

# Budget Speech by the Financial Secretary (5)

## International Innovation and Technology Centre

105. I&T is a key engine driving our economy and society towards high-quality development. The Hong Kong Innovation and Technology Development Blueprint, promulgated in 2022, formulates strategic plans and clear roadmaps for Hong Kong's I&T development over the next five to ten years, leading Hong Kong steadily towards its vision of becoming an international I&T centre.

106. The Government has committed substantial resources to building a vibrant I&T ecosystem by focusing on enhancing I&T infrastructure, research capacity, talent, etc. The Hong Kong Science Park and Cyberport are I&T flagships and incubators for the city. As at end-2023, the number of tenants of these two flagships, together with past and current incubatees, amounted to some 4 500, an increase of more than 60 per cent over the past five years. Among them, 16 have been listed, nine have become unicorns, and a total of some \$130 billion has been raised while more than 1 700 local and non-local awards have been won.

## Artificial Intelligence

107. Artificial Intelligence (AI), as an important driver of a new round of technological and industrial transformation, is also the key to propelling the development of digital economy in Hong Kong.

108. Cyberport is expediting the establishment of an AI Supercomputing Centre to meet the demand of research institutes and the industry for computing power. The first phase facility is expected to start operating within this year at the earliest. By early 2026 at the soonest, the computing power of the supercomputing facility is expected to reach 3 000 petaFLOPS. The scale of such power is equivalent to the capacity of processing nearly 10 billion images in one hour.

109. We will allocate \$3 billion to Cyberport for the launch of a three-year AI Subsidy Scheme to support local universities, research institutes and enterprises to leverage the Centre's computing power and achieve scientific breakthroughs. The subsidy will also be used to strengthen the cyber security and data protection of the Centre, and launch promotional and educational activities, etc, to encourage Mainland and overseas AI experts, enterprises and R&D projects to come to Hong Kong.

## R&D of Microelectronics

110. With an increasing demand for semiconductors worldwide, the scale of related industries is expected to grow continuously and exceed US\$1 trillion by 2030.

111. To capture a market with such huge potential, and dovetail with the

national strategy for technological development, the Government is fostering R&D of microelectronics. We will establish the Hong Kong Microelectronics Research and Development Institute (HKMSRDI) this year. It will spearhead and facilitate research collaboration on the third-generation semiconductors among universities, R&D centres and the industry, and to realise R&D outcomes by making use of the comprehensive manufacturing industry chain in the Greater Bay Area (GBA).

#### Life and Health Technology

112. With solid basic research capabilities in life and health technology, Hong Kong is home to world-class experts, top-notch medical schools, R&D centres and laboratories. We are well-equipped to develop into an international life and health technology centre.

#### Set up Life and Health Technology Research Institutes

113. In the previous Budget, I earmarked \$10 billion to promote the development of life and health technology. Of this, \$6 billion will be used to provide subsidies for local universities to collaborate with Mainland and overseas organisations to set up life and health technology research institutes. The purpose is to facilitate relevant R&D activities and transformation of R&D outcomes, and to attract leading I&T talent and research teams around the world to Hong Kong.

#### Strengthen Clinical Trial Platform

114. The Government will set up the Greater Bay Area International Clinical Trial Institute in the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone this year. It will provide one-stop support to attract more local, Mainland and overseas pharmaceutical and medical device enterprises to conduct clinical trials in Hong Kong. We will also actively seek support from the National Medical Products Administration for record filing, so that such data can be used by these enterprises when applying for marketing authorisation of their products in the Mainland.

#### Establish "Primary Evaluation"

115. The new mechanism for registering New Drugs ("1+" mechanism) came into effect on 1 November 2023. This allows for new drugs for life threatening or severely debilitating diseases to be registered in Hong Kong with the submission of only one certificate of pharmaceutical product issued by reference drug regulatory authorities, subject to the fulfilment of specific requirements. The Department of Health has approved two new drugs for registration under this mechanism, bringing new hope of treatment to patients.

116. The "1+" mechanism is an important step in progressing towards a "primary evaluation" approach. This approach enables us to directly approve applications for registration of drugs and medical devices locally based on clinical data, without relying on other drug regulatory authorities.

117. The Government is committed to establishing the Hong Kong Centre for

Medical Products Regulation (CMPR). The preparatory office will be set up in the first half of this year to study the restructuring and strengthening of the current regulatory and approval regimes for drugs, medical devices and medical technologies. The objective is to establish a standalone statutory body that is internationally recognised, so as to accelerate clinical application of new drugs and medical devices. It will also drive the development of emerging industries engaging in the R&D and testing of drugs and medical devices.

#### New Industrialisation Development

118. Driven by information, new industrialisation leverages advanced technologies such as AI, data analytics and new materials to support enterprises in moving towards smart production and develop emerging industries with high value-adding potential and economic efficiency.

119. We will launch a \$10 billion New Industrialisation Acceleration Scheme (NIAS) this year. Enterprises engaging in life and health technology, AI and data science, advanced manufacturing and new energy technology will each be provided with funding support of up to \$200 million on a matching basis of one (Government): two (enterprise). Applicant enterprises shall invest no less than \$200 million in Hong Kong.

