

## LCQ15: Handling online shopping complaints and disputes

Following is a question by the Hon Vincent Cheng and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (April 28):

Question:

The Consumer Council (the Council) reached a collaboration agreement with the China Consumers' Association (CCA) in November 2019 to expedite the handling of cross-boundary consumer complaints by the "Online Shopping Consumer Protection Express Platform" scheme under CCA. Under the scheme, upon receipt of cross-boundary consumer complaints involving the online traders participating in the scheme, the Council will, provided that the conditions prescribed by the scheme are met, upload the details of such complaints to the data system of the Platform to allow the online traders concerned to handle the complaints by directly contacting the complainants. The objective of the scheme is to assist consumers through a more effective channel and increase their success rate in reaching conciliation with the online traders concerned. Regarding the handling of online shopping complaints and disputes, will the Government inform this Council:

(1) whether it knows the total number of complaints lodged by Hong Kong people and handled through the Platform since November 2019 and, among such complaints,

(a) the number of those in respect of which conciliation has been reached, with a tabulated breakdown by (i) type of complaints, (ii) the amount of money involved, and (iii) the solution agreed by both parties;

(b) the number of those in respect of which conciliation has not been reached, with a tabulated breakdown by (i) type of complaints, (ii) the amount of money involved, and (iii) the outcome/progress of the follow-up actions taken by the Council;

(2) whether it knows if the Council has assessed the effectiveness of the aforesaid Platform in assisting in resolving relevant disputes; and

(3) given that quite a number of members of the public in Hong Kong frequently shop online, how the Government, by enforcing the relevant legislation such as the Trade Descriptions Ordinance (Cap. 362) and the Sales of Goods Ordinance (Cap. 26), effectively handles acts of selling goods which do not match the descriptions or counterfeit goods and fraudulent acts relating to online shopping (especially cross-boundary online shopping)?

Reply:

President,

Having consulted the Consumer Council (the Council) and the Customs and Excise Department (C&ED), my reply to the question raised by the Hon Vincent Cheng is as follows:

On the first and second parts of the question, the Council was established in accordance with the Consumer Council Ordinance (Cap. 216), the statutory functions of which include receiving and examining complaints by and giving advice to consumers of goods and services. If the complaint is under the jurisdiction of individual government departments or professional associations, the consumer may lodge his/her complaint with the relevant departments/organisations. If the complaint involves traders outside Hong Kong, the consumer may need to take the issue directly with the relevant local authorities.

Nonetheless, in view of the rapid development of cross-boundary e-commerce in recent years, the Council reached an agreement with the China Consumers' Association (CCA) in November 2019, to strengthen the support to Hong Kong consumers by joining the "Online Shopping Consumer Protection Express Platform" (the Platform) scheme established by the CCA. Under the Platform scheme, if a consumer has a dispute with a participating online trader and seeks assistance from the Council, as long as the conditions prescribed by the scheme are met (i.e. the complaint is between an individual consumer and a trader, the trader under complaint is among the designated online traders of the Platform, and the complainant has given his/her consent to have the case referred to the Platform for processing), the Council will upload the details of the complaint to the data system of the Platform. After that, the participating online trader can directly obtain from the system the details of the relevant complaint and directly contact the complainant to handle the complaint. The Platform will record the follow-up progress and result of the case. The Council can also access the Platform to learn the progress and record the relevant result after the case is closed.

The number and details of the cases referred to the Platform by the Council between November 2019 and March 2021 are as follows:

Year	2019 (November-December)	2020	2021 (January-March)
Number of cases	0	1	1
Product type	–	Personal care products	Toys
Nature of the complaint	–	Product quality	Late delivery
Amount involved (in Renminbi)	–	40,000	5,280

Result/Progress	-	Given that the products had been unsealed and used by the complainant, the trader refused the return of the products. No settlement was reached by the parties.	The case is still being followed up.
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There are a total of 25 designated online traders on the Platform. However, only two to three of them are more familiar to and frequently used by consumers in Hong Kong. As some of these online traders also have offices in Hong Kong, depending on the transaction details provided by the complainants and whether they agree to give consent to have the complaints referred to the Platform, the Council can handle such cases in accordance with its established mechanism and contact the offices of these traders in Hong Kong directly for follow-up, without the need to route them through the Platform for processing. In parallel, the Council will continue to monitor the effectiveness of the Platform in assisting the resolution of online shopping complaints and disputes.

