

# Budget Speech by the Financial Secretary (7)

## Healthcare Industry

### Train and Pool Healthcare Professionals

126. In recent years, the Government has increased the number of medical training places on several occasions. The number of places will increase to 650 in the 2025/26 academic year. The public healthcare sector will leverage the revised legislative framework to admit non-locally trained healthcare professionals.

### Enhance Regulation for Drugs and Medical Devices

127. The Government will, in the first half of this year, put forward the timetable for establishing the Hong Kong Centre for Medical Products Regulation and the roadmap towards adoption of "primary evaluation". We will also formulate strategies and measures to facilitate R&D of drugs and medical devices.

### Third Medical School

128. The Task Group on New Medical School has invited local universities interested in setting up the third medical school to submit proposals. It expects to complete assessment and formulate recommendations to the Government this year. We will set aside resources to support universities in the development of the new medical school on a matching basis.

## Cultural and Creative Industries

129. The Government is committed to promoting the development of cultural and creative sectors as industries. A cumulative total of over 780 projects, some of which with potential for industrialisation, have been approved under the CreateSmart Initiative, involving a total funding of about \$3.4 billion and benefiting more than 30 000 SMEs. To foster the vibrant development of the local creative industry chain, OASES will strategically attract to Hong Kong more cultural and creative enterprises that integrate I&T into their work.

### Large-scale Art Events

130. The inaugural Hong Kong Performing Arts Expo concluded in October last year, featuring over 1 600 arts leaders and practitioners from more than 60 countries and regions. We will organise the second edition of the Expo next year, transforming the event into a flagship of our arts and cultural industries.

131. The Government will continue to attract and support the staging of international or large scale arts and cultural events in Hong Kong through the Mega Arts and Cultural Events Fund, with a view to promoting the

development of Hong Kong as an East meets West centre for international cultural exchange. We have updated the assessment criteria to require funded events to help promote tourism and bring economic benefits.

#### Development of Film Industry

132. The Government has always been a staunch supporter to the development of the film industry. A cumulative total of over \$1.3 billion has been approved by the Film Development Fund to support more than 120 film projects. These projects involved more than 110 new directors and producers, and the relevant films have won more than 180 awards. The Fund has also launched the Film Financing Scheme for Mainland Market to encourage Hong Kong film companies and Mainland cultural enterprises to invest in and promote productions by Hong Kong directors.

#### Cultural Intellectual Property

133. The Government will support cultural IP creators and producers to propel more than 30 cultural IP projects cumulatively in the coming five years. We are fostering more cross-sectoral collaboration within the cultural and creative sectors so as to enhance the communication power and sales value of cultural IP products.

#### Tourism Industry

134. Tourism boosts local economic development and creates employment opportunities. To pursue the concept of "tourism is everywhere" and implement the Development Blueprint for Hong Kong's Tourism Industry 2.0, I will allocate \$1,235 million to the Hong Kong Tourism Board (HKTB) in the coming year.

135. The HKTB will collaborate with more international brands to tell the good stories of Hong Kong's tourism. For example, the HKTB signed a three-year global strategic partnership agreement with Art Basel to establish immersive experience zones of Hong Kong culture in all four annual Art Basel shows around the world, strengthening Hong Kong's connection with the global art scene.

136. We will step up efforts to promote a series of distinctive tourism products such as eco tourism, panda tourism, horse-racing tourism, etc, to enrich travel experiences in Hong Kong.

137. The HKTB will continue to support the staging of more meetings, incentive travels, conventions and exhibitions in Hong Kong, which are expected to bring about 183 000 additional visitor arrivals and spending of about \$1.4 billion.

138. I have earmarked resources to strengthen support to the cruise industry, encouraging cruise lines to increase their number of ship calls to Hong Kong, make overnight calls and use Hong Kong as the homeport. We will provide cruise lines with more concessions to attract cruise ships to berth at the Kai Tak Cruise Terminal during the low season.

## Mega Event Economy

139. We will continue to promote and publicise Hong Kong as a mega events capital globally, attract more tourists to Hong Kong and enhance their tourism experience during their stay.

140. Kai Tak Sports Park is the largest ever sports infrastructure in Hong Kong with the 50 000-seat Stadium. Large scale sports and entertainment events will be held in the Park, thereby driving visitation and spending.

141. The Government has been supporting the staging of major international sports events in Hong Kong through "M" Mark System. We will adopt a more strategic approach in continuously attracting sports events which can bring significant economic benefits to Hong Kong, and are in discussion with LIV Golf which has been held in Hong Kong for two consecutive years to explore long-term partnership. Announcement will be made shortly.

