

SFST's speech at HKVCA Greater China Private Equity Summit 2024 (English only)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the HKVCA (Hong Kong Venture Capital and Private Equity Association) Greater China Private Equity Summit 2024 today (May 20):

Conrad (Founder and Chairman, Strategic Year Holdings, Mr Conrad Tsang), Rebecca (Co-Founder and Managing Director, Asia Alternatives, Ms Rebecca Xu), Fred (Founder, Primavera Capital Group, Dr Fred Hu), distinguished guests, ladies and gentlemen,

It is a privilege to be here with you today. I would like to express my gratitude to the HKVCA for inviting me to join this flagship event, the Greater China Private Equity Summit 2024. I am delighted to have the opportunity to engage with you, the industry leaders and professionals of the PE (Private Equity) and VC (Venture Capital) sector, and to share with this global gathering the latest developments in Hong Kong's financial services sector.

We are living in extraordinary times, experiencing a fundamental shift in the global economy and unprecedented volatility in the international economic, political and social outlook. Despite the uncertain shocks and turbulence of the past few years, Hong Kong has navigated steadily as a leading international financial centre, strengthened our position at the forefront of innovations and maintained financial stability. In my remarks today I wish to share with you a number of topics covering globalisation and connectivity, the wealth management sector, green and sustainable finance, and fintech and artificial intelligence (AI). I hope these will set the scene for the many fruitful discussions curated by the organiser later for the event.

Globalisation and connectivity

First and foremost on globalisation and connectivity, despite geopolitical tensions and conflicts, I want to stress that Hong Kong will always be committed to promoting globalisation and international partnerships. It is indeed a key mission for the Hong Kong capital market to connect global investors with investment opportunities from around the world.

Through the development of various mutual capital market access schemes, Hong Kong has served as a crucial gateway for Mainland capital to access the international market, and a trusted conduit for international capital to invest in the Mainland market. This year marks the 10th anniversary of the landmark Stock Connect programme, a ground breaking initiative to foster

globalisation and promote capital market connectivity.

Since its establishment in 2014, the Southbound trading of Stock Connect has brought a net inflow of over HK\$3.1 trillion from the Mainland to Hong Kong and international markets, while the Northbound trading has channeled a net inflow of over RMB1.8 trillion from Hong Kong and international investors into the Mainland stock market as of the end of Q1 this year.

Hong Kong's distinctive advantage lies in our entrenched connection with the global market and the strong backing from our motherland. Last month, the China Securities Regulatory Commission (CSRC) announced a series of measures to further expand the mutual access between the capital markets of the Mainland and Hong Kong. These measures include the expansion of the eligible product scope of exchange-traded funds (ETFs) and the inclusion of real estate investment trusts (REITs) under Stock Connect, supporting the inclusion of Renminbi (RMB) stock trading counters under Southbound trading, enhancing the arrangements for mutual recognition of funds (MRF), and encouraging leading enterprises in the Mainland to list in Hong Kong.

On the derivatives side the mutual market access scheme has also yielded encouraging results. For Swap Connect which provides for mutual access arrangements between the Mainland and Hong Kong interest rate swap markets, the average daily turnover calculated on a monthly basis had nearly tripled from the first month of its launch to over RMB12 billion in notional amount in April this year, providing investors with a convenient and efficient risk management tool. A new round of enhancements was also announced earlier this month to enhance the efficiency of the mechanism and reduce participation costs, thereby further addressing the diverse risk management needs of domestic and foreign investors as well as promoting trading.

Another connectivity we seek to strengthen is the continual development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). As a highly international city within the GBA, Hong Kong proactively plays the role of a facilitator in international circulation under the "dual circulation" development strategy of our country. In January this year, the People's Bank of China (PBOC) announced a series of measures to deepen the financial co-operation within the GBA, further promoting Hong Kong's key role in this regard.

These measures include promulgating the implementation arrangements of the enhanced Cross-boundary Wealth Management Connect Scheme, introducing facilitative payment arrangements for Hong Kong and Macao residents purchasing properties in the Mainland cities of the GBA, and expanding the scope of Shenzhen-Hong Kong co-operation on cross-boundary credit referencing pilots. These new initiatives have served to deepen the mutual access between the financial markets and facilitate cross-boundary financing between the Mainland and Hong Kong, leveraging the GBA as a launching pad for innovations and further financial co-operation.