120. Apart from the above funding support on a matching basis, enterprises participating in the NIAS may receive subsidies to engage research talent under the Research Talent Hub. They may also, on a pilot basis, engage a small number of non-local technical personnel under the Technology Talent Admission Scheme to expedite the set-up and operation of advanced manufacturing facilities in Hong Kong.

121. It is anticipated that the NIAS will attract 50 to 100 enterprises engaging in relevant industries to invest no less than \$20 billion in Hong Kong.

#### Hong Kong-Shenzhen Innovation and Technology Park

122. Hong Kong-Shenzhen Innovation and Technology Park (HSITP) in the Lok Ma Chau Loop (the Loop) enables Hong Kong to play an active part in GBA development, better integrate into overall national development and forge closer connections overseas. While the first batch of buildings in the HSITP will commence operation progressively by the end of this year, various tasks such as attracting enterprises, investment and talent are underway. We will continue to support the development of the HSITP, and are drafting the White Paper on the Development of the HSITP in the Loop targeting to be announced this year.

#### InnoLife Healthtech Hub

123. We will set up the InnoLife Healthtech Hub in the HSITP to attract top-notch research teams and talent from around the world, with a focus on life and health disciplines, to conduct research. This will be conducive to the development of international I&T centre in the Loop and the GBA. We will

allocate \$2 billion from the \$10 billion earmarked to support the InnoHK research clusters to establish presence in the Loop. We will also allocate \$200 million to provide assistance to start-ups engaging in life and health technology in the form of incubation and acceleration programmes, etc.

#### Nurturing Start-ups

124. In the Global Startup Ecosystem Report 2023, Hong Kong ranked second in the world and first in Asia in the Emerging Startup Ecosystems category. The number of start-ups rose to nearly 4 300 last year, about a fourfold increase compared to 2014. Over the same period, the number of people employed by related start-ups increased by about seven times to over 16 000.

125. Since its inception, the Corporate Venture Fund under the Hong Kong Science and Technology Parks Corporation (HKSTPC) has invested a total of nearly \$400 million in 31 start-ups and attracted private investment of about \$12.6 billion. The HKSTPC will soon launch the Co-acceleration Programme to pool the efforts of the I&T industry and provide value-added support services to I&T start-ups with high potential and to nurture them as regional or global enterprises.

#### R&D and Transformation in I&T

##### Frontier Technology Research Infrastructure Support Scheme

126. We will launch a Frontier Technology Research Infrastructure Support Scheme to assist the eight University Grants Committee (UGC)-funded universities, on a matching basis, in procuring facilities and conducting research projects which cover various fields such as AI, quantum information, integrated circuit, clinical medicine and health, and gene and biotechnology. To this end, we will allocate \$3 billion from the sum earmarked in the past.

##### Strengthen Support for Technology Transfer

127. To enable universities to strengthen technology transfer and marketing services, we will provide subsidies of no more than \$16 million to the Technology Transfer Office of each of the eight UGC-funded universities from 2024-25 onwards.

#### Enhancing I&T Infrastructure

128. Batch 1 of Stage 2 of the Science Park Expansion Programme, which will provide a gross floor area (GFA) of about 13 000 square metres mainly for wet laboratories, is expected to be completed in the first quarter of next year. The Cyberport 5 expansion project, which will provide a GFA of about 66 000 square metres for co-working spaces and offices, etc, is expected to be completed by the end of next year at the earliest. Together with the I&T sites in the Loop to be put into use progressively, there will be more room for the local I&T ecosystem to prosper.

(To be continued.)

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## LCQ10: Arrangements for students of subsidised schools ceasing operation

Following is a question by Dr the Hon Tik Chi-yuen and a written reply by the Secretary for Education, Dr Choi Yuk-lin, in the Legislative Council today (February 28):

Question:

It has been reported that following the announcement made by the school sponsoring body (SSB) of Rosaryhill Secondary School in September last year that the school would cease operation after two school years, the SSB announced in December last year that the school would cease operation earlier in the coming school year, with its students transferring to Yu Chun Keung Memorial College No. 2. Regarding the arrangements for students of subsidised schools ceasing operation, will the Government inform this Council:

(1) of the number of SSBs of subsidised schools giving up their school operating rights of their own accord, other than those with under-enrolment, in the past five years;

(2) as it is learnt that most subsidised schools will make proper arrangements for students to graduate smoothly from their original schools before ceasing operation, but the SSB of Rosaryhill Secondary School, which is a subsidised school, has reportedly planned to give up its school operating right starting from the coming school year, making it impossible for students of the school to graduate from their original school, how the Government ensures that SSBs of subsidised schools will make every effort to enable a smooth transition for the relevant students to continue their studies in another school after their schools cease operation;

(3) as it has been reported that Rosaryhill Secondary School had conducted two parents' opinion surveys on the transitional arrangements for students, and some parents pointed out that as the school conducted a second survey with revised options and selection criteria when the outcome of the first survey fell short of expectation, they considered that the relevant surveys were "fake consultations", whether the Government knows the relevant details; whether it has monitored the conduct of parents' opinion surveys by the school and other subsidised schools, and how it ensures the integrity of their practices; and

(4) as it has been reported that the SSB of Rosaryhill Secondary School has decided to adopt a vote by simple majority instead of a vote by the number of parents at least half the total number of the relevant students for a given proposal in requesting that all students be transferred to Yu Chun Keung Memorial College No. 2 in the coming school year, whether the Government has

reviewed if subsidised schools have such a power, and how it safeguards the interests of the affected students and parents?

