

LCQ10: Collaboration between Hong Kong and Mainland securities markets

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

Question:

It is learnt that as the Growth Enterprise Market Listing Rules, upon amendment by the Hong Kong Exchanges and Clearing Limited (HKEX) in 2018, have significantly raised the admission thresholds of the Growth Enterprise Market (GEM) and decreased the attractiveness of GEM, the number of new listings plummeted from 75 in 2018 to one in 2021, whilst the ranking of the funds raised through initial public offerings in Hong Kong fell out of the world's top three in 2021. On the other hand, the Financial Stability and Development Committee under the State Council pointed out at a thematic meeting in March this year that, the regulators on the Mainland and in Hong Kong should enhance communication and collaboration with regard to the stability of the financial market in Hong Kong, and stressed that the relevant authorities should earnestly shoulder their responsibilities by proactively introducing market-friendly policies as well as prudently rolling out policies with contractionary effects. In this connection, will the Government inform this Council:

- (1) as the HKEX has indicated earlier on that it will conduct a review and consult the market on the positioning and functions of GEM, whether the Government knows the progress and timetable of such work;
- (2) whether it knows if the HKEX has plans to merge the Main Board with GEM; if the HKEX does, of the details and timetable; if the HKEX does not, the reasons for that;
- (3) whether it has studied the possibility of the HKEX forming an alliance with the Shenzhen Stock Exchange (SZSE) or the Beijing Stock Exchange (BSE) by, for example, introducing into the HKEX's GEM for secondary listing (i) those enterprises listed on SZSE upon the merger of SZSE's Main Board and Small and Medium Enterprise (SME) Board, or (ii) the innovative SMEs listed on BSE; if so, of the details; if not, the reasons for that; and
- (4) whether it has plans to expand the daily quotas under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; if so, of the details and timetable; if not, the reasons for that?

Reply:

President,

Hong Kong is a major global listing platform for companies from different jurisdictions. In 2021, Hong Kong raised over \$300 billion for almost 100 enterprises through initial public offerings. The Government, the Hong Kong Exchanges and Clearing Limited (HKEX) and the Securities and Futures Commission (SFC) will continue to strengthen the breadth and depth of the Hong Kong fundraising platform and safeguard investors' interests.

In consultation with the HKEX and the SFC, my reply to the four parts of the question is as follows:

(1) to (3) As far as the Growth Enterprise Market (which is called GEM at present) is concerned, previously there were market views that the requirements of GEM back then were abused by market participants, causing possible disruption to the market order of some securities and thereby affecting the overall market quality. In response, after consulting the market in 2017, the HKEX repositioned GEM in 2018 as a stand-alone board; cancelled the streamlined process for transfer to the Main Board; raised the minimum market capitalisation requirement at the time of listing of GEM applicants, while at the same time correspondingly raised the minimum market capitalisation at the time of listing of Main Board applicants. The measures aimed to allow applicants who intend to list in Hong Kong but could not meet the Main Board listing requirements, including small and medium-sized enterprises (SMEs) with relatively low market capitalisation and profit, to choose GEM as a more targeted fundraising platform and improve the overall standard and quality of companies listed on GEM.

The HKEX is cognizant of the recent market conditions, including new listings and progress of listing applications. The HKEX is also aware that some market participants consider that further study should be conducted on enhancing the positioning and functions of GEM as a specific board for listing of SMEs and innovative companies. To this end, the HKEX commenced a review on the functions and positioning of GEM last year, and established a dedicated panel under the Listing Committee to handle the work concerned. The review will be conducted with a view to further strengthening the competitiveness of Hong Kong as a global premier listing hub and enhancing the overall quality of the Hong Kong capital market. Alongside facilitating different types of enterprises to list in Hong Kong, the HKEX will take into consideration market attractiveness and liquidity, and safeguard the interests of the investing public.

The HKEX is approaching different parties and will make reference to the experiences of similar markets in other places, including the development of SME fundraising platforms in the Mainland in recent years. Relevant views such as integration with the Main Board, re-introduction of streamlined transfer mechanism, mutual access with relevant Mainland markets, allowing enterprises from other places for secondary listing, etc, will be carefully considered as a whole. Upon adequately understanding market demand and considering relevant risks, the HKEX will propose concrete measures and further consult the market publicly.

