[LCQ16: Attracting China Concept Stock companies to list in Hong Kong]

Following is a question by the Hon Yim Kong and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (May 4):

Question:

There are views pointing out that in the wake of geopolitical changes and escalating tension between China and the United States, China Concept Stock (CCS) companies have become targets of suppression, and that attracting CCS companies listed on overseas markets to list in Hong Kong is a significant measure for Hong Kong to integrate into the overall development of the country and to enhance its status as an international financial centre. However, the situation concerned is less than satisfactory as of now. In this connection, will the Government inform this Council:

(1) whether it has studied the major difficulties that Hong Kong is currently facing in further attracting CCS companies to list in Hong Kong and the reasons behind;

(2) whether it will introduce new measures that tailor to the characteristics of CCS companies to facilitate their listings in Hong Kong, such as by (i) lowering the requirements for the companies concerned in terms of market capitalisation, revenue and profit, (ii) relaxing and clarifying the definition of companies from emerging and innovative sectors, and (iii) extending the more relaxed listing requirements (such as allowing the listing of companies that have yet to make any revenue or profit) solely applicable to biotechnology companies currently to more innovation and technology companies; if so, of the timetable; and

(3) whether it has, by drawing reference from the experience of the Mainland and overseas places, explored ways to protect the interests of investors while relaxing the listing requirements to attract CCS companies to list in Hong Kong; of the measures in place to make it more convenient for Mainland investors to make more investment in CCS companies listed in Hong Kong through the Shanghai-Hong Kong Stock Connect (S-HK Stock Connect) and Shenzhen-Hong Kong Stock Connect (SZ-HK Stock Connect)?

Reply:

President,

Mainland enterprises listed overseas are commonly known by the market as "China Concept Stocks". The Financial Stability and Development Committee under the State Council stated after the meeting on March 16 that the regulatory bodies concerned have maintained good communication on the regulation over US-listed Chinese enterprises and made positive progress. The two sides are working on a concrete cooperation plan. Subsequently, the China Securities Regulatory Commission (CSRC) also indicated that it would further expand high quality market opening-up and strive for an early implementation of new draft rules for overseas listings, rendering continued support for eligible companies to seek listings in overseas markets. Meanwhile, the CSRC would also support capital market cooperation between the Mainland and Hong Kong to jointly safeguard soundness and stability of the Hong Kong market.

The Government of the Hong Kong Special Administrative Region (HKSAR) will, as in the past, support the policy direction of the Central People's Government and contribute to the high quality opening-up of the country. For "China Concept Stocks" issuers who would like to list in Hong Kong, leveraging on our institutional strengths as an international financial centre and unique advantages under the "one country, two systems" principle, we have already made preparation to attract quality "China Concept Stocks" to list in Hong Kong, providing more choices to investors and increasing market liquidity.

In consultation with the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEX), my reply to the three parts of the question is as follows:

(1) and (2) The HKSAR Government has all along strived to develop Hong Kong into a deeper and broader fundraising platform. The HKEX introduced a series of reforms to the listing regime in April 2018, which include launching a new concessionary route to secondary listing for Greater China issuers (Note) who are listed on major overseas markets, belonging to emerging and innovative sectors, and meeting specific eligibility criteria, while grandfathering their weighted-voting-right (WVR) or variable interest entity (VIE) structures.

In view that an increasing number of "China Concept Stocks" may choose to return from overseas markets and the demand for such listings is expected to continue to grow in future, targeting the fundraising needs and characteristics of "China Concept Stocks" and other overseas issuers, the HKEX conducted a holistic review of the relevant listing regime from 2020 and consulted the market in March 2021 on a set of proposals to further enhance and streamline the listing of Greater China issuers in Hong Kong. With support from a majority of the respondents, the HKEX implemented the measures in January 2022, which include revisions to the market capitalisation requirement and the "innovative company" condition for relevant issuers to secondary list in Hong Kong, with a view to facilitating "China Concept Stocks" to list in Hong Kong. The key enhancements are as follows:

