

## **Fraudulent website related to Shanghai Commercial Bank Limited**

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

The Hong Kong Monetary Authority (HKMA) wishes to alert members of the public to a press release issued by Shanghai Commercial Bank Limited on fraudulent website, which has been reported to the HKMA. Hyperlink to the press release is available on the [HKMA website](#) for ease of reference by members of the public.

Anyone who has provided his or her personal information to the website concerned or has conducted any financial transactions through the website should contact the bank concerned using the contact information provided in the press release, and report to the Police or contact the Cyber Security and Technology Crime Bureau of the Hong Kong Police Force at 2860 5012.

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## **Update on cluster of respiratory infection cases in Siu Lam Hospital**

The following is issued on behalf of the Hospital Authority:

Regarding an earlier announcement on a cluster of patients who presented with respiratory symptoms in a female ward for severe intellectual disability, the spokesperson for Siu Lam Hospital gave the following update today (April 3):

Two more patients (aged 29 and 33) and a staff member in the ward have presented with respiratory symptoms. Appropriate viral tests were arranged for the patients. The patients concerned are being treated under isolation and are in a stable condition. The staff member is currently on leave.

Admission to the ward has been suspended and restricted visiting has been imposed. Infection control measures have been stepped up according to established guidelines. All other patients in the ward are under close surveillance.

The cases have been reported to the Hospital Authority Head Office and the Centre for Health Protection for necessary follow-up.

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## Teachers and principals urged to vote in CPC election on April 10

All serving registered teachers, permitted teachers and government school teachers, including school heads, regular teachers and temporary teachers employed on a monthly basis, are urged to vote on Wednesday (April 10) to elect candidates of their respective school categories to the Council on Professional Conduct in Education (CPC), which aims to promote professional conduct in education.

A spokesman for the Education Bureau today (April 3) said that the election would be held in individual schools in accordance with the guidance notes issued by the bureau. The voting is conducted on a one-teacher, one-vote basis.

"Teachers serving in more than one school have to opt to exercise their voting right in only one of the schools," he said.

"Should they vote in more than one school, the ballot papers will be considered null. We will conduct random inspections to ensure the election is fair."

Teachers who are eligible to vote are reminded to study the instructions on the ballot papers before casting their votes.

"Voters should not put down their names or any other marks of identification on the ballot papers. Otherwise, the vote will be considered void," the spokesman added.

Voters should vote for candidates of their respective school categories:

\* There are three seats in the category of aided secondary schools. Voters from aided secondary schools may vote for a maximum of three candidates from aided secondary schools.

\* There is one seat in the category of Direct Subsidy Scheme (DSS) and private secondary schools. Voters from DSS and private secondary schools may vote for no more than one candidate from DSS and private secondary schools.

\* There are three seats in the category of aided primary schools. Voters from aided primary schools may vote for a maximum of three candidates from aided primary schools.

\* There is one seat in the category of government primary schools. Voters from government primary schools may vote for no more than one candidate from government primary schools.

\* There are two seats in the category of kindergartens. Voters from

kindergartens may vote for a maximum of two candidates from kindergartens.

The categories of government secondary schools, DSS and private primary schools and special schools each have one seat in the CPC. As there is only one candidate in each of these categories, the candidates will be elected uncontested as members of the CPC; government secondary schools, DSS and private primary schools and special schools do not have to conduct voting on the voting day.

Voters are reminded not to choose more than the number of candidates specified in their respective categories of schools (aided secondary schools/DSS and private secondary schools/aided primary schools/government primary schools/kindergartens) or the vote will be considered invalid.

The CPC is a non-statutory body to advise the government on measures to promote professional conduct in education, to draft operational criteria defining the conduct expected of an educator, and to advise the Permanent Secretary for Education on cases of disputes or alleged professional misconduct involving educators.

The bureau has received a total of 36 nominations. Among them, 22 are running for seats in the teacher-nominated category and 14 for seats in the organisation-nominated category.

Results of the election will be announced on April 26.

