

# LCQ18: Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area

Following is a question by the Hon Chan Chun-ying and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (June 12):

Question:

The Cross-boundary Wealth Management Connect (WMC) Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area was officially launched in September 2021 while "WMC 2.0" officially commenced on February 26 this year. It has been reported that in March this year, the number of new Mainland investors participating in the Southbound Scheme increased by nearly 12 times month-on-month and the amount of cross-boundary fund remittances involved also increased by 7.9 times month-on-month, but there was no significant increase in these figures under the Northbound Scheme. The Hong Kong Monetary Authority has pointed out that this was mainly due to the different interest rate environment between the Mainland and Hong Kong as well as the different financial management needs of the residents in the two places (e.g. Hong Kong residents already have many channels to diversify their investments). In this connection, will the Government inform this Council:

(1) as it has been reported that as at the end of March this year, over 98 per cent of the market value of Hong Kong and Macao investment products held by Mainland investors under the Southbound Scheme were deposits, while some members of the financial sector expect that the US Federal Reserve may start cutting rates in the second half of this year, whether the Government has reviewed the attractiveness of other investment products under the Southbound Scheme (e.g. funds and bonds), with a view to maintaining the development momentum of the Southbound Scheme; if so, of the details; if not, the reasons for that;

(2) whether it has conducted studies on the categories of products and the selling process under the Northbound Scheme and put in place enhancement measures to attract more Hong Kong investors to participate in the Northbound Scheme; if so, of the details; if not, the reasons for that; and

(3) whether the relevant policy bureaux and regulatory bodies have communicated with the relevant Mainland authorities on the implementation of the Cross-boundary WMC Scheme on a regular basis; if so, of the details; if not, the reasons for that?

Reply:

President,

Cross-boundary Wealth Management Connect (WMC) in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) provides GBA residents with a formal, direct and convenient channel for cross-boundary investment in diverse wealth management products and marks a milestone in the financial development of the GBA.

WMC has seen continuous and steady development since its launch in September 2021. "WMC 2.0" commenced on February 26, 2024. Enhancement measures include increasing the individual investor quota from RMB1 million to RMB3 million, lowering the threshold for participating in the Southbound Scheme to support more GBA residents to participate in the scheme, expanding the scope of participating institutions to include eligible securities firms, expanding the scope of eligible investment products, and further enhancing the promotion and sales arrangements. According to the statistics published by the People's Bank of China (PBOC), up to end-April 2024, over 110 000 individual investors in the GBA participated in WMC and cross-boundary fund remittances (including Guangdong, Hong Kong and Macao) amounting to over RMB50.7 billion had been recorded.

My reply to the question raised by Hon Chan is as follows:

(1) Under "WMC 2.0", the scope of eligible products under the Southbound Scheme has been expanded to include all "non-complex" funds domiciled in Hong Kong and authorised by the Securities and Futures Commission in Hong Kong (SFC) that primarily invest in Greater China equity, as well as low- to medium-high-risk (which was low- to medium-risk under "WMC 1.0") "non-complex" funds domiciled in Hong Kong and authorised by the SFC (excluding high-yield bond funds and single emerging market equity funds). The number of funds distributed by Hong Kong banks under the Southbound Scheme has nearly doubled, from around 160 before the expansion to around 300. At current stage, the eligible products covered by the Southbound Scheme of WMC are relatively comprehensive and could cater for the risk appetites of WMC individual investors, providing Mainland individual investors with a wide range of investment options that meet diverse investment needs.

We have been maintaining close communication with the industry and the Mainland regulatory authorities in facilitating Hong Kong financial institutions' better understanding of the operational details of the enhancement measures, thereby ensuring the effective implementation of "WMC 2.0". We are also working with the industry to step up investor education in the GBA, so as to enhance investors' knowledge of WMC and products concerned, and enable them to better capture the cross-boundary wealth management and investment opportunities.