Wealth management

Secondly, let me come to the topic of growing our wealth management sector. Hong Kong's strategic location at the heart of Asia has allowed us to cultivate a thriving financial ecosystem and play a crucial role as a base for wealth owners to manage capital, solidifying our status as a global wealth and asset management centre. As of end of 2022, our assets under management reached HK\$30.5 trillion (around US\$4 trillion), with 64 per cent of the funding sourced from non-Hong Kong investors. A market study predicted that Hong Kong will take the lead as the largest booking centre in the coming year.

Also, Hong Kong's private equity capital under management amounted to US\$228.1 billion as of the end of 2023, ranking second in Asia just after Mainland China. With our status as both Asia's largest hedge fund hub and cross-border wealth management centre, Hong Kong is poised to maintain our position as an international asset and wealth management centre for the region, and we will continue to sharpen our competitive edge in this area, fostering long-term market development.

To attract more wealth owners and capital to come to our market, we officially launched the new Capital Investment Entrant Scheme (CIES) on March 1 this year. This scheme allows eligible investors who make HK\$30 million investment in permissible and required investment assets, including SFC (Securities and Futures Commission)-authorised funds, to pursue residency and development in Hong Kong. The new CIES will serve to strengthen the growth of asset and wealth management businesses, financial services, and related professional services, while also creating new business potential for the sector. I am glad to share with you the good response for the new scheme, with over 160 applications and thousands of enquiries received since launch.

And for the further measures we planned to support development of the industry, as announced in the 2024-25 Budget, a task force will be established to engage with the industry on measures for further developing the asset and wealth management industry. This includes enhancing the preferential tax regimes for funds, single-family offices, and carried interest, solidifying Hong Kong's position as an ideal base for wealth owners and managers. We look forward to working with all of you in this regard.

Green Finance

Let me move on to the next topic on green and sustainable finance. We are at a critical juncture in the fight against climate change, and finance is an indispensable tool for us. Our country has pledged to promote the comprehensive green transformation of economic and social development, aiming to peak carbon dioxide emissions before 2030 and achieve carbon neutrality before 2060. The Hong Kong Government has also announced its target to achieve carbon neutrality before 2050 and unveiled the Hong Kong's Climate Action Plan 2050, demonstrating our unwavering commitment to addressing the pressing demand for green transition.

Hong Kong has been leading as an international green bond centre in Asia, striving to provide a high-quality green financing platform for

international issuers, including those from countries and regions along the Belt and Road Initiative. In 2023, the total green and sustainable debt (including both bonds and loans) issued in Hong Kong exceeded US\$50 billion, with the volume of green and sustainable bonds arranged in Hong Kong topping the Asian market, accounting for more than one-third of the market. This solidifies our leading position in financing green and sustainable companies and projects.

According to a recent research study, the voluntary carbon credit market is projected to hit US\$21.7 Billion within the next 10 years by 2032. Hong Kong is committed to capitalising on our strengths in developing this emerging market. In 2021, the Hong Kong Exchanges and Clearing Limited launched Core Climate, a voluntary carbon trading platform for eligible participants to trade voluntary carbon credits and neutralise or compensate for their carbon emissions. This platform connects capital with climate-related products and opportunities in Hong Kong, Mainland China, Asia, and beyond, mobilising investment flows into green projects and fostering a new financial infrastructure for climate finance and a sustainable future.

On the disclosure front, earlier this year in March my bureau announced a vision statement on developing the sustainability disclosure ecosystem in Hong Kong. Our vision is to be among the first jurisdictions to align the local sustainability disclosure requirements with the International Financial Reporting Standards – Sustainability Disclosure Standards (ISSB Standards), as we consider it essential to showcase our commitment to reinforcing Hong Kong's leading position on the international sustainable finance map and solidifying the competitiveness of businesses in Hong Kong to address the global demand for sustainability disclosure. To transform this vision into concrete actions, we will launch a roadmap within this year to provide a transparent and well-defined pathway on sustainability reporting for businesses in Hong Kong.

Fintech

Finally, on fintech and AI, technological advancement and fast-growing innovation are the keys to unlocking the next chapter of progress. A recent market finding indicates that almost 40 per cent of global employment is exposed to AI, resulting in higher efficiency and productivity. Financial services is no exception and it is anticipated that the waves of revolutionary changes will also expedite our innovation journey for fintech and AI.