On the third part of the question, the rights of consumers, including online shoppers, are currently protected by various laws in Hong Kong. The Sale of Goods Ordinance (Cap. 26), the Control of Exemption Clauses Ordinance (Cap. 71), the Supply of Services (Implied Terms) Ordinance (Cap. 457) and the Unconscionable Contracts Ordinance (Cap. 458) all regulate contracts related to transactions, for example, by stipulating implied conditions in the contract of sale of goods, including that the goods supplied are of merchantable quality and that a buyer has the right to reject defective goods unless he or she has a reasonable opportunity to examine the goods; a supplier of a service is obliged to carry out the service with reasonable care and skill and within a reasonable time; and the courts are empowered to refuse to enforce, or to revise unconscionable terms in consumer contracts for the sale of goods or supply of services, etc.

In addition, the Trade Descriptions Ordinance (Cap. 362) prohibits unfair trade practices such as "false trade descriptions" (including a false trade description made by whatever means and in whatever form, e.g. paper, verbal and advertisement) and "misleading omissions" (including omitting or hiding material information, or providing material information in a manner that is unclear, unintelligible, ambiguous or untimely), and is applicable to both online and physical traders.

Unfair trade practices may occur in different sales channels, including online trading platforms. C&ED will continue to monitor different types of illegal online activities by using tools for evidence collection and investigation, and initiate follow-up actions and prosecutions where appropriate. If local or overseas websites are found to be conducting illegal activities, C&ED may demand such websites to remove the relevant contents or links. Depending on the circumstances, joint operations with overseas

enforcement agencies will also be mounted as and when required.

The Government will continue to keep a close watch on the development of online platforms and review the relevant laws as necessary for the protection of consumer rights.

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## LCQ14: Charging facilities for electric vehicles

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for the Environment, Mr Wong Kam-sing, in the Legislative Council today (April 28):

Question:

To promote popularisation of electric vehicles (EVs), the Government has formulated a series of policies and measures, including extending the EV public charging network and encouraging owners of private buildings to install EV charging facilities for the parking spaces in their buildings. In this connection, will the Government inform this Council:

(1) given that the Government rolled out a three-year programme in 2019 with a view to installing by 2022 over 1 000 additional medium EV chargers in the public car parks under its management, of the latest progress of the programme and whether it anticipates that such target can be met;

(2) given that public charging facilities for EVs are unevenly distributed across the various districts at present, e.g. there being 827 and 39 EV chargers in Kwun Tong and Tai Po districts respectively, with a twenty-fold difference between them, of the Government's new measures to facilitate an even distribution of public charging facilities in the various districts;

(3) given that there is a strong demand for quick charging facilities for EVs, whether the Government will set a growth target for the number of such facilities; if so, of the details; if not, the reasons for that;

(4) as the Hong Kong Planning Standards and Guidelines stipulates that 30 per cent of the private car parking spaces in public car parks will be equipped with EV chargers, whether it will explore raising the percentage; if so, of the details; if not, the reasons for that;

(5) given that the Government is carrying out preparatory work for the fee charging arrangement for EV charging services in the car parks under its management, and it is anticipated that charging fees will be imposed from 2025, whether it has assessed if such arrangement will hinder the popularisation of EVs; if it has not assessed, whether it will make such an

assessment; if it has assessed, of the outcome;

(6) given that in the first four months after the launch of the EV-charging at Home Subsidy Scheme in October last year, the Government received over 200 applications involving 60 000 parking spaces (i.e. being close to the target of the Scheme), of the number of applications approved by the Government so far and the number of parking spaces involved; given the overwhelming public response to the Scheme, whether the Government will increase the funding allocated to the Scheme (which is \$2 billion); and

(7) as the Environment Bureau is exploring the adjustment of the requirement for the installation of EV charging-enabling infrastructure in the car parks of new buildings so that such infrastructure will cover all parking spaces of new private buildings and provide the power supply needed for medium chargers, of the expected completion date of the relevant exploration and the initial ideas of the adjustment proposal?

