

LCQ15: Patriotic education

Following is a question by the Hon Stanley Ng and a written reply by the Secretary for Constitutional and Mainland Affairs, Mr Erick Tsang Kwok-wai, in the Legislative Council today (July 3):

Question:

On April 29 this year, the Working Group on Patriotic Education held its first meeting and decided to set up four sub-groups (i.e. school education; local community; history, politics, economy and culture; and media publicity) to carry out patriotic education work. There are views that history, politics, economy and culture are significant aspects, and in particular, the history of the War of Resistance (the War) is an important resource for patriotic education. In this connection, will the Government inform this Council:

(1) of the number of patriotic education bases or organizations subvented by the Government in Hong Kong; the patriotic education activities held by these bases and organizations, and whether it has assessed the effectiveness of such activities;

(2) as it is learnt that many patriotic groups in the community have taken the initiative to organize various patriotic education activities and even established their own patriotic education centres, of the amount of resources allocated or to be allocated by the Government for collaboration with patriotic forces in the community including district organizations and patriotic trade unions, and whether it has formulated corresponding performance indicators; how the Government will make better use of patriotic forces in the community to promote patriotic education;

(3) as there are many patriotic education demonstration bases, as well as memorial halls and museums of the War on the Mainland, and there are also valuable resources for patriotic education such as the Opium War Museum in Humen, Dongguan and the Dongjiang Column Memorial Hall in Shenzhen, how the Government will make use of such resources to promote the development of patriotic education in Hong Kong (e.g. whether there are specific plans, cooperation directions and cooperation targets);

(4) as there are views that the numerous relics and heritages related to the history of the War in Hong Kong are important resources for patriotic education, whether the Government has formulated a list of these education resources; if so, whether it can provide the list to this Council; how the Government will make planning for, consolidate and utilize these education resources to promote patriotic education in Hong Kong; and

(5) whether the Government will consider organizing model exhibitions of the country's military equipment to revisit history while showcasing the country's increasing strength through the evolution and development of military equipment and China-made equipment used in major battles by the

country and Hong Kong, so as to strengthen national and patriotic education; if so, of the details of the relevant plan; if not, the reasons for that?

Reply:

President,

Having consulted relevant bureaux and departments, the consolidated reply to the question raised by the Hon Stanley Ng is as follows:

Patriotic education is rich in content, covering many facets including the history, culture, traditions and values, and symbols and signs of our country. Currently, different policy bureaux and departments have set up various kinds of schemes to sponsor local community groups and non-governmental organisations (NGOs) to organise diversified promotional and publicity activities on different subjects, with a view to enhancing the sense of national identity and patriotism of the general public. For instance, the Community Participation Scheme set up under the Committee on the Promotion of Civic Education sponsors organisations for activities in promoting civic and national education; the Home and Youth Affairs Bureau and the Youth Development Commission also put in place various funding schemes, including the Funding Scheme for Youth Exchange in the Mainland and the Funding Scheme for Youth Internship in the Mainland, to provide funding support to NGOs in organising exchange activities or internship projects, so as to facilitate young people to visit the Mainland in person and learn and understand the country's development; the Constitutional and Mainland Affairs Bureau, through the Constitution and Basic Law Promotion Activity and Research Sponsorship Scheme, provides sponsorship to NGOs in the community to stage promotional activities in a diversified manner and conduct research on the Constitution, the Basic Law and the Hong Kong National Security Law; the Home Affairs Department (HAD) launched the three-year Clansmen Culture Promotion Scheme this March to provide funding support for clansmen associations to organise activities promoting hometown culture in order to foster the spirit of patriotism; the HAD will also hold a number of patriotic education celebratory activities with local organisations across 18 districts around the National Day; the Education Bureau (EDB) provides funding for non-profit making organisations to organise Mainland exchange activities for primary and secondary students through the Passing on the Torch: National Education Activity Series Subvention Scheme, enabling them to gain a deeper understanding of our country's development and cultivate patriotism; and the Culture, Sports and Tourism Bureau (CSTB) provides funding for the Sports Federation & Olympic Committee of Hong Kong, China to organise the Greater Bay Area Youth Sports Exchange Programme to strengthen exchanges and enhance the friendship between young athletes from Guangdong Province and Hong Kong through sports training and competitions. Relevant bureaux and departments will continue to co-operate with NGOs and community groups (including providing sponsorships for them to organise various kinds of national education related activities) to jointly promote national and patriotic education, and will review the effectiveness of such activities from time to time.

Organisations that wish to organise patriotic education related

activities can use or rent suitable venues according to their needs. The HKSAR Government offers numerous premises, for example, the base for youth development and national education in Tsing Yi, which was converted from part of the community isolation facility, allows youth uniformed groups, schools and NGOs to hold flag raising and foot drill training, national education, and other youth development-related activities, etc. At the same time, through introducing the origin and special historical significance of community isolation facilities which were constructed under the Central Government's support, it allows youths to understand the care for Hong Kong by the Central Government, thus enhancing their sense of national identity. Whereas the Civic Education Resource Centre at Youth Square can, apart from having a collection of reference materials and teaching kits on civic education and youth development, be used for holding talks, training courses, film shows and seminars, etc. The thematic exhibition area and the permanent interactive exhibition area showcase interactive exhibits to promote core civic values, positive personal values and national knowledge. This year's exhibitions include Guangdong-Hong Kong-Macao Greater Bay Area Roving Exhibition and Rule of Law Exhibition.