Reply:

President,

Our reply to the question raised by Dr the Hon Tik Chi-yuen is as follows:

(1) In the past five school years, three school sponsoring bodies (SSBs) decided and announced to cease operation of an aided school each under their sponsorship. In addition, there is another SSB which decided to hand over four aided schools under its sponsorship to another SSB for continued operation.

(2), (3) and (4) For any SSB wishing to cease operation of its sponsored school, it should submit a detailed proposal to the Education Bureau (EDB) setting out clearly the timeline, operation mode during the transitional period and other relevant details. The EDB will urge SSBs to accord top priority to the interests of students and ensure the impact of the school's cessation arrangements on students is minimal. During the process of cessation, the EDB will closely monitor the situation and maintain communication with the SSBs and schools, so that timely assistance can be offered if the schools encounter difficulties in making related arrangements.

SSBs may make different cessation arrangements according to schools' circumstances. Generally speaking, schools will first stop admitting Secondary One (S1) or Primary One students, and arrange for current students at upper secondary or upper primary levels to study in their original school until graduation. Some SSBs will also take into consideration the situation where the overall number of students is too small and there is a wastage of school staff in one or two years prior to the cessation. Since the corresponding adjustment of resources will make it difficult to provide a broad and balanced learning environment and is not conducive to the social development of students, the SSBs will try their best to arrange for their students to transfer to other schools as soon as possible. For example, some primary schools will arrange for their students to transfer to other schools to continue their studies at upper primary levels, and some secondary schools will arrange for their students to participate in the Central Placement upon their completion of Secondary Three and proceed to Secondary Four in other public sector schools.

As regards the case of Rosaryhill Secondary School (RSS), in September 2023, its SSB informed the EDB and relevant stakeholders of its decision to cease operation of three schools (namely RSS, Rosaryhill School and Rosaryhill Kindergarten) under its sponsorship due to various factors such as the structural decline in the student population in Hong Kong and the financial situation of the SSB. Noting the decision of the SSB, the EDB has been repeatedly reminding the SSB and the related schools to maintain close liaison and good communication with the stakeholders (including parents,

alumni and school staff), consider feasible options to support students and school staff in a pragmatic manner, as well as pay attention to the emotions of students so that appropriate counselling and support can be provided as necessary.

We understand that the SSB has established a Transition Committee (the Committee) to deliberate on appropriate support to the students and school staff of the RSS and explore different feasible plans. Members of the Committee include the SSB's representatives, the principal, and teacher, parent and alumni representatives of the school. In the course of deliberation, the SSB and school have approached another SSB, conducted briefing sessions and opinion surveys for parents, and maintained communication with school staff, students and parents.

We note that after considering relevant factors (including the survey results), the Committee has endorsed the option of supporting all S1 to Secondary Five students to transfer to another secondary school in the 2024/25 school year. The SSB and school met with teachers and parents separately in late January this year to introduce the transitional arrangements.

The EDB has all along been monitoring the development of the incident while maintaining communication with the SSB and schools. We have liaised and met with the stakeholders for many times, which include discussing the transitional arrangements with representatives of RSS, the other secondary school and their SSBs, as well as making co-ordination for students, school staff and parents to work out plans for appropriate assistance and support. We note that the two schools are actively deepening and progressively implementing the relevant arrangements to effect a smooth transition for teachers and students with a view to helping them familiarise with and adapt to the new environment. The EDB will continue to render support on the transitional arrangements. We will also provide advice and assistance to parents and students in need. If necessary, they may approach Regional Education Offices of the EDB for enquiries on vacant school places in the district.

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## **LCQ14: Combating unlicensed persons conducting audits**

Following is a question by the Hon Edmund Wong and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (February 28):

Question:

Some members of the accounting profession have relayed that the problem of persons impersonating qualified practising accountants and unlicensed audit business intermediaries (commonly known as "agents") carrying out unlicensed audit work has persisted for many years, seriously undermining the reputation of the accounting profession and public interest. On the other hand, the Legislative Council duly passed the Financial Reporting Council (Amendment) Ordinance on October 22, 2021, whereby the Financial Reporting Council became the independent regulatory body for the accounting profession and was renamed the Accounting and Financial Reporting Council (AFRC). The AFRC's statutory functions were expanded on October 1, 2022, to include the inspection, investigation and discipline work of the accounting profession. In this connection, will the Government inform this Council if it knows:

(1) the total number of complaints received by the AFRC from October 1, 2022, to the 31st of last month regarding persons impersonating qualified practising accountants and agents and conducting unlicensed audit business work, and (i) the number of persons impersonating qualified practising accountants and agents and (ii) the amount of money involved; whether the AFRC has commenced investigation into and followed up on such complaints; if so, of the details; if not, the reasons for that;

