

Result of tenders of RMB Sovereign Bonds held on December 11, 2024

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

Result of the tenders of RMB Sovereign Bonds held on December 11, 2024:

Tender Result

Tender Date	:	December 11, 2024
Bonds available for Tender	:	2-year RMB Bonds
Issuer	:	The Ministry of Finance of the People's Republic of China
Issue Number	:	BCMKFB24001 (Further Issuance)
Issue and Settlement Date	:	December 13, 2024
Maturity Date	:	March 15, 2026 (or the closest coupon payment date)
Coupon Rate	:	2.20 per cent
Application Amount	:	RMB 5,690 million
Issue Amount	:	RMB 2,000 million
Average Accepted Price	:	100.67
Lowest Accepted Price	:	100.62
Highest Accepted Price	:	100.81
Allocation Ratio (At Lowest Accepted Price)	:	Approximately 2.73 per cent

Tender Result

Tender Date	:	December 11, 2024
Bonds available for Tender	:	3-year RMB Bonds
Issuer	:	The Ministry of Finance of the People's Republic of China
Issue Number	:	BCMKFB24002 (Further Issuance)
Issue and Settlement Date	:	December 13, 2024
Maturity Date	:	March 15, 2027 (or the closest coupon payment date)
Coupon Rate	:	2.28 per cent
Application Amount	:	RMB 7,910 million
Issue Amount	:	RMB 2,000 million
Average Accepted Price	:	101.36
Lowest Accepted Price	:	101.28

Highest Accepted Price : 101.50
Allocation Ratio (At Lowest Accepted Price) : Approximately 52.94 per cent

Tender Result

Tender Date : December 11, 2024
Bonds available for Tender : 5-year RMB Bonds
Issuer : The Ministry of Finance of the People's Republic of China
Issue Number : BCMKFB24003 (Further Issuance)
Issue and Settlement Date : December 13, 2024
Maturity Date : March 15, 2029 (or the closest coupon payment date)
Coupon Rate : 2.39 per cent
Application Amount : RMB 7,870 million
Issue Amount : RMB 2,000 million
Average Accepted Price : 102.60
Lowest Accepted Price : 102.41
Highest Accepted Price : 102.82
Allocation Ratio (At Lowest Accepted Price) : Approximately 31.67 per cent

[LCQ15: Policy on digital assets](#)

Following is a question by Dr the Hon Johnny Ng and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (December 11):

Question:

It has been reported that financial enterprises around the world have increased their investment in digital assets one after another, with the price of bitcoins, hailed as "digital gold", rocketing in tandem since this year, and the development of the global currencies will move toward digitalisation. Moreover, some overseas regions plan to position bitcoins as strategic reserve assets of the government, and even propose to set up a dedicated commissioner in charge of formulating and implementing the relevant policies, as well as promoting the development of the cryptocurrency industry. In this connection, will the Government inform this Council:

(1) as there are views pointing out that while the cryptocurrency industry is fast flourishing, the current regulatory regime related to cryptocurrencies

has yet to be improved in Hong Kong, whether the Government will further expedite improvement to the relevant regulatory regime;

(2) whether the Government will consider setting up a new dedicated department or commissioner to study and formulate policies relating to digital assets and cryptocurrencies;

(3) as there are views that bitcoins have been gaining recognition worldwide, and as a digital asset, bitcoins are characterised by decentralisation despite having inherent risks, whether the Government will consider including digital assets and cryptocurrencies in its fiscal reserves and acquiring the same continuously through the Exchange Fund for long-term holding; and

(4) whether the Government has assessed and studied the impact of positioning bitcoins as strategic reserve assets by foreign countries on the financial security of China and Hong Kong (e.g. whether this will in the long run put pressure on the Hong Kong dollar system and its economic situation); if the Government has, of the relevant impact, together with the Government's corresponding measures in place, including whether it will leverage Hong Kong's first-mover advantages and unique resources in the field of cryptocurrencies to formulate sound strategic deployment, with a view to contributing to safeguarding national financial security?