In addition, there are currently various museum resources which can be effectively utilised for patriotic education. These include the Hong Kong Museum of History, the Hong Kong Palace Museum and the Hong Kong Science Museum, covering a wide range of themes, such as the history of the War of Resistance, Chinese history, Chinese culture, and the technology achievements of the country. By exploring the rich collections of these museums, citizens and students can gain a better understanding of the history and achievements of our country, with a view to strengthening their sense of national identity and enhancing patriotism. Of particular note is that the Hong Kong Museum of Coastal Defence (MCD) will be converted into the Hong Kong Museum of the War of Resistance and Coastal Defence in September this year, with focus on the history of the War of Resistance. Through public and educational activities, the museum aims to enhance patriotism among the public regarding the war and to pay tribute to its martyrs. The HKSAR Government will also revitalise and convert Block 58 of the former Whitfield Barracks in Kowloon Park into the Chinese Culture Experience Centre, and organise a variety of activities and workshops for promoting Chinese culture. Moreover, the Government will set up a museum to showcase the developments and achievements of our country, covering areas such as its history, politics, economic development and culture. We encourage schools and organisations to make good use of these resources, allowing students and citizens to gain comprehensive understanding of our country, its history, and the Chinese culture from different perspectives.

In addition to the resource centres and museum as mentioned above, groups and individuals in the community can also make use of local historical sites and landmarks to enrich the content and experiences of patriotic education, such as the Law's House (currently the Hong Kong Sha Tau Kok Anti-Japanese War Memorial Hall) at Sha Tau Kok that was used by the Hong Kong and Kowloon Independent Brigade of the East River Column as its base of operations and transportation checkpoint, as well as the Memorial Monument for Martyrs during World War II at Wu Kau Tang. In this regard, the Chinese

Culture Promotion Office and the MCD under the Leisure and Cultural Services Department (LCSD) will join forces to design and organise guided tours by making use of the historic sites in association with the War of Resistance to boost the understanding and awareness of the war history among the public.

On utilising patriotic resources in the Mainland, as well as relics and heritages related to war history in Hong Kong, currently, relevant bureaux and departments have plans to commence work:

(a) In better utilising Mainland patriotic resources, the EDB has been collaborating with the education authorities of different Mainland provinces and municipalities to organise Mainland exchange programmes and study tours for students to enable them to gain first-hand experience of our country's development and achievements, thereby enhancing their sense of national identity. Mainland exchange programmes (MEPs) for students offer more than 100 000 exchange quotas every year, allowing every student to join at least one MEP in the respective primary and secondary stages. In addition, since the previous school year (2022/23 school year), EDB has launched Mainland study tours for the senior secondary subject of Citizenship and Social Development (CS). From the previous school year to July 2024, a total of around 95 000 senior secondary students have participated in the CS tours and very positive feedback has been received from teachers and students. The EDB will incorporate more visiting spots with "red resources" appropriately into the routes of MEPs and study tours, allowing students to experience the arduous struggles and patriotic sentiments of the revolutionary predecessors. Starting from the coming school year (2024/25 school year), the EDB will include visits to Sihang Warehouse Battle Memorial as part of MEPs and add a new route of CS tour to Jiangxi Province with visits to the source of Dongjiang water and the starting point of Long March, with a view to stepping up the promotion of patriotic education. The EDB also organises Mainland study activities for teachers. The tours include visits to valuable resources for patriotic education. For example, to commemorate the 90th anniversary of the Long March, EDB organised the Retracing the footsteps of revolutionary predecessors: from Yan'an to Xi'an – a study tour for Chinese history teachers in April this year to enhance teachers' understanding of the history of the Chinese Communist Party, the spirit and significance of the Long March. Besides, the MCD, after being converted into the Hong Kong Museum of the War of Resistance and Coastal Defence on September 3 this year, will regularly hold thematic exhibitions related to the War of Resistance in the Special Exhibition Gallery, and collaborate with cultural institutions and museums from the Mainland. The LCSD will jointly present a thematic exhibition with the Shenzhen Municipal Cultural Relics Bureau this September. The exhibition, to be jointly organised by the Hong Kong Museum of the War of Resistance and Coastal Defence, the Dongjiang Column Memorial, Shenzhen and the Memorial Hall of Chinese Cultural Celebrity Rescue, will introduce the joint resistance efforts of the East River Column in both Hong Kong and Shenzhen.

