

Speech by SITI at InnoHK Summit 2023 (English only)

Following is the speech by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, at the InnoHK Summit 2023 today (December 6):

Professor Tsui (Chairman of the InnoHK Steering Committee, Professor Tsui Lap-chee), Mr Albert Wong (Chief Executive Officer of the Hong Kong Science and Technology Parks Corporation), 鄧智強 (Deputy Director-General of the Department of Educational, Scientific and Technological Affairs of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, Ms Wu Cheng), distinguished guests, ladies and gentlemen,

Good morning. Welcome to Hong Kong. It is my great pleasure to join you all today at the InnoHK Summit 2023.

The Chief Executive just highlighted the importance of international collaboration. Now I wish to say a few more words about why Hong Kong is the best place for doing that.

Promoting the development of innovation and technology, I&T in short, is very high on our Government's policy agenda. InnoHK is our flagship I&T initiative to foster global research collaboration. We have established two InnoHK research clusters, one on healthcare, another one on artificial intelligence (AI) and robotics. InnoHK so far has brought together over 30 world-renowned universities and institutions from 11 economies to set up so far a total of 29 research centres. You will hear from them today about the latest achievements resulting from their collaborative research.

The Policy Address two months ago announced the establishment of a new InnoHK research centre focusing on Generative AI. That is our 20th InnoHK research centre. Furthermore, we will start to make preparations next year for the establishment of a third InnoHK research cluster focusing on advanced manufacturing, materials, energy and sustainable development. We welcome scientists from around the globe to work with our local universities and set up research centres under this broad theme.

Hong Kong has always been an open and cosmopolitan city with a diverse community. It remains the only place in the world where global connectivity and the China advantage come together in one city. With the staunch support from the motherland's National 14th Five-Year Plan, and the opportunities brought by the development of the Guangdong-Hong Kong-Macao Greater Bay Area, Hong Kong is well positioned for I&T development.

Imagine that you wish to create a positive impact through innovations based on your scientific findings. You will need to assemble a team of talented researchers to carry out further R&D (research and development). Hong Kong is the perfect place for that. We have the highest concentration of

top-quality universities globally, with five of them ranking in the world's top 100. We also provide a variety of funding opportunities for different disciplines.

When you are ready to translate your R&D outcomes into applications with real-world impact, you will be supported by various government schemes. For instance, the US\$1.28 billion-Research, Academic and Industry Sectors One-plus Scheme will fund, on a matching basis, hundreds of research teams from local universities with good potential to become successful start-ups. The recently announced another US\$1.28 billion for New Industrialisation Acceleration Scheme will also fund the downstream application of new industrialisation by enterprises in the fields of life and health technologies, AI, data science, advanced manufacturing and new energy technologies.

Once your start-up is up and running, you will find that Hong Kong is a business-friendly environment to raise capital with a wide range of I&T-focused funding from both public and private sources. We have a mature legal system supported by a robust IP (intellectual property) protection regime. In Hong Kong, you will have unrivalled access to the markets in Mainland China and Asia. At the same time, you will stay closely connected with the international market and capital. This makes our city an ideal destination for start-ups and enterprises to grow and succeed. Hong Kong is now home to more than 4 000 start-ups, and has given birth to nearly 20 unicorns so far.

No matter what stage you are at on your journey of innovation, Hong Kong is here to support you every step along the way – from conducting collaborative research to making real-world impact. We welcome scientists, researchers and entrepreneurs to join us in developing a world-class I&T centre in the heart of Asia.

Taking this opportunity, I would also like to thank the eminent speakers for sharing their knowledge and insight with us. May I wish you all a fruitful experience at the InnoHK Summit 2023.

Before I close, December 10 is the polling day of the District Council Ordinary Election in Hong Kong. May I invite all eligible voters to cast your vote on the coming Sunday for a better community in Hong Kong. Thank you very much.