Reply:

President,

On Dr the Hon Johnny Ng's question, upon consulting the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC), my reply is as follows:

(1) and (2) The rapidly evolving virtual asset (VA) sector is bringing new opportunities for financial innovation and inclusion while adding complexities to the financial system. In respect of regulation, the interconnectedness between the traditional financial system and the VA markets appear to be more apparent and rising, with international organisations and standard-setting bodies (SSBs) having accorded considerable attention to the potential risks posed by the prevalence of VAs on monetary and financial stability. Among others, in July 2023, the Financial Stability Board, in consultation with relevant SSBs, published a finalised global regulatory framework for crypto-asset activities. The framework provides recommendations relating to the regulation, supervision and oversight of crypto-asset activities and markets as well as global stablecoin arrangements. As a leading international financial centre in Asia, Hong Kong has key influence in the regulation and development of VA. In this connection, to facilitate the long-term sustainable development of industries related to VA, the Financial Secretary established the Task Force on Promoting Web3 Development in 2023 to make suggestions to the Government in respect of the sustainable and responsible development of the industries. Besides, in October 2022, the Government also issued the Policy Statement on Virtual Assets Development in Hong Kong, setting out that the Government and

regulators would adhere to the principle of "same activities, same risks, same regulations" in enhancing VA-related regulatory frameworks.

In respect of VA-specific regulatory policies and measures, the Financial Services and the Treasury Bureau (FSTB) is responsible for formulating relevant policies and co-ordinating various departments and financial regulators. Among others, the Government has amended the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) to introduce a licensing regime for VA service providers, ensuring that VA trading platforms comply with relevant international requirements on anti-money laundering and counter-terrorist financing while protecting investors. Further to the commencement of the licensing regime last year, FSTB has consulted the Panel on Financial Affairs of the Legislative Council (LegCo) this year on the regulatory regime for fiat-referenced stablecoin issuers, and will introduce the relevant legislative Bill to the LegCo within this month. Besides, regarding the over-the-counter trading services of VA, we are adjusting the proposal taking into account outcomes of the public consultation conducted early this year, and will conduct the second public consultation next year. We will also introduce a proposed licensing regime to regulate VA custodian services next year.

(3) The Exchange Fund invests in globally diversified asset classes and markets to diversify risks and enhance long-term returns. While crypto-assets are not the target assets of the Exchange Fund, the external managers appointed by the HKMA also invest in diversified asset classes and markets around the world. It cannot be ruled out that there may be investments involving crypto-assets during the investment operations of the external managers at different points of time, but the relevant proportion is minimal.

(4) The Linked Exchange Rate System (LERS) has been operating for more than four decades since its establishment in 1983, weathering many economic and interest rate cycles, as well as multiple global and regional economic and financial crises. It is the cornerstone of financial and monetary stability in Hong Kong and has continued to work well. Operating under the robust regime of the currency board arrangement, the LERS enjoys strong credibility in the global financial and monetary markets. International organisations such as the International Monetary Fund have continuously endorsed the suitability of the LERS as the monetary system for Hong Kong.

As mentioned above, the VA sector is having increasing interconnectedness with traditional financial activities. On one hand, the development of VA and related technologies can bring potential benefits to the financial market as a whole. For example, the efficiency and transparency of economic and financial activities could be enhanced by utilising blockchain technology. On the other hand, VA is associated with risks in different aspects including financial stability, money laundering and investor protection. The Government and regulators will continue to formulate regulatory regimes to address such risks under the principle of "same activities, same risks, same regulations". This approach can create a facilitative environment to foster innovation in a sustainable and responsible manner, while ensuring financial safety at the same time, so as

to strengthen Hong Kong's key role as an international financial centre.

Other than enhancing the regulatory regime, the Government and regulators have also launched measures to facilitate market development. On tokenisation, to enhance market clarity, the SFC issued two circulars in November last year, respectively on intermediaries engaging in tokenised securities-related activities and on tokenisation of SFC-authorized investment products to shed light on the regulatory expectations from an investor protection perspective. The SFC also announced in October this year a number of measures to facilitate the VA development in Hong Kong, including a swift licensing process for VA trading platforms, and establishing a consultative panel for licensed trading platforms which is expected to operate from early next year.

