue to enhance the relevant tax measures to strengthen our competitiveness." What are the specific work plans in this regard in the coming year?

Asked by: Hon LEUNG Kenneth (LegCo internal reference no.: 104)

Reply:

To attract foreign corporates to centralise their treasury functions in Hong Kong, the Government amended the Inland Revenue Ordinance in June 2016 to enable the deduction of interest payable on money borrowed by a corporation carrying on in Hong Kong an intra-group financing business under specified conditions and reduce the profits tax rate by 50% for qualifying corporate treasury centres. Since June 2016, over 200 cases have benefitted from the tax concessions. The relevant corporates are engaged in diversified trades and businesses. The Administration will keep in view development in the international regulatory landscape and consider refinement to the regime as necessary.

- End -

Reply Serial No.

FSTB(FS)040

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1868)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The financial secretary stated that $400 million will be given to the FRC as seed capital to help it migrate to the new regime.

a. What is the breakdown of the manpower and expenditure involved in monitoring and reviewing the above policy?

b. Will there be any guidelines to clarify how this seed capital will be allocated, or what role the government will play in monitoring the use of these funds? If so, please provide a breakdown of those guidelines.

Asked by: Hon LEUNG Kenneth (LegCo internal reference no.: 224)

Reply:

The legislation to reform the regulatory regime for auditors of listed entities was passed by the Legislative Council in January this year. The functions of the Financial Reporting Council ("FRC") will be enhanced to become a full-fledged regulatory body independent of the audit profession. The seed capital will help the FRC migrate to the new regime.

In addition, the seed capital will help alleviate the burden of individuals and organisations, including securities investors, listed entities and regulated audit firms, who need to pay levies to the FRC under the new requirement in the legislation. They will be exempted from paying the levies under the new regime for the first two years.

After the passage of the Appropriation Bill 2019, we will discuss with the FRC and formulate the details of how the seed capital should be utilised so as to ensure that the money is put to good use in line with the principle of financial prudence.

Within the Financial Services Branch, 1 Administrative Officer Staff Grade C oversees the work relevant to the FRC and is supported by 1 Senior Administrative Officer.

- End -

Reply Serial No.

FSTB(FS)041

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1886)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

As regards promoting the development of green finance, what is the number of applications received under the Green Bond Grant Scheme in the past year? What are the respective numbers of applications approved and rejected? If there are applications approved, what is the amount of grant? If there are applications rejected, what are the reasons? What is the average time for vetting and approval?

Asked by: Hon LEUNG Kenneth (LegCo internal reference no.: 217)

Reply:

The Green Bond Grant Scheme was launched in June 2018. By end-February 2019, a total of 7 applications have been received and approved with the total grant amounted to HK$525,347. The average time for vetting and approval is about 20 days.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)042

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1888)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The Inland Revenue Ordinance was amended in 2015 to extend profits tax exemption for offshore funds to private equity funds with the hope of attracting more private equity fund managers to expand their business in Hong Kong and hire local asset management, investment and advisory services, which will be conducive to the further development of our asset management industry.

a. What is the breakdown of the number of cases qualified for the tax concession in each of the past financial years since the induction of the aforementioned profit tax deduction? If available, what is the total amount in tax saved in each respective financial year since the induction of the scheme?
b. Has the Bureau analysed the effectiveness of the aforementioned profit tax deduction in terms of economic benefits and meeting the goals mentioned above? If no, why not? If yes, what are the conclusions drawn?

Asked by: Hon LEUNG Kenneth (LegCo internal reference no.: 219)

Reply:

A fund manager will take into account different factors in deciding on the locations of fund activities. Tax arrangement is one of those factors. The aim of extending profits tax exemption to offshore private equity ("PE") funds is to attract more PE fund managers to set up or expand their business in Hong Kong and procure asset management, investment and advisory services locally. This will be conducive to the further development of our asset management industry, and will in turn drive demand for other relevant professional services, such as business consulting, tax, accounting and legal services. Between end-2015 and end-2017 [(1)], the asset and wealth management business in Hong Kong increased by around 40%. The amount as at end-2017 was around $24,270 billion.

Offshore funds are not required under the Inland Revenue Ordinance to apply for the profits tax exemption. The Inland Revenue Department therefore does not have a breakdown of the number of offshore PE funds eligible for the tax concession.

Note: (1) The data is obtained from the Asset and Wealth Management Activities Survey conducted by the Securities and Futures Commission. The scope of the Survey was expanded in 2017 to better capture private wealth data.

- End -

FSTB(FS)043

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1891)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The financial secretary stated that the government has been introducing reforms in various areas and made considerable progress for the financial services industry. During his 2018-2019 budget speech, the Financial Secretary announced that the government will set aside a dedicated provision of $500 million for the development of the financial services industry in the coming five years, providing necessary support for bond market development, Fintech, green finance, manpower training and other aspects of financial services.

a) Please provide a breakdown of how this provision has been allocated to provide the support for the relevant initiatives in the past year?
b) What are the estimated resources required, including expenditure and manpower involved in the promotion of the relevant policies, provision of support measures, regulation, and development of talents on this front?
c) With regard to the promotion of FinTech development, what are the progress and details of the Government's effort in studying the regulation issue and the amendments to legislation?

Asked by: Hon LEUNG Kenneth (LegCo internal reference no.: 222)

Reply:

(a) & (b)

The total commitment of the dedicated provision for promoting and facilitating the development of the financial services sector is $500 million. The revised estimate for 2018-19 and the estimated cash flow requirement for 2019-20 are $30 million and $148 million respectively, which have been/will be used for supporting the following initiatives:

Bond Market Development

A three-year Pilot Bond Grant Scheme was launched in May 2018 to attract enterprises to issue bonds in Hong Kong. It covers eligible enterprises issuing bonds in Hong Kong for the first time. Each eligible enterprise can apply for a grant for two bond issuances at most, capped at $2.5 million per issuance. In 2019-20, the estimated provision is $120 million.

Financial technologies (Fintech)

Invest Hong Kong (InvestHK)'s dedicated Fintech team assists Fintech companies, start-up entrepreneurs, investors, accelerators, incubators and innovation labs from all over the world to establish in Hong Kong. It also organises and supports various Fintech events to showcase Hong Kong, including the annual flagship Hong Kong Fintech Week. In 2019-20, an estimated provision of $20 million will be allocated to InvestHK to provide the manpower and resources for promoting Fintech.

Green finance

The Government seeks to develop and firmly establish Hong Kong as a leading hub for green finance in the region, with focus on the Mainland of China and economies along the Belt and Road. The Government rolled out the Green Bond Grant Scheme in June 2018 to attract organisations to arrange financing for their green projects through our capital markets and encourage them to make use of the green finance certification services in Hong Kong. By end-February 2019, a total of 7 applications have been received with the total grants amounted to HK$525,347. The above work will be pursued jointly by the Government and relevant financial regulators. In 2019-20, the estimated provision is $3 million.

Asian Financial Forum

To further enhance Hong Kong's status as an international financial centre, the Government and the Hong Kong Trade Development Council co-organise the Asian Financial Forum annually in Hong Kong, attracting government and business leaders from all over the world. The Government will continue to work on organising the Forum with a view to promoting and showcasing the unique advantages of Hong Kong in financial services industry. In 2019-20, the estimated provision is $5 million.

The manpower required for administering the aforementioned initiatives have been/will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

(c)
In promoting Fintech, the Government strives to facilitate financial innovation on the one hand and to protect the investing public on the other. We have been keeping our regulatory regime under review. Examples of major regulatory initiatives on Fintech over the past years include introduction of dedicated Fintech liaison platforms and regulatory sandboxes by financial regulators; implementation of the Payment Systems and Stored Value Facilities Ordinance; revised guidelines for the authorisation of virtual banks by the Hong Kong Monetary Authority; the statement by the Securities and Futures Commission

on regulatory framework for virtual asset portfolios managers, fund distributors and trading platform operators; and the authorisation of virtual insurers by the Insurance Authority.

- End -

Reply Serial No.

FSTB(FS)044

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1074)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Services and the Treasury Bureau is tasked to promote the development of financial technologies in Hong Kong. Following the launch of the Faster Payment System and the Common QR Code Standard for Retail Payments by the Hong Kong Monetary Authority in September 2018, the Government is planning for the use of the FPS to provide the public with greater convenience in paying taxes, rates and water charges. In this connection, please advise whether the Government will, in view of the promulgation of the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, explore as soon as possible with cities in the region a faster payment system that is applicable in the Greater Bay Area so as to provide greater convenience to Hong Kong people investing, working and living in the Greater Bay Area? If yes, what are the details? If no, what are the reasons?

Asked by: Hon LO Wai-kwok (LegCo internal reference no.: 20)

Reply:

Regarding cross-border payment service, some Hong Kong e-wallet operators have extended the use of their Hong Kong e-wallets for making payments in the Mainland. The Hong Kong Monetary Authority will continue to discuss with the Mainland authorities with a view to promoting the wider use of Hong Kong e-wallets in the Mainland.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)045

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0522)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

On overseeing the "Employee Choice Arrangement" (ECA) of the Mandatory Provident Fund (MPF) schemes, please inform this Committee of:

a. the number of employees joining the ECA every year since its implementation and the percentage of these employees in the total number of employees under the MPF schemes;
b. whether the Government has, in conjunction with the Mandatory Provident Fund Schemes Authority or other related authorities, regularly reviewed the effectiveness of the above arrangement; if yes, of the details of the latest review;
c. in view of the suggestion that the MPF "full portability" will help enhance the overall service level of the MPF schemes, has the Government considered the plan to implement the MPF "full portability"; if yes, of the details as well as the manpower and estimated research expenditure involved.

Asked by: Hon LUK Chung-hung (LegCo internal reference no.: 24)

Reply:

a. Since the implementation of the Employee Choice Arrangement ("ECA") on 1 November 2012, the numbers of successful transfer of Mandatory Provident Fund ("MPF") benefits each year expressed in actual figures and as percentages of the average numbers of employee contribution accounts are as follows:

Year	Number of transfers completed	As a percentage of average number of employee contribution accounts in the year
2012 (Since 1 November)	20 000	0.6%
2013	63 000	1.9%
2014	64 000	1.9%
2015	77 000	2.2%
2016	72 000	2.0%
2017	87 000	2.4%
2018	92 000	2.4%

b. & c. Since the implementation of the ECA, the Mandatory Provident Fund Schemes Authority ("MPFA") has been ensuring the smooth operation of the ECA through the supervision on MPF trustees.

The ECA can foster market competition and increase the pressure on trustees for fee reduction. Since the implementation of the ECA, MPF trustees have launched a number of low fee funds, i.e. funds with a fund expense ratio ("FER") not more than 1.3% or management fee not more than 1%. At present, there are 234 low fee funds in the MPF market, accounting for more than 50% of the total number of funds. With the implementation of the ECA and other reform measures, 272 funds in the market have reduced their fees (accounting for about 50% of the total number of funds), with a maximum reduction rate of 57.14%. The average FER has also been reduced from 1.75% in December 2012 to 1.52% (as of February 2019).

The Government and the MPFA are preparing for the setting up of a Centralised Platform ("CP") to facilitate standardisation, streamlining and automation of MPF scheme administration processes. In the long run, scheme members can transfer their MPF benefits between schemes and funds on the CP. On the other hand, the Government plans to implement the abolition of the arrangement of "offsetting" severance payment and long service payment with employers' mandatory contributions. The above two initiatives will facilitate the realization of "full portability". The Government and the MPFA will continue to ensure that the MPF System will keep pace with the times, thereby maximising protection to scheme members and giving full play to its function of retirement savings.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)046

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1134)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding the efforts in overseeing and promoting the development of the Default Investment Strategy (DIS) of the Mandatory Provident Fund (MPF), will the Government inform this Committee of the following:

a. What is the number of MPF scheme members opting for the DIS each year since its implementation?
b. As the DIS will be reviewed by the Government, what will be the scope of the review?
c. As the overall fee levels of the DIS funds are still higher than that of similar funds overseas, will the Government formulate roadmaps and timetables for fee reduction? If yes, what are the details and measures to be taken?
d. What are the staff establishment and expenditure involved in overseeing the implementation of the DIS each year?

Asked by: Hon LUK Chung-hung (LegCo internal reference no.: 25)

Reply:

a) The Default Investment Strategy ("DIS") was launched in April 2017. According to the statistics collected by the Mandatory Provident Fund Schemes Authority ("MPFA") from Mandatory Provident Fund ("MPF") Schemes trustees, the numbers of accounts investing in DIS constituent funds by categories as at the end of 2017 and 2018 are set out in the table below. The MPFA does not have the relevant information based on the number of scheme members.

As at	DIS accounts[1]	Other accounts investing in DIS constituent funds[2]	Total
31 December 2017	1 022 000	354 000	1 376 000
31 December 2018	1 405 000	396 000	1 801 000

Note: (1) DIS accounts refer to accounts which invest in DIS constituent funds according to the DIS.

(2) Other accounts investing in DIS constituent funds refer to accounts which invest in constituent funds under the DIS constituent funds, but not according to the DIS.

b) & c) Currently, the DIS is subject to a total fee cap of 0.95%, i.e. a management fee cap of 0.75% and an out-of-pocket expenses cap of 0.2%. The Government has committed to review the fee cap with a view to further lowering the cap within 3 years after the implementation of the DIS. We expect to commence discussion on the new fee cap next year.

d) 1 Administrative Officer Staff Grade C, 1 Senior Administrative Officer and 1 Administrative Officer in the Financial Services Branch are responsible for policy and legislative matters relating to MPF Schemes and other retirement schemes. We do not have the breakdown for this item.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)047

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2259)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

In Matters Requiring Special Attention in 2019-20, it is stated that the Branch will continue to promote the development of green finance in Hong Kong. What are the specific measures to promote the development of green finance in 2019? What are the establishment size and expenditure involved?

Asked by: Hon QUAT Elizabeth (LegCo internal reference no.: 151)

Reply:

The Government seeks to develop and firmly establish Hong Kong as a leading hub for green finance in the region, with focus on the Mainland of China and economies along the Belt and Road. In the coming year, we will continue to take forward various initiatives relating to green finance, including the Green Bond Grant Scheme, which subsidises eligible green bond issuers in obtaining certification; the Pilot Bond Grant Scheme, which provides grant to eligible enterprises issuing bonds (including green bonds) in Hong Kong for the first time, so as to attract more corporates to issue green bonds in Hong Kong; and actively prepare for the inaugural Government green bond issuance so as to encourage more issuers to arrange financing for their green projects through our capital markets and grow the local green investor base.

At the same time, we will also enhance our international visibility in green finance through proactive promotion targeting both Mainland and overseas audience.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)048

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0466)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding the item "continue to promote the development of the bond market", a number of initiatives were put forward in last year's Budget, such as launching the "Pilot Bond Grant Scheme" and amending the "Qualifying Debt Instrument Scheme". In connection with the above initiatives, please inform this Committee of the following:

1. the response to the "Pilot Bond Grant Scheme" since its implementation, such as the number of eligible enterprises applying for the grant, the total number of batches of bond issuance programme awarded the grant, and the amount involved in each batch;
2. the measures or methods adopted by the Government to assess the development potential of the local bond market as well as the effectiveness of the Government's work; for example, whether there are any statistics compiled on the annual bond issuance size of the Government, statutory bodies or private companies in the past 5 years, and the daily average turnover and volume of the local bond market, with a view to assessing the effectiveness of the Government's efforts to promote the development of the bond market;
3. as there is no mention of any new initiative for promoting the bond market in this year's Budget, what efforts will the Government make to attract more Mainland and overseas enterprises to issue bonds in Hong Kong, and whether there are any work indicators set.

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 5)

Reply:

1. The Pilot Bond Grant Scheme seeks to attract new issuers to issue bonds in Hong Kong. Since the launch of the Scheme in last May, 12 applications have been approved under the Scheme, involving a total issuance size of over US$4,030 million. Details of the issuances are -

Issuers	**Issuance Size (US$ million)**	**Tenor (year)**	**Coupon Rate**
Chengdu Hi-Tech Investment Group	300	3	6.280%
China Huadian Overseas Development 2018 Limited	600	5	3.875%
Granda Century Limited	300	3	7.500%
Hunan Xiangjiang New Area Development Group	300	3	5.700%
Lingang Wings Inc	300	3	4.625%
SCIG International Financial Limited	300	3	4.625%
SF Holding Investment Limited	500	5	4.125%
Taizhou Infrastructure Construction Investment Group	300	3	5.800%
Weifang Urban Construction and Development Investment Group	250	3	6.500%
Wuhan Real Estate Development & Investment Group	430	3	5.700%
Zhejiang Baron (BVI) Company Limited	200	3	6.800%
Zhenro Properties Group Limited	250	2	10.500%

2. As stated in paragraph 43 of the Budget, the Government has introduced a host of measures to promote the development of the bond market. These measures include the introduction of the Government Bond Programme and the Pilot Bond Grant Scheme as well as the enhancement to the Qualifying Debt Instrument Scheme. Motivated by the relevant policy, Hong Kong's bond market has experienced a steady growth. At the end of 2018, the outstanding size of Hong Kong dollar debt securities reached HK$1.8 trillion, about 2.5 times of the size 10 years ago. Hong Kong dollar debt securities issued by statutory and other relevant bodies to meet their financing and business development needs amounted to HK$83.9 billion over the past 5 years.

3. In 2019-20, apart from continuing to issue institutional government bonds under the Government Bond Programme, we will issue another Silver Bond under the Programme and continue to implement the Pilot Bond Grant Scheme. Furthermore, as stated in paragraphs 45 and 48 of the Budget, we are gearing up for the inaugural issuance of government green bonds and will continue our efforts to extend the Bond Connect to cover southbound trading.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)049

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0467)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In order to "continue to enhance Hong Kong's regulatory regime for combating money laundering and terrorist financing", the Government introduced a "trust or company service providers licensing regime" in March last year. In this regard:

1. Following the expiry of the transitional period set by the licensing regime, how many service providers have ceased to carry on their business? Has the Companies Registry maintained statistics on the reasons for business cessation, such as failure to apply for a licence, failure to be granted a licence or some other reasons?
2. Following the introduction of the licensing regime, has the Companies Registries discovered any cases of service providers carrying on business without a licence or involved in offences under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance? If yes, what are the details, such as the total number of cases discovered and the actions taken (such as the number of prosecutions instituted)? If prosecution actions have been taken, what are the number of successful prosecutions and the penalties imposed?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 6)

Reply:

1. As at end-February 2019, the Companies Registry ("CR") has issued 6 276 licences under the trust or company service provider ("TCSP") licensing regime. If for any reason a TCSP does not make a licence application by the end of the transitional period but has ceased operating trust or company service business, it does not have to notify the CR. As such, the CR does not have the requested statistics.

2. From the commencement of the TCSP licensing regime to end-February 2019, the CR has prosecuted 22 cases for violations under the Anti-Money Laundering and Counter Terrorist Financing Ordinance, amongst which 16 have been convicted by the Court. Most of these cases concern operating a trust or company service business without a

licence, and a few concern providing false information to the CR. Cases convicted for operating a trust or company service business without a licence received a fine of $3,000 to $8,000 for each count of offence. The Court has also disqualified the convicted from holding a licence for a period of 6 months.

- End -

Reply Serial No.

FSTB(FS)050

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0468)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

To promote the growth of Hong Kong's financial services relating to the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development, the Financial Services and the Treasury Bureau has introduced a number of measures in recent years, including proposing Hong Kong to join the Asian Infrastructure Investment Bank (AIIB).

1. Has the Government evaluated the effectiveness of this area of work based on, for example, the number of Mainland or overseas enterprises setting up corporate treasury centres (CTCs) in Hong Kong in each of the past 3 years?
2. The Government has claimed on several occasions that efforts are being made in pursuing the setting up of AIIB's CTC in Hong Kong. Did the Government discuss the matter with the AIIB last year? Is there any progress?
3. Has the Government evaluated the benefits brought to our financial and professional services and other industries over these few years after joining the AIIB?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 7)

Reply:

1. To attract foreign corporates to centralise their treasury functions in Hong Kong, the Government amended the Inland Revenue Ordinance in June 2016 to enable the deduction of interest payable on money borrowed by a corporation carrying on in Hong Kong an intra-group financing business under specified conditions and reduce the profits tax rate by 50% for qualifying corporate treasury centres. Since June 2016, over 200 cases have benefitted from the tax concessions.

2. We will continue to actively encourage the AIIB to leverage our status as an international financial centre and our capital market to support the AIIB's operations. If the AIIB decides to set up a sub-office in Hong Kong, our financial and professional services sectors stand to benefit. It will also further consolidate our position as an

international financial centre. We are continuing the discussion with the AIIB.

3. The establishment of the AIIB aims to improve infrastructure connectivity in Asia by investing in infrastructure projects. Such investment will contribute to the economic development in the region, from which Hong Kong, as the international financial centre in the region, stands to benefit. In addition, many Hong Kong companies are involved in infrastructure projects in Asia. Nevertheless, as most of the AIIB projects are co-financed with other Multilateral Development Banks (such as the Asian Development Bank), these projects are not undertaken directly by the AIIB but the implementation agencies of partner organisations. The AIIB does not collect company background information or data of such projects. As for the AIIB's annual corporate procurement, Hong Kong was the 5th largest service supplier provider to the AIIB in 2017.

- End -

Reply Serial No.

FSTB(FS)051

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0469)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Last year, in scrutining the Securities and Futures (Professional Investor) (Amendment) Rules 2018, the Government undertook to consider a review on the definition of a professional investor and the relevant thresholds. What are the establishment and ranks of officers to be tasked with the above review? Is there any preliminary direction set for the review? What is the expected time for consulting the market and the Legislative Council on the review?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 8)

Reply:

The review of the monetary thresholds under the professional investor regime will be handled by the Securities and Futures Commission ("SFC"). In accordance with the established practice, the SFC will consult the stakeholders on the proposals resulting from the review.