Secondary listing

* the requirements of secondary listing in Hong Kong for Greater China issuers without a WVR structure are relaxed by removing the "innovative company" condition, with a view to assisting Greater China issuers from traditional sectors to seek secondary listing in Hong Kong;

* the minimum market capitalisation requirement for Greater China issuers without a WVR structure is relaxed from the original $40 billion or $10 billion (if its revenue for the most recent financial year is at least $1 billion) to $3 billion;

From secondary listing to primary listing

* secondary listed issuers will be regarded as primary listed issuers in Hong Kong in the event of delisting from an overseas exchange. While they need to comply with the applicable provisions for primary listed issuers under the Listing Rules, the issuers concerned would have a 12-month grace period to allow for the preparation of financial statements in accordance with Hong Kong or international financial reporting standards;

* for issuers who are involuntarily delisted from an overseas exchange, the continuing transactions entered into before the issuers' notification to the HKEX on the expected involuntary delisting would be exempted from the relevant Listing Rules for three years from the date of the notification. If necessary, the HKEX may grant a grace period on a case-by-case basis;

Dual primary listing

* for Grandfathered Greater China issuers with WVR or VIE structures who could meet the relevant requirements for secondary listing, they could apply for dual primary listing directly and their existing WVR or VIE structures will be grandfathered. In addition, if Grandfathered Greater China issuers apply for conversion to primary listing status after secondary listed in Hong Kong, their WVR and VIE structures that were in effect at the time of secondary listing in Hong Kong will also be grandfathered; and

* in the event of migration or voluntary conversion to primary listing, secondary listed issuers will be regarded as dual primary listed issuers.

Regarding the technology and innovation sector, the Financial Secretary announced in the 2022-23 Budget that in order to cater for the emerging new economy in the Mainland in recent years and considering the fundraising needs of largeâ€‘scale advanced technology enterprises, the SFC and the HKEX are reviewing the Main Board Listing Rules and, having due regard to the risks involved, examining the revision of the listing requirements to meet the fundraising needs of such enterprises. "China Concept Stocks" from the technology sector listed overseas may also benefit from the review. The HKEX will approach relevant market participants and listen to their views, with a view to putting forward concrete recommendations as soon as possible and consulting the market publicly.

Overall speaking, the above measures would be conducive to attracting quality "China Concept Stocks" listed in overseas exchanges to return. Apart from seeking secondary listing in Hong Kong, the measures also provide greater flexibility to relevant issuers to seek dual primary listing directly or obtaining primary listing status in Hong Kong through migration or voluntary conversion. The HKSAR Government will maintain close communication with the SFC and the HKEX, continue to review the implementation of the regulatory regime for listing, and introduce further enhancements as appropriate.

(3) The HKSAR Government has all along strived to balance market development and maintaining high level of investor protection. To address the difference in shareholder protection standards under the laws of other jurisdictions and that under Hong Kong legislation, during its review of measures to attract the return of "China Concept Stocks" in 2020, the HKEX also took the opportunity to examine the provisions of company laws of relevant jurisdictions, in order to formulate a set of core standards applicable to listed companies from different places in establishing baseline protection for investors. After consulting the market, the HKEX implemented a series of revisions in January 2022 to ensure that the same set of core shareholder protection standards are adopted for all issuers, thus providing the same level of protection to investors. These protection requirements cover arrangements of general meetings, shareholders' rights, etc.

The deepening of integration and interaction of financial markets between the Mainland and Hong Kong has also been the policy objective of the HKSAR Government. Currently, eligible "China Concept Stocks" with dual primary listing status could be included as eligible securities under Stock Connect if they fulfill the relevant requirements, which could attract trading by Mainland investors and enhance their liquidity. We have also included pre-revenue/pre-profit biotechnology companies listed in Hong Kong that fulfill certain criteria in the scope of eligible securities under Stock Connect from December 2020. As at end of March 2022, 28 companies that were listed under the Biotech Companies Chapter (Chapter 18A) have become eligible securities under Stock Connect through this route, the majority of which are "China Concept Stocks". The HKSAR Government will continue to expand the mutual market access programmes in a gradual manner in future and explore with the Mainland to further expand the scope of eligible securities.

