

[Below is the English translation of letter from the Chief Executive to
Members of the Legislative Council on 19 January 2021]

Since delivery of my 2020 Policy Address on 25 November last year, my team and I have been actively following up on the implementation of various measures set out in the Policy Address despite our preoccupation with fighting the COVID-19 pandemic and while doing so, we maintain communication with Members of the Legislative Council (LegCo) to listen to their views. Noting that the LegCo is about to start its debate on the motion of thanks for the 2020 Policy Address, I am writing to update Members on the latest progress of various measures set out in the Policy Address.

Improving the implementation of “One Country, Two Systems”

In the past six months, the Hong Kong Special Administrative Region (HKSAR) Government has been fully implementing the Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the National Security Law). The Committee for Safeguarding National Security of HKSAR, the National Security Department under the Hong Kong Police Force and other associated enforcement mechanisms have been smoothly established, and we have been dutifully implementing the National Security Law to prevent, stop and punish acts endangering national security. We have already embarked on publicity and education work among students and in the community relating to the

Constitution of the People's Republic of China, the Basic Law and the National Security Law, including holding the Basic Law 30th Anniversary Legal Summit and the Constitution Day Seminar in November and December last year respectively. The latter, in particular, was organised under the theme of "The Constitution and National Security". We will continue to take forward more extensive and larger-scale publicity and education endeavours.

Regarding oath-taking by public officers, all politically-appointed officials, Permanent Secretaries and Heads of Departments have already taken the oath, and the Civil Service Bureau (CSB) has recently announced the arrangement on oath-taking or signing of declaration by all other serving civil servants. We will submit a bill to the LegCo after the Chinese New Year to implement the Standing Committee of the National People's Congress' Interpretation of Article 104 of the Basic Law and decision on the qualification of LegCo Members for strengthening the oath-taking requirements of public officers and related arrangements. We are also working at full steam on legislative work relating to improvements to the electoral system and arrangements, and amendments to the National Flag and National Emblem Ordinance for early submission to the LegCo for scrutiny.

Economic Development

(i) Strengthening co-operation with the Mainland

I have submitted HKSAR's views on the "2021 Work Plan of the Development of the Guangdong-Hong Kong-Macao Greater Bay Area" to the

Central Government. This year marks the beginning of the National 14th Five-Year Plan (The Plan). The HKSAR will take this opportunity to better integrate into the country's overall development and proactively participate in the development of the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), in particular the development of an international innovation and technology hub. On jointly promoting "one zone, two parks" with Shenzhen, the two sides have commenced discussion on the proposal for the Hong Kong Science and Technology Parks Corporation to lease and manage certain areas of the Innovation and Technology Zone in Futian, Shenzhen. The proposal will allow Hong Kong technology enterprises which are interested in setting up business in the GBA to establish their presence to grasp the development opportunities offered in the area as soon as possible. As regards the implementation of co-location arrangements at the new Huanggang Port, the Security Bureau has set up a task force with the Shenzhen Municipal Government, and will brief Members on the related proposal and progress at the meeting of the LegCo Panel on Security in March this year.

After the commissioning of the Tuen Mun-Chek Lap Kok Tunnel on 27 December 2020, we are stepping up our efforts to finalise with the Guangdong government and relevant Mainland parties the details for implementing the "Quota-free scheme for Hong Kong private cars travelling to Guangdong via the Hong Kong-Zhuhai-Macao Bridge", including the duration of stay of Hong Kong cars in the Mainland, the eligibility requirements of vehicles, the requirements of driving licences, the application

procedures and the level of fees, etc. We will strive for early implementation and announcement of the details of the scheme.

(ii) Financial market

Although Hong Kong's economy suffered a severe blow in 2020, the development of our financial market remained stable with good results. The equity funds raised through initial public offerings in 2020 amounted to \$397.5 billion, an increase of 27% compared with 2019 and ranked second in the world. The stock market daily average turnover value was \$129.5 billion, an increase of 48.5% compared with 2019. Starting from 28 December 2020, pre-profit biotechnology companies listed in Hong Kong meeting certain prescribed criteria have been included into the stock universe of the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

(iii) Innovation and Technology

The Innovation and Technology Bureau (ITB) released the Smart City Blueprint for Hong Kong 2.0 (Blueprint 2.0) on 10 December 2020 with more than 130 smart city initiatives, including over 60 new ones. On 29 December 2020, the Government also announced the launch of a one-stop personalised digital services platform, "iAM Smart", to allow public access of more than 20 online services of the Government and the public utilities. It is expected that by mid-2021, more than 110 public services will be available for public access through the "iAM Smart" platform.

