

Government welcomes passage of Inland Revenue (Amendment) (Tax Deductions for Leased Premises Reinstatement and Allowances for Buildings and Structures) Bill 2024

The Government welcomed the passage of the Inland Revenue (Amendment) (Tax Deductions for Leased Premises Reinstatement and Allowances for Buildings and Structures) Bill 2024 by the Legislative Council today (December 18). The Bill gives effect to two enhancement measures for deduction of expenses under profits tax in the 2024-25 Budget, which will take effect from the year of assessment 2024/25, including:

1. introducing a tax deduction for expenses incurred for reinstating the condition of leased premises to their original condition (reinstatement cost); and
2. removing the time limit for claiming annual allowances in respect of industrial/commercial buildings or structures.

A Government spokesman said, "Taxpayers only need to meet simple and clear conditions to claim tax deduction for the reinstatement cost. Removing the time limit for claiming annual allowances in respect of industrial/commercial buildings or structures will enable taxpayers to enjoy the same tax treatment when purchasing old buildings as when purchasing new ones. Both measures will alleviate the tax burden of taxpayers and enhance the business environment."

The Amendment Ordinance will be published in the Gazette on December 27. Relevant information and frequently asked questions and answers have been uploaded to the Inland Revenue Department website (www.ird.gov.hk) for reference by the public.

Civil Service College holds talk on telling good stories of China (with photos)

The Civil Service College (CSC) today (December 18) held a talk in the series on the country's foreign affairs jointly with the Office of the

Commissioner of the Ministry of Foreign Affairs (OCMFA) in the Hong Kong Special Administrative Region (HKSAR). The talk, on the topic of "Telling Good Stories of China", was delivered by Deputy Director General of the Department of Press, Communication and Public Diplomacy of the Ministry of Foreign Affairs (MFA) Ms Mao Ning.

Addressing the talk, the Secretary for the Civil Service, Mrs Ingrid Yeung, said that Hong Kong has distinctive advantages under "one country, two systems", benefitting from both strong support of the motherland and close connections to the world. Hong Kong not only has direct access to the vast Mainland market but also serves as a bridge linking the Mainland and the rest of the world, making it an international city full of opportunities. Hong Kong has numerous success stories that demonstrate its national and international connectivity. As civil servants play a crucial role in effective governance, they should align with the HKSAR Government's initiatives to leverage community support to promote Hong Kong's advantages, achievements and opportunities worldwide, thereby showcasing to the international community the successful implementation of "one country, two systems" as part of China's story.

About 280 senior officials and civil servants in the directorate and senior ranks attended the talk at the Central Government Offices today.

The CSC and the OCMFA have been jointly organising this series of talks on the country's foreign affairs since late 2021. The series, including thematic briefing sessions on "International Landscape and China's Foreign Relations" by the Commissioner of OCMFA, and talks by relevant officials of the MFA on various topics, aims to enhance civil servants' understanding of international affairs, awareness of national security and holistic views.



LCQ2: Public markets

Following is a question by the Hon Andrew Lam and a reply by the Acting Secretary for Environment and Ecology, Miss Diane Wong, in the Legislative Council today (December 18):

Question:

The Audit Commission conducted in 2003 and 2008 audits on public markets managed by the Food and Environmental Hygiene Department (FEHD) and found that there was an upward trend in the vacancy rate of public markets, and the audit report in 2003 even pointed out that more than 50 per cent of the vacant market stalls had been left vacant for at least two years. FEHD has been progressively implementing the Market Modernisation Programme (MMP) since 2018, which includes comprehensive refurbishment or redevelopment projects, as well as piloting a scheme on stall enhancement projects on trial. However, there are views that changes in the consumption pattern of members of the public and the current occupancy rates of market stalls have aroused doubts among the public about the overall efficacy of public markets. In this connection, will the Government inform this Council:

(1) whether it has reviewed the effectiveness of MMP; if so, of the details; and

(2) whether it has reviewed afresh the functions of and actual demand for public markets and thoroughly reviewed the way forward for their development; if so, of the details; if not, the reasons for that?