(b) In making good use of local relics and heritages related to war history, the Tourism Commission under the CSTB, in collaboration with the Agriculture, Fisheries and Conservation Department, has been taking forward the

Enhancement of Hiking Trails – Phase II which covers hiking trails relating to war history, namely Lion Rock Historic Walk, Shing Mun War Relics Trail and Luk Keng War Relics Trail. Over the years, the MCD has organised various thematic lecture series related to the history of the War of Resistance, including, The War of Resistance against Japan and Hong Kong (September 2021), Women in Troubled Times: Hong Kong Women during the War of Resistance (October to December 2023), Popular Religion in Hong Kong during Wartime (January to March 2024), Literature and Other Publications in Hong Kong during the War of Resistance (April to June 2024). Moreover, during the years of 2022/23 and 2023/24, a series of programmes titled Fight as One: Anti-Japanese Guerrillas were held, including thematic lectures, travelling exhibitions, and site visits, etc. These activities aimed to deepen the public's understanding on the history of the War of Resistance in Hong Kong and the Hong Kong and Kowloon Independent Brigade of the East River Column. We will consider working out a list on related relics for easy reference by schools and organisations.

Regarding the suggestion to organise exhibitions showcasing models of the country's military equipment, the Chinese People's Liberation Army (PLA) Hong Kong Garrison organises barracks open days around July 1 every year. Since 2021, the Hong Kong Garrison Exhibition Center was set up at Ngong Shuen Chau Barrack, displaying historical photos, antiques and models of the PLA's military equipment. Through the visits, relevant groups can deepen their understanding of the remarkable achievements of the country, the nation's military history and the work of the Hong Kong Garrison. Besides, within the MCD, there is currently a gallery dedicated to the Hong Kong Garrison. This exhibition introduces the responsibilities of the Garrison, which has been in charge of Hong Kong's military facilities and defence since 1997, serving as a crucial cornerstone for maintaining Hong Kong's prosperity and stability. The exhibition is supplemented with historical photos, artifacts, models of PLA vessels (including landing ship, patrol boat, missile boat, and the aircraft carrier "Liaoning"), films, and interactive programmes. These displays help the public understand the evolution of national military equipment, thereby enhancing their national confidence and patriotic spirit. The MCD will explore the feasibility of collaborating with Mainland cultural institutions and museums to organise exhibitions showcasing the models of the country's military equipment, providing Hong Kong citizens with a deeper understanding of the evolutionary development of the country's defence capabilities.

LCQ1: Developing low-altitude economy

Following is a question by the Hon Chan Siu-hung and a reply by the Acting Secretary for Transport and Logistics, Mr Liu Chun-san, in the Legislative Council today (July 3):

Question:

“In the "two sessions" this year, the State President stressed the need to develop new quality productive forces. There are views that new quality productive forces generated by low-altitude economy (LAE) industries will accelerate the synergistic and diversified economic development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), and Hong Kong should proactively dovetail and co-ordinate with various GBA Mainland cities, make good planning starting from the top-level design and start formulating industry policies, so as to expeditiously promote the development of Hong Kong's and cross-boundary LAE. In this connection, will the Government inform this Council:

(1) given that LAE development involves different policy areas, whether the Government will consider setting up an inter-departmental working group on LAE to effectively co-ordinate various policy bureaux and government departments to take forward LAE development; if so, of the details and the implementation timetable; if not, the reasons for that;

(2) whether it will review the relevant legal framework, and consider making good planning starting from the top-level design, formulating strategies for LAE development, and introducing industry policies and implementation plans covering areas such as infrastructure, industrial application, innovation and technology, safety management, and insurance laws and regulations; and

(3) whether it will consider exploring the development of infrastructure for LAE in the Northern Metropolis and the Kau Yi Chau Artificial Islands, including information infrastructure such as common take-off/landing points, communications, navigation, surveillance and meteorological maps, and expeditiously kick-starting local and cross-boundary pilot projects on LAE?

Reply:

President,

The Premier of the State Council, when delivering the Government Work Report in the second annual session of the 14th National People's Congress, mentioned the need to actively foster the development of low-altitude economy as one of the new growth engines. In order to tie in with the overall national development strategies, the Government of the Hong Kong Special Administrative Region has also been proactively promoting the development of low-altitude economy on various fronts.

With continuous technological development and innovation, the concepts of low-altitude economy and low-altitude flying activities, which are centrally driven by Advanced Air Mobility (AAM), have gained widespread attention in the Mainland and internationally in recent years. Low-altitude economy brings emerging development opportunities to Hong Kong. However, given the relatively complex airspace and geographical environment in Hong Kong, the Government needs to ensure that the relevant flying activities are conducted in an orderly and risk-controlled manner.

In consultation with the Development Bureau, the Commerce and Economic Development Bureau and the Civil Aviation Department (CAD), the consolidated reply to the question raised by the Hon Chan Siu-hung is as follows:

(1) The overall development of low-altitude economy is a huge systematic project which requires co-ordination in different areas, including regulations, formulation of aviation safety policies, technological research and development, infrastructural support, land planning and commercial applications. The Transport and Logistics Bureau (TLB) has been working closely with the relevant bureaux and departments to make co-ordination and remove barriers under different policy areas to support the development of low-altitude economy. At the same time, the TLB and the CAD are actively exploring ways to promote low-altitude flying activities from the perspectives of regulations, technical requirements and airspace management, etc.