Reply:

President,

The Environment Bureau (ENB) announced in March this year our first Hong Kong Roadmap on the Popularisation of Electric Vehicles (EV Roadmap), setting out the long-term policy objectives and plans on the adoption of EVs and their associated supporting facilities. The key measures include ceasing new registration of fuel-propelled private cars (PCs) in 2035 or earlier, proactively promoting trials for electric public transport and commercial vehicles, expanding the EV charging network and promoting its marketisation, training for technicians and mechanics on EV maintenance, formulating a Producer Responsibility Scheme for retired EV batteries, establishing a task force to examine the high-end development of new decarbonisation technologies globally, etc. The Government will also set EVs as standard for procurement and replacement of government small and medium PCs.

As regards the question raised by the Hon Jimmy Ng on the EV public charging network and the installation of EV charging facilities in private buildings, my response is as follows:

(1) The Government allocated \$120 million in 2019-20 to extend the public EV charging network at government car parks in three years, including the installation of additional medium chargers at the car parks managed by the Transport Department, the Government Property Agency, the Leisure and Cultural Services Department and the Tourism Commission which are open to public use. Over 1 000 additional public chargers are expected to be in place by 2022, bringing the total number of public chargers in these car parks to about 1 800.

As at March 2021, 547 additional medium chargers were installed. It is expected that installation of the remaining additional medium chargers will be completed in 2021-22.

(2)&(3) As at end-2020, more than 3 300 EV chargers from the private and

public sectors were open to public use, among which over 1 100 were offered by the Government and the rest by the private sector.

As stated in the EV Roadmap, the Government's target is to have at least 5 000 public chargers provided by the private and public sectors by 2025, and we plan to double the number in future. A consultant engaged by the Government completed a study early this year and compiled a list of preliminary potential sites for setting up public quick charging facilities across our 18 districts. The Government will further study the potential sites and devise proposals on setting up such territory-wide facilities. We will also explore the feasibility of progressively converting some of the existing petrol and liquefied petroleum gas filling stations to quick charging stations in the medium to long term.

Besides, it is noted that quite a number of developers and property management companies have installed EV chargers at their commercial buildings or shopping malls to meet the needs of their tenants or visitors. With the growing EV uptake, the Government will progressively marketise EV charging services and has planned to start imposing EV charging fees in government car parks from around 2025. This will help drive the provision of much more customerised public EV charging services by the private sector and hence further expanding the EV charging network in Hong Kong.

(4) In the new government public car parks, 30 per cent of their PC parking spaces are currently provided with medium chargers while all PC parking spaces are equipped with EV charging-enabling infrastructure including laying cables, distribution boards, conduits, trunking, and the power supply necessary for standard chargers.

As mentioned in the EV Roadmap, in light of the market situation and technological development of EVs, we are exploring to adjust the requirement for EV charging infrastructure in car parks of new private buildings so that all parking spaces are required to be provided with EV charging infrastructure and the necessary power supply that supports medium chargers.

(5) At present, EV charging services in government car parks are free of charge. The policy aims to provide financial incentives to encourage members of the public to switch to EVs in the initial stage of EV development. However, with the increasing EV uptake, the Government will marketise EV charging services progressively to promote their sustainable development.

In this connection, the Government has embarked on the preparation work for imposing EV charging fees in government car parks from around 2025. This, being an appropriate step to support the popularisation of EVs, will help avoid the abuse of EV chargers and, at the same time, stimulate the private sector's participation in providing EV charging services, further expanding the EV charging network in Hong Kong.