LCQ7: Marine industrial safety

Following is a question by the Hon Chau Siu-chung and a written reply by the Acting Secretary for Transport and Logistics, Mr Liu Chun-san, in the Legislative Council today (December 6):

Question:

It is learnt that serious marine industrial accidents occur in Hong Kong from time to time, with four fatal accidents recorded last year and at least four accidents occurring this year. In this connection, will the Government inform this Council:

(1) of the staffing establishment and strength of the Marine Department (MD)'s personnel responsible for inspecting vessels engaged in works to ensure the occupational safety and health of the workers concerned, as well as the number of cases of contravention of requirements found, in each of the past five years; among such cases, the respective numbers of those in which the MD issued warning letters to and instituted prosecutions against the persons involved;

(2) of the respective numbers of cases of conviction for contravening the Merchant Shipping (Local Vessels) (Works) Regulation (Cap. 548I) and the Shipping and Port Control (Works) Regulation (Cap. 313X) in each of the past five years; among such cases, (i) the number of those in which a fine was imposed and the average amount of fine imposed, as well as (ii) the number of those in which imprisonment was imposed and the average term of imprisonment imposed;

(3) as there are many views that the penalties for marine industrial safety-related offences are too light and an example is that the maximum penalty for contravening the provisions relating to the general duties of persons in charge of works and employers under the relevant legislation is only a fine of \$25,000, which is far lighter than the maximum penalties for contravening the provisions of a similar nature under the Occupational Safety and Health Ordinance (Cap. 509) and the Factories and Industrial Undertakings Ordinance (Cap. 59), whether the Government will expeditiously amend Cap. 548I and Cap. 313X, so as to raise the penalties for contravening marine industrial safety-related legislation, thereby enhancing the deterrent effect; if so, of the details; if not, the reasons for that; and

(4) whether the MD has plans to step up inspection and law enforcement work as well as publicity activities for enhancing marine industrial safety; if so, of the details; if not, of the reasons for that?

Reply:

President,

The Marine Department (MD) has been attaching great importance to marine industrial safety and conducting frequent inspections and enforcement actions, as well as publicity and promotional activities to enhance the awareness of the maritime industry on marine safety and minimise the occurrence of accidents. Replies to various parts of the Hon Chau's question are as follows:

(1) and (2) Enforcement of marine industrial safety in Hong Kong is undertaken by the Marine Industrial Safety Section of the MD. The

establishment and strength of the relevant section stood at 14 and 12 respectively. Statistics on inspection and enforcement actions, warnings or directions issued to the persons involved, prosecutions instituted by the MD, convictions and the amount of fines in the past five years are shown in the Annex.

(3) and (4) Safety matters relating to marine works and cargo operations of local vessels in the waters of Hong Kong are regulated by the Merchant Shipping (Local Vessels) (Works) Regulation (Cap. 548I) and the Shipping and Port Control (Works) Regulation (Cap. 313X). In addition to the aforementioned legislation, specific works are regulated by the MD pursuant to the Merchant Shipping (Local Vessels) Ordinance (Cap. 548) and the Shipping and Port Control Ordinance (Cap. 313). For instance, under section 41 of Cap. 548 and section 40 of Cap. 313, no owner or coxswain/master of, or other person having control over, a vessel shall, except with the written permission of the Director of Marine, carry out, or cause to be carried out, any repairs to, or break up, the vessel. Offenders are liable to a fine at level six (\$100,000) and to imprisonment for two years.

Since marine works are vastly different from the works at factories, construction sites, etc, in terms of scale, number of persons involved, operating environment, coverage of works area, work techniques, etc, and cargo operations of river-trade vessels from the Mainland and Macao in Hong Kong are also subject to the same regulation under the relevant marine legislation, no direct comparison can therefore be made between the provisions and penalties of the legislation regulating marine works and those under the Factories and Industrial Undertakings Ordinance (Cap. 59) and the Occupational Safety and Health Ordinance (Cap. 509). The penalty level under the existing marine legislation has already had deterrent effect for the maritime industry.