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## **LCQ20: Regulation of virtual asset investment activities**

Following is a question by the Hon Wu Chi-wai and a written reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (April 3):

Question:

It is learnt that following the rapid development of virtual asset-related investment activities in recent years, incidents of investors incurring losses have occurred frequently. For instances, the Court has recently ordered the winding up of a virtual currency exchange, and the Police have earlier arrested a person for allegedly having enticed investors by fraudulent means into buying mining devices purportedly for mining virtual currency. On the other hand, the Securities and Futures Commission (SFC) announced in November last year a new regulatory approach for virtual assets, aiming to bring virtual asset portfolio managers and distributors of virtual asset funds into SFC's regulatory net. In this connection, will the Government inform this Council:

(1) of the details of the law enforcement actions taken in the past three years by various law enforcement agencies on suspected cases of (a) using virtual currencies for money laundering, (b) enticing investors into buying mining devices by fraudulent means, and (c) soliciting investments in virtual assets by unlawful means, including (i) the amount of money involved, (ii) the respective numbers of persons arrested, prosecuted and convicted, and (iii) the penalties imposed on those convicted;

(2) whether the sale of virtual asset-related commodities (such as mining devices) falls within the ambit of the Trade Descriptions Ordinance (Cap. 362); if not, of the reasons for that, and whether the Government will amend the legislation to bring it into the ambit by the Customs and Excise Department;

(3) whether individuals or business operators are currently required to pay taxes for transactions (such as trading of properties or funds) conducted using virtual currencies; if so, how the Inland Revenue Department (IRD) ensures that the secrecy associated with transactions of virtual currencies will not lead to a reduction in tax revenue;

(4) of the respective amounts of profits taxes collected in each of the past three years by the IRD on the operation of (i) virtual assets trading platforms, (ii) the sale of mining devices, (iii) cloud mining, (iv) smart vending machines equipped with virtual currency-related functions, and (v) other virtual asset-related commercial activities;

(5) whether the IRD initiated investigations in the past three years into cases of suspected tax evasion regarding the operation of virtual asset-related businesses; if so, of the respective numbers of investigations, prosecutions and convictions, and the penalties imposed on those convicted; of the number of cases in which the offenders paid fines in lieu of being prosecuted, and the average amount of fines paid by them; and

(6) whether the SFC, the Hong Kong Monetary Authority and the relevant government departments will study the stepping up of the regulation of virtual asset-related investment activities; if so, of the details?

Reply:

President,

In consultation with relevant bureaux, departments and financial regulators, we have prepared a consolidated reply to the Hon Wu Chi-wai's question as follows:

(1) The Police have spared no effort in combating money laundering activities and have been closely monitoring the crime trend relating to virtual assets. In recent years, crimes relating to virtual assets have been on the rise, mainly involving deception and blackmail. In 2018, there were 324 cases of virtual assets-related crimes reported to the Police, while in 2016 and 2017,

there were 67 and 50 cases of Bitcoin-related cases reported respectively (the Police only maintained figures relating to Bitcoin in the concerned period).

As for investment fraud cases, between 2016 and 2018, the number of cases received by the Police each year was 134, 137 and 212 respectively. Fraudsters made use of different kinds of investment products to lure victims with claims of high returns and low risks. The Police targeted these investment fraud cases with multiple intelligence-led enforcement operations. For instance, early this year the Police arrested three persons suspected of deceiving over 20 victims to invest in virtual assets-related computer equipment and services, with the investments amounting to HK\$3.7 million.

As for the Securities and Futures Commission (SFC), it has issued press statements in respect of regulatory actions taken in respect of activities involving cryptocurrencies. SFC issued a press release in February 2018 noting that it had taken regulatory actions against seven cryptocurrency exchanges and seven issuers of initial coin offerings (ICOs) to warn them of the implications for conducting activities involving cryptocurrencies which were "securities" as defined in the Securities and Futures Ordinance (SFO) without a licence. SFC issued another press release in March 2018, noting that it took regulatory actions against an ICO issuer, which resulted in the halting of its ICO to the Hong Kong public over concerns that the company had engaged in potential unauthorised promotional activities and unlicensed regulated activities.

(2) Regarding the sale of mining machines or other products related to virtual assets, a trader who, in the course of business, engages in unfair trade practices prohibited under the Trade Descriptions Ordinance (TDO), including "false trade descriptions", "misleading omissions", "aggressive commercial practices", "bait advertising", "bait-and-switch", and "wrongly accepting payment", commits an offence. A maximum fine of \$500,000 and imprisonment for five years may be imposed upon conviction.

The Customs and Excise Department strives to combat unfair trade practices that contravene the TDO. It closely observes and monitors relevant situations in the market. If contravention of the TDO is found, appropriate actions will be taken immediately to protect consumer interests.

(3), (4) and (5) Under the Inland Revenue Ordinance (IRO), except for profits from the sale of capital assets, profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong are chargeable to profits tax. Whether certain profits or gains in a particular case are chargeable to profits tax has to be considered on the basis of its own individual facts and circumstances. The provisions concerning profits tax in the IRO and the relevant case law are equally applicable to transactions involving virtual assets.