(4) The Government has all along strived to leverage on the unique advantages

of the financial system in Hong Kong under the "one country, two systems" principle, deepen mutual access between the capital markets of Hong Kong and the Mainland, and reinforce Hong Kong's position in connecting the financial markets in the Mainland and the rest of the world, while contributing to the high quality opening-up of the capital market of our country.

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect were launched in 2014 and 2016 respectively. The concerned quota is designed to monitor cross-boundary fund flows with a view to maintaining an orderly and controllable market, and is calculated on a net buy basis. It ensures effective and smooth cross-boundary fund flow, exchange and clearing activities under the mutual market access mechanism. The quota itself is not an indicator for assessing the overall market condition of Stock Connect. To address the market demand for fund flows, the regulatory authorities of the Mainland and Hong Kong expanded the daily quota under the schemes with effect from May 1, 2018, under which the Northbound daily quota for each of the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect was increased from Renminbi (RMB) 13 billion to RMB 52 billion respectively, while the Southbound daily quota for each of them was increased from RMB 10.5 billion to RMB 42 billion respectively. According to the data over the past six months (i.e. from October 2021 to March 2022), the average daily trading volume has not reached the limit, indicating that the existing quota is able to satisfy market demand.

The Government and the regulators will continue to monitor market development and maintain close communication with the Mainland authorities. If demand arises, the Government will explore measures with the Mainland authorities and introduce suitable enhancements, while ensuring orderly and smooth operation of the capital markets in the two places.

[LCQ4: Demand for and supply of technology talents](#)

Following is a question by the Hon Duncan Chiu and a written reply by the Secretary for Innovation and Technology, Mr Alfred Sit, in the Legislative Council today (May 4):

Question:

The Government launched in June 2018 the Technology Talent Admission Scheme (TechTAS). In January 2020, it increased the number of technology areas covered under TechTAS to 13 and extended its coverage to all companies in Hong Kong conducting research and development activities in these 13 technology areas. Regarding the demand for and supply of technology talents, will the Government inform this Council:

(1) of the following information on TechTAS in each year since it was launched and as at March this year:

(i) the respective numbers of applications received, approved and rejected, as well as the number of applications withdrawn, with a breakdown by the technology areas involved; and (ii) a breakdown of the number of technology talents who were admitted to Hong Kong by the region from which they came, the salary group to which they belonged, the technology areas involved, and the type of companies that they were employed (i.e. tenants of the Hong Kong Science and Technology Parks Corporation, tenants of the Hong Kong Cyberport Management Company Limited, and others);

(2) whether it has reviewed the implementation of TechTAS on a yearly basis, including (i) whether the eligibility criteria are too stringent or outdated (if they are, whether it has considered abolishing or updating individual eligibility requirements), (ii) whether there are discrepancies between the numbers of applications received as well as the quotas granted and the targets set, and (iii) the impacts of the Coronavirus Disease 2019 epidemic on TechTAS; if it has reviewed, of the outcome; of the measures in place to attract and encourage more local innovation and technology (I&T) companies to participate in TechTAS;

(3) whether it will review TechTAS in a timely manner in the light of the latest developments in global technology to ensure that all technology areas in Hong Kong are covered under TechTAS, thereby benefiting more I&T enterprises; and

(4) given the wastage of technology talents amid the epidemic and the intense global competition for technology talents, whether the Government has comprehensively assessed the demand for and supply of talents in different technology areas in Hong Kong at present and in the coming decade; if so, of the outcome, and how it ensures that there are sufficient technology talents to help achieve the goal of developing Hong Kong into an international I&T hub; if not, whether it will conduct an assessment expeditiously?