(2) from October 1, 2022, to the 31st of last month, whether the AFRC has proactively investigated if some enterprises and persons soliciting business in the community under the guise of "accounting firms", "audit services", "accounting affairs firms", "chartered accountancy", etc. are persons impersonating qualified practising accountants or agents; if it has, of the outcome, and whether it has taken follow-up actions; if it has not investigated, the reasons for that; and

(3) whether the AFRC will formulate policy initiatives or mechanisms to combat persons impersonating qualified practising accountants and agents, and conduct joint law enforcement actions with other relevant policy bureaux and government departments (e.g. the Financial Services and the Treasury Bureau, the Inland Revenue Department and the Hong Kong Police Force); if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with the Security Bureau, the Hong Kong Police Force and the Accounting and Financial Reporting Council (AFRC), my consolidated reply to the three parts of the question is as follows:

The AFRC is a full-fledged independent regulator of the accounting profession. Since the implementation of the new regulatory regime of the accounting profession on October 1, 2022, the AFRC's statutory powers have included the regulation of certified public accountants (CPA) and practice units (which are certified public accountants (practising) (CPA (practising)), CPA firms and corporate practices) through registration, issuance of practising certificates, inspection, investigation and



discipline.

According to the Accounting and Financial Reporting Council Ordinance (Cap. 588) (the Ordinance), only practice units registered under the Ordinance are qualified to provide audit services. Sections 20AAZZL to 20AAZZO of the Ordinance stipulate that any unqualified person who pretends to be a practice unit, uses certain misleading descriptions or provides audit services commits a criminal offence.

The AFRC has signed memoranda of understanding with local enforcement authorities and financial regulators to establish case referral and information sharing mechanisms with a view to combating audit-related offences and misconduct. If the AFRC receives a suspected case of an unqualified person pretending to be a practice unit, using certain misleading descriptions or providing audit services and the relevant person allegedly commits the relevant criminal offence under the Ordinance, the case will be referred to the Hong Kong Police Force for follow up. As regards an unqualified person who makes intermediary arrangements for practice units' undertaking of subcontracted audit engagements (commonly known as "agents"), such arrangements may at the same time constitute criminal offences involving an unqualified person pretending to be a practice unit or using certain misleading descriptions, etc. In the case where the person involved is a CPA, the case may at the same time constitute CPA misconduct under the Ordinance in relation to which the AFRC is empowered to impose disciplinary sanctions (such as revocation of registration and pecuniary penalty) on that CPA.

The AFRC maintains a register of practice units on its website for public inspection for the purpose of ascertaining whether a person is a practice unit registered pursuant to the Ordinance and is qualified to provide audit services. In accordance with section 20AAZZN of the Ordinance, only a person/unit issued with a practising certificate or registered may use certain descriptions. Those descriptions/characters include "certified public accountant (practising)", "public accountant", the abbreviation "CPA (practising)", the initials "PA", "åÿ·æ¥æfè¨^â,«", "è¨»â†šæ ,æ•,â,«", "æ ,æ•,â,«" and "â¨©è¨^â,«". The designation of the above descriptions has already taken into account the need to strike a balance in prohibiting the use of misleading descriptions and avoidance of throttling the room for survival of general businesses such as book-keeping and tax services.

The AFRC accords importance to the assurance of audit quality for protection of public interest. It is empowered under the Ordinance to inspect practice units to monitor if the audit services provided by practice units comply with professional standards. If it is suspected that the audit services provided by a practice unit which undertakes subcontracted audit engagements through "agents" or any other means fail to comply with professional standards, the AFRC, when formulating its annual inspection programme, will adopt the proportionality principle and risk-based approach to prioritise its inspection work on that practice unit having regard to the public interest at stake. In the case where the AFRC discovers in a regular inspection that a practice unit fails to comply with professional standards and related regulatory requirements, it will initiate investigation and

impose disciplinary sanctions in respect of the relevant misconduct.

During the period between October 1, 2022 and January 31, 2024, the AFRC received six complaints against practice units which allegedly undertook audit engagements via intermediaries and provided services failing to comply with professional standards, six complaints concerning the alleged provision of audit services by unqualified persons, and one complaint concerning a person pretending to be a CPA (practising). The AFRC will handle the aforementioned complaints in accordance with established procedures. If the complaints concern accounting professionals, the AFRC will assess whether there is sufficient evidence pertaining to the complaints for initiation of investigation or disciplinary sanctions pursuant to the Ordinance. If there is suspected commission of relevant criminal offences under the Ordinance, the cases will be referred to the Police for follow up as appropriate.

The Government and the AFRC have been closely monitoring the operations of the accounting profession, and will continue to explore with professional bodies ways to enhance protection of the public against misleading descriptions. We will encourage the public and audit services users to utilise the AFRC's practice unit register for verification of the registration status of CPA (practising) and accounting firms, and will promote public awareness toward audit regulation as well as professional standards of the sector through education and training.