Note: Qualified issuers with a centre of gravity in Greater China.

LCQ5: Emotional support services for pregnant women and their family members

Following is a question by the Hon Sunny Tan and a written reply by the Secretary for Labour and Welfare, Dr Law Chi-kwong, in the Legislative Council today (May 4):

Question:

It has been reported that earlier on, a mother suspected of suffering from postnatal depression dropped her two-week-old daughter from a footbridge, and the baby girl passed away after being sent to hospital for emergency rescue. There are comments pointing out that the pressure of making preparations for the arrival of newborn babies and taking care of them may cause pregnant women and their family members to develop negative emotions. In this connection, will the Government inform this Council:

(1) given that the Comprehensive Child Development Service (CCDS) currently implemented by the authorities includes the identification of pregnant women with mental health problems and mothers suffering from postnatal depression, whether the authorities have assessed if the service is adequate for supporting pregnant women and their family members to face emotional problems before and after pregnant women give birth to their babies; if they have assessed and the outcome is in the affirmative, of the details; if the assessment outcome is in the negative, whether the authorities will, by drawing reference from the practices of other places, provide emotional education and psychological counselling services to pregnant women and their family members when pregnant women attend antenatal check-ups, as well as offer them and their family members relevant online teaching materials, support hotlines and online meeting services;

(2) of the following information on persons identified under the CCDS in each of the past five years as having antenatal mental health problems/postnatal depression: (i) their number and proportion in the total number of persons receiving the service, (ii) the number of such persons who received treatment, (iii) their proportions by age, (iv) the types of follow-up services received, and (v) the time taken for waiting for and receiving treatment (set out in a table); and

(3) as there are comments pointing out that people planning to have babies should prepare in advance for emotional awareness and management, whether the authorities will consider formulating a more comprehensive and in-depth baby care policy, as well as enhancing collaboration with community organisations to provide people in need with pre-pregnancy, antenatal and postnatal emotional awareness and management education, psychological counselling and support services; if so, of the details; if not, the reasons for that?

Reply:

President,

The Comprehensive Child Development Service (CCDS) is a measure jointly implemented by the Labour and Welfare Bureau, the Education Bureau, the Department of Health (DH), the Hospital Authority (HA) and the Social Welfare Department (SWD), which aims to early identify various health and social needs of children (aged zero to five) and their families and provide intervention services for the protection, and to foster healthy development of children through multi-disciplinary collaboration (paediatrics, psychiatry, obstetrics and gynaecology, social work and clinical psychology).

The above service enables health care providers to identify various health and social needs of children and their families, through the collaborative platforms, such as the Maternal and Child Health Centres (MCHCs), hospitals, the Integrated Family Service Centres/Integrated Services Centres (IFSCs/ISCs) and pre-primary institutions, including at-risk pregnant women, mothers with postnatal depression, families with psychosocial needs and pre-primary children with health, developmental and behavioural problems, etc., so as to provide support to pregnant women/mothers and their families, and provide necessary health and social services for the healthy development of children. In addition, the IFSCs/ISCs operated by the SWD or the non-government organisations (NGOs) also provide developmental and preventive services to needy families, such as family life education, parent-child activities, educational/developmental groups/programmes, etc.

(1) During the antenatal period, pregnant women with mood problem or past record of psychiatric illness are identified by the nurses at the MCHCs. They are then offered supportive counselling service or assessed by the visiting psychiatric team of the HA at the MCHCs, as well as referred to the CCDS midwives at the obstetric clinics of the HA for follow-up and monitoring to ensure that they receive proper psychiatric service.

At the postnatal stage, nurses at the MCHCs identify mothers with probable postnatal depression using professional assessment tools and refer them to the visiting HA's outreach psychiatric nurses at the MCHCs for further assessment and counselling. Depending on the severity of the condition and needs of the mothers and their children, the concerned cases are followed up by the visiting outreach psychiatric teams or paediatricians at the MCHCs, the regular psychiatric service of the HA and/or the IFSCs/ISCs operated by the SWD or the NGOs. Upon receiving referrals from the MCHCs, social workers at the IFSCs/ISCs will assess the needs and problems of the families and provide appropriate services.