Reply:

President,

The Technology Talent Admission Scheme (TechTAS) was launched in June 2018 to handle expeditiously the admission of overseas and Mainland technology talents to undertake research and development work in Hong Kong. The coverage of TechTAS was extended to all companies in Hong Kong conducting research and development activities in 13 technology areas in January 2020. Eligible companies can apply for quota from the Innovation and Technology Commission (ITC). My reply to the various parts of the question is as follows:

(1) Since the launch of TechTAS, a total of 726 quota applications were received by the ITC, of which 620 were approved, 63 were rejected, and 43

were withdrawn by the applicant companies as at end March 2022. The breakdown statistics on quota applications by technology areas are set out at Annex 1. A company allotted with a quota may assist an eligible person employed by it to apply for an employment visa/entry permit from the Immigration Department (ImmD) within the quota validity period (currently 12 months). The actual time of quota usage depends on the progress of the companies in identifying talent, which in turn is subject to various factors such as the global economic conditions and the development of pandemic.

As at end March 2022, the ImmD received a total of 316 applications for visa/entry permit under TechTAS, among which 285 applications were approved. The remaining 31 applications were withdrawn by applicants or could not be further processed. The breakdown statistics by technology areas are at Annex 2. With regard to the applicants approved for admission to Hong Kong under TechTAS, the breakdown statistics by region, type of employing company/institute and monthly remuneration are at Annex 3.

(2) and (3) The number of applications under TechTAS is affected by factors such as the global economic conditions, business development of individual companies, development of the pandemic and relevant entry restrictions etc. Hence, it is difficult to make any estimate of application number.

The addition of six technology areas in 2020 (namely 5G communications, Internet-of-Things, integrated circuit design, microelectronics, digital entertainment and green technology) is conducive to promoting the development of smart city and re-industrialisation. These areas, coupled with the original seven technology areas (namely biotechnology, artificial intelligence, cybersecurity, robotics, data analytics, financial technologies, and material science), should be able to cater for the overall innovation and technology (I&T) development in Hong Kong. The ITC will certainly from time to time explore the possibility of further enhancing TechTAS, with a view to keeping it abreast of time to dovetail with the city's latest development.

(4) According to 2021 Manpower Update Report (Innovation and Technology Sector) of the Vocational Training Council, the I&T labour market remained robust due to the new normal brought by the COVID-19 epidemic, the continuous development of the Guangdong-Hong Kong-Macao Greater Bay Area, and economic transformation. In addition, as many large scale I&T infrastructure projects are under planning, it is believed that the demand of the city for I&T talents will remain keen.

A vibrant I&T ecosystem is a crucial driving force for attracting talents to come and stay for development in Hong Kong. The Government has been adopting a multi-pronged approach to enlarge the I&T talent pool through nurturing, retaining and attracting talents with a series of initiatives. Apart from TechTAS as mentioned above, other initiatives include:

- the IT Innovation Lab in Secondary Schools Programme and Knowing More About IT Programme were launched in 2020 and 2021 respectively to

- provide funding support for secondary and primary schools for organising information technology-related extra-curricular activities;
- the STEM Internship Scheme launched in 2020 has been regularised since 2021, providing funding for local universities to arrange short-term internships for their undergraduates and postgraduates enrolled in science, technology, engineering and mathematics (STEM)-related programmes;
 - continuously subsidising outstanding university students to take part in overseas exchange, local internships, mentorship programmes, etc., through the Innovation and Technology Scholarship with a view to nurturing future leaders in the I&T sector;
 - the eligibility for the Research Talent Hub was extended in 2021 to include holders of a bachelor's or master's degree in STEM-related discipline awarded by a well-recognised non-local institution;
 - the Reindustrialisation and Technology Training Programme was launched in August 2018 to subsidise staff of local companies on a matching basis to receive training in advanced technologies, especially those related to Industry 4.0;
 - the Global STEM Professorship Scheme was introduced in 2021 to support universities in recruiting internationally renowned I&T scholars and their teams to conduct research and teaching activities in Hong Kong; and
 - the flagship I&T project, InnoHK research clusters has successfully attracted over 30 world-renowned universities and research institutes to collaborate with local universities in setting up 28 research laboratories in the Hong Kong Science Park, pooling thousands of researchers from all over the world to participate in related scientific research projects.