The Government will provide policy support for the SFC on the review. Related work will be absorbed from within our existing resources and manpower, including 1 Administrative Officer Staff Grade C and 1 Senior Administrative Officer.

- End -

FSTB(FS)052

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0609)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding "continuing to promote the development of green finance in Hong Kong":

1. has the Government compiled any statistics on the number of green bonds issued by public and private issuers respectively in the past 3 years? What were the annual total issuance amount and the average issuance amount concerned?
2. the Government launched the Green Bond Grant Scheme last year. What is the response to the Scheme, e.g. the number of applications, as well as the total and average amounts?
3. has the Government assessed the effectiveness of the Green Finance Certification Scheme of the Hong Kong Quality Assurance Agency? Is there any plan or initiative in place to enhance the Scheme for promoting the development of green finance in Hong Kong?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 18)

Reply:

The issuance amounts of green bonds issued in Hong Kong in the past 3 years are set out in the table below –

	Yearly total
2018	US$10.8 billion
2017	US$3.2 billion
2016	US$1.6 billion

Among the issuers of green bonds in Hong Kong in 2018, corporates contributed almost half of the year's total issuances. Financial institutions made up 36% of issuances, with the rest coming from multilateral development banks (15%).

The Government rolled out the Green Bond Grant Scheme in June 2018 to attract organisations to arrange financing for their green projects through our capital markets and encourage them to make use of the green finance certification services in Hong Kong. By end-February 2019, a total of 7 applications have been received, with the total and average grants amounted to HK$525,347 and HK$75,050 respectively.

We are encouraged that many local, Mainland and even international organisations, such as the World Bank, the Asian Development Bank and the European Investment Bank, have chosen to issue green bonds in Hong Kong. We envisage an increasing demand for green finance certification services and a more important role for certification bodies which are conversant with a spectrum of international, regional and local standards/guidelines in light of the underlying trend of international harmonisation for appealing to a broader investor base. As such, the Government will continue to support Hong Kong Quality Assurance Agency's Green Finance Certification Scheme.

- End -

FSTB(FS)053

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0610)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Police arrested many people in large-scale operations against "London gold" trading last year. Please provide the following information on suspected fraud cases regarding "London gold" trading:

1. Details of the work of the Police in each of the past 5 years in terms of (a) number of investigations conducted, (b) average number of victims involved in each investigation, (c) total amount involved, (d) number of formal prosecutions, and (e) number of convicted cases.
2 For those convicted cases, what are the numbers of persons convicted and the maximum and minimum penalties each year?
3. Whether the Police and the Financial Services and the Treasury Bureau (FSTB) have records on the offences committed by the convicted persons? If yes, what are the details?
4. Whether the FSTB has reviewed the relevant legislations subject to the enforcement actions of the Police in the past 5 years to enhance monitoring of the operation of "London gold" trading? If yes, what are the details; if no, will reviews be conducted?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 20)

Reply:

1. – 3. The Government is very concerned about the fraudulent and deceptive acts operating in the name of "Loco London Gold" trading and is keeping its trend in view closely in order to combat such illegal activities effectifvely. Currently, financial products involving gold, including gold futures, gold exchange-traded funds, structured derivative products relating to gold and paper gold schemes, are regulated under the Securities and Futures Ordinance (Cap. 571). Most complaints involving over-the-counter trading of gold are in fact suspected fraudulent and deceptive activities operating in the name of gold trading. Deceptive and fraudulent acts are criminal offences regulated under Theft Ordinance (Cap. 210) with a maximum penalty of 14 years imprisonment.

According to information provided by the Hong Kong Police Force, the statistics of cases related to suspected fraudulent and deceptive acts operating in the name of "Loco London Gold" handled by the police in the past 5 years are as follows –

	2014	2015	2016	2017	2018
No. of cases	10	13	9	19	15
Reported no. of victims	39	17	23	32	299
Reported loss amount (HK$)	37.09M	24.20M	17.25M	25.43M	808M[Note]

[Note] : Including a case that involved suspected fraudulent and deceptive acts operating both in the name of London Gold trading and other commercial activities concurrently and it took place across several years. That case which involved suspected fraudulent and deceptive acts operating both in the name of London Gold trading and other commercial activities had a reported loss amount of over HK$600M.

The Police has arrested 321 persons in their enforcement actions in the past five years. So far, 4 persons have been prosecuted and 2 persons were respectively convicted of "theft" and "obtaining property by deception" under the Theft Ordinance. The convicted persons were sentenced to 30 months and 10 months imprisonment respectively.

4. As mentioned above, financial products involving gold are regulated under current legislation. Similar to the situation in other international financial centres (including London, etc), there is no dedicated legislation regulating spot commodity trading in general (including spot gold). We have always kept closely in view the development and trend of London Gold scams. We consider that the most effective way to combat and prevent such illegal activities is to continue our efforts in strengthening enforcement, enhancing public education and refining the supervisory framework for on-exchange "London Gold" trading.

In terms of investor education, the Financial Services and the Treasury Bureau has produced and published a short video and other investor education information through the media in Hong Kong as well as websites and social media in the Mainland. The purpose is to remind investors to stay vigilant against "London Gold" scams. The Anti-Deception Coordination Centre of the Police and the Investor and Financial Education Council also regularly publish information and hold press conference to promote investor education messages.

The Hong Kong Chinese Gold and Silver Exchange Society has, in response to the Government's request, stepped up its enforcement and surveillance actions against its members and to enhance its supervisory framework for "London Gold" trading on its platform. Specific measures in place since September 2018 include: (1) prohibiting the use of third-party authorisation; (2) banning account-opening through social media instant communication apps; and (3) imposing limit on the leverage of trading. We believe that these measures will set a clearly-defined standard of conduct and behaviour in the gold trading industry, so that the investing public can easily distinguish the outlaws and prevent falling into scams.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)054

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0891)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(2) Subvention: Financial Services Development Council
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Please provide the following information since the Financial Services Development Council has been incorporated as a company by guarantee last September:

1. What are the various items under operating expenses (e.g. staff costs, event expenses and administrative costs, etc.) for 2019-20? Are there any changes as compared with 2018-19?
2. With particular regard to staff establishment and expenditure, what are the changes in terms of (a) manpower at all ranks, (b) salary expenditure at all ranks; and (c) emoluments of the 3 highest paid officers?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 9)

Reply:

The 2019-20 estimated expenditure of the Financial Services Development Council ("FSDC") is $32 million. The breakdown is as follows:

Expenditure Item	**2019-20 Estimate ($ million)**
Market Promotion	4.5
Research	2.0
Human Capital Development	0.5
Staff, Accommodation and Other Administrative Costs	25.0
Total	**32.0**

With the incorporation of the FSDC as a company limited by guarantee in September 2018, the 2019-20 estimate represents a full-year provision whilst the 2018-19 one does not. Also, there is no longer a need to make provision for set-up costs in 2019-20.

The number of staff of the FSDC in both 2018-19 and 2019-20 is estimated to be 13, including an Executive Director, a Head, 4 Senior Managers, 4 Managers and 3 Executive Assistants. There are no changes in terms of manpower, salary expenditure at all ranks, and emoluments of the 3 highest paid officers, except that a full-year provision is made for 2019-20. Staff recruitment is in progress.

- End -

FSTB(FS)055

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0941)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding fund-raising through initial coin offering (ICO) and the use of cryptocurrencies in recent years, the Securities and Futures Commission (SFC) published a statement at the end of last year to bring funds and distributors of virtual assets (such as cryptocurrencies) into its regulatory net.

1. Is the Financial Services Branch conducting any further study on the regulation of cryptocurrencies? If yes, what are the details?
2. Did government departments identify any cryptocurrency-related schemes or businesses which were suspected of violating the anti-money laundering law or other legislation? If yes, what were the details? Were any prosecutions eventually instituted?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 19)

Reply:

The Financial Services Branch and financial regulators closely monitor the development of initial coin offerings and "cryptocurrencies" in both local and global contexts. Financial regulators will continue to maintain contacts with overseas regulators through participation in relevant international organisations, including the International Organization of Securities Commissions and the Financial Stability Board. The Police closely monitors the crime trends related to "cryptocurrencies", and would take enforcement action against fraud and other illegal activities involving "cryptocurrencies".

- End -

Reply Serial No.

FSTB(FS)056

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0943)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

As Hong Kong sees the sales of more and more collective investment schemes (CISs) on overseas properties, and many of these schemes are alleged to be using sales practices that are misleading or involve misrepresentations, local CIS buyers have suffered loss. In this regard, please advise on the following:

1. In assisting the Financial Secretary to oversee the Securities and Futures Commission (SFC), has the Financial Services and the Treasury Bureau provided the SFC with adequate resources to carry out thorough investigations on the malpractices of unauthorised CISs involving the sales of overseas properties in Hong Kong?
2. Of the complaint cases about unauthorised CISs received by the SFC in 2016, 2017 and 2018, how many of them involved real estate projects? What are their percentage shares? Among these cases, how many of them involved overseas property projects? Which countries are most commonly found with these property projects?
3. For 2016, 2017 and 2018, has the SFC instituted prosecutions against the alleged malpractices of unauthorised CISs involving real estate projects? If yes, please state the results; if no, the reasons.
4. If the percentage share of complaints cases about unauthorised CISs involving real estate projects is higher than 50%, will the SFC allocate more resources to carry out investigations (including conducting site investigations at the sales venues and approaching estate agencies for more scheme details) while exploring ways to combat such malpractices so as to protect small investors in Hong Kong?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 33)

Reply:

The resources that the Securities and Futures Commission ("SFC") requires to carry out its functions are sought through its annual budget exercise. The SFC will regularly review the key market risks and adjust the level of resources allocated to mitigating these risks as appropriate.

According to the information provided by the SFC, from 1 January 2016 to 31 December 2018, the SFC received about 112 complaints involving alleged collective investment schemes ("CIS"), of which about 64 involved real estate projects. These complaints might involve more than 1 project. Approximately more than half of the 64 complaints involved non-local real estate projects including those located in the mainland China, the United Kingdom etc..

Generally speaking, upon receiving complaints, the SFC will assess each complaint according to its established procedures. The SFC will conduct investigation where there is a reasonable cause to suspect a contravention, and follow up the case as appropriate when necessary. During the process, the SFC will take into account the relevant factors, including whether there is an evidence of detriment to the investing public. Within the abovementioned period, the SFC had not brought any prosecution against contravention arising from unauthorised CIS involving real estate projects. The SFC will continue to monitor the sale of CIS-related investment products, and handle complaints or cases involving allegedly unauthorised CIS.

The SFC will also continue to work with the Investor and Financial Education Council on promulgating more educational materials on CIS (including those involving real estate projects) to enhance investor education.

- End -

FSTB(FS)057

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1442)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the effectiveness of a number of amendments to the Inland Revenue Ordinance (IRO) in recent years, the Government indicated in its reply to me last year that over 40 corporates had informed the Hong Kong Monetary Authority that they were "actively considering setting up or had already set up corporate treasury centres (CTCs) in Hong Kong" (Reply Serial No. FSTB(FS)055). Apart from CTCs mentioned in the reply, aircraft leasing and certain forms of funds are also provided with profits tax concession or exemption.

1. Based on the latest information, how many of the above-mentioned "over 40 corporates" have actually set up CTCs in Hong Kong?
2. Regarding various forms of tax concession or exemption, please provide the number of cases qualified for tax concession and the tax concession amount in each of the past 5 years with breakdown by type of such concession or exemption.
3. Is there any mechanism in place to track the effectiveness and economic benefits of the various amendments to the IRO? If yes, what are the mechanism and staff establishment?

Asked by: Hon TO Kun-sun, James (LegCo internal reference no.: 14)

Reply:

1 and 2. To attract foreign corporates to centralise their treasury functions in Hong Kong, the Government amended the Inland Revenue Ordinance in June 2016 to enable the deduction of interest payable on money borrowed by a corporation carrying on in Hong Kong an intra-group financing business under specified conditions and reduce the profits tax rate by 50% for qualifying corporate treasury centres. Since June 2016, over 200 cases have benefitted from the tax concessions.

The aircraft leasing tax regime is under the purview of the Transport and Housing Bureau. The Financial Services Branch of the Financial Services and the Treasury Bureau does not maintain the relevant information.

3. Policy formulation and monitoring of the relevant tax regimes are part of the day-to-day work of the relevant policy bureaux. Therefore there is no separate breakdown of manpower or expenditures involved.

- End -

Reply Serial No.

FSTB(FS)058

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1612)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

One of the responsibilities of the Financial Services and the Treasury Bureau is "to assist the Financial Secretary in overseeing [the operation of] the Mandatory Provident Fund Schemes Authority (MPFA)". Will the Secretary inform this Committee of the following:

1) Among the current establishment of 113 posts in the Financial Services Branch, how many officers are responsible for overseeing the operation of the MPFA? What are the post titles and salaries involved? What is the percentage of their salaries expenditure in the estimated expenditure of the Bureau for the coming year?

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 51)

Reply:

1 Administrative Officer Staff Grade C, 1 Senior Administrative Officer and 1 Administrative Officer in the Financial Services Branch are responsible for policy and legislative matters relating to Mandatory Provident Fund Schemes and other retirement schemes. We do not have the breakdown for this item.

- End -

FSTB(FS)059

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1613)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

"Assisting the Financial Secretary in overseeing the Mandatory Provident Fund Schemes Authority (MPFA)" is one of the responsibilities of the Financial Services and the Treasury Bureau. As it is reported that the MPFA has failed to make ends meet for 8 consecutive years with poor investment performance, will the Committee be advised on the following:

1) Given that the MPFA has failed to make ends meet for consecutive years and the Mandatory Provident Fund (MPF) been repeatedly criticised by the Legislative Council (LegCo) for its numerous loopholes and problems, will the Secretary for Financial Services and the Treasury deploy additional manpower and resources in the new financial year to enhance the monitoring of the MPFA and MPF and prevent custodians from charging costly and unreasonable management fees? If yes, what is the projected increase in manpower and resources; if no, what are the reasons and what measures will be taken to ease the dissatisfaction and grievances of the LegCo and members of the public towards the MPF.

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 53)

Reply:

1 Administrative Officer Staff Grade C, 1 Senior Administrative Officer and 1 Administrative Officer in the Financial Services Branch are responsible for policy and legislative matters relating to Mandatory Provident Fund ("MPF") Schemes and other retirement schemes. We will continue to handle the work with existing manpower and resources.

The Government and the Mandatory Provident Fund Schemes Authority ("MPFA") have been optimising the MPF System in different aspects. For instance, in response to the public's concern of "high fees" and "difficulty in making investment choices" in some MPF Schemes, we launched the fee-controlled Default Investment Strategy ("DIS") in April

2017. Currently, the DIS is subject to a total fee cap of 0.95%, i.e. a management fee cap of 0.75% and an out-of-pocket expenses cap of 0.2%. Since the passage of the Amendment Bill for the DIS from May 2016 to February 2019, the average fund expense ratio of MPF funds has been reduced from 1.57% to 1.52%. A total of 136 MPF funds have reduced their fees, with the maximum reduction of 55%. It can be seen that the DIS has put pressure on operators to lower their fees on other MPF funds. The Government has committed to review the fee cap with a view to further lowering the cap within 3 years after the implementation of the DIS. We expect to commence discussion on the new fee cap next year.

Separately, the Government and the MPFA are preparing for the setting up of a Centralised Platform ("CP") to facilitate standardisation, streamlining and automation of MPF scheme administration processes to maximise operational efficiency, so as to create room for fee reduction. In last December, we consulted the Panel on Financial Affairs of the Legislative Council ("LegCo") on the Government's proposal, which was supported by Members. Subject to the funding approval of LegCo, our target is to complete the development of the CP in 2022 and implement the CP by phases thereafter.

- End -

Reply Serial No.

FSTB(FS)060

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1614)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The provision for 2019-20 has risen significantly by $326.6 million (63.3%) over the revised estimate for 2018-19, and the rise was said to be caused by the increased cash flow requirement for non-recurrent commitment items and increase in general departmental expenses. Will the Secretary advise this Committee of the following:

1) What are the items covered by "non-recurrent commitment items"?
2) Which departments are expected to see an increase in their expenses? What are the amount and percentage of increase of each department?

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 55)

Reply:

In 2019-20, the estimated expenditure for the general non-recurrent items of the Financial Services Branch is as follows –

	Item	Commitment $'000	2019-20 Estimated Expenditure $'000
1	Consultancy study for establishing a Risk-based Capital Regime	10,000	10,000
2	Funding for promoting and facilitating the development of the financial services sector	500,000	148,000
3	Provision of seed capital to the Financial Reporting Council	400,000	400,000
4	Funding requirements for a centralised platform for the administration of Mandatory Provident Fund registered schemes	3,367,150	40,327

	Item	Commitment $'000	2019-20 Estimated Expenditure $'000
5	Pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector	100,000	39,036
	Total	**4,377,150**	**637,363**

The increase in general departmental expenses for the Financial Services Branch in 2019-20 as compared with the revised estimate for 2018-19 is mainly due to the increase in the running cost of the Money Lenders Unit.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)061

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1615)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1) What are the estimated manpower and resources required in the new financial year for the Financial Services and the Treasury Bureau (Financial Services Branch) to work with the Mandatory Provident Fund Schemes Authority (MPFA) to develop a centralised platform?

2) The Mandatory Provident Fund (MPF) has been criticised by the community for its high fees. Upon "standardisation, streamlining and automation" of administration processes of MPF registered schemes, what is the estimated reduction in the MPF expense ratio? Compared with that of the Tracker Fund, how high is the MPF expense ratio?

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 57)

Reply:

1) 1 Administrative Officer Staff Grade C, 1 Senior Administrative Officer and 1 Administrative Officer in the Financial Services Branch are responsible for policy and legislative matters relating to the Mandatory Provident Fund ("MPF") Schemes and other retirement schemes, including the development of the Centralised Platform ("CP") and other improvements to the MPF System. We do not have the breakdown for this item. The Government will task the Mandatory Provident Fund Schemes Authority ("MPFA") as the institution to build, own and operate the CP. Subject to the approval of the Legislative Council, the Government will commit $3.36715 billion for the development of the CP and related expenses.

2) According to the MPFA's consultant, assuming the digital take-up rate will increase to 90% in 5 years, the cumulative quantifiable future financial savings that could be derived was estimated to be in the region of $22.5 billion to $23.6 billion spread over 20 years. Any financial savings materialised will create room for fee reduction. That being said, the cost efficiency of the CP depends very much on the take-up rate of

employers and scheme members. Also, trustees will need to commit additional investment for connecting to the CP, and for modifying their existing administration processes and resource allocation. In addition, the benefits in terms of cost savings will depend on the revised business processes under the CP. Hence, the above cost and benefit analysis is of indicative reference value only. We will need to update the analysis at a later stage.

- End -

FSTB(FS)062

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1621)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Secretary planned to increase the amount of seed capital for the Financial Reporting Council to $400 million. What is the actual use of this $400 million provision? How can the independence of the regulatory regime for auditors of listed entities be enhanced effectively?

Asked by: Hon TSE Wai-chun, Paul (LegCo internal reference no.: 45)

Reply:

The legislation to reform the regulatory regime for auditors of listed entities was passed by the Legislative Council in January this year. The functions of the Financial Reporting Council ("FRC") will be enhanced to become a full-fledged regulatory body independent of the audit profession. The seed capital will help the FRC migrate to the new regime.

In addition, the seed capital will help alleviate the burden of individuals and organisations, including securities investors, listed entities and regulated audit firms, who need to pay levies to the FRC under the new requirement in the legislation. They will be exempted from paying the levies under the new regime for the first two years.

After the passage of the Appropriation Bill 2019, we will discuss with the FRC and formulate the details of how the seed capital should be utilised so as to ensure that the money is put to good use in line with the principle of financial prudence.

- End –

FSTB(FS)063

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0474)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It was mentioned in paragraph 48 of the Budget that the Bond Connect will be extended to cover southbound trading. What is the amount of new bond investments that is expected to be brought to Hong Kong under the scheme?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 14)

Reply:

Bond Connect marks an important milestone in the development of mutual capital market access between Hong Kong and the Mainland. Its Northbound Trading has been operating smoothly since its launch in July 2017. In August 2018, several enhancement measures to the Northbound Trading of Bond Connect were implemented to further facilitate overseas investors to participate in China's bond market through Bond Connect.

The Government and the regulatory authorities are continuing with the efforts to explore with the relevant Mainland authorities about expanding Bond Connect to cover Southbound Trading. The details (including the product scope) are pending to be discussed and will be separately announced in due course.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)064

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0476)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It was mentioned in paragraph 57 of the Budget that the Government will propose legislative amendments to provide tax concessions for marine insurance and the underwriting of specialty risks. When will the legislative work be expected to complete? How many insurance companies will benefit from the amendments?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 19)

Reply:

To enhance Hong Kong's status as an international insurance hub, the Government plans to provide tax concessions at 50% of the profits tax rate for marine insurance and the underwriting of specialty risks in Hong Kong, so as to promote the development of relevant business. We are still working with the Insurance Authority and relevant government departments to prepare the implementation details and legislative proposals. Therefore, the estimated number of insurance companies which will benefit from the amendments is currently unavailable. Our current target is to introduce the relevant amendment bill into the Legislative Council in the 2019-20 legislative session.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)065

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0477)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

What is the estimated number of financial talent from outside to be imported in the coming 3 years? Which countries and regions will they mainly come from? What types of financial work will they undertake in Hong Kong?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 22)

Reply:

The Government encourages financial talents from outside to pursue their careers in Hong Kong through various talent admission schemes, but we do not have the relevant forecast data.

