

LCQ19: Projects to improve pedestrian and traffic networks in Kowloon East

Following is a question by the Hon Paul Tse and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (June 19):

Question:

Some residents in Kowloon East have pointed out that a number of projects, implemented by the Energizing Kowloon East Office since its establishment to improve the pedestrian and traffic networks in an attempt to ameliorate the situation of traffic congestion, air pollution and competition between pedestrians and vehicles for road space in Kwun Tong and the Kowloon Bay Business Area (KBBA), are ineffective. As at early this year, Kowloon East had over 2.6 million square metres of commercial floor area, which was expected to increase to 7 million square metres in future. By then, the working population in Kwun Tong and KBBA will inevitably increase rapidly, driving an even greater demand for road space. Currently on weekdays, roads in the vicinity of Kwun Tong Road and Hoi Yuen Road are clogged with pedestrian and vehicular traffic during the periods when people commute to and from work. The situation will only worsen when the working population in the district increases substantially in future. In view of the above, I raised a question on June 7, 2017 suggesting that the Government should model on the Mong Kok footbridge system and construct a footbridge system in Kowloon East connecting the MTR Kwun Tong Station, Hoi Yuen Road, Shing Yip Street and Kwun Tong waterfront, so as to divert the pedestrian flows on the ground and facilitate pedestrian circulation in the district. In this connection, will the Government inform this Council:

(1) as the Government indicated in the reply to my question that it would study the feasibility of constructing a footbridge at Hoi Yuen Road of Kwun Tong, of the progress of the study; in view of the convoluted walking route to the waterfront via the MTR Kwun Tong Station at present and the strong demand of pedestrians for the footbridge, whether the Government will expedite the study;

(2) as the Government has introduced an incentive, by way of land premium waiver since 2017, to encourage landowners in the business areas of Kowloon East to apply for constructing footbridges at their own cost, of the respective numbers of applications received and approved by the Government so far; the number of footbridges that will be completed in the coming three years; if only a few applications have been received, whether the Government has evaluated the causes for the lukewarm response for the initiative and considered the construction of pedestrian link bridges by the Government instead, so as to avert the situation that the pedestrian link network cannot be completed due to complicated title disputes involved in individual projects; and

(3) whether it has assessed the increase and the rate of increase in the resident and business population in Kai Tak Action Area, Kwun Tong Action Area and Kowloon Bay Action Area in the coming five years; in the light of the additional traffic demand to be generated by the population growth and the comments of some members of the public that the construction of the Environmentally Friendly Linkage System for Kowloon East (EFLS) to connect those Action Areas will effectively alleviate the current pressure on road traffic and facilitate the development of Kowloon East, whether the Government will expedite the feasibility study for EFLS, and decide and announce expeditiously if EFLS will be constructed?

Reply:

President,

Kowloon East (including the Kai Tak Development Area (KTDA), the Kwun Tong Business Area (KTBA) and the Kowloon Bay Business Area (KBBA)) is transforming into the second Core Business District (CBD2). Government departments concerned will continue to work on various fronts to improve the pedestrian environment and traffic in KTBA and KBBA to cater for the developments in the district.

The Energizing Kowloon East Office (EKEO) of the Development Bureau promotes the concept of Walkable Kowloon East in the two Business Areas through short-term measures such as providing pedestrian crossings and traffic signals, widening footpaths, providing roadside loading and unloading areas and improving junction arrangements to improve the pedestrian environment and traffic. The EKEO is also taking forward various medium and long-term improvement schemes in collaboration with relevant government departments, which include provision of three footbridges near MTR Kowloon Bay Station (i.e. footbridges near MTR Kowloon Bay Station Exits A and B and footbridge across Wai Yip Street near Siu Yip Street). In tandem, an investigation study is in progress to enhance walkability near MTR Ngau Tau Kok Station. The plan is to provide two pedestrian subways connecting to the area near Hoi Bun Road Park. The EKEO is also exploring the possibility of providing travelators along some road sections of Lai Yip Street and Sheung Yee Road.

