

LCQ3: Facilitating the development of electronic payment platforms

Following is a question by the Hon Mrs Regina Ip and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (November 15):

Question:

There are views pointing out that the increasing flow of people between the Mainland and Hong Kong has led to a growing demand for efficient and convenient electronic payment (e-payment) platforms. However, Octopus, as the e-payment platform with the highest customer penetration rate in Hong Kong, deploys specialised technologies which do not conform to the standards of the International Organization for Standardization (known in abbreviated form as "ISO") system, thus constraining its interoperability with e-payment platforms in the Mainland and hindering the development of cross-boundary e-payments. In this connection, will the Government inform this Council:

(1) of the Government's role in promoting the interoperability of e-payment platforms between the Mainland and Hong Kong, in particular the application of such platforms in the public transport systems, and the details of the relevant measures;

(2) as it is learnt that Octopus does not support Near Field Communication (known in abbreviated form as "NFC") mobile payments on certain models of mobile phones locally, whether the Government will, in respect of using mobile phones for NFC mobile payments, formulate the relevant certification standards; if so, of the details and implementation timetable; if not, the reasons for that; and

(3) as it is learnt that as Octopus is unable to upgrade its technologies in a timely manner and its stored value limit is capped at only \$3,000, the scope of its application is over-concentrated in Hong Kong, such as paying fares for public transport and making retail payments of a relatively small spending value, whether the Government will formulate measures to facilitate the technological replacement of the payment platform; if so, of the details and implementation timetable; if not, the reasons for that?

Reply:

President,

The HKSAR Government is committed to promoting the development of the local electronic payment (e-payment) market and providing the public with safe, efficient, convenient and diversified e-payment options by enhancing financial technology (fintech) infrastructure and implementing a robust regulatory regime. Hong Kong has a well-developed e-payment ecosystem with a number of non-cash payment options available to the public. A research report

(Note) shows that the penetration rate of e-payment in Hong Kong is over 90 per cent.

In consultation with the Innovation, Technology and Industry Bureau, the Transport and Logistics Bureau, the Hong Kong Monetary Authority (HKMA) and the Octopus Cards Limited (OCL), my reply to the three parts of the question is as follows:

(1) The HKSAR Government attaches great importance to the development of fintech and has introduced different measures to promote mutual access of e-payment between the Mainland and Hong Kong.

The major e-wallet and retail payment operators in Hong Kong, including the OCL, AlipayHK, WeChat Pay HK and UnionPay, have provided cross-boundary retail payment services to users so as to better meet the daily payment needs of Hong Kong people in the Mainland. According to the figures from the two e-wallets commonly used by the Mainland visitors (Alipay and WeChat Pay), each operator has an average of over 150 000 retail merchants in Hong Kong accepting its Hong Kong and Mainland versions of e-wallet. The merchant number is six-folded compared to that of five years ago.

As regards public transportation, the HKSAR Government has been promoting the introduction of a variety of e-payment systems by public transport operators to enhance the travel experience of the public and visitors, and facilitate the efficient integrated development of the Mainland and Hong Kong.

To provide further convenience to the Mainland visitors, the Chief Executive has put forward in the 2023 Policy Address that government services commonly used by the Mainland visitors, including leisure, immigration and medical services, will support payment with the Mainland e-wallets by Q3 2024. Cyberport will launch the Digital Transformation Support Pilot Programme to subsidise small and medium enterprises in the retail and beverage sectors to adopt e-payment and other digital packages.

Cross-boundary fintech collaboration is very important to promoting mutual access of e-payment between the two places. The Digital Currency Institute of the People's Bank of China and the HKMA are carrying out the second phase technical testing on the use of e-CNY in cross-boundary payments, involving more banks in Hong Kong and the use of the Fast Payment System to top up e-CNY wallets. e-CNY will provide residents of both places with an additional payment means for cross-boundary retail consumption which is safe, convenient and innovative, thereby enhancing efficiency and user experience of cross-boundary payment services.

