

# LCQ11: Kai Tak Sports Park

Following is a question by Dr the Hon Hoey Simon Lee and a written reply by the Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, in the Legislative Council today (February 21):

Question:

The Kai Tak Sports Park (KTSP) is scheduled for completion this year, and its Main Stadium has a seating capacity of up to 50 000. There are views that the arrival and departure of a large number of spectators to and from the KTSP within a short period of time before the start and after the end of large-scale events will pose a challenge to transport in the vicinity, while heavy casualties may even occur if the authorities cannot evacuate the spectators effectively in the event of major incidents during activities in the KTSP. In this connection, will the Government inform this Council:

(1) whether it has assessed if transport in the area where the KTSP is located can accommodate a people flow as high as 50 000 within a short period of time; if it has, of the details; if not, the reasons for that;

(2) whether it has formulated a sound emergency evacuation plan for potential major incidents in the KTSP to ensure the effective evacuation of spectators even under a full house; if it has, of the details; if not, the reasons for that; and

(3) whether it will, in the light of the two aforesaid scenarios, arrange joint drills and exercises for the relevant government departments and major stakeholders before the commissioning of the KTSP, so as to enhance their collaboration capabilities and ensure full preparedness; if so, of the details; if not, the reasons for that?

Reply:

President,

The Kai Tak Sports Park (KTSP) is the largest sports facility in Hong Kong's history. Upon completion, it will provide modern and multi-purpose sports and leisure facilities, including a 50 000-seat Main Stadium, a 10 000-seat Indoor Sports Centre, a 5 000-seat Public Sports Ground and an approximately 14-hectare open space.

The KTSP adopts a "Design, Build and Operate" model, with Kai Tak Sports Park Limited (KTSPL) as the Contractor responsible for the design, construction and future operation of the park.

Regarding the question raised by Dr the Hon Hoey Simon Lee, my consolidated reply, in consultation with the Transport Department (TD), the Hong Kong Police Force and KTSPL is set out as follows:

(1) The KTSP is located at the core of the Kai Tak Development Area with

diversified, efficient and convenient transportation facilities. It is in proximity to MTR Kai Tak Station and MTR Sung Wong Toi Station with about 10 minutes' walking distance from both stations. Apart from using the convenient railway network to travel to or from the Sports Park, the public can also take a number of bus routes at nearby bus stops to connect the Sports Park to various districts in Hong Kong, Kowloon and the New Territories. The Sports Park also has supporting facilities such as taxi stands and car park to meet the travelling need of the public in different modes. During the staging of large-scale events, the TD will arrange special bus services to meet the additional demand, depending on the scale of the events and the needs of the participants.

In fact, prior to the tender of the "Design, Build and Operate" contract of the KTSP, the Government had commissioned a consultant to conduct traffic and pedestrian flow assessments. The assessments have taken into account the existing pedestrian facilities and roads development, as well as those under-construction and being planned. Technical assessments on the crowd dispersal of each venue when it was in full capacity was also conducted.

KTSP will co-ordinate with event organisers and avoid two or more event venues dispersing the crowd at the same time as far as possible in the future. In addition, KTSP will keep close liaison with event organisers and relevant government departments during the staging of large-scale events in the Sports Park. Relevant parties will make comprehensive preparations and arrangements in terms of crowd flow and traffic management as early as possible, flexibly deploy the manpower resources and formulate contingency measures with a view to ensuring that all event participants arrive and depart from the Sports Park in a safe and orderly manner.

(2) In order to enhance the overall preparedness and resilience of the KTSP, KTSP is currently formulating a contingency plan with relevant government departments, including conducting comprehensive risk assessment and devising flexible manpower deployment plan in response to different situations. Appropriate contingency measures are also being formulated with a view to ensuring that event participants are able to evacuate in a safe and orderly manner during emergency situations at the KTSP.