On the traffic aspect, the Government is proactively taking forward transport infrastructure projects, including Route 6 (i.e. Tseung Kwan O-Lam Tin Tunnel and Central Kowloon Route under construction, and Trunk Road T2 and Cha Kwo Ling Tunnel pending funding approval by the Legislative Council) would provide relief to the traffic loads on the existing key road links in Kowloon East (including Kwun Tong Bypass and Kwun Tong Road). The Government will also leverage the future development of the two Action Areas in Kowloon East to improve the traffic condition. Proposals include a new through road extending from Kei Yip Lane in the Kwun Tong Action Area (KTAA) to divert traffic away from the Wai Yip Street/Hoi Yuen Road roundabout, conversion of the roundabout to a traffic signal controlled junction to rationalise the traffic flows, and widening of Sheung Yee Road and modification of Hoi Bun Road/Cheung Yip Street junction in the vicinity of the Kowloon Bay Action Area (KBAA) to increase traffic capacity. In addition,

the Police has stepped up enforcement actions against illegal parking to help ease the traffic flows.

Having consulted the views of relevant departments, the consolidated responses to the various parts of the question are as follows:

(1) Hoi Yuen Road is a major pedestrian corridor in KTBA. Formulation of pedestrian environment improvement measures thereat must take into account existing activities. The Government is widening the footpaths on both sides of Hoi Yuen Road in phases to improve the existing congestion situation on the footpaths. The Planning and Engineering Study on Kwun Tong Action Area – Feasibility Study recommends constructing a footbridge across Wai Yip Street to connect Hoi Yuen Road to KTAA and the promenade along with the proposed junction improvement scheme at Hoi Yuen Road/Wai Yip Street. On exploring the feasibility of constructing a footbridge along Hoi Yuen Road to connect MTR Kwun Tong Station and Wai Yip Street, after examining the actual site conditions, the footbridge proposal would affect the emergency vehicular access for buildings on both sides of Hoi Yuen Road and is therefore not feasible.

Moreover, the Kwun Tong "Government, Institution or Community" composite development project is studying whether to use an elevated pedestrian platform to connect MTR Kwun Tong Station and the Kwun Tong Town Centre Redevelopment Project. A commercial site and a proposed footbridge at King Yip Street near the composite development project, the Tsui Ping River Garden which has been completed for use, and the revitalisation of Tsui Ping River project (including streetscape enhancement on streets linking Hoi Yuen Road and Tsui Ping River) pending funding approval by the Legislative Council will form a green river corridor connecting MTR Kwun Tong Station and the Kwun Tong Promenade, thereby help divert pedestrians away from Hoi Yuen Road and cater for the developments in the Business Area.

(2) To enhance walkability and connectivity, the 2016 Policy Address announced a policy initiative, waiving the land premium payable for lease modification for provision of pedestrian links (including footbridges and subways). Kowloon East is the pilot area. From February 2017, landowners in KBBA may submit lease modification applications to the District Lands Office/Kowloon East for constructing pedestrian links at their own costs in accordance with the planned pedestrian network. As for KTBA, the Outline Development Plan showing the planned pedestrian network was promulgated in January 2019, landowners in the area may also submit applications in the same way.

The Government has received three applications in Kowloon East. The first application proposes to connect seven commercial buildings in KBBA which would make pedestrian movements between MTR Kowloon Bay Station and KBBA more convenient. The second application proposes to construct a footbridge to strengthen the connection between Ngau Tau Kok and the East Kowloon Cultural Centre. The third application proposes to construct two footbridges to enhance the connectivity between the KTDA and the vicinity of Kowloonbay International Trade and Exhibition Centre. The Government could assess the completion time of the relevant footbridges exactly only after the

landowners have submitted the detailed design of the relevant footbridges and completion of the gazetting procedures under the Roads (Works, Use and Compensation) Ordinance (Cap 370). The Government is also conducting a mid-term review on the abovementioned policy initiative to evaluate its effectiveness.