According to the statistics published by the PBOC, up to end-March 2024, investment products of Hong Kong and Macao held by Mainland individual investors under the Southbound Scheme of WMC stood at around RMB16.24 billion, representing an increase of 1.8 times compared to the end-February

figure. Allocation in funds and bonds increased, with details tabulated as follows:

Investment products of Hong Kong and Macao held by Mainland individual investors	Market value (RMB million)		Percentage increase
	End-February 2024	End-March 2024	
• Funds	52	224	330.8%
• Bonds	8	25	212.5%
• Deposits	5,581	15,991	186.5%
Total	5,641	16,240	187.8%

We are communicating with the industry and the Mainland regulatory authorities closely, and continuously reviewing the implementation of "WMC 2.0" with a view to exploring further expansion of the product scope under the Southbound Scheme.

(2) Under "WMC 2.0", RMB-denominated deposit products offered by Mainland banks have been newly added to the scope of eligible products under the Northbound Scheme, and the scope of eligible public securities investment funds has been expanded from those with risk rating of "R1" to "R3" to those with risk rating of "R1" to "R4" (excluding commodity futures funds). This has appropriately increased the investment options and diversity for Hong Kong investors under the Northbound Scheme. Regarding promotion and sales arrangements, "WMC 2.0" has provided clarity in the sales arrangements for the Northbound Scheme that Mainland sales institutions could, upon the request of Hong Kong clients and after assessing clients' risk tolerance, introduce to them Northbound products commensurate with their risk tolerance level.

We and the Mainland regulatory authorities will examine and enhance WMC continuously (including the product types and sales arrangements) with the aim of attracting more Hong Kong investors to participate in the scheme.

(3) The Hong Kong Monetary Authority (HKMA) and the SFC have been in close communication with the Mainland regulatory authorities on the implementation of WMC, covering the monthly WMC data, the latest progress of regulatory review in both places, feedback from investors in both places, and the suggestions from the industry on the implementation process, etc. The HKMA and the SFC, in co-ordination with the Mainland regulatory authorities, have also strengthened collaboration in business presentation and investor education so as to strengthen public awareness and understanding of WMC and products concerned in both the Mainland and Hong Kong.

As an innovative financial co-operation measure in the GBA involving three different regulatory systems, WMC has been implemented under a pilot approach in a gradual and incremental manner. The Government and the financial regulators will closely monitor market developments and the

operation of WMC, collaborate with the Mainland authorities to jointly foster the smooth implementation of WMC and continuously explore further enhancement measures to increase investors' choices.

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## LCQ5: Facilitating pet owners to go out for consumption with pets

Following is a question by the Hon Rock Chen and a reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (June 12):

Question:

The Chief Executive has reportedly pointed out the need to brainstorm how to attract local spending by members of the public. However, there are views pointing out that statutory and policy restrictions have rendered it difficult for pet owners to go out for consumption with pets. In this connection, will the Government inform this Council:

(1) whether it has plans to study with public transport service operators the relaxation of regulation on boarding public transport with animals during holidays and non-peak hours, e.g. allowing passengers to board public transport at special fares with small pets put in bags or cases or large pets that are muzzled, in diapers and kept on a leash, or designating some routes or train compartments exclusively for use by people with pets, as well as imposing fines or other penalties on those in violation of the regulation; if so, of the details and timetable; if not, the reasons for that;

(2) given that under the Food Business Regulation, no person shall bring any dog onto food premises, whether the authorities will amend the legislation to allow restaurant operators to decide on their own whether indoor pet areas should be set up, and formulate the relevant hygiene and management standards, such as requiring that pets should be kept on a leash and stay away from food preparation areas; and

(3) given that the Government is promoting a mega event economy, whether the authorities have plans to incorporate pet-related elements and pet-friendly measures into the festive events, celebrations, shows, carnivals, etc. under planning to enable pet owners to participate with pets, so as to promote local spending; if so, of the details; if not, the reasons for that?