(3) At present, KTSP is liaising closely with relevant government departments to follow up on the work in relation to pre-operation. Upon completion of construction works and repair works as well as checking of all statutory acceptance, the Contractor will test the operation of the equipment as well as arrange various test events of the venues. The overall planning and co-ordination capabilities of crowd management and emergency response etc, will be tested so as to enhance the effectiveness of emergency response and adjust the strategies in a timely manner. Upon satisfactory completion of the trials and smooth delivery of various test results, the KTSP will be commissioned in the first half of 2025.

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# LCQ12: Monitoring of charitable institutions

Following is a question by the Hon Rock Chen and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (February 21):

Question:

It has been reported that a number of directors of a charitable institution have been found to have initiated crowdfunding in the name of financial difficulties, but the donations concerned are suspected to have been transferred to the other accounts of the institution and the private accounts of its directors, and some people are even suspected to have absconded after remitting donations of about \$50 million in batches out of the territory. On the other hand, it is learnt that there are currently more than 9 000 charitable institutions in Hong Kong, with the work of monitoring them in different areas being undertaken by a number of policy bureaux and government departments. In this connection, will the Government inform this Council:

(1) of the respective numbers of tax-exempt charitable institutions recognised by the Inland Revenue Department under section 88 of the Inland Revenue Ordinance (Cap. 112) whose tax exemption status was reviewed and withdrawn by the authorities in each of the past three years (with a breakdown by reason of withdrawal);

(2) as there are views pointing out that the existing work of monitoring charitable institutions is fragmented and may lead to loopholes, duplication of work and lack of efficiency in monitoring, whether the Government has plans to set up a dedicated department or organisation to monitor charitable institutions, including regularly checking their fund-raising activities, the uses and whereabouts of the donations received by them, their governance and financial situation, etc.; if so, of the details and timetable; if not, the reasons and considerations for that; and

(3) as it has been reported that with the existing legislation not regulating online crowdfunding activities which have been popular in recent years, charitable institutions are not required to disclose to the public the proceeds from and the uses of donations received from online crowdfunding, and the Government issued a consultation paper on the proposal to enhance the regulation of crowdfunding activities in December 2022 and launched a three-month public consultation exercise, whether the Government will enact legislation or draw up guidelines to enhance the regulation and supervision of online crowdfunding activities; if so, of the legislative intent, scope and principles; if not, the reasons and considerations for that?

Reply:

President,

In consultation with the Home and Youth Affairs Bureau, the Security Bureau and the Inland Revenue Department (IRD), my reply to the three parts of the question is as follows:

(1) Charitable organisations can be exempt from payment of tax if they satisfy the specified conditions under section 88 of the Inland Revenue Ordinance (Cap. 112). The IRD periodically reviews the tax exemption status of charitable organisations. In the past three years, the numbers of reviews are as follows:

Year	Number of reviews on tax exemption status of charitable organisations
2021	2 068
2022	3 127
2023	3 183

In the past three years, the numbers of charitable organisations with recognition of tax exemption status withdrawn by the IRD and the reasons for withdrawals are as follows:

Year	Number of charitable organisations with recognition of tax exemption status withdrawn	Reasons			
		(i) Dissolved or wound up	(ii) Ceased operation or became dormant	(iii) No response to the IRD's enquiries or untraceable	(iv) No longer qualified as a charitable organisation or trust of a public character
2021	252	134	12	105	1
2022	231	123	13	94	1
2023	210	115	11	81	3

(2) Since 2018, the Government has introduced a series of administrative measures in phase to enhance the transparency and accountability of charitable fund-raising activities. For example, uploading all audited accounts submitted by organisations which obtained approval to organise charitable fund-raising activities to the fund-raising activities page of GovHK for reference by the public; issuing the Good Practice Guide on Charitable Fund-raising (Guide) and encourage the adoption of the Guide by charitable organisations; and setting up a dedicated hotline for handling enquiries or complaints in relation to charitable fund-raising activities

held by organisations in public places, etc.

Since the recommendation of setting up a dedicated department or organisation as the regulator of charitable organisations carries significant implications on the definition and operation of charitable organisations in Hong Kong, the Government needs to consider the recommendations thoroughly and carefully. The Government will continue to keep in view the relevant circumstances in considering the recommendation.