(2) Low-altitude airspace dedicated to low-altitude flying activities has always been available in Hong Kong airspace, and low-altitude flying activities, including helicopter flights and small unmanned aircraft (SUA) operations, have been taking place in Hong Kong airspace for many years. With the expected gradual increase in low-altitude flying activities, the CAD is working with the industry under the framework of the existing SUA Order (Cap. 448G) to explore ways to further facilitate and widen the applications of SUA, e.g. beyond-visual-line-of-sight operations, as well as to further expedite the application process by different means. Apart from SUA, different types of AAM are also emerging, including larger, i.e. weighing more than 25 kilograms manned and unmanned aircraft. At present, the International Civil Aviation Organization (ICAO) has yet to formulate international standards and recommended practices for AAM. In the long run, in order to ensure that a legal framework is in place for the operation and applications of AAM, the Government will review the existing civil aviation and other relevant legislation and regulatory regimes based on different considerations, including aviation safety, airspace management, privacy, insurance requirements, customs, immigration and quarantine procedures for cross-boundary flying activities, so as to support the latest development of low-altitude economy.

(3) In terms of infrastructure, with the gradual increase in AAM activities, low-altitude airspace management will also require the gradual establishment of corresponding software and hardware infrastructure systems and supporting facilities, including global navigation satellite systems and related differential positioning facilities; radio mobile communication network systems, high-speed data transmission systems, cloud computing and big data platforms, smart low-altitude traffic management systems and data exchange platforms, flight plan management systems, network security provisions; cross-boundary system connections. These systems and facilities will need to interface and exchange data with existing systems, such as air traffic management system, airport drone detection system, meteorological system and "eSUA".

Among the various infrastructure facilities, mobile radio communications network is indispensable for promoting low-altitude flying activities. At

present, the relevant spectrum supply and network coverage, including commercial 4G and 5G networks in Hong Kong can adequately support general operations of unmanned aircraft. In addition, the regulatory regime in relation to communications, i.e. the Telecommunications Ordinance (Cap. 106), does not impose any restriction on the development of low-altitude economy and its related applications. The Office of the Communications Authority will continue to closely monitor the development trends of the telecommunications industry in the Mainland and around the world, including 5G and 6G technologies, in order to ensure that Hong Kong's spectrum planning is in line with that of the Mainland and other advanced economies.

Furthermore, new large-scale land development projects, like the New Development Areas of the Northern Metropolis and the Kau Yi Chau Artificial Islands, can provide a large amount of land and space, such as sufficient open space, community and commercial land, etc, which should be able to cope with the land and space requirements of the infrastructure relevant to low-altitude economy. In terms of town planning, the infrastructures and uses related to the low-altitude economy, such as vertiports and charging facilities, can generally be accommodated under the permitted uses of the relevant zoning or their ancillary uses. In other words, there is scope for these new development regions to provide the necessary land and infrastructure for promoting low-altitude economy.

Regarding the promotion of pilot projects on low-altitude economy, the Mainland is now primarily using civil unmanned aircraft pilot areas as a basis for establishing low-altitude economy development zones and test flights areas, thereby fostering the development of low-altitude economy. As different application scenarios involve different requirements on aircraft loading, flight range, flight duration, operational reliability and safety, the Government will implement pilot projects on low-altitude economy in a gradual and orderly manner, starting with the transport of goods by unmanned aircraft, and then gradually widening and enriching the application scenarios of AAMs from the near to the far, and from the light to the heavy. The Government will continue to work on various fronts to capitalise on the Mainland's strengths and promote low-altitude economy as one of the growth engines of new quality productive forces.

Thank you, President.

LCQ17: Hong Kong Investment Corporation Limited

Following is a question by the Hon Mrs Regina Ip and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (July 3):

Question:

The Chief Executive announced the establishment of the Hong Kong Investment Corporation Limited (HKIC) in the 2022 Policy Address, and nearly two years later, the HKIC finally signed a strategic partnership agreement (the Agreement) with the innovation and technology (I&T) enterprise, SmartMore Corporation Limited (SmartMore), last month, marking the first time the HKIC signs a strategic partnership agreement with a technology enterprise. In this connection, will the Government inform this Council:

(1) of the specific amount of the HKIC's investment in SmartMore under the Agreement; if the amount of investment cannot be disclosed, of the reasons for that; whether it has drawn up a timetable for disclosing the arrangements under the Agreement;

(2) given that in the reply to a question raised by a Member of this Council on the Estimates of Expenditure 2024-2025, the Government has indicated that the Board of Directors of the HKIC will formulate appropriate disclosure arrangements for the HKIC in accordance with factors such as the actual needs of its investment operation, of the current progress of the relevant work; when the Government plans to disclose the investments made by the HKIC in various enterprises and explain how such investments will bring into play its role of channelling capital and leveraging market resources;