## Seize Opportunities Arising from Resumption of Multiple entry Individual Visit Scheme

142. The Government of the HKSAR expresses great gratitude to the Central Government for resuming at the end of last year the multiple entry Individual Visit Endorsements for Shenzhen permanent residents and expanding the arrangement to Shenzhen residence permit holders. Since the implementation of the new measure, more than 700 000 visitors have travelled to Hong Kong on multiple entry Individual Visit Endorsements.

143. Thanks to the new measure and with an increase in the number of overseas travellers, the city bustles with activities. Retail, catering and other sectors all reported growth in business volume during the recent Christmas and New Year holidays. The Government will make good use of the various measures that benefit Hong Kong to proactively promote the development of Hong Kong's tourism industry.

## Develop Visitor Sources from the Middle East and ASEAN

144. In collaboration with the HKTB, the Government will make extra efforts to develop markets in the Middle East and ASEAN to attract more high end visitors. The Government is encouraging various sectors of the community to enhance tourism support facilities, such as providing worship facilities in hotels and stepping up staff training to strengthen the industry's understanding of the visitors' different cultural backgrounds.

## Smart Tourism

145. The HKTB will enhance the one stop travel information platform, Discover Hong Kong to provide a "Live Travel Map" and a "Smart Itinerary Planner" so as to provide visitors with more comprehensive and personalised itinerary suggestions, travel information and offers.

## Leverage Harbourfront Resources

146. We are making every effort to enhance the harbourfront on both sides of

the Victoria Harbour. The recently opened western section of the East Coast Boardwalk in North Point has been popular among the public. The eastern section of the Boardwalk, the Hung Hom Urban Park (Phase 2) and the open space at Eastern Street North in Sai Ying Pun will also be completed this year. We will set up refreshment stalls at harbourfront locations in Central, Wan Chai, North Point and Tsim Sha Tsui this year to enrich visitor experience.

147. The Government has invited the Mass Transit Railway Corporation Limited to conduct a study to develop the waterfront and former pier sites to the south of Hung Hom Station into a new harbourfront landmark. It will include iconic commercial and residential developments, retail, dining and entertainment facilities, as well as yacht club for promoting yacht tourism. We will put forward land use proposals in the middle of this year.

#### Education Industry

148. Hong Kong's post secondary education sector is highly international and diversified. We boast five of the world's top 100 universities and a pool of first rate R&D talent. We will launch a new round of Research Matching Grant Scheme totalling \$1.5 billion to attract more organisations to support research endeavours of institutions.

149. The Government will host more international education conferences and exhibitions to highlight Hong Kong's position as an international post-secondary education hub. We will step up promotion of the "Study in Hong Kong" brand to attract more outstanding non-local students. The quota of the Hong Kong PhD Fellowship Scheme will be increased to 400 places per year.

150. Self-financing post-secondary institutions complement publicly-funded institutions in providing diversified articulation pathways for young people. The Government has launched a new round of the Land Grant Scheme and the Start-up Loan Scheme, under which land sites are granted at nominal premium with interest-free loans, so as to support capacity expansion and quality enhancement of self-financing institutions.

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## **LCQ11: Prevention of telephone fraud**

Following is a question by Dr the Hon Dennis Lam and a written reply by the Secretary for Commerce and Economic Development, Mr Algernon Yau, in the Legislative Council today (February 26):

Question:

The Office of the Communications Authority announced at the end of last year that starting from December 31 last year, local mobile service providers would play a voice alert message to local users for calls made from newly

activated local prepaid Subscriber Identification Module (SIM) cards, stating, "This call is made from a new prepaid SIM card", so as to further assist members of the public in staying vigilant against suspicious calls. On the other hand, it has been reported that the number of telephone fraud cases has remained high since the Government introduced the Real-name Registration Programme for SIM Cards. In this connection, will the Government inform this Council:

- (1) whether it has estimated the effectiveness of the aforesaid voice alert measure;
- (2) of the number of telephone fraud cases received by the Police last year and the total amount of money involved;
- (3) of the respective numbers of cases received by the Police last year concerning the purchase and registration of local SIM cards using false identity documents, and the sale of SIM cards registered in the names of others;
- (4) of the respective numbers of cases in which telecommunications service providers rejected SIM card registration requests and deregistered suspicious SIM cards last year;
- (5) of the number of cases received by the Police last year concerning the use of artificial intelligence image synthesis technology to create falsified images and commit fraud through video calls; and
- (6) the number of downloads of "Scameter+" since its launch, and the number of suspicious calls it has successfully blocked?

