

SFST promotes Hong Kong's Fintech developments in San Francisco (with photos)

The Secretary for Financial Services and the Treasury, Mr James Lau, started his visit to San Francisco, the United States, today (May 29, San Francisco time) to promote the role of Hong Kong as a financial technology (Fintech) hub and to seek collaboration opportunities with the Fintech sector there.

In the morning, Mr Lau visited the Envestnet | Yodlee Incubator and met with its management team to share views on Fintech trends and infrastructure support for Fintech developments in Hong Kong. The company is an incubator focusing exclusively on Fintech startups in Silicon Valley, and operates a data aggregation and data analytics platform for financial institutions and Fintech innovators to launch various digital financial services and products.

Mr Lau then attended a luncheon co-organised by the Hong Kong Economic and Trade Office in San Francisco and the Plug and Play Tech Center, an accelerator specialising in growing technology startups and connecting them with corporate partners for business development. While giving a keynote speech at the event, Mr Lau highlighted the vital role of Hong Kong as a base for Fintech companies to explore new business opportunities in Asia.

Mr Lau introduced the promising happenings in the Fintech scene in Hong Kong, emphasising that with concerted efforts by the Government, regulators and the fintech community, Hong Kong has emerged as the link between East and the West in the ever-exciting and ever-expanding area of Fintech.

In the afternoon, Mr Lau visited the BNY Mellon Silicon Valley Innovation Center and met with key personnel there to discuss the applications of emerging technologies including IoT (Internet of Things), machine learning, big data and cloud computing in the financial services industry.

He later proceeded to the Stanford Graduate School of Business to meet with Professor Joseph Piotroski and Professor Charles M C Lee. They exchanged views on issues including Fintech developments in Hong Kong and efforts to attract and groom technology talents as well as changes to Hong Kong's listing rules to allow pre-revenue biotech companies to list on the main board of the Hong Kong Stock Exchange.

Before concluding the first day of his visit, Mr Lau had a dinner meeting with venture capitalists and leaders of Fintech companies to exchange views on global financial innovation and share details of the vast investment opportunities Hong Kong can offer to overseas investors.

Mr Lau will continue his visit to San Francisco tomorrow.



LCQ14: Safety, repair and maintenance of lifts

Following is a question by the Hon Ho Kai-ming and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (May 30):

Question:

Several incidents of lift failures causing casualties have happened in recent months, arousing concerns about issues relating to the safety, repair and maintenance of lifts. In this connection, will the Government inform this Council:

(1) of the current total number of lifts in Hong Kong, with a breakdown by age of lifts (in age groups of five years each);

(2) of the number of lift incidents causing casualties in each of the past three years, and among such incidents, the number of cases in which the registered lift contractors (contractors) concerned were prosecuted for alleged breaches of the Lifts and Escalators Ordinance (Cap. 618) (broken down by age of lifts);

(3) of the current ratio of the number of lifts to the number of registered lift/escalator workers (L&E workers) in Hong Kong; whether it knows the average daily number of lifts the repair and maintenance works for which that each of such workers has to attend to;

(4) as quite a number of L&E workers have relayed that when carrying out regular maintenance works for lifts, they are often redeployed by their employers to go elsewhere for undertaking emergency lift repair work, thereby affecting the quality of regular lift maintenance work, whether the authorities will consider (i) setting a standard on the minimum number of hours spent on regular lift maintenance work, and (ii) requiring contractors to assign different workers to carry out emergency repair work and regular maintenance work for lifts;

(5) as quite a number of lifts of old models are not installed with a rope-gripping device which prevents unintended lift movement, whether the authorities will consider (i) amending the legislation in the short run to require contractors to retrofit this device in such lifts, and (ii) subsidising property owners who have financial difficulties in carrying out such works; and

(6) whether the authorities will, in the long run, consider launching a subsidy scheme to help property owners to replace lifts which are 30 years old or above, with a view to minimising the occurrence of lift incidents?

