

Operating arrangements announced for Hong Kong Section of Guangzhou-Shenzhen-Hong Kong Express Rail Link

The Transport and Housing Bureau announced today (August 23) the operating arrangements for the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (XRL). The XRL will be commissioned on September 23 to connect with the national high-speed rail network, offering direct trains to 44 destinations. The service concession of the XRL has been formally granted to the MTR Corporation Limited (MTRCL).

Speaking at a press conference today, the Secretary for Transport and Housing, Mr Frank Chan Fan, said, "The XRL will commence operation on September 23. The commissioning of the XRL is a historic moment for Hong Kong. It will bring not only a brand new, faster and more convenient means of cross-boundary transport to and from the Mainland for people in Hong Kong, but also strengthen links between Hong Kong and the Mainland by connecting the city to the 25,000-kilometre national high-speed rail network. It will foster commercial and cultural exchanges between Hong Kong and Mainland cities and enhance Hong Kong's status as a transport hub. It will also enable Hong Kong to tap into the synergy and opportunities brought about by the development of the Guangdong-Hong Kong-Macao Greater Bay Area. With more and more Hong Kong people working, conducting business, studying and retiring in the Mainland, the commissioning of the XRL can enhance the long-term development opportunities for promoting sustainable growth in trades including tourism, commerce and professional services."

The 44 destinations that the direct XRL trains will reach comprise six short-haul destinations, namely Futian, Shenzhen North, Guangmingcheng, Humen, Qingsheng and Guangzhou South of the Guangzhou-Shenzhen-Hong Kong Passenger Line, and 38 long-haul destinations along the Beijing-Guangzhou Passenger Line, the Hangzhou-Fuzhou-Shenzhen Passenger Line, the Shanghai-Kunming Passenger Line and the Guiyang-Guangzhou Passenger Line, including Beijing, Shanghai, Kunming, Guilin, Guiyang, Shijiazhuang, Zhengzhou, Wuhan, Changsha, Hangzhou, Nanchang, Fuzhou, Xiamen and Shantou.

"The number of destinations that can be reached by XRL trains is far more than the four short-haul destinations and 14 long-haul destinations we announced earlier. High-speed train tickets are always in high demand in the Mainland. We are glad that the XRL can reach 44 destinations upon its commissioning. We have followed a strategic plan in selecting destinations. Taking a short-haul destination as an example, Futian is located at the centre of the financial development area in Shenzhen, and is home to the headquarters of a number of financial corporations as well as the Shenzhen Convention and Exhibition Centre. Regarding the two newly added short-haul destinations, Guangmingcheng is a new administrative region approved by the State Council in May this year, while Qingsheng is located in Nansha New

Area, which is the sixth state-level new zone. Both destinations are new development areas for innovation and technology industries with speedy economic growth and huge development potential. It will take an hour to travel by XRL train to these destinations, which can greatly facilitate commercial and cultural exchange between Hong Kong people and cities in the Bay Area, and is conducive to realising the 'one-hour living circle' in the Bay Area. With the Central Government's new initiative to be implemented in September to allow Hong Kong residents living on the Mainland meeting the relevant criteria to apply for residence permits, this will provide more opportunities for Hong Kong people in the Mainland.

"Many of the other long-haul destinations are popular tourist spots for Hong Kong people. Considering that many Hong Kong people like to travel to the Chaoshan area, we have sought some destinations in the Chaoshan area along the Hangzhou-Fuzhou-Shenzhen Passenger Line, such as Shantou, Shanwei, Lufeng and Chaoyang. Along the northern route from Guangzhou South, we have also sought two tourist spots, Shaoguan and Hengyang, as intermediate destinations. All these connections will bring new opportunities to the Hong Kong travel industry and be conducive to developing multi-destination itineraries, so as to help Hong Kong develop further as a regional tourism brand," Mr Chan said.

Upon the commissioning of the XRL, there will be 114 pairs of short-haul trains daily during peak periods (general holidays of Hong Kong and public holidays in the Mainland and the connecting weekends, summer holidays during July and August, and the Spring Festival travel seasons in the Mainland). As for weekdays and weekends (Friday to Sunday), 70 and 82 train pairs will run daily respectively. Subject to market demand, the train schedule will be suitably adjusted in view of passenger flow. There will also be 13 pairs of direct long-haul trains daily.

As for fares, both the Mainland and Hong Kong sides previously agreed that the fares of the XRL between West Kowloon Station (WKS) and the short-haul destinations should suitably reflect the greater convenience and shorter travelling time of the new cross-boundary high-speed train services, while providing maximum social and economic benefits to the community at large and without undermining the competitiveness of the XRL. The fares for the long-haul destinations will be determined by adding up the existing fares for travelling from these stations to Guangzhou South (for trains of the Beijing-Guangzhou Passenger Line, the Shanghai-Kunming Passenger Line and the Guiyang-Guangzhou High-Speed Railway that pass through Guangzhou South) or Shenzhen North (for trains of the Hangzhou-Fuzhou-Shenzhen Passenger Line that pass through Shenzhen North) and the fares of the XRL from Guangzhou South or Shenzhen North to WKS respectively.