Reply:

President,

As pet keeping has become increasingly common in Hong Kong, there has been more attention in society to carrying pets when using public transport services and participating in public activities. Regarding whether members of the public can go out for consumption with pets or participate in events, the Government or relevant organisations generally need to take into account various factors, including the nature of individual facilities, whether ancillary facilities are in place, the degree of social acceptance, etc.

For instance, the Leisure and Cultural Services Department (LCSD) has actively responded to requests for opening up individual parks to members of the public for use with their pets in recent years, and has been liaising with District Councils from time to time, to identify suitable locations as pet gardens. Regarding cultural venues, members of the public are generally not allowed to bring dogs into the venues of civic centres, museums and libraries under the LCSD, except for the visually impaired bringing guide dogs along into the venue facilities. The LCSD will balance the views of different stakeholders and users of venues and facilities, and review relevant arrangements from time to time.

Having consulted the Transport and Logistics Bureau and the Culture, Sports and Tourism Bureau, my reply to the question of the Hon Rock Chen is as follows:

(1) Currently, operators of some of the public transport services, including ferries, public light buses, non-franchised buses and taxis, may decide at their discretion whether to allow passengers to board with pets. Take ferries as an example, individual operators have set relevant terms and conditions for passengers to board with pets. These terms and conditions are generally set in consideration of the actual operating conditions of the operators and to minimise disruption to other passengers, e.g. passengers must leash their pets or put them in a cage/bag, passengers with pets must stay in designated cabin zone, etc. At present, there are 19 outlying island and in-harbour ferry routes that allow passengers to board with pets, accounting for over 80 per cent of all regular ferry routes. As for public light buses and non-franchised buses, the operators may decide whether to allow passengers to board with pets having regard to the actual situation and individual hire service contract.

As regards the Mass Transit Railway (MTR) and franchised buses, the carriage of animals by passengers into railway premises and on board is currently regulated by the relevant laws. With high daily patronage and limited compartment spaces, passengers are currently prohibited from boarding MTR trains and franchised buses with pets, except for guide dogs accompanying the visually impaired. When considering whether to relax the restriction on passengers travelling with pets for these public transport services, the Government shall consider and balance different factors, including the space and carrying capacity of the compartments, reaction of the pets in the travelling environment, as well as the potential impact on other passengers.

The Government will continue to keep in view relevant suggestions for considering whether a change to the existing arrangement is necessary.

(2) Regarding bringing dogs into food premises, the Food Business Regulation (Cap. 132X) currently prohibits dogs (except guide dogs) from entering food premises. The Food and Environmental Hygiene Department (FEHD) has from time to time received complaints about certain food premises allowing customers who bring pet dogs inside.

In recent years, there are also views in society hoping to bring along pet dogs to dine in food premises. The Government understands that there may be changes in the societal culture over time but would also have to strike a balance on the need to safeguard public health and hygiene, etc. In addition, as food premises in Hong Kong are generally cramped, aside from the abovementioned angles, the reaction of pet dogs in a crowded and cramped environment (possibly with different types of dogs/animals), as well as the potential impact and threat on other diners would also need to be taken into account. Hence, the Environment and Ecology Bureau, together with the FEHD, will first conduct research on practices and experiences in other places, and will take note of the views of the public regarding bringing dogs into food premises, so as to consider the need to review current practice and legislation.

(3) Hong Kong is the Events Capital of Asia. Mega events in Hong Kong mean a lot to the city in various aspects, including generating passenger flow and more business opportunities, creating a positive atmosphere in the community, bringing joy to the public and bolstering Hong Kong's international image. In addition, different types of mega events can drive the multi-faceted development of various industries in Hong Kong. Both the direct and indirect spending of the local public and tourists during their participation in the mega events will also bring economic gains to Hong Kong.

Different events have their own nature and characteristics, and cater for different target audiences. When organising mega events, the organisers will consider different factors, including the condition and restrictions of the venue, the nature of the activity, target participants, public safety and hygiene, etc, to decide whether to allow the entry of pets. If there are mega events suitable for incorporating pet elements, it is believed that the organisers will actively consider to allow the entry of pets.