Besides, the Hong Kong Science and Technology Parks Corporation and the Cyberport have launched incubation programmes to assist I&T talents in starting their business and provided internship and training opportunities. The InnoCell in the Hong Kong Science Park, completed at the end of 2020, provides around 500 residential units as living and collaborative space to promote interactions and exchanges among I&T talents.

Looking forward, this year's Budget has earmarked \$10 billion to further promote the development of life and health technology, with the aim of enabling institutions to enhance their capacity and capability in this field, including in the area of pooling technology talents, etc. Furthermore, the InnoLife Healthtech Hub under planning will also pool together top-notch research teams from all over the world for research collaboration. Meanwhile, the Government will double the maximum annual funding support under the Innovation and Technology Fund for the 16 State Key Laboratories in Hong Kong and six Hong Kong Branches of Chinese National Engineering Research Centres up to \$440 million in total, so that they can have more resources to carry out various tasks, which include nurturing local talents and further their co-operation and exchanges with institutions in the Mainland.

LCQ14: Promoting switch to electric taxis among taxi trade

Following is a question by the Hon Tang Ka-piu and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (May 4):

Question:

The Government indicated in the 2021 Policy Address that it would actively promote the development of electric commercial vehicles (CVs). However, some members of the taxi trade opine that in respect of taxis, a type of CVs, the Government's efforts on promoting the switch to electric taxis (e-taxis) among the trade were too passive in the past and it did not provide adequate supporting facilities, resulting in a lukewarm response from the trade. In this connection, will the Government inform this Council:

- (1) of the current number of e-taxis in Hong Kong, with a breakdown by type of taxis (i.e. urban, New Territories and Lantau taxis); the percentage of such number in the overall total number of taxis in Hong Kong;
- (2) whether there are dedicated charging facilities for e-taxis at present; if so, of the number of such facilities; if not, whether it will consider providing such supporting facilities; and
- (3) apart from the current full exemption of the first registration tax for electric CVs, of the new measures put in place by the Government to attract the taxi trade to take the initiative to switch to e-taxis?

Reply:

President,

The Environment Bureau in March 2021 announced the Hong Kong Roadmap on Popularisation of Electric Vehicles (EV Roadmap), which charts the way forward for popularising electric vehicles (EVs) and guiding Hong Kong towards its goal of attaining zero vehicular emissions before 2050. Under the EV Roadmap, the Government will proactively promote trials of various electric public transport and commercial vehicles including electric taxis (e-taxis), with a view to mapping out a concrete way forward and timetable in around 2025 for the adoption of these types of EVs.

Regarding the question raised by Hon Tang Ka-piu on promoting e-taxis, our responses are as follows:

- (1) With the rapid development of EV technologies in recent years, a number of vehicle suppliers have introduced or planned to introduce electric private

car models with long driving range and quick charging capability. The taxi trade has also started preparing for the use of appropriate EV models as taxis. Although Hong Kong currently has no e-taxis in operation or charging facilities dedicated for their use, the Government is actively preparing for the promotion of electrification of taxis, which includes encouraging more EV suppliers to introduce e-taxi models that are suitable for use in Hong Kong, setting up an e-taxi charging network, offering financial incentives for switching to e-taxis, etc.

(2) To support the trial and operation of e-taxis, the Government is planning to install in phases no less than 10 dedicated e-taxi quick chargers on Lantau Island and in Sai Kung this year, and is also identifying suitable locations (such as taxi stands) across the territory for setting up more dedicated e-taxi quick chargers. In addition, the Government will reserve space in new public transport interchanges for setting up dedicated e-taxi charging facilities, and is preparing to convert, in the medium to long run, existing petrol filling stations and gas filling stations into quick charging stations for charging various types of vehicles (including e-taxis). We are monitoring closely the latest market development and the views of the trade, with a view to establishing a comprehensive e-taxi charging network.

(3) The Government promotes the use of electric commercial vehicles through offering financial incentives, including full first registration tax waiver. Enterprises are also allowed to claim full profits tax deduction for their capital expenditure on procurement of EVs in the first year after purchase.