Reply:

President,

The operation of lifts in Hong Kong is regulated by the Lifts and Escalators Ordinance (Cap. 618) (the Ordinance), which was put into operation on December 17, 2012, to replace the repealed Lifts and Escalators (Safety) Ordinance (Cap. 327). The Ordinance introduces a series of new and enhanced regulatory measures including stipulating clearly the responsibilities of the

Responsible Person (i.e. owner of the lift/escalator and any person who has the management or control of the lift/escalator), the Registered Contractor, the Registered Engineer and the Registered Worker. Since the Ordinance has come into operation, the average annual number of incidents (Note) involving failure of lift and escalator equipment has remarkably reduced as compared with that before the Ordinance was put into effect, with a reduction of 72 per cent from an average of 28 cases per year in 2010 to 2012 to an average of 7.8 cases per year in 2013 to 2017. The Electrical and Mechanical Services Department (EMSD) will continue to strictly enforce the Ordinance and is committed to introducing various measures to enhance the safety of aged lifts, so as to ensure that the public can enjoy safe lift services.

Our reply to the question raised by the Hon Ho is as follows:

(1) As of the end of 2017, there were totally 66 291 lifts in Hong Kong. Their age (years that the lift has been put into service) distribution is shown below:

Age (Years)	Number of lifts
>=51	3 557
46-50	1 844
41-46	3 475
36-40	5 617
31-35	5 937
26-30	7 545
21-25	7 304
16-20	10 855
11-15	7 631
6-10	5 598
<=5	6 928
Total	66 291

(2) The number of lift incidents involving equipment fault and causing passenger casualty reported to the EMSD from 2015 to 2017 is shown below:

Year	2015	2016	2017
Number of lift incidents involving equipment fault and causing passenger casualty	10 (Injury) 0 (Death)	9 (Injury) 0 (Death)	7 (Injury) 0 (Death)

In the above incidents, no registered lift contractor was prosecuted for contravention of the Ordinance.

(3) As of the end of 2017, there were about 66 200 lifts and about 9 300 escalators in Hong Kong. From 2012 to 2017, the total number of lifts and

escalators increased from about 69 000 to about 75 600, i.e. an increase of about 10 per cent, while the number of Registered Workers increased from about 4 900 to about 5 700, i.e. an increase of about 16 per cent. In recent years, Registered Contractors have also been actively recruiting general workers in addition to Registered Workers. The number of general workers has increased from about 700 in 2012 to about 1 850 in 2017. After these general workers have received relevant training and accumulated sufficient experience, they can apply to become Registered Workers. Therefore, the total number of workers increased from about 5 600 in 2012 to about 7 570 in 2017, i.e. an increase of about 35 per cent, which was higher than the increase in the number of lifts and escalators during the same period.

In terms of periodic maintenance works, in 2017, there were about 3 430 Registered Workers and about 1 150 general workers engaged in periodic maintenance work and they carried out more than 1.8 million periodic maintenance. Assuming that each worker works 250 days per year on average and two workers work as a team to carry out periodic maintenance works, it is estimated that each team of workers can complete periodic maintenance of about 3.2 lifts or escalators each day on average.

(4) Registered lift contractors will in general assign emergency repair works to appropriate workers based on the manpower and techniques required for and the location of the works. The Ordinance does not require contractors to allocate separate manpower to periodic maintenance and emergency repair works. However, no matter the works are maintenance or emergency repair, registered lift/escalator contractors must ensure sufficient manpower and provide sufficient training and instructions for the workers to ensure that the lift/escalator works concerned are carried out safely and properly. In this regard, the EMSD issued a circular to Registered Contractors in 2014 that if the workers could not complete their maintenance works in progress due to deployment for other emergency works during periodic maintenance, the Registered Contractor should arrange the workers to indicate "suspension of work" and the reason for leaving at the remark column of the logbook. After suspending the maintenance works, the contractor should arrange workers to make up for the unfinished maintenance works as soon as possible, and then indicate "compensative maintenance" or "compensative servicing" at the remark column of the logbook. The EMSD will closely monitor the manpower situation of Registered Contractors and timely review with them their manpower arrangement to ensure that they have sufficient manpower to properly handle emergency repair and periodic maintenance works.