The Second Class fares from WKS to the short-haul destinations will range between RMB68 (around \$78) for Futian to RMB215 (around \$247) for Guangzhou South. For the Second Class fares of long-haul destinations along the Beijing-Guangzhou Passenger Line, the Hangzhou-Fuzhou-Shenzhen Passenger Line, the Shanghai-Kunming Passenger Line and the Guiyang-Guangzhou High-Speed Railway, the highest prices are RMB1,077 (around \$1,239) for Beijing,

RMB349 (around \$401) for Fuzhou, RMB1,008 (around \$1,159) for Shanghai and RMB538 (around \$619) for Guiyang respectively. In actual operation, there may be various promotional and concession fares for the XRL during non-peak periods or low seasons for tourists having regard to market demand so as to enable more passenger groups to experience the XRL services.

The MTRCL plans to adjust the fares of the XRL in Hong Kong dollars on a monthly basis for tickets sold through the Hong Kong ticketing system (via a Hong Kong ticketing website and hotline, at a ticketing office and ticket vending machines at WKS and through local travel agencies). As for the arrangements and service fees for purchasing Mainland journey tickets, the Mainland and Hong Kong sides earlier agreed, as an interim measure, to charge concessionary service fees for people purchasing Mainland journey tickets at the five ticketing counters at the ticketing office of WKS. The new service fees will depend on the fare level – \$10 for a ticket less than RMB200, \$20 for a ticket at or above RMB200 to less than RMB300 and \$30 for a ticket at or above RMB300. As compared with the current service fees for purchasing Mainland journey tickets, the new arrangement greatly reduces the service fees for purchasing Mainland journey tickets at WKS. Meanwhile, the MTRCL and China Railway Corporation (CR) will continue to explore other channels through which Hong Kong passengers may purchase Mainland journey tickets in a more convenient and direct manner. In this connection, CR is in support of the idea of enhancing the Mainland ticketing system (i.e. www.12306.cn) to facilitate online purchase of Mainland journey tickets by Hong Kong passengers. CR is working to overcome the policy and technical challenges with a view to achieving system enhancement. The above discounts on service fees at WKS will be offered until such time when these long-term solutions are available.

As for the concession agreement of the XRL, the Government and the Kowloon-Canton Railway Corporation (KCRC) signed the legal documents for vesting in the land or interests or other rights in respect of land for the operation of the XRL, and assigning the movable assets of the XRL to the KCRC. Under the Supplemental Agreement to the existing Service Concession Agreement, the KCRC will grant the MTRCL a 10-year concession to operate the XRL. The MTRCL needs to pay the KCRC concession payments based on the actual patronage of the XRL. Furthermore, the Government and the MTRCL signed the amendment agreement to the existing Operating Agreement to govern the MTRCL's daily operation and management of the XRL.

The XRL is the first railway project constructed and operated under the concession approach. "With the efforts and co-operation by various parties, the operation of the XRL will be financially healthy based on the current patronage forecast. The KCRC may receive substantial concession payment for the XRL according to the established mechanism. The MTRCL has to pay the KCRC concession payment for the XRL according to an established mechanism. The amount equals 90 per cent of the discounted cash flow of the project. It is estimated that the MTRCL will pay the KCRC a total Additional Concession Payment exceeding the net amount of \$2.7 billion (in money-of-the-day prices) for the 10-year concession period for the XRL even with a prudent patronage forecast adopted," Mr Chan said.

The XRL will connect with the enormous high-speed rail network in the Mainland and provide more cross-boundary transport options for Hong Kong citizens as well as tourists from various Mainland cities. The Government is therefore confident that the commissioning of the XRL can boost the overall cross-boundary passenger flows. Coupled with the competitive fare level for the XRL and a mechanism to adjust fares according to market responses, the XRL will be able to achieve good financial health and stability. Since the XRL will be a brand new cross-boundary transport mode, the Government has adopted a prudent approach to forecast patronage for the XRL in considering the business case of the project. Nevertheless, having regard to commercial considerations as well as the balance of returns and risks, the Government, the KCRC and the MTRCL agree on the two arrangements below:

(a) When the actual patronage of the XRL deviates considerably from the projected patronage, the KCRC and the MTRCL will share the returns or risks arising from such deviation under a fair and symmetric mechanism, which is called a Patronage Cap-and-Collar Mechanism. If the deviation of the actual patronage from the projected patronage is within 15 per cent, the MTRCL will bear all the risk or retain all the return; if the deviation of the actual patronage from the projected patronage is beyond 15 per cent, the MTRCL and the KCRC will bear the risk or share the return according to the ratio of 30 per cent to 70 per cent. In any event, the MTRCL will still need to pay to the KCRC Variable Annual Payments according to the total revenue generated from the operation of KCRC railways (the East Rail Line, the West Rail Line and the Light Rail) and related business according to the mechanism under the Service Concession Agreement; and

(b) The Government expects that the XRL should only have minimal impact on the patronage of the existing MTRCL rail network (in particular the East Rail Line including the Lo Wu and Lok Ma Chau stations). Nevertheless, the KCRC and the MTRCL agree to calculate the actual impact of the XRL on the patronage of the existing rail network over two periods and the total amount will not exceed \$1.5 billion. The estimated Additional Concession Payment to be received by the KCRC (i.e. \$2.7 billion) should be able to offset the effect even if such a circumstance arises.