Thank you, President.

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## **LCQ20: Developing the futures and derivatives business**

Following is a question by the Hon Robert Lee and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the

Legislative Council today (June 12):

Question:

The National 14th Five-Year Plan has established Hong Kong's functions and positioning in the national development, including strengthening Hong Kong as a global offshore Renminbi business hub, an international asset management centre and an international risk management centre. Some members of the finance industry are of the view that in order to promote Hong Kong as an international risk management centre, the Government should proactively develop the futures and derivatives business. In this connection, will the Government inform this Council:

(1) whether it will urge the Hong Kong Futures Exchange to (i) look into the introduction of trading hours that dovetail with the global markets to enhance market continuity and liquidity; (ii) increase the futures products available for Derivatives Holiday Trading; and (iii) expeditiously implement the trading arrangements for futures and derivatives under inclement weather;

(2) whether it knows the latest development in respect of the launch of China Treasury Bond Futures in Hong Kong by the Hong Kong Exchanges and Clearing Limited (HKEx);

(3) whether it will discuss with relevant regulatory bodies to introduce more futures and options products for mainstream virtual assets, such as bitcoin and Ethereum;

(4) whether it will discuss with the Mainland authorities to expedite the inclusion of international futures products of Mainland futures exchanges (including the Shanghai International Energy Exchange, the Dalian Commodity Exchange and the Zhengzhou Commodity Exchange) into the mechanisms for mutual access between the financial markets of the Mainland and Hong Kong; and

(5) whether it will urge the London Metal Exchange under HKEx and commodity market participants to proactively look into and expeditiously take forward the establishment of bulk commodity delivery warehouses in Hong Kong, so as to strengthen Hong Kong's infrastructure for commodity futures and foster the development of the relevant ecosystem?

Reply:

President,

The National 14th Five-Year Plan supports Hong Kong in enhancing its status as an international financial centre, and puts forward specific targets including strengthening Hong Kong's functions as a global offshore Renminbi (RMB) business hub, an international asset management centre and a risk management centre. The Government, in collaboration with the regulators and the Hong Kong Exchanges and Clearing Limited (HKEX), strives to leverage on the unique advantages of Hong Kong under "one country, two systems" to continuously deepen the mutual access between the Mainland and Hong Kong

financial markets, enrich investments choices under the mechanism, and address the diverse asset allocation and risk management needs of domestic and overseas investors.

In consultation with the HKEX and the Securities and Futures Commission (SFC), my reply to the five parts of the question is as follows:

(1) The derivatives market is an important part of Hong Kong's securities market. The derivatives market under the HKEX registered increased trading volume in 2023, with the average daily trading volume of futures and options reaching 1.35 million contracts, representing a rise of four per cent from 2022. The average daily trading volume of key derivative products such as Hang Seng Index futures and options as well as Hang Seng Tech Index futures all hit new highs during 2023. Since the beginning of 2024 (as of end-May), the average daily trading volume of futures and options had further risen to over 1.56 million contracts.

To provide the market with greater flexibility and facilitate investors to manage risks during the overseas market hours, the HKEX launched the After-hours Trading Session (T+1 Session) in the derivatives market in 2013, and further extended the trading hours in phases subsequently. With effect from June 2019, the trading hours of T+1 Session have been extended to 3am of the next day. In line with the continuous expansion of the ecosystem of Hong Kong's derivatives market and the rapid growth of the number cum types of non-Hong Kong Dollar denominated products as well as the asset class covered, the HKEX launched the derivatives holiday trading service in May 2022 with MSCI futures and options contracts as the first suite of products. In March 2024, the service was extended to currency futures and options contracts, facilitating investors to manage foreign exchange risks during public holidays in Hong Kong. In addition, the HKEX is developing a new derivatives platform to further enhance trading and clearing efficiency, with a view to addressing evolving client needs.