LCQ14: Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link

Following is a question by the Hon Gary Zhang and a written reply by the Secretary for Transport and Logistics, Ms Mable Chan, in the Legislative Council today (December 11):

Question:

It has been reported that since the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) resumed services early last year, the demand for cross-boundary passenger services has become increasingly keen, with the daily patronage hitting a record high of over 100 000 passenger trips. In this connection, will the Government inform this Council:

(1) whether it knows the respective average daily patronages and the highest daily patronages (with dates) at the XRL West Kowloon Station (WKS) for last year and as at October 31 of this year, and set out in Table 1 a breakdown by train service (i.e. (a) short-haul service (i.e. to and from (i) Futian, (ii) Shenzhenbei, (iii) Humen and (iv) Guangzhounan), and (b) long-haul service) and day of the week (i.e. (I) Monday to Thursday, (II) Friday to Sunday, and (III) all days);

Table 1 Year: _____

Train service	Average daily patronage			Highest daily patronage (with date)
	(I)	(II)	(III)	
(a)	(i)			
	(iv)			
(b)				
Total				

(2) whether it knows the respective average daily patronages of local and non-local passengers at WKS for last year and as at October 31 of this year,

and set out in Table 2 a breakdown by train service (i.e. (a) short-haul service (i.e. to and from (i) Futian, (ii) Shenzhenbei, (iii) Humen and (iv) Guangzhounan), and (b) long-haul service); how such data compare with the forecast data set out in the paper of the Subcommittee on Matters Relating to Railways of this Council ("Subcommittee") in 2018 (LC Paper No. CB(4)268/18-19(05));

Table 2

Train service		Average daily patronage			
		2023		2024 (as at October 31)	
		Local passengers	Non-local passengers	Local passengers	Non-local passengers
(a)	(i)				
				
	(iv)				
(b)					
Total					

(3) as there are views pointing out that the existing layout and queuing arrangements of the waiting hall for departing passengers at WKS cannot cope with the demand arising from an upsurge of travellers during holidays, and the daily patronage forecast for XRL for 2031 was as high as 129 300 according to a previous paper provided by the Government, whether such forecast has been updated and whether the Government has discussed with the MTR Corporation Limited about carrying out enhancement works to cope with the patronage growth over the next decade; if so, of the details; if not, the reasons for that;

(4) whether it knows (i) the operating revenue (including (a) fare and (b) non-fare revenues), (ii) operating cost (including (c) energy, (d) non-staff operating and maintenance, (e) staff cost, (f) support services, (g) rent and rates, and (h) others), (iii) earnings before interest, taxes, depreciation and amortisation (EBITDA), and (iv) operating margin of WKS respectively for last year and as at October 31 of this year (set out in Table 3); how such data compare with the projected data set out in the aforesaid paper of the Subcommittee; and

Table 3

Operational data item		2023	2024 (as at 31 October)
(i)	(a)		
	(b)		
(ii)	(c)		
		
	(h)		

(iii)		
(iv)		

(5) as there are views pointing out that passengers' experience at WKS is marred by the absence of stores selling cooked food in the waiting hall for departing passengers and the sell-out of food at the cooked food stores in the departing concourse as early as in the evening, whereas the Government has indicated earlier on that discussion with the relevant Mainland authorities had been initiated on how to provide catering facilities for departing passengers, of the progress of the relevant work?

Reply:

President,

Having consulted the MTR Corporation Limited (MTRCL), the reply to the question raised by the Hon Gary Zhang is as follows:

(1) Since the commissioning of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL) on September 23, 2018, the number of directly connected destinations has increased from 44 to 80. Amongst them, the number of short-haul destinations has increased from six (i.e. Futian, Shenzhenbei, Guangmingcheng, Humen, Qingsheng and Guangzhounan) to 10 currently; the number of long-haul destinations has increased to 70. According to the XRL ticket sales in 2023 and 2024 provided by the MTRCL, the patronage for trips between Hong Kong West Kowloon Station and short-haul and long-haul destinations are tabulated below. For short-haul destinations, more than 60 per cent of short-haul passengers are destined for stations in Shenzhen (i.e. Futian and Shenzhenbei), and nearly 30 per cent are destined for Guangzhoudong and Guangzhounan. Less than 10 per cent travel to the remaining short-haul destinations (i.e. Guangmingcheng, Humen, Qingsheng, Dongguannan, Changping and Dongguan).