Regarding the working hours for maintenance works, it is relatively difficult to establish unified working hours for maintenance works as the time for maintenance of each lift depends on various factors such as the requirements of the lift manufacturer, its design, number of service floors, designed speed, rated load, and conditions of lift car. In 2014, the EMSD discussed with the trade about the time for maintenance of lifts/escalators. The trade generally agreed that registered lift/escalator contractors should allow sufficient time for workers to carry out the maintenance works properly. In this regard, the EMSD also issued a notice to Registered Contractors in the same year to remind them that if they were to allocate

workers to handle maintenance works for more than six lifts/escalators on the same day, they should carefully consider the work allocation and ensure that the relevant work can be carried out safely and properly.

(5 and 6) In general, lifts are safe to use with proper periodic examination and maintenance. Owing to rapid technological advancement in recent years, modern lifts are equipped with more comprehensive safety devices than the aged ones. Therefore, aged lifts have room for improvement and enhancement. In view of this, the EMSD promulgated in 2011 the "Guidelines for Modernising Existing Lifts" which aims at recommending the Responsible Persons install safety devices (including the unintended car movement protection device) for their aged lifts to make the lifts safer, more reliable and comfortable.

As of the end of 2017, there were about 66 200 lifts in Hong Kong, of which about 80 per cent were not equipped with safety devices of the latest standard. Owing to the fact that lift modernisation is carried out on a voluntary basis, modernisation works of different level have been carried out to about 5 200 lifts since 2011. The progress is not remarkable.

In view of the above, the Development Bureau and the EMSD are actively formulating new measures in the short term, medium term and medium-to-long term to enhance the safety of aged lifts, thereby further protecting public safety.

Note: In accordance with the Ordinance, the Responsible Person for a lift must notify the Director of Electrical and Mechanical Services of the following lift incident:

- (i) a person dies or is injured and the death or injury involves a lift or any associated equipment or machinery of a lift;
- (ii) a failure of the main drive system of a lift;
- (iii) a breakage of any suspension rope of a lift;
- (iv) a failure of any brake, overload device, safety component or safety equipment of a lift; or
- (v) a failure of any interlocking device for any door of the lift-way of a lift.

Upon receiving notification of the above lift incidents, the EMSD will arrange on-duty staff for an investigation as far as practicable.

LCQ3: Recycling Fund

Following is a question by the Hon Chan Hak-kan and a reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (May 30):

Question:

To assist the recycling industry in enhancing operational capabilities and efficiency, the Government established the Recycling Fund (the Fund) in October 2015, with an allocation of \$1 billion for application by recyclers for subsidies. In this connection, will the Government inform this Council:

(1) given that as at February this year, a total of 128 projects involving a total funding of about \$94 million was approved under the Fund, but the expenditure incurred by the Hong Kong Productivity Council, the Secretariat of the Fund, on processing applications for the Fund, monitoring the progress of the projects and conducting compliance checks was as high as \$13 million (accounting for 12% of the total amount of approved funding, i.e. such expenditure being as high as \$100,000 for each funded project on average), whether the Government has reviewed if such an expenditure level is on the high side, and whether secretariat support for the Fund will instead be provided by the Government in-house; if so, of the details; if not, the reasons for that;

(2) given that the recovery rates of plastics and food waste in 2016 slightly rose by three percentage points and less than one percentage point respectively and the recovery rate of paper dropped by two percentage points when compared with those in the year before that, whether the Government has studied why the recovery rates of those materials have shown no marked improvement after the Fund was launched; of the measures to further boost the recovery rates, and whether it will formulate more ambitious recovery rate targets; and

(3) given that more than \$30 million has so far been approved under the Industry Support Programme (ISP) under the Fund to provide funding support for relevant organisations to undertake non-profit-making projects with a view to enhancing the capability and productivity of the recycling industry, whether the Government has assessed the effectiveness of ISP; as quite a number of recyclers have relayed that the application procedure of the Fund is complicated, whether the Government will further streamline the relevant procedure; if so, of the details; if not, the reasons for that?