In addition, with a view to effectively enhancing marine industrial safety, the MD will continue to strengthen inspections and enforcement actions on marine works, and remind both employers and employees in the maritime industry to pay attention to marine industrial safety. The MD will also investigate all marine incidents that occur in the Hong Kong waters (including marine industrial incidents), for the purpose of determining the details and the causes of the incident, so as to enhance the safety of life at sea and avoid similar incidents in future. Meanwhile, the MD will also put forward safety suggestions in the investigation report to relevant individuals or organisations and follow up on the implementation of such suggestions. Furthermore, the MD will issue Marine Department Notices to promulgate the lessons learnt by the industry from the incidents so that the industry can draw lessons from it and take precautionary measures.

The MD will also continue to step up its publicity efforts targeting at the industry, encourage the industry to actively participate in safety seminars organised by marine construction contractors and the Occupational Safety and Health Council, and distribute promotional materials during routine inspections on vessels to remind the industry of the safety matters when handling cargoes, etc. In addition, the MD will continue to organise marine industrial safety seminars to share incident cases with the industry

and put forward safety suggestions to minimise the occurrence of similar incidents.

LCQ11: Preventing bank accounts from being used for money laundering

Following is a question by the Hon Shang Hailong and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (December 6):

Question:

It has been reported that the number of people arrested by the Police for holding stodge accounts in connection with fraud and money laundering cases has been on the increase over the past three years. The Police have pointed out that many members of the public believe that only stodge account holders who clearly know the source of the money will be convicted. However, according to the relevant case law, even if the arrested persons claim that they have merely lent, sold or rented their bank accounts to third parties without directly engaging in illegal activities such as money laundering, their criminal liabilities are no different from those of the real money launderers, and the court may even consider these acts as an aggravating factor in determining the penalty. In this connection, will the Government inform this Council:

(1) as it has been reported that several of the stodge account holders recently arrested by the Police in connection with fraud and money laundering cases are aged between 18 and 30, whether the Government will work together with tertiary institutions to remind tertiary students not to lend, sell or rent their bank accounts to third parties in order to raise their awareness of anti-money laundering;

(2) whether it will consider stepping up online publicity (e.g. on social media platforms such as Facebook and Instagram, which are often used by young people) to remind young people not to lend, sell or rent their bank accounts to third parties; and

(3) whether it will establish, in collaboration with the banking sector, a mechanism whereby bank staff will call the customers concerned whenever money from unknown sources is found to have been deposited in their bank accounts, so as to remind them that stodge account holders may commit money laundering offences due to the use of their accounts for illegal purposes, so that they can take timely and appropriate actions to prevent such crimes from occurring?

Reply:

President,

In consultation with the Security Bureau, the Hong Kong Police Force (Police) and the Hong Kong Monetary Authority (HKMA), the consolidated reply to the various parts of the question raised by the Hon Shang Hailong is as follows.

Anti-money laundering (AML) is an important element in the fight against organised crimes, and is essential to safeguarding the status and reputation of Hong Kong as an international financial centre. Hong Kong has established a comprehensive and effective mechanism to combat money laundering crimes, encompassing a robust legal framework, effective law enforcement strategies, risk-based preventive measures, international co-operation arrangements, etc. The Government reviews the mechanism from time to time in response to new challenges, including the trend of using mule accounts for handling proceeds of fraud.

To raise the awareness of members of the public on the proper use of bank accounts, the HKMA and the Police have adopted AML measures as set out below.

With the evolving nature of financial crimes, the HKMA closely monitors relevant situations and emerging fraud practices, and has adopted a number of measures in co-ordination with the banking industry and law enforcement agencies to address the latest risks. The HKMA actively encourages banks to adopt Regtech in AML, especially for detecting mule account networks related to fraudulent activities (with banks having network analytics capability currently covering nearly 90 per cent of retail banking customers), and has strengthened public-private co-operation and information sharing. Besides, the Police and major banks have launched a scam alert programme in May this year to proactively identify victims by analysing the transaction records of mule accounts. As of end-November this year, the programme has successfully dissuaded more than 320 people from continuing to transfer money to fraudsters.