The vibrant fintech ecosystem in Hong Kong accommodates around 1 000 fintech companies, including eight virtual banks, four virtual insurers, and two licensed virtual asset trading platforms. Many of these fintech companies have gained a foothold in GBA and the regional markets. Leveraging Hong Kong's strengths in financial services and sophisticated information and communication technology infrastructure, we are seeing great innovations in areas such as e-payment, RegTech, InsurTech, and WealthTech.

The development of AI has become an important global trend and it will

accelerate financial innovations. From Hong Kong's perspective, we must consider its far reaching impact on our sector. As an international financial centre, AI is already being applied in various areas of banking, securities, insurance, accounting, retirement protection, and green finance in Hong Kong. The government will strive to capitalise on the opportunities brought by AI while also managing the risks and challenges.

I have three assessments regarding the impact of AI on the economy and the financial industry. Firstly, the financial industry is data-driven, making it well-suited to embracing AI to significantly improve efficiency and competitiveness. Secondly, AI is a "double-edged sword" – despite its power and potential, improper use can bring huge risks, for example, hallucination for generative AI models. Thirdly, the enthusiasm for AI will continue to rise, and the amount of investment it attracts will continue to increase, creating new disruptive enterprises in the industry ecosystem and opportunities for investors. To address these, later this year, the Government will release a policy statement outlining our policy position and direction on the application of AI in the financial market.

Closing

Looking ahead, we will continue to build resilience and act as a bridge for international investors to seize opportunities in the global and Mainland markets, as well as in novel investment areas. I firmly believe that with enhanced financial co-operation and closer partnerships, we will create a favourable investment environment and prospects for our shared market and ecosystem.

Lastly, I would like to express my gratitude to the HKVCA for your continuous support and invaluable contribution to the Hong Kong financial services industry. Once again, I extend my sincere appreciation for the invitation to this summit, and I wish you all an engaging and fruitful discussion. Thank you.

[Red flags hoisted at several beaches](#)

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (May 20) that due to big waves, red flags have been hoisted at Stanley Main Beach, Shek O Beach and Big Wave Bay Beach in Southern District, Hong Kong Island; Cheung Chau Tung Wan Beach in Islands District; and Hap Mun Bay Beach and

Silverstrand Beach in Sai Kung District. Beachgoers are advised not to swim at these beaches.

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[Speech by SJ at lunch and networking reception titled "Hong Kong – The Common Law Gateway for Saudi Arabia Businesses to China and Beyond" in Riyadh, Saudi Arabia \(English only\) \(with photo\)](#)

Following is the speech by the Secretary for Justice, Mr Paul Lam, SC, at the lunch and networking reception titled "Hong Kong – The Common Law Gateway for Saudi Arabia Businesses to China and Beyond" in Riyadh, Saudi Arabia, today (May 19, Riyadh time):

Distinguished guests, ladies and gentlemen,

Firstly I would like to express my gratitude and to welcome all of you to this networking luncheon organised by the Department of Justice together with other organisations as the MC has just said. I wish just to take the opportunity to say a few things to explain why we are here and what we need to achieve. But let me begin by making one very important point: today's

lunch has a very special meaning to me and to my delegation from Hong Kong because there are many "firsts".

This is the first time I lead a delegation consisting of lawyers and members from other business sectors on an overseas trip after I became the Secretary for Justice in July 2022. This is the first "first". The second "first" is that as to this particular trip to the Middle East, Saudi Arabia is our first destination. So that our first destination is the second "first". The third "first" is that we just arrived this morning around 3am, some arrived a little later at 4am or 5am. And this particular lunch is in fact the first event for the whole trip including that in Saudi Arabia. So it is going to be very memorable. As there is a Chinese saying, because we have a lot of friends coming from the Mainland China, a good beginning means 50 per cent of your success. So I am truly very honoured and very pleased to see so many guests from Saudi Arabia and also representatives of enterprises, organisations from Mainland China in Saudi Arabia and to come here to join this lunch.

Now coming to the purpose of this lunch, and perhaps this trip. Obviously, as the minister of justice of Hong Kong, I am trying to tell you a little bit more about the legal service in Hong Kong, what we can offer, but, more importantly, we have to start by making friends. We have to start by building personal relationship. In order to build a personal relationship, the very first thing we need to do is to introduce ourselves.

