

## Keynote speech by SITI at business luncheon hosted by Dubai ETO and co-organised by HKTDC (English only)

Following is the keynote speech by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, at the business luncheon hosted by the Hong Kong Economic and Trade Office in Dubai (Dubai ETO) and co-organised by the Hong Kong Trade Development Council (HKTDC) in Dubai, the United Arab Emirates (UAE) on March 6 (Dubai time):

Your Excellency, distinguished guests, ladies and gentlemen,

Good afternoon and greeting from Hong Kong! It gives me great pleasure to meet you all today, on such a beautiful sunny day in Dubai. With me today are representatives from Hong Kong's two major I&T (innovation and technology) flagships, namely Hong Kong Science Park and Hong Kong Cyberport as well as their tech ventures. Our gathering here today best exemplifies the spirit of innovation and collaboration that transcends borders and propels our economies forward.

We all know in the past several decades, the UAE has transformed into a famous trade and tourism hub, and also a rising star in technology and innovation.

In fact, Hong Kong and the UAE have a lot in common. For example, we both have diverse cultures, where West meets East, tradition meets modernity. We both share the same vision of developing a diversified and sustainable economy, and most importantly, of becoming a leading I&T hub in our respective regions.

Today I am happy to have this opportunity to update you about Hong Kong's flourishing development in innovation and technology and how we are playing the role as a "super value-adder" to bridge Mainland China and the rest of the world, particularly the UAE and the Middle East, for fostering global I&T collaboration and development.

Soon after the current-term Government took office, we published the Hong Kong Innovation and Technology Development Blueprint in December 2022, which sets out key development directions and strategies for Hong Kong in moving in full steam towards the international innovation and technology centre.

This vision is underpinned by the unwavering support from our motherland, our strategic role in the Belt and Road Initiative, the opportunities brought by our national development of the Guangdong-Hong Kong-Macao Greater Bay Area, GBA in short, and more importantly, our unique advantages Hong Kong can enjoy under the principle of "one country, two systems".

With global economic gravity shifting gradually from West to East, economies in Asia, especially the Mainland China, are playing a pivotal role in driving global I&T growth and hereby bringing enormous opportunities.

Strategically located in the centre of Asia on Mainland China's doorstep, Hong Kong is a key node city of the Belt and Road and has the best gateway to the Mainland China or even Asia market. With the easy accessibility supported by our world-class infrastructure, it only takes a few hours from Hong Kong to most of the major Asian cities and only one hour to commute Hong Kong and all major cities in the Greater Bay area, including Shenzhen and Guangzhou.

We are a well-known international financial and trade centre, thanks to our free trade policy, robust legal system, simple tax regime, diversified financing channels and comprehensive professional services. All these factors have contributed to Hong Kong's success and international reputation, providing fertile ground for Hong Kong to grow into one of the most vibrant innovation hubs in the region.

Our I&T Development Blueprint as I've just mentioned, has clearly identified life and health tech, AI and data science, as well as new energy and advanced manufacturing industries as our strategic tech industries. In the past few years, we have adopted a multi-pronged approach to attract talent and enterprises of relevant sectors from around the globe to set foot in Hong Kong. Now please allow me to highlight some of the key initiatives that we have introduced to boost the development of these industries.

With solid research capabilities, Hong Kong is home to five top 100 universities, top notch medical schools and research laboratories, as well as many world class experts and scholars. To capitalise on our strength, we have earmarked six billion Hong Kong dollars, approximately 770 million US dollars, to subsidise local universities in collaborating with Mainland China and overseas organisations to set up life and health research and development institutes.

We are also establishing an AI supercomputing centre in Hong Kong Cyberport to support the unprecedented demand on computing power for AI development. The first phase of this strategic digital infrastructure is expected to start operating within this year at the earliest. We will allocate another three billion Hong Kong dollars, which is about 390 million US dollars, to launch a three-year funding scheme specifically for AI to support the development of the AI ecosystem in Hong Kong.

The whole is greater than the sum of its part. This is a perfect description of the powerful synergy created by the GBA market. You may wish to know that the Shenzhen-Hong Kong-Guangzhou science and technology cluster has been ranked the second among the world's top 100 clusters for the fourth consecutive year based on the Global Innovation Index 2023.

Through solidifying bilateral I&T co-operation and partnership, Hong Kong can serve as a springboard for the start-up and enterprises of the UAE

to enter the GBA, Mainland China and Asian markets. On the other hand, Hong Kong tech companies can also make full use of the UAE as a gateway to expand their business and tap into the prosperous Middle East market. There are so many opportunities and possibilities for the collaboration between Hong Kong and the UAE in a wide range of tech areas, including AI, Healthtech, Greentech, Fintech, smart city and so on.