(3) Safeguarding national security is the cornerstone of the stability and prosperity of Hong Kong as an international financial centre, which is conducive to Hong Kong in making sustainable contribution to the national development. At present, the top priority that the Government must work on as soon as possible is the Basic Law Article 23 legislation, so as to comprehensively address the existing national security risks and those that may emerge in the future in Hong Kong. This is also the constitutional duty of the HKSAR Government.

As regards crowdfunding, we conducted a public consultation last year and put forward various recommendations on enhancing the transparency and accountability of crowdfunding activities, thereby preventing lawbreakers from engaging in activities that are fraudulent, jeopardising public interest, or endangering public and national security in the name of crowdfunding. Having considered the current work priority of the Government as well as the ongoing Article 23 legislation and the subsequent follow-up work, there is no timetable on implementing the recommendations for the time being.

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## **Speech by CE at ICAC 50th Anniversary Reception and Establishment Ceremony of Hong Kong International Academy Against Corruption (English only)**

Following is the speech by the Chief Executive, Mr John Lee, at the ICAC (Independent Commission Against Corruption) 50th Anniversary Reception and Establishment Ceremony of Hong Kong International Academy Against Corruption today (February 21):

Deputy Director Luo Yonggang (Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (HKSAR)), Deputy Commissioner Fang Jianming (Deputy Commissioner of the Office of the Commissioner of the Ministry of Foreign Affairs of the People's Republic of China in the HKSAR), Director Deng Jianwei (Director of the

liaison office of the Office for Safeguarding National Security of the Central People's Government in the HKSAR), Deputy Political Commissar Wang Zhaobing (Deputy Political Commissar of the Chinese People's Liberation Army Hong Kong Garrison), Commissioner Danny Woo Ying-ming (Commissioner of the ICAC), Consuls-general, anti-corruption professionals from around the world, distinguished guests, ladies and gentlemen,

Good morning to you all. It is a great pleasure to be here with you, on this landmark occasion. Today, we celebrate the 50th anniversary of Hong Kong's ICAC – the Independent Commission Against Corruption. It is a proud day, a remarkable milestone, for the ICAC, and for Hong Kong.

The ICAC's journey began half a century ago. Its clear and compelling mission is to ensure that Hong Kong remains fair, just, stable and prosperous, then as now.

Over the past five decades, the ICAC has become an integral part of governance, partnering with our community, and indeed every sector in the community, to uphold the principles of integrity, accountability and transparency.

Thanks to the ICAC and its formidable anti-corruption regime, the people of Hong Kong have long enjoyed equal opportunities to pursue their aspirations, whatever they may be.

That legacy, established some 50 years ago, carries on today, under the auspices of the unique "one country, two systems" principle. We take heart, and pride, in our city's long-standing rule of law, clean public service, level playing field for doing business, and community-wide embrace of integrity, mutual respect and fairness.

Hong Kong is widely recognised as one of the world's cleanest cities. In the IMD (International Institute for Management Development)'s latest World Competitiveness Yearbook, Hong Kong was ranked the world's second best in "government efficiency". This remarkable result was contributed, in no small part, by our high ranking in anti-corruption. Under the criterion called "bribery and corruption do not exist", Hong Kong was No. 1 throughout Asia, and No. 10 in the world, among over 60 places surveyed.

The World Justice Project, which put Hong Kong in the 23rd place globally in the rule of law, also rated us the world's No. 9 in "absence of corruption", out of over 140 places.

These compelling results have placed Hong Kong in a strong position, both within Asia and globally, in maintaining clean governance and social integrity. They are clear testimony to the ICAC's solid efforts in eradicating corruption in the past five decades.

Integrity is pivotal to ensuring the continuing prosperity and stability of Hong Kong, and realising our essential contributions to national development. The ICAC supports the country's anti-corruption drive and

policy. It also works closely with like-minded agencies around the world, to advance anti-corruption initiatives.