In recent years, Hong Kong's performance in respect of innovation and technology (I&T) and smart city development has received international recognition. According to the World Digital Competitiveness Ranking 2020 announced by the Lausanne-based International Institute for Management Development, the global ranking of Hong Kong rose from the 11th in 2018 to the fifth. The Digital Intelligence Index report jointly released by Mastercard and the Fletcher School at Tufts University of the United States reaffirmed that Hong Kong has become one of the world's most digitally-advanced economies, ranking second and third in the Asia-Pacific region and the world respectively.

To attract I&T talent to Hong Kong, I announced in the 2020 Policy Address that a five-year Global STEM Professorship Scheme would be implemented. The ITB and the Education Bureau have worked out the details and will brief the relevant LegCo panels on 26 January 2021. At the annual meeting with the University Grants Committee (UGC) which I chaired last week (14 January), I briefed members on the scheme and invited overseas members of the UGC to recommend suitable talent to participate in the scheme.

The Hong Kong-Shenzhen I&T Park at the Lok Ma Chau Loop is a flagship project for the I&T development of Hong Kong. I would like to express my gratitude to the Finance Committee (FC) of the LegCo for approving the funding of \$14.35 billion on 8 January 2021 for the Development of Lok Ma Chau Loop - Main Works Package 1 plus Fire

Station and Ambulance Depot in the Lok Ma Chau Loop. We will seek further funding approval of about \$18.1 billion from the FC in due course to take forward batch 1 development of the Hong Kong-Shenzhen I&T Park and to support the Hong Kong-Shenzhen Innovation and Technology Park Limited in meeting the initial operation cost. It is expected that the eight buildings under batch 1 and the associated works relating to the development of the Loop can be completed in phases between 2024 and 2027.

(iv) Market Development

The SAR Government has officially sought the Central Government's support for Hong Kong to be among the first batch of economies joining the Regional Comprehensive Economic Partnership (RCEP) Agreement. The Ministry of Commerce has explicitly stated that the Central Government would render active support for Hong Kong's early accession, and that both parties might discuss the technical issues concerning Hong Kong's accession to RCEP in the near future.

The Hong Kong Trade Development Council has prepared for launching a one-stop "GoGBA" platform in collaboration with the Guangdong Province and related chambers of commerce in the second quarter of 2021 for supporting Hong Kong enterprises in tapping into the Mainland domestic market.

(v) Tourism

The COVID-19 epidemic has taken a heavy toll on the tourism industry of Hong Kong. Last week, I convened a cross-departmental meeting with the senior echelon in the Government to review the positioning of tourism in Hong Kong under the “new normal”, and to outline follow-up work for future development.

(vi) Abolishment of the doubled stamp duty on non-residential property transactions

The recommendation of abolishing the doubled stamp duty on non-residential property transactions came into effect on the day after the 2020 Policy Address. Preliminary information shows that there were 1 504 cases of relevant transactions as at late December 2020. The parties concerned have benefitted from tax savings of about \$230 million in total.

(vii) Art Tech

The Home Affairs Bureau (HAB) has been actively communicating with the trade, such as liaising with the technology companies in the Hong Kong Science Park, so as to understand how to promote broader application of technology in the arts and culture sector. The Arts Capacity Development Funding Scheme under the Arts and Sport Development Fund has been inviting applications for a new round of funding exercise since December last year. A new category, "Arts Technology", has been included in the scheme with a view to supporting the trade to explore the use of technology to create

new ways of artistic expression and experience. In addition, the HAB will convene the first meeting of the cross-bureaux task force between the end of this month and early February to discuss the strategies and measures in relation to the development and promotion of art tech.

Housing Supply

The Task Force for the Study on Tenancy Control of Subdivided Units is expediting the drafting of the report on its findings for submitting to the Transport and Housing Bureau (THB) for consideration. Before completion of the report, the THB will submit a paper to the LegCo Panel on Housing on 1 February 2021 and listen to the views of Members. On 14 January 2021, the THB briefed the Panel on Housing on the Cash Allowance Trial Scheme for grassroots families which have waited for public rental housing allocation for a long period of time so as to relieve their financial pressure. The scheme will be open for application from mid-2021 and the cash allowance will be disbursed from July onwards. Transitional housing can help solve the difficulties faced by families in poor living conditions. On 14 January 2021, the THB briefed the Panel on Housing on the proposed injection of an additional \$3.3 billion into the Funding Scheme to Support Transitional Housing Projects and will apply for funding in accordance with established procedures in due course.

On 11 January 2021, the Hong Kong Housing Authority approved the sale of about 2 100 flats in the Diamond Hill Comprehensive Development Area under the Green Form Subsidised Home Ownership Scheme, which is expected to be open for application in May this year.

Land Supply

I would like to thank the FC for approving a funding of around \$550 million last December so that studies relating to the Kau Yi Chau reclamation project which involves 1 000 hectares of artificial islands can be commenced. The tendering exercise is in progress and our aim is to formally commence the studies in mid-2021.