XRL Train Services	Average Daily Patronage			Highest Daily Patronage
	Monday to Thursday	Friday to Sunday and Public Holiday	All Days	
2023				
Short-haul Services	39 000	56 000	47 000	105 000 (December 23, 2023)
Long-haul Services	9 000	11 000	10 000	25 000 (September 29, 2023)
Total (Note)	48 000	67 000	57 000	127 000 (December 23, 2023)

2024 (as of October 31)				
Short-haul Services	48 000	70 000	58 000	99 000 (February 12, 2024)
Long-haul Services	12 000	15 000	13 000	26 000 (October 1, 2024)
Total (Note)	59 000	84 000	72 000	120 000 (February 12, 2024)

Note: Individual figures may not add up to the total due to rounding.

(2) The MTRCL does not have a breakdown of the local and non-local patronage. According to the statistics on daily passenger traffic of the Immigration Department, the average daily ratio of Hong Kong residents and visitors travelling to and from the Hong Kong West Kowloon Station is tabulated below.

Year	Passenger Traffic	
	Hong Kong Residents	Visitors
2023	45%	55%
2024 (as of October 31)	46%	54%

In the first 10 months of 2024, the patronage of the XRL Hong Kong Section exceeded 21 million passenger trips, exceeding the annual total in 2023. As tabulated above, the average daily patronage in the first 10 months of 2024 has reached almost 90 per cent of the forecast in 2018. The patronage of short-haul services resumed to 87 per cent, while that of long-haul services resumed to 95 per cent.

(3) and (5) The layout of the Hong Kong West Kowloon Station was designed based on the blueprint and patronage forecast of the railway development between the Mainland and Hong Kong at the time of project planning. Since the commissioning of the XRL Hong Kong Section and the West Kowloon Station in 2018, the MTRCL, as the Hong Kong operator of the XRL Hong Kong Section, has been closely monitoring the operation of the station, as well as travellers' travelling pattern and demand, and has continuously enhanced station facilities and XRL services as necessary.

Regarding station facilities and layout, in addition to the reconfiguration of the layout on the B1 departure level in early 2023, the MTRCL re-planned the queueing layout and the design of the waiting hall on level B3 in April 2024. They include extending the entrances of some of the boarding gates towards the centre of the hall, enhancing signage and using large-scale electronic displays to provide train information to facilitate passengers to enter the boarding gates and board the train, and providing more seats at the waiting hall for passengers' use.

Furthermore, a wide variety of shops are provided at the Hong Kong West Kowloon Station to meet the needs of travellers, such as duty free shops, catering outlets, souvenir and retail shops, convenience stores, bakeries, travel agents, banks and financial service providers. The MTRCL has ongoing communication with the tenants with a view to enhancing services and customer experience, and reviews the operation of the shops regularly, so as to meet passengers' needs. To provide better services and greater convenience to passengers, the HKSAR Government is actively working with the MTRCL on the details of the arrangement for providing food and beverages services and shops in the waiting hall located in the Mainland Port Area, so as to further enhance passengers' travelling experience at the West Kowloon Station.

On passenger flow management, the MTRCL will, on the eve of festive holidays and peak passenger traffic periods, provide data on ticket pre-sale for reference by relevant authorities (including control point authorities of Hong Kong and the Mainland) for jointly discussing and formulating the passenger flow management measures on station operation and clearance at boundary control points. The MTRCL and relevant authorities will also strengthen manpower to assist passengers during the peak periods with a view to facilitating passengers' clearance and enjoyment of the fast and convenient XRL services in a safe and comfortable environment.

The HKSAR Government and the MTRCL will closely monitor the operation and patronage of the XRL Hong Kong Section and the West Kowloon Station, and will timely review and upgrade station facilities to meet the long term demand of passengers and development of the XRL. The Government and the MTRCL do not have an updated projection for XRL-related forecast figures.

(4) In 2023, the XRL Hong Kong Section brought about HK\$2.5 billion of revenue from transport operations for the MTRCL. As for the operating costs, while the MTRCL has made projections on various operating costs items during the planning of the XRL project, in the actual operation, the MTRCL does not have a breakdown of the various operating costs figures.

