Chai Wan Public Fill Barging Point to reopen

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

As the Hong Kong Observatory has cancelled all typhoon warning signals, the Civil Engineering and Development Department today (November 20) announced that the Chai Wan Public Fill Barging Point will be reopened at 1pm for public use.

LCQ7: Formulating laws and regulations on low-altitude economy

Following is a question by the Hon Chan Siu-hung and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (November 20):

Question:

The Chief Executive has announced in the 2024 Policy Address that the Working Group on Developing Low-altitude Economy will be established, and is expected to commence studies and planning work on the relevant issues in the first half of next year. There are views that with the gradual emergence of various types of Advanced Air Mobility (AAM) (including aircrafts of different altitudes such as small unmanned aircrafts, manned and unmanned aircrafts weighing more than 25 kilograms, electric vertical take-off and landing aircrafts, and electric short take-off and landing aircrafts) and their shared use of the lower airspace, even if the Government relaxes restrictions on "beyond-line-of-sight flying activities" as well as those on the weight and loading of unmanned aircrafts and amends the existing Small Unmanned Aircraft Order (Cap. 448G), such arrangements cannot cover and regulate all types of AAM. In this connection, will the Government inform this Council:

(1) whether it will draw reference from the experience of our country, the United States, Japan and European Union countries in enacting legislation and formulate dedicated laws and regulations for explicitly regulating the flight and related activities of aircrafts in the lower airspace, so as to safeguard aviation safety and public safety;

(2) whether it will draw reference from the Regulation of the Shenzhen

Special Economic Zone on Promoting the Low Altitude Economy Industry and enact an ordinance to promote the low-altitude economy industry of Hong Kong, which covers areas such as infrastructure, construction and operation, aviation services, industrial application, industrial support, technology and innovation, safety management and legal liabilities, so as to provide legal protection for the promotion of the high-quality development of Hong Kong's low-altitude economy industry; and

(3) given that the Working Group on Developing Low-altitude Economy will foster and enhance technical interface with the Mainland and explore with the Mainland the joint establishment of low-altitude cross-boundary air routes, whether the Government will, as an effort to break through the limitations imposed by the varied laws and regulations of various cities, explore the feasibility of setting up "interdepartmental working groups on cross-boundary low-altitude economy" with the relevant departments of other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, so as to align with the laws and regulations of those cities as well as their standards and specifications on low-altitude infrastructure and low-altitude smart information infrastructure systems, and to establish unified low-altitude aviation management standards, co-ordinated management mechanisms and so on; if so, of the details; if not, the reasons for that?

Reply:

President,

The Chief Executive announced in the 2024 Policy Address to establish the Working Group on Developing Low-altitude Economy. The Working Group convened its first meeting on November 12 this year to discuss the overall development strategy and work plan for low-altitude economy (LAE). With a forward-looking mindset and from the perspective of a facilitator, the Working Group will embark on relevant work from the perspectives of taking forward Regulatory Sandbox (Sandbox) pilot projects, enhancing legislation, studying and planning for low-altitude infrastructure, and establishing the Greater Bay Area low-altitude cross-boundary corridor.

In consultation with the Innovation, Technology and Industry Bureau, the Security Bureau, the Civil Aviation Department (CAD), the Customs and Excise Department and the Hong Kong Police Force, the reply to the Hon Chan Siu-hung's question is as follows:

(1) The current Small Unmanned Aircraft (SUA) Order (Cap. 448G) adopts a risk-based approach in regulating the operations of SUA weighing not more than 25 kilograms. With the ever-evolving technological development, apart from SUA, different types of Advanced Air Mobility (AAM) are emerging, including larger, i.e. weighing more than 25kg manned and unmanned aircraft. At present, the International Civil Aviation Organization has yet to formulate unified international standards and recommended practices for AAM. Nevertheless, in order to facilitate the long-term development of low-altitude flying activities, it is necessary to ensure that a legal basis is in place for the operations and applications of AAM in Hong Kong, so as to safeguard aviation safety while promoting LAE. In this connection, the

Transport and Logistics Bureau and the CAD have already started to review the existing civil aviation and other relevant legislation and regulatory regime. In the process, reference will be made to similar legislation and standards imposed by the civil aviation authorities of other major regions (including Mainland China, Australia, Canada), with due consideration given to Hong Kong's present needs and long-term development.