Last month, we invited the MTR Corporation Limited (MTRCL) to proceed with the detailed design of the Northern Link (and Kwu Tung Station) project. We briefed the Subcommittee on Matters Relating to Railways under the LegCo Panel on Transport on the project on 15 January 2021.

Liveable City

(i) Invigorating Island South

The Development Bureau (DEVB) is making active preparations for the Invigorating Island South Office, which is expected to be set up in February this year and formally commence its work. Moreover, the Government has just announced the way forward for Ocean Park, which involves making full

use of its unique geographical location to synergise with the overall development of the Southern District in an organic manner, with a view to developing the District into a place full of vibrancy, vigour and velocity for people to work, live, explore new ideas and have fun.

(ii) Traffic and Transport

Following the approval of funding by the FC last month, the THB has immediately commenced the “Strategic Studies on Railways and Major Roads beyond 2030”.

The Transport Department is actively promoting "Smart Mobility", including the installation and commissioning of 12 000 new on-street parking meters in phases starting from 20 January 2021, with the completion of the installation of the first batch of around 1 500 new parking meters in the next three months, covering all 18 districts of the territory; and the provision of real-time arrival information of three Green Minibus routes starting from the end of December 2020. The walking route search information on the HKeMobility mobile app has been extended last month to cover all 18 districts in Hong Kong to facilitate the public in route planning.

On 5 January 2021, the Executive Council approved three applications for waiving the land premium for three pedestrian link projects at Admiralty, Wan Chai and Causeway Bay under the Facilitation Scheme for Provision of

Pedestrian Links by the Private Sector, with a view to enhancing the connectivity and walkability of the three districts.

(iii) Revitalisation of Old Industrial Districts

The preparatory work carried out by the DEVB for launching a pilot scheme for charging land premium at “standard rates” for redevelopment of industrial buildings has entered the final stage. The scheme will be launched in the first quarter of this year once the internal approval procedure is completed.

(iv) Green Transport

The Environment Bureau (ENB) has introduced the EV-charging at Home Subsidy Scheme to promote the installation of electric vehicle charging-enabling infrastructure in car parks of existing private residential buildings. As at mid-January 2021, the response was positive and the ENB has received more than 120 applications involving around 36 000 parking spaces. It is expected that successful applicants can carry out the installation works in their car parks successively in the next few months. Hundreds of new jobs for the relevant engineering sectors can also be created under the scheme.

(v) Environmentally Friendly Linkage System for Kowloon East

Last November, we briefed the LegCo Panel on Development on the findings and recommendations of the detailed feasibility study for the Environmentally Friendly Linkage System (EFLS) for Kowloon East. We will further seek Members' specific views on the proposed multi-modal EFLS at the Panel meeting to be held on 26 January 2021.

Continuously Improving People's Livelihood

(i) The \$2 Transport Fare Concession Scheme

The Labour and Welfare Bureau (LWB) published the final report on the comprehensive review of the Government Public Transport Fare Concession Scheme for the Elderly and Eligible Persons with Disabilities (\$2 Scheme) on 12 January 2021 and also proposed relevant anti-abuse measures and the implementation details. It is expected that the concession will be extended to people aged 60-64 in the first quarter of next year at the earliest, and the relevant additional expenditure will be included in the 2021-22 Budget.

(ii) Alleviating the Transport Expense Burden

The extension of two special measures aimed at easing the public's transport expense burden, i.e. extending the arrangement for relaxation of the monthly transport expenses threshold under the Public Transport Fare Subsidy Scheme until 30 June this year, and the extension of the 20% fare discount until end-March this year by the MTRCL, both of which I announced in the Policy Address, have been implemented. With the commissioning of Tuen

Mun-Chek Lap Kok Tunnel, the tolls of the Lantau Link were waived from the same day onwards. All these initiatives have helped the public reduce their transport expenses.

(iii) Comprehensive Social Security Assistance (CSSA) Scheme

The FC approved on 15 January 2021 that the standard payment rates under the CSSA Scheme and the rates of allowances under the Social Security Allowance Scheme would be increased by 2.7% starting from 1 February 2021. The FC also approved that the total cash value of insurance policies owned by able-bodied CSSA applicants would not be counted as assets during a grace period of one year if their applications were submitted from 1 April to 30 September this year.

(iv) District Health Centres (DHCs)

We are assessing the proposals of service provision of the “DHC Express” in 11 districts with a view to providing such services in 2021. We plan to conduct tender exercises for the service contracts of another four DHCs in the first half of this year.

Nurturing of Talents and Youth Development

(i) Reform of the subject of Liberal Studies under the senior secondary curriculum

The Education Bureau announced the direction of reform of the Liberal Studies subject in late November last year, with the goal of implementing the

new curriculum from Secondary Four in the new academic year in 2021. The Curriculum Development Council will set up a new committee to follow up on matters relating to the curriculum and the work of examination and assessment.