(6) The \$2 billion EV-charging at Home Subsidy Scheme (EHSS) has been launched since October 21, 2020. Up to mid-April this year, more than 300 applications involving over 76 000 private parking spaces were received. The Environmental Protection Department has started issuing notices to the

approved car parks since February 2021. The approved car parks can proceed with procuring the services of engineering consultants to design and monitor the installation works of EV charging-enabling infrastructure to be carried out by contractors.

The Government will review the effectiveness of and financial resources for the EHSS within this year to decide the way forward.

(7) The ENB is working with other relevant government departments to further enhance the requirement for EV charging infrastructure in car parks of new private buildings so that all parking spaces in these buildings are required to be provided with such infrastructure and the power supply that supports medium chargers. We will consult stakeholders once our preliminary proposal is available.

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## **LCQ19: Enhancing Hong Kong's status as an international financial centre**

Following is a question by the Hon Chan Chun-ying and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (April 28):

Question:

The Z/Yen Partners in the United Kingdom and the China Development Institute in Shenzhen jointly published on March 17 this year the 29th edition of the Global Financial Centres Index Report. The overall global ranking of Hong Kong leaped from the sixth in the 27th edition and the fifth in the 28th edition to the fourth in the 29th edition of the Report. Furthermore, there was a mere one point difference between the overall ratings of the financial centres in the second to the fifth places in the overall ranking (namely London, Shanghai, Hong Kong and Singapore), indicating a very keen competition among them. Even though the overall ranking of Singapore was lower than that of Hong Kong, in respect of the five areas of competitiveness (i.e. business environment, reputation and general, human capital, financial sector development and infrastructure), which were formulated based on data, its rankings in the first four areas were higher than that of Hong Kong. With regard to enhancing Hong Kong's status as an international financial centre, will the Government inform this Council:

(1) whether it has summed up the reasons for the leap in Hong Kong's ranking in the last two editions of the Report; if so, of the details; if not, the reasons for that;

(2) whether it has conducted an analysis and comparison of the strengths and

weaknesses of London, Shanghai, Singapore and Hong Kong in the aforesaid areas of competitiveness, and formulated plans for closing or widening the rating gaps between Hong Kong and those financial centres; if so, of the details; if not, the reasons for that; and

(3) given that the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" approved earlier by the National People's Congress has mentioned giving support to enhancing Hong Kong's status as an international financial centre, whether the Government has set objectives and formulated a roadmap in this respect; if so, of the details; if not, the reasons for that?

Reply:

President,

The Global Financial Centres Index (GFCI) Report has been released in March and September every year since 2007. In the March 2021 Report, Hong Kong was ranked fourth. My reply to the various parts of the question is as follows:

(1) & (2) The GFCI Report takes into account both instrumental factors, which are formulated based on data, and online questionnaires, which gauge views from respondents based on their perceptions on individual financial centres, in compiling the ranking of financial centres. As reflected by the results, Hong Kong has all along been one of the leading international financial centres.

The Report published in March 2020 noted a high level of volatility in the ranking of the financial centres when compared with previous reports, probably reflecting the uncertainty around international trade and the impact of geopolitical and local unrest. Among the five areas of competitiveness (namely Business Environment; Human Capital; Infrastructure; Financial Sector Development; and Reputational and General), Hong Kong ranked above some of these centres with a higher overall ranking in four or more areas. However, in the online questionnaire, Hong Kong's score has comparatively dropped more significantly.

The Report published in March 2021 pointed out that the overall ratings of financial centres have yet to recover to the levels in 2019, which reflects the continuing uncertainty brought about by international trade, the impact of the COVID-19 pandemic and the geopolitical environment. Notwithstanding that financial markets globally have become more volatile over the past year or so, Hong Kong's institutional strengths and underlying fundamentals stay intact and strong, and the financial system has been resilient. Different facets of the financial services sector continue to function in an orderly manner. Hong Kong's overall ranking rose by two places from March last year to rank number four in the world. Among the aforementioned five areas of competitiveness, Hong Kong rose by one place in both Infrastructure and Financial Sector Development to rank number four and

five in the world respectively, bringing the overall rating up by four points to 741, which was the biggest rise among the top seven financial centres. We are endeavoring to enhance the competitiveness of Hong Kong as an international financial centre. On creating a favorable business environment, Hong Kong possesses institutional strengths including highly open and internationalised markets, rule of law and a free flow of information and capital, as well as the unique advantages of the "one country, two systems". The Government is carrying out the legislative work to improve the electoral system of Hong Kong for the implementation of "patriots administering Hong Kong", so as to bring Hong Kong back on its right track and promote the long-term stability and prosperity of Hong Kong. On promoting the development of the financial sector, we will continue to leverage our role as the gateway between the Mainland and international markets.