The Government will collaborate with the industry and partner organisations to implement the Sandbox pilot project by batches starting from early next year. The pilot projects will be conducted under different scenarios (for example, different weather conditions, geographical environment, contingency situations) to test different technical requirements, including the safe operation of unmanned aircraft, signal reception, obstacle avoidance function and emergency procedures of the unmanned aircraft. The data and experience gathered from the implementation of the Sandbox pilot projects will help the Government formulate appropriate regulations in the long run.

(2) LAE can be applied widely in different areas and help promote the development of the economy and various industries, thereby injecting new impetus to the economy of Hong Kong. One of the important tasks of the Working Group is to promote cross-bureaux and inter-departmental co-operation in order to ensure the smooth implementation of LAE-related initiatives. Various bureaux and departments will maintain close communication and explore ways to expand and enrich the application scenarios for low-altitude flying activities progressively, thereby promoting the development of various industries, such as logistics, innovation and technology, tourism. The Working Group will also study and plan a set of regulatory framework applicable to low-altitude flying activities, with the objective of establishing a set of unified standards in areas such as regulations, infrastructure and low-altitude management, so as to support the long-term development of LAE. Meanwhile, the Government will continue to keep in view the latest development in the Mainland and other regions, in particular the relevant regulations and guidelines issued by Mainland cities.

As regards industrial application and support, the Government has all along been supporting research and development (R&D) in different technology areas through the Innovation and Technology Fund (ITF), including supporting local universities, R&D centres and enterprises to conduct R&D in electronics, data transfer and processing, which are related to LAE, through funding schemes under the ITF. To promote the development of the I&T industry, the Government encourages enterprises (including those involved in industries related to LAE) to set up R&D centres and new smart production lines in Hong Kong, including enabling production activities by capitalising on resources of Hong Kong's existing manufacturing industry, to promote the development of the real economy.

(3) As mentioned in the 2024 Policy Address, the Government will promote interface with the Mainland, such as to discuss the joint establishment of low-altitude cross-boundary air routes, immigration and customs clearance arrangements and supporting infrastructure, with a view to laying the foundation for future cross-boundary low-altitude flying activities (for

example, cross-boundary helicopter and drone delivery).

The Government will continue to actively liaise and communicate with the Mainland authorities to discuss and sort out matters relating to cross-boundary low-altitude flying activities.

Speech by FS at "Conversations with Global Investors" Investment Forum of Global Financial Leaders' Investment Summit (English only) (with photos/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the "Conversations with Global Investors" Investment Forum of the Global Financial Leaders' Investment Summit today (November 20):

Kelvin (Chairman of the Securities and Futures Commission (SFC), Dr Kelvin Wong), Julia (Chief Executive Officer of the SFC, Ms Julia Leung), Eddie (Chief Executive of the Hong Kong Monetary Authority, Mr Eddie Yue), distinguished guests, ladies and gentlemen,

Good morning. I'm delighted to join the second day of the Summit and take part in this conversation with global investors.

In a world beset by uncertainty, we are all eager to identify and harness major emerging trends that will drive growth and prosperity. This morning, we look into a range of such pertinent trends, from the prospects of alternative assets and private equity, to the future of investments in blockchain and generative AI (artificial intelligence).

As we navigate the complexities of a fragmented world, Hong Kong has also been striving to move along with these trends to foster the growth of new and promising horizons. And we continue to thrive on connecting with the rest of the world, proactively reaching out to both traditional and new markets. This has given us valuable insights into the strategies we should embrace. Allow me to take the next few minutes to share some thoughts with you.

My first observation is that in the face of shifting global dynamics, we must stay agile, responsive and innovative.

With changing geopolitical landscape, and a new administration in the US

(United States) on the horizon, the market has been bracing for potential headwinds. But there is no reason to succumb to pessimism. As a matter of fact, countries and businesses are adapting and transforming.

China, for example, has been undergoing remarkable economic transformation, marked by a shift towards high-quality economic growth, supported by domestic consumption, technological innovation, green investment, advanced manufacturing, and many more. Chinese enterprises are also expanding their global industry and supply chain footprint in response to shifting geopolitics.