On the other hand, the Government in co-ordination with the SFC made legislative amendments in 2023 to optimise the derivatives position limit regime. The 2024-25 Budget also announced that the fixed-rate stamp duty payable on the jobbing business of options market makers will be waived, so as to lower transaction costs, enhance market liquidity and improve investors' efficiency in risk management. The Government target is to introduce an amendment bill into the Legislative Council within 2024.

On the implementation of the initiative to maintain trading under severe weather, we believe that it will serve an important function of further strengthening Hong Kong's position as a two-way gateway between the international and Mainland markets, consolidating its competitiveness as an international financial centre. The HKEX conducted the public consultation from November 2023 to January 2024 on the proposed model and relevant arrangements for operating the Hong Kong securities and derivatives markets under severe weather. The Government, the HKEX and regulators have maintained close communication with relevant stakeholders on the implementation. The details and timetable will be announced within this month.



The HKEX and the SFC will continue to explore other initiatives that would benefit the development of the derivatives market. Specific improvement measures will be announced as appropriate for market consultation.

(2) and (4) The Government, regulators and the HKEX are committed to deepening and widening the mutual access between the Mainland and Hong Kong capital markets. With the strong support from the Central People's Government, a number of enhancement measures and new products were introduced under the mutual market access programme in 2023, fostering the connectivity and concerted development of the two markets. We will continue to liaise closely with relevant Mainland authorities and actively implement the expansion measures as supported by the regulators of the two places. Notably, the SFC announced in November 2023 that offshore Mainland government bond futures will be launched in Hong Kong, which will introduce an effective offshore risk management tool for investing in Mainland government bonds in Hong Kong. Relevant preparatory work has reached the final stage. The HKEX will announce the launch date and details upon obtaining regulatory approval.

On the expansion of product scope, various initiatives in broadening mutual access such as Bond Connect, Cross-boundary Wealth Management Connect, inclusion of Exchange-traded Funds (ETFs) under mutual access, Swap Connect, etc. were successively implemented in recent years. Apart from the launch of Mainland government bond futures mentioned above, we are actively collaborating with the Mainland authorities to take forward the five measures announced by the China Securities Regulatory Commission in April (including expanding the eligible product scope of equity ETFs under Stock Connect, including real estate investment trusts under Stock Connect, supporting the inclusion of RMB stock trading counter under Southbound trading of Stock Connect, enhancing the arrangements for mutual recognition of funds, and encouraging leading enterprises of industries in the Mainland to list in Hong Kong) as well as the other measures announced earlier such as the introduction of block trading under Stock Connect. We will continue to discuss with the Mainland various expansion and enhancement arrangements, and study recommendations for facilitating two-way capital flows between the two places. Individual enhancement measures will be announced as appropriate once they are ready.

(3) On virtual asset (VA), the Government issued a policy statement in October 2022 to set out the policy stance and approach towards developing a vibrant VA sector and ecosystem in Hong Kong. The objective is to provide suitable regulation for the market to unleash the potential of Web3 and other related technologies while addressing the actual and potential risks, thereby ensuring responsible and healthy market development. Since the issuance of the policy statement, the development of VA-related products in Hong Kong has achieved notable progress. Following the introduction of the first batch of VA futures ETFs in 2022, the Asia's first batch of VA spot ETFs were listed in Hong Kong in April 2024, providing investors with a richer array of VA investment options. As of end-May, the total asset under management of VA futures and spot ETFs listed in Hong Kong reached HK\$3.2 billion. The Government and regulators will continue to facilitate the development of VA-

related products.

(5) The Government attaches importance to enhancing commodities trading in the financial services sector. With the Mainland being one of the global leading commodities consumers, the influence of RMB in the commodities market has gradually increased alongside the progression of RMB internationalisation. The unique advantage of having the Mainland's support provides Hong Kong with the potential to further optimise relevant product development and infrastructure, and strive to become a major cross-boundary commodities market. The HKEX has launched a series of commodities futures products settled in RMB, covering various metal types such as gold, silver, aluminium, zinc, copper, nickel, tin and lead.