LCQ19: Remuneration and benefits for politically appointed officials

Following is a question by the Hon Mrs Regina Ip and a written reply by the Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai, in the Legislative Council today (December 11):

Question:

Since the Government introduced the political appointment system in 2002, politically appointed officials (PAOs) have experienced four pay

reductions in 2002, 2003, 2009 and 2020. There are views that nowadays the real value of the remuneration and benefits packages for PAOs has declined substantially. In this connection, will the Government inform this Council:

(1) in each of the past 10 years, of (i) the monthly cash remuneration levels for various tiers of PAOs, (ii) the percentage increase or decrease compared to the previous year, (iii) the total weighted average cost of the remuneration package for civil servants at D8 level, and (iv) the respective differences in actual value and percentage between (i) and (iii) mentioned above;

(2) whether the Government will consider following the practice of employing contract staff on Non-Civil Service Contract terms and offering an end-of-contract gratuity to principal officials, so as to attract and retain outstanding political talents to take up such posts; if so, of the details and the implementation timetable; if not, the reasons for that; and

(3) given that PAOs are eligible for medical and dental benefits on the same basis as those provided to civil servants during their term of employment, but there are views that the current utilisation rates of the six families clinics under the Department of Health are close to saturation, whether the Government will consider providing PAOs with a medical insurance allowance; if so, of the details and the implementation timetable; if not, the reasons for that?

Reply:

President,

The reply to the Hon Mrs Regina Ip's question is as follows:

(1) The monthly cash remuneration for each tier of Politically-Appointed Officials (PAOs) of the Hong Kong Special Administrative Region (HKSAR) Government in the past 10 years, as well as the percentage change as compared to the previous year are at Annex 1. As regards the average monthly salary for a civil servant at Point 8 of the Directorate Pay Scale and its comparison with the monthly cash remuneration of a politically-appointed Director of Bureau, please see Annex 2. Other than the salary mentioned above, the staff cost for civil servants covers other staff benefits, including retirement protection, housing benefits, annual leave, education allowance, and medical and dental benefits, and etc. Civil servants are eligible for these benefits according to relevant conditions and actual circumstances.

(2) The political appointment system has been implemented since 2002. According to the remuneration package at that time, PAOs are, apart from cash remuneration, entitled to annual leave, medical and dental benefits as those provided to civil servants, Mandatory Provident Fund contribution by the Government, as well as a car and driver during their term of office, while their remuneration package has been so structured that there are no housing allowance, no leave passage, no children's education allowance and no

gratuity or retirement benefits. When the Independent Commission on Remuneration for Members of the Executive Council and the Legislature, and Officials under the Political Appointment System of the HKSAR (the Commission) reviewed the remuneration package of PAOs in 2016, the Commission proposed some enhancement measures, including a one-off increment of 12 per cent on their cash remuneration, as well as an annual adjustment in line with the average movements of Consumer Price Index (C) thereafter. The proposal was approved and passed by the Legislative Council Finance Committee and is still in use today. As regards other components of the remuneration package, the Commission's recommendation at that time was to make no change, and the relevant arrangements are maintained until now. The Commission will carry out periodic review on the remuneration package of PAOs, so as to ensure it is commensurate with their responsibilities, and that it is fair, reasonable and sustainable for the recruitment and retention of high calibre talents.

(3) When the Commission carried out a review on the remuneration package of PAOs again in 2022, it considered that the level of medical and dental benefits that different layers of PAOs should be entitled to require careful examination and justification. The Commission will study and discuss the subject further before the end of March 2025.

[LCQ18: Promoting application of hydrogen energy](#)

Following is a question by the Hon Chan Hak-kan and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (December 11):

Question:

There are views pointing out that the completion of the first public hydrogen refuelling station in Hong Kong last month has provided the infrastructural support for Hong Kong to increase the application scenarios of hydrogen energy and the development of Hong Kong as a demonstration centre of hydrogen energy for the country. Regarding promoting the application of hydrogen energy, will the Government inform this Council:

(1) whether it will take the initiative to invite commercial organisations owning large fleets of vehicles (e.g. commercial organisations with a fleet size of 100 or more vehicles) to participate in trial programmes of hydrogen-powered passenger vehicles, so as to promote the wider application and practical use of hydrogen energy;

(2) whether it will take the initiative to invite cross-boundary cargo transportation companies to explore the feasibility of using hydrogen-powered

goods vehicles for cross-boundary cargo transportation; if so, of the details; if not, the reasons for that;

