

Land Registry releases statistics for April

The Land Registry today (May 4) released its statistics for April 2022.

Land registration

* The number of sale and purchase agreements for all building units received for registration in April was 4,852 (+26.8 per cent compared with March 2022 but -47.0 per cent compared with April 2021)

* The 12-month moving average for April was 6,894 (4.9 per cent below the 12-month moving average for March 2022 and 5.7 per cent below that for April 2021)

* The total consideration for sale and purchase agreements in April was \$41.8 billion (+20.0 per cent compared with March 2022 but -50.9 per cent compared with April 2021)

* Among the sale and purchase agreements, 3,897 were for residential units (+35.8 per cent compared with March 2022 but -46.8 per cent compared with April 2021)

* The total consideration for sale and purchase agreements in respect of residential units was \$35.2 billion (+30.6 per cent compared with March 2022 but -50.9 per cent compared with April 2021)

Statistics on sales of residential units do not include sale and purchase agreements relating to sales of units under the Home Ownership Scheme, the Private Sector Participation Scheme, the Tenants Purchase Scheme, etc, unless the premium of the unit concerned has been paid after the sale restriction period.

Figures on sale and purchase agreements received for the past 12 months, the year-on-year rate of change and breakdown figures on residential sales have also been released.

As deeds may not be lodged with the Land Registry until up to 30 days after the transaction, these statistics generally relate to land transactions in the previous month.

Land search

* The number of searches of land registers made by the public in April was 400,556 (+6.4 per cent compared with March 2022 but -17.6 per cent compared with April 2021)

The statistics cover searches made at the counter, through the self-

service terminals and via the Integrated Registration Information System Online Services.

An extremely dry and sunny April

With a dry northeast monsoon affecting Hong Kong and less moisture supply to the south China coast for most of the time in the month, April 2022 was much drier than usual in Hong Kong. The total rainfall in the month was 3.5 millimetres, only about 2 per cent of the normal figure of 153.0mm and the lowest on record for April. The accumulated rainfall recorded in the first four months of the year was 268.8mm, about 11 per cent below the normal figure of 300.4mm for the same period. The monthly mean relative humidity was 73 per cent, the lowest on record for April since 1961.

April 2022 was much sunnier than usual. The total duration of bright sunshine in the month was 191.1 hours, about 69 per cent above the normal figure of 113.2 hours and the fifth highest on record for April. The month was also warmer than usual with a mean temperature of 23.7 degrees, 0.7 degrees above the normal figure of 23.0 degrees.

A cold front moved across the coast of Guangdong in the morning of April 1. Under the influence of the associated northeast monsoon, the weather was cloudy and rather cool with a few rain patches on the first two days of the month. The temperature recorded at the Hong Kong Observatory (HKO) dropped to a minimum of 13.7 degrees on April 2, the lowest of the month. Affected by a dry northeast monsoon, the weather was generally fine from April 3 to 10. It was very dry during the day on April 3, 4 and 8. The relative humidity recorded at the HKO once dropped to 22 per cent on April 8, the lowest on record in April since the automatic weather station was established at the HKO Headquarters in 1984.

Under light wind conditions, local weather was generally fine and hot during the day from April 11 to 12. Affected by an upper-air disturbance, the weather turned mainly cloudy with a few showers in the morning of April 13. The visibility was rather low in some areas and once fell below 1 000 metres at Waglan Island. Under the influence of an anticyclone aloft and the subsequent fresh to strong dry northeast monsoon, sunny and dry weather returned on the next two days.

Under the influence of a strong northeast monsoon, the weather turned mainly cloudy and rather windy from April 16 to 17. Affected by the cloud bands over southern China and the subsequent upper-air disturbance, it was cloudy with a few showers on April 18 and 19. With the moderation of the northeast monsoon and thinning out of the cloud band, local weather gradually became sunnier from April 20 to 21.