Reply:

President,

The Real-name Registration Programme for SIM Cards (RNR Programme) has been fully implemented since February 24, 2023, requiring that all SIM cards issued and used locally (including SIM service plans and pre-paid SIM cards (PPS cards)) must complete real-name registration before service activation. The RNR Programme helps plug the loophole arising from the anonymous nature of PPS cards used in conducting illegal activities in the past, and assists law enforcement agencies in the detection of crimes involving the use of PPS cards (including phone deception). To combat phone deception, the Office of the Communications Authority (OFCA) has been collaborating with the Hong Kong Police Force (Police) and telecommunications operators to devise and implement a series of measures from the telecommunications services perspective to combat such illegal activities by tackling the problem at source. Regarding the question raised by Dr the Hon Dennis Lam, having consulted the Security Bureau, the Police and OFCA, our reply is as follows:

- (1) and (4) To assist the public in guarding against suspicious calls, local mobile service providers have been required since December 31 last year to

send voice alerts to local mobile and fixed service users for calls made from newly activated local PPS cards to raise users' awareness of suspicious calls. The voice alerts are applicable to newly activated local PPS cards while the SIM service plans are not affected. The measure has been implemented for about two months and has been operating smoothly overall. OFCA will continue to review the implementation of the measure, and make appropriate adjustments as necessary to ensure its effective implementation.

In addition, to ensure the effective implementation of the RNR Programme, OFCA has been requiring telecommunications operators to continuously enhance their registration platforms taking into account the implementation experiences, including the request for telecommunications service providers to adopt "iAM Smart" as the default registration method for Hong Kong identity (HKID) card holders under the RNR Programme since October last year or otherwise, telecommunications operators must manually verify the registration information submitted upon receipt of a registration request for completing the necessary procedures before activating the PPS cards. At the same time, telecommunications operators have to conduct full manual verification of the registration information submitted on the online registration platforms by all non-HKID holders (e.g. holders of valid travel documents or passports) for PPS cards. Moreover, telecommunications operators are required to conduct regular sampling checks on the registration information of registered PPS card users and manual checks on suspected cases. If users subject to sample checks are unable to verify the registration information following the instructions of the respective telecommunications service providers, the relevant PPS cards may be deregistered and cannot be used further.

Since the implementation of the RNR Programme, as of the end of January this year, around 4.1 million PPS cards were rejected as the clients failed to provide information in compliance with the registration requirements. In addition, telecommunications operators have cancelled the registration records of about 3.2 million non-compliant PPS cards. OFCA will continue to maintain close liaison with telecommunication operators and will refer any suspicious cases to the Police for follow-up action as soon as possible.

To further enhance the RNR Programme, the Government is reviewing the overall implementation of the RNR Programme, including the limit on the number of PPS cards, as well as prohibiting the resale of registered SIM cards. The Government plans to introduce the relevant legislative amendments to the Legislative Council within this year.

(2) and (3) The Police received a total of 9 204 telephone deception cases in 2024, involving a total amount of \$2.91 billion. The Police does not keep statistics on the number of cases concerning the purchase and registration of local SIM cards using false identity documents or the sale of SIM cards registered in the names of others.

(5) and (6) The Police received a total of three fraud cases related to deepfake technology in 2024, involving fraudsters impersonating senior executives of companies to lure victims to make money transfers, and cases of

deepfake technology being used to lure victims in Hong Kong, the Mainland and various places in Southeast Asia to invest in cryptocurrencies.

In addition, the Police launched a one-stop scam and pitfall search engine, Scameter, in September 2022, and a mobile application version, "Scameter+", in February the following year, to help members of the public distinguish suspicious online platform accounts, payment accounts, telephone numbers, email addresses, websites, etc, and to provide anti-fraud tips. As of the end of last year, "Scameter+" had been downloaded for over 874 000 times, and had alerted users to over 90 000 suspicious calls and over 600 000 suspicious websites. In addition, since September 2022 and up to the end of last year, the Police have asked telecommunications operators to block more than 8 300 local and non-local suspicious telephone numbers and nearly 30 000 suspicious website links.

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## [Budget Speech by the Financial Secretary \(6\)](#)

International Trade Centre

105. As an international trade centre, Hong Kong capitalises on unique advantages and reinforces connectivity, and serves as a bridge linking the Mainland and global markets. It provides high-standard professional services for international trade, helping our country promote the new development pattern of "dual circulation".