The Inland Revenue Department (IRD) is committed to maintaining the integrity of Hong Kong's taxation system. It collects information from various channels, supplemented by information technology. Cases are selected

for audits and in-depth investigations as appropriate based on risk assessment. If necessary, the IRD will also seek relevant information from other tax authorities through the exchange of information mechanism under tax treaties so as to enhance its capability of detecting tax avoidance and evasion. IRD does not maintain statistics specifically on tax payable by persons carrying on virtual asset-related activities and relevant investigation cases.

(6) As the development of virtual assets trading is evolving rapidly, the Financial Services and the Treasury Bureau (FSTB) and the SFC have been monitoring the international regulatory development closely in order to explore whether it is appropriate to put virtual assets trading platforms under regulation. In November 2018, the SFC announced an exploratory regulatory approach under the sandbox environment to explore whether it was suitable to license and regulate virtual assets platforms using its existing power. SFC would decide whether, and if so, how to regulate virtual assets trading platforms after the exploratory stage. SFC is currently in discussion with some virtual assets trading platform operators so as to understand more about their operations, with a view to determining whether virtual assets trading platforms should be regulated under the SFO.

FSTB and financial regulators will continue to keep in view the development of virtual assets activities locally and globally. SFC will also continue to review its existing measures and suitably consider whether or not to put in place a more effective regulatory approach. We will maintain contact with overseas regulators through participation in relevant international organisations, including the International Organisation of Securities Commissions and the Financial Stability Board, to ensure that we can devise a suitable mechanism in good time to address the potential risks arising from virtual assets activities.

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## **LCQ18: Staffing issues relating to tree management and landscape work**

Following is a question by the Hon Tony Tse and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (April 3):

Question:

At present, the Greening, Landscape and Tree Management Section (GLTMS) of the Development Bureau (DEVB) is responsible for formulating and coordinating the overall landscape and tree management strategy and initiatives in Hong Kong, while the Tree Management Office (TMO) under the GLTMS is responsible for coordinating the tree management work of various

government departments, etc. It has been reported that the two posts of Head of GLTMS and Head of TMO were vacant on a number of occasions in the past few years, and the present incumbents of the posts lack the professional qualifications in tree management or landscape, resulting in the problem of the non-professionals leading the professionals. On the other hand, the DEVB indicated last year that it was conducting a review on tree management and the responsibilities of the TMO, and it would review at the same time the recruitment and appointment arrangements for the posts concerned. In this connection, will the Government inform this Council:

(1) whether the scope of the aforesaid review covers the duties, organisation structure and staffing establishment of the GLTMS and the TMO; of the progress and expected completion date of the review;

(2) whether the scope of the review on the recruitment and appointment arrangements for the two aforesaid posts covers the approach for recruitment (e.g. giving priority to internal promotion) and the entry qualification requirements (e.g. the requirement of possessing professional qualifications in tree management and landscape); and

(3) whether it will, before the completion of the aforesaid review, expeditiously recruit or deploy personnel with professional qualifications in tree management and landscape to fill the two posts; if so, of the details; if not, the reasons for that?

Reply:

President,

In 2018, the Head of the Greening, Landscape and Tree Management Section (H/GLTMS) and the Head of the Tree Management Office (H/TMO) under the Development Bureau (DEVB) left their respective posts for personal reasons. The Government will fill the two vacancies in due course in accordance with the established procedures. Currently, an officer of the Administrative Officer grade of the same rank is doubling sideways the post of H/GLTMS, while a Chief Geotechnical Engineer with professional qualification in arboriculture holds the post of H/TMO on a supernumerary basis to take charge of the coordination of tree management work. The above arrangements ensure that the GLTMS and the TMO continue to operate effectively.

Landscape and tree management require a wide range of professional knowledge and experience. The GLTMS, therefore, comprises professionals of various disciplines with qualifications and experience in arboriculture, including landscape architects, forestry officers, geotechnical engineers and leisure services managers. Through cross-discipline collaboration, the GLTMS strives to raise the standards of landscape and tree management practice in Hong Kong.

My reply to the three-part question raised by the Hon Tony Tse is as follows:

(1) The DEVB is reviewing the duties, organisation structure and staffing establishment of the GLTMS and will propose recommendations to enhance its functions and efficiency. The review is expected to be completed within this month.

(2) The above review covers, amongst others, examination and consideration of the qualification requirements as well as the recruitment and appointment arrangements for the posts of H/GLTMS and H/TMO.

(3) Upon completion of the review, the DEVB will formulate an implementation plan and proceed with recruitment. As the recruitment exercise will commence in the next few months, the DEVB has no plan to deploy other personnel to fill the posts in question at this juncture.