- End -

Examination of Estimates of Expenditure 2019-20

CONTROLLING OFFICER'S REPLY

Reply Serial No.

FSTB(FS)066

(Question Serial No. 0478)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

For the Financial Services and the Treasury Bureau, the estimated expenditure for 2019-20 under the Programme of Financial Services is $840.5 million, representing an increase of $326.6 million or 63.6% over the revised expenditure for 2018-19. The authorities has pointed out that the significant increase in the estimated expenditure is mainly due to the increased cash flow requirement for non-recurrent commitment items and anticipated increase in general departmental expenses. What does the non-recurrent commitment items refer to? What does the increase in general departmental expenses refer to?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 24)

Reply:

In 2019-20, the estimated expenditure for the general non-recurrent items of the Financial Services Branch is as follows –

	Item	Commitment $'000	2019-20 Estimated Expenditure $'000
1	Consultancy study for establishing a Risk-based Capital Regime	10,000	10,000
2	Funding for promoting and facilitating the development of the financial services sector	500,000	148,000
3	Provision of seed capital to the Financial Reporting Council	400,000	400,000
4	Funding requirements for a centralised platform for the administration of Mandatory Provident Fund registered schemes	3,367,150	40,327

	Item	Commitment $’000	2019-20 Estimated Expenditure $’000
5	Pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector	100,000	39,036
	Total	**4,377,150**	**637,363**

The increase in general departmental expenses for the Financial Services Branch in 2019-20 as compared with the revised estimate for 2018-19 is mainly due to the increase in the running cost of the Money Lenders Unit.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)067

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0479)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What specific measures will the Government take to promote the development of financial technologies in Hong Kong in the next 3 years? What will be the expenditure involved?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 25)

Reply:

The Government will continue to adopt a five-pronged approach in facilitating financial technologies (Fintech) development, namely (a) promotion; (b) facilitation; (c) regulation; (d) talents; and (e) funding. Major initiatives announced by the Financial Secretary in the 2019-20 Budget to promote the development of Fintech include –

The Government is planning for the use of the Faster Payment System ("FPS") to provide the public with greater convenience in paying taxes, rates and water charges. The Transport Department, the Immigration Department and the Leisure and Cultural Services Department will examine the feasibility of accepting payments through the FPS at their shroff counters on a pilot basis.

The Hong Kong Monetary Authority ("HKMA") will shortly issue virtual banking licences. Banks are also implementing the Open Application Programming Interface functions in phases. These will bring more innovative banking services to the public.

The HKMA and the Securities and Futures Commission will make use of the Global Financial Innovation Network to share among regulators across the globe the experiences and knowledge in managing Fintech applications.

Fintech-related work in the Financial Services Branch ("FSB") will be absorbed from within FSB's existing resources. The Financial Services and the Treasury Bureau has earmarked $20 million in 2019-20 to continue to support Invest Hong Kong's dedicated Fintech team.

- End -

Reply Serial No.

FSTB(FS)068

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0481)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

What specific efforts will the Government make to reinforce Hong Kong's position as an offshore Renminbi business platform in the next 3 years? What will be the expenditure involved?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 28)

Reply:

Hong Kong is a global offshore Renminbi ("RMB") business hub and maintains the world's largest offshore RMB liquidity pool, processing more than 70 per cent of RMB transactions globally. We are also one of the busiest RMB foreign exchange trading centres. With the advantages of well-established market system and financial infrastructure, close ties with the Mainland market and the support of the Central Government, a number of mutual market access schemes (including Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, Northbound Trading of Bond Connect and the mutual recognition of funds between the Mainland and Hong Kong) have been launched. These schemes have consolidated Hong Kong's status as a premier platform for international investors to access the Mainland market and allocate RMB assets.

We will continue to strengthen Hong Kong's status as the global offshore RMB business hub by enhancing the mutual market access schemes. We will also leverage the opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") development. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area has set out the objectives to progressively expand the scale and scope of the cross-boundary use of RMB in the Greater Bay Area; implement measures to facilitate banking institutions in the Greater Bay Area to launch, in accordance with relevant regulations, cross-boundary RMB interbank lending, RMB foreign exchange spot and forward businesses, related RMB derivative products and cross distribution of wealth management products; encourage enterprises in the Greater Bay Area to issue cross-boundary RMB bonds in accordance with relevant regulations; and develop more offshore RMB, commodity and other risk management tools. These objectives will help reinforce Hong Kong's status as the global hub for offshore RMB business.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)069

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3118)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Regarding the issuance of Renminbi ("RMB") bonds in Hong Kong, please list the number of issues, the percentages by target buyers, the issuing financial institutions involved, the issue values, the tenors and the terms of paying interests in each of the past five years to show the changes in the market in recent years.
2. On reinforcing the offshore RMB business platform, what specific measures and promotion activities will the Government have in the coming year to further expand the two-way flow of cross-border RMB funds, especially the size and scope of cross-border use of RMB in the Greater Bay Area? What are the manpower and public funds involved?
3. Apart from the measures mentioned in question no. 2, are there any other specific work and measures in areas such as developing new offshore RMB financial products?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 32)

Reply:

(1)
According to market data, the statistics in relation to the Renminbi ("RMB") bonds issued in Hong Kong in the past 5 years are as follows –

	2014	**2015**	**2016**	**2017**	**2018**
No. of issues	**149**	**71**	**67**	**16**	**75**
Amount of issuances* (in RMB billion)	**196.8**	**74.9**	**52.8**	**20.6**	**41.9**
- Mainland financial institutions	27.0	0.0	0.0	0.0	1.2
- Mainland non-financial institutions	6.5	1.0	0.5	0.0	3.2

	2014	2015	2016	2017	2018
- Hong Kong and Overseas financial institutions	52.8	22.8	19.5	4.7	16.8
- Hong Kong and Overseas non-financial institutions	79.1	20.4	4.1	1.7	10.0
- International financial institutions and others	3.4	2.7	0.7	0.2	0.7
- Ministry of Finance	28.0	28.0	28.0	14.0	10.0

Source: Bloomberg and market data
Note(*): Does not include bills issued by People's Bank of China.

In the past 5 years, the tenors of the RMB bonds issued in Hong Kong varied from 1 month to 30 years, and these bonds were mainly targeted at institutional investors. The interest rates were determined by various market factors.

(2) & (3)
We will continue to strengthen Hong Kong's status as the global offshore RMB business hub by enhancing the mutual market access schemes. We will also leverage the opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") development. The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area has set out the objectives to progressively expand the scale and scope of the cross-boundary use of RMB in the Greater Bay Area; implement measures to facilitate banking institutions in the Greater Bay Area to launch, in accordance with relevant regulations, cross-boundary RMB interbank lending, RMB foreign exchange spot and forward businesses, related RMB derivative products and cross distribution of wealth management products; encourage enterprises in the Greater Bay Area to issue cross-boundary RMB bonds in accordance with relevant regulations; and develop more offshore RMB, commodity and other risk management tools. These objectives will help reinforce Hong Kong's status as the global hub for offshore RMB business.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

FSTB(FS)070

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3119)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

In respect of deepening the mutual access between financial markets in Hong Kong and the Mainland and pursuing initiatives under the Mainland and Hong Kong Closer Economic Partnership Arrangement and other co-operation frameworks, please advise of the following:

1. What are the estimated manpower resources involved in the relevant work this year?
2. On deepening the mutual access between financial markets in Hong Kong and the Mainland, what are the specific work and measures expected to be launched this year?
3. As regards "extending the Bond Connect to cover southbound trading", what are the latest work progress and timetable of the Bureau?
4. The Secretary for Financial Services and the Treasury James Henry LAU recently said that Hong Kong was discussing with the Mainland on a "Financial Product Connect" (i.e. mutual trading of wealth management and investment products between the two places) and the discussion was expected to bear fruit by 2022. What are the details and progress of the initiative? Will the "Financial Product Connect" cover, among others, derivatives and currencies in addition to some basic products?
5. Are there any on-going study and discussion on mutual access initiatives such as the Primary Equity Connect, Commodity Connect, Exchange Traded Fund Connect and Stock Index Futures Connect? If yes, what is the progress? If no, what are the reasons?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 37)

Reply:

Mutual market access schemes including Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect and Northbound Trading of Bond Connect have been operating smoothly since their launch. With effect from 1 May 2018, the daily quota of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect has been quadrupled. In August 2018, several enhancement measures to the Northbound Trading of

Bond Connect were implemented, including the implementation of Delivery versus Payment standard, the launch of block trade functionality and the clarification of relevant tax policies. The Hong Kong Monetary Authority ("HKMA") will continue discussion with the relevant Mainland authorities to further enhance the Northbound Trading of Bond Connect and will maintain dialogue of launching its Southbound Trading.

The Government and the regulatory authorities will continue discussion with the relevant Mainland authorities in this year to enhance the mutual market access schemes and to cover more investment products, including exchange-traded funds, with a view to deepening the access scheme and promoting the collaboration and interaction between the two financial markets. The "Primary Equity Connect" will be a suggestion to be studied in the medium to long term, having regard to the financial regulations in the Mainland and Hong Kong. The Securities and Futures Commission will maintain communication with the Hong Kong Exchanges and Clearing Limited on the subject.

We will grasp the opportunities brought by the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") to deepen the mutual access of financial markets in the two places and continue to liaise with the relevant Mainland authorities to implement the policy initiatives along the broad directions as set out in the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" ("Outline Development Plan"). The Outline Development Plan has set out the objectives to progressively expand the scale and scope of the cross-boundary use of RMB in the Greater Bay Area and strengthen mutual access to financial markets. These can facilitate cross-boundary wealth management. HKMA will actively explore the related initiatives with the relevant Mainland authorities.

It is an ongoing task of the Financial Services Branch to formulate policies and measures to facilitate the development of our financial market. The expenses involved will be absorbed from within our existing resources. We do not have a separate breakdown.

- End -

Reply Serial No.

FSTB(FS)071

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3120)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

To have more enterprises outside Hong Kong to establish their regional headquarters here, the SAR Government has been offering tax concessions to qualifying corporate treasury centres (CTCs) since 2016. Please advise on the following:

1. Please set out in table form the numbers, growth rates, trades and origins of enterprises with their CTCs established in Hong Kong since the launch of the initiative.
2. What are the changes and growth rates in the numbers of enterprises with their regional headquarters and headquarters established in Hong Kong since the launch of the initiative? What are the respective percentages of Mainland enterprises and non-Mainland enterprises?
3. Does the Government have any new initiatives or plans under consideration or intended to be launched this year to further strengthen Hong Kong's role as an international CTC?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 39)

Reply:

1 and 3. To attract foreign corporates to centralise their treasury functions in Hong Kong, the Government amended the Inland Revenue Ordinance in June 2016 to enable the deduction of interest payable on money borrowed by a corporation carrying on in Hong Kong an intra-group financing business under specified conditions and reduce the profits tax rate by 50% for qualifying corporate treasury centres ("CTCs"). Since June 2016, over 200 cases have benefitted from the tax concessions. The majority of the corporates are from the Mainland, with the rest being multinationals from the US and Japan, which are engaged in diversified trades and businesses. The Administration will keep in view development in the international regulatory landscape and consider refinement to the regime as necessary.

2. According to the information provided by the Commerce and Economic Development Bureau, in 2018 there was a total of 1 530 foreign enterprises which have set up regional headquarters ("RHQs") in Hong Kong, representing an increase of 151 enterprises or 11% as compared with 2016. Of the new arrivals, 60 enterprises have their parent company located in the Mainland, and 91 enterprises have their parent company located elsewhere. It should be noted that foreign enterprises may choose to set up RHQs in Hong Kong for various considerations, and not necessarily due to tax concessions for CTCs.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)072

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3121)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

The Budget mentioned that to promote the development of green finance in Hong Kong and diversification of related products, the SAR Government rolled out the Green Bond Grant Scheme in 2018 to attract organisations to arrange financing for their green projects through our capital markets and encourage them to make use of the green finance certification services in Hong Kong.

1. In 2018, green bonds issued in Hong Kong amounted to some US$11 billion, more than triple that of 2017. Please tabulate the details of each issuance in the year with respect to the bond issuers, issue values, tenors, terms of paying interests and other bond details.

2. What is the manpower resources involved in the Government's efforts to develop green finance this year? Will there be further new initiatives in this respect for this year besides the issuance of government green bonds?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 41)

Reply:

1. The issuance amounts of green bonds issued in Hong Kong in the past 3 years are set out in the table below –

	Yearly total
2018	US$10.8 billion
2017	US$3.2 billion
2016	US$1.6 billion

Among the issuers of green bonds in Hong Kong in 2018, corporates contributed almost half of the year's total issuances. Financial institutions made up 36% of issuances, with the rest coming from multilateral development banks (15%).

2. The Government seeks to develop and firmly establish Hong Kong as a leading hub for green finance in the region, with focus on the Mainland of China and economies along the Belt and Road. In the coming year, we will continue to take forward various initiatives relating to green finance, including the Green Bond Grant Scheme, which subsidises eligible green bond issuers in obtaining certification; the Pilot Bond Grant Scheme, which provides grant to eligible enterprises issuing bonds (including green bonds) in Hong Kong for the first time, so as to attract more corporates to issue green bonds in Hong Kong; and actively prepare for the inaugural Government green bond issuance so as to encourage more issuers to arrange financing for their green projects through our capital markets and grow the local green investor base.

   At the same time, we will also enhance our international visibility in green finance through proactive promotion targeting both Mainland and overseas audience.

   The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

FSTB(FS)073

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3122)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is stated in the Budget that "the Government has introduced a host of measures to promote the development of Hong Kong's bond market. These include launching the Pilot Bond Grant Scheme to encourage enterprises to issue bonds in Hong Kong, as well as offering tax concessions to attract more investors to our bond market." Please provide the following information in table form:

1. What are the details regarding bonds issued under the Pilot Bond Grant Scheme since the announcement of its details by the Hong Kong Monetary Authority in May last year, including the percentages by target buyers, issuing financial institutions involved, issue values, tenors and terms of paying interests?
2. In last year's Budget, the Government proposed to amend the qualifying debt instrument scheme by increasing the types of qualified instruments. In addition to instruments lodged and cleared by the Central Moneymarkets Unit, debt securities listed on the Stock Exchange of Hong Kong Limited would also become eligible. The scope of tax exemption was also extended from debt instruments with an original maturity of not less than 7 years to instruments of any duration. Since implementing the enhancement measures, whether the Government has compiled any statistics on the impact of the measures on the trading of the relevant instruments/listed debt instruments? If yes, what are the specific changes in terms of trading? Is there any increase in trading?
3. Regarding the inflation-linked retail bonds issued by the Government over the years, what are the amount of issuance, average interest rate, interest payment and outstanding amount of each tranche of bond each year?
4. On developing retail bonds, it was proposed in last year's Budget that Silver Bonds would continue to be issued in 2018 and 2019, with targets on Hong Kong residents aged 65 or above. For Silver Bonds that will mature respectively in 2019, 2020 and 2021 and the same tranche of bond to be issued, what are/will be the amount of issuance, average interest rate, interest payment and outstanding amount?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 48)

Reply:

1. The Pilot Bond Grant Scheme seeks to attract new issuers to issue bonds in Hong Kong. Since the launch of the Scheme in last May, 12 applications have been approved under the Scheme, involving a total issuance size of over US$4,030 million. Details of the issuances are -.

Issuers	**Issuance Size (US$ million)**	**Tenor (year)**	**Coupon Rate**
Chengdu Hi-Tech Investment Group	300	3	6.280%
China Huadian Overseas Development 2018 Limited	600	5	3.875%
Granda Century Limited	300	3	7.500%
Hunan Xiangjiang New Area Development Group	300	3	5.700%
Lingang Wings Inc	300	3	4.625%
SCIG International Financial Limited	300	3	4.625%
SF Holding Investment Limited	500	5	4.125%
Taizhou Infrastructure Construction Investment Group	300	3	5.800%
Weifang Urban Construction and Development Investment Group	250	3	6.500%
Wuhan Real Estate Development & Investment Group	430	3	5.700%
Zhejiang Baron (BVI) Company Limited	200	3	6.800%
Zhenro Properties Group Limited	250	2	10.500%

2. The amended Qualifying Debt Instrument Scheme has commenced operation from the year of assessment 2018-19. Over 250 debt instruments have benefited from profits tax exemption under the enhanced scheme, about 90% of which are listed on the Stock Exchange of Hong Kong.

3 and 4. The Government issued 6 batches of inflation-linked retail bonds ("iBonds") (each worths HK$10 billion) and 3 batches of Silver Bonds (each worths HK$3 billion) in the past. 5 batches of iBonds already matured. 1 batch of iBond and 3 batches of Silver Bonds remain outstanding. The Hong Kong Monetary Authority is preparing for another issuance of Silver Bond, and will announce the details of the issuance in due course.

The interest rate of iBonds and Silver bond is set at the higher of the floating rate (i.e. average of the year-on-year rates of change of Composite Consumer Price Index in the most recent 6 months) or the fixed rate. The interest rates and the total amount of interest payments for the 6 batches of iBonds and 2 batches [(1)] of Silver Bonds are listed in the tables below –

Note: (1) No interest payment has been made for the third Silver Bond issued recently.

iBond 1 (issued in 2011, due in 2014)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (30 Jan 2012)	6.08%	309.8
Second interest (30 Jul 2012)	5.07%	252.8
Third interest (28 Jan 2013)	3.38%	168.5
Fourth interest (29 Jul 2013)	3.77%	188.0
Fifth interest (28 Jan 2014)	4.78%	239.7
Sixth interest (28 Jul 2014)	4.02%	199.3

iBond 2 (issued in 2012, due in 2015)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (24 Dec 2012)	3.48%	176.4
Second interest (24 Jun 2013)	3.73%	186.0
Third interest (23 Dec 2013)	4.72%	235.4
Fourth interest (23 Jun 2014)	4.12%	205.4
Fifth interest (22 Dec 2014)	4.50%	224.4
Sixth interest (22 Jun 2015)	4.33%	215.9

iBond 3 (issued in 2013, due in 2016)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (24 Dec 2013)	4.72%	236.6
Second interest (24 Jun 2014)	4.12%	205.4
Third interest (24 Dec 2014)	4.50%	225.6
Fourth interest (24 Jun 2015)	4.33%	215.9
Fifth interest (24 Dec 2015)	2.57%	128.9
Sixth interest (24 Jun 2016)	2.63%	131.9

iBond 4 (issued in 2014, due in 2017)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (11 Feb 2015)	4.95%	249.5
Second interest (11 Aug 2015)	3.68%	182.5
Third interest (11 Feb 2016)	2.37%	119.5
Fourth interest (11 Aug 2016)	2.68%	133.6
Fifth interest (13 Feb 2017)	2.15%	109.6
Sixth interest (11 Aug 2017)	1.27%	62.3

iBond 5 (issued in 2015, due in 2018)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (11 Feb 2016)	2.37%	122.1
Second interest (8 Aug 2016)	2.68%	131.4
Third interest (7 Feb 2017)	2.15%	107.8
Fourth interest (7 Aug 2017)	1.27%	63.0
Fifth interest (7 Feb 2018)	1.68%	84.7
Sixth interest (7 Aug 2018)	2.30%	114.1

iBond 6 (issued in 2016, due in 2019)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (20 Dec 2016)	2.58%	129.4
Second interest (20 Jun 2017)	1.02%	50.9
Third interest (20 Dec 2017)	1.78%	89.2
Fourth interest (20 Jun 2018)	2.10%	104.7
Fifth interest (20 Dec 2018)	2.43%	121.8

Silver Bond 1 (issued in 2016, due in 2019)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (13 Feb 2017)	2.15%	32.6
Second interest (14 Aug 2017)	2.00%	29.5
Third interest (12 Feb 2018)	2.00%	29.2
Fourth interest (13 Aug 2018)	2.30%	33.2
Fifth interest (12 Feb 2019)	2.53%	36.3

Silver Bond 2 (issued in 2017, due in 2020)

	Per annum interest rate (%)	Total interest amount (HK$ million)
First interest (27 Dec 2017)	2.00%	30.5
Second interest (25 Jun 2018)	2.10%	30.6
Third interest (24 Dec 2018)	2.43%	35.2

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)074

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0811)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding the work to "continue to work with the MPFA to develop a centralised platform" in Matters Requiring Special Attention in 2019-20:

1. What is the expenditure incurred by the Financial Services Branch in respect of the above platform? What are the staffing provision and ranks involved?
2. Please provide a full membership list of the working group on promoting eMPF. Among the members, who are involved in the tender design and relevant tendering works of the platform?
3. What is the implementation progress of the platform? Has the tendering process commenced? What is the expected time for seeking the funding approval from the Finance Committee of the Legislative Council?
4. The Financial Services Branch indicated earlier that the Branch would continue to maintain close liaison with the Office of the Government Chief Information Officer to explore the feasibility of using the Next Generation Government Cloud (GovCloud) for hosting the centralised platform. Has a decision been made on using the GovCloud to host the platform? If yes, will there be any changes in the estimated non-recurrent and recurrent costs of the platform?

Asked by: Hon WU Chi-wai (LegCo internal reference no.: 4)

Reply:

1. One Administrative Officer Staff Grade C, one Senior Administrative Officer and one Administrative Officer in the Financial Services Branch are responsible for policy and legislative matters relating to the Mandatory Provident Fund ("MPF") Schemes and other retirement schemes, including the development of the Centralised Platform ("CP") and other improvements to the MPF System. We do not have the breakdown for this item.