Multinational Supply Chain Management Centre

106. HKTDC and InvestHK jointly encourage Mainland enterprises to establish a foothold in Hong Kong and set up international or regional headquarters for managing offshore trading and supply chain, thereby assisting these enterprises in going global and planning supply chains and industry chains. HKTDC will provide them with one-stop professional consulting services to help them establish market connections and understand laws and regulations in overseas markets.

107. Hong Kong serves as an important regional trade financing centre. The outstanding trade finance by banks has reached \$380 billion, about 40 per cent of which provide financing for merchandise trade outside Hong Kong. The Trade Financing Liquidity Facility recently introduced by HKMA and PBoC also provides greater flexibility for RMB trade financing. In addition, the Hong Kong Export Credit Insurance Corporation will provide credit insurance for export services relating to multinational supply chain to render more comprehensive support to enterprises seeking to go global.

108. The Government will make reference to the Model Law on Electronic

Transferable Records advocated by the United Nations Commission on International Trade Law and consider legislative amendments to facilitate digitalisation of trade documents. We will submit the relevant legislative proposal to LegCo next year.

#### Network Expansion

109. To expand our trade network and attract more inward investment and enterprises from the Global South markets to Hong Kong, the Government is following up actively with the governments of Malaysia and Saudi Arabia on the establishment of Economic and Trade Offices in these two countries. In addition, InvestHK has established consultant offices in Cairo, Egypt and Izmir, Türkiye. HKTDC has also set up a consultant office in Cambodia.

110. We are exploring the signing of investment agreements with Saudi Arabia, Bangladesh, Egypt and Peru, and conducting negotiations with 17 countries on Comprehensive Avoidance of Double Taxation Agreements.

#### Strengthen Co-operation with Belt and Road Countries

111. Hong Kong will continue to utilise our role as a functional platform for the Belt and Road (B&R) Initiative. We, together with business and professional services sectors, will continue to further cultivate the ASEAN and Middle East markets, and explore opportunities in Central Asia, South Asia and North Africa. HKTDC will strengthen B&R project matching, particularly on green development and I&T.

112. The B&R Summit is a flagship platform for Hong Kong to participate in and contribute to the B&R Initiative. The 10th Summit will be organised in September and we will encourage different sectors to hold events around the Summit period for enhancing synergies.

#### Supporting Local Enterprises

113. To support the development of local enterprises and help them go global, we will inject \$1.5 billion in total into the Dedicated Fund on Branding, Upgrading and Domestic Sales and the Export Marketing and Trade and Industrial Organisation Support Fund, and streamline application arrangements. CEDB will announce details later.

114. The Government has been providing loan guarantees to businesses through the SME Financing Guarantee Scheme. As at the end of last year, a total of over \$288 billion of loans has been approved under the Scheme, benefitting nearly 65 000 small and medium enterprises (SMEs). To meet the financing needs of SMEs during transformation, we relaunched the principal moratorium arrangement in November last year for one year, allowing enterprises to apply for principal moratorium for up to 12 months.

115. In addition, many banks have joined the Taskforce on SME Lending jointly established by HKMA and the Hong Kong Association of Banks, committing to making flexible arrangements as far as practicable to ease the cash flow burden on SMEs. The funds dedicated for SME financing in the participating banks' loan portfolios have recently been increased to over \$390 billion.

116. To further assist local SMEs in tapping into the Mainland market and increasing sales from electronic commerce (e-commerce) markets, HKTDC will launch the "E-Commerce Express" in collaboration with large-scale e-commerce platforms to provide Hong Kong enterprises with one-to-one consultation services and thematic seminars. HKTDC will also enhance its mentorship scheme together with the Trade and Industry Department. By doing so, local enterprises will better leverage e-commerce and online shopping platforms in the Mainland to boost sales. In addition, HKTDC will organise the second edition of the Hong Kong Shopping Festival.

#### International Maritime Centre

117. Hong Kong is a leading international maritime centre. The Government will continue to embrace changes and adopt an innovative spirit to create a stronger impetus for the development of the industry.

#### Establish Hong Kong Maritime and Port Development Board

118. The Government will establish the Hong Kong Maritime and Port Development Board this year to strengthen relevant research, promotion and manpower training to facilitate the sustainable development of the international maritime centre.