(3) as it is learnt that SmartMore has undertaken in the Agreement to establish the first artificial intelligence (AI) research institute in Hong Kong to nurture local AI talents, whether the Government has assessed the economic benefits that the project will bring to Hong Kong; if so, of the details; if not, the reasons for that;

(4) whether, in addition to the establishment of an AI research institute, there are other plans under the Agreement to build an I&T ecosystem in Hong Kong; if so, of the details; if not, the reasons for that;

(5) as it is learnt that an AI-powered real-time translation service was provided on the spot at the signing ceremony of the Agreement, and SmartMore's official website has uploaded both the Chinese and English versions of the press release on the signing ceremony, but the HKIC's official website has only uploaded the Chinese version of the press release and the speech delivered by its Chief Executive Officer (CEO) one week after the signing ceremony, and there are views that the relevant practice may hinder the HKIC's external publicity work, of the reasons why the HKIC did not upload the English version of the press release and the speech delivered by its CEO; and

(6) whether the HKIC has formulated measures to step up its external publicity work; if so, of the details; if not, the reasons for that; whether the Government has formulated corresponding performance indicators for the HKIC; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Hong Kong Investment Corporation Limited (HKIC), the reply to the six parts of the question is as follows:

(1) The HKIC plans to join hands with SmartMore in accelerating the advancement in the continued development and application of cutting-edge technologies in artificial intelligence (AI) large language models (LLM) in Hong Kong, with a view to contributing to the economic and social developments of Hong Kong. Key content of the strategic partnership agreement was disclosed on the date of signing, which includes the establishment of the first AI Research Institute by SmartMore in Hong Kong to focus on nurturing Hong Kong young talents for AI development, putting Hong Kong as the priority location for initial public offering in its future development plan, and deployment of resources to enhance the computing power of Hong Kong. Owing to the confidentiality clauses regarding the commercially sensitive information in the agreement, details on the investment amount cannot be disclosed.

(2) The HKIC has started to implement certain direct and co-investment projects in June this year covering the themes of Hard and Core Technology, Biotech, New Energy and Green Technology. All of these investment projects target companies that are at the forefront of technology or operate in critical sectors, and are medium to long term investments. The HKIC aims to exert its influence as "patient capital", accelerating the construction of the information innovation and technology (I&T) ecosystem in Hong Kong and generating investment return by way of investing and signing collaboration agreements. The HKIC will have appropriate disclosure arrangements in its annual report regarding its operations and investment.

(3) "Science and technology is primary productive force, talent is primary resource, and innovation is primary driver of growth". Talent is a key element in I&T. Nurturing talents in the specialised field of AI is very important for the fostering and continued development of the relevant ecosystem in Hong Kong. SmartMore will establish the first AI Research Institute in Hong Kong, which will focus on nurturing Hong Kong's young talents for AI development. The relevant Research Institute will be situated in a reputable university in Hong Kong, with details being discussed in depth. Talent development is an important factor for the HKIC when selecting strategic partners or investment projects.

(4) Other key content of the strategic partnership agreement includes putting Hong Kong as the priority location for initial public offering in SmartMore's future development plan, and deployment of resources to enhance the computing power of Hong Kong. SmartMore's strategic partnership with the HKIC means that SmartMore is plugged into the I&T ecosystem of Hong Kong as well as the broad network of the HKIC, benefiting from more cross-jurisdictional and cross-sectoral resources. The HKIC's investment strategy includes bringing more collaborative opportunities and development potential to its investee companies and strategic partners, and creates more value for Hong Kong on that basis.

(5) The Chinese and English bilingual press release for the signing of the strategic partnership agreement between the HKIC and SmartMore has been uploaded to the official website of the HKIC. Regarding the speech, its release adheres to the customary practice of the Government, under which the deployed version was used.

(6) The HKIC conducts publicity and promotion work on an on-going basis for its investment strategy under which the ecosystem construction is driven by capital. Such work covers the participants and potential participants of the ecosystem of cutting-edge technologies locally, in the Mainland and overseas, with a view to allowing them to develop a deeper understanding. It is believed that targeted publicity will help attract the relevant enterprises to Hong Kong.

The Chief Executive Officer (CEO) of the HKIC only assumed office in last October. Considering that the HKIC is still in its initial operation, the Board of Directors acknowledges that full deployment of capital takes time, and that it also takes time for the invested capital to yield reasonable return. Meanwhile, another important policy objective of the HKIC's investment is to help enhance Hong Kong's medium to long term competitiveness. Therefore, the CEO's work objectives and performance indicators set by the Board of Directors primarily include the establishment of governance and investment mechanisms as well as the team; construction of extensive and close connections with the investment, industry, academic and research sectors in Hong Kong, the Mainland and overseas; identification of high quality investment projects, enterprises and partners; and promotion of the I&T ecosystem construction in Hong Kong.