2. The Government will task the Mandatory Provident Fund Schemes Authority ("MPFA") as the institution to build, own and operate the CP. The MPFA will commission contractor(s) through public tendering to design and build the IT infrastructure of the CP. Under the direction of the Financial Secretary, the Financial Services and the Treasury Bureau ("FSTB") set up the eMPF Working Group in June 2017. The Working Group is co-convened by the Deputy Secretary for Financial Services and the Treasury (Financial Services) and the Chief Corporate Affairs Officer of the MPFA. Members of the Working Group include Deputy Government Chief Information Officer, the Executive Director (Members) of the MPFA and representatives of the 14 MPF approved trustees who are operating MPF schemes. The MPFA will take into account the views of stakeholders including the Working Group as appropriate when preparing for the tender design and relevant tendering work.

3. Our target is to issue tender for the CP project within 2019, with a view to completing the development of the CP in 2022 and implementing the CP by phases thereafter. In last December, the Government consulted the Panel on Financial Affairs of the Legislative Council on the funding requirement and received Members' support. The relevant provision has been included in the Estimates for 2019-20.

4. The Government and the MPFA keep an open-mind on the option of using the Next Generation Government Cloud ("GovCloud") as the infrastructure for hosting the CP. In preparing for the tender documents of the CP, we will actively consider the feasibility of reminding bidders the possibility of hosting the CP by the GovCloud. The Government is currently taking forward tendering work for the GovCloud and the tendering exercise for the CP is still under preparation. Hence, the relevant implementation details, including the expenditure required for using the GovCloud, are not available.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0812)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding "continue to monitor compliance with the more stringent licensing conditions by licensed money lenders", apart from tightening licensing conditions in 2016, the Companies Registry (CR) further stipulated requirements on referees in the licensing conditions for money lenders in October last year. Please provide the following information since the tightening of licensing conditions in 2016:

1. What are the annual expenditure and staffing establishment of the CR for monitoring money lenders? What are the expenditure and manpower for site inspections?
2. What are the numbers of site inspections conducted and companies inspected each year?
3. What is the number of money lenders in breach of licensing requirements each year? What are the details and relevant penalties? Are there any money lenders being subject to revocation of licence or refusal of licence renewal as a consequence?
4. In view of the growing number of licensees extending property mortgage loans (including second or third mortgages, etc.) to borrowers in recent years, whether the CR has compiled statistics on the relevant transactions? If yes, please provide details of the specific work (e.g. ways to obtain information) and the statistics so compiled (e.g. number of money lenders providing mortgage services and total amount of mortgage loans extended by each money lender each year).

Asked by: Hon WU Chi-wai (LegCo internal reference no.: 5)

Reply:

President:

1. The Money Lenders Unit ("MLU") of the Companies Registry is headed by a Senior Companies Registration Officer and supported by 2 Companies Registration Officer ("CRO") I, 4 CRO II, 1 Clerical Officer, 2 Assistant Clerical Officer ("ACO") and 2

Clerical Assistant ("CA"). Onsite inspections are led by CRO II while ACO and CA will assist in the inspection and perform other support tasks.

The expenditure of the MLU is as follows:

Financial Year	**2016-2017**	**2017-2018**	**2018-2019 (up to Jan 2019)**
Expenditure	$9,511,572	$10,275,897	$12,417,011

2. The MLU has commenced onsite inspections since 2017 and the number of inspections conducted is as follows:

Financial Year	**2016-2017**	**2017-2018**	**2018-2019 (up to Jan 2019)**
Number of inspections	266	507	378

A total of 844 licensed money lenders have been inspected.

3. Under the Money Lenders Ordinance (Cap. 163), all licensed money lenders are required to comply with the licensing conditions imposed by the Licensing Court on their money lenders licences when carrying on the business of money-lending.

If any licensed money lender is found not to have complied with any licensing conditions, the MLU will issue letters requiring rectification of the non-compliance. Warning letters will be issued if the licensed money lenders still fail to rectify the non-compliance within the time prescribed. In addition, the Hong Kong Police Force will investigate into cases of non-compliance and consider prosecution. Depending on circumstances, the Licensing Court will refuse application for renewal of the money lender's licence.

Number of letters issued by the MLU for breaches of licensing conditions by licensed money lenders:

Financial Year	**2016-2017**	**2017-2018**	**2018-2019 (up to Jan 2019)**
Letters requiring rectification	95	230	139
Warning letters	7	33	9

4. The Companies Registry does not have statistics on transactions relating to property mortgage loans made by licensed money lenders.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0440)

Head: (26) Census and Statistics Department

Subhead (No. & title): (000) Operational expenses

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimated expenditure under Programme (2) for 2019-20 is $101.9 million higher than the revised estimate for 2018-19. This is mainly due to the additional provision for the operating expenses for preparing for the 2021 Population Census (21C) and conducting the Survey on Persons with Disabilities and Chronic Diseases, as well as the increased salary provision for the creation of posts, filling of vacancies and staff changes. In this regard, please advise this Committee of the following:

1. What are the titles and job nature of these 64 new posts? Are they solely supernumerary posts? Will these posts be deleted upon completion of the projects?
2. What are the estimated expenditure and manpower resources involved in setting up the 21C Office?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 27)

Reply:

1. In 2019-20, the Census and Statistics Department (C&SD) will create 65 permanent civil service posts (of which 64 are time-limited posts) and delete 1 time-limited Statistical Officer I post created for the 2016 Population By-census under Programme (2). The net increase is 64 posts.

   The titles and job nature of the 65 newly created posts are as follows:

   (a) 1 Census and Survey Officer post to enhance the efficiency of updating quarters records, especially information on subdivided units. The updated quarters records mainly provide a sampling frame of household surveys (including population censuses / by-censuses) conducted by C&SD and household surveys conducted by other government organisations;

   (b) 1 time-limited Senior Census and Survey Officer post and 1 time-limited Census and Survey Officer post to implement the Survey on Persons with Disabilities and Chronic Diseases, which will be launched in 2019-20. They will mainly be responsible for planning and implementing the fieldwork operation of the survey, performing fieldwork quality check, and co-ordinating and conducting training for enumerators. These posts will be deleted upon completion of the project; and

(c) 62 time-limited posts to conduct preparatory work for the 21C (see table below for the post titles and numbers of posts). They will mainly be responsible for the planning and management of the data collection work of the census, development of relevant information technology systems, compilation and dissemination of statistical results, publicity and other administrative support. These posts will be deleted upon completion of the project.

Post title	No. of posts
Senior Statistician	2
Statistician	2
Senior Statistical Officer	5
Statistical Officer I	4
Statistical Officer II	2
Chief Census and Survey Officer	2
Senior Census and Survey Officer	5
Census and Survey Officer	34
Senior Executive Officer	1
Executive Officer I	2
Supplies Officer	1
Clerical Officer	1
Senior Systems Manager	1
Total	**62**

2. In 2019-20, C&SD will create 62 time-limited posts to undertake preparatory work for the 21C, and the estimated expenditure (including that on manpower) is around $84 million.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)077

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1093)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please tabulate, by District Council district, the ratio of average rent to income of households living in private housing units with an area of less than 500 square feet in Hong Kong in the past 3 years.

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 14)

Reply:

According to the results of the 2016 Population By-census, statistics on the median monthly domestic household rent-to-income ratio for households living in rental accommodation with floor area of less than 500 square feet in private permanent housing by District Council district are as follows –

District Council district	Median monthly domestic household rent-to-income ratio(1) for households living in rental accommodation with floor area of less than 500 square feet in private permanent housing (%)
Central and Western	33.6
Wan Chai	36.7
Eastern	32.3
Southern	26.4
Yau Tsim Mong	32.0
Sham Shui Po	29.7
Kowloon City	31.8
Wong Tai Sin	29.4
Kwun Tong	30.8
Kwai Tsing	29.6
Tsuen Wan	31.1
Tuen Mun	29.8
Yuen Long	28.0
North	27.6
Tai Po	33.0
Sha Tin	28.1
Sai Kung	30.6
Islands	28.6
Overall	**30.9**

Notes: (1) The percentage of household income paid on household rent in June 2016 of a domestic household renting the accommodation it occupied. Households with zero income and/or zero rent are excluded in the calculation.

The Census and Statistics Department does not have the relevant statistics for 2017 and 2018.

– End –

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)078

CONTROLLING OFFICER'S REPLY

(Question Serial No. 1404)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (6) Labour Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise the following:

(1) Has the Department conducted any independent surveys in respect of labour shortage in specific sectors, particularly construction, nursing, etc.? If so, what are the details? If not, what are the reasons?

(2) Please tabulate the number of persons engaged, vacancies and turnover rate in the construction and elderly care industries in the past 2 years.

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 4)

Reply:

(1) The Census and Statistics Department (C&SD) has been collecting information on job vacancies in establishments (including construction sites, nursing homes and residential care services for the elderly) on a quarterly basis through its regular statistical surveys to gauge labour shortage in various industries.

(2) The number of persons engaged and vacancies in the construction and elderly care industries in the past 2 years are provided below. C&SD does not have the relevant statistics on turnover rate.

Industry	Number of persons engaged		Number of vacancies(1)	
	2017(2)	2018(3)	2017(2)	2018(3)
Construction(4)	118 674	114 792	1 070	649
Elderly care(5)	24 132	24 357	2 285	2 560

Notes: (1) Vacancies refer to unfilled job openings which are immediately available, and for which active recruitment steps are being taken by the employers concerned on the survey reference date.

(2) The figures refer to the average of the 4 quarters of the year.

(3) The figures refer to the average of the first 3 quarters of the year.

(4) The figures cover manual workers at construction sites only, with data mostly collected from main contractors.
(5) The figures cover nursing homes and residential care services for the elderly.

Source: Quarterly Report of Employment and Vacancies Statistics, Census and Statistics Department

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)079

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0119)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (6) Labour Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Concerning the manpower situation of the construction industry and the supplementary labour scheme, will the Administration inform this Council:

(a) average daily wages of workers engaged in Public Sector Construction Projects as reported by main contractors

Trade	2/2016 ($/day)	2/2017 ($/day)	2/2018 ($/day)	2/2019 ($/day)
Concretor				
Bricklayer				
Drainlayer				
Mason				
Bar bender and fixer				
Metal worker				
General welder				
Structural steel erector				
Structural steel welder				
Rigger/metal formwork erector				
Carpenter (formwork)				
Joiner				
Plumber				
Construction plant mechanic				
Plant & equipment operator (load shifting)				
Truck driver				
Rock-breaking driller				
Asphalter (road construction)				
Bamboo scaffolder				
Diver				
Plasterer				
Glazier				

Painter and decorator				
Leveller				
Marble worker				
Electrical fitter (incl. electrician)				
Mechanical fitter				
Refrigeration/airconditioning/ventilation mechanic				
Fire services mechanic				
Lift and escalator mechanic				
Building services maintenance mechanic				
Cable jointer (power)				
General workers and labourers				

(b) overall manpower situation of construction trades

Trade	No of active workers in (2016/2017 /2018)	No of workers actually required (2016/2017 /2018)	(No. of applications received for labour importation / number of labourers involved)	(No of applications approved / number of labourers involved)
Concretor				
Bricklayer				
Drainlayer				
Mason				
Bar bender and fixer				
Metal worker				
General welder				
Structural steel erector				
Structural steel welder				
Rigger/metal formwork erector				
Carpenter (formwork)				
Joiner				
Plumber				
Construction plant mechanic				
Plant & equipment operator (load shifting)				
Truck driver				
Rock-breaking driller				
Asphalter (road construction)				
Bamboo scaffolder				
Diver				
Plasterer				
Glazier				
Painter and decorator				
Leveller				

Marble worker				
Electrical fitter (incl. electrician)				
Mechanical fitter				
Refrigeration/airconditioning/ventilation mechanic				
Fire services mechanic				
Lift and escalator mechanic				
Building services maintenance mechanic				
Cable jointer (power)				
General workers and labourers				

Asked by: Hon SHEK Lai-him, Abraham (LegCo internal reference no.: 1)

Reply:

(a) The relevant statistics compiled by the Census and Statistics Department based on information reported by main contractors are at Annex 1.

(b) The Government does not have relevant statistics on the number of active workers and the number of workers actually required for individual trades. The numbers of registered semi-skilled and skilled workers in individual trades as well as registered general workers under the Construction Workers Registration System provided by the Development Bureau are at Annex 2.

The numbers of imported workers applied for and approved under the Supplementary Labour Scheme provided by the Labour Department are at Annex 3.

Annex 1

Average daily wages of workers engaged in public sector construction projects as reported by main contractors

(HK$/day)

Trade	February 2016	February 2017	February 2018
Concretor	1,864.3	1,993.8	1,932.9
Bricklayer	1,180.8	1,260.3	1,437.0
Drainlayer	1,529.1	1,635.3	1,647.5
Mason	1,197.7	1,018.5	1,119.3
Bar bender and fixer	1,948.4	2,088.3	2,185.9
Metal worker	1,146.5	1,196.6	1,252.3
General welder	1,329.0	1,397.9	1,375.9
Structural steel erector	1,475.0	1,420.9	1,644.4
Structural steel welder	1,467.5	1,410.0	1,509.1
Rigger/metal formwork erector	1,638.8	1,696.2	1,653.9
Carpenter (formwork)	1,879.5	1,994.4	1,912.2
Joiner	1,207.1	1,224.8	1,270.0
Plumber	1,267.5	1,397.0	1,420.4
Construction plant mechanic	1,196.9	1,291.0	1,313.8
Plant & equipment operator (load shifting)	1,151.5	1,195.6	1,224.6
Truck driver	838.8	865.4	903.9
Rock-breaking driller	1,423.7	1,474.5	1,732.9
Asphalter (road construction)	902.8	942.2	970.8
Bamboo scaffolder	1,718.4	1,856.2	1,913.2
Diver	2,179.7	2,363.0	2,298.7
Plasterer	1,354.2	1,384.5	1,354.6
Glazier	1,248.3	1,528.0	1,370.2
Painter and decorator	1,150.3	1,225.5	1,223.0
Leveller	1,384.6	1,353.8	1,342.2
Marble worker	1,216.4	1,269.0	1,479.9
Electrical fitter (incl. electrician)	1,052.1	1,172.7	1,194.7
Mechanical fitter	868.9	874.6	954.5
Refrigeration/air-conditioning/ventilation mechanic	803.7	979.0	982.4
Fire services mechanic	967.9	1,197.6	1,194.0

(HK$/day)

Trade	February 2016	February 2017	February 2018
Lift and escalator mechanic	768.4	775.2	864.7
Building services maintenance mechanic	744.7	814.7	888.0
Cable jointer (power)	932.0	769.2	995.6
General workers and labourers	919.1	1,032.6	995.2

Notes: The average daily wages are compiled based on the information obtained from the self-administered "Monthly Return of Site Labour Deployment and Wage Rates for Construction Works" (GF527) completed by main contractors of public sector construction projects. As private sector construction projects are not covered, they cannot represent the overall wage situation of site workers in the construction industry.

Figures for February 2019 will be available on 3 May 2019.

Numbers of registered semi-skilled and skilled workers in individual trades and number of registered general workers under the Construction Workers Registration System

(i) Numbers of registered semi-skilled and skilled workers in individual trades

Trade	Number of registered semi-skilled workers			Number of registered skilled workers		
	2016	2017	2018	2016	2017	2018
Concretor	1 707	2 255	2 612	1 893	2 330	2 298
Bricklayer	423	441	532	710	796	794
Drainlayer	54	47	46	611	732	708
Mason	4	3	3	38	46	47
Bar bender and fixer	3 024	3 599	3 936	4 898	5 552	5 435
Metal worker	489	473	504	4 599	5 808	5 794
General welder	2 393	2 191	2 237	4 632	5 322	5 259
Structural steel erector	5	5	6	57	74	75
Structural steel welder	-	-	-	460	573	625
Rigger/metal formwork erector	375	465	517	1 434	1 916	1 911
Carpenter (formwork)	2 769	3 094	3 371	6 664	9 368	9 456
Joiner	1 003	1 087	1 193	7 076	8 737	8 504
Plumber	937	1 025	1 221	6 502	7 679	7 642
Construction plant mechanic	496	472	481	879	976	979
Plant & equipment operator (load shifting)	-	-	-	7 795	8 973	9 680
Truck driver	-	-	-	16 194	16 322	16 323
Rock-breaking driller	-	-	-	160	331	325
Asphalter (road construction)	0	2	3	257	315	296
Bamboo scaffolder	368	373	402	1 889	2 025	2 036
Diver	-	-	-	231	235	283
Plasterer	444	441	466	2 607	2 884	2 856
Glazier	14	39	52	389	504	510
Painter and decorator	1 238	1 277	1 402	8 471	10 536	10 608
Leveller	2 484	2 881	3 157	3 184	3 642	3 676
Marble worker	120	141	173	1 658	2 050	2 065

Trade	Number of registered semi-skilled workers			Number of registered skilled workers		
	2016	2017	2018	2016	2017	2018
Electrical fitter (incl. electrician)	-	-	-	37 056	38 355	37 906
Mechanical fitter	133	128	149	1 223	1 347	1 339
Refrigeration/ air-conditioning/ ventilation mechanic	673	681	712	5 711	7 113	7 054
Fire services mechanic	247	318	342	1 734	2 159	2 145
Lift and escalator mechanic	-	-	-	4 153	4 254	4 105
Building services maintenance mechanic	-	-	-	-	-	-
Cable jointer (power)	-	-	-	446	548	534

(ii) Number of registered general workers

Trade	Number of registered workers		
	2016	2017	2018
General workers	228 245	232 826	246 944

Notes: Figures are number of registered workers at the end of the respective years.
- Represents "Not applicable".

Annex 3

Numbers of imported workers applied for and approved
under the Supplementary Labour Scheme

Trade	Number of imported workers applied for under the Supplementary Labour Scheme*			Number of imported workers approved under the Supplementary Labour Scheme*		
	2016	2017	2018	2016	2017	2018
Concretor	10	0	0	76	0	0
Bricklayer	50	0	0	38	0	0
Drainlayer	10	10	0	0	0	0
Mason	0	0	0	0	0	0
Bar bender and fixer	20	0	0	51	0	0
Metal worker	140	0	0	27	0	0
General welder	63	0	0	30	0	0
Structural steel erector	0	0	0	0	0	0
Structural steel welder	0	0	0	74	0	0
Rigger/metal formwork erector	15	0	0	96	0	0
Carpenter (formwork)	65	0	0	37	0	0
Joiner	4	0	0	4	0	0
Plumber	70	1	0	61	0	0
Construction plant mechanic	6	4	0	0	0	0
Plant & equipment operator (load shifting)	0	0	0	0	0	0
Truck driver	0	0	0	0	0	0
Rock-breaking driller	0	0	0	0	0	0
Asphalter (road construction)	10	0	10	0	0	0
Bamboo scaffolder	0	0	0	0	0	0
Diver	0	0	0	0	0	0
Plasterer	40	0	0	40	0	0
Glazier	0	0	0	0	0	0
Painter and decorator	45	0	0	43	0	0
Leveller	0	0	0	0	0	0
Marble worker	0	0	0	0	0	0
Electrical fitter (incl. electrician)	0	0	0	0	0	0
Mechanical fitter	0	0	0	0	0	0
Refrigeration/air-conditioning/ ventilation mechanic	432	0	0	312	0	0

Trade	Number of imported workers applied for under the Supplementary Labour Scheme*			Number of imported workers approved under the Supplementary Labour Scheme*		
	2016	2017	2018	2016	2017	2018
Fire services mechanic	0	0	0	0	0	0
Lift and escalator mechanic	92	0	9	80	12	0
Building services maintenance mechanic	0	0	0	0	0	0
Cable jointer (power)	0	0	0	0	0	0
General workers and labourers	4	0	1	0	0	0

* The vetting of applications received towards year-end may be completed in the following year, and hence the number of imported workers approved each year does not necessarily fully reflect the approval results of the applications for importation of workers in the year.

- End -

Reply Serial No.

FSTB(FS)080

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2808)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With reference to the Quarterly Report on General Household Survey conducted at the end of each year in the past 5 years, please provide, by district, a breakdown of the following information:

(a) the rent for tenants of private housing units in Hong Kong (the lowest value, the 25th percentile, the median, the 75th percentile and the highest value); and

(b) their average monthly household income (the lowest value, the 25th percentile, the median, the 75th percentile and the highest value).

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 37)

Reply:

Based on the data obtained from the General Household Survey conducted by the Census and Statistics Department, the 25th percentile, the median and the 75th percentile of the monthly rent and monthly domestic household income of tenant households in private housing by District Council district from 2013 – 2017 are shown in Annexes 1 and 2 respectively. The figures for 2018 are not yet available.

As the General Household Survey is a sample survey, the corresponding lowest and highest values obtained from the results of the survey may not be able to reflect the figures in reality. The corresponding lowest and highest values are therefore not released.