Indeed, the ICAC currently holds the presidency of the International Association of Anti-Corruption Authorities, committed to promoting the effective implementation of the UN (United Nations) Convention against Corruption.

The Hong Kong SAR Government is dedicated to working with every part of our society, as well as our counterparts around the world, in fostering a culture sustained by probity.

In this regard, I am delighted to welcome the establishment of the Hong Kong International Academy Against Corruption. This new institution has been created to help in the global struggle against corruption.

The Academy will offer anti-corruption training courses for graft fighters in Hong Kong and around the world. The Academy will also serve as an international research and exchange centre for anti-corruption experts from different parts of the globe.

The Academy's initiatives will, I'm confident, boost Hong Kong's status as an anti-corruption centre, while promoting our clean society, social stability and the value we place on integrity and the rule of law.

It is an ambitious undertaking – one fully in keeping with the ICAC's historic anniversary and its renowned prowess in the fight against corruption – and I, for one, can't wait for the new Academy to get going.

As we mark the ICAC's milestone, let us also recognise, and commend, the collective efforts of the ICAC's dedicated staff, past and present.

I applaud, as well, every individual who has contributed to Hong Kong's long-standing success against corruption and its incessant threats. Their commitment and pursuit of justice have ensured Hong Kong's success, while inspiring jurisdictions around the world.

Ladies and gentlemen, here in Hong Kong, we are celebrating not only the ICAC's golden jubilee, but also the Lunar New Year. I have every confidence that this bright new year promises strength, wisdom and leadership – qualities that you and the ICAC possess in blessed abundance. That can only mean a very good year for Hong Kong. And each and every one of you.

Happy birthday, ICAC. I have every confidence that you will continue to inspire Hong Kong, and the world, over the next 50 years and beyond. Thank you.

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# Hospital Authority supports Government to enact Basic Law Article 23 legislation as soon as possible

The following is issued on behalf of the Hospital Authority:

The Hospital Authority (HA) has submitted views to the Security Bureau today (February 21) on the legislative proposals for Basic Law Article 23 legislation. The HA supports the Hong Kong Special Administrative Region (HKSAR) Government to complete local legislative work on Basic Law Article 23 as soon as possible, in order to improve the legal system and enforcement mechanisms for safeguarding national security.

The HA Chairman, Mr Henry Fan, said, "Commencing the legislation of Basic Law Article 23 is our constitutional duty towards the country. Completing the legislation as early as possible can plug national security loopholes and lessen threats to national security. Upon completion of the legislation, Hong Kong can then go all out to boost the economy, strive for development and work together to ensure Hong Kong's long-term prosperity, stability and the well-being of citizens. Therefore, the Basic Law Article 23 legislation in Hong Kong is the right way to go.

"The public healthcare system and its facilities are crucial in protecting Hong Kong citizens' health, as well as in ensuring Hong Kong's long-term prosperity and stability. In the past, our public healthcare facilities have been damaged, and our healthcare services have been disrupted. These imposed tremendous risks to the operation of the public healthcare system. Thus, there should be no delay in the Basic Law Article 23 legislation. Only when a firm legal system and enforcement mechanisms are established can Hong Kong citizens' health be protected."

Mr Fan suggested that the Government should continue to deliberate the legislation, so that members of the public can understand more clearly the importance and key points of the Basic Law Article 23 legislation. He also appealed to members of the public, especially healthcare professionals, that they should seize the opportunities and get together, to provide the Security Bureau with their views on the Basic Law Article 23 legislation, and to support the prompt completion of the legislation. In this way, Hong Kong can be back on the right track and excel again in different aspects, sustaining its stability and prosperity.

"National security is the important cornerstone of Hong Kong's prosperity and stability, and it enables citizens to live well and thrive. Only by maintaining national security, there will be peace and stable governance in Hong Kong. The HA fully supports the HKSAR Government in completing the Basic Law Article 23 legislation as soon as possible, so that Hong Kong can have a more stable and smooth development."