As I announced at the Hong Kong FinTech Week 2023 earlier this month, the OCL and the Bank of China (Hong Kong) (BOCHK) will seek to explore new e-CNY application scenarios, with a view to benefitting both inbound Mainland visitors to Hong Kong and outbound Hong Kong residents visiting the Mainland. Earlier this year, the OCL has partnered with the Bank of China Shenzhen Branch to facilitate purchase of e-CNY hard wallets by Hong Kong residents, via Self-service Card Issuing Machines in Lo Wu, Shenzhen using the Octopus

mobile application. The BOCHK has also launched e-CNY services facilitating inbound Mainland visitors to pay retail merchants with e-CNY wallets in Hong Kong, and offering Hong Kong customers with a convenient option to top up e-CNY wallets from their Hong Kong personal bank accounts. Subject to regulatory approval and technical readiness, we welcome the OCL to provide an inbound solution facilitating Mainland tourists' use of e-CNY in Hong Kong through topping up Octopus cards in tourist mobile application.

(2) The second part of the question is about the compatibility of the mobile version of Octopus. As far as we know, the contactless technology deployed by the Octopus is in line with the specialised technology standard of the International Organization for Standardization (ISO). At present, the mobile version of Octopus can be used for Near Field Communication (NFC) mobile payments in the mobile phone brands commonly used by Hong Kong people, including Huawei, Apple and Samsung. The OCL will actively look into ways to overcome technical limitations, especially in Android mobile phones, with a view to further promoting universal access to the mobile version of Octopus and the application of NFC mobile payment.

(3) The third part of the question is about the stored value limit of Octopus, which is currently HK\$3,000. Currently, members of the public are generally not required to register user identity when purchasing and using Octopus cards.

As a stored value facility (SVF) licensee, the OCL has to comply with the relevant regulatory requirements including the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). According to the relevant requirements, if the maximum value of a stored value payment facility that can be stored on the device-based facility exceeds HK\$3,000, the relevant customer due diligence requirements will apply. This arrangement seeks to strike an appropriate balance between mitigating money laundering risk and providing customer convenience. In other words, SVF licensees are allowed to offer SVF products with maximum stored value exceeding HK\$3,000 to verified customers (i.e. whose identities have been obtained and verified). As such, the OCL may decide whether the stored value limit of Octopus cards held by verified customers should be adjusted having regard to the market needs, as well as its technical and other operational considerations.

Thank you, President.

Note: The "Fintech Adoption Index" published by the School of Accounting and Finance of the Hong Kong Polytechnic University and AskLora in April 2023.

[“Imagine Fest” invites audiences to](#)

open door of creativity and inspiration together

The Film Programmes Office (FPO) of the Leisure and Cultural Services Department (LCSD) will present "Imagine Fest" from December 10 to January 27 next year at the Cinema of the Hong Kong Film Archive (HKFA), the Lecture Hall of the Hong Kong Science Museum (HKScM) and K11 Art House. The programme will showcase 17 world cinema works with highly imaginative stories, allowing audiences to open their imaginations. Some of the screenings will be accompanied by post-screening talks or seminars.

Selected films include the epochal sci-fi masterpiece directed by Stanley Kubrick, "2001: A Space Odyssey" (1968), which examines topics of human evolution and the meaning of existence through a computer mutiny, reflecting the dominance and threat of technology towards humankind. Also set in space, the characters of "High Life" (2018) are in a protracted seclusion amid an interstellar journey, facing the disorder and fear brought by the gradual breakdown of humanity.

There are also films exploring the theme of artificial life, including "The Bride of Frankenstein" (1935), which delves into the complexities of human nature through the loneliness of the monster. The film is also hailed as an example of a perfect sequel in cinema history. "Ex Machina" (2015) explores this theme with the humanoid robot Ava, who possesses self-awareness. It reveals the discomfort and distrust of humans towards artificial intelligence technologies with a drama fueled by secrets, tests, and lies. What is more, the newly released French animation "Mars Express" (2023) explores the contradictions between humans and robots, and depicts a futuristic fantasy in which humans colonise Mars, and souls of the deceased are converted into androids.

Films with the theme of life and death are also among the selection. "A Matter of Life and Death" (1946) depicts a story in which the protagonist must make an appeal in a heavenly court to stay alive after his miraculous survival of a battle due to an angel's oversight. In Hirokazu Kore-eda's early work "After Life" (1998), the deceased can bring with them to heaven a memory that they cherish the most. The film depicts precious affection through imagination.

The festival has also selected the restored versions of two masterpieces. "Orlando" (1992) is an adaptation of Virginia Woolf's novel of the same name. The story follows the androgynous nobleman Orlando on a fantastical journey of self-discovery spanning four centuries. In Agnès Varda's recently restored "The Creatures" (1966), which has been recently premiered at the Venice International Film Festival, a writer relocates to an island after a car crash, where strange things happen and the boundaries between reality and fantasy break down.