LCQ10: Power supply incidents

Following is a question by the Hon Starry Lee and a written reply by the Secretary for Environment and Ecology, Mr Tse Chin-wan, in the Legislative Council today (July 3):

Question:

CLP Power Hong Kong Limited (CLP) experienced a cable fault in the Wong Tai Sin district on the evening of the 12th of last month, which reportedly caused extensive power outage in Lung Kwong House of Lower Wong Tai Sin Estate, Lions Rise, Mei Tak House of Mei Tung Estate and Temple Mall South, etc., and CLP experienced seven voltage dip and power interruption incidents in the first half of this year. In this connection, will the Government inform this Council:

(1) given that in the reply to a question raised by a Member of this Council

on the Estimates of Expenditure 2024-2025, the Government has indicated that CLP experienced 10, 19 and 16 incidents of voltage dip and power interruption in 2021, 2022 and 2023 respectively, whether it knows the location, the number of customers affected and the duration of the power interruption of each incident;

(2) whether it knows, in the incident on the 12th of last month, if the affected area was powered by the ring power distribution system; if it was, why CLP failed to maintain the power supply by other cables after the incident occurred; if not, whether CLP will consider introducing the ring power distribution system into the area, so as to enhance the reliability of the power supply;

(3) whether it knows if CLP will offer compensation to its customers affected by the incident on the 12th of last month by modelling on its practice of giving out Appreciation Vouchers to the affected customers following the major power outage in Yuen Long, Tin Shui Wai and Tuen Mun in June 2022; if CLP will, of the details; if not, the reasons for that;

(4) given that the Environment and Ecology Bureau has, in the light of the incident on the 12th of last month, requested CLP to offer funds for the engagement of an independent consultant by the Electrical and Mechanical Services Department to re-examine past power interruption incidents, conduct a comprehensive review of the power supply system, and make holistic recommendations to minimize the occurrence of power interruptions, of the details of the progress of the various tasks;

(5) as there are views that the demand for power consumption surges as Hong Kong is heading into the scorching summer, whether it knows if CLP will conduct risk assessments and expedite the inspection of high-risk areas (including the cables, substations and other power supply installations in old districts and areas powered by the radial power distribution system), so as to ensure that there are no potential safety hazards during the peak power consumption periods, and modernize obsolete facilities when necessary; if CLP will, of the details; if not, the reasons for that; and

(6) whether it will review the new penalty scheme introduced under the 2023 interim review on the Scheme of Control Agreements, so as to include incidents of a scale similar to that on the 12th of last month in the scope of the penalty system; if so, of the details; if not, the reasons for that?

Reply:

President,

A stable and reliable power supply is very important to the daily lives of the public and every level of economic activities in Hong Kong. The Government is very concerned about a number of power outage and voltage dip incidents of CLP Power Hong Kong Limited (CLP) occurring one after another in the recent half year, leading to public concerns about whether CLP's service quality is on the decline. The Environment and Ecology Bureau (EEB) earlier

indicated that it was necessary for CLP to examine its company culture and management system for the entire power supply system to identify the root causes of the problem, make fundamental improvements to reduce the chances of similar incidents in the future, and maintain the stable and reliable power supply that Hong Kong has always been proud of.

Regarding the various parts of the question raised by Hon Starry Lee Wai-king, our reply is as follows:

(1) According to the records of incidents reported under the prevailing reporting mechanism, voltage dip and power outage incidents of CLP's power supply system from 2021 to 2023 are detailed in Annex.

(2) and (4) As regards the power outage incident occurred in Wong Tai Sin area on June 12, 2024, CLP preliminarily suggested that there were two 11kV ring circuit underground cables supplying power in the area and the incident was related to the fault of the two underground cables one after the other that day. Upon receipt of CLP's notification, the Electrical and Mechanical Services Department (EMSD) immediately deployed staff to the site to investigate and follow up on the incident, as well as requested CLP to identify the cause of the incident as soon as possible and to submit a detailed report within four weeks (i.e. on or before July 10, 2024) to explain the cause of the incident and the necessary remedial measures to be taken, in accordance with the Electricity Ordinance (Cap. 406). Upon receipt of the incident report, the EMSD will review the investigation findings and improvement measures as well as closely monitor CLP's implementation of various measures to prevent recurrence of similar incidents. If needed, the EMSD will request CLP to make clarifications or provide further information and additional improvement measures.

On the day following the incident, the Secretary for Environment and Ecology (SEE) met with the Managing Director of CLP and requested CLP to allocate resources for an independent consultant. The EMSD will be responsible for engaging the independent consultant, who will report to Director of Electrical and Mechanical Services (DEMS) after:

- (i) Conducting a re-examination of all voltage dips and power supply interruption incidents that occurred in the past three years, listing the causes, improvement measures, implementation status of the measures, and their effectiveness;
- (ii) Conducting a comprehensive review of the safety design of the power supply system, its capability to withstand the impact of external factors, the arrangements for maintenance and preventive maintenance, the procurement and inspection system for materials, the supervision and quality assurance standards, as well as personnel qualification, training and retraining requirements; and
- (iii) Providing comprehensive recommendations on how to enhance the stability and reliability of the power supply, and reduce the chances of similar incidents in the future.