The 25th percentile, the median and the 75th percentile of the monthly rent of tenant households in private housing by District Council district, 2013

District Council district	**Monthly rent ($)**		
	25th percentile	**Median**	**75th percentile**
Central and Western	7,000	11,000	20,000
Wan Chai	5,500	11,000	20,000
Eastern	7,000	10,000	17,000
Southern	2,200	10,000	24,000
Yau Tsim Mong	3,200	5,600	9,500
Sham Shui Po	2,900	4,800	8,200
Kowloon City	3,700	7,000	13,800
Wong Tai Sin	2,400	6,300	10,000
Kwun Tong	2,200	4,500	9,000
Kwai Tsing	2,500	6,500	10,000
Tsuen Wan	4,600	9,000	12,000
Tuen Mun	4,500	6,500	8,000
Yuen Long	3,000	5,400	7,500
North	3,000	5,000	7,600
Tai Po	5,800	7,500	9,000
Sha Tin	7,000	9,400	14,000
Sai Kung	6,500	11,000	14,800
Islands	6,000	12,000	16,000
Overall	**3,600**	**7,500**	**12,000**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

The 25th percentile, the median and the 75th percentile of the monthly rent of tenant households in private housing by District Council district, 2014

District Council district	**Monthly rent ($)**		
	25th percentile	**Median**	**75th percentile**
Central and Western	8,000	12,300	23,000
Wan Chai	7,500	13,000	19,000
Eastern	6,100	10,500	17,000
Southern	3,500	13,000	25,000
Yau Tsim Mong	3,600	6,500	11,500
Sham Shui Po	3,000	5,200	9,000
Kowloon City	4,000	8,100	15,000
Wong Tai Sin	2,800	6,500	11,000
Kwun Tong	2,300	6,000	10,500
Kwai Tsing	2,500	6,300	10,000
Tsuen Wan	5,500	9,000	12,000
Tuen Mun	4,600	7,100	8,500
Yuen Long	3,300	6,000	8,000
North	3,000	5,500	8,000
Tai Po	5,000	8,000	10,000
Sha Tin	8,000	10,000	15,000
Sai Kung	7,000	11,800	15,000
Islands	5,000	11,000	15,000
Overall	**4,000**	**8,000**	**13,000**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

The 25th percentile, the median and the 75th percentile of the monthly rent of tenant households in private housing by District Council district, 2015

District Council district	**Monthly rent ($)**		
	25th percentile	**Median**	**75th percentile**
Central and Western	9,000	13,000	23,000
Wan Chai	10,000	15,500	24,000
Eastern	8,300	13,000	20,000
Southern	4,000	14,000	33,000
Yau Tsim Mong	3,900	7,300	13,000
Sham Shui Po	3,400	5,500	9,800
Kowloon City	4,500	8,800	15,000
Wong Tai Sin	2,900	8,500	14,500
Kwun Tong	2,500	5,300	11,000
Kwai Tsing	4,000	8,500	12,000
Tsuen Wan	4,800	10,000	13,000
Tuen Mun	5,000	8,000	9,500
Yuen Long	4,000	6,300	9,000
North	3,800	6,500	8,500
Tai Po	7,000	9,000	11,000
Sha Tin	8,500	11,000	15,800
Sai Kung	10,000	14,000	17,000
Islands	4,900	11,000	17,000
Overall	**4,600**	**9,000**	**15,000**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

The 25th percentile, the median and the 75th percentile of the monthly rent of tenant households in private housing by District Council district, 2016

District Council district	Monthly rent ($)		
	25th percentile	Median	75th percentile
Central and Western	9,000	14,300	22,500
Wan Chai	8,000	15,000	24,000
Eastern	9,000	13,500	20,000
Southern	5,000	15,000	36,000
Yau Tsim Mong	4,000	7,500	14,800
Sham Shui Po	3,500	6,000	11,000
Kowloon City	4,900	9,000	16,000
Wong Tai Sin	3,600	8,000	13,000
Kwun Tong	2,600	6,000	11,600
Kwai Tsing	4,800	9,000	13,000
Tsuen Wan	6,000	10,600	13,500
Tuen Mun	6,600	8,300	10,000
Yuen Long	4,000	6,500	9,600
North	3,500	6,000	9,000
Tai Po	7,000	9,000	11,500
Sha Tin	9,000	11,500	16,000
Sai Kung	11,000	15,000	18,000
Islands	6,500	13,500	19,000
Overall	**4,900**	**9,500**	**15,000**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

Boundaries of Wan Chai district and Eastern district adopted since 2016 are different from those adopted in earlier years. Therefore, figures of the Wan Chai district and Eastern district since 2016 are not strictly comparable with those for earlier years.

The 25th percentile, the median and the 75th percentile of the monthly rent of tenant households in private housing by District Council district, 2017

District Council district	Monthly rent ($)		
	25th percentile	Median	75th percentile
Central and Western	10,000	15,000	27,000
Wan Chai	9,700	16,000	24,000
Eastern	8,000	13,000	20,000
Southern	5,000	15,000	29,000
Yau Tsim Mong	4,500	8,500	15,000
Sham Shui Po	4,300	7,000	14,300
Kowloon City	4,800	9,500	16,000
Wong Tai Sin	3,400	7,000	13,000
Kwun Tong	2,700	6,500	12,200
Kwai Tsing	3,500	8,000	13,000
Tsuen Wan	5,000	10,000	14,000
Tuen Mun	6,000	8,500	10,000
Yuen Long	4,000	7,000	10,000
North	3,900	6,000	9,400
Tai Po	5,700	9,500	12,000
Sha Tin	9,500	12,000	16,500
Sai Kung	11,000	15,000	18,000
Islands	6,500	14,000	20,000
Overall	**5,000**	**10,000**	**15,600**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

Boundaries of Wan Chai district and Eastern district adopted since 2016 are different from those adopted in earlier years. Therefore, figures of the Wan Chai district and Eastern district since 2016 are not strictly comparable with those for earlier years.

The 25th percentile, the median and the 75th percentile of the monthly domestic household income of tenant households in private housing by District Council district, 2013

District Council district	**Monthly domestic household income ($)**		
	25th percentile	**Median**	**75th percentile**
Central and Western	22,500	45,000	89,200
Wan Chai	21,300	40,000	85,000
Eastern	21,000	37,600	65,000
Southern	31,700	58,500	120,000
Yau Tsim Mong	11,600	20,200	38,900
Sham Shui Po	10,000	18,000	34,600
Kowloon City	15,000	28,200	50,400
Wong Tai Sin	20,000	34,000	53,000
Kwun Tong	19,800	32,200	50,000
Kwai Tsing	16,400	32,700	51,500
Tsuen Wan	15,000	30,000	50,000
Tuen Mun	15,000	25,000	40,000
Yuen Long	12,000	21,000	37,000
North	12,000	20,000	30,100
Tai Po	15,500	28,100	46,000
Sha Tin	23,000	37,500	60,000
Sai Kung	30,000	48,000	70,500
Islands	25,000	40,000	68,000
Overall	**15,400**	**30,000**	**54,000**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

The 25th percentile, the median and the 75th percentile of the monthly domestic household income of tenant households in private housing by District Council district, 2014

District Council district	Monthly domestic household income ($)		
	25th percentile	Median	75th percentile
Central and Western	27,500	50,000	101,000
Wan Chai	27,000	45,000	86,600
Eastern	20,000	40,000	68,900
Southern	31,300	56,000	123,700
Yau Tsim Mong	12,000	23,000	45,000
Sham Shui Po	11,000	19,000	35,000
Kowloon City	15,500	30,000	55,000
Wong Tai Sin	20,000	34,200	55,000
Kwun Tong	20,000	34,900	54,000
Kwai Tsing	18,500	35,600	53,100
Tsuen Wan	17,000	30,300	50,000
Tuen Mun	16,000	29,000	43,900
Yuen Long	12,800	23,000	38,000
North	12,000	20,000	33,900
Tai Po	16,000	29,700	50,000
Sha Tin	25,000	40,000	66,400
Sai Kung	25,000	45,000	69,000
Islands	22,000	41,000	65,000
Overall	**17,000**	**32,000**	**57,000**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

The 25th percentile, the median and the 75th percentile of the monthly domestic household income of tenant households in private housing by District Council district, 2015

District Council district	**Monthly domestic household income ($)**		
	25th percentile	**Median**	**75th percentile**
Central and Western	28,600	50,000	90,000
Wan Chai	30,000	52,900	100,000
Eastern	25,000	45,300	74,400
Southern	30,100	65,000	127,800
Yau Tsim Mong	13,000	26,000	50,000
Sham Shui Po	11,000	19,000	36,300
Kowloon City	16,800	30,100	57,100
Wong Tai Sin	20,000	40,100	66,800
Kwun Tong	20,300	36,500	55,000
Kwai Tsing	20,000	36,300	54,600
Tsuen Wan	16,000	31,400	50,000
Tuen Mun	18,000	31,000	50,000
Yuen Long	13,000	22,500	40,000
North	15,000	25,000	40,000
Tai Po	21,300	36,300	55,000
Sha Tin	24,000	40,000	70,000
Sai Kung	31,200	54,100	81,200
Islands	18,000	40,000	78,300
Overall	**18,000**	**35,000**	**62,300**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

The 25th percentile, the median and the 75th percentile of the monthly domestic household income of tenant households in private housing by District Council district, 2016

District Council district	Monthly domestic household income ($)		
	25th percentile	Median	75th percentile
Central and Western	30,500	56,500	101,000
Wan Chai	30,300	55,000	100,000
Eastern	26,800	46,200	75,000
Southern	35,900	62,500	125,000
Yau Tsim Mong	12,600	26,000	51,100
Sham Shui Po	11,500	21,500	40,000
Kowloon City	15,800	30,000	62,000
Wong Tai Sin	22,000	36,000	60,000
Kwun Tong	21,000	36,900	57,400
Kwai Tsing	20,000	39,200	63,400
Tsuen Wan	18,000	34,200	55,900
Tuen Mun	18,900	32,000	50,000
Yuen Long	12,000	21,300	38,800
North	14,000	24,000	41,000
Tai Po	18,500	31,000	52,000
Sha Tin	25,000	44,200	70,200
Sai Kung	30,000	51,000	82,500
Islands	18,400	50,000	82,100
Overall	**18,000**	**35,100**	**65,000**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

Boundaries of Wan Chai district and Eastern district adopted since 2016 are different from those adopted in earlier years. Therefore, figures of the Wan Chai district and Eastern district since 2016 are not strictly comparable with those for earlier years.

The 25th percentile, the median and the 75th percentile of the monthly domestic household income of tenant households in private housing by District Council district, 2017

District Council district	**Monthly domestic household income ($)**		
	25th percentile	**Median**	**75th percentile**
Central and Western	30,000	57,500	110,000
Wan Chai	28,800	50,000	100,000
Eastern	25,000	45,000	75,000
Southern	35,000	65,800	125,400
Yau Tsim Mong	14,900	30,000	60,000
Sham Shui Po	13,000	23,000	50,000
Kowloon City	15,800	30,000	62,300
Wong Tai Sin	20,000	37,000	59,300
Kwun Tong	20,000	36,000	59,500
Kwai Tsing	20,000	35,300	60,000
Tsuen Wan	18,000	30,000	54,200
Tuen Mun	18,000	30,000	47,000
Yuen Long	14,000	23,800	41,000
North	13,500	24,000	40,300
Tai Po	18,000	33,600	58,400
Sha Tin	29,200	47,300	73,200
Sai Kung	30,200	51,500	85,000
Islands	23,200	46,100	85,600
Overall	**18,700**	**36,000**	**65,900**

Notes: Figures do not include rent-free households.

Figures are rounded to the nearest hundred.

Boundaries of Wan Chai district and Eastern district adopted since 2016 are different from those adopted in earlier years. Therefore, figures of the Wan Chai district and Eastern district since 2016 are not strictly comparable with those for earlier years.

- End -

FSTB(FS)081

CONTROLLING OFFICER'S REPLY

(Question Serial No. 2061)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

(1) Please provide, by household size, the rent-to-income ratio for tenants of private housing units occupying an area of less than 40 square metres in Hong Kong (the lowest, median and the highest percentiles) for the past 3 years.

(2) Please provide, by household size, the rent-to-income ratio for tenants of private housing units in Hong Kong (the lowest, median and the highest percentiles) for the past 3 years.

Asked by: Hon YUNG Hoi-yan (LegCo internal reference no.: 38)

Reply:

(1) - (2)

According to the results of the 2016 Population By-census, statistics on the monthly domestic household rent-to-income ratio for households living in rental accommodation with floor area of less than 40 square metres in private permanent housing and households living in rental accommodation in private permanent housing by household size are as follows –

Household size	Monthly domestic household rent-to-income ratio (1) for households living in rental accommodation with floor area of less than 40 square metres in private permanent housing (%)			Monthly domestic household rent-to-income ratio (1) for households living in rental accommodation in private permanent housing (%)		
	5th percentile	Median	95th percentile	5th percentile	Median	95th percentile
1	13.7	35.2	93.8	13.2	36.1	96.4
2	11.3	30.4	78.8	7.5	29.5	85.5
3	10.7	29.0	73.8	5.6	28.6	81.3
4	8.9	29.5	74.1	4.2	26.0	76.9
5	4.4	25.7	63.9	3.6	23.3	75.4
≥ 6	5.7	24.6	70.9	4.9	25.4	86.1
Overall	**11.2**	**31.1**	**82.9**	**6.1**	**29.3**	**86.1**

Note: (1) The percentage of household income paid on household rent in June 2016 of a domestic household renting the accommodation it occupied. Households with zero income and/or zero rent are excluded in the calculation.

The Census and Statistics Department does not have the relevant statistics for 2017 and 2018.

– End –

Reply Serial No.

FSTB(FS)082

CONTROLLING OFFICER'S REPLY

(Question Serial No. 0117)

Head: (116) Official Receiver's Office

Subhead (No. & title): (000) Operational expenses

Programme: (1) Official Receiver's Office

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The estimate for 2019-20 is $116.8 million lower than that for 2018-19, representing a decrease of 34.4%. According to the analysis on page 788, this is mainly due to the decreased provision for return of revenue in respect of some liquidation cases and other general departmental expenses. What are the details?

Asked by: Hon CHAN Chun-ying (LegCo internal reference no.: 10)

Reply:

The decrease in the estimated expenditure for 2019-20 is mainly due to (1) the decreased provision for return of unclaimed dividends and interests in respect of some company liquidation cases; and (2) the anticipated decrease in expenditures in respect of contract staff.

- End -

(Question Serial No. 3735)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The introduction of a Green Bond Grant Scheme (the Scheme) was announced in the 2018-19 Budget to subsidise qualified green bond issuers. Please inform this Committee in table form of the following as at February 2019: (1) the names of programmes approved under the Scheme, (2) the names of the companies involved, (3) their places of origin, (4) the issuance sizes and (5) the grant amounts.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 57)

Reply:

As at February 2019, programmes approved under the Green Bond Grant Scheme are as follows –

(1) Name of programme	**(2) Name of the company involved**	**(3) Place of origin**	**(4) Issuance size**	**(5) Grant amount**
ISIN: XS1867060722	Capital Environment Holdings Limited	Hong Kong	US$250 million	HK$87,000
ISIN: XS1866651471	China Everbright Bank Company Limited (Hong Kong Branch)	Mainland (Hong Kong Branch)	US$300 million	HK$87,000
5-Year Floating Rate USD	Industrial and Commercial	Hong Kong	US$200 million	US$13,680

(1) Name of programme	(2) Name of the company involved	(3) Place of origin	(4) Issuance size	(5) Grant amount
Green Bonds	Bank of China (Asia) Limited			
2-Year Fixed Rate HKD Green Bonds	Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	HK$2.6 billion	HK$22,000
3-Year Floating Rate USD Green Bonds	Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	US$200 million	HK$22,000
ISIN: XS1898122301	Industrial Bank Co., Ltd. Hong Kong Branch	Mainland (Hong Kong Branch)	US$600 million	HK$113,000
New World China First Green Bond	New World China Land Limited	Hong Kong	US$310 million	HK$87,000

- End -

Reply Serial No.

FSTB(FS)084

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3736)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

To attract multinational and Mainland enterprises to establish corporate treasury centres (CTCs) in Hong Kong, the 2016 Budget have allowed 50% profits tax deduction for specified corporate treasury activities conducted by CTCs and interest deductions under profit tax for intra-group financing business of corporations. Please advise this Committee, in table form, of the details of corporations with CTCs established in Hong Kong as at February 2019, including (1) name of corporation, (2) place of origin, (3) size of market capitalisation and (4) business nature.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 59)

Reply:

Since the introduction of the CTC tax regime in June 2016, the Hong Kong Monetary Authority ("HKMA") has been actively working with the industry to promote the regime to Mainland and overseas enterprises. The majority of the corporates outreached by HKMA are from the Mainland, with the rest being multinationals from the US and Japan, which are engaged in diversified trades and businesses. Due to sensitivity associated with tax information, HKMA is not in a position to disclose the names of the corporates.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)085

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3738)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

To promote Hong Kong as a captive centre within the Asian region, the Hong Kong Special Administrative Region Government amended the Inland Revenue Ordinance in 2014 to give captive insurers a concessionary profits tax rate (i.e. one-half of the normal tax rate) for their business of insurance of offshore risks. Please provide this Committee with information as at February 2019 in table form on: (1) the total number of captive insurers established in Hong Kong, (2) the names of their parent companies, (3) the places of origin of these parent companies, (4) these parent companies' business nature, and (5) the size of these parent companies in terms of market capitalisation.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 61)

Reply:

According to the information available from the Insurance Authority ("IA"), as at February 2019, 4 captive insurers have been established in Hong Kong. The names, places of origin and business nature of the parent companies of these 4 captive insurers are as follows –

	Name of captive insurer established in Hong Kong	Name of parent company	Place of origin of parent company	Business nature of parent company
1.	CNOOC Insurance Limited	China National Offshore Oil Corporation	Mainland China	Energy
2.	Sinopec Insurance Limited	China Petrochemical Corporation	Mainland China	Energy
3.	CGN Captive Insurance Limited	China General Nuclear Power Corporation	Mainland China	Energy
4.	Shanghai Electric Insurance Limited	Shanghai Electric (Group) Corp.	Mainland China	Energy

The IA does not have information about the size of the parent companies of the captive insurers established in Hong Kong in terms of market capitalisation.

- End -

Reply Serial No.

FSTB(FS)086

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3739)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It was proposed in the 2018-19 Budget that a Pilot Bond Grant Scheme would be launched to attract local, Mainland and overseas enterprises to issue bonds in Hong Kong for the first time. Please provide this Committee with the following information as of February 2019 in table form: (1) name of grantee issuances; (2) issuance size; (3) name of issuers; (4) place of origin of issuers; (5) market size of issuers; and (6) total issuance size approved under the scheme.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 62)

Reply:

The Pilot Bond Grant Scheme seeks to attract new issuers to issue bonds in Hong Kong. Since the launch of the Scheme in last May, 12 applications have been approved under the Scheme, involving a total issuance size of over US$4,030 million. Details of the issuances are -

Issuers	**Issuance Size (US$ million)**	**Tenor (year)**	**Coupon Rate**
Chengdu Hi-Tech Investment Group	300	3	6.280%
China Huadian Overseas Development 2018 Limited	600	5	3.875%
Granda Century Limited	300	3	7.500%
Hunan Xiangjiang New Area Development Group	300	3	5.700%
Lingang Wings Inc	300	3	4.625%
SCIG International Financial Limited	300	3	4.625%
SF Holding Investment Limited	500	5	4.125%
Taizhou Infrastructure Construction Investment Group	300	3	5.800%

Issuers	Issuance Size (US$ million)	Tenor (year)	Coupon Rate
Weifang Urban Construction and Development Investment Group	250	3	6.500%
Wuhan Real Estate Development & Investment Group	430	3	5.700%
Zhejiang Baron (BVI) Company Limited	200	3	6.800%
Zhenro Properties Group Limited	250	2	10.500%

As applicants are not required to submit information relating to their place of origin and market size, we are not in a position to provide the requisite information.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)087

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5233)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The provision for 2019-20 under this Programme is $326.6 million (63.6%) higher than the revised estimate for 2018-19. This is mainly due to the increased cash flow requirement for non-recurrent commitment items and anticipated increase in general departmental expenses. There will be a net increase of 1 post in 2019-20. Please provide details of the intended uses of the said non-recurrent commitment items and the amounts involved.

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 382)

Reply:

In 2019-20, the intended uses of the general non-recurrent items of the Financial Services Branch and the amounts involved are as follows –

	Intended uses	**Commitment $'000**	**2019-20 Estimated Expenditure $'000**
1	Consultancy study for establishing a Risk-based Capital Regime	10,000	10,000
2	Funding for promoting and facilitating the development of the financial services sector	500,000	148,000
3	Provision of seed capital to the Financial Reporting Council	400,000	400,000
4	Funding requirements for a centralised platform for the administration of Mandatory Provident Fund registered schemes	3,367,150	40,327

	Intended uses	Commitment $'000	2019-20 Estimated Expenditure $'000
5	Pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector	100,000	39,036
	Total	**4,377,150**	**637,363**

- End -

Reply Serial No.

FSTB(FS)088

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4346)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding its work in relation to the Code on Access to Information, will the Administration advise this Committee on the following:

1) concerning the requests for information under the Code on Access to Information received by the Financial Services and the Treasury Bureau (Financial Services Branch) for which only some of the required information was provided, please state in table form: (i) the content of the requests for which only some of the required information was provided; (ii) the reasons for providing some of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

2) concerning the requests for information under the Code on Access to Information received by the Financial Services and the Treasury Bureau (Financial Services Branch) for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 90)

Reply:

From January to September 2018, all requests for information under the Code on Access to Information received by the Financial Services and the Treasury Bureau (Financial Services Branch) were provided in full.

- End -

Reply Serial No.

FSTB(FS)089

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5804)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the work in relation to the Code on Access to Information, please advise this Committee on the following:

1) concerning the requests for information under the Code on Access to Information received by the Companies Registry (CR) for which only some of the required information was provided, please state in table form: (i) the content of the requests for which only some of the required information was provided; (ii) the reasons for providing some of the information only; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

2) concerning the requests for information under the Code on Access to Information received by the CR for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 191)

Reply:

1) There was 1 request for information under the Code on Access to Information received by the Companies Registry ("CR") between January and September 2018 which was partially met. As the request involved third party information and may involve law enforcement/legal proceedings, the CR could only provide the applicant with information related to the handling mechanism and investigation procedures, etc. of public complaints against registered companies pursuant to the relevant rules of the Code on Access to Information.