(ii) Greater Bay Area Youth Employment Scheme

The Greater Bay Area Youth Employment Scheme was launched by the LWB and the ITB on 8 January 2021. As at 15 January 2021, 92 enterprises have applied to join the scheme, providing a total of 318 general posts and 225 IT-related posts. We will upload information about these vacancies to the dedicated website of the scheme within this week for eligible youngsters to apply.

(iii) Funding Scheme for Youth Entrepreneurship in the Greater Bay Area

The Youth Development Commission approved on 12 January 2021 to increase the amount of funding for this round of the Funding Scheme for Youth Entrepreneurship in the Greater Bay Area to strengthen its ability to support young start-ups. The HAB is discussing the details with short-listed non-government organisations (NGOs) and the results are expected to be announced in February. A funding of about \$130 million will be granted to 16 NGOs for launching youth entrepreneurship schemes, providing sponsorship to about 230 youth start-ups (involving over 800 Hong Kong young entrepreneurs) and services to around 4 000 young people.

Funding for Works Projects

To avoid impeding the continued development of Hong Kong and to create employment, the Policy Address proposed that the Government should continue to invest in infrastructure. The LegCo approved funding exceeding \$170 billion for 86 new works projects in the 2019-20 legislative session. As at 15 January 2021, the contracts of 80 of these projects have been awarded. Tenders are being invited for the remaining six projects. It is expected that the contracts of all projects will be awarded within three months.

In the 2020-21 legislative session, as at 15 January 2021, 13 works projects have obtained funding approval from the FC totalling \$37 billion. Of these works projects, the contracts of four projects have been awarded. Tenders are being invited for eight projects. The tendering process for the remaining project will commence as soon as possible. It is expected that the contracts of five more projects will be awarded in the first quarter of 2021. Another six projects (totalling about \$30 billion, not including block allocation) have been considered by the Public Works Subcommittee, pending funding approval from the FC. We estimate that works projects seeking funding in this legislative year will amount to \$180 billion.

Reviewing the Creation of Directorate Posts

As committed in the Policy Address, the CSB, in collaboration with the relevant bureaux and departments, has examined our original staffing proposals and decided that except for a permanent post of the Court of Appeal

Judge, all permanent directorate posts planned to be created in the current legislative year will be replaced by supernumerary posts, or withdrawn for the time being. The CSB will present the details to the LegCo at the earliest instance.

Members' Suggestions

During my meeting with Members on 29 December 2020, a number of suggestions, on which consensus has been reached among pro-establishment Members, were put forward by the Members. I am now conducting internal discussions and deliberations with the relevant bureau secretaries, and hope to be able to respond to Members at the Chief Executive's Question and Answer Session on 4 February 2021.

Anti-pandemic Efforts

Fighting against the pandemic with full force remains the most important task of the SAR Government at the moment. Since the beginning of a new wave of the pandemic in the latter half of November 2020, we have already implemented a number of more stringent measures. On preventing the importation of cases, tighter controls have been imposed on inbound travellers arriving at the airport to stop the virus from spreading into the community. On preventing the spreading of virus in the community, we have continued to maintain stringent social distancing measures; conducted compulsory testing against targeted groups/specified areas/buildings resolutely; worked with the University of Hong Kong to carry out Sewage Viral Surveillance; set up a case

tracking office to strengthen contact tracing; stepped up enforcement and prosecution, etc. Regarding testing, we have enhanced our testing capacity considerably and tightened the threshold of putting buildings under compulsory testing. Recently, we have strengthened virus testing in the target areas in Yau Ma Tei and Jordon and this practice will be applied to other areas with higher risks.

Compared with the onset of the outbreak, our anti-pandemic facilities and capabilities have significantly improved. Apart from testing and case tracing as mentioned above, we have greatly increased the number of quarantine and treatment facilities with the support of the Central Government. The temporary hospital constructed with the full support of our Country will be formally completed tomorrow. Upon its commissioning, negative pressure wards with a total of about 820 beds will be provided, greatly relieving the pressure on Hong Kong's medical and health system under the acute pandemic situation. We will redouble our efforts to seek the support and co-operation of the general public in achieving the ultimate goal of "zero infection".

In my first Policy Address delivered in October 2017, I emphasised that the Government fully respects the functions of the LegCo to exercise checks and balances on the executive authorities, and expressed the hope that through mutual co-operation, we could reach consensus on issues that were controversial and yet strategically important for the long-term development of Hong Kong. My team and I will continue to listen to Members' views and enhance the Government's ability in execution, so that we will make the right

decisions and proceed in full steam to improve the well-being of the general public.

May I wish you all prosperity and health in this new year!

Mrs Carrie Lam Chief Executive