Reply:

President,

The Recycling Fund (the Fund) set up by the Government is one of the initiatives in promoting the development of the recycling industry. By providing financial support, the Fund aims at facilitating the upgrading of the operational capabilities and efficiency of the recycling sector. In view of the more stringent requirements on the import of recyclables progressively in place in the Mainland, the Fund has been streamlined on various fronts with a focus on helping the recycling industry expedite their upgrading and enhancement of processing capacity, as well as grasp the challenges and opportunities emerged. Regarding the questions raised by the Hon Chan Hak-kan, my responses are as follows:

(1) The work of the Secretariat of the Fund includes assessing all

applications received and monitoring the progress of each approved project. Therefore, in addition to providing administration services, the Secretariat has also to be conversant with the operation of the recycling industry and possess a well-established network among the recycling trade. When the Government sought funding approval from the Legislative Council (LegCo) for \$1 billion to set up the Fund, the reasons for engaging the Hong Kong Productivity Council (HKPC) to act as the implementation partner and provide secretariat and administrative management services for the Fund were explained. Details of the work of the Secretariat are at the Annex.

The Secretariat's annual expenditure on processing applications, monitoring approved projects and checking on compliance for the Fund is about \$9 million, of which the HKPC has to shoulder certain additional expenses, including those on the provision of supervisory staff and technical support, the hiring of venues, etc.. As at mid-May this year, the Advisory Committee on Recycling Fund (RFAC) received a total of 386 applications, and a total of 139 funded projects have been or will soon be commenced, involving a total funding of about \$100 million. The expenditure of the Secretariat is within reasonable range. The Environmental Protection Department (EPD) has no plan to change the arrangement of engaging the HKPC to act as the implementation partner to the Fund as well as provide secretariat and administrative management services for the Fund.

(2) In addition to supporting the development of the local recycling industry through the Fund, the Government will continue to strengthen support on various fronts to enhance the operation of the recycling chain.

Regarding food waste, the Organic Resources Recovery Centre (ORRC) Phase 1 will be commissioned around mid-2018. While we are planning the construction of ORRC Phase 2, the "Food Waste / Sewage Sludge Anaerobic Co-digestion Trial Scheme" will be implemented at the Tai Po Sewage Treatment Works to raise Hong Kong's overall food waste treatment capability. We will also continue to support schools and private housing estates to install composters, and will also collaborate with the commercial sector and eateries to collect surplus food for distribution to voluntary organisations.

On recycling of waste paper, our key support includes providing sites in the EcoPark and under short-term tenancy as well as berths in public cargo working areas for bidding and use by the recycling sector. In an open tender held at the end of this March, we invited tenders from recyclers interested in developing waste paper recycling and manufacturing business in the EcoPark.

As for recycling of waste plastics, we have commenced a consultancy study on how to introduce a producer responsibility scheme for suitable plastic containers so as to strengthen recycling support at the community.

We are actively preparing for the legislation required for municipal solid waste charging, with a view to further promoting waste reduction at source and recycling.

Formulation of the above initiatives is underway. At present, we are unable to set specific recycling targets for individual type of recyclable.