#### High Value Added Maritime Services

119. In the past few years, the Government has introduced a series of tax measures conducive to the development of the maritime industry. In light of changes of international tax rules, we are enhancing these measures, including introduction of tax deduction on ship acquisition cost for ship lessors under an operating lease. To drive the development of maritime services, we also propose to provide half-rate tax concession to eligible commodity traders. We will introduce a bill into LegCo in the first half of next year.

#### Modern Logistics Development

120. The Government endeavours to identify and release suitable logistics sites. The first of such logistics sites in the vicinity of the Kwai Tsing Container Terminals has just been disposed of by public tender. Meanwhile, the Government initiated a study on the development model for logistics sites in the NM in order to develop modern logistics clusters. Findings of the study are expected to be announced this year.

#### Smart Port

121. To develop smart port, the Government has set aside \$215 million to install the port community system, with a view to enhancing the flow of data among stakeholders in the maritime, port and logistics industries. We will seek funding approval from LegCo this year.

#### International Aviation Hub

122. The Hong Kong International Airport (HKIA) connects to nearly 200 global

destinations. Daily passenger throughput and number of aircraft movements have largely returned to pre pandemic level. Air cargo throughput has topped the global ranking for multiple years. The HKIA Three-Runway System was commissioned at the end of last year, while the related passenger facilities will commence operation by phases from the end of this year.

#### Airport City

123. The Airport Authority Hong Kong (AA) has just promulgated a development plan for expanding the Airport City. With the aviation industry as its focal point, the Airport Island as well as the land and waters in its vicinity will be utilised for the development of a new highlight project encompassing high end commercial, art, tourism and leisure activities.

#### Facilitate C919's Entry to International Aviation Market

124. In January this year, our country's home developed aircraft C919 was officially deployed for scheduled flights between Hong Kong and Shanghai. The inaugural flight outside of the Mainland signified a major breakthrough for home developed aircrafts to go global. Hong Kong will help C919 enter the global market. The Hong Kong International Aviation Academy will expand its training programmes to cover C919 aircraft related aspects.

#### Aircraft Parts Processing and Trading Centre

125. Under the co-ordination of InvestHK, the AA has signed a Memorandum of Understanding with a leading overseas professional aeronautic services company to explore the possibility of providing professional services such as aircraft dismantling, parts recycling and related training in Hong Kong, thereby developing Hong Kong into the first aircraft parts processing and trading centre in Asia.

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## **Budget Speech by the Financial Secretary (5)**

#### Strengthening Industries with Competitive Edge

72. It is imperative for Hong Kong to leverage on its strategic positioning as the "three centres and a hub" and make good use of the advantages of "one country, two systems". With the resolute support of our country, we must consolidate and strengthen industries with clear advantages whilst actively nurturing and developing new industries, injecting new impetus to Hong Kong's economy such that Hong Kong could contribute to the Chinese path to modernisation while realising faster and better development.

#### International Financial Centre

73. Last year, Hong Kong ranked among the top three international financial centres (IFC) and the top four initial public offering markets in the world. The Hong Kong stock market has been buoyant since the beginning of this year. Total assets under management amounted to over \$31 trillion, with over half of the funding sourced from investors outside. The offshore Renminbi (RMB) liquidity pool has expanded to approximately RMB1.1 trillion.

74. The key to consolidating and enhancing the strengths of Hong Kong as an IFC lies in institutional innovation, product innovation, a critical mass of enterprises and financial connectivity. Over the past few years, institutional reforms to the capital market, including establishing listing avenues for new economy and technology enterprises with weighted voting rights structures, facilitating fundraising by overseas issuers, etc., coupled with the Government's active efforts in attracting new capital overseas and expanding new markets, have injected impetus to the Hong Kong market and improved its liquidity. We are pressing ahead with high-quality development of Hong Kong's international financial market to create more new growth areas.

Securities and derivatives market

Facilitating financing of overseas enterprises and specific products

75. The Association of Southeast Asian Nations (ASEAN) is an important economic region that continues to grow. A number of enterprises from ASEAN are seeking to apply for listing in Hong Kong, covering businesses in areas such as biotechnology, integrated logistics, mining, etc.

76. HKEX will step up its promotion in ASEAN and the Middle East, and actively explore areas of co-operation with countries in the region, including the listing of exchange-traded funds, to enrich the investment product choices in mutual markets and promote two-way capital flows. HKEX will also strive to increase the number of overseas recognised exchanges to facilitate more overseas companies' secondary listing in Hong Kong.