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## [LCQ7: Traffic accidents involving heavy vehicles](#)

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Transport and Logistics, Mr Lam Sai-hung, in the Legislative Council today (February 28):

Question:

It has been reported that in recent years, incidents of traffic accidents involving heavy vehicles such as dump trucks, works vehicles, refuse collection vehicles and container trucks and resulting in heavy casualties have occurred from time to time. In this connection, will the Government inform this Council:

- (1) among the traffic accidents involving heavy vehicles in each of the past 10 years, of the number of traffic accidents involving serious casualties and the number of casualties, as well as the major causes of such accidents;
- (2) whether it has analysed the data, information, accident trends and causes of the traffic accidents involving serious casualties mentioned in (1) and

formulated corresponding standards and measures to reduce and prevent the occurrence of accidents; if so, of the respective measures to rectify and combat inappropriate driving behaviour;

(3) given that the Road Traffic Ordinance (Cap. 374) requires that the speed at which a medium and heavy goods vehicle and a bus travels on a road must not exceed 70 km an hour or the speed limit for the road, whichever is the lower, of the numbers of law enforcement actions taken and prosecutions instituted by the authorities in respect of contraventions of the relevant requirements in each of the past seven years; of the new measures in place to monitor the speed of heavy vehicles; and

(4) as the authorities advised in 2003 in response to the recommendations put forth in the Report on Enhancement of Highway Safety that they would explore the feasibility of installing speed limiters in heavy vehicles other than franchised buses, of the latest progress of the relevant work?

Reply:

President,

Having consulted the Hong Kong Police Force (HKPF) and the Transport Department (TD) in respect of traffic accidents involving heavy vehicles, my reply to various parts of the question raised by the Hon Tony Tse is as follows:

(1) and (2) According to our records, the numbers of fatal and serious traffic accidents (Note) involving heavy vehicles (including buses, medium goods vehicles and heavy goods vehicles) from 2014 to 2023, and the associated numbers of people killed and seriously injured, are set out below:

Year	Numbers of Traffic Accidents			Numbers of People Killed and Seriously Injured in Traffic Accidents		
	Fatal	Serious	Total	Killed	Seriously Injured	Total
2014	29	479	508	29	507	536
2015	38	500	538	42	600	642
2016	31	458	489	32	490	522
2017	38	398	436	41	453	494
2018	33	361	394	56	434	490
2019	39	379	418	45	442	487
2020	25	281	306	26	300	326
2021	31	253	284	31	265	296
2022	24	154	178	25	175	200
2023*	24	156	180	24	189	213

\*Provisional figures

In general, the numbers of fatal and serious accidents involving heavy vehicles, and the associated numbers of people killed and seriously injured have been declining in the past decade. These traffic accidents mainly involved driver contributory factors, including "driving inattentively", "driving too close to vehicle in front", "failing to ensure the safety of passenger", "turning right/left negligently" and "careless lane changing".

The Government attaches great importance to road safety and endeavours to ensure the safety of road users by adopting a multi-pronged strategy. In respect of vehicle construction, we have obtained the support of the Legislative Council Panel on Transport for the legislative proposal on extending the statutory requirements for the mandatory fitting and wearing of seat belts to the rear passenger seats of newly-registered goods vehicles, and all passenger seats of public and private buses; the legislative proposal on requiring the installation of over-height warning system for vehicles with extendable aerial structures, and requiring all newly registered vehicles to be installed with reflecting mirrors up to international standards. The Government is in the process of further consulting the trade on the details of amendments and drafting the law. We expect that the legislative amendment proposal would be submitted to the Legislative Council this year.

In addition, the TD will continue working in collaboration with the Road Safety Council and the HKPF to raise road users' safety awareness through various publicity and educational campaigns. The TD will continue to raise heavy vehicle drivers' awareness of safe driving through distribution of newsletters and leaflets enclosing safe driving tips to the goods vehicle trade, as well as organising safe driving seminars in conjunction with the HKPF. The TD will also launch the yearly event "Safe Driving and Health Campaign" to encourage commercial vehicle drivers to pay attention to safe driving and personal health through a series of publicity and educational activities and various channels such as radio broadcast, free health check-ups, website and social media.

Road safety is one of HKPF's operational priorities. The HKPF adopts a "3E" multi-pronged approach, viz. through road engineering (Engineering), public engagement (Engagement) and proactive enforcement (Enforcement), to enhance road safety.

The HKPF, in collaboration with the Highways Department, the TD and the Electrical and Mechanical Services Department, provides advice on improving the safety of road projects from time to time. On enforcement, the HKPF takes into account the prevailing annual trend of traffic accidents and draws up the "Selected Traffic Enforcement Priorities". The HKPF will take stringent enforcement actions against offences under the "Selected Traffic Enforcement Priorities" with a view to changing the undesirable behaviour of road users which causes traffic accidents or obstructs traffic.

In addition, the HKPF adopts a multi-agency approach to strengthen the publicity on road safety risks, traffic contravention cases in the "Selected Traffic Enforcement Priorities" and the rationale for stringent enforcement

actions. The HKPF disseminates road safety messages from time to time through different channels, including various HKPF social media platforms.