The HKEX will continue to explore relevant development, including the issuance of high-liquidity products and suitable trading methods. It will work closely with the Mainland institutions to explore the feasibility of co-operation of the HKEX and its company Qianhai Mercantile Exchange with other Mainland commodities and futures exchanges. Fully leveraging the functions of Qianhai Mercantile Exchange as a cross-boundary trading platform for specific commodities (such as soybean) will strengthen the two-way connectivity between domestic and overseas commodities market participants as well as contribute to enhancing our country's pricing power in the international commodities market. The Government and financial regulators will support the work of the HKEX, and actively discuss relevant measures with the Mainland. We are pleased to note that the industry has liaised with the London Metal Exchange on specific measures, including the proposal to establish an accredited commodities settlement warehouse in Hong Kong. The London Metal Exchange is positive towards the proposal and will further study the practical commercial demand and feasibility with the industry. The Government and financial regulators will provide assistance as appropriate.

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## **S for S speaks on specification of absconders in respect of offences endangering national security and specification of measures applicable against relevant absconders under Safeguarding National Security Ordinance**

â€‹Following is the transcript of remarks by the Secretary for Security,

Mr Tang Ping-keung, at a media session on the specification of absconders in respect of offences endangering national security and specification of measures applicable against relevant absconders under Safeguarding National Security Ordinance this morning (June 12):

Reporter: First, why is the Government deciding to cancel the passports of the six now? Why today? And why months after Article 23 took effect? And the second question, because one of the six is operating an account on the platform Patreon, so will his subscribers also face legal consequences as people will be blocked from providing funds and resources to the six? Thank you.

Secretary for Security: First of all, the reason why we have to declare them as specified absconders, it is because according to the law, and actually we have to address and we have to combat, to deter and to prevent those people who have committed offences relating to endangering national security to abscond, so this is a necessary action that we have to take. And regarding the use of the tool that may be used to provide funds to those specified absconders, here I would like to reiterate that it is an offence to provide funds or to handle funds for those specified absconders, no matter what platform it is.

Reporter: Will the Hong Kong Government demand other countries not to recognise the Hong Kong passports of these six people, and how would you make sure other countries would agree? My second question is that the international human rights treaty, the ICCPR (International Covenant on Civil and Political Rights), guarantees freedom of movement. Are the passport cancellations of these six people a violation of their rights?

Secretary for Security: First of all, the Immigration Department will, according to our law, cancel their passports. There is a well established mechanism among different countries regarding how to notify the cancellation of passport. There is absolutely no contravention to the covenant you have quoted. It is because according to all those covenants, there are exceptions because of national security grounds. This is not just applicable to Hong Kong, but applies to all civilised societies.

Reporter: What are the actual intended effects of these new restrictions given to these people under the Safeguarding National Security Ordinance, given some of them only have BNO passports, and are currently residing in the UK, which could give them citizenship or permanent residency, which could eventually render a lot of these restrictions useless? Also, how many of these people actually held HKSAR passports for the Government to cancel?

The second question, as mentioned earlier, the Government will also not allow the transfer of money or other resources to these individuals as well. In the case of YouTube and Patreon, will the Government also proactively reach out to these companies and try to demand that they take them down, or will they also restrict them on any way in regards of this particular action or measure ? Thank you.

Secretary for Security: First of all, we are not just (taking) one measure , like cancelling their passports. We have a range of measures, for example, like any provision of funds or handling of funds for them, will be subject to these restrictions, so it is not just one. To answer the other question, all those people (who) are entitled to have HKSAR passports, under our suspension requirement, even if they want to apply for a new passport, it won't be allowed. As I said, it will be illegal to provide funds or handle their funds, it doesn't matter which platform it is, as long as they are providing funding or assisting them to handle the funding, (they) will be subject to criminal sanction. Thank you.

(Please also refer to the Chinese portion of the transcript.)