2) There were no requests for information under the Code on Access to Information received by the CR between January and September 2018 which were refused.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)090

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6747)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (700) General non-recurrent

Programme: (-) Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What are the estimated expenditure and work plans for the new items of "Provision of seed capital to the Financial Reporting Council" and "Funding requirements for a centralised platform for the administration of Mandatory Provident Fund registered schemes"? Why is the funding for these items sought in the context of the Appropriation Bill 2019 instead of being sought separately from the Finance Committee of the Legislative Council?

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 7051)

Reply:

Details of the estimated expenditure and work plan for the relevant items are as follows –

	Item	**2019-20 Estimate** $'000	**Work Plan**
1	Provision of seed capital to the Financial Reporting Council ("FRC")	400,000	The legislation to reform the regulatory regime for auditors of listed entities was passed by the Legislative Council ("LegCo") in January this year. The functions of the FRC will be enhanced to become a full-fledged regulatory body independent of the audit profession. The seed capital will help the FRC migrate to the new regime. In addition, the seed capital will help alleviate the burden of individuals and organisations, including securities investors, listed entities and regulated audit firms, who need to pay levies to the FRC under the new

	Item	2019-20 Estimate $'000	Work Plan
			requirement in the legislation. They will be exempted from paying the levies under the new regime for the first two years. After the passage of the Appropriation Bill 2019, we will discuss with the FRC and formulate the details of how the seed capital should be utilised so as to ensure that the money is put to good use in line with the principle of financial prudence.
2	Funding requirements for the Centralised Platform ("CP") for the administration of Mandatary Provident Fund ("MPF") registered schemes	40,327	According to the discussion paper we submitted to the Panel on Financial Affairs ("FA Panel") of LegCo, the Government will task the Mandatory Provident Fund Schemes Authority ("MPFA") as the institution to build, own and operate the CP, as well as to commission contractor(s) through public tendering to design and build the IT infrastructure of the CP. Our target is to issue tender for the CP project within 2019, with a view to completing the development of the CP in 2022 and implementing the CP by phases thereafter. The Task Force under the eMPF Working Group established under the direction of the Financial Secretary is currently formulating standardised administration processes for MPF registered schemes and plans to complete the relevant work by the end of 2019. After the passage of the Appropriation Bill 2019, the MPFA will continue to prepare for the tendering work and the legislative proposal as planned.

It is not a new arrangement to include in the draft Estimates funding proposals for creating commitments or increasing expenditure ceilings for approved commitment items under the General Revenue Account for scrutiny and approval by the LegCo in the context of the Appropriation Bill. The Government explained the relevant arrangements to the Finance Committee in early 2015. In this particular case, before including the above funding proposals into the draft Estimates, we consulted the Bills Committee on Financial Reporting Council (Amendment) Bill 2018 on 29 October 2018 and the FA Panel on 18 December 2018 respectively and received Members' support. We have also included the necessary provision for these proposals under the relevant head and subheads of expenditure for Members' deliberation.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)091

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7078)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding "promoting Hong Kong's efforts in implementing initiatives in relation to the National 13th Five-Year Plan, the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area development in respect of the financial services sector" mentioned under Programme (1): Financial Services, please advise this Committee on the following:

1) Please tabulate the efforts concerned and the Mainland authorities involved, timetable, estimated expenditure and staffing provision in respect of these efforts.

	Efforts concerned	Mainland authorities involved	Timetable	Estimated expenditure	Staffing provision
National 13th Five-Year Plan					
Belt and Road Initiative					
Guangdong-Hong Kong-Macao Greater Bay Area development					

2) Please tabulate the efforts concerned that have been completed or are in progress and the Mainland authorities involved, timetable, expenditure and staffing provision in respect of these efforts.

	Efforts concerned	Mainland authorities involved	Expenditure	Staffing provision
National 13th Five-Year Plan				
Belt and Road Initiative				
Guangdong-Hong Kong-Macao Greater Bay				

Area development				

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 8613)

Reply:

The Government attaches great importance to the opportunities brought by the National 13th Five Year Plan, the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") development. Hong Kong will continue to play the bridging role between the Mainland and the rest of the world, and can contribute to the following aspects in relation to financial services:

(1) Global offshore Renminbi ("RMB") business hub: Hong Kong is a global offshore RMB business hub and maintains the world's largest offshore RMB liquidity pool, processing more than 70% of RMB transactions globally. We are also one of the busiest RMB foreign exchange trading centres. With the advantages of well-established market system and financial infrastructure, close ties with the Mainland market and the support of the Central Government, a number of mutual market access schemes (including Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, Northbound Trading of Bond Connect and the mutual recognition of funds between the Mainland and Hong Kong) have been launched. These schemes have consolidated Hong Kong's status as a premier platform for international investors to access the Mainland market and allocate RMB assets. We will continue to strengthen Hong Kong's status as the global offshore RMB business hub by enhancing the mutual market access schemes;

(2) Infrastructure project financing: The Hong Kong Monetary Authority's ("HKMA") Infrastructure Financing Facilitation Office ("IFFO") aims to facilitate infrastructure investments and their financing, by working with a cluster of key stakeholders who are invited as partners. So far, 95 organisations from the Mainland, Hong Kong and overseas have joined IFFO as partners;

(3) Listing: The Securities and Futures Commission ("SFC") issued a statement in April 2017 to explain its approach to the listing of infrastructure project companies, such as those falling within the Belt and Road Initiative, in Hong Kong. In particular, the statement sets out the factors that it will take into account when reviewing the proposed listing of infrastructure project companies in Hong Kong. Through the statement, the SFC aims to provide a pathway for infrastructure project companies to achieve a listing in Hong Kong;

(4) Risk management: The Insurance Authority (IA) and the China Banking and Insurance Regulatory Commission have reached a consensus that when a Mainland insurer cedes business to a qualified Hong Kong professional reinsurer, the capital requirement of the Mainland insurer will be reduced. This will increase the competitiveness of Hong Kong reinsurers in obtaining reinsurance business ceded from Mainland insurers. The IA has also launched the Belt and Road Insurance Exchange Facilitation ("BRIEF")

platform. BRIEF brings together a cluster of key stakeholders and provides a platform for exchanging intelligence on risk management and insurance, facilitating networking and looking for solutions. 36 companies, which are insurers, reinsurers, captive insurers and insurance brokers from Mainland, Hong Kong and overseas, have joined BRIEF as members; and

(5) Corporate treasury centre ("CTC"): The Government amended the Inland Revenue Ordinance (Cap. 112) in June 2016, allowing corporations which operate their intra-group treasury business in Hong Kong to enjoy interest deduction in calculating profits tax and profits tax rate reduction by 50% under specified conditions. Since the legislative amendment, HKMA has been actively promoting Hong Kong as a CTC hub to around 350 corporations. Industry feedback has been positive. Close to 60 corporations have reflected to HKMA that they are actively planning to set up or have set up their CTCs in Hong Kong.

Looking ahead, the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" ("Outline Development Plan") once again confirms and supports Hong Kong's status as an international financial centre, a global offshore RMB business hub, an international asset and risk management centre, and a platform for investment and financing serving the Belt and Road Initiative. We will continue to liaise with the relevant Mainland authorities to implement the policy initiatives along the broad directions as set out in the Outline Development Plan.

The Government and the financial regulators are working closely with the Mainland authorities to promote financial cooperation in the Greater Bay Area, especially those facilitation measures relating to people's livelihood, and have attained initial progress on this front. Since 2018, certain Hong Kong e-wallets operators have launched cross-boundary payment services on a pilot basis such that Hong Kong residents could use their smartphones to make payments with designated merchants in the Mainland. The operators are planning to expand the scope of merchants accepting such payments. We will also continue to explore other financial facilitation measures for Hong Kong residents living and working in the Greater Bay Area.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

FSTB(FS)092

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4976)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

1. It is stated in Matters Requiring Special Attention under Programme (1) that the Branch will "continue to promote the development of green finance in Hong Kong". In this connection, will the Government inform this Committee of the work, staffing and expenditure involved over the past 3 years?
2. What are the specific work and new measures for this year? What are the staffing and expenditure involved?

Asked by: Hon CHU Hoi-dick (LegCo internal reference no.: 2007)

Reply:

(1)&(2)
The Government seeks to develop and firmly establish Hong Kong as a leading hub for green finance in the region, with focus on the Mainland of China and economies along the Belt and Road. Based on the plan announced in the 2018-19 Budget, we will continue to take forward various initiatives relating to green finance, including the Green Bond Grant Scheme introduced in June last year, which subsidises eligible green bond issuers in obtaining certification; the Pilot Bond Grant Scheme, which provides grant to eligible enterprises issuing bonds (including green bonds) in Hong Kong for the first time, so as to attract more corporates to issue green bonds in Hong Kong; and actively prepare for the inaugural Government green bond issuance so as to encourage more issuers to arrange financing for their green projects through our capital markets and grow the local green investor base.

At the same time, we will also enhance our international visibility in green finance through proactive promotion targeting both Mainland and overseas audience.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

FSTB(FS)093

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5396)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(2) Subvention: Financial Services Development Council
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

In 2018, green bonds issued in Hong Kong amounted to some US$11 billion, more than triple that of 2017. Besides, we are gearing up for the inaugural issuance of government green bonds and will encourage the relevant sectors to incorporate green elements into corporate governance and operation in a more effective manner.

Please provide an answer to the following:
Please set out details of green bonds issued in Hong Kong in 2018, including names of issuing banks, names and details of green bonds, issue sizes, issue dates and tenors.

Reply:

Among the issuers of green bonds in Hong Kong in 2018, corporates contributed almost half of the year's total issuances. Financial institutions made up 36% of issuances, with the rest coming from multilateral development banks (15%). We do not maintain other related statistics.

- End -

Reply Serial No.

FSTB(FS)094

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4451)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

It is mentioned in the Budget Speech that "the Government is planning for the use of the Faster Payment System (FPS) to provide the public with greater convenience in paying taxes, rates and water charges." In this regard, please advise this Committee on the following:

What is the planned expenditure involved in taking forward the above initiative? Please provide a breakdown of expenditure with respect to this initiative?

Asked by: Hon KWONG Chun-yu (LegCo internal reference no.: 82)

Reply:

Work related to the use of the Faster Payment System ("FPS") to provide the public with greater convenience in paying taxes, rates and water charges will be absorbed within the relevant departments' existing resources and manpower.

- End -

Reply Serial No.

FSTB(FS)095

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7250)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the use of social networks, please advise this Committee on:

1. the expenditure and staff establishment involved for publicity efforts made via social networks by the Financial Services and the Treasury Bureau (Financial Services Branch) (FSTB(FS)) in the past 3 years; and
2. the criteria adopted by the FSTB (FS) in assessing the effectiveness of these publicity efforts and the appropriateness of the use of the funds concerned.

Asked by: Hon KWONG Chun-yu (LegCo internal reference no.: 91)

Reply:

1. In the past 3 years, the expenditure of the Financial Services and the Treasury Bureau (Financial Services Branch) for publicity efforts made via social networks was around $740,000. The above work was absorbed by existing manpower.

2. The effectiveness of these publicity efforts was measured by the number of views, browsing and impression made.

- End -

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3441)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (-) Not Specified

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Financial Dispute Resolution Centre has been in operation for more than 6 years since June 2012.

1. What were the manpower and public expenditure of the Centre in each of the past years? Please provide the details in table form.
2. What was the progress of cases handled in each of the past 6 years? Please set out in table form the number and types of cases, the amount involved, the final outcome and the total amount of time for handling cases.
3. Over the past 6 years, what was the amount of financial resources deployed by the Government to conduct training courses and continuing professional training workshops for mediators and arbitrators? What is the relevant amount for this year?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 58)

Reply:

1. The number of staff of the Financial Dispute Resolution Centre ("FDRC") and the associated staff costs by year are as follows –

Year	Number of staff (at year end)	Staff costs ($ million)
2012	16	6.9
2013	17	9.2
2014	13	9.6
2015	13	7.8
2016	10	7.2
2017	8	6.1
2018	7	5.6

2. As at the end of 2018, the FDRC has accepted 156 applications for its mediation service. The breakdown by the nature of these accepted cases is set out below –

Nature of cases	Number of applications for mediation accepted			
	2012	**2013**	**2014**	**2015**
Misrepresentation – Investment performance, product nature and administrative matters	5	15	25	6
Operational issues – Omission, negligence and maladministration	4	8	3	3
Mis-selling – Omission	3	4	5	8
Forced liquidation	2	1	0	4
System malfunction	0	1	0	0
Cumulative figure	**14**	**29**	**33**	**21**
Maximum claimable amount per case*	$500,000	$500,000	$500,000	$500,000

Nature of cases	Number of applications for mediation accepted			
	2016	**2017**	**2018**	**Cumulative figure (2012 to 2018)**
Misrepresentation – Investment performance, product nature and administrative matters	9	2	1	**63**
Operational issues – Omission, negligence and maladministration	5	9	3	**35**
Mis-selling – Omission	12	4	7	**43**
Forced liquidation	5	0	0	**12**
System malfunction	1	1	0	**3**
Cumulative figure	**32**	**16**	**11**	**156**
Maximum claimable amount per case*	$500,000	$500,000	$1,000,000	Not applicable

* As the final settlement details of each case are confidential, the monetary value of the award per case is also confidential.

Out of the 132 mediation cases closed, 111 were settled, representing a success rate of around 84%. The breakdown by year is provided below –

Year	Number of applications for mediation accepted	Number of mediation cases closed	Number of cases settled
2012	14	9	7
2013	29	25	19
2014	33	32	30
2015	21	16	15
2016	32	24	20
2017	16	16	12
2018	11	10	8
Cumulative figure	**156**	**132**	**111**

Unless the parties to mediation agree to opt for extended mediation, each mediation normally lasts four hours.

3. The amount deployed/reserved by the FDRC for organising the training courses and continuing professional training workshops for FDRC mediators, arbitrators and case officers (FDRC case officers are required to fulfil the relevant training requirements to administer the Financial Dispute Resolution Scheme and/or become mediators) by year is provided below –

Year	Amount deployed/reserved for training courses and continuing professional training workshops ($'000)
2012 (from 19 June)	141
2013	104
2014	20
2015	47
2016	56
2017	35
2018	172
2019	110 (estimated figure)

- End -

Reply Serial No.

FSTB(FS)097

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3442)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

What are the specific work plans and tasks of the Government to continue to help Hong Kong participate in the Asian Infrastructure Investment Bank (AIIB) for the next 2 years? What will be the expenditure and manpower involved?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 69)

Reply:

We will continue to actively encourage the AIIB to leverage our status as an international financial centre and our capital market to support the AIIB's operation. Specific tasks include continuing the discussion with the AIIB on setting up an office in Hong Kong, encouraging the AIIB to make use of Hong Kong's capital market to raise fund, and facilitating liaison between the AIIB's management team and Hong Kong's service providers. Through these efforts, our financial and professional services sectors stand to benefit and we can also further consolidate our position as an international financial centre.

Work relating to the AIIB is handled by existing manpower, including 1 Administrative Officer Staff Grade C and 1 Administrative Officer. It does not involve any additional staff cost.

- End -

FSTB(FS)098

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3443)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(-) Not Specified
Programme:	(1) Financial Services
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

What specific initiatives in relation to the Belt and Road Initiative does the Government expect to implement in respect of the financial services sector in the coming 3 years, and what are the relevant expenditure and manpower?

Asked by: Hon WONG Ting-kwong (LegCo internal reference no.: 70)

Reply:

The Government and financial regulators will continue to promote Hong Kong as the major infrastructure financing and risk management centre for the Belt and Road Initiative. Concrete measures include:

(1) Infrastructure project financing: The Hong Kong Monetary Authority's ("HKMA") Infrastructure Financing Facilitation Office ("IFFO") aims to facilitate infrastructure investments and their financing, by working with a cluster of key stakeholders who are invited as partners. So far, 95 organisations from the Mainland, Hong Kong and overseas have joined IFFO as partners;

(2) Listing: The Securities and Futures Commission ("SFC") issued a statement in April 2017 to explain its approach to the listing of infrastructure project companies, such as those falling within the Belt and Road Initiative, in Hong Kong. In particular, the statement sets out the factors that it will take into account when reviewing the proposed listing of infrastructure project companies in Hong Kong. Through the statement, the SFC aims to provide a pathway for infrastructure project companies to achieve a listing in Hong Kong;

(3) Risk management: The Insurance Authority ("IA") and the China Banking and Insurance Regulatory Commission have reached a consensus that when a Mainland insurer cedes business to a qualified Hong Kong professional reinsurer, the capital requirement of the Mainland insurer will be reduced. This will increase the competitiveness of Hong Kong reinsurers in obtaining reinsurance business ceded from Mainland insurers. The IA has also launched the Belt and Road Insurance Exchange Facilitation ("BRIEF") platform. BRIEF brings together a cluster of key stakeholders and provides a platform for exchanging intelligence on risk management and insurance, facilitating networking and looking for solutions. 36 companies, which are insurers, reinsurers, captive insurers and insurance brokers from Mainland, Hong Kong and overseas, have joined BRIEF as members; and

(4) Corporate treasury centre ("CTC"): The Government amended the Inland Revenue Ordinance (Cap. 112) in June 2016, allowing corporations which operate their intra-group treasury business in Hong Kong to enjoy interest deduction in calculating profits tax and profits tax rate reduction by 50% under specified conditions. Since the legislative amendment, HKMA has been actively promoting Hong Kong as a CTC hub to around 350 corporations. Industry feedback has been positive. Close to 60 corporations have reflected to HKMA that they are actively planning to set up or have set up their CTCs in Hong Kong.

The above work will be pursued jointly by the Government and relevant financial regulators. The related expenses will be absorbed from within existing resources in the Financial Services Branch. We do not have a separate breakdown.

- End -

Reply Serial No.

FSTB(FS)099

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4936)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (000) Operational expenses

Programme: (1) Financial Services

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding the estimated financial provision of $840.5 million for Financial Services, please set out in table form each of the commitment items and the respective amount required.

Asked by: Hon YEUNG Alvin (LegCo internal reference no.: 19)

Reply:

In 2019-20, the estimated expenditure for Programme (1) Financial Services of the Financial Services Branch is as follows –

	Item	**2019-20 Estimated Expenditure $'000**
Operational Expenses		
1	Personal Emoluments (including salaries, allowances and job-related allowances)	107,202
2	Personnel Related Expenses (including Mandatory Provident Fund contribution and Civil Service Provident Fund contribution)	6,688
3	Departmental Expenses (including hire of services and professional fees and general departmental expenses)	89,257
General non-recurrent		
4	Consultancy study for establishing a Risk-based Capital Regime	10,000
5	Funding for promoting and facilitating the development of the financial services sector	148,000
6	Provision of seed capital to the Financial Reporting Council	400,000

	Item	2019-20 Estimated Expenditure $'000
7	Funding requirements for a centralised platform for the administration of Mandatory Provident Fund registered schemes	40,327
8	Pilot programme to enhance talent training for the insurance sector and the asset and wealth management sector	39,036
	Total	**840,510**

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)100

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4937)

Head:	(148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)
Subhead (No. & title):	(000) Operational expenses
Programme:	(2) Subvention: Financial Services Development Council
Controlling Officer:	Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)
Director of Bureau:	Secretary for Financial Services and the Treasury

Question:

Regarding the estimated financial provision of $32.0 million for the subvention for the Financial Services Development Council, please set out in table form each of the commitment items and the respective amount required.

Asked by: Hon YEUNG Alvin (LegCo internal reference no.: 20)

Reply:

Breakdown of the 2019-20 estimated expenditure of the Financial Services Development Council is as follows:

Expenditure Item	2019-20 Estimate ($ million)
Market Promotion	4.5
Research	2.0
Human Capital Development	0.5
Staff, Accommodation and Other Administrative Costs	25.0
Total	**32.0**

- End -

FSTB(FS)101

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4938)

Head: (148) Government Secretariat: Financial Services and the Treasury Bureau (Financial Services Branch)

Subhead (No. & title): (700) General non-recurrent

Programme: (-) Not Specified

Controlling Officer: Permanent Secretary for Financial Services and the Treasury (Financial Services) (Andrew HY WONG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please advise this Committee of the reasons for the need to provide seed capital for the Financial Reporting Council.

Asked by: Hon YEUNG Alvin (LegCo internal reference no.: 21)

Reply:

The legislation to reform the regulatory regime for auditors of listed entities was passed by the Legislative Council in January this year. The functions of the Financial Reporting Council ("FRC") will be enhanced to become a full-fledged regulatory body independent of the audit profession. The seed capital will help the FRC migrate to the new regime.

In addition, the seed capital will help alleviate the burden of individuals and organisations, including securities investors, listed entities and regulated audit firms, who need to pay levies to the FRC under the new requirement in the legislation. They will be exempted from paying the levies under the new regime for the first 2 years.

After the passage of the Appropriation Bill 2019, we will discuss with the FRC and formulate the details of how the seed capital should be utilised so as to ensure that the money is put to good use in line with the principle of financial prudence.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)102

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3737)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please compare the innovation and technology industry and the traditional Four Key Industries in Hong Kong (including financial services, tourism, trading and logistics, as well as professional and producer services) with other emerging industries (including cultural and creative industries, medical services, education services, testing and certification services, and environmental industries) in table form. Items for comparison include (1) the value added, (2) the year-on-year percentage change, (3) the percentage of the value added in Gross Domestic Product, (4) the number of employees, (5) the year-on-year percentage change, and (6) the percentage of the number of employees in the total employment, for the past 5 years (2014-18).