Affected by a humid southerly airstream, local weather was mainly cloudy with morning mist on April 22. The weather became hot with sunny periods during the day from April 23 to 27. There was coastal fog in the mornings of April 23 to 25 and April 27. The visibility at Waglan Island once fell to around 200 metres on April 25. Dominated by an anticyclone aloft, apart from coastal fog in the morning of April 29, the weather was generally fine and hot during the day on April 28 and 29. With plenty of sunshine, the temperature recorded at the HKO rose to a maximum of 32.0 degrees in the afternoon of April 29, the highest of the month. Affected by a fresh to strong easterly airstream, the weather turned mainly cloudy with showers on the last day of the month. There was coastal fog that morning.

Two tropical cyclones occurred over the South China Sea and the western North Pacific in April 2022.

Details of issuance and cancellation of various warnings/signals in April are summarised in Table 1. Monthly meteorological figures and departures from normal for April are tabulated in Table 2.

[Government starts legislative process on tax deduction for domestic rent](#)

The Inland Revenue (Amendment) (Tax Deductions for Domestic Rents) Bill 2022 will be gazetted on May 6 and introduced into the Legislative Council (LegCo) on May 11. It seeks to implement the tax deduction for domestic rent proposed in the 2022-23 Budget. The Government hopes to secure passage of the Bill before the summer recess of the LegCo this year, so that the measure could be implemented from the year of assessment (YA) 2022/23.

Eligible taxpayers can provide information about their expected domestic rent paid in relation to YA 2022/23 in the tax returns for YA 2021/22 to be issued this June. Upon passage of the Bill, the Inland Revenue Department will take into account the deduction when assessing the provisional salaries tax for YA 2022/23.

A government spokesperson said today (May 4), "The measure aims at easing the burden on taxpayers liable to salaries tax and tax under personal assessment who do not own any domestic property. It is expected to benefit about 430 000 taxpayers. The government revenue forgone will amount to about \$3.3 billion per year."

According to the Bill, a taxpayer liable to salaries tax or tax under personal assessment may claim deduction for the rent paid by him/her or his/her spouse (who is not living apart from him/her) as tenant (or by both of them as co-tenants) in relation to a relevant YA for renting eligible

domestic premises. The proposed maximum amount of allowable deduction is \$100,000 for each YA.

To meet the eligibility, the relevant premises must be the taxpayer's principal place of residence, and the relevant tenancy must be stamped.

To ensure that it is a targeted measure that supports taxpayers who are most in need, forestall abuse, and prevent potential double tax benefit or tax avoidance, the Bill proposes to provide for certain circumstances in which the deduction is not allowed, including:

- the taxpayer or his/her spouse (who is not living apart from the taxpayer) is a legal and beneficial owner of any domestic premises in Hong Kong;
- the landlord or principal tenant of the rented domestic premises is an associate of the taxpayer or his/her spouse (e.g. the landlord is the taxpayer's spouse, or a parent, child, sibling or partner of the taxpayer or his/her spouse);
- the taxpayer or his/her spouse (who is not living apart from the taxpayer) is provided with a place of residence by his/her employer;
- the taxpayer or his/her spouse (who is not living apart from the taxpayer) is a tenant or authorised occupant(s) of a public rental housing flat;
- the rented premises are not allowed for residential use or the tenancy is prohibited under any law or a government lease;
- the taxpayer or his/her spouse has entered into a lease purchase agreement in respect of the premises concerned with the landlord;
- the sum representing the domestic rent is allowable as a deduction under any other provision of the Inland Revenue Ordinance; or
- the taxpayer or his/her spouse (who is not living apart from the taxpayer) has been allowed deduction for any other domestic rent paid in respect of any other domestic premises for the same period.

The amount of deduction allowable to a taxpayer is the amount of rent paid under the tenancy in relation to the YA or the deduction ceiling for the tenancy for the YA, whichever is less. If there is more than one tenant under the tenancy, the deduction ceiling will be reduced in proportion to the number of co-tenants. If the tenancy period covers less than 12 months of a YA, the deduction ceiling will be reduced in proportion to the tenancy period falling within the YA.