Moreover, in March 2011, the Government established the New Energy Transport Fund (NET Fund, previously named Pilot Green Transport Fund) to subsidise the various transport trades, including the taxi trade, to try out and apply green innovative transport technologies. Under the NET Fund, for each new energy vehicle, eligible applicants from the transport trades can receive a subsidy of the price difference between the new energy vehicle and its conventional counterpart or half of the cost of the new energy vehicle, whichever is higher. The NET Fund also subsidises 75 per cent of the cost of the charging facility for the new energy vehicle, including the charger and its installation cost. The total subsidy for each applicant is capped at \$12 million. As at April 21, 2022, the NET Fund approved a total of 256 applications for trials of green innovative transport technologies, with a total amount of subsidy at \$209 million. Among these applications, the trial of four e-taxis was approved early this year. It is expected that the trial will commence by mid-2022.

[Hong Kong Customs fully adopts](#)

Chinese-style foot drill (with photos)

Hong Kong Customs has fully adopted the Chinese-style foot drill from today (May 4). All service members are required to adopt the protocols of the Chinese-style foot drill for ceremonial events, passing-out parades and other occasions while in uniform.

Foot drills play a crucial role in developing a sense of discipline and team spirit in the disciplined services. The Chinese-style foot drill emphasises uniformity and teamwork, requiring an elaborate display of synchronised movements with steady and sonorous steps to showcase high spirit, confidence and the commanding presence of the team. Today is May Fourth Youth Day, an important day for the country to commemorate the May Fourth Movement, which gave rise to the emergence of the May Fourth spirit focusing on patriotism, progress, democracy and science, with patriotism at the core. Hong Kong Customs has chosen to fully adopt the Chinese-style foot drill on this meaningful day to demonstrate the strong commitment to continuous improvement, and to express the sense of belonging to and patriotic feelings for the country.

In recent years, Hong Kong Customs has progressively adopted the Chinese-style foot drill in training, ceremonial events and passing-out parades. The Chinese-style foot drill not only enhances the attractiveness of foot drill performance, but also helps in better integrating the department into the governance system of the country and enriching the practice of "one country, two systems". Customs expresses sincere gratitude to the Chinese People's Liberation Army Hong Kong Garrison for providing Chinese-style foot drill training to Customs officers and valuable advice on adopting the Chinese-style foot drill in various ceremonial events, including the Chinese-style flag-raising and foot drill performance on National Security Education Day and a Customs passing-out parade on April 15 and October 19 last year respectively.

The full adoption of the Chinese-style foot drill demonstrates Hong Kong Customs' national sentiment and patriotic feelings for the country, and showcases the demeanour of the disciplined services of the Hong Kong Special Administrative Region.



LCQ12: Facilitating development of textiles and clothing industry

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

Question:

It is learnt that the Clothing Industry Training Authority (CITA) has been proactively promoting sustainable fashion and nurturing talents in recent years, with a view to looking for opportunities for change for the textiles and clothing industry which is in gradual decline. On facilitating the development of the textiles and clothing industry, will the Government inform this Council:

(1) whether it knows the number and percentage of graduates of the CITA's full-time "Higher Diploma in Digital Fashion Creation" programme who progressed to university degree programmes in each of the past three years; whether the authorities will consider increasing the places of university degree programmes in textiles and fashion design; if so, of the details; if not, the reasons for that;

(2) whether it knows (i) the number of textiles and fashion enterprises and the number of their employees, (ii) the number of graduates of programmes relating to fashion design and apparel technology, and (iii) the number of students who were successfully referred by the CITA to enter the textiles and fashion industry, in each of the past three years;

(3) of the measures adopted by the authorities for developing sustainable fashion in the past three years, and the relevant measures in the coming three years; whether they will consider enhancing the technological or eco-friendly elements in fashion design programmes, so as to strengthen the training of talents; if so, of the details; if not, the reasons for that; and

(4) whether it knows how the CITA nurtures scientific research talents for promoting the development of "re-industrialization" in the textiles and clothing industry, including whether it will consider collaborating with the industry and emerging innovation and technology enterprises to organise diversified on-the-job training programmes?