(3) Traffic enforcement statistics on speeding involving heavy vehicles (i.e. medium and heavy goods vehicles, buses, etc.) in the past seven years are as follows:

Year	Traffic Enforcement Statistics on Speeding involving Heavy Vehicles (i.e. Medium & Heavy Goods Vehicles, Buses, etc.)			
	Fixed Penalty Notice	Summons	Arrest	Total
2017	17 258	69	1	17 328
2018	15 651	121	2	15 774
2019	13 610	71	0	13 681
2020	14 600	86	1	14 687
2021	14 429	47	1	14 477
2022	12 291	33	2	12 326
2023	12 102	27	0	12 129

The HKPF is committed to combatting speeding offences to ensure the safety of road users. Apart from using fixed speed enforcement cameras for regular traffic enforcement, the HKPF also uses mobile devices such as laser guns, mobile radar and in-car video recording systems for ad hoc enforcement operations. This would help keep motorists alert at all times, hence reducing the risk of traffic accidents.

(4) Under the risk-based principle, the Government prioritised the installation of speed display device on public light buses (PLBs) in 2005 to allow passengers to monitor the speed and caution drivers against speeding by minding their driving speed. To further enhance the safety of PLBs, the Government also enacted legislation in 2007 to require every PLB to be fitted with an approved speed display device. The Government had also required the installation of speed limiter setting at the maximum speed of 80 km/h on newly registered PLBs since 2010. Subsequently, the Government enacted legislation in 2012 to require every PLB to be fitted with an approved speed limiter.

Although there is no international standards on installation of speed limiter for taxis, in order to enhance the safety of taxis, the TD has approved taxi models equipped with collision avoidance function at the end of 2022, and is studying the feasibility of equipping taxis with more safety functions.

As for other vehicle classes (including heavy vehicles), the TD will continue to pay heed to the development and applicability of international automotive technology, and will conduct study and review of current regulatory requirements in a timely manner.

Note: Serious traffic accident refers to traffic accident in which one or more persons is injured and detained in hospital for more than twelve hours.

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## Budget Speech by the Financial Secretary (4)

### Accelerating the Promotion of High-quality Development

73. The promotion of high-quality development inspires continuing economic innovation and growth while conserving the natural environment, making life better for people. Green future and digitalisation are two of its overarching themes.

74. We have to make better use of Hong Kong's distinctive advantages of enjoying our nation's strong support and being closely connected to the world under "One Country, Two Systems". In pursuing high-quality development, we will open up new opportunities and bring more room for growth.

### Moving towards a Green Future

75. "Green development is a defining feature of high-quality development". As global economies pursue carbon neutrality, green transformation creates huge business opportunities and financing needs, leading to industry clusters of great diversity. Sustainable fuels, energy saving, emission reduction and carbon-capture technologies continue to emerge.

### Green Finance

76. Being an international financial centre, Hong Kong is also rising as an international green finance centre.

77. The Government is hosting "Hong Kong Green Week" this week, comprising events covering technology, finance and other fields. It has brought together industry leaders from the Asia-Pacific region to examine issues such as green development and climate finance. This autumn, the HKMA will co-host a Joint Climate Finance Conference in Hong Kong with the Dubai Financial Services Authority. The Conference will explore transition financing opportunities and challenges for the Middle East and Asia.

### Extend the Green and Sustainable Finance Grant Scheme

78. The Government has so far provided subsidies to eligible bond issuers and loan borrowers for the issuance of more than 340 green and sustainable debt instruments in Hong Kong through the Green and Sustainable Finance Grant Scheme. The subsidies totalled US\$100 billion, enriching our green and sustainable finance ecosystem. We propose to extend the scheme, which is due

to expire in mid-2024, to 2027, and expand the scope of subsidies to cover transition bonds and loans. This will encourage related industries in the region to make use of Hong Kong's transition financing platform as they move towards decarbonisation.

### Formulate Sustainability Disclosure Standards

79. Accurate information is essential to the promotion of sustainable financing. It is also the priority of international organisations and government agencies in the next few years. To deepen Hong Kong's green and sustainable finance development, enterprises must align their practices in sustainability disclosure with international standards. Financial Services and the Treasury Bureau and the SFC will formulate a roadmap and vision statement to assist companies and financial institutions in sustainability reporting and the analysis of relevant data, elucidating our vision of promoting green and sustainable finance.

### Green Technology

80. Hong Kong also possesses advantages in green technology. More than 200 green-technology companies work out of Hong Kong, with some equipped with globally competitive technologies and have successfully tapped into Mainland and overseas markets. And the Greater Bay Area cities, apart from their market scale, enjoy strong capabilities in research, advanced manufacturing and commercialisation. Together, we have what it takes to become Asia's leading green technology hub.

81. The Government's Green Tech Fund funds research and development (R&D) projects which help Hong Kong decarbonise and enhance environmental protection, and encourages their subsequent practical applications. With \$400 million injected into the Fund, thirty projects from local universities, public research institutes and enterprises have been approved, involving a total grant of about \$130 million for subsidising local research projects.