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## **LCQ13: Positioning and role of Kai Tak Sports Park in sports development**

Following is a question by the Hon Adrian Ho and a written reply by the Acting Secretary for Culture, Sports and Tourism, Mr Raistlin Lau, in the Legislative Council today (June 12):

Question:

Occupying an area of about 28 hectares and being the largest sports infrastructure project in Hong Kong's history, the Kai Tak Sports Park (KTSP) will open in the first half of next year. Some competition events of the 15th National Games (NG) will be held in the KTSP. In this connection, will the Government inform this Council:

(1) given that while Hong Kong will organise eight competition events of the NG (including Basketball (men U22), Cycling Track, Fencing, Golf, Handball (men), Rugby Sevens, Triathlon and Beach Volleyball) and one mass participation event (i.e. Bowling), the events are scheduled to be held at different venues, of the reasons for the relevant arrangement (including whether it is based on the consideration on the capacity of the KTSP in organising mega events); the plans in future to showcase the KTSP's world-class facilities and operation quality, thereby enabling it to contribute to the efforts in making Hong Kong a centre for major sports events;

(2) as it is reported that the competition events of the NG to be organised in Hong Kong will be shared among the KTSP and venues such as the Hong Kong Coliseum, the Hong Kong Velodrome and the Fanling Golf Course, and only the Rugby Sevens competition will be held at the KTSP's Main Stadium, giving an impression of a limited role played by the Main Stadium in the NG, whether the authorities have set a target on organising other events at the Main Stadium, such as attracting more competitions comparable in scale with the

Hong Kong Sevens to be held at the KTSP's Main Stadium, so as to proactively develop the KTSP into an "iconic foothold" for hosting local and international major sports events; if so, of the details; if not, the reasons for that; and

(3) as there are views that with the commissioning of the KTSP in future, it may also serve as a performance venue for concerts of local artistes and international superstars, variety shows, etc, but such use may give an impression that the KTSP has deviated from its original purpose of development, how the authorities strike a balance among different development directions, thus allowing the KTSP to develop into a landmark for major sports events in Hong Kong, and at the same time promoting the development of the sports, performing arts and cultural industries in Hong Kong?

Reply:

President,

The Government is committed to promoting sports development in Hong Kong by promoting sports in the community, supporting elite sports, developing Hong Kong into a centre for major international sports events, enhancing professionalism and developing sports as an industry. This include promoting sports at community level, increasing and enhancing sports and recreation facilities, and encouraging collaboration among communities in fostering a strong sporting culture; strengthening the support to elite athletes as well as attracting major international sports events to be held in Hong Kong. At the same time, we endeavour to promote sports development in Hong Kong through enhanced professionalism in the sports sector and the development of sports as an industry.

Being the largest sports infrastructure project in Hong Kong's history, the Kai Tak Sports Park (KTSP) is crucial to the Government's implementation of the relevant sports policies. The KTSP will provide modern and multi-purpose sports and recreation facilities upon completion, including a 50 000-seat Main Stadium, a 10 000-seat Indoor Sports Centre, a 5 000-seat Public Sports Ground and about 14-hectare landscaped open space and other ancillary facilities. According to the current construction progress, we expect that the major facilities of the KTSP will be completed by end of 2024 and the KTSP will be open in the first half of 2025.

The consolidated reply to the questions raised by the Hon Adrian Ho is as follows:

(1) The 15th National Games (NG) will be unprecedentedly co-hosted in Guangdong, Hong Kong and Macao from November 9 to 21, 2025. Hong Kong will organise eight competition events, namely Basketball (men U22), Cycling Track, Fencing, Golf, Handball (men), Rugby Sevens, Triathlon and Beach Volleyball. Hong Kong citizens, people living in the Greater Bay Area and even sports lovers from all parts of the Mainland can visit the competition venues in Hong Kong to watch the high-level matches and cheer for the athletes.