It is often said that technology is a double-edged sword. This makes global I&T collaboration particularly important, not only to seize the opportunities it brings, but also to address the challenges it poses. We stand ready to promote Hong Kong's unique role as a "super value-adder", and to make good use of our distinctive advantage of being "backed by the motherland, and connected to the world", to create value in enhancing mutually beneficial partnership with friends in the international community.

Before I close, I would like to express my gratitude to the Hong Kong Economic and Trade Office in Dubai and the Hong Kong Trade and Development Council for jointly organising this luncheon today. I am confident that the I&T exchanges between Hong Kong and the UAE will expand and continue beyond today's luncheon. I would like to invite all of you to come to Hong Kong to experience the vivid I&T atmosphere of the city and explore boundless business opportunities. From here, let us sow the seeds of I&T collaboration to cultivate a more vibrant global I&T ecosystem for a brighter future.

Thank you again for joining us today. May I wish you fruitful exchanges in the following time, and may the I&T partnership between Hong Kong and the UAE flourish like the desert blooms after the rain. Thank you very much.

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## **HKSAR Government strongly disapproves of and condemns false reports by Bloomberg on Basic Law Article 23 legislation**

The Hong Kong Special Administrative Region (HKSAR) Government today (March 6) strongly disapproved of and condemned Bloomberg's news headlines "HK says Telegram should be prohibited in Article 23 proposal" and "HK says Signal should be prohibited in Article 23 proposal", and its report headlined "HK Security Law Public Consultation Lists Facebook, YouTube Ban", which falsely reported that the HKSAR Government would legislate to ban the operation of the mentioned platforms in Hong Kong, thereby generating misunderstanding and panic regarding the legislative proposals on Article 23 of the Basic Law.

The HKSAR Government solemnly stated that it has not proposed to ban the operation of any social media, video sharing or streaming platforms in Hong Kong.

A spokesman for the HKSAR Government said, "The annex to the relevant Legislative Council document covers a summary of written submissions received during the public consultation period by the HKSAR Government. The content of the annex spans 75 pages. However, the report in question only one-sidedly handpicked three entries of submissions received among all others and completed it with a biased headline, attempting to mislead the international community and members of the public in the HKSAR in believing that the HKSAR Government is going to accept such views or to prohibit the relevant platforms from operating in the HKSAR. Its intention is indeed suspicious. The fake news as published by Bloomberg has undermined its trustworthiness and credibility in the media sector. We request Bloomberg to ensure that future reports concerning the Basic Law Article 23 legislation would be fair and just to avoid any further misunderstanding by its readers.

"As repeatedly stressed by the HKSAR Government, the Basic Law, and the relevant provisions on safeguarding rights and freedoms of individuals in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, including those on the freedom of speech, will also apply to the proposed local legislation on safeguarding national security. Article 4 of the Hong Kong National Security Law clearly stipulates that human rights shall be respected and protected while safeguarding national security in the HKSAR. During the legislation, the HKSAR Government will adhere to the relevant international standards in safeguarding human rights and freedoms. The HKSAR Government will make due reference to the views received during the public consultation and strive to finalise the Safeguarding National Security Bill soonest for introduction to the Legislative Council for scrutiny."

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## **Special inspection exercise targeting bamboo scaffolding work**

The Labour Department (LD) completed a two-week special inspection exercise targeting construction sites with large-scale bamboo scaffolds on March 5. During this exercise, the LD inspected 292 construction sites across the territory, with 256 written warnings, 195 improvement notices and six suspension notices issued as well as 14 prosecutions initiated. The unsafe matters mainly involved bamboo scaffolding work, work-at-height and lifting operations.

A spokesman for the LD said today (March 6), "During the exercise, the LD detected structural defects on some bamboo scaffolds, which may lead to

collapses. In addition, some contractors failed to take adequate steps, such as failure to provide safe working platforms and safe access and egress, to prevent workers from falling from height. To ensure the bamboo scaffolding work safety, contractors shall comply with the requirements as stipulated in the occupational safety and health legislation and the Code of Practice for Bamboo Scaffolding Safety."

The spokesman added, "Based on our experience, March is a usual month in the first quarter of each year with a higher number of fatal accidents. To prevent recurrence of accidents, the LD reminds contractors and employers once again to remain vigilant and take adequate safety measures to safeguard the work safety of their employees. To be considerate, employees should also co-operate with their employers and implement relevant safety measures."