82. We will launch the Green and Sustainable Fintech Proof-of-Concept Subsidy Scheme in the first half of this year. It will provide early-stage funding support for green fintech, facilitating commercialisation and fostering the development of new green fintech initiatives.

### Green Shipping

83. Given maritime industry's vast market potential for green transformation, the Marine Department is planning to provide incentives for Hong Kong-registered ships that have attained high ratings under the international standards on decarbonisation formulated by the International Maritime Organization. This will involve about \$65 million in funding. And the Transport and Logistics Bureau (TLB), in collaboration with the Environment and Ecology Bureau (EEB) and other relevant departments, is conducting a feasibility study to provide green-methanol bunkering for local and ocean-going vessels. We expect to publish an action plan for Hong Kong's development into a green maritime fuel-bunkering centre this year.

## Green Aviation

84. We are committed to developing Hong Kong International Airport (HKIA) into a green airport. The Airport Authority Hong Kong (AA) is working in collaboration with relevant government departments to simplify approval procedures for the transportation and storage of Sustainable Aviation Fuel (SAF), so as to encourage more airlines to use SAF in Hong Kong. In addition, the AA has begun a consultancy study on SAF development trends worldwide, which will also put forward recommendations on policy measures and infrastructure etc. The consultancy study is expected to be completed in the third quarter this year.

## Green City

### Launch a Pilot Scheme on Building-Integrated Photovoltaics

85. The Government has taken the lead in applying renewable energy (RE) in government buildings and facilities. We will launch a pilot scheme at the Electrical and Mechanical Services Department Headquarters to explore photovoltaic technology applications on the facades of government buildings. We will also support public and private organisations to use RE to help Hong Kong realise carbon neutrality.

## New Energy Vehicles

86. Through its New Energy Transport Fund, the Government has been promoting trials of various new-energy public transport, including new-energy buses, while encouraging the industry to conduct trials on a variety of new-energy commercial transport, including electric-goods vehicles and electric coaches.

87. The Government has been encouraging a wider use of electric vehicles. The first registration tax (FRT) concessions for electric vehicles, due to terminate at the end of March, will be extended for two years. Nevertheless, given the price reduction of electric vehicles and increasing availability of vehicle options, we will reduce the concessions by 40 per cent. Specifically, the maximum FRT concession for electric private cars (e-PCs), granted under the "One-for-One Replacement" Scheme, will be adjusted to \$172,500, whereas the concession ceiling for general e-PCs will be lowered to \$58,500. At the same time, e-PCs valued at over \$500,000 before tax will not be entitled to concessions under the "affordable users pay" principle. As for other types of electric vehicles, including electric commercial vehicles, electric motorcycles and electric motor tricycles, the FRT will continue to be waived in full over the next two years. The EEB will announce details in due course.

## Sustainable Development of Agriculture and Fisheries Industries

88. The EEB promulgated its Blueprint for the Sustainable Development of Agriculture and Fisheries in December last year. For agriculture, we expect to enable the establishment of a modernised Techno-Agricultural Park of approximately 11 hectares as part of the Agricultural Park's Phase 2 this year. It will help accelerate the modernisation of agriculture through public-private partnership. We will launch a pilot project on modern urban



farming in Ma On Shan this year. As for fisheries, four new fish culture zones, with a total area of up to 590 hectares, will begin operation in phases starting this year. Local mariculture production is expected to increase considerably.

## Digital Economy

89. Digital economy has become a new driving force for economic development. As a new key production factor, data links different industries and sectors, empowering enterprises to enhance efficiency, boost their competitiveness and create fresh business opportunities.

90. The Digital Economy Development Committee (DEDC), chaired by me, has undertaken in-depth studies on promoting the development of digital economy over the past two years. The DEDC's report covers recommendations on many areas, including promotion of digital policies, initiatives for enhancing digital infrastructure, facilitation of the safe and orderly flow and usage of data, acceleration of enterprise digital transformation and talent development. Some of these recommendations have been implemented, including making preparations for the establishment of the Digital Policy Office.

## Build a Data Trading Ecosystem

91. As transformation of global digitalisation accelerates, the presence of a highly efficient data ecosystem has become one of the considerations for many enterprises to establish a foothold in Hong Kong. Building a mechanism that facilitates data trading is particularly important in the data ecosystem. Hong Kong is underpinned by its distinctive advantages under "One Country, Two Systems" and endowed with the characteristics of an international city. From supply and demand of data to application scenarios, we are equipped with a robust foundation and possess an abundance of favourable conditions for developing international data trading.

92. We have commissioned an expert group to undertake an in-depth study on how to develop a robust data trading ecosystem in Hong Kong, the scope of which includes Hong Kong's role as a "super connector" in data trading as well as promoting the formulation of international data trading rules. The aim is to enable us to unleash the potential of data elements and facilitate its development into a new industry with an enormous growth momentum, hence empowering the upgrading and transformation of traditional industries.

## Digital Finance

93. Digital technology has turned new financial business models into reality. Digital finance, through integrating data and technological innovations in different use case scenarios, can complement traditional financial services in enabling wider service access and enhancing the inclusiveness of financial services.