For Hong Kong, our strategy is to continue to engage with traditional markets like the US and Europe, focusing on co-operation in areas of common interests and mutual benefits.

Earlier this year, I had the opportunity to visit the US and Europe again, where I met with financial, business and industry leaders, as well as entrepreneurs of different backgrounds.

The key takeaway from the visits was straightforward: Notwithstanding the long shadow cast by geopolitics, there is still potential and ample room for co-operation across many areas, from urban planning to infrastructure, to ESG (environmental, social and governance) standards and combating climate change.

Taking green transition as an example. This is a process that requires comprehensive transformation of our society and business activities, demanding long-term collaboration across industries, regions and at various levels. Sectors such as aviation, shipping, transportation and construction, along with businesses involved in trade and manufacturing, all need robust support in terms of policy, funding, technology and talent. Given the complexity of the transformation process, we must seek innovative solutions tailored to address different challenges.

By fostering cross-regional exchanges and engaging in cross-industry discussions at the local level, we can uncover new opportunities for collaboration and identify promising areas of common interests for development.

My second observation is that, with shifting global economic gravity, the rising Belt and Road countries, and the Global South at large, present boundless business opportunities.

The Global South now contributes to about 60 per cent of global GDP (Gross Domestic Product) in terms of purchasing power parity, and accounts for over 40 per cent of global imports and exports. If we just look at ASEAN (Association of Southeast Asian Nations), it is collectively on track to become the fourth largest economy in the world by 2030.

What characterise these markets are rapid economic growth, young population and an expanding middle class. And above all, they all share a strong aspiration for progress by pursuing investments in infrastructure, green transformation and technologies. Amid challenging global landscape, they are also seeking to diversify their investments and asset allocation.

We are making significant strides to capitalise on the opportunities presented by the growth of these emerging markets. My recent visit to Saudi Arabia exemplifies this well.

Joined by a delegation of over 100 members from the financial and innovation sectors, we returned with rewarding outcomes, including the successful listing of two ETFs (exchange-traded funds) in the Saudi Tadawul investing in the Hong Kong market, signing of investment and business co-operation agreements, pitches by Hong Kong start-ups, etc.

A significant insight from our endeavours in entering the Middle East market is the importance of a shared vision. For example, Saudi Arabia, undergoing economic and societal transformation, has underlined in its "Vision 2030" the need for diversification, modernisation and greater openness of their economy. They are also actively embracing digitalisation and green transformation.

When looking for opportunities in overseas markets, their focus extends beyond simply investing capital for financial returns. They are committed to fostering reciprocal investments, sharing experience and best practices, aligning professional standards and forging partnerships that will support their national development objectives.

This visionary mindset fully resonates with ours. The strategic investment made by our investment arm, the Hong Kong Investment Corporation, as I mentioned in my speech yesterday, is clearly one example. What's more, it is our belief that the "Hong Kong brand", comprising, among others, our world-class professional services, solutions by our tech sector, and internationally aligned standards and practices, can very much contribute to their growth and development.

And we are doing just that. The fund that Saudi Arabia's PIF (Public Investment Fund) and the Hong Kong Monetary Authority will jointly set up is a testament to this shared vision. We will be investing together to help companies with a Hong Kong and Greater Bay Area nexus expand into Saudi Arabia in target sectors, including manufacturing, renewables, fintech and healthcare, driving their economic growth, while reinforcing Hong Kong's position as one of the world's leading international financial centres, as well as a rising innovation and technology centre. This is a win-win scenario.

Ladies and gentlemen, despite the challenges posed by a fragmented world, I have no doubt that Hong Kong will continue to thrive. Adapting to uncertainties and changes is, and will be, the new normal. To navigate in a landscape of change, adapting our strategies and harmonising our vision with the evolving aspirations of our economic partners is essential. But with all the unique advantages of our city – not least our internationalisation and our commitment to innovation and progress, Hong Kong is set to remain an attractive partner for investors and businesses from around the world.

Thank you very much.