Reply:

President,

At present, there are 96 public markets (including cooked food centres) under the Food and Environmental Hygiene Department (FEHD). Over 60 per cent of the public markets were built before the 1990s (i.e. being in service for over 30 years). The FEHD has been striving to boost the occupancy rate and improve the hardware and management of public markets through different initiatives.

The FEHD has put up vacant stalls for leasing on numerous occasions through open auctions or other means and has adopted various measures (e.g. re-introducing the arrangement whereby long-standing vacant stalls are put up for auction at concessionary upset prices, etc) to boost the occupancy rate of markets. The FEHD has successfully leased out about 1 500 stalls since June 2021, on average 440 stalls per year.

On hardware, in addition to carrying out regular repair and maintenance

as well as improvement works, the FEHD has been embarking on the Market Modernisation Programme (MMP) since 2018 to carry out improvement works for public market facilities, so as to enhance the operating environment of existing public markets.

On management, the FEHD has implemented improvement measures for the management of tenancy agreements of existing public markets, and adopted a new management model and implemented improvement measures in new public markets and overhauled/redeveloped markets under the MMP, with a view to raising the management standards and improving market services, so as to make public markets more vibrant and better meet the needs of the public.

Moreover, with demographic changes, new development/redevelopment projects and competition (from such examples as other fresh provision outlets nearby), the appeal of some long-time public markets has been diminishing over time with low patronage. With a view to optimising land use, the FEHD has been closely monitoring the utilisation of existing public markets and considering closing or consolidating under-utilised public markets. Since 2018, the FEHD has closed a total of seven public markets with persistently high vacancy rates, and has released the sites concerned to other bureaux/departments for other suitable uses (e.g. transitional housing operated by non-governmental organization(s), elderly services, etc) in accordance with established procedures.

My reply to the two parts of the question raised by the Hon Lam is as follows:

(1) To improve the operating environment of existing public markets, thereby facilitating tenants' business operation and providing market patrons with a more pleasant shopping environment, the Government has earmarked \$2 billion for the implementation of the MMP, which includes overhaul or redevelopment projects, stall enhancement projects, as well as minor refurbishment or improvement works.

Overhaul or redevelopment projects generally involve re-configuring the overall layout of a market, upgrading of building services installations and carrying out other improvement works. Aberdeen Market and Lai Wan Market officially re-opened in May 2023 and March 2024 respectively upon completion of overhaul works. The two markets have been operating smoothly since re-opening. The patronage of Aberdeen Market has been stable in general since its resumption of operation in May 2023, with a daily average patronage of about 12 000, an about 17 per cent rise from that before the overhaul works. Since the re-commissioning of Lai Wan Market in March 2024, its patronage has remained at an average of more than 8 000 per day, an increase of about 13 per cent as compared to that before the overhaul works.

Stall enhancement projects carry out repair and beautification works based on actual needs and circumstances, as well as replace and repair simple equipment. The FEHD earlier launched a pilot stall enhancement project in Queen Street Cooked Food Market. The works commenced in February 2024 and the market resumed full operation on September 12, 2024. Up to the end of

November 2024, the daily average footfall of the cooked food market is above 1 600, which has increased by about 26 per cent as compared with that before the works. Stall tenants indicated that the enhancement works have improved the operating environment of the cooked food market. Many members of the public have also expressed that the enhanced cooked food market offers a contemporary feel and a clean and comfortable dining environment. The FEHD will identify other suitable venues to carry out stall enhancement works, including the proposed works in the Cooked Food Centre of Luen Wo Hui Market which will commence within 2025.

Minor refurbishment or improvement works have been carried out in 16 markets. The works in 14 markets have been completed, while those in the other two markets are expected to be completed in 2025.

In the course of embarking on the MMP, the FEHD has been continuously reviewing its implementation and effectiveness. Since September 2024, we have been in communication with major stakeholders (including Legislative Council Members) to consolidate the experience so far in taking forward MMP projects, review its implementation, the challenges and limitations faced and the various views of the community, so as to explore whether there could be room for adjustment or improvement. We are now in the process of consolidating the feedback collected.