On law enforcement, the Police continues to enhance efforts. In the first ten months of this year, the Police has arrested a total of 4 729 people involving in various types of fraud cases, representing an increase of 50 per cent when compared with the same period last year. Recently, the Police has successfully applied to the court for the first time to increase the sentence on mule account holders for collecting fraud proceeds, which has raised the deterrent effect on "renting, lending and selling" of bank accounts. The Police has also continued to exchange intelligence with the Mainland and overseas law enforcement agencies to combat cross-border fraud syndicates.

Regarding publicity, the Police will continue to expand the physical and online channels for extending the reach of AML messages. In partnership with social media platforms, public/private organisations, government departments,

etc, the Police has arranged for AML promotional videos and electronic publicity messages to be shown at multiple platforms, including shopping malls, public markets, bus shelters, public housing estates, cross-harbour tunnels, bus carriages. The Police has also worked with radio and television stations to produce public education programmes. Regular AML workshops and seminars for stakeholders (including secondary schools and tertiary institutions) are organised to enhance the AML awareness of different sectors. A large-scale publicity campaign "Anti-Money Laundering Month" was launched in August this year, with three mascots named "Don't Rent", "Don't Lend" and "Don't Sell" introduced to remind members of the public not to "rent, lend or sell" their bank accounts so as to prevent the accounts from being manipulated for illegal purposes.

The HKMA also posts messages from time to time on social media platforms (e.g. Facebook and Instagram) frequented by young people, with the latest post published in August this year. A dedicated "Do Not Lend/Sell Your Account" page has been set up on the HKMA's website and other educational information has been disseminated through short video clips, posters, etc. Besides, the HKMA encourages banks to conduct relevant publicity and education. In addition to using their websites and mobile apps, banks also display posters and show promotional videos with relevant messages in their branches (including those located on university campuses). Moreover, the HKMA and the banking industry, through "Project AccFencers", carry out a series of AML publicity activities in the annual "Anti-Money Laundering Month", including the message "Do Not Lend/Sell Accounts", so as to increase public awareness of AML and prevention.

On public-private collaboration, the HKMA, the banking sector and the Police have established a number of collaboration mechanisms to address the latest risks, including "Fraud and Money Laundering Intelligence Taskforce" and "24/7 stop payment mechanism", with a common goal of inhibiting the occurrence or spread of fraud cases at source to reduce losses. This year, the HKMA has newly launched five key collaborative measures including the "Financial Intelligence Evaluation Sharing Tool (FINEST)", "Real-time Fraud Monitoring System", "Anti-Deception Alliance" and "Faster Payment System Suspicious Proxy ID Alert". It also actively encourages banks to adopt Regtech in AML to facilitate the entire AML ecosystem to detect and stop fraudulent activities and mule accounts networks more effectively, and enhance the ability to identify suspicious accounts early and alert potential victims of deception.

In accordance with international standards and practices, banks are required to monitor bank accounts on an ongoing basis, identify complex or unusual transactions, file suspicious transaction reports to the Joint Financial Intelligence Unit, and assist in investigation. However, if bank accounts have been lent or sold to criminal syndicates, the contact information of the accounts would likely have been altered by criminals. Banks may then not be able to contact the real account holders to alert them that their accounts may be used for illegal purposes. Therefore, the HKMA has been closely collaborating with the banking sector and the Police in stepping up promotion and education. Members of the public are reminded not to

lend/sell their bank accounts to third parties so as to prevent their accounts from being manipulated by third parties for illegal purposes, and that persons who lend/sell bank accounts may be suspected to have committed money laundering offences.