77. In order to facilitate more private equity funds to list in Hong Kong, SFC has clarified the relevant regulatory requirements to encourage sizeable alternative asset funds with regular income streams to raise funds. In addition, HKEX will put forward recommendations to enhance the issuance mechanism of structured products with a view to providing greater flexibility for product listing and trading.

Improving trading and risk management efficiency

78. We will continue to advance reforms to the trading mechanism. HKEX will gradually introduce new functions to its post-trade system from the middle of this year and conduct system upgrades to ensure technical compatibility with the T+1 settlement cycle by the end of this year, and complete advance preparations for shortening the settlement cycle.

79. Riding on the reduction in minimum price spreads to be implemented in the middle of this year, HKEX is reviewing with the SFC the trading unit system,

or the so-called "board lot" system, and will put forward proposed enhancements this year, so that trading arrangements can better meet liquidity characteristics of shares of different sizes and investment needs, as well as facilitate trading and improve efficiency.

80. We have submitted the subsidiary legislation with regard to the implementation of the uncertificated securities market regime to LegCo. The SFC and HKEX are working closely with the industry to carry out system upgrades and technical preparations, with a view to implementing the regime early next year.

81. To meet the risk management needs of investors, the SFC will consult the market on the proposal to increase the position limits for key index derivatives, so as to enhance flexibility for investors to use the relevant derivatives while safeguarding financial safety.

Taking forward reforms to the listing regime

82. To dovetail with the latest economic trends and corporate needs, we will review listing requirements and post-listing ongoing obligations, evaluate listing-related regulations and arrangements to improve the vetting process, optimise the thresholds for dual primary listing and secondary listing, and review the market structure, including exploring the establishment of a post-delisting over-the-counter trading mechanism.

Fixed Income and Currency Hub

83. The SFC and the HKMA have set up a task force to formulate a roadmap, covering the development of primary and secondary bond markets and foreign exchange markets, as well as infrastructural enhancement. We will also organise a flagship forum in the second half of this year to promote Hong Kong's strengths in this regard.

84. The Government will conduct research into the current legal and regulatory regime related to the issuance and transactions of digital bonds and explore enhancement measures to promote the wider adoption of tokenisation in Hong Kong's bond market.

85. The Government will regularise the issuance of tokenised bonds. The HKMA is preparing for issuing the third tranche of tokenised bonds, and will continue to encourage digital bonds issuances through the Digital Bond Grant Scheme, while actively exploring tokenising traditional bonds issued.

Asset and Wealth Management Centre

86. We have been striving to foster the development of the asset and wealth management industries. Measures implemented include enhancements to the Cross-boundary Wealth Management Connect in the GBA, Exchange-traded Fund (ETF) Connect, and the Mainland-Hong Kong Mutual Recognition of Funds arrangement.

87. We will formulate proposals on the preferential tax regimes for funds, single family offices and carried interest this year, including expanding the

scope of "fund" under the tax exemption regime, increasing the types of qualifying transactions eligible for tax concessions for funds and single family offices, enhancing the tax concession arrangement on the distribution of carried interest by private equity funds, etc.

88. We will continue to attract global capital to Hong Kong and develop a vibrant ecosystem for family offices. InvestHK has assisted over 160 family offices in setting up operations or expanding their businesses in Hong Kong. We will be hosting the third edition of the Wealth for Good in Hong Kong Summit shortly under the theme "Hong Kong of the world, for the world", showcasing Hong Kong's strengths as a global hub for family offices.

#### Offshore RMB Business Centre

89. With the prudent and steady progress of RMB internationalisation, Hong Kong, as an offshore RMB business hub, will continue to enhance offshore RMB liquidity, improve the relevant infrastructure, and provide more investment products and risk-management tools.

90. The Government promotes the formation of the offshore RMB yield curve by regularly issuing RMB bonds of different tenors. The Hong Kong RMB Clearing Bank has been offering 24-hour cross-border clearing service since last year, bringing convenience to banks and customers in different time zones.

91. The current size of the Currency Swap Agreement between the HKMA and the People's Bank of China (PBoC) is RMB800 billion. The HKMA will launch an RMB Trade Financing Liquidity Facility for banks as a stable source of relatively lower-cost funds, so as to support banks in providing RMB trade finance services to their corporate customers. The new facility has a total size of RMB100 billion.