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## LCQ7: Regulation of virtual asset trading

Following is a question by the Hon Carmen Kan and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (February 21):

Question:

It has been reported that earlier on, some suspected fraud cases involving virtual asset trading platforms (VATPs) have aroused wide public concern, and the Chief Executive has subsequently pointed out that it is the Government's policy to implement an effective regulatory regime to protect investors. In this connection, will the Government inform this Council:

(1) given that the aforesaid platforms involved in fraud cases are on the list of suspicious VATPs posted on the website of the Securities and Futures Commission (SFC), whether it knows the follow-up actions taken by SFC in respect of such platforms;

(2) of the number of suspected fraud cases involving VATPs in the past three years, and set out in a table the following information in respect of each case: the number of persons arrested, the number of persons prosecuted, the amount of money involved in the fraud, and the progress of investigation;

(3) given that the Hong Kong Police Force and SFC established a joint working group on VATPs (the working group) last year to enhance collaboration in monitoring and investigating illegal activities related to VATPs, of the total number of cases investigated with the working group's co-ordination and collaboration efforts so far, as well as the details and progress of such cases;

(4) as the authorities indicated in their reply letter to the Panel on Financial Affairs of this Council on December 1 last year that they were working with the relevant government departments and regulators on formulating a regulatory framework for the operation of over-the-counter trading of virtual assets for public consultation, with a view to implementing the regulation of such trading through legislative amendments, whether the authorities have drawn up a relevant implementation timetable; if so, of the details; if not, the expected time for announcing such timetable;

(5) whether the authorities will bring under regulation all businesses involving virtual currencies (including the conversion between fiat currencies, stablecoins and virtual currencies) to combat at source the operation and promotional activities of unlicensed virtual asset trading service institutions; and

(6) how the Government will improve the steering and monitoring of the regulatory regime for virtual assets at the policy level (including the steering of the work of SFC), so as to more comprehensively protect the rights and interests of investors while developing virtual assets?

Reply:

President,

The Government issued the Policy Statement on Development of Virtual Assets (VA) in Hong Kong in October 2022, setting out the commitment to enhancing the VA regulatory framework under the "same activity, same risks, same regulation" principle. In this regard, the Government has amended the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) to introduce a licensing regime for VA service providers, ensuring that VA trading platforms (VATPs) comply with relevant international requirements on anti-money laundering and counter-terrorist financing (AML/CTF) while protecting investors. The licensing regime commenced operation in June last year.

In consultation with the Police, the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA), the reply to the question raised by Hon Carmen Kan is as follows:

(1) and (2) The SFC stepped up information dissemination in September last year and published various details concerning VATPs, including the "List of Suspicious VATPs" (the List), so as to provide clear, transparent and timely information to the public. As of February 14 this year, a total of 14 VATPs were on the List.

Regarding the suspicious VATPs on the List, the SFC proactively makes public announcements through issuing press releases, social media posts, etc., to facilitate members of the public to take early precautionary actions. Depending on the circumstances of individual cases, the SFC also takes appropriate actions, including investigating whether the VATPs concerned have breached the relevant legislation, seeking the Police's assistance in blocking the websites and social media accounts involved, issuing cease-and-desist letters to relevant persons to stop their service provision on purchasing tokens suspected as fraudulent tools, issuing warning statements, conducting press briefings to alert the public, etc. Through the above measures and sustained investor education efforts, the SFC reminds the public in a timely and effective manner to prevent their falling prey to scams.

For the past three years, the numbers of VA-related criminal cases are 1 397 in 2021, 2 336 in 2022 and 3 415 in 2023. The amounts of money involved are \$824 million in 2021, \$1,704 million in 2022 and \$4,398 million in 2023. As regards the number of persons arrested and prosecuted, the Police currently only consolidates relevant figures for specific cases taking account of their individual circumstances. For example, in the case of JPX,

as of February 20, 2024, the Police has arrested 70 people with no prosecution initiated yet.