[LCQ17: Government Public Transport Fare Concession Scheme]

Following is a question by Reverend Canon the Hon Peter Douglas Koon and a written reply by the Secretary for Labour and Welfare, Mr Chris Sun, in the Legislative Council today (November 20):

Question:

Under the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ($2 Scheme), persons aged 60 or above and eligible persons with disabilities may all travel at a concessionary fare of $2 per trip on public transport modes covered by the scheme. The Government has indicated in the latest Budget that the annual expenditure of the $2 Scheme has increased by over 200 per cent from $1.3 billion in 2019â€‘2020 to about $4 billion in 2023â€‘2024. In this connection, will the Government inform this Council:

(1) of the percentage of the expenditure of the $2 Scheme in the total government expenditure in each of the past five years;

(2) of the respective amounts of subsidies granted by the Government to various public transport operators under the $2 Scheme in each of the past five years;

(3) of the number of suspected cases of abuse of the $2 Scheme and the amount involved in each of the past five years, with a breakdown by the public transport mode covered by the scheme;

(4) of the respective numbers of persons who were prosecuted for and convicted of abusing the $2 Scheme in each of the past five years and, among them, the number of those who committed the offence repeatedly;

(5) whether it has considered increasing the manpower and estimated expenditure to eradicate the problems relating to the $2 Scheme, including abuse or misuse of the scheme, as well as the practice of "taking long-haul routes for short journeys"; if so, of the details; if not, the reasons for that;

(6) whether it will study revising the details of the $2 Scheme, including adjusting upwards the eligibility age, raising the concessionary fare, setting a monthly limit on the number of concessionary rides or the amount of concession, as well as setting a limit on the amount of subsidy granted for each journey, etc., thereby easing the huge financial burden of the Government; if so, of the details; if not, the reasons for that;

(7) whether, when renewing the relevant agreements with public transport operators, it will consider requiring the inclusion of a clause on "sharing the concessionary fares of the elderly in order to fulfil corporate social responsibility"; if so, of the details; if not, the reasons for that;

(8) whether it will consider "drawing a line" on the $2 Scheme in a given year in the future, meaning that from that year onwards, elderly persons aged 60 or above will no longer enjoy concessionary fare; if so, of the details; if not, the reasons for that;

(9) given that according to the Hong Kong Population Projections 2020-2069 published by the Census and Statistics Department, the population aged 65 and above in Hong Kong will increase from about 1.37 million in 2020 to about 2.7 million in 2051 and remain at about 2.7 million until 2063, whether the authorities have estimated the percentage of the estimated annual expenditure of the $2 Scheme in the total government expenditure from 2051 to 2063; and

(10) as the Government has indicated in the latest Budget that the review of the $2 Scheme is expected to be completed within 2024, when the Government will announce the outcome of the review?

Reply:

President,

In consultation with the Transport and Logistics Bureau (TLB), the reply to the question raised by Reverend Canon the Hon Peter Douglas Koon is set out below:

(1) The percentage of total recurrent expenditure of the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities ($2 Scheme) (including the reimbursement of the revenue forgone to the participating public transport operators (PTOs) under the $2 Scheme

and operational expenses) in the total operating expenditure of the Government in the past five financial years is tabulated below:

	2019-20	2020-21	2021-22	2022-23	2023-24 (Revised Estimate)
Percentage of total recurrent expenditure in the total operating expenditure of the Government (Note 1)	0.2 per cent	0.1 per cent	0.2 per cent	0.5 per cent	0.7 per cent

Note 1: Figure for 2023-24 is calculated based on the revised estimates for 2023–24.

(2) The reimbursement of the revenue forgone to the participating PTOs in the past five financial years is tabulated below (Note 2):

	2019-20 Actual ($'000)	2020-21 Actual ($'000)	2021-22 Actual ($'000)	2022-23 Actual ($'000)	2023-24 (Revised Es
MTR Corporation Limited (MTRCL)	341,669	266,742	368,927	1,165,741	1,525,018
Franchised bus operators	541,167	408,013	576,020	1,187,781	1,536,225
Ferry operators	29,601	27,004	38,362	78,745	89,958
Green minibus operators	362,551	314,917	407,401	564,345	706,606
Red minibus operators	The $2 Scheme has not yet been extended to cover the public transport modes concerned		3,742	61,424	103,879
Kaito operators			683	7,941	6,675
Hong Kong Tramways Limited			188	2,259	2,745
Residents' service operators			The $2 Scheme has not yet been extended to cover the public transport mode concerned	10,587	28,606
Total	1,274,988	1,016,676	1,395,323	3,078,823	3,999,712

Note 2: From February 27, 2022, the eligible age of the $2 Scheme has been lowered from 65 to 60, with extension to cover red minibuses, kaitos and trams; and from September 25, 2022, the $2 Scheme has been extended to cover residents' services.