According to the above mode, relevant service units of the CCDS could identify mothers at-risk and with perinatal depression at an early stage and refer them to the appropriate health and social services, including psychiatric services, parenting programmes, family planning education, counselling service, supportive groups and programmes, and even drug detoxification service etc., to help them adjust the physical and psychological changes during pregnancy and cope with the stress of taking care of a newborn baby.

(2) The table below sets out the relevant figures of persons identified to have antenatal mood problems/postnatal depression under the CCDS in the past five years.

	MCHCs under DH	Psychiatric clinics under HA

Year	Mothers identified as having antenatal mood problems/postnatal depression (headcount)	Referral for follow-up management in the appropriate health and/or social service units (number of cases)	New cases of antenatal and postnatal women receiving psychiatric service of HA after referral (headcount) (Note 2)
2021 (Note 1)	3 560	2 052	3 178
2020 (Note 1)	2 269	1 517	2 967
2019	6 538	3 766	4 889
2018	6 798	4 133	1 105
2017	7 463	4 385	1 047

Note 1: As affected by COVID-19 epidemic, the number of service users in the MCHCs has decreased as compared to past years.
Note 2: Including psychiatric service provided by visiting HA's outreach psychiatric team at the MCHCs and psychiatric outpatient clinics. Source of referral cases include the MCHCs, obstetrics of the HA or other service units.

â€‹Relevant Government departments have not kept a breakdown of other aspects of the CCDS. However, all high-risk pregnant women as identified by the HA under the CCDS will be arranged to receive psychiatric services as early as possible.

(3) The obstetric units of the HA have been offering antenatal classes to prepare mothers-to-be to walk through various anxiety stages of pregnancy. The HA obstetric mobile application "HApi Journey" (Hospital Authority Pregnancy Information Journey) was launched in February 2017 to provide updated information and useful tools for mothers-to-be, including nutritious diet during pregnancy, breastfeeding and caring of the newborn, in a timely manner to empower mothers-to-be and reduce their anxiety. In addition, the MCHCs provide expectant parents and parents with anticipatory guidance on antenatal and postnatal emotional changes, childcare, child development and parenting during the antenatal period and throughout the pre-school years of children via various means, e.g. counselling interviews, leaflets/videos, online resources, hotline and public talks, etc. These aim to support parents to understand and early identify postnatal mood problems, and equip them with more knowledge and handling skills on the growth and development of children.

[LCQ6: Pilot scheme for charging land premiums at standard rates for redevelopment of industrial buildings]

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 4):

Question:

In March last year, the Development Bureau launched a pilot scheme for charging land premiums at standard rates for redevelopment of industrial buildings (IBs) (the pilot scheme) under which standard rates are set for the uses involved in lease modifications for IBs, and owners of IBs may compute the land premiums payable at the promulgated standard rates based on the uses and gross floor areas of their IBs before and after lease modifications. The pilot scheme runs for two years and is applicable to IBs constructed before 1987. In this connection, will the Government inform this Council:

(1) of the respective numbers of applications made under the pilot scheme which have been received, approved and rejected by the Government so far, and the number of applications under vetting; the average time taken for vetting and approving each application;

(2) among the approved applications mentioned in (1), of the respective numbers of those involving commercial/modern industrial use and residential use after lease modifications, as well as the following information of each application: (i) the district involved, (ii) whether there is an increase in the gross floor area after the lease modification (if so, of the details), and (iii) the amount of land premium involved; and

(3) whether it will consider extending the application deadline of the pilot scheme or regularising it, and at the same time expanding the scope of the pilot scheme to cover IBs constructed in or after 1987; if so, of the details; if not, the reasons for that?