The HKMA and the Police will continue to work with regulatory authorities and the industry to strengthen the efforts in combatting fraud and financial crimes through the use of innovative means, technology, data and network analytics. Diversified promotional videos and publicity materials will be produced to enhance the AML awareness among the industry, general public and specific groups; extend the reach of AML messages; and remind members of the public of fraudsters' latest practices as well as the importance of protecting personal data/passwords and not lending/selling bank accounts.

LCQ12: Synergistic development of Shenzhen and Hong Kong in science and technology innovation

Following is a question by Dr the Hon Kennedy Wong and a written reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (December 6):

Question:

The Development Plan for Shenzhen Park of Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (the Development Plan for Shenzhen Park) promulgated by the Central Authorities on August 29 this year has put forward a total of 30 measures covering areas such as the development positioning, objectives, overall layout and infrastructure layout of the Shenzhen Innovation and Technology Zone (the Shenzhen Park), as well as the ways to collaborate with Hong Kong in promoting international science and technology innovation. In this connection, will the Government inform this Council:

(1) given that the Development Plan for Shenzhen Park has proposed strengthening organisation and implementation, including studying ways to resolve the difficulties and problems of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone in aspects such as institutional and system innovation, refinement of the details of policies and measures and construction of major projects, how the Government will formulate for the Hong Kong-Shenzhen Innovation and Technology Park (the Hong Kong Park) corresponding Hong Kong side's policies to complement such measures with a view to creating synergistic effects;

(2) in the light of the development objectives to be achieved by 2025 as set out in the Development Plan for Shenzhen Park (including basically establishing a highly efficient Shenzhen-Hong Kong science and technology innovation synergistic mechanism, and the smooth flow of basic elements, integration of innovation chains, and smooth flow of personnel between the Shenzhen Park and the Hong Kong Park), whether the Government has studied and discussed with the relevant Mainland departments the arrangements for the flow of data and capital between the two places; if so, of the details; and

(3) given that the first three buildings of the Hong Kong Park will only be completed by phases from the end of next year onwards, whether the Government has assessed if the construction progress will affect the Hong Kong Park's efforts to tie in with the vision and objectives set out in the Development Plan for Shenzhen Park; how the Government will co-ordinate the development of the Hong Kong Park, the San Tin Technopole and the Northern Metropolis, with a view to maximising the benefits arising from the synergistic development of Shenzhen and Hong Kong in science and technology innovation?

Reply:

President,

The Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (Co-operation Zone) is one of the major co-operation platforms in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) under 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". Located at the convergence point of the Northern Metropolis and the Guangzhou-Shenzhen innovation and technology corridor, the Co-operation Zone consists of the 87-hectare Hong Kong Park (i.e. Hong Kong-Shenzhen Innovation and Technology Park (HSITP)) and 300-hectare Shenzhen Park.

The Central Government promulgated in August this year the Development Plan for Shenzhen Park of Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone, setting out the development positioning of the Shenzhen Park. The Hong Kong Special Administrative Region (HKSAR) Government will render its full support and continue to work with the Shenzhen Municipal Government to foster the synergistic development of the Hong Kong Park and the Shenzhen Park, and explore innovative measures.

The consolidated reply to various parts of the question raised by Dr the Hon Kennedy Wong is as follows:

To enhance collaboration and communication on development of the Co-operation Zone, Hong Kong and Shenzhen established the Joint Task Force on the Development of the HSITP in the Loop (Joint Task Force) in 2017, which is co-chaired by the Secretary for Innovation, Technology and Industry and Vice Mayor of Shenzhen, with relevant representatives from governments and park companies of both sides. The Joint Task Force has held 10 meetings so far, with the recent one held in September 2023 in Hong Kong. At that meeting, both sides were briefed about the progress of Hong Kong Park and Shenzhen

Park. In addition, both sides exchanged views on the future development of the Co-operation Zone, including the planning and development progress of two parks, as well as dedicated cross-boundary measures (such as enabling the travel of innovation and technology (I&T) personnel between the two places).