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 60)

Reply:

The statistics in respect of the innovation and technology industry and the Four Key Industries (including financial services, tourism, trading and logistics, and professional services and other producer services) and other selected industries (including cultural and creative industries, medical services, education services, testing and certification services, and environmental industries) in Hong Kong for 2013-2017 on (1) value added at current prices; (2) year-on-year percentage change of value added at current prices; (3) percentage share of value added at current prices in Gross Domestic Product; (4) employment; (5) year-on-year percentage change of employment and (6) percentage share of employment in total employment are given in Table 1 to Table 6. The relevant statistics for 2018 are not yet available.

Table 1 : Value added at current prices

(HK$ Mn)

	2013	2014	2015	2016	2017
Innovation and technology[(1)]	14,738	15,789	16,710	17,072	18,321
Cultural and creative industries[(1)]	106,050	109,680	108,920	109,607	112,171
Medical services[(1)]	32,445	36,198	38,915	42,087	46,790
Education services[(1)]	24,221	26,086	28,079	30,127	32,292
Testing and certification services[(1)]	6,011	6,491	7,017	7,325	7,516
Environmental industries[(1)]	7,103	7,802	7,891	8,423	9,248
Financial services	346,200	368,000	409,900	429,100	484,400
Tourism	105,900	112,500	116,400	112,400	114,400
Trading and logistics	500,500	515,700	517,400	523,100	549,000
Professional services and other producer services	260,200	273,200	287,200	302,900	312,300

Table 2 : Year-on-year percentage change of value added at current prices

(%)

	2013	2014	2015	2016	2017
Innovation and technology[(1)]	9.8	7.1	5.8	2.2	7.3
Cultural and creative industries[(1)]	8.4	3.4	-0.7	0.6	2.3
Medical services[(1)]	10.1	11.6	7.5	8.2	11.2
Education services[(1)]	7.2	7.7	7.6	7.3	7.2
Testing and certification services[(1)]	3.2	8.0	8.1	4.4	2.6
Environmental industries[(1)]	5.2	9.8	1.1	6.7	9.8
Financial services	8.4	6.3	11.4	4.7	12.9
Tourism	11.9	6.2	3.4	-3.4	1.7
Trading and logistics	1.0	3.0	0.3	1.1	5.0
Professional services and other producer services	1.0	5.0	5.1	5.5	3.1

Table 3 : Percentage share of value added at current prices in Gross Domestic Product

(%)

	2013	2014	2015	2016	2017
Innovation and technology(1)	0.7	0.7	0.7	0.7	0.7
Cultural and creative industries(1)	5.1	5.0	4.7	4.5	4.4
Medical services(1)	1.5	1.6	1.7	1.7	1.8
Education services(1)	1.2	1.2	1.2	1.2	1.3
Testing and certification services(1)	0.3	0.3	0.3	0.3	0.3
Environmental industries(1)	0.3	0.4	0.3	0.3	0.4
Financial services	16.5	16.7	17.6	17.7	18.9
Tourism	5.0	5.1	5.0	4.7	4.5
Trading and logistics	23.9	23.4	22.3	21.6	21.5
Professional services and other producer services	12.4	12.4	12.3	12.5	12.2

Table 4 : Employment

(Number)

	2013	2014	2015	2016	2017
Innovation and technology(1)(2)	32 000	33 660	35 070	35 820	36 990
Cultural and creative industries(1)	207 490	213 060	213 880	212 820	213 400
Medical services(1)	82 100	87 470	89 480	91 440	98 370
Education services(1)	74 920	76 810	79 330	82 560	85 630
Testing and certification services(1)	13 090	13 520	13 580	13 960	14 300
Environmental industries(1)	40 650	42 140	43 750	44 300	45 700
Financial services	231 900	236 400	246 700	253 100	258 500
Tourism	270 300	271 300	265 900	259 800	257 700
Trading and logistics	766 300	764 800	746 900	730 700	727 500
Professional services and other producer services	496 200	507 700	521 700	531 800	536 900

Table 5 : Year-on-year percentage change of employment

(%)

	2013	2014	2015	2016	2017
Innovation and technology(1)(2)	5.8	5.2	4.2	2.1	3.3
Cultural and creative industries(1)	3.6	2.7	0.4	-0.5	0.3
Medical services(1)	4.0	6.5	2.3	2.2	7.6
Education services(1)	2.5	2.5	3.3	4.1	3.7
Testing and certification services(1)	2.4	3.3	0.4	2.8	2.4
Environmental industries(1)	2.9	3.7	3.8	1.3	3.2
Financial services	1.2	2.0	4.3	2.6	2.1
Tourism	7.5	0.4	-2.0	-2.3	-0.8
Trading and logistics	0.4	-0.2	-2.3	-2.2	-0.4
Professional services and other producer services	2.8	2.3	2.8	1.9	1.0

Table 6 : Percentage share of employment in total employment

(%)

	2013	2014	2015	2016	2017
Innovation and technology(1)(2)	0.9	0.9	0.9	0.9	1.0
Cultural and creative industries(1)	5.6	5.7	5.7	5.6	5.6
Medical services(1)	2.2	2.3	2.4	2.4	2.6
Education services(1)	2.0	2.1	2.1	2.2	2.2
Testing and certification services(1)	0.4	0.4	0.4	0.4	0.4
Environmental industries(1)	1.1	1.1	1.2	1.2	1.2
Financial services	6.2	6.3	6.5	6.7	6.8
Tourism	7.3	7.2	7.0	6.9	6.7
Trading and logistics	20.6	20.4	19.8	19.3	19.0
Professional services and other producer services	13.3	13.6	13.8	14.0	14.0

Notes：

(1) The estimates of these industries reflects the direct economic contribution of these industries in the private sector.

(2) Since innovation and technology involves significant non-routine activities, employment in respect of these activities is measured by the volume of labour input to innovation and technology in full-time equivalent terms (in terms of man-years).

- End -

Reply Serial No.

FSTB(FS)103

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5206)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

In "Matters Requiring Special Attention in 2019-20" under this Programme, it is stated that the Census and Statistics Department will set up the 2021 Population Census (21C) Office. Will the Government advise this Committee of the staff establishment, estimated annual expenditure on staff cost and operational expenses involved in setting up the 21C Office in 2019-20?

Asked by: Hon CHAN Chi-chuen (LegCo internal reference no.: 353)

Reply:

In 2019-20, 62 time-limited posts and 60 non-civil service contract posts will be created to conduct preparatory work for the 2021 Population Census (21C). In 2019-20, the estimated expenditure on the 21C is around $84 million, of which around $64 million is on staff cost.

- End -

FSTB(FS)104

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4333)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Will the Census and Statistics Department (C&SD) increase the manpower and financial provision in 2019-20 to enhance the accuracy of data verification of the General Household Survey? What are the details, estimated expenditure and manpower involved?
2. Please provide the details of tablet computers (tablets) procured for conducting surveys on social statistics by C&SD in the past 5 years, as set out in the table below:

Year	Number of tablets purchased	Brand and model of tablets	Number of damaged tablets	Maintenance costs of tablets	Number of tablets that are still in use
2015-16					
2016-17					
2017-18					
2018-19					
2019-20					

3. Please advise on the brand, model, number of and expenditure on tablets to be procured for conducting surveys on social statistics by C&SD in 2019-20.
4. Regarding the planning work for the 2021 Population Census by C&SD in 2019-20, what are the specific expenditure and manpower involved in the feasibility study for supporting computer systems and web applications?

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 77)

Reply:

1. Since 2013-14, the Census and Statistics Department (C&SD) has deployed additional manpower from existing resources to strengthen data verification of the General Household Survey. C&SD will continue to implement the same verification system in 2019-20 to ensure accuracy of data.

2. Details of tablet computers (tablets) procured or to be procured by C&SD for conducting surveys on social statistics during 2015-16 to 2019-20 are as follows -

Year	Number of tablets purchased	Brand and model of tablets	Number of damaged tablets	Maintenance costs of tablets	Number of tablets that are still in use
2015-16	5 901 (1)	Sky Cloud and Lenovo (2)	256	$48,000	111
2016-17	-	-	-	-	-
2017-18	-	-	-	-	-
2018-19	-	-	-	-	-
2019-20	400 (planned)	To be determined	Not applicable		

Notes: (1) The tablets were purchased for the 2016 Population By-census (16BC). Upon completion of the 16BC, part of the tablets (i.e. 111) were retained for use by the Government. The remaining tablets which were still functional were donated to non-government organisations.

(2) Models included Sky Cloud G808 and Lenovo Tab2 A8-50LC.

3. In 2019-20, C&SD plans to procure 400 tablets, with an estimated expenditure of $1,220,000, by conducting a quotation exercise for conducting the Pilot Survey for the 2021 Population Census. The brand and model of the tablets will be known upon the completion of the quotation exercise.

4. C&SD commenced the feasibility study for the computer systems and web applications for the 2021 Population Census in 2017-18. In 2019-20, the estimated expenditure of the feasibility study is $147,000. The expenditure is solely to meet the contract fee for IT professional services.

- End -

FSTB(FS)105

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5792)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1) Concerning the requests for information under the Code on Access to Information received by the Census and Statistics Department (C&SD) for which only some of the required information was provided, please state in table form (i) the content of the requests for which only some of the required information was provided, (ii) reasons for providing some of the information only, and (iii) how the requests were eventually handled.

Year

(i) Content of the requests for which only some of the required information was provided	(ii) Reasons for providing some of the information only	(iii) How the requests were eventually handled

2) concerning the requests for information under the Code on Access to Information received by C&SD for which the required information was not provided, please state in table form: (i) the content of the requests refused; (ii) the reasons for refusal; and (iii) how the requests were eventually handled.

Year

(i) Content of the requests refused	(ii) Reasons for refusal	(iii) How the requests were eventually handled

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 177)

Reply:

During January to September 2018, none of the requests for information made under the Code on Access to Information to the Census and Statistics Department was met in part or refused.

\- End -

FSTB(FS)106

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7131)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the respective distribution of working hours concerning households with household size 1, 2, 3, 4, 5, and 6 or more who are economically active as a whole and whose income are below 70% of the median household income.

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 7102)

Reply：

Based on the data obtained from the General Household Survey conducted by the Census and Statistics Department, among all economically active domestic households in 2017, the number of households with monthly household income(1) (excluding foreign domestic helpers) less than 70% of the median monthly household income of economically active households of the same size (excluding foreign domestic helpers), analysed by household size and hours of work of all employment of all employed persons, are given in the table below.

<table>
<tr><th rowspan="2">Hours of work (During 7 days before enumeration) (2)</th><th colspan="6">Household size (excluding foreign domestic helpers)</th></tr>
<tr><th>1</th><th>2</th><th>3</th><th>4</th><th>5</th><th>6+</th></tr>
<tr><td><20</td><td>19 600</td><td>24 100</td><td>17 400</td><td>7 500</td><td>1 500</td><td rowspan="2">700</td></tr>
<tr><td>20 - 29</td><td>7 700</td><td>12 400</td><td>8 600</td><td>5 700</td><td>1 000</td></tr>
<tr><td>30 - 39</td><td>9 200</td><td>19 900</td><td>15 700</td><td>8 600</td><td>2 100</td><td>600</td></tr>
<tr><td>40 - 49</td><td>22 300</td><td>60 000</td><td>58 400</td><td>36 900</td><td>8 900</td><td>2 900</td></tr>
<tr><td>50 - 59</td><td>8 500</td><td>21 300</td><td>24 300</td><td>15 700</td><td>4 500</td><td>1 600</td></tr>
<tr><td>60 - 69</td><td>5 400</td><td>16 700</td><td>21 200</td><td>16 000</td><td>5 300</td><td>1 500</td></tr>
<tr><td>70 - 79</td><td rowspan="3">2 600</td><td>7 600</td><td>9 700</td><td>9 000</td><td>2 200</td><td>1 000</td></tr>
<tr><td>80 - 89</td><td>3 200</td><td>7 600</td><td>11 500</td><td>2 600</td><td>1 400</td></tr>
<tr><td>90+</td><td>5 300</td><td>12 200</td><td>22 900</td><td>7 900</td><td>3 500</td></tr>
<tr><td>Total</td><td>75 400</td><td>170 500</td><td>175 100</td><td>133 900</td><td>36 100</td><td>13 300</td></tr>
</table>

Notes:

(1) Household income includes earnings (before deduction of Mandatory Provident Fund contributions) from all jobs and other cash income received in the month before enumeration by all members of the household. Other cash income includes income generated from rent income, interest, dividends, regular/monthly pensions and insurance annuity benefits, regular contribution from persons outside the household, regular contribution from charities and all government subsidies (for example, allowance from Comprehensive Social Security Assistance Scheme, and Old Age Living Allowance, etc.).

(2) Figures refer to hours of work of all employment of all employed persons in the household during the 7 days before enumeration.

Figures less than 3 000 households are compiled based on a small number of observations and hence with relatively large sampling errors and should be interpreted with caution.

The number of domestic households for selected groups of hours of work have been merged with other groups because of their small values.

The number of domestic households is rounded to the nearest hundred.

Individual figures may not add up exactly to the total owing to rounding.

- End -

FSTB(FS)107

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7132)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the number of households who are engaged in economic activities as a whole and whose income are less than 70% of the median household income.

Asked by: Hon CHEUNG Chiu-hung, Fernando (LegCo internal reference no.: 7103)

Reply:

Based on the data obtained from the General Household Survey conducted by the Census and Statistics Department, among all economically active domestic households, the number of households with monthly household income(1) (excluding foreign domestic helpers) less than 70% of the median monthly household income of economically active households of the same size (excluding foreign domestic helpers) in 2017 was 604 300.

Note:

(1) Household income includes earnings (before deduction of Mandatory Provident Fund contributions) from all jobs and other cash income received in the month before enumeration by all members of the household. Other cash income includes income generated from rent income, interest, dividends, regular/monthly pensions and insurance annuity benefits, regular contribution from persons outside the household, regular contribution from charities and all government subsidies (for example, allowance from Comprehensive Social Security Assistance Scheme), and Old Age Living Allowance, etc.).

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)108

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5176)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme, the work of Census and Statistics Department (C&SD) involves organising the Thematic Household Survey (THS) series to meet the statistical data requirements of bureaux and departments under a contracting-out mode. Please advise the following:

1. Please list out in table form the titles of THS to be published by C&SD in 2019-20 and the details of the expenditure required for the surveys;
2. The Thematic Household Survey Report on Housing Conditions of Sub-divided Units in Hong Kong was published by C&SD in 2015 and 2016 respectively. Has the Government reserved any provision to conduct another survey on housing conditions of subdivided units in Hong Kong in future so as to ensure that it reflects the latest condition of households living in inadequate housing? If yes, what are the details? If no, what are the reasons?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 111)

Reply:

1. The titles and details of the expenditure for the THS with results planned to be published by C&SD in 2019-20 are as follows –

Survey Title	Contract Costs* (HK$ million)
THS on Education and Employment Trajectories of Young and Middle-aged Persons in 2017	2.25
THS on Keeping of Pets, Use of Language, and Training Needs and Desire to Work in 2018	2.58
THS on Information Technology Usage and Penetration in 2018	2.40
THS on Health-related Issues in 2018	2.35

* Contract costs are rounded to the nearest HK$0.01 million.

2. C&SD collected information on the number of persons and households living in subdivided units (SDUs) and their socio-economic characteristics in the 2016 Population By-census. The statistics were published in the "2016 Population By-census Thematic Report: Persons Living in Subdivided Units" in January 2018. C&SD has reserved provision to conduct the 2021 Population Census so as to obtain up-to-date benchmark information on the socio-economic characteristics of the population, including information on households living in SDUs. Detailed statistics will be published based on the census results to reflect the latest condition of households living in SDUs.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)109

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5183)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (4) General Statistical Services

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Under this programme, the Census and Statistics Department (C&SD) will continue to use modern technologies in the dissemination of statistical information and enhance its website to make it more convenient for users to obtain statistical information in 2019-20. Please advise the following:

1. What are the establishment and expenditure on salaries of the staff who are responsible for handling the C&SD's website?
2. At present, the public can build their own statistical tables and charts using data through the Interactive Data Dissemination Service for the 2016 Population By-census (16BC). They can however only compare the 16BC figures with the results of the 2011 Population Census and 2006 Population By-census, but cannot compare the figures with those for earlier years. The relevant service of 2011 Population Census allowed the figures to be compared with the results of the 2001 Population Census. Will C&SD enhance the data dissemination service to make it convenient for users to compare the statistical information of population census/by-census with those for 2001 or earlier years? If yes, what are the details? If no, what are the reasons?

Asked by: Hon FAN Kwok-wai, Gary (LegCo internal reference no.: 118)

Reply:

1. The C&SD's website is managed by a team comprising 1 statistician, 1 senior statistical officer and 3 statistical officers, who are responsible for supporting computer systems for data dissemination. As the management of the C&SD's website constitutes part of the duties of this team, we do not have a separate breakdown on the relevant expenditure.

2. In designing the "Interactive Data Dissemination Service" (IDDS) for population censuses / by-censuses, the C&SD has balanced a host of factors, including data users' needs, computing capacity of the computer systems in processing a huge amount of data in an interactive manner within a reasonable time and comparability of figures in different rounds of population censuses/ by-censuses. In this connection, data for the

2006, 2011 and 2016 rounds of population census/ by-censuses are provided in the IDDS for the 2016 Population By-census for the public to build their own statistical tables and charts.

For population census/ by-census data in 2001 or before, the C&SD has made available a series of tables which will be provided to members of the public on request free of charge.

In planning the data dissemination service for the 2021 Population Census, the C&SD will revisit the factors mentioned above and actively explore enhancement of the IDDS to render more convenience to the public, including developing Application Programming Interface for users to access the data and providing statistical results of earlier rounds of population censuses/ by-censuses.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)110

CONTROLLING OFFICER'S REPLY

(Question Serial No. 3555)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (-) Not Specified

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to the import and export of fresh produce and agricultural and fishery products, please advise on the following:

(a) the total value of fresh produce and agricultural and fishery products supplied by the Mainland to Hong Kong in the past 3 years (i.e. from 2016-17 to 2018-19);

(b) the total value of fresh produce and agricultural and fishery products supplied by overseas regions and countries to Hong Kong in the past 3 years (i.e. from 2016-17 to 2018-19);

(c) the total value of local fresh produce and agricultural and fishery products exported to the Mainland in the past 3 years (i.e. from 2016-17 to 2018-19); and

(d) the total value of local fresh produce and agricultural and fishery products exported to overseas regions and countries in the past 3 years (i.e. from 2016-17 to 2018-19).

Asked by: Hon HO Chun-yin, Steven (LegCo internal reference no.: 74)

Reply:

(a) The value of imports of fresh produce and agricultural and fishery products of the Mainland origin to Hong Kong in the past 3 calendar years i.e. 2016, 2017 and 2018, was about $9,129 million, $9,094 million and $8,889 million respectively.

(b) The value of imports of fresh produce and agricultural and fishery products of overseas origin to Hong Kong in the past 3 calendar years i.e. 2016, 2017 and 2018, was about $21,139 million, $21,441 million and $25,508 million respectively.

(c) Hong Kong had no domestic exports of fresh produce and agricultural and fishery products to the Mainland in the past 3 calendar years i.e. 2016, 2017 and 2018.

(d) The value of domestic exports of fresh produce and agricultural and fishery products from Hong Kong to overseas regions and countries was about $4.6 million in 2016 and $0.1 million in 2017. In 2018, Hong Kong had no domestic exports of fresh produce and agricultural and fishery products to overseas regions and countries.

Note: Fresh produce and agricultural and fishery products refer to live pigs, live cattle, live goat, live poultry, live fish, vegetables and fruits.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)111

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6217)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What was the number of land-based non-institutional population aged under 18 in each of the 18 districts in 2017-18? Please list the information in the table below by District Council district and age.

District Council district	Age group					
	0-2	3-6	7-11	12-15	16-17	Total
	Number of persons	Number of persons	Number of persons	Number of persons	Number of persons	Number of persons
Central and Western						
Southern						
Islands						
Eastern						
Wan Chai						
Kwun Tong						
Wong Tai Sin						
Sai Kung						
Kowloon City						
Yau Tsim Mong						
Sham Shui Po						
Sha Tin						
Tai Po						
North						
Yuen Long						
Tsuen Wan						
Overall						

Asked by: Hon SHIU Ka-chun (LegCo internal reference no.: 315)

Reply:

According to the results of the 2016 Population By-census, statistics on land-based non-institutional population aged under 18 by District Council district and age group are as follows –

District Council district	Land-based non-institutional population aged under 18 (Number of persons)					
	Age group					
	0-2	3-6	7-11	12-15	16-17	Total
Central and Western	4 345	6 732	8 066	6 571	3 615	29 329
Southern	6 405	9 416	9 869	7 533	4 358	37 581
Islands	4 199	5 462	5 291	4 368	2 729	22 049
Eastern	12 234	18 430	19 474	15 031	9 000	74 169
Wan Chai	3 122	5 061	5 800	4 798	2 593	21 374
Kwun Tong	14 335	20 972	24 731	19 986	11 058	91 082
Wong Tai Sin	8 051	13 617	15 138	12 270	7 543	56 619
Sai Kung	11 318	15 454	16 581	13 086	7 775	64 214
Kowloon City	9 618	15 199	15 624	11 338	6 526	58 305
Yau Tsim Mong	7 461	11 166	11 600	9 599	5 434	45 260
Sham Shui Po	10 108	14 414	14 737	11 341	6 666	57 266
Sha Tin	13 815	21 775	24 589	20 711	11 499	92 389
Tai Po	6 115	10 176	11 985	9 493	5 229	42 998
North	7 514	11 418	13 212	10 852	5 486	48 482
Yuen Long	14 924	21 289	24 204	18 256	11 091	89 764
Tsuen Wan	7 492	9 600	11 450	9 237	5 085	42 864
Kwai Tsing	11 494	16 090	18 860	16 208	9 300	71 952
Tuen Mun	10 185	15 107	18 466	15 083	8 665	67 506
Overall	162 735	241 378	269 677	215 761	123 652	1 013 203

The Census and Statistics Department does not have the relevant statistics for 2017 and 2018.