92. To promote trading of more stocks in RMB and improve market liquidity, both places are conducting technical preparations at full speed to implement the inclusion of RMB trading counter under Southbound trading of Stock Connect. In addition, HKEX is taking forward the single tranche multiple counter arrangement, including adopting the same International Securities Identification Number for dual-counter stocks, so as to enhance settlement efficiency. The Government has also been conducting preparatory work to allow the stamp duty payable on the transfer of stocks at RMB counters to be paid in RMB, with a view to putting forward a legislative proposal next year.

#### Mutual market access and co-development with the Mainland

93. We will enhance the mutual market access mechanism with the Mainland, including the issuance of offshore Mainland government bond futures in Hong Kong, and implementing block trading of stocks and inclusion of real estate investment trusts under the mutual access as soon as possible. We will also actively explore opportunities to introduce further expansion initiatives, extend the Cross-boundary Wealth Management Connect Scheme in the GBA, improve market liquidity, and enrich the risk management toolbox.

94. The Financial Services and the Treasury Bureau, together with OASES and

the HKTDC, will host the inaugural Hong Kong Global Financial and Industry Summit this year, which will pool together global enterprises, funds and technologies through financial empowerment, thereby elevating the level of international co-operation of industries. It will also attract more leading companies in advanced industries, domestic as well as overseas enterprises and investors to establish a foothold in Hong Kong.

95. To promote the connection of e-payment between the Mainland and Hong Kong, the PBoC and the HKMA are working closely to implement the linkage of faster payment systems of both places, with a view to providing round-the-clock real-time, small-value cross-boundary remittance service for residents in both places. The service is expected to be launched in the middle of this year at the soonest.

96. According to the "Second Agreement Concerning Amendment to the Mainland and Hong Kong Closer Economic Partnership Arrangement Agreement on Trade in Services", the restriction for the Mainland branches of Hong Kong banks to conduct bank card business will be lifted starting from next month. This will facilitate them in expanding their businesses in the Mainland.

## Fintech and Financial Innovation

### Virtual Asset Development

97. We have been actively developing the virtual asset ecosystem in Hong Kong in recent years, and have been at the forefront by establishing a framework that balances regulation and market development.

98. "Consensus", an annual flagship event of the sector, was successfully held in Hong Kong recently, bringing together a few thousands of industry elites and companies from across the world in virtual assets, blockchain, Web3 and fintech, etc. This is a manifestation of global confidence in Hong Kong's vibrant development in this area. During the event, the SFC also announced a roadmap on the virtual asset market.

99. We will soon promulgate a second policy statement on the development of virtual assets to explore how to leverage the advantages of traditional financial services and innovative technologies in the area of virtual assets, enhance security and flexibility of real economy activities, and encourage local and international companies to explore the innovation and application of virtual asset technologies. The Government will conduct consultation on the licensing regimes of virtual asset over-the-counter trading services and custodian services this year.

100. We have introduced into LegCo a bill to put in place a regulatory regime for issuers of fiat-referenced stablecoins. Upon the passage of the Bill, the HKMA will expedite the vetting of licence applications.

### Gold and Commodities

101. The Working Group on Promoting Gold Market Development will formulate a plan this year, covering measures to enhance storage facilities, optimise trading and regulatory mechanisms, expand exchange products, and conduct

market promotion. The measures will be implemented gradually.

102. London Metal Exchange, a subsidiary of HKEX, has included Hong Kong as its approved delivery point in January this year. Local warehouse operators have expressed interest in becoming its accredited warehouses. Relevant discussion is actively underway.

Non-traditional risk transfer

103. As an international risk management centre, Hong Kong has been providing diversified risk management tools. We are proactively promoting the development of insurance-linked securities by establishing a dedicated regulatory regime and launching a pilot grant scheme. To date, we have facilitated the issuance of six catastrophe bonds in Hong Kong, with issuance amount totalling over \$5.8 billion. The industry responded favourably to the pilot scheme, and we will extend it for three years.

MPF "Full Portability"

104. The Mandatory Provident Fund Schemes Authority will consult the public on specific proposals of MPF "Full Portability" this year and submit recommendations to the Government thereafter, such that MPF "Full Portability" can be launched soon after full implementation of the eMPF Platform.