(3), (4) and (5) The Transport Department (TD) has all along been requesting participating PTOs under the $2 Scheme to strictly enforce ticket inspection and passenger identity verification work, and enforce the penalty as set out in relevant legislation and by-laws to prevent abuses of the $2 Scheme by ineligible persons. The TD also conducts surveys and monitors the situation in collaboration with PTOs regarding suspected abuses.

During site monitoring surveys jointly conducted by the TD and PTOs in the past 5 years on the Mass Transit Railway (MTR), buses, ferries, kaitos, minibuses, trams and residents' buses, 1 419 suspected abuse cases were found. Since the passengers concerned are normally required to pay the shortfall on the spot and no Government's reimbursement is involved, the Government does not keep the figures on the amount of differential fares (DF) involved in the above suspected cases.

To step up enforcement actions against abuses of the $2 Scheme by ineligible persons, the TD has enhanced joint enforcement actions with PTOs such as franchised buses and ferries from June 2023 onwards. As at end-October this year, a total of around 480 joint enforcement actions were conducted across 970 routes with about 3 080 persons inspected for suspected abuse of $2 Scheme, of which seven suspected abuse cases have been filed for investigation by the Police. Two of these cases were successfully prosecuted: one of the passengers was imposed a fine of around $14,000 and required to repay the underpaid fares (totalling around $2,000); and another passenger was convicted of two counts of false accounting and sentenced to 120 hours of community service, and was fined around $5,800 and required to repay the underpaid fares (totalling around $620). Investigation into another two cases have been completed and the Police did not have sufficient evidence to prosecute the suspected abusers. The remaining three cases are still under investigation by the Police. During the same period, the MTRCL, in its enforcement actions, imposed surcharges to a total of around 9 680 ineligible persons for abusing the $2 Scheme.

The work against abuse of the $2 Scheme is mainly conducted by existing staff. There is currently no plan to increase the manpower and estimated expenditure in this regard.

To ensure that the resources of the $2 Scheme are used properly, the Government has adopted a real-name registration system starting from August 25, 2024, mandating Hong Kong residents aged 60 or above to use JoyYou Card and eligible persons with disabilities aged below 60 to use Personalised Octopus with "Persons with Disabilities Status" to enjoy the $2 Scheme. The real-name registration system helps strengthen the monitoring of and provide evidence for tackling abuses of the $2 Scheme. The TD will continue to conduct joint special inspection and enforcement actions with the PTOs and refer suspected abuse cases with sufficient evidence to the Police for criminal investigations so as to deter ineligible persons from abusing the $2 Scheme.

In the meantime, the Government has launched a new round of publicity programmes in October 2024 to remind eligible beneficiaries, through TV and radio announcements in the public interest (API) and posters, that they must use the above-mentioned designated Octopus to benefit from the $2 Scheme, and stress that it is an offence for an ineligible person to abuse the $2 Scheme. Any person who is convicted is liable to imprisonment. Besides, the Government has all along been enabling the beneficiaries to understand how to make proper use of the $2 Scheme through publicity and education, including rolling out TV and radio APIs and posting posters at major public bus and public light bus termini as well as public light bus compartments on the routes for which two-way section fares are offered to encourage beneficiaries of the Scheme to make appropriate use of short-haul routes and to assist passengers to understand the arrangement of two-way section fare, so as to reduce the DF under the $2 Scheme and ensure proper use of public funds.

(6), (8), (9) and (10) The future expenditure of the $2 Scheme will depend on a number of factors including changes in the population of eligible persons, transport fare adjustments, changes in PTOs participating in the $2 scheme, and the effectiveness of anti-abuse measures, etc. The Financial Secretary announced in the 2024-25 Budget to review the mode of operation of the $2 Scheme with a view to maintaining the financial sustainability of the Scheme. The Government has stated clearly that it will maintain the policy intent of the $2 Scheme to build a caring and inclusive society by encouraging the beneficiaries to participate more in community activities, and has no intention to cancel the Scheme or change the existing beneficiary groups. The Government would take into account the effectiveness of different options in containing the growth of expenditure and factors including the practicability of these options in the review, and announce the review result and suggestions in due course.