In response to the above request, the EMSD and CLP have formed the "Task

Force on Review of CLP's Power Supply System" (Task Force) and has commenced relevant work. The EMSD is currently following up on the recruitment of an independent consultant, with a view to completing the review and submitting a report within 12 months. The EMSD is also preparing for the establishment of the "Steering Group on Review of CLP's Power Supply System" (Steering Group). DEMS will invite local experts and scholars to join the Steering Group to supervise the work of the independent consultant and advise on the report. The first meeting of the Steering Group is tentatively scheduled in August 2024.

Subsequently, a voltage dip incident occurred in CLP's 400kV overhead line power supply system connecting Yuen Long and Shenzhen in the early morning on June 23, 2024. While there were no extreme weather conditions that night, CLP suspected that the incident was related to the inclement weather as Thunderstorm Warning was issued by the Hong Kong Observatory. The EEB is extremely concerned about the electrical incidents occurred under such circumstances and was of the view that CLP should not wait until the completion of the review for its result, but should enhance the capability of the power supply system to withstand inclement weather as soon as possible. The EMSD also shortly followed up with CLP on how to enhance the lightning protection capability of power supply system, with a view to reducing the risk brought about by the high frequency of Thunderstorm Warnings during these few months. In addition, the EMSD has established a task force to solemnly follow up on the improvement measures proposed by CLP, including various short, medium and long term measures, with an aim to mitigating the impact of extreme weather on the power supply system, such as increasing manpower and adopting innovative technology to conduct inspections and maintenance of key facilities, and installing more lightning protection systems on some outdoor power facilities, to minimise the impacts of lightning, etc. Apart from ensuring CLP's implementation of various measures, the task force will also examine whether CLP's timetable for implementation of measures can be accelerated, and if there are any additional measures which can assist to enhance the capability of power supply system to withstand the impact of inclement weather.

(3) During the meeting with the Managing Director of CLP on June 13, SEE suggested that CLP offers "Appreciation Vouchers" to the affected customers, making reference to the power outage incident after the Cable Bridge Fire Incident in Yuen Long in June 2022. We believe that, CLP, as a socially responsible company, would carefully consider the suggestion.

(5) CLP stated that with a view to ensuring a reliable power supply during peak demand periods, particularly during scorching summer days with sharply increased demand, CLP had been continuously monitoring the demand of the power supply system and promptly identifying areas with higher growth of power demand to formulate necessary mitigation measures (including the replacement of aging equipment when necessary). When any potential overload conditions are forecasted, CLP will prioritise resources to conduct reinforcement work. As regards the enhancement of inspections for high-risk areas, CLP has already strengthened inspections of critical power supply facilities to reduce the risk of impacts on the power supply system before entering the scorching summer.

(6) Upon the completion of the Interim Review of the Scheme of Control Agreements (SCAs) in 2023, a new penalty scheme for large-scale electricity supply interruptions, such as CLP's Cable Bridge Fire Incident happened in June 2022, was established under the SCAs. The permitted return will be adjusted, according to the level of "Customer Interruption Duration" of individual serious incidents that year.

In view of the recent frequent voltage dip incidents of CLP and taking into account views from various sectors of the community considering that CLP should bear responsibility for voltage dip incidents, EEB previously proposed to CLP that a penalty scheme should be established for significant voltage dip incidents and included in the existing SCA with CLP. According to the SCAs, all proposed modifications will not take effect unless an agreement is made by the Government and CLP on the modifications. CLP is still considering the proposal suggested by the Government.

LCQ18: Measures to improve the operation of the financial sector

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 (July 3):

Question:

Some members of the sector are of the view that there is room for further improvement in both the implementation details and regulatory requirements of the financial measures recently introduced by the Government. In this connection, will the Government inform this Council:

(1) in respect of the new Capital Investment Entrant Scheme, whether Invest Hong Kong will consider increasing the flexibility of the relevant asset test by, for example, (i) accepting that the applicant's net worth of \$30 million in assets are held in the form of a company or otherwise, and (ii) not strictly requiring the applicant's daily net asset balance to be \$30 million, and instead allowing the applicant to provide a monthly statement showing a month-end balance equivalent to the net asset value as proof;

(2) in respect of the Cross-boundary Wealth Management Connect Scheme 2.0, whether the relevant regulatory bodies will further discuss with the relevant Mainland regulatory authorities the lowering of the entry thresholds for eligible Hong Kong brokerage firms (e.g. the requirement of a transaction volume of not less than \$500 million within a specified period of time); and

(3) in respect of virtual asset-related measures, whether the relevant

regulatory bodies will expedite the vetting and approval of the upgrading of the relevant licences, and suitably relax the requirements for the distribution of virtual assets by intermediaries (e.g. the requirements to provide warning statements to clients in relation to the relevant products and to conduct a virtual asset□-□knowledge test on clients)?