Cross-boundary innovative elements including talent, materials and data are key to the Co-operation Zone's "one river, two banks", "one zone, two parks". As such, the HKSAR Government will continue our active collaboration with Shenzhen, as well as integration into the national development, thereby promoting the advantages of "one zone, two parks" under "one country, two systems" in the Co-operation Zone and ensuring smooth flow of talent, materials and data, and serving as the bridgehead for intensive I&T co-operation between the two places. Innovative measures under active exploration by two sides include:

1. The Co-operation Zone will operate under the mode of "one zone, two parks", with research personnel going to work early and returning home late between two places every day. As such, it is necessary to provide convenient clearance mode and facilities to allow designated personnel to enjoy travel convenience by, for example, enabling those who have pre-registered under the system to enjoy streamlined access between the two parks, and adopting technology to facilitate faster movement. In addition, to facilitate I&T personnel travelling frequently between two sides every day, the HKSAR Government and the Shenzhen Municipal Government are exploring the construction of cross-boundary footbridge between two parks but exact location is subject to discussion between the two Governments;
2. Hetao can become an important stronghold for key I&T enterprises from Mainland or overseas to set up headquarters or research centres in Hong Kong. The HKSAR Government will discuss with relevant Central ministries on facilitating cross-boundary capital flow in the Co-operation Zone;
3. Both Governments will consider simplifying clearance procedures for research materials and equipment, by means such as "green channel", "white list" etc, thereby facilitating exchanges on data and samples (including clinical biological samples) collected for research or trials;
4. The Innovation, Technology and Industry Bureau of the HKSAR Government signed the "Memorandum of Understanding on Facilitating Cross-boundary Data Flow Within the Guangdong-Hong Kong-Macao Greater Bay Area" with the Cyberspace Administration of China in June 2023 which set out that under national cross-boundary data security management system framework, collaboration on cross-boundary data flow will be promoted to facilitate the convenient and orderly cross-boundary flow of personal data from Mainland to Hong Kong. In response to specific requirement for cross-boundary research data from enterprises, the HKSAR Government will work with relevant authorities on the premise of complying with national data security laws and regulations and risk controllability, to strive to expand the cross-boundary research data flow from the Mainland to Hong Kong for use by enterprises in the Hong Kong Park of Hetao.

The Hong Kong Park will be developed in two phases from west to east.

The preliminary planning for the first phase has been completed. With a total floor area of up to 10 million square feet, the Hong Kong park will contain various clusters with different industry themes, including life and health technology, research, academic and industry, artificial intelligence and data science, and new technology advanced manufacturing, as well as a talent accommodation area and commercial and ancillary facilities. This will not only establish a diverse I&T ecosystem, but also create a vibrant and sustainable new community. The first three buildings of the first phase will be completed gradually from the end of 2024 as planned. At the same time, the HKSAR Government will expedite and enhance the construction of high-quality research and industrial facilities through investment promotion and market forces.

The Hong Kong Park and the areas around Lok Ma Chau/San Tin are consolidated to form the San Tin Technopole to provide a total of 300 hectares of I&T land, contributing to the development of Hong Kong into an international I&T centre. The San Tin Technopole is strategically positioned to be a hub for clustered I&T development. The spatial planning of the San Tin Technopole will align with the development positioning of the Co-operation Zone and fully integrate with the strategy on enhancing Hong Kong's I&T competitiveness to pave way for the future development of the Co-operation Zone in a forward-looking manner.

[SFST's speech at 2023 Insurtech Insights Asia Conference \(English only\)](#)

Following is the speech by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the 2023 Insurtech Insights Asia Conference today (December 6):

Kristoffer (CEO of Insurtech Insights, Mr Kristoffer Lundberg), Clement (CEO of the Insurance Authority, Mr Clement Cheung), Kin-por, (Legislative Council Member, Mr Chan Kin-por), Pui-leung, (Legislative Council Member, Mr Chan Pui-leung), distinguished guests, ladies and gentlemen,

Good morning. I am delighted to be here at the 2023 Insurtech Insights Asia Conference today. I thank the organiser for inviting me to share my views with industry leaders, tech specialists and all the guests on how Hong Kong is a thriving hub for insurance and innovation in Asia Pacific.