(2) As indicated during the past discussion between the Government and the relevant Panel and its Subcommittee of the Legislative Council, the community in general consider that public markets have their social functions. Public markets are positioned as one of the major sources through which the public shop for fresh provisions. They should be kept clean and tidy without being unduly upmarket.

As society continues to progress, the facilities and management of public markets need to keep up with the pace of the development of the city to strive for continuous improvement. We understand that the public and various sectors of the community are paying concern to public markets. During the process of consulting the stakeholders on the MMP as mentioned above, we have also received different views on the positioning and functions of public markets and the way forward. For example, some opined that the Government should review the need to continue to invest additional public funds in the construction of public markets amidst changes in consumption patterns; while others considered that public markets also served certain social functions – not only providing choices for fresh provisions, but also serving as a gathering place for the public. In reviewing the way forward for public markets, we will carefully consider these various views.

LCQ21: Regulation of productions involving artificial intelligence technologies

Following is a question by the Hon Edward Leung and a written reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (December 18):

Question:

It has been reported that quite a number of Legislative Council Members of Hong Kong and Legislative Assembly Members of Macao have recently received pornographic pictures suspected of being falsified using artificial intelligence (AI) technologies. Their faces appear in such pictures, which fraudsters use for blackmailing. In this connection, will the Government inform this Council:

(1) of the respective numbers, loss amounts involved and detection rates of reported blackmail cases received since the beginning of this year involving the use of AI technologies to falsify voices, photographs or videos; whether there have been changes in such figures as compared with those of the same period last year;

(2) as it has been learnt that in light of the recent development and the characteristics of deepfake technology, fraudsters tend to impersonate senior business executives or well-known political figures in order to enhance credibility, what are the authorities' countermeasures in place, e.g. whether the authorities will, by drawing on overseas experience to establish personality rights for well-known social figures, restrict any unauthorised use of AI technologies to falsify voices, photographs or videos without the consent of the persons concerned; if so, of the details; if not, the reasons for that;

(3) as it has been learnt that some videos produced with deepfake technology will be spread through social media, and advertisements are placed on search engines to boost their popular appeal and search rankings, whether the authorities have explored requiring social media administrators to impose restrictions in this regard, including the requirement to indicate in the videos that they have been produced with AI technologies; if so, of the details; if not, the reasons for that; and

(4) given that the Legislative Council General Election will be held next year, whether the authorities have assessed the possibility of foreign forces using AI technologies to interfere in the electoral process and results, particularly by releasing false information to smear candidates; if assessment has been made and the outcome is in the affirmative, what preparations the authorities have made in this regard, e.g. whether they will

set up a dedicated team for official investigation and clarification to respond to the incidents as soon as possible, thus preventing the spread of misinformation from affecting the election process; if so, of the details; if not, the reasons for that?

Reply:

President,

Having consolidated the information provided by the Security Bureau (SB), the Commerce and Economic Development Bureau (CEDB) and the Constitutional and Mainland Affairs Bureau (CMAB), my reply to the four-part question is as follows:

(1) According to information provided by the SB, from January to November 2024, the Police received a total of three fraud cases involving artificial intelligence (AI) deepfakes, which involved the use of deepfake technology to impersonate company employees to instruct commercial organisations to transfer funds to the accounts of fraudsters, and the use of deepfake technology to conduct online dating to lure victims to invest in cryptocurrencies. The most recent case, occurred in October 2024, was detected by the Police based on intelligence. A criminal syndicate manipulated by a triad society, which used deepfake technology to engage in online dating to lure victims in Hong Kong, the Mainland and other parts of Asia to invest in cryptocurrencies was dismantled. The case involved a total of more than \$360 million with 27 persons arrested, including masterminds and key members of the syndicate.