(3) For the next five years, the residential and worker population of KTDA, KTBA and KBBA are estimated to increase as follows:

Area	Estimated residential population			Estimated worker population		
	2019	2024	Increase	2019	2024	Increase
KTDA	49 200	72 400	+23 200 (+47%)	14 500	27 700	+13 200 (+91%)
KTBA	—			172 300	196 600	+24 300 (+14%)
KBBA	—			87 800	102 400	+14 600 (+17%)

The Civil Engineering and Development Department is conducting the second stage of the detailed feasibility study of the proposed Environmentally Friendly Linkage System (EFLS) in Kowloon East with a view to formulating a scheme that could meet the relevant statutory and technical requirements (including fire services and the Protection of the Harbour Ordinance), as well as coming up with a scheme which is generally acceptable to the stakeholders and cost-effective to the general public. The second stage of the Study mainly includes the coverage, alignment and station locations, etc. of the proposed system. The Government will also make reference to the latest development and experiences in the environmentally friendly transportation technology at home and abroad, with the associated technical and financial assessments being carried out concurrently (including considerations of patronage assessment and fare estimate, etc.), so as to ascertain the feasibility of the proposed EFLS. Upon completion of the Study, the Government will formulate the way forward for the proposed EFLS project. The precise implementation programme is not available at this stage.

LCQ8: Tourism Federation of Cities in

Guangdong-Hong Kong-Macao Greater Bay Area

Following is a question by the Hon Yiu Si-wing and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (June 19):

Question:

To enhance tourism exchanges and co-operation within the Guangdong-Hong Kong-Macao Greater Bay Area (the Greater Bay Area), the Hong Kong Special Administration Region (HKSAR) Government and the tourism departments of the other 10 cities in the Greater Bay Area established the Tourism Federation of Cities in the Guangdong-Hong Kong-Macao Greater Bay Area (the Federation) and signed the Agreement on the Tourism Federation of Cities in the Guangdong-Hong Kong-Macao Greater Bay Area in December 2017. In this connection, will the Government inform this Council:

(1) of the goals, mission and work schedule of the Federation, and the mode of co-operation and division of work among the various member cities;

(2) of the expenditure involved in the work undertaken by the Federation on developing and promoting tourism in the Greater Bay Area since its establishment, and the effectiveness of the work; and

(3) of the future work priorities of the Federation; among them, the specific work for which the HKSAR Government is responsible, and the manpower and financial resources it will allocate for such work?

Reply:

President,

The Tourism Federation of Cities in the Guangdong-Hong Kong-Macao Greater Bay Area (the Federation) was jointly established by the tourism departments of the Hong Kong and Macao Special Administrative Regions as well as the nine Mainland cities in the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) in December 2017. The Federation's advisory unit and secretariat are the national Ministry of Culture and Tourism and the Department of Culture and Tourism of Guangdong Province respectively. The Federation's first Annual Meeting was held in April 2018 in Guangzhou. The Government has all along been actively leveraging the platform of the Federation to deepen co-operation with other cities in the Greater Bay Area in areas of tourism exchange and promotion, as well as strengthening market regulation.

As the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area announced in February 2019 expressly supports Hong Kong in

developing into an international tourism hub, a core demonstration zone for multi-destination tourism, as well as a diverse tourism platform, the Government will actively grasp such opportunities to promote the overall tourism development within the Greater Bay Area for mutual benefits.

As such, the Commissioner for Tourism, as the rotating Chairman of the Federation's second Annual Meeting, convened the second Annual Meeting of the Federation on June 12, 2019 in Hong Kong to discuss with the tourism departments of the Macao Special Administrative Region and the nine Mainland cities in the Greater Bay Area in further enhancing tourism co-operation in various areas, including pursuing more facilitating measures for overseas tourists travelling within the Greater Bay Area, strengthening co-operation in market regulation and publicity and promotion, and supporting the trade in developing more multi-destination tourism products, etc.

The work in relation to the Federation falls under the charge of the Tourism Commission. Relevant staffing and expenses are subsumed within the latter's establishment and provision, and can hardly be separately quantified.