To facilitate the filing of tax returns by taxpayers, the Inland Revenue Department website has provided explanations on the details of the tax deduction for domestic rent as proposed in the Bill, including the detailed deduction rules. For more information, please refer to the following link: www.ird.gov.hk/eng/tax/drd.htm.

LCQ9: Support for patients with mental illness amid the epidemic

Following is a question by the Hon Chan Kin-por and a written reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (May 4):

Question:

It has been reported that a number of violent incidents and family tragedies suspected to be related to patients with mental illness occurred earlier on. There are analyses pointing out that the anti-epidemic measures implemented in the past two-odd years may have affected the rehabilitation and community support services provided for patients with mental illness, and that the social distancing measures and "restriction-testing declaration" operations have also increased their mental stress, rendering them more prone to bouts of their illness. In this connection, will the Government inform this Council:

- (1) whether it has compiled statistics on the number of violent incidents relating to patients with mental illness which occurred in the past two years;
- (2) whether it has assessed the impacts of the anti-epidemic measures implemented in the past two-odd years on the treatment, rehabilitation and community support services provided for patients with mental illness; and
- (3) whether the Government will consider allocating additional resources after the epidemic to resume and increase the treatment, rehabilitation and community support services provided for patients with mental illness?

Reply:

President,

In consultation with the Security Bureau, the Labour and Welfare Bureau and the Hospital Authority (HA), the consolidated reply to the question raised by the Hon Chan Kin-por is as follows:

- (1) The Police and the HA do not maintain statistics on the number of violent incidents relating to patients with mental illness.
- (2) and (3) Amid the COVID-19 epidemic, the HA has maintained normal consultation services in psychiatric specialist out-patient clinics for patients to attend scheduled follow-up medical appointments. Patients who have rescheduled their appointments due to the epidemic will be given drug refills as appropriate to ensure that they have the necessary medication. Hospitals will provide services, if needed, through other channels for

suitable patients, e.g. following up on their conditions by phone. Meanwhile, the HA's psychiatric services are piloting a mobile application to provide telehealth services. For example, tele-consultations may be arranged when providing elderly psychiatric outreach services for suitable patients living in residential care homes for the elderly.

The HA has earmarked additional funding of around \$70 million in 2022-23 for addressing the increasing public demand for psychiatric services. Relevant measures include –

- (a) enhancing mental health services for children and adolescents (C&A) by developing specialised C&A psychiatric service in Hong Kong East Cluster and Kowloon Central Cluster in phases;
- (b) enhancing community psychiatric service by recruiting additional case managers; and
- (c) enhancing psychiatric in-patient, out-patient and consultation liaison services.

The HA will keep in view the situation, and continue to review and monitor its services closely so as to meet patients' needs. Additional resources will be allocated in a timely manner to cope with new service demand that may arise.

On the other hand, under the subvention of the Social Welfare Department (SWD), a total of 24 Integrated Community Centres for Mental Wellness (ICCMWs) set up by non-government organisations have been providing community mental health support services for persons such as those who are in recovery from mental illness and in need, those with suspected mental health needs as well as their family members/carers. The SWD has also deployed Mobile Vans for Publicity Service on Mental Wellness (Mobile Vans) to step up community education.

Amid the COVID-19 epidemic, ICCMWs have maintained their services, with alternative modes of communication including contacting service users by phone and conducting virtual meetings via electronic/online platforms to provide support for them. Service users can also make use of the above-mentioned platforms to obtain information on mental health support and participate in group activities/courses provided by ICCMWs. The Mobile Vans have strengthened collaboration with welfare service units, schools and so on to hold events such as online workshops and talks on emotion management to enhance community mental health education. As the epidemic situation is stabilising, the SWD will liaise closely with the operators for gradual resumption of their normal services.

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 large-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.