Reply:

President,

In consultation with Invest Hong Kong (InvestHK), the Immigration Department (ImmD), the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC), the consolidated reply to the various parts of the question is as follows:

(1) The New Capital Investment Entrant Scheme (New CIES) has been launched for application from March 1 this year with a view to further enriching the talent pool and attracting more new capital to Hong Kong. Since the launch of the New CIES up to June 21, InvestHK received over 300 applications, and approved the Net Asset Assessment for over 160 applications and the Assessment for Investment Requirements for three applications. Meanwhile, ImmD also granted "approval-in-principle" for 80 applications, enabling the applicants to enter Hong Kong as visitors to make the committed investment, and granted "formal approval" for one application.

According to the Rules for the New CIES, an applicant should demonstrate to the satisfaction of the Director-General of Investment Promotion that he/she has net assets or net equity to which he/she is absolutely beneficially entitled with a market value of not less than HK\$30 million net (or equivalent in foreign currencies) throughout the two years preceding the date on which he/she lodges his/her application for Net Asset Assessment under the New CIES. To facilitate applicants' understanding of the application details, InvestHK has published on the New CIES website a reference guide for completing the net assets statement. Supporting documents that will be accepted include monthly statements and letters issued by banks or securities companies to demonstrate an applicant's fulfillment of the above-mentioned requirement. In addition, the Hong Kong Institute of Certified Public Accountants has issued a circular on reporting relating to the net asset requirement and investment requirements of the New CIES, with details uploaded to the New CIES website for applicants' and service providers' reference.

The requirement for an applicant to demonstrate that he/she has net assets to which he/she is absolutely beneficially entitled with a market value of not less than HK\$30 million net mainly seeks to clearly demonstrate his/her ability to meet the investment requirements under the New CIES. Since the launch of the New CIES, InvestHK also considers accepting proof of net assets owned by an applicant through wholly-owned private companies, subject to the circumstances of individual cases. If an applicant holds assets through other non-wholly-owned entities, his/her share of absolutely beneficial entitlement cannot be clearly determined. The New CIES therefore

presently does not accept information on assets owned through non-wholly-owned companies or other means as the proof of net assets under the Net Asset Assessment stage. We will continue to listen to the views of the industry and examine relevant arrangements as appropriate, thereby enabling asset owners to deploy and manage their wealth and fully realise the diversified investment opportunities in Hong Kong.

(2) Cross-boundary Wealth Management Connect (WMC) in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) has seen continuous and steady development since its launch in September 2021. "WMC 2.0" commenced operation on February 26, 2024, with enhancement measures including 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 join 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.

The SFC and the China Securities Regulatory Commission are working together to facilitate eligible and interested brokers in the Mainland and Hong Kong to commence their WMC services as soon as practicable. Licensed corporations (LCs) should be licensed for Type 1 regulated activity; have paid-up capital and shareholders' funds of not less than HK\$100 million; have at least three years of experience in distributing funds and/or bonds and transaction volume of not less than HK\$500 million during any 12-month period in the past three years; and adequate systems of control. In addition, similar to the current arrangement applicable to banks, LCs should partner with one or more eligible Mainland brokers when providing WMC services.

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. We will continue to closely communicate with the industry and Mainland authorities, keep abreast of market developments and monitor the implementation of "WMC 2.0", with a view to jointly fostering the smooth implementation of WMC and continuously exploring further enhancement measures.

(3) To effectively supervise Hong Kong's virtual asset (VA) industry and facilitate its sustainable development, the SFC and the HKMA issued the "Joint circular on intermediaries' virtual asset-related activities" (Joint Circular) in January 2022, and updated the Joint Circular in October and December 2023 respectively to refine the requirements applicable to SFC-regulated intermediaries involved in the distribution of VA-related investment products.

According to the requirements, LCs intending to engage in any VA-related activities shall notify the SFC in advance, while registered institutions shall notify both the SFC and the HKMA. Generally, after notifying the relevant regulatory authority, intermediaries that are licensed or registered for relevant regulated activity can distribute VA-related products and do not need to apply for modification of licensing conditions.

The purpose of the investor protection measures set out in the Joint Circular (e.g. conducting VA knowledge tests on customers, and providing information and warnings on products to customers) is to enhance investor protection by ensuring that customers make informed investment decisions upon fully understanding the characteristics and risks of the products. For VA funds authorised by the SFC for listing and trading on the Stock Exchange of Hong Kong where intermediaries do not engage in solicitation or recommendation activities, intermediaries are not required to follow the suitability requirement or the requirements on the provision of minimum information and warning statements. Sophisticated investors (including institutional professional investors and qualified corporate professional investors) are exempted from certain investor protection measures.

The HKMA and the SFC will keep in view market developments, and review the requirements on VA-related activities as appropriate.