LCQ15: Implementation of municipal solid waste charging

Following is a question by the Hon Wu Chi-wai and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (June 19):

Question:

It has been reported that municipal solid waste (MSW) charging will be implemented next year the earliest. In this connection, will the Government inform this Council:

(1) given that the current population residing in public rental housing (PRH) estates exceeds two millions, whether the Government will discuss with the Hong Kong Housing Authority (HA) the implementation of a pilot scheme on MSW charging by amending the tenancy agreements signed with tenants, so as to grasp the actual situation of large-scale implementation of MSW charging;

(2) of the details of the preparatory work, undertaken by the HA up to April 30 this year, for the implementation of MSW charging at its PRH estates, e.g. formulating refuse collection procedure as well as modifying the design of and the usage arrangements for refuse stations and refuse chutes;

(3) given the absence of a domestic food waste collection system at present, of the measures to be put in place by the Government to facilitate the proper

handling of domestic food waste by the public, so as to lower the impact of MSW charging on general households; and

(4) whether it will extensively set up closed circuit television systems in various districts to curb illegal dumping of domestic waste that may occur after the implementation of MSW charging?

Reply:

President,

Our responses to the question raised by the Hon Wu Chi-wai are as follows:

(1) Premised on the "polluter-pays" principle and built upon the existing municipal solid waste (MSW) collection and disposal system as well as the recommendations made by the Council for Sustainable Development (SDC) after conducting an extensive public engagement exercise, MSW charges are proposed to be levied across the territory through the dual modes of (i) charging by designated bags (DBs)/designated labels (DLs) and (ii) charging by weight-based "gate-fee". Specifically, charging by DBs/DLs requires members of the public to wrap MSW in pre-paid DBs properly or attach with pre-paid DLs before disposal. This charging mode is applicable to most residential buildings, village houses, street-level shops, and institutional premises, accounting for some 80 per cent of the daily MSW disposed of at landfills. Charging by weight-based "gate-fee" is applicable to the remaining around 20 per cent of the daily MSW collected and disposed of by private waste collectors using waste collection vehicles without compactors (including grab lorries, demountable trucks, and tippers, etc.). Charges are calculated based on the weight of MSW disposed of at landfills or refuse transfer stations.

As most of the MSW from public rental housing (PRH) are generally collected by refuse collection vehicles with rear compactors (except for oversized waste subject to charging by DLs), charging by DBs will be applicable to PRH.

The Environmental Protection Department (EPD) has launched different pilot schemes and involvement projects to facilitate different stakeholders to try out MSW charging in actual settings. We launched a six-month pilot scheme in some PRH estates and private housing estates in 2014 to try out the effectiveness of different modes of quantity-based charging. The Environment and Conservation Fund (ECF) has been funding non-profit-making organisations and bodies since 2015 to carry out Community Involvement Projects (CIPs) in different types of premises to try out MSW charging and prepare for its implementation. As at today, more than 80 MSW charging CIPs have been sponsored, of which three of them are PRH estates.

In addition, to enable more stakeholders in PRH estates to try out MSW charging in actual settings in advance and help PRH residents to get prepared for the implementation of MSW charging, the EPD and the Housing Department (HD) have jointly commenced Trial Projects in ten PRH estates for a period of

approximately six months each by batches in end 2018. The EPD provides free dummy DBs to PRH residents for on-site trial and simulating MSW charging arrangements during the trial period. The EPD also organises various publicity and public education activities to enrich participants' understanding of MSW charging, source separation of waste and clean recycling.

(2) Based on the recommendations made by the SDC, the proposed MSW charging implementation arrangements are built upon the existing MSW collection system. The EPD and HD have maintained close liaison on implementation of MSW charging. To ensure effective implementation of MSW charging, the EPD has taken into account the waste collection arrangements and relevant facilities in PRH such as waste chutes and waste collection rooms, etc. in devising the implementation arrangements.

Upon the passage of the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018, the HD will consult the Subsidised Housing Committee of the Hong Kong Housing Authority (HA) on the implementation details of MSW charging at PRH having regard to the passed legal provisions and requirements. The HD will also provide clear guidelines to estate management staff including property management companies and cleansing service contractors to ensure that waste would be handled in accordance with the legal requirements.