(3) The "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" (the 14th Five-Year Plan) acknowledges the significant functions and positioning of Hong Kong in the overall development of the country, which includes supporting Hong Kong to enhance its status as an international financial centre, strengthen its status as a global offshore Renminbi (RMB) business hub, an international asset management centre and a risk management centre, as well as deepening and widening of mutual access between the financial markets of Hong Kong and the Mainland. Under the new development pattern of "dual circulation", the Government will, in accordance with the content of the 14th Five-Year Plan, formulate and implement various policy measures, make good use of Hong Kong's connectivity with the Mainland and international market, and leverage the enormous opportunities presented by the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) development and the Belt and Road Initiative to contribute to the economic development and opening up of the country, as well as to promote sustainable development of the local financial sector.

Specifically, we are taking forward the following key policy measures:

(i) Asset management: The Hong Kong Monetary Authority (HKMA) will continue to work with the relevant authorities to step up the preparation for the two-way cross-boundary wealth management connect pilot scheme with a view to expediting its implementation. At the same time, we will propel the further development of the asset management business of Hong Kong. Policy measures include providing tax concession for carried interest issued by private equity funds operating in Hong Kong, establishing mechanisms to attract existing non-Hong Kong funds to re-domicile to Hong Kong, and providing subsidies for open-ended fund companies and for promoting the development of real estate investment trust (REIT) of Hong Kong to encourage the listing of more REITs in Hong Kong.

(ii) Risk management: We are striving for early establishment of after-sales service centres by the Hong Kong insurance industry in the Mainland cities of the Greater Bay Area, as well as implementation of the "unilateral recognition" policy for Hong Kong motor vehicles entering Guangdong through the Hong Kong-Zhuhai-Macao Bridge, in order to promote mutual insurance

market access in the Greater Bay Area. We will also launch a two-year Pilot Insurance-linked Securities Grant Scheme to attract insurance enterprises or organisations to issue insurance-linked securities in Hong Kong.

(iii) Mutual market access: Together with the regulators, we will continue to work with the relevant Mainland authorities step by step to take forward various proposals for expanding the mutual market access programmes and the arrangements for enhancing the programmes, including the inclusion of exchange-traded funds (ETF) under the mutual capital market access programmes, as well as to launch the Southbound Trading of Bond Connect within this year.

(iv) Green and sustainable finance: We will promote more Greater Bay Area institutions to make use of Hong Kong's capital market for green investment, financing and certification, thereby supporting green enterprises and projects in the Greater Bay Area, developing Hong Kong into a green finance centre and promoting the ecological conservation and green development of the country. We plan to expand the scale of the Government Green Bond Programme and issue retail green bonds, and launch a new Green and Sustainable Finance Grant Scheme to mobilise capital towards sustainable projects in the region.

(v) Financial infrastructure and financial technology (Fintech): We plan to enhance the efficiency and capacity of our domestic Central Moneymarkets Unit (CMU) and introduce new functions, so as to develop the CMU into a major central securities depository platform in Asia and in the world in the long run. We will also continue to promote the cross-boundary application of Fintech in Hong Kong and the Mainland, so as to reinforce Hong Kong's status as a leading Fintech hub. We will, in concert with the financial regulators, actively encourage the industry to explore and test various Fintech solutions and products with cross-boundary applications involving the Greater Bay Area, including the proof of concept project that connects the HKMA-facilitated eTradeConnect with the People's Bank of China's Trade Finance Platform.