The remaining four selected films explore different themes through rich imagination. Adapting fantasy stories from the 18th century, "The Fabulous Baron Munchausen" (1961) combines animation and live-action performances to deliver a dreamlike rhapsodic fantasy with the use of heavy tinting. The Japanese New Wave masterpiece "The Face of Another" (1966) reflects the loss of identity and angst of modern people through the experiences of the protagonist after a facial transplant surgery. "Stalker" (1979) turns the protagonists' exploration of a mysterious forbidden zone into a spiritual journey of the inner self, encouraging audiences to self reflect. Through oil painting-like images and rich symbolism, "The Spirit of the Beehive" (1973) examines the fear of death and historical traumas through the eyes of a young girl, Ana, in the wake of the Spanish Civil War.

The festival also features two family-friendly animations. The winner of the Academy Award for Best Animated Feature Film in 2009, "WALL-E" (2008), depicts a solitary robot which discovers signs of the Earth resurrecting from its ruins. The film has minimal dialogue at the beginning but captivates audiences with its rich audio-visual details. "Ernest & Celestine" (2012), based on a Belgian picture book, highlights the theme of overcoming prejudice through the friendship between a bear and a mouse.

The FPO and the HKScM will co-organise two free fringe activities, including free screenings of "A Trip to the Moon" (1902) and "Forbidden Planet" (1956) on December 30 (Saturday) and January 27 (Saturday) respectively at the Lecture Hall of the HKScM. They will be followed by post-screening talks hosted by director Willis Wong, and curator Ernest Chan and assistant curator of the HKScM Dr So Chu-wing respectively. Limited seats are available on a first-come, first-served basis.

In addition, the STEAM (Science, Technology, Engineering, Arts and Mathematics) parent-child stop-motion animation workshop "STEAM Laboratory: Animate it!" will be held after the post-screening talks of "A Trip to the Moon" at the laboratory on the G/F of the HKScM for parents and children. Hosted by an illustrator, participants will learn the principles of moving images by making stop-motion toy modules together. Online registration for the free workshop will be available on the website of the HKScM (hk.science.museum/en/web/scm/event/scifi/fpo.html) starting 10am on December 1 (Friday). Admission is free with a limited quota on a first-come, first-served basis.

The FPO will also hold two seminars hosted by Chan at the HKFA Cinema on December 17 (Sunday) and December 24 (Sunday). Writer Kevin Yan and psychologist Dr Ken Fung will be the speakers for the former, titled "The Magic of Imagination", while four local animation artists: Lee Kwok-wai, Nic Ho, Mak Siu-fung and Tsui Ka-hei, will be the speakers for the latter titled "To Infinity and Beyond – The Power of Animated Fantasies". The seminars will be conducted in Cantonese. Admission to the seminars is free with limited seats available on a first-come, first-served basis. Audiences may queue at the 1/F Foyer of the HKFA 15 minutes before the seminar begins.

"A Trip to the Moon" is a silent film without subtitles. "The Creatures"

and "The Fabulous Baron Munchausen" are with English subtitles. All other films are with Chinese and English subtitles.

Tickets for screenings at the HKFA priced at \$60 are now available at URB TIX (www.urbtix.hk). For telephone bookings, please call 3166 1288. For screenings at K11 Art House, tickets priced at \$110 and \$130 are now available at K11 Art House and the website of MCL Cinemas (www.mclcinema.com). For programme enquiries and concessionary schemes, please call 2734 2900 or visit www.lcsd.gov.hk/fp/en/listing.html?id=56.

Tender results of 1-year HONIA-indexed Floating Rate Notes under Institutional Bond Issuance Programme

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority, as representative of the Hong Kong Special Administrative Region Government (HKSAR Government), announced that a tender of 1-year HONIA-indexed Floating Rate Notes (issue number 01GH2411) under the Institutional Bond Issuance Programme was held today (November 15).

A total of HK\$1.5 billion 1-year HONIA-indexed Floating Rate Notes were allocated today. A total of HK\$4.949 billion tender applications were received. The bid-to-cover ratio, i.e. the ratio of notes applied for to notes issued, is 3.30. The highest spread accepted is 0.31 per cent.