(3) The joint working group comprises representatives from the Police's Commercial Crime Bureau, Cyber Security and Technology Crime Bureau and Financial Intelligence and Investigations Bureau as well as the SFC's Enforcement Division and Intermediaries Division. It aims to (i) facilitate information sharing on suspicious activities and breaches of VATPs; (ii) implement a risk assessment mechanism on suspicious VATPs; and (iii) enhance co-ordination and collaboration in relevant investigations. Since December last year, the SFC and the Police have further implemented an information sharing mechanism under which complaints and intelligence on VATPs or suspicious VA-related activities are shared twice a week.

As of February 2 this year, the SFC and the Police have exchanged intelligence on more than 100 cases involving VATPs or VA-related activities. The SFC and the Police will decide whether to initiate investigations into complaints against individual VATPs and activities on the basis of a basket of factors, including whether there are connections to Hong Kong, whether there are breaches of relevant legislation, the number of people and amount of money involved, etc.

(4) and (5) To further enhance the regulatory framework, the Financial Services and the Treasury Bureau (FSTB) launched on February 8 this year a public consultation (up to April 12) on legislative proposals to introduce a licensing regime for providers of VA over-the-counter (OTC) trading services. The salient legislative proposals include requiring any person who conducts a business in providing services of spot trade of any VA in Hong Kong to be licensed by the Commissioner of Customs and Excise (CCE); covering all VA OTC services (including conversion) in the regulatory scope irrespective of whether the services are provided through a physical outlet and/or other platforms; providing powers for CCE to supervise the AML/CTF conduct of licensees, and enforce the statutory and regulatory requirements under the new regime; and providing transitional arrangement to facilitate the effective implementation of the regulatory regime.

Separately, the FSTB and the HKMA jointly launched a public consultation in December last year (up to February 29 this year) on the regulation of stablecoin issuers. Under the proposed regulatory regime, all fiat-referenced stablecoin (FRS) issuers that meet specified conditions (Note 1) will have to obtain a licence from the HKMA. In addition, only specified licensed entities (Note 2) will be permitted to provide services on purchasing FRS, and only FRS issued by HKMA-licensed entities will be permitted to be sold to retail investors. The proposed regulatory regime will also prohibit the advertising of unlicensed issuers' stablecoin issuance.

Subject to the consultation outcomes and progress of the preparatory work, the Government will submit bills on the above licensing regimes to the Legislative Council as soon as practicable.

(6) As mentioned above, the Government and regulators are committed to

enhancing the VA regulatory framework, including the introduction of suitable licensing regimes to ensure that service providers concerned comply with the requirements on AML/CTF and investor protection.

In fact, Hong Kong is among the first few jurisdictions to have adopted a comprehensive framework to regulate VA activities from an investor protection perspective. For the VATP licensing regime, the SFC takes into account the corporate and management structure of licence applicants, and requires them to have a sound business model and formulate detailed risk management policies as well as other VA admission and anti-market manipulation measures. To enhance investor protection, the SFC has set out detailed requirements in respect of non-professional investors' participation in VA activities. For example, the SFC requires the tokens offered to non-professional investors to be large cap VAs with high liquidity (Note 3), and platform operators to obtain the SFC's prior consent to any plan to admit VA for retail trading. In addition, the SFC has made proactive investor education efforts, disseminating information about VATPs and reminding the public of the risks of trading on unlicensed platforms.

On formulation and implementation of measures concerning VA, the FSTB maintains close communication with regulatory bodies including the SFC, ensuring that market development is taken into account and investor protection is catered for.

Notes:

1. This refers to issuers who (i) issue FRS in Hong Kong; (ii) issue Hong Kong dollar-referenced stablecoin(s); or (iii) actively market their FRS issuance to the public of Hong Kong.
2. This refers to licensed FRS issuers, authorised institutions, licensed corporations and licensed VATPs.
3. Under the SFC's Guidelines for VATP Operators, the VA should have been included in a minimum of two acceptable indices issued by at least two different index providers.