The above measures can further enhance Hong Kong's status as a global offshore RMB business hub and facilitate the RMB internationalisation process.

As announced by the Financial Secretary in the 2021-22 Budget, our Bureau has set up a joint working group together with financial regulators to explore how Hong Kong can complement the economic and financial development of our country and meet the needs of international investors, with a view to setting out the development blueprint for engagement with the Central Authorities to secure their support. We will follow the guiding principles of the 14th Five-Year Plan when setting out the development blueprint to implement the various planned goals. We will strive to consolidate our role as the international financial centre of our country while contributing to national development.

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# Arrangements for LCSD's Mobile Library services

Mobile Libraries 1, 5, 6 and 8 will suspend services during designated periods in May and June for routine maintenance, while the Mobile Library 6 service point at Ap Lei Chau Estate in Ap Lei Chau will be temporarily relocated from May 4 onwards, a spokesman for the Leisure and Cultural Services Department announced today (April 28).

Mobile Library 1 will suspend services from May 3 to 8. The affected service points are Whampoa Garden in Hung Hom, Riviera Gardens in Tsuen Wan, Shek Lei (I) Estate in Kwai Chung, Ko Yee Estate in Yau Tong, Kai Ching Estate in Kowloon City and Tsui Chuk Garden in Wong Tai Sin. For enquiries about Mobile Library 1 services, please call 2414 3157.

Mobile Library 5 will suspend services from May 10 to 22. The affected service points are Chevalier Garden, Pok Hong Estate, Kam Ying Court, Hin Keng Estate, Kam Tai Court, Mei Tin Estate and Yan On Estate in Sha Tin; Ming Tak Estate, Kin Ming Estate, Yee Ming Estate and Mang Kung Uk Road in Sai Kung; and Tai Wo Estate, Nai Chung, On Ho Lane, Fu Shin Estate and Fu Heng Estate in Tai Po. For enquiries about Mobile Library 5 services, please call 2696 5842.

Mobile Library 6 will suspend services from May 24 to 29. The affected service points are Shau Kei Wan Market in Shau Kei Wan Main Street East, Lei Tung Estate and Ap Lei Chau Estate in Ap Lei Chau, the First Aid Station in Shek O Beach and Tsui Lam Estate in Tseung Kwan O. In addition, the service point at Ap Lei Chau Estate will be temporarily relocated to the area adjacent to Lei Ning House, Ap Lei Chau Estate, for construction work from May 4 until further notice. The opening hours will remain unchanged. For enquiries about Mobile Library 6 services, please call 2505 4690.

Mobile Library 8 will suspend services from May 31 to June 12. The affected service points are Laguna Verde in Hung Hom, Choi Ying Estate in Kowloon Bay, Laguna City in Lam Tin, Yau Lai Estate in Yau Tong, Hiu Lai Court and Po Tat Estate in Sau Mau Ping and Tai Hang Tung Estate on Tai Hang Tung Road. For enquiries about Mobile Library 8 services, please call 2926 3055.

Readers are welcome to use other public libraries during the service suspension periods. They may also renew library materials by telephoning 2698 0002 or 2827 2833, or via [www.hkpl.gov.hk](http://www.hkpl.gov.hk).

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## LCQ8: Maintaining Hong Kong's status and competitiveness in international community

Following is a question by Dr the Hon Lo Wai-kwok and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (April 28):

Question:

The National People's Congress made decisions, in May last year and March this year respectively, on implementing the National Security Law for Hong Kong in the Hong Kong Special Administrative Region (SAR) and improving the electoral system of SAR. The governments of certain western countries have alleged the relevant decisions to be in violation of the "one country, two systems" and the Basic Law, and imposed sanctions on certain SAR Government officials and organisations. In this connection, will the Government inform this Council:

(1) whether it has taken measures to refute the allegation, including explaining to government offices of foreign states in Hong Kong, the International Monetary Fund, international rating agencies, Hong Kong's major trading partners and chambers of commerce that such move of the Central Authorities has plugged loopholes of SAR's system, which can ensure the steadfast and successful implementation of "one country, two systems"; if so, of the details; if not, the reasons for that;

(2) of its new thinking on enhancing Hong Kong's capability of responding to the complex and volatile international political and economic environment, and better seizing the opportunities of post-pandemic economic development; and

(3) given that Hong Kong has been implementing a low and simple tax regime, what strategies the Government has put in place to deal with the situation where governments of various countries, in response to the recent appeal of the United States Government, jointly set a uniform minimum rate of corporate profits tax that is applicable to multinational companies, so as to prevent Hong Kong's competitiveness from being undermined?