- End -

Reply Serial No.

FSTB(FS)112

CONTROLLING OFFICER'S REPLY

(Question Serial No. 6423)

Head: (26) Census and Statistics Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Social Statistics

Controlling Officer: Commissioner for Census and Statistics (Leslie TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Please provide the number of vacant residential units in Hong Kong, including public rental housing units, subsidised sales flats, private residential flats, other quarters in private permanent housing, non-domestic quarters and temporary quarters, for the past 5 years.

Asked by: Hon SHIU Ka-chun (LegCo internal reference no.: 380)

Reply:

The Census and Statistics Department does not have the relevant statistics.

- End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)113

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7237)

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not Specified

Programme: (2) Anti-narcotics Investigation

Controlling Officer: Commissioner of Customs and Excise (Hermes TANG)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. Please provide the numbers of money laundering cases detected by the Customs and Excise Department (C&ED) and the numbers of persons involved in the past 5 years.

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 105)

Reply:

1. In the past 5 years, the numbers of money laundering cases detected by C&ED and the numbers of persons involved were as follows:

	2014	**2015**	**2016**	**2017**	**2018**
Number of cases detected	2	3	11	6	7
Number of persons involved	5	7	24	17	11

- End -

Reply Serial No.

FSTB(FS)114

CONTROLLING OFFICER'S REPLY

(Question Serial No. 5805)

Head: (116) Official Receiver's Office

Subhead (No. & title): (-) Not Specified

Programme: (1) Official Receiver's Office

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1) Regarding the requests for information under the Code on Access to Information which were received but only partially met by the Official Receiver's Office, please set out in table form (i) details of the partially met requests; (ii) the reasons for partial provision of information; and (iii) the final ways of handling.

Year

(i) Details of Partially Met Requests	(ii) Reasons for Partial Provision of Information	(iii) Final Ways of Handling

2) Regarding the requests for information under the Code on Access to Information which were received but refused by the Official Receiver's Office, please set out in table form (i) details of the refused requests; (ii) the reasons for refusal to provide the requested information; and (iii) the final ways of handling.

Year

(i) Details of Refused Requests	(ii) Reasons for Refusal to Provide the Requested Information	(iii) Final Ways of Handling

Asked by: Hon CHAN Tanya (LegCo internal reference no.: 190)

Reply:

1) and 2) There were no requests for information under the Code on Access to Information received by the Official Receiver's Office between January and September 2018 which were partially met or refused.

- End -

Reply Serial No.

FSTB(FS)115

CONTROLLING OFFICER'S REPLY

(Question Serial No. 7192)

Head: (116) Official Receiver's Office

Subhead (No. & title): (-) Not Specified

Programme: (1) Official Receiver's Office

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

What was the number of enterprises which had ceased operation or declared bankruptcy in the past year?

Asked by: Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 6)

Reply:

The Official Receiver's Office maintains records of compulsory winding-up cases for limited companies and bankruptcy cases for sole traders and partners of business. The number of companies which had been ordered to be wound up by the court and the number of sole traders and partners of business which had been declared bankrupt by the court in 2018 were 255 and 274 respectively.

\- End -

Reply Serial No.

FSTB(FS)116

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4492)

Head: (116) Official Receiver's Office

Subhead (No. & title): (-) Not Specified

Programme: (1) Official Receiver's Office

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Would your office inform this Committee of:

(1) the proportion of summary liquidation cases which were contracted out to practitioners in the private sector in the total number of liquidation cases over the past 3 years?

(2) the proportion of non-summary liquidation cases which were contracted out to practitioners in the private sector in the total number of liquidation cases over the past 3 years?

(3) the number of cases involving individual voluntary arrangements by debtors over the past 3 years?

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 200)

Reply:

(1) The Official Receiver's Office (ORO) outsources all the summary liquidation cases to private insolvency practitioners (PIPs) under the relevant provision of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

(2) For non-summary liquidation cases handled by ORO, ORO will act as provisional liquidator to administer the cases until a PIP is appointed as liquidator, that is, all cases will be outsourced eventually.

(3) The numbers of approved individual voluntary arrangement (IVA) cases reported by outside nominees to the ORO over the past 3 years were as follows:-

Year	No. of approved IVA cases reported to ORO
2016	589
2017	598
2018	599

End -

Examination of Estimates of Expenditure 2019-20

Reply Serial No.

FSTB(FS)117

CONTROLLING OFFICER'S REPLY

(Question Serial No. 4493)

Head: (116) Official Receiver's Office

Subhead (No. & title): (-) Not Specified

Programme: (1) Official Receiver's Office

Controlling Officer: Official Receiver (MCKENNA Phyllis)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

(a) Please set out in table form the age distribution of the bankrupts or other relevant parties with bankruptcy orders made over the past 3 years.

Age of Bankrupts	2016 Number of cases/ Percentage	2017 Number of cases/ Percentage	2018 Number of cases/ Percentage
30 or below			
30-40			
40-50			
50 or above			
Total			

(b) Please set out in table form the distribution of residence types of the bankrupts or other relevant parties with bankruptcy orders made over the past 3 years.

Residence Type of Bankrupts	2016 Number of cases/ Percentage	2017 Number of cases/ Percentage	2018 Number of cases/ Percentage
Public housing			
Private tenants			
Private owners			
Total			

(c) Please set out in table form the income levels of the bankrupts or other relevant parties with bankruptcy orders made over the past 3 years.

Monthly income of Bankrupts ($)	2016 Number of cases/	2017 Number of cases/	2018 Number of cases/

	Percentage	Percentage	Percentage
No income			
10,000 or below			
10,000-15,000			
15,000-20,000			
20,000-25,000			
Above 25,000			

(d) Please set out in table form the distribution of indebtedness of the bankrupts or other relevant parties with bankruptcy orders made over the past 3 years.

Indebtedness ($)	2016 Number of cases/ Percentage	2017 Number of cases/ Percentage	2018 Number of cases/ Percentage
30,000 or below			
30,000-50,000			
50,000-100,000			
100,000-200,000			
200,000-400,000			
400,000-600,000			
>1,000,000			

(e) Please set out in table form the causes of failure of the bankrupts or other relevant parties with bankruptcy orders made over the past 3 years.

Causes	2016 Number of cases/ Percentage	2017 Number of cases/ Percentage	2018 Number of cases/ Percentage
Excessive use of credit facilities			
Gambling			
Lack of gainful employment			
Loss in business			
Loss in investment			
Overspending			
Personal guarantee			

liabilities			
Speculation in shares			
Others			
Total			

(f) Please set out in table form the age distribution of individuals who went bankrupt for different causes in 2014, 2016 and 2018.

(Respective year)

Age distribution	Excessive use of credit facilities	Gambling	Lack of gainful employment	Loss in business	Loss in investment	Overspending	Personal guarantee liabilities	Speculation in shares	Others
30 or below									
30-40									
40-50									
50 or above									

(g) Please set out in table form the distribution of residence types of individuals who went bankrupt for different causes in 2014, 2016 and 2018.

(Respective year)

Residence types	Excessive use of credit facilities	Gambling	Lack of gainful employment	Loss in business	Loss in investment	Overspending	Personal guarantee liabilities	Speculation in shares	Others
Public housing									
Private tenants									
Private owners									
Total									

(h) Please set out in table form the income distribution of individuals who went bankrupt for different causes in 2014, 2016 and 2018.

(Respective year)

	Excessive use of credit facilities	Gambling	Lack of gainful employment	Loss in business	Loss in investment	Overspending	Personal guarantee liabilities	Speculation in shares	Others
No income									
10,000 or below									
10,000-15,000									

15,000-20,000									
20,000-25,000									
Above 25,000									
Total									

(i) Please set out in table form the distribution of indebtedness of individuals who went bankrupt for different causes in 2014, 2016 and 2018.

	Excessive use of credit facilities	Gambling	Lack of gainful employment	Loss in business	Loss in investment	Overspending	Personal guarantee liabilities	Speculation in shares	Others
30,000 or below									
30,000-50,000									
50,000-100,000									
100,000-200,000									
200,000-400,000									
400,000-600,000									
>600,000									

Asked by: Hon TAM Man-ho, Jeremy (LegCo internal reference no.: 201)

Reply:

(a)-(e) Based on the information collected by the Official Receiver's Office (ORO) in the past 3 years from cases where the profile statistics are ascertainable, the distributions of age, residence types, monthly income, amount of indebtedness and causes of bankruptcy of the bankrupts were as follows:-

Age of Bankrupts	**2016**	**2017**	**2018**
30 or below	16.24%	15.22%	15.64%
above 30 - 40	25.07%	23.47%	23.03%
above 40 - 50	26.00%	26.28%	26.23%
above 50	32.69%	35.03%	35.10%
Total	100.00%	100.00%	100.00%

Residence Type of Bankrupts	**2016**	**2017**	**2018**
Public Housing	56.10%	53.23%	55.05%
Private Apartment (owned by bankrupts*)	1.01%	1.09%	1.48%
Private Apartment (not owned by bankrupts)	42.89%	45.68%	43.47%
Total	100.00%	100.00%	100.00%

* The properties are under mortgage / charge.

Monthly Income of Bankrupts	2016	2017	2018
No income	37.46%	40.50%	35.89%
$10,000 or below	18.00%	17.04%	15.90%
above $10,000 - $15,000	23.14%	19.73%	21.57%
above $15,000 - $20,000	13.46%	14.08%	15.06%
above $20,000 - $25,000	4.39%	4.87%	6.58%
above $25,000	3.55%	3.78%	5.00%
Total	100.00%	100.00%	100.00%

Indebtedness of Bankrupts	2016	2017	2018
$30,000 or below	0.96%	0.75%	0.50%
above $30,000 - $50,000	0.15%	0.46%	0.33%
above $50,000 - $100,000	3.23%	2.46%	3.06%
above $100,000 - $200,000	19.47%	18.43%	18.41%
above $200,000 - $400,000	36.18%	36.66%	36.04%
above $400,000 - $600,000	17.75%	17.63%	18.32%
above $600,000	22.26%	23.61%	23.34%
Total	100.00%	100.00%	100.00%

Causes of Bankruptcy	2016	2017	2018
Excessive use of Credit Facilities	14.30%	7.68%	9.71%
Gambling	7.54%	6.67%	5.43%
Lack of Gainful Employment	32.27%	38.38%	36.86%
Loss in Business	5.92%	7.33%	6.84%
Loss in Investment	1.99%	1.57%	1.15%
Overspending	32.22%	31.64%	31.09%
Personal Guarantee Liabilities	1.13%	1.32%	1.05%
Speculation in Shares, etc.	0.12%	0.25%	0.29%
Others	4.51%	5.16%	7.58%
Total	100.00%	100.00%	100.00%

Note: There are minor differences between the statistics for 2016 and 2017 in the above tables and those provided in the reply to Question Serial No. 5234 last year, as the profile statistics of more cases were subsequently ascertained.

(f) Based on the information collected by the ORO from cases where the profile statistics are ascertainable, the age distributions of bankrupts for different causes of failure in 2014, 2016 and 2018 were as follows:-

2014

Age of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
30 or below	19.59%	11.01%	17.63%	10.60%	4.85%	21.84%	7.58%	-	11.84%
above 30 - 40	25.39%	19.72%	23.85%	24.07%	26.21%	26.31%	10.61%	8.33%	19.74%
above 40 - 50	30.47%	24.31%	26.53%	30.95%	27.18%	26.72%	28.79%	41.67%	29.39%

above 50	24.55%	44.96%	31.99%	34.38%	41.76%	25.13%	53.02%	50.00%	39.03%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2016

Age of Bankrupts	**Excessive Use of Credit Facilities**	**Gambling**	**Lack of Gainful Employ-ment**	**Loss in Business**	**Loss in Invest-ment**	**Over-spending**	**Personal Guarantee Liabilities**	**Speculation in Shares, etc.**	**Others**
30 or below	17.06%	12.50%	15.12%	13.64%	11.86%	19.27%	2.99%	14.29%	14.93%
above 30 - 40	26.47%	21.65%	24.35%	21.31%	22.03%	28.09%	8.96%	-	20.90%
above 40 - 50	24.47%	28.13%	24.56%	26.14%	27.12%	26.53%	31.34%	57.14%	30.97%
above 50	32.00%	37.72%	35.97%	38.91%	38.99%	26.11%	56.71%	28.57%	33.20%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2018

Age of Bankrupts	**Excessive Use of Credit Facilities**	**Gambling**	**Lack of Gainful Employ-ment**	**Loss in Business**	**Loss in Invest-ment**	**Over-spending**	**Personal Guarantee Liabilities**	**Speculation in Shares, etc.**	**Others**
30 or below	15.76%	13.66%	13.55%	14.34%	12.50%	19.38%	6.82%	8.34%	14.83%
above 30 - 40	24.14%	25.11%	22.37%	18.53%	10.42%	24.77%	15.91%	33.33%	22.71%
above 40 - 50	26.35%	24.67%	25.42%	32.87%	27.08%	26.38%	20.45%	25.00%	25.24%
above 50	33.75%	36.56%	38.66%	34.26%	50.00%	29.47%	56.82%	33.33%	37.22%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(g) Based on the information collected by the ORO from cases where the profile statistics are ascertainable, the distributions of residence type of bankrupts for different causes of failure in 2014, 2016 and 2018 were as follows:-

2014

Residence Type of Bankrupts	**Excessive Use of Credit Facilities**	**Gambling**	**Lack of Gainful Employ-ment**	**Loss in Business**	**Loss in Invest-ment**	**Over-spending**	**Personal Guarantee Liabilities**	**Speculation in Shares, etc.**	**Others**
Public Housing	51.87%	63.76%	59.06%	45.56%	31.07%	60.75%	13.64%	33.33%	52.19%
Private Apartment (owned by bankrupts*)	0.73%	0.69%	0.91%	0.57%	-	0.66%	-	-	0.88%
Private Apartment (not owned by bankrupts)	47.40%	35.55%	40.03%	53.87%	68.93%	38.59%	86.36%	66.67%	46.93%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2016

Residence Type of Bankrupts	**Excessive Use of Credit Facilities**	**Gambling**	**Lack of Gainful Employ-ment**	**Loss in Business**	**Loss in Invest-ment**	**Over-spending**	**Personal Guarantee Liabilities**	**Speculation in Shares, etc.**	**Others**
Public Housing	51.76%	54.02%	57.82%	55.11%	41.53%	59.53%	19.40%	42.86%	53.73%
Private Apartment (owned by bankrupts*)	1.65%	0.89%	0.78%	1.14%	3.39%	0.78%	1.49%	-	1.12%
Private Apartment (not owned by bankrupts)	46.59%	45.09%	41.40%	43.75%	55.08%	39.69%	79.11%	57.14%	45.15%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2018

Residence Type of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
Public Housing	57.14%	59.48%	55.31%	49.30%	41.67%	56.30%	4.55%	33.33%	57.73%
Private Apartment (owned by bankrupts*)	0.74%	3.96%	1.56%	1.05%	-	1.08%	2.27%	-	2.52%
Private Apartment (not owned by bankrupts)	42.12%	36.56%	43.13%	49.65%	58.33%	42.62%	93.18%	66.67%	39.75%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

* The properties are under mortgage / charge.

(h) Based on the information collected by the ORO from cases where the profile statistics are ascertainable, the distributions of monthly income of bankrupts for different causes of failure in 2014, 2016 and 2018 were as follows:-

2014

Monthly Income of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
No income	21.40%	32.80%	47.34%	42.69%	48.54%	23.23%	57.56%	50.00%	42.55%
$10,000 or below	22.13%	27.29%	26.40%	24.07%	20.39%	30.67%	22.73%	25.00%	25.88%
above $10,000 - $15,000	31.92%	22.02%	18.54%	20.92%	23.30%	30.91%	10.61%	16.67%	18.42%
above $15,000 - $20,000	14.15%	12.16%	6.04%	8.60%	5.83%	11.33%	4.55%	8.33%	8.33%
above $20,000 - $25,000	6.17%	3.44%	0.86%	2.29%	0.97%	2.83%	-	-	2.63%
above $25,000	4.23%	2.29%	0.82%	1.43%	0.97%	1.03%	4.55%	-	2.19%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2016

Monthly Income of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
No income	25.41%	38.17%	56.00%	39.78%	44.92%	22.14%	64.18%	42.85%	38.06%
$10,000 or below	16.71%	18.53%	17.26%	19.60%	16.10%	19.22%	19.40%	14.29%	16.42%
above $10,000 - $15,000	27.06%	18.75%	16.53%	22.16%	12.71%	30.80%	8.96%	28.57%	19.78%
above $15,000 - $20,000	17.76%	14.96%	7.09%	11.93%	9.32%	18.02%	5.97%	14.29%	16.04%
above $20,000 - $25,000	6.47%	5.13%	2.03%	4.26%	6.78%	5.80%	1.49%	-	3.36%
above $25,000	6.59%	4.46%	1.09%	2.27%	10.17%	4.02%	-	-	6.34%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2018

Monthly Income of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
No income	29.06%	38.32%	50.07%	31.47%	47.92%	22.77%	59.10%	33.34%	26.81%
$10,000 or below	11.08%	14.10%	18.48%	16.43%	6.25%	13.85%	11.36%	16.67%	20.82%
above $10,000 - $15,000	26.85%	18.50%	16.28%	22.38%	27.08%	26.39%	11.36%	8.33%	23.34%
above $15,000 - $20,000	18.97%	15.86%	9.53%	15.38%	4.17%	20.15%	11.36%	8.33%	17.67%
above $20,000 - $25,000	6.90%	7.93%	3.24%	9.44%	6.25%	9.92%	2.27%	8.33%	5.68%
above $25,000	7.14%	5.29%	2.40%	4.90%	8.33%	6.92%	4.55%	25.00%	5.68%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(i) Based on the information collected by the ORO from cases where the profile statistics are ascertainable, the distributions of indebtedness of bankrupts for different causes of failure in 2014, 2016 and 2018 were as follows:-

2014

Indebtedness of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
$30,000 or below	0.36%	-	0.41%	0.57%	0.97%	0.20%	1.52%	-	2.19%
above $30,000 - $50,000	0.36%	0.46%	0.27%	-	-	0.21%	-	-	0.88%
above $50,000 - $100,000	2.66%	2.52%	4.09%	1.72%	1.94%	3.53%	1.52%	-	6.14%
above $100,000 - $200,000	17.29%	20.18%	24.49%	13.47%	7.77%	23.77%	3.03%	-	25.44%
above $200,000 - $400,000	39.91%	38.77%	41.80%	29.23%	25.24%	47.08%	9.09%	25.00%	28.50%
above $400,000 - $600,000	21.40%	17.89%	15.08%	19.20%	13.59%	15.23%	7.58%	16.67%	17.11%
above $600,000	18.02%	20.18%	13.86%	35.81%	50.49%	9.98%	77.26%	58.33%	19.74%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2016

Indebtedness of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
$30,000 or below	0.71%	1.34%	0.26%	2.27%	0.85%	1.41%	-	-	1.49%
above $30,000 - $50,000	0.12%	0.22%	0.10%	0.28%	-	0.10%	1.49%	-	0.37%
above $50,000 - $100,000	2.59%	2.68%	3.49%	2.27%	-	3.60%	1.49%	-	4.85%

above $100,000 - $200,000	17.53%	15.18%	22.89%	13.35%	1.69%	20.63%	4.48%	14.29%	19.78%
above $200,000 - $400,000	33.52%	33.03%	37.50%	29.84%	26.27%	40.37%	5.97%	14.29%	31.35%
above $400,000 - $600,000	19.41%	18.53%	15.43%	17.05%	22.03%	19.53%	4.48%	42.86%	16.79%
above $600,000	26.12%	29.02%	20.33%	34.94%	49.16%	14.36%	82.09%	28.56%	25.37%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2018

Indebtedness of Bankrupts	Excessive Use of Credit Facilities	Gambling	Lack of Gainful Employ-ment	Loss in Business	Loss in Invest-ment	Over-spending	Personal Guarantee Liabilities	Speculation in Shares, etc.	Others
$30,000 or below	-	-	0.32%	1.40%	-	0.54%	-	-	1.58%
above $30,000 - $50,000	0.49%	0.44%	0.19%	0.35%	-	0.46%	-	-	0.32%
above $50,000 - $100,000	3.69%	3.96%	4.09%	0.70%	2.08%	1.77%	4.55%	-	4.10%
above $100,000 - $200,000	18.72%	12.33%	20.36%	12.94%	10.42%	19.31%	2.27%	16.67%	17.67%
above $200,000 - $400,000	37.69%	29.52%	36.00%	25.17%	16.67%	39.69%	13.64%	16.67%	40.37%
above $400,000 - $600,000	16.01%	21.59%	17.96%	20.63%	10.42%	19.08%	-	25.00%	18.93%
above $600,000	23.40%	32.16%	21.08%	38.81%	60.41%	19.15%	79.54%	41.66%	17.03%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

- End -