(3) To promote proper recycling of food waste and make good use of innovation technology mainly on turning food waste into energy to suit the local situation in Hong Kong, the Chief Executive mentioned in her 2018 Policy Agenda that a pilot scheme would be introduced to examine the feasibility of implementing government-run free food waste collection services in the long run.

The EPD will allocate a portion of the treatment capacity of the Organic Resources Recovery Centre Phase 1 (O-PARK1) and the Food Waste/Sewage Sludge Anaerobic Co-digestion Trial Scheme at the Tai Po Sewage Treatment Works (STW) to provide free collection and recycling services for about 50 tonnes of domestic food waste per day (the total food waste treatment capacity of the two facilities will be 250 tonnes per day). We will liaise with the HD and the Hong Kong Housing Society (HS) to invite their participation in the pilot scheme. We will accord priority to and invite housing estates with experience in waste separation and/or handling food waste separation and recycling to join the pilot scheme. For example, housing estates that have participated in the food waste recovery trial under "Green Delight in Estates" programme organised by the HA, or those PRH estates who have participated in aforementioned CIPs funded by the ECF and Trial Projects etc.

We are planning to extend the "food waste / sewage sludge anaerobic co-digestion" technology to Sha Tin STW and seeking funding approval of the Legislative Council (LegCo) for the Organic Resources Recovery Centre Phase 2 (ORRC2). Upon commissioning of the two projects in 2022, we will allocate one-third of this treatment capacity to treat domestic food waste, which means the domestic food waste treatment capacity will be increased to around

200 tonnes per day.

We are conducting an engineering feasibility study and an Environmental Impact Assessment for the Organic Resources Recovery Centre Phase 3 (ORRC3). Depending on the progress in the preparation and subject to the approval of funds from the LegCo, we hope to commission the ORRC3 in 2026 with a daily food waste treatment capacity of 300 tonnes.

Subject to the progress and development of the remaining food waste treatment facilities (including other ORRCs and food waste / sewage sludge anaerobic co-digestion facilities which may be built in the future), we anticipate that Hong Kong's overall food waste treatment capacity will be increased to about 1 800 tonnes per day by around mid-2030s. This would amount to 50 per cent of food waste generated at present. According to overseas experience in food waste recycling, only around 50 per cent of food waste can be recycled even if comprehensive food waste recycling facilities are available.

(4) In order to step up efforts in combating offences of illegal land filling and fly-tipping of construction waste, the EPD has installed surveillance camera systems at about 80 locations, and plans to further extend with 35 sets of surveillance camera systems equipped with artificial intelligence by mid-2019, for enhancing the Department's enforcement tactics and mobility, including deploying the installation of systems to new black spot locations flexibly with reference to public concern on illegal waste disposal and intelligence shared among relevant departments. We will also deploy manpower resources for inspection having regard to risk assessments and actual conditions of the locations being monitored, and adopt appropriate enforcement strategy, to enhance enforcement effectiveness and deterrent effect.

On the other hand, from June 2018 to May 2019, the Food and Environmental Hygiene Department (FEHD) installed surveillance cameras at 118 blackspots across the territory to curb the illegal dumping of waste. The surveillance cameras are used in conjunction with other enforcement strategies, including preliminary public education and targeted blitz operations, to achieve a deterrent effect on repeated offenders. The FEHD often reviews its enforcement approach in tackling illegal waste dumping blackspots in various districts. If frequent illegal dumping of waste is detected in the vicinity of the blackspots with surveillance cameras installed, the FEHD will plan and mount blitz enforcement operations.

The FEHD intends to extend the surveillance camera scheme for two years starting from the third quarter of 2019 in consultation with the District Councils (DCs). Surveillance cameras will be installed at some 150 illegal waste dumping blackspots in phases according to the locations and priorities proposed by the DCs. If the hygiene conditions of a particular blackspot show significant improvement after the installation of cameras, the cameras will be relocated to other blackspots. The FEHD will progressively extend the scope of the scheme to cover more than 300 locations.

The EPD and FEHD will continue to combat fly-tipping under a multi-pronged approach. Apart from installing more surveillance cameras having regard to the actual circumstances, the two departments will enhance enforcement actions against those who violate the law.