Reply:

President,

Having consulted the Chief Secretary for Administration's Office, the Financial Secretary's Office, the Constitutional and Mainland Affairs Bureau, the Financial Services and the Treasury Bureau, the Security Bureau, and the Information Services Department (ISD), the consolidated reply to the question raised by Dr the Hon Lo Wai-kwok is as follows:

(1) The Hong Kong Special Administrative Region (HKSAR) Government places high importance on external engagement. On the one hand, through the efforts of the abovementioned bureaux and departments, as well as the overseas Economic and Trade Offices (ETOs), the Government has, as a whole, actively engaged in external promotion on Hong Kong's advantages to bolster Hong Kong's international image. On the other hand, the Government has regularly disseminated the latest information on Hong Kong to overseas communities through different channels and responded to biased reports to ensure that interlocutors have a proper understanding on Hong Kong's situation. With the rising geopolitical tensions in recent years, some overseas stakeholders have hyped issues on Hong Kong, making unfair comments and reports on issues including the implementation of the National Security Law and improving the electoral system, which has definitely affected Hong Kong's international image adversely. The Government has therefore made strenuous efforts in stepping up our relevant work.

Following the passage of "the Decision on establishing and improving the legal system and enforcement mechanisms for the HKSAR to safeguard national security" by the National People's Congress on May 28, 2020, as well as the National Security Law by the Standing Committee of the National People's Congress on June 30, 2020, the HKSAR Government actively explained to the international communities and overseas stakeholders the legal basis for the National Security Law through different channels, and promptly rebutted the corresponding false allegations by foreign countries to dispel misconceptions, including issuing press releases immediately through the ISD and ETOs to clarify the issues, publishing promotional pamphlets, placing newspaper advertisements, arranging principal officials from relevant policy bureaux to take part in media interviews, and to meet with the Consul-General in Hong Kong, major foreign chambers of commerce, and overseas stakeholders, etc. It was emphasised that the National Security Law is beneficial to political and social stability of Hong Kong and conducive to maintaining Hong Kong's investment and business environment in the long run, and that the legislation will not adversely affect the rights and freedoms enjoyed by Hong Kong residents in accordance with the law.

As for the decision by the National People's Congress on improving the electoral system of the HKSAR, the HKSAR Government has so far held over 110 briefing sessions for various sectors, especially chambers of commerce and the financial sector to brief them on the background, principles and major content of improving the electoral system. The Government will continue to strengthen its explanatory and publicity work so that different sectors of the community will recognise the necessity and urgency of improving the electoral system as well as support the relevant work.

ISD has also been closely monitoring reports in the mass media and messages posted on major social media platforms. When it comes to its knowledge that rumours relating to the Government or false information are being widely circulated, the ISD would immediately make clarifications through various channels to curb the spread of rumours and address public concerns, including arranging relevant officials to explain to the media, and

disseminating widely the correct information on the internet and social media platforms.

In addition, from June 2020 to end-March 2021, the ETOs have organised over 20 webinars for the Chief Executive and principal officials to conduct direct dialogue with various overseas stakeholders, including think tanks, academic institutions, as well as business organisations, to explain to them the situation in Hong Kong and directly address their concerns on the National Security Law. To maintain the confidence of the overseas communities in Hong Kong, it was emphasised to the audience that the legislation is fully justified and legitimate, with stability restored in Hong Kong and the rights and freedoms enjoyed by Hong Kong residents in accordance with the law will continue to be upheld. In the meantime, the ETOs have proactively engaged the overseas communities through their network, providing updated information and explanation on Hong Kong's latest situations to their interlocutors, as well as issuing articles and responding to reports in a number of local media on the relevant subjects to dispel misconception.