With a robust financial ecosystem, Hong Kong is one of the world's most open and competitive insurance centres. As at end-October 2023, there were 163 insurers authorised by the Insurance Authority (IA), 98 of which were

incorporated in Hong Kong and the remaining 65 were incorporated in the Mainland and 20 overseas countries, including 11 of the top 20 insurers in the world conducting business in Hong Kong. According to the audited statistics of the Hong Kong insurance industry for 2022, the total gross premiums amounted to HK\$538.0 billion.

In December last year, the Government issued a development roadmap for the insurance sector in Hong Kong outlining visions and missions of the Government, as well as targeted policy measures to consolidate the status of Hong Kong as a global risk management centre and sophisticated insurance hub.

As announced in the Chief Executive's Policy Address, a risk-based capital regime will be implemented in 2024, with a view to enhancing the financial soundness of insurance companies and aligning with international standards; and we launched a public consultation on the detailed proposals for a policy holders' protection scheme, with a view to strengthening protection for policy holders in case an insurance company becomes insolvent. We will review the feedback received and publish a consultation conclusion as a next step.

While more investors are exploring exposure to emerging investment opportunities in the Greater Bay Area (GBA), Hong Kong aspires to be both a "facilitator" and "promoter" in linking international investors to the Mainland market. We are in the final stage of preparation for establishment of insurance after-sales service centres in places such as Nansha and Qianhai, to provide policy enquiry and administration, premium renewal and claims services for holders of eligible Hong Kong insurance policies, facilitating those who reside or work in the GBA. On July 1 this year, the unilateral recognition policy was introduced for cross-boundary motor insurance to tie in with Northbound Travel for Hong Kong Vehicles, providing a more convenient way to obtain the necessary insurance coverage for relevant vehicles to drive in the Mainland.

To further enhance connectivity within GBA cities, we encourage the insurance industry to develop more innovative cross-boundary insurance products, for example cross-boundary health policies, that cater for practical needs of people and business operators who regularly traverse across the GBA.

We are home to many multinational insurers and reinsurers with rich experience and knowledge which could provide diverse professional services for enterprises participating in infrastructure and investment projects related to the Belt and Road Initiative. Through supportive policies and active liaison by the Government and the IA, we will attract more Mainland entities interested in making a foray into the international market to establish captive insurers in Hong Kong and elevate their consolidated corporate risk management capabilities.

To stay at the forefront of fast-evolving global financial movements, we are also dedicated to facilitating the development of insurtech to bring about positive disruption in the financial services industries. For example,

the IA introduced the Open Application Programme Interface (API) framework in September 2023 to increase data exchanges and foster open competition in the insurance sector. With more than 30 cases of API usage covering various aspects along the insurance value chain, we hope to see the growth of partnerships and collaboration to utilise insurtech for narrowing protection gaps, promoting financial inclusion, enhancing connectivity and adding value to policy holders.

Market research estimated that revenues in the fintech industry are expected to grow almost three times faster than those in the traditional banking sector between 2023 and 2028, and I believe we all agree that it is now an era marked by rapid technological advancement and it is time to elevate global financial technology to the next level.

Hong Kong stands as an international financial centre with a highly digitised economy. Our world-class fintech infrastructure, robust regulatory environment, abundant business opportunities, along with funding support, position us at the forefront of the burgeoning fintech sector.

We have a vibrant fintech ecosystem in Hong Kong, and we proudly host around 1,000 fintech companies, including eight virtual banks, four virtual insurers, and two licensed virtual asset trading platforms. Innovations in areas like e-payment, regtech, insurtech and wealthtech are keenly pursued by the fintech sector.