My delegation consists of, I don't remember the exact number, but probably maybe around 40 including all my supporting staff. Now the combination is quite unique. Firstly, we have people coming from the Government, not just from the Department of Justice in which I am working, I am joined by representatives of Invest Hong Kong which is a branch of the Government responsible for promoting investment, colleagues coming from the ETO (Hong Kong Economic and Trade Office) all the way from Dubai, for they are responsible for promoting trade around the world. And then we have representatives from the Hong Kong Trade Development Council which is a statutory body also responsible for promoting trade. So we have numerous organisations trying to work together to enhance Hong Kong's relationship with other jurisdictions.

Apart from representatives coming from the Government, we have very strong representatives from the private sector. We have more than around say 15 lawyers who are really the top lawyers in Hong Kong. They specialise in doing both contentious and also non-contention business. We have experts doing IPOs (initial public offerings), M&A (mergers and acquisitions), and we also have experts in arbitration or litigation. So we have whole spectrum of legal eagles in this room. And on top of that, I have also invited representatives from the Hong Kong Stock Exchange and Hong Kong International Arbitration Centre to be here.

Now you may wonder why instead of simply asking my colleagues to come here, which is much easier to organise this trip, why I have invited so many friends to come here. The reason is very simple, because I wish to demonstrate to people, our friends in Saudi Arabia, that Hong Kong is really

an ideal place to provide one-stop professional legal service from the time you think of setting up a business in Hong Kong for exploring opportunities in Mainland China, up to the very end when unfortunately some disputes arise, and then you have to consider where and how to resolve the disputes. We offer a sort of packaged professional services from the very beginning until the very end. And the representatives of this delegation, they are experts at different stages of these whole business cycle, so to speak.

Now, maybe you have noticed that we have a theme for the talk, and in fact, that is also the theme I am going to use throughout my trip. It goes something like "Hong Kong – The Common Law Gateway for Saudi Arabia Businesses to China and Beyond". I think "gateway" simply symbolised the fact that Hong Kong is playing a very important role of connecting Saudi Arabia and the Middle East with not just Hong Kong itself. Hong Kong is not just a destination, it is also a springboard or place that can take you to other parts of China so that you can explore opportunities in the whole country.

Now, what is perhaps a little bit unusual is that I have deliberately add the word "common law" before the word "gateway". And here comes the important point, because as the person responsible for promoting legal services in Hong Kong, this is really the point that I wish to emphasise at this lunch. Now, why is this so important? Why is it of interest to friends in Saudi Arabia?

To answer the question, perhaps I have to step back and talk a little bit about the history of Hong Kong. I am sure most of you would be aware of what I am going to say, but it is worth repeating now. I am sure that those of you would be aware of the fact that Hong Kong used to be ruled by the British for more than 100 years between 1842 until June 30, 1997. Now, the important thing is that during this period of British rule, the British introduced the common law system to Hong Kong and that common law system developing for a century has become extremely reputable and well-established. And what happened on July 1, 1997 is that China resumed sovereignty of Hong Kong. China decided to resume sovereignty in a very unique manner which was unprecedented in human history, that is by introducing the concept or principle of "one country, two systems", which means that Hong Kong shall maintain and preserve its common law system. So we are still using the common law system in Hong Kong, which is entirely different from the civil law system used in other parts of China.

You may then ask: why is the common law system so significant? How is it relevant to your business or investment interests? Now, I wish to highlight four important characteristics perhaps we ought to bear in mind.

The first characteristic that I wish to stress is that we have a very trustworthy, very credible, very reliable and reputable judicial system. Under the mini-constitution of Hong Kong, which is called the Basic Law of Hong Kong, the courts of Hong Kong enjoy independent power of adjudication, including the Court of Final Appeal in the power of final adjudication. That means in every litigation of court proceedings in Hong Kong, it always ends in Hong Kong, it never goes beyond Hong Kong.

And a very special feature that is also worth mentioning is that in our Court of Final Appeal, which is the highest court in Hong Kong, we have invited at the moment 10 overseas judges, very eminent retired judges from other jurisdictions, to sit as our part time judges. A very recent appointment is a retired federal judge from Australia. We also have retired judges from England, from Australia, from Canada. Before their retirement, they used to be the chief justice of their respective jurisdiction. And I think that firstly it is a vote of confidence of judges from other jurisdictions in the legal system of Hong Kong. And secondly, it is a symbol and the indication of the quality of justice that the Hong Kong judicial system can offer. So this is my first point.