Regarding the number of deepfake videos found or reported on the Internet, the Police have started to compile statistics since November 1, 2023. Up to November 30, 2024, the Police have found and received reports on 21 fake videos impersonating government officials or celebrities on the Internet. At the requests of the Police, the 21 clips have been taken down by the relevant online or social media platforms to prevent members of the public from being deceived. So far, the Police have not received any report from members of the public being defrauded as a direct result of the fake videos.

The Police do not keep statistics on the number of blackmail cases involving pornographic photos. However, the Police have noted that since early November 2024, some people have been crudely altering pornographic images for email extortion, involving more than a hundred victims but without any monetary loss. The cases have been referred to the Cyber Security and Technology Crime Bureau of the Police for follow-up investigation and no arrests have been made so far.

Should crime-related information be found on a social media platform, the Police will take the initiative to contact the platform concerned such that timely action can be taken to prevent social media platforms from being exploited as media and tools for committing crimes.

(2) According to information provided by the CEDB, regarding unauthorised use of a person's indicia of identity by means of deepfake technology, whether it is actionable under different areas of law depends on the actual circumstances and evidence of individual cases and cannot be generalised. When the deepfake content involves unauthorised use of a copyright work, trademark and/or making of a misrepresentation causing damage to one's goodwill, legal actions may be brought on the basis of copyright infringement, trademark infringement and/or common law tort of passing off, depending on the circumstances and evidence of each individual case. For example, a legal action may be brought by a well-known person on the basis of common law tort of passing off in a case where a trader uses the well-known person's voice, image or likeness by means of deepfake technology without consent in the course of marketing and promoting the trader's product or service in such manner and to such extent that constitutes a misrepresentation that the trader's product or service is endorsed or licensed by the well-known person, and such misrepresentation causes or is likely to cause damage to the person's goodwill.

To enhance public awareness of fraud prevention, and of the production of fake videos using the deepfake technology, the CMAB advised that the Office of the Privacy Commissioner for Personal Data has launched a series of anti-fraud publicity activities and videos, which remind the public of the importance of protecting personal data privacy.

(3) Currently, there is no legislation in Hong Kong that restricts or regulates social media platforms or their users from using particular technologies (such as AI technology) to create the information content they publish. However, the relevant content must comply with the existing laws and regulations in Hong Kong, including but not limited to the aforementioned. The Government also encourages social media platforms to actively discharge their corporate social responsibility by establishing their own community and platform codes of conduct, terms of service and privacy policies, as well as measures to tackle inappropriate content, in order to regulate the information content posted by users on the relevant platforms (including accuracy, authenticity, intellectual property, and safety) and mitigate privacy and ethical risks.

(4) As regards election, the Government will endeavor to ensure that public elections are conducted smoothly in a fair, just, honest, safe and orderly manner. The Registration and Electoral Office has all along maintained close liaison with the Police and other law enforcement agencies on electoral arrangements, and has put in place an established mechanism for collecting and analysing intelligence and performing risk assessments, and to take appropriate measures to mitigate risks and hazards as necessary, as well as to draw up various contingency plans to cope with any unforeseen circumstances.

In addition, the CMAB, in conjunction with the Information Services Department and other relevant departments, will set up a rapid response team around the election day for elections in the coming year, to closely monitor and pay attention to various types of information during the election period,

and to swiftly and effectively refute or clarify all kinds of false or inaccurate information or comments, so as to ensure that the election will not be affected.

LCQ7: Assisting innovation and technology enterprises in developing Belt and Road markets

Following is a question by the Hon Duncan Chiu and a written reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (December 18):

Question:

There are views pointing out that the Belt and Road (B&R) Initiative is an important national development strategy, and Hong Kong, as a key link and the prime platform for the B&R Initiative, can play the role of a "super value-adder" under "one country, two systems", as well as leverage its edge in innovation and technology (I&T) development to assist B&R countries and regions in enhancing their development and advancement, and facilitate the in-depth integration of various economies in such countries and regions, so as to achieve mutual benefits and win-win outcomes. In this connection, will the Government inform this Council:

(1) of the number of I&T enterprises in Hong Kong which have successfully developed B&R markets so far with assistance provided by the Government, and the proportion of start-ups among such enterprises; the B&R countries and regions to which such enterprises have exported I&T products and solutions developed in Hong Kong, as well as the major technology areas, products and solutions involved; the relevant successful examples;

(2) whether the Government has, by drawing reference from the successful experience mentioned in (1), further explored ways to broaden and deepen measures to assist more I&T enterprises in Hong Kong in the development of B&R markets, thereby creating opportunities for the use of Hong Kong's products of scientific researches by more overseas countries; if so, of the results, and how it will take forward the relevant work in the future;

(3) whether the Government has grasped and gained an understanding of I&T enterprises in Hong Kong which intend to develop B&R markets, including the number and technology areas of the enterprises involved, as well as the countries and regions where such enterprises intend to explore markets; if so, of the details; if not, the reasons for that, and whether it will conduct a comprehensive survey and follow up subsequently;

(4) whether it will take the initiative to look into the demand for technological products in B&R countries and regions, and co-ordinate such demand for direct matching with I&T enterprises in Hong Kong; if so, of the specific details and implementation timetable; and

(5) whether it has explored ways to systematically and strategically assist I&T enterprises, especially start-ups, in Hong Kong in exporting their newly developed I&T products and solutions to B&R countries and regions; if so, of the details, including the findings of the study and the earliest time for launching the relevant strategies and measures; whether it will consider setting up a dedicated B&R fund to provide I&T enterprises in Hong Kong with their most needed financial assistance in developing B&R markets?

Reply:

President:

The Government is committed to consolidating Hong Kong's role as the functional platform for the Belt and Road (B&R) and giving full play to our role as a "super connector" and "super value-adder", thereby making our contribution to the eight major steps taken by our country to support the joint pursuit of high-quality B&R co-operation (including the fifth major step: advancing scientific and technological innovation). The Chief Executive (CE) has established and led the Steering Group on Integration into National Development since December 2022 to provide steer to bureaux and departments to actively dovetail with the national strategies including the B&R Initiative. In addition, the Hong Kong Innovation and Technology (I&T) Development Blueprint promulgated in end-2022 also included "to proactively integrate into the overall development of the country and consolidate our role as a bridge connecting the Mainland and the world" as one of the four broad development directions.

In consultation with the Commerce and Economic Development Bureau (CEDB), the consolidated reply to the question raised by the Hon Duncan Chiu is as follows:

The B&R Summit, hosted annually by the Government, has been recognised by our country as a case of significance for the implementation of the B&R Initiative in building a global community of shared future. The ninth Summit was held on September 11 and 12, 2024, with the theme of "Building a connected, innovative and green Belt and Road". The Summit attracted around 6 000 government officials, business leaders and representatives of enterprises from over 70 B&R-related countries and regions, as well as more than 100 delegations and 38 state-owned enterprises from the Mainland.

Under the themes of "advancing scientific and technological innovation" and "promoting green development" of the eight major steps our country has taken to support the joint pursuit of high-quality B&R co-operation, the Belt and Road Office (BRO) under the CEDB and the Ministry of Commerce co-led a Hong Kong cum Mainland business delegation (including representatives from

Hong Kong's I&T sector and start-ups) to visit Hungary and Kazakhstan in May 2024, and returned via Xinjiang, encouraging Hong Kong and Mainland enterprises as well as Hong Kong's professional services in jointly exploring the B&R markets and bringing back fruitful outcomes. The CE led a delegation to visit Laos, Cambodia and Vietnam from July 28 to August 2, 2024, during which a total of 55 memoranda of understanding (MOUs) and agreements were signed in areas including trade and economic partnerships, investment, customs collaboration, education, logistics co-operation, tourism promotions, technological co-operation, aviation services, as well as financial, banking and capital market development. In addition, the Financial Secretary led a delegation from the financial and I&T sectors to Saudi Arabia between October 29 and 31, 2024 to strengthen and deepen the connections between Hong Kong and the Middle East in areas such as trade, finance, and I&T to promote Hong Kong on multiple fronts as well as to tell good stories of Hong Kong, and to explore greater business opportunities.