(3) whether it has sought to understand the future plans of the two power companies regarding hybrid hydrogen power generation; whether it will require the two power companies to include a specific proportion of hydrogen co-firing power generation in all of their new gas-fired power plants in the future; if it will, of the details; if not, the reasons for that;

(4) whether it will launch trial schemes for the wide application of hydrogen energy in the transport and construction industries, such as the use of hydrogen battery-powered fork-lift trucks for cargo movement and the use of hydrogen-powered shifting machines (e.g. bulldozers, loaders, excavators and trucks) at construction sites;

(5) whether it has plans to step up the nurturing of relevant local talents in the hydrogen energy industry; if so, of the details; and

(6) whether it will strengthen co-operation with other Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) in respect of the promotion of the application and practical use of hydrogen energy, so as to jointly promote the development of the hydrogen energy industry in GBA?

Reply:

President,

Hydrogen energy is a promising new energy source with a wide range of applications. The world is expediting the development of hydrogen economy and applications. Though the scarce land resources and dense population have rendered it difficult for Hong Kong to develop into a major manufacturing base for green energy, we can still promote green transformation by leveraging hydrogen energy in our pursuit of carbon neutrality. As an international city, Hong Kong can also serve as a demonstration platform for green and low-carbon technologies, and facilitate the export of technologies and products developed in the Mainland and Hong Kong. As an international financial centre, Hong Kong can even help provide green financing and professional services for the green transformation in different areas and regions. The Government promulgated the Strategy of Hydrogen Development in Hong Kong in June 2024, with a view to creating a local environment conducive to the development of hydrogen energy in a prudent and orderly manner.

To help Hong Kong capitalise on the environmental and economic opportunities brought about by the development of hydrogen energy, the Environment and Ecology Bureau set up the Inter-departmental Working Group on Using Hydrogen as Fuel (the Working Group) in 2022 to jointly formulate best practices, regulations and standards, etc, for the safe applications of hydrogen energy in the local context, and actively study the development and commercialisation pathways of various hydrogen energy technologies through promoting local trial projects on hydrogen energy, having regard to the development needs of Hong Kong. To date, the Working Group has successively

given agreement-in-principle to a total of 18 applications of hydrogen energy trial projects.

In consultation with the Electrical and Mechanical Services Department (EMSD), my reply to the question raised by the Hon Chan Hak-kan is as follows:

(1), (2) and (4) The Working Group has been co-ordinating the work of various bureaux and departments in promoting the local application of hydrogen energy through trial projects. Trials on hydrogen fuel cell (HFC) heavy vehicles that have commenced or are under planning include a double-decker bus, street washing vehicles, refuse collection vehicles, coaches and minibuses for providing shuttle service to the construction site for workers, cross-boundary passenger buses and logistics vehicles, etc. The Working Group welcomes more fleets and cross-boundary logistics enterprises to carry out trials so as to collect more trial data and experience for evaluating the operational performance of HFC heavy vehicles as compared with that of conventional fuel-propelled vehicles in the local context. Larger logistics enterprises taking part in the relevant trials are likely to have an edge in resource allocation and experience sharing. The Chief Executive's 2024 Policy Address announced the earmarking of funds under the New Energy Transport Fund to launch the Subsidy Scheme for Trials of HFC Heavy Vehicles. We will announce the details of the acceptance of invitations under this scheme in due course.

Hydrogen energy, as a transportable and highly energy-efficient energy, is particularly suitable in areas such as mobile machinery, including vehicles used at construction sites. The construction industry in Hong Kong has already started to explore the feasibility of distributed electricity supply using hydrogen to replace traditional diesel generators to supply electricity to site offices and machinery at construction sites in remote areas without access to adequate electricity supply, including large-scale construction sites in new development areas. The Government continues to communicate with relevant industry stakeholders (such as the Construction Industry Council) to actively explore the potential for using hydrogen energy equipment in engineering projects and to test out various hydrogen application scenarios in Hong Kong. As at end of November this year, the Working Group has given agreement-in-principle to multiple applications involving the application of hydrogen as fuel at construction sites, including the trial of HFC forklift trucks and use of hydrogen power generation equipment to supply electricity to site offices and electrical machinery at construction sites.