Reply:

President,

The Clothing Industry Training Authority (CITA) was established in 1975 under the Industrial Training (Clothing Industry) Ordinance to provide

training courses for the clothing industry, and to assist in the placement of persons who have completed training courses. Having consulted the Commerce and Economic Development Bureau, the Education Bureau, the Environment Bureau and the Innovation and Technology Bureau, my consolidated reply to the Member's question is as follows:

(1) The CITA and the Li Ka Shing School of Professional and Continuing Education of the Hong Kong Metropolitan University jointly launched the "Higher Diploma in Digital Fashion Creation" programme in 2019. Five learners in the first cohort graduated in 2021, of whom three continued studies in local universities, accounting for 60 per cent. As learners admitted in 2020 and 2021 have not graduated, the relevant figures are not yet available.

Under the current triennial planning mechanism for University Grants Committee (UGC)-funded universities, universities enjoy substantial autonomy to flexibly deploy their recurrent grants, allocated in form of a block grant, to determine the programmes to be offered and allocation of student places to textiles and fashion design or other various disciplines (except education and healthcare disciplines). Under the principle of institutional autonomy, self-financing post-secondary institutions also have the flexibility to develop programmes that meet market needs and adjust the allocated student places to different disciplines.

(2) According to the latest information by the Census and Statistics Department, the information on establishments and persons engaged in the textiles and wearing apparel industry from 2018 to 2020 is tabulated as follows:

Year	Number of establishments	Number of persons engaged
2018	650	4 910
2019	640	4 560
2020	600	4 400

Note 1: The above figures are rounded to the nearest ten.

The number of graduates of programmes related to the fashion and apparel technology in the past three academic years (2018-19 to 2020-21) is as follows:

Course category	Number of graduates		
	2018-19	2019-20	2020-21
Programmes funded by the UGC	661	535	591

Full-time locally-accredited self-financing sub-degree and undergraduate programmes	287	241	Note 2
Higher Diploma and in-service training programmes of the Vocational Training Council	534	453	572
Courses of the CITA	1 195	970	1 929

Note 2: Relevant figure not yet available pending provision by relevant self-financing post-secondary institutions.

Most of the courses by the CITA are part-time courses for in-service practitioners to acquire the latest skills. The CITA provides placement services for graduates of its full-time courses by referring them to job vacancies offered by employers. The CITA has not tracked all cases, and thus does not maintain figures of learners who have joined the industry.

(3) To promote development of sustainable fashion, the Government provides funding support through the CreateSmart Initiative for the fashion design industry to organise and participate in different projects, for example, the "Fashion Summit (HK) 2021" seminars and the "Redress Design Award". The Government will continue to provide funding support to relevant projects to further enhance the understanding of the industry and the public on sustainable fashion.

To align with the industry's development trends, the CITA in recent years has been providing multiple courses of fashion design related to application of technology and sustainable development, such as 3D fashion design, digital pattern making, virtual fitting and production of virtual fashion shows, as well as practising sustainable development in fashion design, production management and marketing, with a view to enhancing learners' professional knowledge and practical skills. In addition, the Hong Kong Design Institute of the Vocational Training Council has incorporated technology and green elements into its "Higher Diploma in Fashion Design" programme and provided new appliances and equipment to strengthen students' training on using the latest technologies of the industry.

(4) The CITA has conducted various projects in recent years supporting the re-industrialisation of local textiles and clothing industry and enhancing the incorporation of technology element. The 2019 project of "To establish a re-industrialisation technology roadmap for small and medium-sized enterprises of the Hong Kong Textile and Fashion Industry" studied the global trends of textiles materials development and technological application, and provided concrete recommendations for the local textiles and apparel industry. The 2021 project of "Prime Cooling System in Garment" conducted research and developed cost-effective cooling fabrics in collaboration with a fabric supplier. The CITA also plans to offer courses on electronic commerce and online sales to help small and medium-sized enterprises upgrade, and will

explore collaboration with appropriate enterprises and industrial organisations.