At our annual flagship event in November, the Hong Kong FinTech Week 2023, we announced three major initiatives to foster co-development of fintech and the real economy. The first one is launching a new Integrated Fund Platform for retail fund distribution. The platform, which will be developed and operated by the Hong Kong Exchanges and Clearing Limited, aims to enhance retail fund distribution in Hong Kong and support Hong Kong's continued role as a regional and global wealth management centre; secondly, we are pleased to note that Octopus Cards Limited and Bank of China (Hong Kong) will seek to explore new e-CNY (digital Renminbi) application scenarios. For example, an inbound solution will be explored to facilitate Mainland tourists' use of e-CNY in Hong Kong through topping up Octopus Cards in tourist mobile application. These financial innovations facilitate cross-boundary consumption with a view to benefitting both inbound Mainland tourists and outbound Hong Kong residents visiting the Mainland, and they also enhance interconnectivity within the GBA. We certainly welcome and encourage more exploration on the innovation and widespread usage of e-CNY.

The third initiative is promoting real economy-related applications and innovations by the Virtual Assets (VA) and Web3.0 sector, such as tokenisation of Real World Assets and traditional financial assets, as well as further development of the regulatory framework for VA-related activities. These measures echo our commitment to establishing a facilitating environment for the development of the sector. Indeed, we have more than 170 Web3.0 related companies from more than 20 countries and regions. These companies include virtual asset exchanges, blockchain infrastructure companies, blockchain network security companies, virtual currency wallets and payment

companies, as well as other projects on building the Web3.0 ecosystem.

As Hong Kong forges ahead, the Government attaches great importance to promoting fintech so as to boost the overall competitiveness of the financial services sector in Hong Kong. We have launched two rounds of the Fintech Proof-of-Concept Subsidy Scheme with a view to providing more successfully tested solutions in the market to further accelerate the pace of digital transformation for our financial services sector.

Earlier, the Hong Kong Monetary Authority (HKMA) has completed Phase 1 of the e-HKD Pilot Programme and published an overall assessment of the pilots and the way forward. The authority is planning to commence Phase 2 of the programme next year which will explore new use cases for e-HKD (Hong Kong dollar) and delve deeper into select pilots from Phase 1.

Furthermore, the technical testing conducted by the HKMA in collaboration with the People's Bank of China on cross-boundary usage of e-CNY in Hong Kong has now entered the second phase, centering on the use of the FPS (Faster Payment System) to top up the e-CNY wallet. Both the scope and the scale of testing have been expanded in this phase, with a view to facilitating the use of the e-CNY by Hong Kong residents in the Mainland in the future.

Looking ahead, we are stepping up our effort to explore deeper co-operation and closer connection with our global counterparts. The HKMA has been working closely with the Bank of Thailand to link our FPS and Thailand's PromptPay, in a new service called FPS x PromptPay QR Payment, which was just launched not long ago. Users can now scan and pay at over 8 million PromptPay merchants in Thailand using their mobile phones. Correspondingly, Thai visitors can use PromptPay to pay at any of the around 50,000 FPS merchants in Hong Kong who choose to accept FPS QR payments.

The success of digital transformation hinges on the availability of tech-savvy talent. Apart from introducing training schemes to help practitioners keep up with the latest development in fintech, we are also developing professional fintech qualifications for the securities and insurance sectors, and launched a GBA Fintech Two-way Internship Scheme for Post-secondary students.

Ladies and gentlemen, in this fast growing financial industry, the key to business success is always to unlock new development opportunities and explore hidden potential growth. I eagerly await your new projects and products in this regard, and I wish you all an enlightening sharing and an insightful exchange today.

Lastly, for those who can vote in Hong Kong, I would like to take this opportunity to encourage you to cast your votes on the coming Sunday (December 10) for the District Council Election. Let's vote for a better community. Thank you.