(7) The TLB and TD pointed out that at present, majority of the PTOs (including MTRCL, franchised bus operators, Hong Kong Tramways Limited (HKT) and ferry operators, etc.) under the $2 Scheme have already been voluntarily offering fare concessions for a significant portion of the eligible rides for elderly persons. This mainly includes providing approximately half-price fare discounts to elderly persons aged 65 or above. The MTRCL also provides $2 fare concession on its own to elderly persons aged 65 or above who hold JoyYou Cards for at least two days a week. Under the $2 Scheme, the Government reimburses the PTOs the actual applicable fare after deducting any concessions offered by the PTOs minus the uniform flat rate of $2 per trip paid by an eligible beneficiary on an accountable basis. The fare concessions voluntarily offered by the operators to the elderly will not be reimbursed under the $2 Scheme. In other words, they have already borne part of the DF for most of elderly persons aged 65 or above under the $2 scheme.

The franchised bus operators, HKT and ferry operators provide their voluntary fare concessions to the elderly through the Elderly Concessionary Fares Scheme (ECFS). Under the ECFS, the relevant operators are encouraged to maintain the voluntary fare concessions they have been providing to elderly persons aged 65 or above through measures like exempting them from payment of annual vehicle/vessel licence fees and reimbursing them the rentals of government land. However, the waived vehicle/vessel licence fees and reimbursed rentals can only partially offset the loss of fare revenue arising from provision of voluntary fare concessions to the elderly by the operators in most cases, and the remaining loss will be borne by the operators themselves.

LCQ22: Hong Kong Dollar-Renminbi Dual Counter Model

Following is a question by the Hon Yim Kong and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (November 20):

Question:

It is learnt that the Hong Kong Exchanges and Clearing Limited (HKEX) launched the Hong Kong Dollar (HKD)-Renminbi (RMB) Dual Counter Model (the Dual Counter Model) in June last year, which has produced positive effects such as expanding the conduit for offshore RMB investment, facilitating the trading of Hong Kong stocks by RMB investors, enriching the ecosystem of RMB products, and cementing Hong Kong's role as the world's leading offshore RMB hub. However, having been in operation for a year or so, the Dual Counter Model is facing some challenges, such as the volume of dual counter securities not increasing, the poor liquidity of RMB counters, and the relatively large price gap between the counters of the two currencies. In this connection, will the Government inform this Council:

(1) whether it knows if the HKEX has conducted analysis and assessment of the operation, effectiveness and challenges of the Dual Counter Model recently; if so, of the details and the major conclusions;

(2) as it is pointed out in this year's Policy Address that the HKEX will encourage more listed companies to have shares listed in the RMB stock trading counter, and expand the scope of RMB equities, whether the Government knows if the HKEX has the specific measures and timetable in place to attain the goal; and

(3) as the financial regulatory authorities of the Mainland have expressed support for including RMB stock trading counter under Southbound trading of Stock Connect and support for the issuance of RMB-denominated stocks in Hong Kong by Mainland banks and insurance companies, how the Government will support these policies, such as whether it will take the initiative to

negotiate with the relevant Mainland authorities on motivating more Mainland institutions and investors to participate in the Dual Counter Model to facilitate its further development?

Reply:

President,

In line with the new development paradigm of our country and to meet the increasing demand from global investors for allocation of Renminbi (RMB) assets, the Government, together with the financial regulators and the Hong Kong Exchanges and Clearing Limited (HKEX), has been making active efforts in enhancing the RMB product ecosystem, with a view to strengthening Hong Kong's function as a global offshore RMB business hub, and at the same time contributing to the RMB internationalisation process.

The HKEX launched the "Hong Kong Dollar (HKD)-RMB Dual Counter Model" (dual-counter model) in 2023 to provide investors with more diversified trading options and flexibility to allocate securities in HKD or RMB according to their needs. The HKEX also introduced the "Dual Counter Market Maker" (DCMM) regime, under which buy and sell quotes are offered through the RMB counter to promote liquidity of RMB-denominated stocks. To create favorable conditions for market makers to conduct market making and liquidity providing activities at lower transaction costs, the Government has made legislative amendments to exempt the stamp duty of specific transactions by DCMMs.