(3) To align with the development of hydrogen in Hong Kong, CLP Power Hong Kong Limited (CLP) and Hongkong Electric Company Limited (HEC) are actively exploring the possibility of blending hydrogen with natural gas in electricity generation. CLP has stated that it is preparing for the long-term application of new energy in electricity generation and has signed a Memorandum of Understanding agreement with General Electric Company to jointly explore the feasibility of using hydrogen blended with natural gas for power generation at CLP's Black Point Power Station. Additionally, HEC

has mentioned that it is exploring the application of hydrogen energy by blending it with natural gas for the gas-fired units, with the goal of gradually transitioning to 100 per cent green hydrogen fuel and achieving carbon neutrality in power generation.

(5) Capacity building is critical to the long-term development of the local hydrogen industry. The EMSD actively promotes the training of professionals in hydrogen energy technology, and is exploring with the Vocational Training Council (VTC) and hydrogen fuel system suppliers the organisation of relevant safety training courses for hydrogen fuel practitioners. With the EMSD's support, the VTC has signed memorandums of co-operation with the China Inspection Company, a standard and testing institution, and Shanghai REFIRE Group, manufacturers of hydrogen fuel system, on June 14 and 18 respectively. Leveraging the companies' expertise in hydrogen energy, this collaboration aims to cultivate more technical talents for Hong Kong's hydrogen energy industry.

(6) The EMSD has maintained close technical exchanges with the State Administration for Market Regulation (SAMR) and the General Administration of Customs of the People's Republic of China (GACC). In particular, the EMSD has jointly established with GACC the "Green Corridor" for the transport of hydrogen samples, and simplified customs clearance arrangements for hydrogen conveyance vehicles, in order to facilitate the transportation of hydrogen used as fuel from the Mainland to Hong Kong by cross-boundary hydrogen conveyance vehicles. In addition, the EMSD has also maintained close communication with SAMR to ensure effective implementation of safety management and monitoring as well as quality control, and to actively promote exchanges and co-operation on manufacturing, storage, transport, application along the industry chain of hydrogen energy. The EMSD is exploring with SAMR on promoting the alignment of Hong Kong's and the Mainland's standards on safety monitoring and testing, with a view to formulating the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) standards, group standards and Guobiao, and even jointly participating in the formulation of international standards.

The Environmental Protection Department (EPD) and China Petroleum & Chemical Corporation (Sinopec Corp) signed the Memorandum of Understanding (MOU) on the Development and Application of Hydrogen Energy in Hong Kong on November 25. The MOU strengthens collaboration between both parties in promoting the development, demonstration of application, as well as capacity building for the hydrogen energy industry. The MOU covers technical exchanges and experience sharing in the hydrogen energy industry. Sinopec Corp will build a green hydrogen production facility for demonstration purposes at a restored landfill of the EPD. The hydrogen produced by the facility will serve the local market with a view to supporting wider applications of hydrogen and facilitating the development of hydrogen energy in Hong Kong. Sinopec Corp will also assist the Government of the Hong Kong Special Administrative Region (HKSAR) in promoting publicity and education about hydrogen energy, enabling the public to better understand global development trends in the safe use of hydrogen energy.

Our country has a solid foundation for the development of the hydrogen

industry, and the Nanhai District of Foshan in GBA is one of the pioneering demonstration zones for hydrogen industry development in the Mainland. The Government will continue to be committed to promoting hydrogen development through regional collaboration, including actively following up on the co-ordination mechanisms between the HKSAR Government and the Guangdong Provincial Development and Reform Commission, as well as the provincial GBA Office. This can complement regional co-operation mechanisms on other issues including the Pearl River Delta Air Quality Management and Monitoring Special Panel under the Hong Kong-Guangdong Joint Working Group on Environmental Protection for taking forward the demonstration projects of new energy cross-boundary goods vehicles, as well as the EMSD's connections and collaborations with SAMR and GACC on the technical level.

Hong Kong will continue to leverage its distinctive advantages of enjoying strong support of the motherland and being closely connected to the world, and capitalise on its important role as a "super connector" and "super value-adder" between the country and the international community, with a view to creating opportunities for talent, financing and further development. We will strive to facilitate the export of the country's advanced green hydrogen technologies and products to gain international market recognition and bolster competitive advantages, complement the strengths of other regions in the GBA in helping our country go global and attract foreign investment, and integrate into the overall development of the country.