HKSAR Government Institutional Bond Issuance Programme Government Bond tender results

Tender results of 1-year HONIA-indexed Floating Rate Notes under the Institutional Bond Issuance Programme:

Tender Date	: November 15, 2023
Issue Number	: 01GH2411
Stock Code	: 4274 (HKGB FRN 2411)
Issue and Settlement Date	: November 16, 2023
Tenor	: 1-year
Maturity Date	: November 18, 2024
Amount Applied	: HK\$4.949 billion
Amount Allotted	: HK\$1.5 billion
Bid-to-Cover Ratio*	: 3.30

Highest Spread Accepted : 0.31%
Average Spread Accepted : 0.26%
Pro-rata Ratio : About 75%
Average Tender Spread : 0.40%

* Calculated as the amount of notes applied for over the amount of notes issued.

[LCQ16: Attracting enterprises to Hong Kong](#)

Following is a question by Dr the Hon Wendy Hong and a written reply by the Deputy Financial Secretary, Mr Michael Wong, in the Legislative Council today (November 15):

Question:

The 2023 Policy Address has mentioned that the Office for Attracting Strategic Enterprises (OASES) has reached out to over 200 strategic enterprises, of which 30 are planning to establish their foothold or expand their operations in Hong Kong; and in the first nine months of 2023, Invest Hong Kong (InvestHK) assisted over 300 Mainland and overseas enterprises in establishing or expanding their operations in Hong Kong. In this connection, will the Government inform this Council:

(1) of a breakdown of the number of aforesaid enterprises (i.e. (a) strategic enterprises which are planning to establish their foothold or expand their operations in Hong Kong and (b) Mainland and overseas enterprises which established or expanded their operations in Hong Kong in the first nine months of 2023) by (i) type of operations, (ii) place of registration of parent company and (iii) whether they have set up corporate divisions or started operations in Hong Kong (set out in Table 1 to Table 3);

Table 1

(i)	(a)	(b)
Life and health technology		
Artificial intelligence and data science		
Financial technology		
Advanced manufacturing and new energy technology		
Business and professional services		
Creative industries		

Others		
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Table 2

(ii)	(a)	(b)
Mainland		
Europe and the United States		
Japan and Korea		
Middle East		
Southeast Asia		
Others		

Table 3

(iii)	(a)	(b)
Enterprises which have set up corporate divisions or started operations in Hong Kong		
Enterprises which have never set up corporate divisions or started operations in Hong Kong		

(2) whether the InvestHK has offered concessionary terms to Mainland and overseas enterprises to attract them to establish their foothold or expand their operations in Hong Kong; and

(3) given that at present, the OASES does not offer special concessionary terms to strategic enterprises which it attracts to establish their foothold in Hong Kong, whether the OASES will consider offering such terms; if so, of the criteria to be adopted?

Reply:

President,

In his 2022 Policy Address, the Chief Executive announced the establishment of the Office for Attracting Strategic Enterprises (OASES) to attract high-potential and representative strategic enterprises, particularly those from industries of strategic importance (including life and health technology, artificial intelligence and data science, financial technology, and advanced manufacturing and new energy technology), to establish a presence or expand their business in Hong Kong. The OASES was officially established in end-December 2022. When attracting strategic enterprises, factors that would be considered include whether the enterprises would fit in Hong Kong's direction in industry development, their business plans, technology level, job opportunities, contributions to the industry's ecosystem and the domestic gross domestic product. Meanwhile, the Invest Hong Kong (InvestHK) continues to actively provide high-quality and comprehensive support for other overseas and Mainland enterprises interested in setting up or expanding their operations in Hong Kong.

My reply to Dr the Hon Wendy Hong's questions is as follows:

(1) Since its establishment, the OASES has reached out to over 200 strategic enterprises, of which 30 are planning to establish a foothold or expand their operations in Hong Kong. A total of about \$30 billion of new investment is involved, with around 10 000 employment opportunities expected to be created. With the Launching Ceremony of OASES Partnership held in October 2023, the OASES has become an official partner of the first batch of 20 strategic enterprises setting up or expanding their business in Hong Kong. They will work together to promote the development of the innovation and technology ecosystem of Hong Kong.

In the first nine months of this year, the InvestHK assisted 300 Mainland and overseas enterprises in establishing or expanding their operations in Hong Kong, representing an increase of more than 25 per cent over the same period last year. The fact that these enterprises came from across the globe covering various trades and industries is a testament to Hong Kong's attractiveness to enterprises as an international business centre.