When organising major multi-sport events, host cities or regions would generally make full use of suitable existing venues and facilities. As the 15th NG will be held over a period of 13 days only, having carefully considered factors such as the expected number of competition days of the eight events (a number of events such as Basketball (men U22), Fencing, Handball (men) and Beach Volleyball are expected to take more than a week), venues that are currently or soon-to-be available in Hong Kong, the time required for setting up as well as the transportation arrangements and crowd management, we are planning to organise a total of three competition events in the KTSP, namely Fencing, Handball (men) and Rugby Sevens. Basketball (men U22), Cycling Track and Golf will take place at the Hong Kong Coliseum, the Hong Kong Velodrome and the Fanling Golf Course respectively. Triathlon will be held at the Central Harbourfront while Beach Volleyball will be organised in the Victoria Park. The above arrangements not only make effective use of the venues and facilities in Hong Kong, but also showcase to the visiting spectators or audience on television the outlook and characteristics of various districts of Hong Kong.

(2) The KTSP adopts a "Design, Build and Operate" model, with Kai Tak Sports Park Limited (KTSPL) being the Contracted Party responsible for the design, construction and future operation of the Sports Park.

In accordance with its operational requirements, KTSPL has to achieve key performance indicators (KPIs) on the hosting of sports events at the major facilities during the operation period. If it fails to achieve the KPIs, the Government can require the Contracted Party to make payment according to the contractual requirements. The KPIs on sports events are listed as follows:

	Sports events in operating year 1 to 5	Sports events in operating year 6 to 10	Performance failure payment
Main Stadium	40 days per annum	54 days per annum	\$500,000 per day below the minimum level
Main arena of Indoor Sports Centre	76 days per annum	88 days per annum	\$100,000 per day below the minimum level
Public Sports Ground and the rest of precinct	69 days per annum	75 days per annum	\$50,000 per day below the minimum level
Total attendance at sports events	600 000 attendees per annum	700 000 attendees per annum	\$25 per attendee below the minimum level

On the other hand, KTSPL also undertakes to implement a Sports Events Support Scheme (SESS) to support sports events. Its financial commitment under the SESS is \$1.583 billion in total, which is to be

disbursed over a period of around 20 years. Commitment under the SESS will be met either by waiving venue hiring charges for sports events held in the Sports Park or by making direct financial contribution to any sports events. The above arrangements will encourage the Contracted Party to proactively promote the KTSP as "the destination" for local and international large-scale sports events.

(3) As aforementioned, KTSPL has to comply with the contractual requirements to ensure that its operation can achieve the KPIs, such as ensuring the number of days of hosting sports events in each major facility, the time provided for sports use in each venue and the usage rate of the major facilities, etc, with a view to meeting the objectives of the Government's sports policy.

At the same time, we believe that the facilities of the KTSP will be welcomed by organisers of large-scale events. In particular, the Main Stadium, being equipped with a retractable roof, offering different stage positioning and seating configurations as well as adopting a flexible pitch system design, provides more options for hosting different types of large-scale events such as sports competitions and pop concerts. The outdoor event space adjacent to the Main Stadium also allows the hosting of different kinds of outdoor sports and entertainment events. As for the Indoor Sports Centre, its retractable seating system and flexible configuration of the play field provide another option for hosting various kinds of sports, culture or entertainment events.

Indeed, KTSPL has so far made contact with over 200 local and international sports and non-sports events' promotion bodies, organisations and agencies, amongst which around 50 of them have expressed interest in utilising the facilities at the KTSP and are learning about the leasing arrangements. The Government will establish an inter-departmental working group led by the Chief Secretary for Administration to ensure the successful completion and commissioning of the KTSP. In addition, we will closely monitor the usage of the KTSP after its commissioning to balance the staging of large-scale sports and non-sports events with a view to showcasing Hong Kong as an events capital. We believe that the KTSP will bring about significant synergy to the development of Hong Kong. While promoting sports in the community, supporting elite sports, maintaining Hong Kong as a centre for major international sports events, enhancing professionalism and developing sports as an industry, the KTSP will also drive the development of related industries such as entertainment, performances and tourism.