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## **Gazettal of Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Bill 2024**

The Inland Revenue (Amendment) (Tax Concessions and Two-tiered Standard Rates) Bill 2024 will be gazetted on March 8. The Bill seeks to implement the one-off tax concessions and two-tiered standard rates regime as proposed in the 2024-25 Budget, and to give effect to the measure announced in the 2023 Policy Address to increase the deduction ceiling amounts for home loan interest and domestic rents for eligible taxpayers to provide support to families with new born children.

The Budget has proposed one-off reductions of salaries tax, tax under personal assessment and profits tax for the year of assessment 2023/24 by 100 per cent, subject to a ceiling of \$3,000 per case. The reductions will be reflected in taxpayers' final tax payable for the year of assessment 2023/24. The proposals will benefit 2.06 million taxpayers chargeable to salaries tax and tax under personal assessment as well as 160 000 tax-paying businesses. The total government revenue forgone in 2024-25 is estimated to amount to about \$5,531 million.

The Budget has also proposed implementing a two-tiered standard rates regime for salaries tax and tax under personal assessment starting from the year of assessment 2024/25. In calculating the amount of tax for taxpayers whose net income exceeds \$5 million and whose salaries tax or tax under personal assessment is to be charged at a standard rate, the first \$5 million of their net income will continue to be subject to the standard rate of 15 per cent, while the portion of their net income exceeding \$5 million will be subject to the standard rate of 16 per cent. It is expected that about 12 000 taxpayers will be affected, accounting for 0.6 per cent of the total number

of taxpayers chargeable to salaries tax and tax under personal assessment. The government revenue will increase by about \$905 million each year.

In addition, the 2023 Policy Address has announced raising the deduction ceiling amounts for home loan interest and domestic rents to provide support to families with new born children. Starting from the year of assessment 2024/25, the deduction ceiling for home loan interest or domestic rents will be raised from \$100,000 to \$120,000 for eligible taxpayers under salaries tax and tax under personal assessment who are residing with children born on or after October 25, 2023. The additional deduction ceiling amount (i.e. \$20,000) can be claimed for a maximum of 19 years of assessment. The proposed measure will reduce government revenue by about \$5.6 million in the first year of implementation. The revenue forgone will gradually increase to about \$106 million per annum in the 19th year after implementation and beyond.

The Bill will be introduced into the Legislative Council on March 20.

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## **Business registration fees to be adjusted and business registration levy to be waived**

The Government served a notice to the Legislative Council today (March 6) to move a resolution under the Business Registration Ordinance (Cap. 310) (BRO) to increase business registration fees with effect from April 1, 2024. The Government will also publish in the Gazette on March 8 the Business Registration Ordinance (Amendment of Schedule 2) Order 2024 (BRO Order) to increase branch registration fees and to waive the business registration levy of \$150 payable to the Protection of Wages on Insolvency Fund for two years.

The BRO requires every person who carries on a business in Hong Kong to apply for business registration and pay a business registration fee at the prescribed amount within one month from the date of commencement of the business. There are two types of business registration certificate, namely the one-year certificate and the three-year certificate. In view of the fact that business registration fees have remained unchanged for close to 30 years, the 2024-25 Budget has proposed to increase the business registration fees by \$200 to \$2,200 per annum (i.e. an increase of 10 per cent), with effect from April 1, 2024. In line with the proposed increase in the business registration fees, the branch registration fee, which is payable by each branch of a business that applies for business registration, will also increase by 10 per cent. The current and proposed business registration and branch registration fees are at Annex.

In addition to the business registration fee or branch registration fee,

a business operator is required to pay a levy (\$150 per annum) in respect of each business or branch registration to finance the Protection of Wages on Insolvency Fund. To relieve the impact of the increase in business registration fees and branch registration fees on businesses, and in view of the stable financial position of the Fund, the 2024-25 Budget has proposed to waive the levy of \$150 for two years starting from April 1, 2024. The relevant changes are set out at Annex.

To implement the proposed business registration fees with effect from April 1, 2024, the Secretary for Financial Services and the Treasury will move a resolution pursuant to section 18(1) of the BRO at the Legislative Council on March 27. To give full force and effect of law to the resolution before it is passed by the Legislative Council, the Public Revenue Protection (Business Registration) Order 2024 has been made by the Chief Executive. Moreover, the Financial Secretary has made the BRO Order pursuant to section 18(2) of the BRO to implement the proposed increase in branch registration fees and the two-year waiver of the levy. The BRO Order will be published in the Gazette on March 8 and tabled at the Legislative Council for negative vetting on March 13.

It is estimated that the above proposals of adjusting business registration fees and branch registration fees will increase government revenue by about \$295 million per annum.