The number of the aforesaid enterprises with a breakdown by their type of operations, place of registration of parent company (according to the place of origin as declared by the enterprise concerned) and whether they have established presence or started operations in Hong Kong before is provided below –

(1) Type of operations

	Strategic enterprises	Enterprises handled by the InvestHK
Life and health technology	15	17
Artificial intelligence and data science	7	9
Financial technology	2	41
Advanced manufacturing and new energy technology	6	8
Business and professional services	–	34
Creative industries	–	28
Others (Note)	–	163
Total	30	300

(2) Place of registration of parent company (according to the place of origin as declared by the enterprise concerned)

	Strategic enterprises	Enterprises handled by the InvestHK
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Mainland	25	111
Europe and North America	5	112
Japan and Korea	—	15
Middle East	—	3
Southeast Asia	—	32
Others	—	27
Total	30	300

(3) Whether they have established presence or started operations in Hong Kong before

	Strategic enterprises	Enterprises handled by the InvestHK
Enterprises which have established presence or started operations in Hong Kong	12	94
Enterprises which have never established presence or started operations in Hong Kong before	18	206
Total	30	300

(2) & (3) Regarding the work of attracting strategic enterprises, the OASES will provide tailor-made and attractive measures and proposals to targeted enterprises. Also, having regard to their individual needs, the OASES would provide the enterprises with customised support such as office accommodation, research and supporting facilities and recruitment of talent, in setting up their operations in Hong Kong. Moreover, their employees from outside Hong Kong will be provided with one-stop facilitation services in areas such as application under various talent admission schemes or related visa application as well as provision of information on their children's education. As most of the strategic enterprises are in the information and technology field, the OASES will assist suitable strategic enterprises in setting up their operations at the Hong Kong Science Park or Cyberport. The OASES will also refer them to local universities and institutions for research collaboration, thereby enhancing synergy and further fostering the development of our local industries and ecosystem.

Based on the experience gained so far, strategic enterprises (particularly large-scale multinational corporations) have various concerns and considerations when deciding whether to set up their operation in Hong Kong. The OASES will continue to follow up the needs of individual enterprises. When necessary, the OASES will continue to liaise with relevant bureaux to draw up special measures for targeted enterprises with a view to facilitating the setting up of their operations in Hong Kong.

Through its global network of 17 Dedicated Teams for Attracting Businesses and Talents in the Mainland Offices and overseas Economic and Trade Offices of Hong Kong, as well as 16 consultant offices, the InvestHK

proactively attracts and assists enterprises interested in setting up or expanding operations in Hong Kong. It offers one-stop support services to such enterprises, rendering assistance from planning to implementation. Such services include providing market information and guidance on laws and regulations in relevant sectors, offering assistance in office search, staff recruitment as well as visa and licence applications, providing information about funding schemes and other support measures, introducing business partners and service providers to such enterprises, and rendering marketing support on business launch. Furthermore, the InvestHK also offers aftercare support to enterprises that already have a presence in Hong Kong by assisting them in exploring new growth areas and opportunities so as to facilitate their business expansion in Hong Kong.

The Government attaches great importance to the work of attracting enterprises and investment. The OASES, InvestHK and other bureaux and departments will continue to work together to attract and assist different enterprises to set up or expand operations in Hong Kong. The OASES and InvestHK have frequent communication and would co-ordinate amongst themselves. During the discussion with enterprises, if the InvestHK considers it would be more appropriate for the OASES to follow up on a case, the InvestHK would refer the case to the OASES for further processing, and vice versa.

Note: Such as transport and industrial, consumer products, tourism and hospitality, information and communications technology etc.

Government welcomes passage of Stamp Duty (Amendment) (Stock Transfers) Bill 2023

The Government welcomes the Legislative Council's passage of the Stamp Duty (Amendment) (Stock Transfers) Bill 2023 today (November 15) to give effect to the measure of reducing the rate of Stamp Duty on Stock Transfers (the Stamp Duty) to 0.1 per cent as announced by the Chief Executive in the 2023 Policy Address.

A Government spokesman said, "The reduction of the rate of the Stamp Duty will lower investors' transaction costs, improve market sentiment, and enhance the competitiveness of Hong Kong's stock market. The Government will work with financial regulators and the Hong Kong Exchanges and Clearing Limited to follow up on the other measures recommended by the Task Force on Enhancing Stock Market Liquidity to promote the sustainable development of the market."

The Amendment Ordinance will be published in the Gazette tomorrow (November 16) and come into operation on November 17.