Reply:

President,

The Development Bureau and the Lands Department (LandsD) launched in mid-March 2021 the pilot scheme for charging land premiums at standard rates for redevelopment of industrial buildings (IBs) (the pilot scheme), for lease modifications involving the redevelopment of IBs constructed before 1987. The pilot scheme provides an option for charging land premiums at standard rates on these lease modifications, as an alternative to the conventional mechanism for premium assessment (i.e. individual premium assessment based on the circumstances of each case). Through promulgating in advance a set of standard rates on land premium, the pilot scheme aims to provide certainty on land premiums and expedite the completion of lease modification procedures involved in the redevelopment of aged IBs to facilitate the early transformation of the land into uses more compatible with the needs of society, and thus optimise the use of land.

My reply to each part of the Hon Ng's question is as follows:

(1) As at mid-April 2022 (over the past one year and so), applicants of nine eligible lease modifications opted for standard rates under the pilot scheme. Out of them, seven cases have had land premium agreed with the LandsD (five of which have been executed and two are expected to be executed in three months), and the remaining two cases are under processing. For reference, in the three years prior to the launch of the pilot scheme, on average only about three to four lease modification cases of IB redevelopment had premium agreed per year.

Under the pilot scheme, eligible applicants should exercise their option on whether to have land premium calculated at standard rates upon acceptance of provisional basic term offer (PBTO) of the lease modification (which is the last step before commencement of the premium assessment process). Generally speaking, after the eligible applicant has opted and accepted the PBTO, the LandsD will complete the ensuing processes, including premium calculation and title checking etc., and issue the binding basic term offer with premium offer within about five weeks from the acceptance of the PBTO.

Thereafter, the applicant should accept the premium offer within one month. Upon the applicant's acceptance (i.e. the two parties have agreed on the land premium amount), the lease modification document will be executed within three months. Under standard rates, as the applicant has made the option knowing the land premium amount in advance, there is no need for both parties to negotiate on the premium. Therefore, the time required from issuing the premium offer to reaching an agreement on the land premium (one month in general, as mentioned above) is much shortened from that required under conventional premium negotiation (around seven months on average in recent years).

(2) Under the pilot scheme, standard rates are set for the use before lease modification of IBs (i.e. "industrial/godown" use before redevelopment) and two common uses after lease modification (i.e. "commercial/modern industrial" and "residential" uses after redevelopment). The five executed lease modification cases above are all for commercial/modern industrial use after modification, with details at the Annex. The information of other cases can be searched at the Land Registry after the relevant lease modification documents are executed and the relevant documents are registered at the Land Registry. Key information will also be available on the LandsD's website.

(3) The pilot scheme targets pre-1987 IBs for revitalisation, because they were constructed before the Fire Services Department enhanced the fire safety requirements in 1987. These buildings have relatively less adequate fire

service installations and could pose safety risks to IB users and the society. Therefore, the Government focused on promoting the redevelopment of these IBs in order to address the safety problems in a more fundamental manner. Given this particular policy objective, the Government will continue to focus on IBs constructed before 1987 for the time being.

In order to give owners a push factor in taking forward redevelopment expeditiously, the pilot scheme is time-limited and set to run for two years originally. The Government announced in end-March this year to extend the Pilot Scheme for one year until March 31, 2024, during which the previously announced standard rates will remain unchanged, to allow more time for IB owners to plan for redevelopment and for the Government to gather more experience for a review to consider the way forward.

In fact, in view of the positive response from the industry towards the pilot scheme, the Chief Executive's 2021 Policy Address announced the extension of the standard rates approach for premium assessment to lease modifications in the new development areas, with details announced in end-March this year. The Government will continue to keep in view the implementation of standard rates, so as to consider the feasibility of extending the scope of applying standard rates.

Government repeats appeal for elderly persons to undergo frequent COVID-19 testing

In the light of the gradual relaxation of social distancing measures and the increase in social activities, the Government today (May 4) appealed to elderly persons again to undergo frequent COVID-19 testing and to keep a close watch on their own health condition. Apart from undergoing free testing at community testing centres (CTCs) and mobile specimen collection stations, elderly persons can also collect COVID-19 rapid antigen test (RAT) kits at elderly service units.