In consultation with the Securities and Futures Commission and the HKEX, the reply to the three parts of the question is as follows:

(1) Currently, a total of 24 issuers have adopted the dual-counter model to provide HKD and RMB securities trading. The combined turnover of the HKD counters of their securities accounts for about 40 per cent of the average daily turnover of the cash securities market. Meanwhile, 12 exchange participants have been designated as DCMMs to conduct market making and liquidity providing activities. Since implementation, the dual-counter model and the DCMM regime have been operating smoothly. It is not unexpected for early stage trading of RMB-denominated securities to be relatively not significant in the overall market turnover.

Under the dual-counter model, the HKEX and market participants (including listed companies, investors, brokers, banks and market makers) have accumulated considerable practical experience in issuing, trading, settling and converting the same stocks, especially the highly liquid ones, in different currencies. This helps consolidate readiness for further developing the RMB securities market, and builds a solid foundation for promoting more listed companies to adopt the dual-counter model as well as including the RMB counters in Stock Connect southbound trading.

With the sustained growth of RMB cross-boundary payment and its share in global payment, we believe that the number of offshore investors holding RMB will gradually increase. The dual-counter model will provide a convenient channel for investors to allocate assets in RMB, and enhance the function of RMB as an international investment currency. It will also increase offshore investment channels for RMB, continuously enrich offshore RMB business and asset categories in Hong Kong, and contribute to the steady progression of RMB internationalisation.

(2) and (3) In the Policy Address this year, the Chief Executive has highlighted that the Government will continue to enhance the mutual market access regime and reinforce Hong Kong's status as the world's largest offshore RMB business hub, thereby contributing to the internationalisation of RMB. We together with the HKEX will continue to maintain close contact with issuers and market participants, and spare no effort in improving the existing supporting measures and optimising the trading and settlement mechanisms. Based on the successful implementation of the dual-counter model, we will facilitate the provision of RMB stock trading counters by more listed companies to further expand the scope of RMB stocks.

In this regard, the HKEX has announced the launch of a Single Tranche Multiple Counter in 2025 to optimise the settlement procedures for Multi-counter Eligible Securities (including dual-counter securities) within the Central Clearing and Settlement System. Under the new arrangement, market contracts under different trading counters of Multi-counter Eligible Securities will be reflected under the domain settlement counter for clearing and settlement purposes. The optimised arrangement will spare clearing participants from inter-counter transfer, obviating the need for separate clearing and settlement for individual trading counters. Moreover, a "same share netting" procedure will be added to allow offsetting the long position of one currency against the short position of another currency of the same Multi-counter Eligible Security. The enhanced measures will better utilise the characteristics of Multi-counter Eligible Security as a single convertible security, improve settlement efficiency and significantly reduce operational and market risks.

Meanwhile, the China Securities Regulatory Commission announced in April this year that it would implement a series of measures to expand capital market mutual access between the Mainland and Hong Kong, encompassing supporting the inclusion of RMB stock trading counters in Stock Connect southbound trading. This will facilitate Mainland investors to trade Hong Kong stocks in their own currency (i.e. RMB) and save exchange costs, thereby attracting more Mainland investors to allocate Hong Kong stocks. The Mainland and the HKEX have preliminarily attained a consensus on the relevant business plans and entered the implementation stage of technical preparations. We will continue to ask the regulators and the HKEX to step up preparations for early operation of the measure to bring new catalysts for the issuance and trading of RMB stocks in Hong Kong.

We, in co-ordination with the regulators and the HKEX, will continue to make efforts in promoting offshore RMB business and strengthening product ecosystem at various levels, including supporting Mainland listed companies to set up RMB counters, encouraging Mainland institutions to increase the issuance of offshore RMB bonds, and incentivising more institutions to issue RMB-denominated exchange-traded funds and other products, with a view to further enriching the RMB investment product suite in Hong Kong. We will also continue to conduct promotional activities for the dual-counter model. Building on the addition of RMB stock counters, we expect that the trading scale of dual-counters would gradually expand, thereby enhancing the overall competitiveness of the Hong Kong securities market.