The second point is that the Hong Kong legal system offers a very secure and safe regulatory system to safeguard your financial interests. Under our Basic Law, which a constitutional document, we guarantee private property right. So no one can expropriate your property, not even the government under no circumstances can they take away your property at their own discretion. And then free flow of capital is guaranteed. Money can come in Hong Kong and leave Hong Kong freely. So it is a very, very friendly environment for funds to move in and to move out. But at the same time, we also have a very strict regulatory framework to ensure that misconduct or malpractices will not be permitted. So this is to strike a balance to ensure free flow of capital and at the same time to ensure that your money, your investments and financial interests will be sufficiently protected.

The other thing is that when it comes to law enforcement, Hong Kong is regarded as one of the cleanest place in Hong Kong. So corruption or other sort of malpractice that might exist in some other places in the world is not an issue in Hong Kong. So putting aside a similar framework in practice, it's applied and enforced very straightly and properly.

So then go to my third point. My third point is that our legal system is extremely business friendly. Business friendly in the sense that the content of our law is extremely similar to the civil and commercial law that we found in most other countries, in particular in the western world, say the United States and the UK and western Europe. And the simple reason is because of the common law tradition that I have mentioned. Most of our civil and commercial law, for example company law and contract law, the content is almost identical to what you may have in England, Australia and New Zealand. So the important thing is that our set of law is extremely familiar to the international business community. But at the same time, apart from maintaining our tradition, we try to ensure that our law will be updated to meet the new demands. So very recently we have introduced a new legislation to encourage people to set up, for example, family office in Hong Kong by providing tax advantages. And there are also other measures to ensure that we can provide a very attractive environment at the same time to give you the sort of protection that you deserve. Ms Alpha Lau, the Director-General of Invest Hong Kong, is going to speak after me. I am sure that she can provide more details in this respect.

But apart from the substantive law, what is equally important is that we have a very strong pool of legal talent in Hong Kong. I mentioned earlier

that more than 15 lawyers come with me and that by itself is an evidence on the strength of the legal profession. We have a divided legal profession in Hong Kong consisting of barristers and solicitors. Barristers are specialists in doing contentious business. They go to court most of the time, they also take part in arbitration and mediation. And then the solicitors, they are more general in practice. They will be responsible for non-contentious matters, say M&A, IPO, providing advisory work, so on and so forth. So what I wish to emphasise is that we have a big pool of top-quality professionals who stand ready to serve your interests. And one thing that we must bear in mind is that most of these legal professionals are bilingual, many of us are Chinese, of course we have a lot of expatriates. Because of the unique situation in Hong Kong, apart from being very familiar with the international legal community, we are also extremely familiar with how things are done in Mainland China, both the culture and the business environment. So I think that is also an advantage that would work in your interests.

Now the fourth point that I would like to mention about our legal system is that it provides very close connection to both Mainland China and other parts of the world. Now firstly, in particular, I would like to speak on how Hong Kong's legal system is connected to the Mainland because this is a feature that cannot be copied or found elsewhere. I said earlier on that under the principle of "one country, two systems", Hong Kong's legal system is different or separate from that of the Mainland, but it doesn't mean that there is no connection between the two legal systems within the same country. Quite the contrary, we have at the moment nine mutual legal assistance arrangements that connect the two jurisdictions together. And these connections, based on the mutual legal assistance agreements are of great significance to safeguard the interest of investors and businessmen from overseas. I can give you a very simple example. Based on some of the arrangements that I mentioned, a court judgment in Hong Kong for an arbitral award in Hong Kong can be recognised and enforced in the Mainland. So if your business partner is in Mainland China, your assets there that you have to protect, but you wish to take advantage of Hong Kong legal system because you have confidence in our legal system, then Hong Kong is the right choice. You can use our legal system, but you can enjoy the fruit of success of the legal process in Mainland China. Now these legal arrangements are unique to Hong Kong. It is only made possible because of the "one country, two systems" arrangement. So if you go to places like, just as an example Singapore or other places, then you will not find exactly this same sort of co-operation, arrangement or convenience.