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## [Budget Speech by the Financial Secretary \(4\)](#)

Northern Metropolis

Industries and Spatial Distribution

61. The NM is crucial to the social and economic development of Hong Kong, providing impetus for the development of the I&T industry, enabling more in-depth participation in the development of the GBA, while creating quality career development opportunities and living environment for our people. The Government will continue to accord priority in providing resources to this initiative. Major industries include:

(a) I&T: The Hong Kong Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (Hetao Co operation Zone), together with San Tin Technopole, will provide large tracts of I&T land to leverage complementary advantages with the Shenzhen Park of the Hetao Co-operation Zone. We will also introduce new policies to facilitate cross-boundary flows of innovative elements;

(b) High-end Professional Services and Modern Logistics: With the Shenzhen Bay Bridge and the Hong Kong-Shenzhen Western Rail Link connecting with Qianhai in Shenzhen under planning, Hung Shui Kiu/Ha Tsuen New Development Area (HSK/HT NDA) is positioned to become a high-end professional services hub for local, Mainland and overseas enterprises. Under the "East in East out, West in West out" strategy for cross-boundary goods movement between Hong Kong and Shenzhen, we will also plan logistics land strategically in the vicinity of boundary control points;

(c) Tertiary Education: To complement the development of Hong Kong's I&T industry and to promote Hong Kong as an international hub for tertiary education, we have reserved about 90 hectares of land in the NM for developing the Northern Metropolis University Town, including the third medical school; and

(d) Culture, Sports and Tourism: Apart from reserving land for cultural and sports facilities, the NM preserves traditional villages and historical and cultural resources. We will develop culture, sports and tourism industries, including promoting eco-tourism, in accordance with the unique characteristics of different localities.

#### Innovative and Diversified Land Development Approach

62. To press ahead with the NM development and bring in industries, and to benefit the economy and people's livelihood sooner, the Government will adopt a more diversified development approach with an innovative mindset, including piloting "large-scale land disposal". We are inviting the market to submit expressions of interest for three pilot areas under "large-scale land disposal", with the target of commencing tendering progressively from the second half of this year. We will also continue to identify suitable sites for private landowners to apply for in-situ land exchange for residential and industry developments.

#### Land for Innovation and Technology Use

##### The Hetao Shenzhen Hong Kong Science and Technology Innovation Co operation Zone

63. The Hetao Co-operation Zone is a major co-operation platform for GBA development. It provides unique advantages in areas such as policy innovation, flow of innovation elements and application of R&D projects. We attach great importance to its development.

64. The Hong Kong Park will enter into operational phase this year. The first three buildings of Phase 1 are about to complete and the first batch of tenants from life and health technology, AI, data science and other pillar industries will begin to move in this year.

65. I have earmarked \$3.7 billion to expedite the provision of infrastructure and public facilities of Phase 1 development of the Hong Kong Park. Meanwhile, we will identify suitable land parcels for invitation of private development proposals this year with a view to expediting the development by

leveraging market forces. Upon completion of the whole Hong Kong Park, its annual contribution to Hong Kong's economy is expected to reach \$52 billion, and about 52 000 job opportunities will be created.

### San Tin Technopole

66. The San Tin Technopole is an important project for promoting I&T. Twenty hectares of land will be delivered in phases, starting from 2026-27, for development and operation by the HKSTPC. The HKSTPC is carrying out a master planning study, which is expected to be completed in the third quarter of this year.

### Data Facility Cluster at Sandy Ridge

67. We commenced the procedures last year to re-zone a 10 hectare site at Sandy Ridge in the North District for use as data centres. The re-zoning procedures are expected to be completed in the middle of this year. We are actively making preparations for land disposal.

### Pressing Ahead with Land Development

68. Last year, we have commenced three major projects on second phase development for the Hung Shui Kiu/Ha Tsuen New Development Area (NDA), remaining phase development of Kwu Tung North/Fanling North NDA, and the site formation and engineering infrastructure works for the first batch of land in San Tin Technopole. This year, we will start the works of Yuen Long South NDA second phase development, complete the re zoning procedures for a data park site in Sandy Ridge, and finalise land use proposals for Ngau Tam Mei as well as New Territories North New Town and Ma Tso Lung this year for commencing the environmental impact assessments and other statutory procedures. Over the next few years, there will be considerable output in residential units and industrial land in the NM.

69. In order to support commercial and innovative development in the NM, we will also identify suitable sites there for constructing facilities to meet various conference and exhibition needs.

### Railway Development

70. The construction works of Phase 1 of the Northern Link (NOL), i.e. Kwu Tung Station, have commenced for target completion in 2027. Advance works for Phase 2 have also commenced to tie in with the target completion of NOL Main Line in 2034.

71. In addition, we are working with the Shenzhen authorities to jointly take forward two cross boundary railway projects. The investigation and design study of the Hong Kong Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai) project and the detailed planning and design of the Northern Link Spur Line are expected to commence this year.