(2) Against the background of rising protectionism in recent years, coupled with the unprecedented challenge to global economy brought about by the pandemic, the HKSAR Government will continue to proactively integrate into the overall development of the country to better seize the opportunities arising from national development and post-pandemic economic recovery. "The Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035" (the 14th Five-Year Plan) adopted on March 11, 2021 sets out various measures on supporting Hong Kong to consolidate and enhance competitive advantages as well as to better integrate into the overall development of the country, and on proactively and progressively taking forward the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA). Under the new development pattern which takes the domestic market as the mainstay while enabling domestic and foreign markets to interact positively with each other, and with the support of the 14th Five-Year Plan, Hong Kong's development opportunities are evident. Currently, the HKSAR Government is working at full steam on disease prevention and control, and proactively on vaccination for members of the public. Once the epidemic subsides later, given Hong Kong's own advantages and the advantages under the "one country, two systems" principle, the city will be able to proactively become a participant in domestic circulation and a facilitator in international circulation. We will take the GBA development as the best entry point to better integrate into the overall development of the country, which will bring continuous impetus to Hong Kong's economy.

The 14th Five-Year Plan also supports the HKSAR Government in continuing to foster co-operation and exchanges with countries and regions around the world, and fully utilising its unique status and advantages. In particular, Hong Kong will continue to make the best use of the advantages under the "one country, two systems" principle to tap into the business opportunities brought about by the twin engines of the country's economic development in the Belt and Road Initiative and the GBA development, while striving to establish close economic and trade relations with other economies including

developing mutually beneficial economic and trade relations with economies around the world by leveraging on Hong Kong's status as a separate customs territory conferred by the Basic Law; continuing with the expansion of ETO network to enhance trade and economic relations between Hong Kong and its trading partners; promoting proactively regional economic co-operation and engaging member economies of the Regional Comprehensive Economic Partnership with a view to commencing early discussions on Hong Kong's accession.

(3) The international community has been actively promoting the prevention of cross-border tax evasion in recent years. Jointly championed by the Organisation for Economic Co-operation and Development (OECD) and G20, the OECD sought to counter the base erosion and profit shifting (BEPS) activities of multinational enterprises (MNEs) by promulgating in October 2015 the BEPS action plans. As an international financial and trading centre, Hong Kong has implemented all necessary measures as required under the BEPS action plans.

The OECD is now working on proposals to address the BEPS risks arising from the digitalisation of economy (BEPS 2.0 proposals), which include a global minimum tax rate. The global minimum tax rate targets those large MNEs with global revenue exceeding a specified threshold. If the tax paid by an MNE in a particular jurisdiction is lower than the global minimum tax rate, its parent company or subsidiary will be subject to additional taxes imposed by the jurisdiction where it is located. The target of the OECD is to reach a global consensus on the key policy features of the BEPS 2.0 proposals by mid-2021.

To formulate response measures, the Government set up an Advisory Panel in June 2020 to review the possible impact of the BEPS 2.0 proposals on the competitiveness of the business environment of Hong Kong, and to make recommendations to the Financial Secretary on how to facilitate the sustainable development of Hong Kong as an international financial, trading and business centre in light of the changing international tax landscape. The Advisory Panel has consulted stakeholders from the business sector. Taking into account the preliminary views of the Advisory Panel, the Financial Secretary presented in the Budget this year the direction of the Government's response measures. The Financial Secretary indicated that Hong Kong would actively implement BEPS 2.0 according to international consensus while striving to maintain the key advantages of our tax regime, namely simplicity, certainty and fairness; minimise the compliance burden on the affected enterprises; and continue to enhance the business environment and competitiveness of Hong Kong. The Advisory Panel on BEPS 2.0 will submit a report to the Government after the BEPS 2.0 proposals are finalised. The Government will then carefully study the report with a view to formulating specific response measures.