So putting these four characteristics together, I would have thought that you will be convinced to a certain degree that Hong Kong is definitely a place for you to consider to act as a platform, a connector, a springboard for you to go into the market in Mainland China and beyond. I said "beyond" because we are all aware of the development and relationship between Middle East and China, including in particular the relationship between Saudi Arabia and China. We have very long friendship going back for more than 1 000 years. Of course I am referring to the Silk Road. But I note that in June 2023, last year, your investment minister said in a very important conference that there would be a modern silk road between Arab countries, including of course,

Saudi Arabia, and China. So "silk road" is not something belonging to history. It is not about the past. It is also about our common future. So Hong Kong plays a very significant role in fostering a better relationship between the two countries because of the unique characteristics offered by "one country, two systems".

And as you may note, last February the Chief Executive of Hong Kong came here with a strong delegation, I remember it's almost 100 persons from different sectors. A lot of agreements have been signed, and a lot of initiatives. And after that, many colleagues from the Government in different areas have come to Saudi Arabia. So it is now my turn, basically. And we are talking about setting up an ETO, economic and trade office, in Saudi Arabia in Riyadh. I hope it will come into reality soon. But the future is very clear, the direction is very clear. I am very confident and I hope that you are equally confident that the relationship between Saudi Arabia and Hong Kong is going to be very strong and much closer than today. But it requires some efforts. So I am sure that each and every one of us in this room can make some contributions to make what we have in mind to come true as soon as possible. It is a bit a pity that we only have about two hours or so at this lunch to make friends, to talk about things of common interests. It may be a very small step in the overall scheme of things, but I do believe that this is the small step that will take us closer to our final destination.

So lastly, I wish you all a very enjoyable lunch. I hope we can make some friends and enhance our relationship. If you have any question on Hong Kong, I am sure that my friends from Hong Kong sitting at the table will be more than happy to entertain all the questions. And I am very confident that they will have good answers. And obviously, we are also very interested to hear from you about your situation in Saudi Arabia. I think to make friends, we have to know each other first. So thank you very much.



EPD responds to comments raised by some groups on EIA report for San Tin/Lok Ma Chau Development Node

The Environmental Protection Department (EPD) approved the Environmental Impact Assessment (EIA) report for San Tin/Lok Ma Chau Development Node (ST/LMC DN) with conditions. Regarding the questions raised by individual groups, the EPD responded today (May 19).

A spokesperson for the EPD said that the EIA process is scientific and professional. The Environmental Impact Assessment Ordinance (EIAO) and its Technical Memorandum (TM) have laid down scientific and objective standards and requirements, with designated professional authorities to help comprehensively review all EIA reports. The EIA process is also open and transparent. Starting from the submission of the project profile by the project proponent, all steps are made public on the EIAO website, and there is a two-stage consultation during the public inspection period to allow the public and the Advisory Council on the Environment (ACE) to fully express their comments. The Director of Environmental Protection (DEP) will approve the EIA report after fully considering all the above information and comments and confirming that the EIA report has met all statutory standards and requirements.

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Regarding the EIA report of the ST/LMC DN, the DEP explained in detail the basis for the approval at a press conference on May 17. For the comments raised by individual groups, the EPD provided consolidated responses on seven aspects:

(1) Validity of EIA Study Brief

The TM lays down clear guidelines on the requirements of the EIA Study Brief (SB): "The EIA SB aims to set out the purposes and objectives of the EIA study, the scope of environmental issues which shall be addressed, the requirements that the EIA study shall need to fulfil, and the necessary procedural and reporting requirements." Annex 3 of the TM also lists out all factors need to be considered. The EPD confirmed that, with regards to the provisions in the TM, the SB has covered all environmental issues that need to be assessed and met all relevant requirements.

(2) Ecological baseline survey and ecological impact

The key objectives of ecological surveys are to fill in information gaps in the existing available ecological information, and to confirm and evaluate the ecological value of habitats and species. There is a large amount and continuous ecological information within the study area, which includes the nature conservation management agreements undertaken by the Hong Kong Bird Watching Society funded by the Environment and Conservation Fund since 2012

as well as a number of EIA studies and environmental monitoring and audit reports. Relevant information has been appropriately taken into consideration in the EIA study.