LCQ11: Support provided for the ethnic minorities

Following is a question by the Hon Kwong Chun-yu and a written reply by the Secretary for Home Affairs, Mr Lau Kong-wah, in the Legislative Council today (June 19):

Question:

The Government has commissioned non-governmental organisations to run six support service centres for the ethnic minorities (EMs) and two sub-centres (support centres). The services provided by the support centres include organising language classes for EMs. One of these centres, namely the CHEER Centre operated by the Hong Kong Christian Service, also provides interpretation and translation services for EMs using public services. Regarding the support provided for EMs, will the Government inform this Council:

(1) of the number of occasions in each of the past three years on which the various policy bureaux/government departments (B/Ds) arranged interpretation and translation services for EMs using public services, with a breakdown by (i) B/D, (ii) name of service provider, and (iii) EM language;

(2) of the number of occasions in each of the past three years on which the various B/Ds engaged the interpretation and translation services provided by the CHEER Centre, with a breakdown by (i) service category (i.e. telephone interpretation service, on-sight interpretation service, on-site (escort) interpretation service, simultaneous interpretation service, written translation service and proofreading service) and (ii) EM language;

(3) of the following details of the Cantonese classes and English classes offered by each support centre in each of the past three years: (i) number of classes offered, (ii) medium of instruction, and (iii) number of students enrolled (with a breakdown by ethnicity); and

(4) of the current population of EM who are aged 65 or above, and the number of those who are receiving the various types of allowances under the Social Security Allowance Scheme, with a breakdown by (i) type of allowances and (ii) ethnicity?

Reply:

President,

In 2010, the Constitutional and Mainland Affairs Bureau issued the "Administrative Guidelines on Promotion of Racial Equality" (Guidelines) to provide guidance to relevant bureaux and departments to promote racial equality and ensure equal access by ethnic minorities (EMs) to public services in the key areas concerned, and to take this into account in the formulation, implementation and review of relevant policies and measures.

After consulting the relevant bureaux and departments, the consolidated reply to the question raised is as follows:

(1) Various bureaux and departments will provide interpretation services for EMs in need to ensure their equal access to public services. The Constitutional and Mainland Affairs Bureau is conducting a review on the Guidelines. To enhance the provision of interpretation services by bureaux and departments, the Bureau is exploring the feasibility of including guidance on the provision of interpretation services in the Guidelines.

The number of interpretation services for EMs arranged by bureaux, departments and public organisations under the scope of application of the Guidelines in the past three years and names of service providers are shown in Annex 1. The above bodies have not provided the breakdown of the number of interpretation services by EM languages.

(2) The Home Affairs Department provides support services for EMs to help them integrate into the community. Major services include the provision of language learning classes and integration programmes through six support service centres for EMs and two sub-centres. One of these centres, namely the CHEER Centre operated by the Hong Kong Christian Service, also provides interpretation and translation services in seven EM languages (Note) for non-specialised areas. Bureaux and departments and EMs are welcome to make use of these services. Interpretation services include mainly instant telephone interpretation services. Subject to the availability of resources, on-site or simultaneous interpretation services can also be arranged. From 2019-20 onwards, the Home Affairs Department will enhance the interpretation services provided by the CHEER Centre, including the introduction of interpretation services in Vietnamese.

The usage of CHEER Centre's interpretation and translation services with breakdowns by bureaux, departments, public organisations and EMs as well as by EM languages in the past three years are shown in Annexes 2 and 3 respectively.

(3) The support service centres for EMs and sub-centres of the Home Affairs Department provide Cantonese classes and English classes with the aim to help EMs meet the needs in their daily social lives and strengthen their capability and confidence to integrate into the community. The languages of instruction for Cantonese classes in the centres are mainly English and

Cantonese, while English is the primary language of instruction for English classes. The centres will, depending on the situation, arrange EM teaching assistants to assist the teachers.

The number of Cantonese classes and English classes organised in the centres and the number of participants by ethnicities in the past three project years are shown in Annex 4.