94. The HKMA completed Phase 1 of the e-HKD Pilot Programme last October, and has studied domestic retail use cases in various areas such as programmable payments, offline payments and tokenised deposits. Phase 2 of the pilot

programme will soon commence to further explore new use cases. Project mBridge, another important initiative, has also achieved good progress. Phase 1 of its service, which is expected to be launched this year, will become one of the first projects around the world to settle cross-boundary transactions for corporates using central bank digital currencies.

95. In addition, we will expand the scope of e-CNY pilot testing in Hong Kong. Members of the public may set up e-CNY wallets easily for use and for topping up funds by the Faster Payment System, thereby further enhancing the efficiency and user experience of cross-boundary payment services.

#### Promote Cross-Boundary Data Flow

96. The ITIB and the Cyberspace Administration of China launched an early and pilot implementation arrangement for the "Standard Contract for the Cross-boundary Flow of Personal Information Within the Guangdong-Hong Kong-Macao Greater Bay Area (Mainland, Hong Kong)" last December. During the first phase of implementation, we have invited the banking, credit referencing and healthcare sectors to participate, and their responses have been very positive. Having regard to outcomes of the pilot implementation in the first phase, we will gradually extend the coverage of the facilitation measures so that various business sectors of both places may leverage cross-boundary data with a smoother flow, thereby providing more cross-boundary services for the convenience of the public and enterprises.

#### Cross-boundary Public Services

97. To further facilitate access to the public services of Guangdong and Hong Kong by residents and enterprises in Hong Kong and the GBA, we collaborated with Guangdong Province to launch the Cross-boundary Public Services thematic website. We also connected "iAM Smart" with the Unified Identity Authentication Platform of Guangdong Province in November last year. Having set up "iAM Smart" registration service counters in Guangzhou as well as in Qianhai and Futian in Shenzhen, we have also introduced the first self-service kiosk for Hong Kong's Cross-boundary Public Services in Guangzhou. This will facilitate Hong Kong residents and enterprises in the GBA cities to access the Cross-boundary Public Services and register for "iAM Smart".

#### Web3.0

98. In last year's Budget, I proposed to expedite development of the Web3.0 ecosystem. We have made good progress over the past year.

99. At present, there are over 220 enterprises specialising in related technologies in Cyberport, including three unicorns. Last year, Cyberport organised a number of promotional and educational activities, attracting more than 29 000 participants. It also rolled out a subsidy scheme to encourage enterprises to conduct proof-of-concept testing, with a view to accelerating market application of the relevant technologies.

100. Having successfully issued the first batch of inaugural tokenised green bonds in February 2023, we issued the second batch of tokenised green bonds

in early February this year, worth a total of \$6 billion and denominated in Hong Kong dollar, Renminbi (RMB), US dollar and Euro. This is the world's first-ever multi-currency tokenised bond issuance, and has attracted overwhelming subscription by global institutional investors, including asset managers, insurance companies, private banks and non-financial corporates. Apart from the many technological innovations, we have also achieved breakthroughs in this issuance in areas such as broadening investor participation and streamlining the issuance process.

101. In keeping abreast of the latest international trends and market development, we consulted the public on a legislative proposal to develop a regulatory regime for stablecoin issuers in end-2023, with the aim of putting in place a regulatory regime that safeguards financial stability without compromising innovation. The HKMA will soon roll out a "sandbox" for entities interested in issuing stablecoins to conduct trials, under manageable conditions, on the issuance process, business models, investor protection and risk management system. The "sandbox" will also facilitate communication on future regulatory requirements.

102. Cybersecurity alongside investor and customer protection are matters of utmost importance in Web3.0 development. Embracing the principle of "same activity, same risks, same regulation", the SFC has implemented a licensing regime for virtual asset (VA) trading platforms since last June. This regime enables investors to conduct trading on licensed trading platforms in compliance with the relevant international standards and in a protected environment, thereby enabling Hong Kong to surpass many major jurisdictions in the regulation of VA trading. To strengthen investor and customer protection, we have launched a consultation on the regulation of over-the-counter trading of VA. We will continue to promote the development of Hong Kong's VA market in a stable and responsible manner through a multi-pronged approach, which includes timely dissemination of information, holistic public education and enhanced enforcement.

Launch the Business Version of "iAM Smart"

103. The Government will set up a "digital identity of enterprises" platform, i.e. the business version of "iAM Smart", to enable authentication of identity and verification of signature of enterprises using electronic government services or conducting online business transactions in a secure, convenient and efficient manner without having to go through complicated procedures, thus saving time and reducing the risk of human error. The expenditure involved is estimated to be about \$300 million and our goal is to roll out the platform progressively from end-2026 onwards.

Promote Digital Inclusion

104. Moreover, we strive to reduce digital exclusion and promote the wider use of information technology by various community groups, including elderly persons. The Government will allocate \$100 million under the Social Innovation and Entrepreneurship Development Fund to provide, in the next three years, elderly people aged 60 or above with digital training courses and technical support, so that they can integrate into the digital era more

easily and enjoy the benefits that digital technology brings. The first group of projects is expected to commence in the fourth quarter of 2024 at the earliest and benefit at least 50 000 elderly persons.

(To be continued.)