(3) The Fund comprises two aspects, namely the Enterprise Support Programme (ESP) and Industry Support Programme (ISP). The former provides funding support for individual recycling enterprises to upgrade and expand their local waste recycling business. The latter provides funding support for non-profit distributing organisations registered in Hong Kong, such as professional bodies, trade and industry organisations, research institutes and other industrial support organisations to undertake non-profit making projects which can assist the local recycling industry in general or in specific sectors in enhancing their operational standards and productivity.

The \$30 million mentioned by the Hon Chan is mainly for ISP. The currently approved projects include, inter alia, operation guides and trainings for the recycling industry produced and provided by the Hong Kong Baptist University and the Hong Kong Quality Assurance Agency, as well as the Recycling Industry Safety Enhancement Pilot Scheme launched by the Occupational Safety and Health Council (OSHC). The former has held 52 training sessions attended by over 1 200 people so far; while the latter has received applications from more than 160 enterprises. These programmes can facilitate the enhancement of skills, productivity and safety standards of the recycling industry, as well as reduce their expenditure for insurance.

The EPD and the RFAC have been in close dialogues with the recycling sector to continuously optimise the operation of the Fund. At present, a series of facilitation measures have been introduced under the Fund, including the provision of initial grant payments to approved projects before their launch, including the cost for third-party liability insurance and a portion of the rental expenses required by approved projects in fundable items under the Fund, as well as establishing a category of Standard Projects under ESP to streamline application procedures for specific items, such as procuring small-scale equipment, hardware and machinery, making applications under certification or registration schemes, etc.. Besides, the RFAC has waived the condition on opening a designated bank account for Standard Projects, and will provide reimbursement midway through the project period, having regard to the progress of the project. To assist the recycling industry to address the Mainland's progressively tightening requirements on imports of recyclables, the Fund announced in September 2017 that \$20 million had been earmarked to expand the list of fundable items under "Standard Projects" to help upgrade the recyclers' ability in turning waste plastics into plastic products or raw materials as well as processing waste paper. The Fund also earmarked \$50 million for encouraging recyclers to use compactor trucks for more effective and efficient transportation of waste plastics and waste paper and hence reduce the collection and transportation costs of recyclables. As at end December 2016, a total of 68 applications of Standard Projects have been received in 15 months since the operation of the Fund in October 2015. In respect of the new series of facilitation measures, the Fund has received a total of 169 applications of "Standard Projects" in 17 months from January 2017 to present and 104 applications have been approved.

The Government and the RFAC will continue to review the Fund's operation and roll out various facilitation measures in a timely manner.

Thank you, President.

Fatal traffic accident in Ma On Shan

Police are investigating a fatal traffic accident in Ma On Shan this morning (May 30) in which an 84-year-old woman died.

At about 9.20am, a light goods vehicle (LGV) driven by a 54-year-old man was travelling along On Luk Street towards Sai Sha Road. When approaching Sai Sha Road, it reportedly knocked down the 84-year-old woman who was crossing the road.

Sustaining serious head injuries, the woman was rushed to Prince of Wales Hospital in unconscious state and was certified dead at 10.16am.

The driver was arrested for dangerous driving causing death and is being detained for further enquiries.

Investigation by the Special Investigation Team of Traffic, New Territories South is underway.

Anyone who witnessed the accident or has any information to offer is urged to contact the investigating officers at 3661 1300 or 3661 1348.

Transcript of remarks by STH

Following is the transcript of remarks by the Secretary for Transport and Housing, Mr Frank Chan Fan, at a media session after attending the Legislative Council meeting today (May 30):

Reporter: Does the Government actually know about it? Are you aware of the situation? Are you informed? Have you actually been monitoring the misbehaviour of the contractor?

Secretary for Transport and Housing: I would suppose, no matter who, whether the Government or a company or a team of experts, there is always a hierarchy of management and supervision. Therefore it is only when something went

wrong, then this would be escalated to my level. If things were spotted and rectified on-site at the substantial time, then I would expect that the professionalism and responsible manner would have received endorsement from the community and the media.

(Please also refer to the Chinese portion of the transcript.)