The Government started distributing free RAT kits to elderly persons aged 60 or above through various elderly service units since April 19 so as to encourage them to undergo voluntary RAT testing from time to time. As at May 2, a total of close to 2 million RAT kits were distributed by the Government through relevant channels.

A spokesman for the Food and Health Bureau (FHB) said that elderly persons have higher COVID-19 infection risks. Making good use of RAT kits to conduct regular testing allows early identification of infection, so that appropriate treatment can be provided in a timely manner, thereby preventing development of serious illness or even death. The FHB suggested that elderly persons who have received at least two doses of COVID-19 vaccine to undergo an RAT at least once per week, and those who are not fully vaccinated should conduct an RAT at least three times per week. The Government will continue to distribute RAT kits through various elderly service units until the end of May.

"The supply of RAT kits is sufficient. There is no need for elderly persons to stockpile RAT kits. To allow more elderly persons to benefit from the distribution, a total of five sets of RAT kits will be provided each time. Recipients should not collect them on behalf of other persons, nor collect the RAT kits repeatedly on the same day," the spokesman added.

The following service units will continue to provide free RAT kits to all elderly persons aged 60 or above (including members and non-members). Elderly persons should collect the RAT kits in person and bring along any documents for proof of age, such as identification documents, Senior Citizen Card or JoyYou Card for verification purposes. The units are:

- Two District Health Centres (DHC) and 11 DHC Expresses under the Primary Healthcare Office of the FHB;
- 213 District Elderly Community Centres/Neighbourhood Elderly Centres/Social Centres for the Elderly subsidised by the Social Welfare Department (SWD);
- 14 Elderly Health Centres under the Department of Health; and
- 18 district-based Chinese Medicine Clinics cum Training and Research Centres (visiting patients as primary target recipients) operating on a tripartite collaboration model involving the Hospital Authority, non-government organisations and a local university.

The above service units still have their regular services to offer to members of the public other than distributing RAT kits. To reduce the risk of infection, the spokesman reminded that elderly persons should avoid collecting RAT kits from service units during peak hours if not attending a medical consultation.

The Day Care Centres/Units for the Elderly, Integrated Home Care Services Teams, Enhanced Home and Community Care Services Teams and Recognised Service Providers of the Pilot Scheme on Community Care Service Voucher for the Elderly subsidised by the SWD will continue to provide free RAT kits to their members and service users aged 60 or above.

The Government is also providing free COVID-19 nucleic acid testing services to all elderly people aged 60 or above at CTCs and mobile specimen collection stations. No advance booking is needed for the elderly. For locations of the CTCs and mobile specimen collection stations, please browse www.communitytest.gov.hk.

Hong Kong Customs seizes suspected ketamine worth about $4.3 million (with photo)

Hong Kong Customs seized about 10 kilograms of suspected ketamine with an estimated market value of about $4.3 million at Hong Kong International Airport on May 2.

Customs officers on that day inspected an express air consignment, declared to be carrying digital watches, arriving in Hong Kong from Spain. The batch of suspected ketamine was found concealed inside six bags of dog food packed in two boxes of goods.

Upon follow-up investigation, Customs officers yesterday (May 3) arrested a 17-year-old man suspected to be connected with the case in Lai Chi Kok.

An investigation is ongoing.

Customs reminds members of the public to stay alert and not to participate in drug trafficking activities for monetary return. They must not accept hiring or delegation from another party to carry controlled items into and out of Hong Kong. They are also reminded not to carry unknown items for other people, nor to release their personal data or home address to others for receiving parcels or goods.

Under the Dangerous Drugs Ordinance, trafficking in a dangerous drug is a serious offence. The maximum penalty upon conviction is a fine of $5 million and life imprisonment.

Young people should especially pay attention to the fact that drug trafficking is a serious criminal offence. Criminal conviction will result in grave repercussions for their future and they should not take risks in the hope that they may not be caught.

Members of the public may report any suspected drug trafficking activities to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account (crimereport@customs.gov.hk).