(3) Avoid major environmental impacts as a priority

The EIA report has followed the principle in the order of "avoidance", "minimisation" and "compensation" in accordance with the requirements of the TM, such as avoiding the Ramsar Site, preservation of the core area of the Mai Po Lung Village Egrettry and the Mai Po Village Egrettry, as well as the mature woodland habitat at Pang Loon Tei, etc.

(4) Impacts on flight of breeding egrets and other wetland avifauna

A 12-month ecological baseline survey has been conducted under the EIA study in accordance with the requirements of the TM and the relevant guidance notes, which included surveys on flight paths above egrettries and night roosts. The ecological impact assessment has also considered the indirect impacts imposed on the egrets and herons due to loss of foraging grounds or disturbance.

The EIA report also recommended designation of non-building area and stringent building height restriction for preservation of a 300-metre-wide (comparable with the width of the Tsing Yi North Bridge) east-west birds' flight corridor; preservation of a 70m-wide bird flight path of the Mai Po Lung Village Egrettry. The Tuen Mun River currently passing through the Tuen Mun Park (one of the top ten roosting sites in Hong Kong), which serves as a flight path frequently used by egrets, has a width of only 75m, and therefore it is sufficient to serve as a flight path for egrets.

(5) Impacts on Eurasian otters and design details of wildlife corridors

Based on literature records (otter scats instead of otters were found in the area), the EIA report has assumed that otters are present and conducted corresponding assessment. After listening to the views of green groups and the ACE and making reference to Taiwan's experience in protecting Eurasian otters, enhancement measures that are conducive to otters' activities were proposed, including establishing 10m-wide above ground wildlife corridors with water environment; underground wildlife corridors with cross-sectional area no less than six square meters with natural lighting; widening of the gaps in the grille of the water channel connecting the Shenzhen River; and adding otter-specific ladders or passages at the dam of the main drainage channel and the flap valve.

(6) Effectiveness of wetland compensation

The EIA report has made reference to the actual experience of the Sheung Shui to Lok Ma Chau Spur Line construction works, and proposed enhancement of ecological function and capacity of the fish pond wetlands through active management, and proved the effectiveness of wetland compensation with facts. The EIA report recommended adopting a variety of measures, including

consolidating smaller and scattered fish ponds into larger water bodies, setting up artificial habitat islands, reprofiling of pond banks, pond drain-down, and when necessary, trash fish-stocking, to create and enhance environmental quality and capacity. The Hong Kong Bird Watching Society's website also pointed out that by adopting pond drain-down only can already increase the bird abundance by as much as 19 times. The current EIA report has only conservatively assumed a 45 per cent increase, which is sufficient to compensate for the ecological impact caused by the development of the San Tin Technopole.

(7) Mitigation and compensation and Habitation Creation and Management Plan

The EIA report has devised mitigation measures for potential ecological impacts during the construction period, including installing noise barriers at the boundaries of the construction area and carrying out construction in phases outside the period of arrival of migratory birds, supplemented by corresponding environmental monitoring requirements to reduce ecological impacts during construction.

The Civil Engineering and Development Department (CEDD) will also implement a series of wetland enhancement measures at Mai Po, including desilting of tidal channels connecting the gei wai of the Mai Po Nature Reserve and the Inner Deep Bay, so as to improve water exchange in the gei wai thereby increasing the number of fish and shrimps for migratory birds to forage. Part of the exotic mangrove invading the mudflat of the Inner Deep Bay will also be cleared to increase the feeding and habitat space for migratory birds. In addition, the CEDD will implement interim wetland enhancement measures, including restoration of abandoned ponds in the Inner Deep Bay area and active management of the restored ponds including trash fish stocking. Furthermore, no pond filling works of the project will be commenced prior to commencement of construction of the ecologically enhanced fish ponds.

The CEDD has submitted the Draft Habitat Creation and Management Plan upon request of the ACE, and will set up an Environmental Committee comprising representatives from relevant government departments, green groups and academics to advise on the preparation of various implementation plans.

Conclusion

The EIA process is scientific, professional and comprehensive. The EPD has fully considered comments received during the public inspection of the EIA report and consulted relevant authorities in accordance with the TM. The ACE also unanimously approved the EIA report and its recommendations. The EPD hopes to optimise the project through the EIA process so that the ST/LMC DN can improve its ecological environment and become a sustainable, livable place where urban and rural areas and nature integrate.