Phishing email related to The Hongkong and Shanghai Banking Corporation Limited

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) wishes to alert members of the

public to a press release issued by The Hongkong and Shanghai Banking Corporation Limited on phishing email, which has been reported to the HKMA. Hyperlink to the press release is available on the [HKMA website](#) for ease of reference by members of the public.

Anyone who has provided his or her personal information to the e-mail concerned or has conducted any financial transactions through the e-mail should contact the bank concerned using the contact information provided in the press release, and report to the Police or contact the Cyber Security and Technology Crime Bureau of the Hong Kong Police Force at 2860 5012.

Third-term Commission on Poverty convenes first meeting

The Chief Secretary for Administration, Mr Matthew Cheung Kin-chung, chaired the first meeting of the third-term Commission on Poverty (CoP) this afternoon (August 23).

The third-term CoP comprises 21 non-official members from different sectors including the Legislative Council, business, welfare organisations, education and social entrepreneurship. For the first time, an ethnic minority member has been appointed to the CoP. The Secretary for Labour and Welfare, the Secretary for Home Affairs, the Secretary for Education and the Secretary for Food and Health continue to be ex-officio members.

Mr Cheung said, "The membership of the CoP is highly representative, which is conducive to the promotion of tripartite collaboration amongst the community, business and government, and the examination of policies and measures to alleviate poverty and support the disadvantaged."

At the meeting, members discussed a number of tasks of the CoP, namely monitoring the poverty situation through the analytical framework of the poverty line as well as taking forward the work of the Community Care Fund and the Social Innovation and Entrepreneurship Development Fund established under the CoP. Members took note of the poverty line analytical framework and the supplementary analyses developed under the framework, including a thematic study on the elderly poverty situation, an analysis on households facing higher poverty risk and a study on the effects of demographic changes to the poverty figures. Members also noted that the poverty analysis and statistics for 2017 will be released in the fourth quarter of this year.

In addition, members were briefed on the key tasks and achievements made by the CoP in the last two terms. Members also provided views on the CoP's future work direction.

Manager of unlicensed guesthouse fined

A man was fined \$10,000 at the Kwun Tong Magistrates' Courts today (August 23) for contravening the Hotel and Guesthouse Accommodation Ordinance.

The courts heard that in July last year, officers of the Office of the Licensing Authority (OLA), the Home Affairs Department, inspected a suspected unlicensed guesthouse on Nathan Road in Mong Kok. During the inspection, the OLA officers posed as lodgers and successfully rented a room in the guesthouse on a daily basis.

According to the OLA's record, the guesthouse did not possess a licence under the Ordinance on the day of inspection. The man responsible for managing the premise was charged with contravening section 5(1) of the Ordinance.

A department spokesman stressed that operating or managing an unlicensed guesthouse is a criminal offence and will lead to a criminal record. Upon conviction, the offender is liable to a maximum fine of \$200,000 and two years' imprisonment.

The spokesman appealed to anyone with information about suspected unlicensed guesthouses to report it to the OLA through the hotline (tel: 2881 7498), by email (hadlaenq@had.gov.hk), by fax (2504 5805) using the report form downloaded from the OLA website (www.hadla.gov.hk), or through the mobile application "Hong Kong Licensed Hotels and Guesthouses".

Company's director sentenced to imprisonment for default of wages and Labour Tribunal awarded payment

The director of a limited company has been prosecuted by the Labour Department (LD) for failing to pay 18 employees wages and defaulting on a sum awarded by the Labour Tribunal (LT) to two employees under the Employment Ordinance (EO). The director pleaded guilty at West Kowloon Magistrates' Courts on August 9 and was sentenced to four weeks' immediate imprisonment today (August 23). The defendant was also ordered to pay an outstanding sum of about \$396,000.

Yiu Fung Logistics Company Limited failed to pay 18 employees wages totalling about \$388,000 within seven days after the termination of employment in contravention of the E0. Also, the company failed to pay awarded sums of about \$40,000 to two employees within 14 days after the specified payment date of the LT award. The director concerned was convicted for her consent, connivance or neglect in the above offences.

"The judgment would disseminate a strong message to all employers and responsible officers of companies that they have to pay employees wages within the time limit in accordance with the E0 and awarded sums according to the terms of awards issued by the LT or the Minor Employment Claims Adjudication Board," a spokesman for the LD said.

"The LD will not tolerate these offences and will spare no effort in enforcing the law and safeguarding employees' statutory rights," the spokesman added.