(4) According to the information of the 2016 Population By-census by the Census and Statistics Department, there are 20 124 EMs (excluding foreign domestic helpers) who are aged 65 or above in Hong Kong, including 2 838 Indian, 713 Nepalese, 633 Pakistani, 1 256 Filipino, 1 400 Indonesian and 1 011 Thai. The total population of EMs who are aged 65 or above for the above-mentioned six ethnicities is 7 851. The Social Welfare Department does not collect information on the ethnicity of the recipients of the Social Security Allowance Scheme.

Note: The seven EM languages are Bahasa Indonesia, Hindi, Nepali, Punjabi, Tagalog, Thai and Urdu.

LCQ17: Sponsors and listing applications

Following is a question by the Hon Kenneth Leung and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (June 19):

Question:

In recent months, a number of sponsors were reprimanded, fined and/or had their licences suspended by the Securities and Futures Commission (SFC) for failing to discharge their obligations. In this connection, will the Government inform this Council whether it knows:

(1) the respective numbers of complaints or reports about sponsors failing to discharge their obligations (i) received, (ii) an investigation into which was launched and (iii) the investigation of which was completed, as well as the number of cases in which disciplinary sanctions were imposed on sponsors found guilty of misconduct (and the details of each case), by SFC in each of the past five years;

(2) if SFC has studied new measures to make issuers of listed securities, their directors and underwriters shoulder greater responsibilities for ensuring the accuracy and completeness of the contents of the prospectuses, so as to avoid such responsibilities being borne solely by sponsors; and

(3) if SFC maintained, in the past three years, communication with the various parties involved in the issue of listed securities, with a view to understanding their needs and adjusting from time to time the measures concerned; if SFC did, of the details; if not, the reasons for that?

Reply:

President,

(1) During the period from January 2014 to May 2019, the Securities and Futures Commission (SFC) received a total of 113 complaints or reports related to alleged sponsors failures. The details are set out in Table 1 of the Annex. During the same period, the SFC has taken 16 disciplinary actions against the failures of sponsors and/or sponsor principals (including cases that are originated from complaints or reports received outside the said period). The respective penalties of these cases are set out in Table 2 of the Annex.

The SFC will take follow-up actions on every complaint and report received. However, the position of the follow-up actions of the complaints and reports and the progress of investigations are details that are subject to the secrecy provisions of the Securities and Futures Ordinance (SFO). The SFC cannot disclose such information.

(2) The existing legislation has already prescribed the respective responsibilities of the sponsors, listing applicants and their directors involved in an initial public offering. Following the established practice in strictly adhering to the provisions of the SFO, the SFC may object to listing applications that contain false or misleading information and prosecute the persons involved, including listing applicants and their directors.

According to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, directors of a listing applicant shall bear legal liability in respect of the contents of the prospectus.

According to the Securities and Futures (Stock Market Listing) Rules, the SFC may object to a listing application on certain grounds, including that if it appears to the SFC that the listing applicant has provided false or misleading information regarding a material fact (or through the omission of a material fact).

In addition, according to the SFO, if the SFC has reasonable cause to believe that a person (including the directors of a listing applicant) has knowingly or recklessly provided false or misleading information in its statutory filing with the SFC, the SFC may conduct investigation against that person. Where appropriate, the SFC may prosecute the offenders.

(3) The SFC conducts regulatory supervision of sponsors based on its risk-based supervisory approach, and with particular attention to the possible deficiencies in their due diligence work. During the regulatory supervision,

the SFC communicates with the sponsors about the concerns that it may have on the sponsors' work. The SFC also provides the industry with examples of cases that fall short of the expected standards through publishing circulars or thematic reports. For example, the SFC issued a thematic report in March 2018 which draws the industry's attention to specific deficiencies and the instances of non-compliance as observed by the SFC during its regulatory supervisions. The report also highlights the practices that meet the SFC's expected standards. In addition, the SFC issued a circular in March 2018 to remind licensed corporations engaging in sponsors work of the SFC's expected standards on conduct and due diligence practices and to urge them to critically review and enhance their internal system and control measures.