The CEDB will continue to organise outbound missions, project matching events, exchange and interface on B&R capacity building, and exchange sessions and seminars, etc, to capitalise on our role as a B&R functional platform and showcase the strengths of our professional services, thereby helping Hong Kong enterprises and professional services explore business opportunities. BRO plans to organise a B&R cross-professional forum in 2025, inviting enterprises of B&R countries and the Mainland in Hong Kong to engage in high-level exchanges with Hong Kong professionals (including I&T professionals). The forum will focus on exploring opportunities in new fields of co-operation of innovation, digitalisation and green development, etc., with a view to promoting Hong Kong's professional services. BRO will also maintain exchanges with various professional bodies, with the I&T sector and start-ups covered, to explore business opportunities in B&R markets.

Moreover, the Hong Kong Science and Technology Parks Corporation (HKSTPC) and Cyberport as the I&T flagship organisations in Hong Kong, have committed to supporting I&T enterprises to explore different markets, including those in the B&R regions, and have maintained liaison with their I&T park companies and provided appropriate support to those intending to develop the B&R market. Besides, the two I&T flagships have been actively expanding their network of collaborative partners in the B&R regions, for example through leading start-ups to participate in overseas exhibitions and other activities, with a view to assisting I&T enterprises in seeking collaboration and business opportunities. For example, the Secretary for Innovation, Technology and Industry witnessed the signing of MOUs between HKSTPC and Cyberport and a research institute in Saudi Arabia in March this year during his duty visit to Saudi Arabia. The MOUs jointly explore ways to facilitate landing of enterprises and further collaboration opportunities. The two parks also collaborate with the business sector and other partners to provide comprehensive support services for I&T enterprises, including business consultation, investment matching, manufacturing and launching of products. Cyberport also operates the "Overseas/ Mainland Market Development Support Programme" to facilitate start-ups in market expansion and attracting overseas and Mainland investors. Cyberport has approved over 340 marketing applications, of which more than 220 are related to countries and regions

along the B&R, involving start-ups in technology fields such as indoor hydroponic farming machines, artificial intelligence communication cloud platforms, cross-boundary e-payment platforms, etc. In addition, HKSTPC assists I&T enterprises in developing the B&R market. Among them, a start-up has created artificial habitats and restored degraded marine ecosystems by combining professional knowledge in marine biology with state-of-the-art 3D-printing and material science, and successfully tapped the Middle East market. The two I&T flagships will continue to liaise with their I&T park enterprises and the I&T sector, as well as actively participate in regional or international conferences and exhibitions, promote commercialisation of research and development outcomes and assist in the export of such products to both the Mainland and overseas market, with a view to aiding I&T enterprises in the expansion of business and investment opportunities.

Meanwhile, the Hong Kong Productivity Council (HKPC) has also launched a series of initiatives to help enterprises explore markets in the B&R region. These include facilitating Hong Kong industry associations to connect with their counterparts in the region; holding activities such as exhibitions, promotional platforms and exchange sessions in the B&R countries and regions to showcase Hong Kong's advanced technologies and products and organising seminars and study missions for Hong Kong industry players to deepen understanding of the local markets and learn from successful experiences. For example, two New Productive Forces Meetup events were held in October and December 2024 respectively, bringing together consulate generals from B&R countries, Southeast Asian chambers of commerce and Hong Kong enterprises to foster exchanges, thereby enhancing understanding of local market demands and promoting collaboration.

In addition, the Hong Kong Trade Development Council Belt and Road Portal provides information on expanding business opportunities to investors, project owners and related enterprises interested in B&R markets or projects, as well as lists out B&R-related success cases, including those from I&T enterprises, with a view to facilitating business matching and project participation among enterprises and professional services.

As regards financial support, the Government has been supporting local enterprises in developing overseas markets, including B&R countries and regions, through various funding schemes and support measures. Local I&T enterprises could also benefit from such support. Among others, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding support on a matching basis to encourage non-listed Hong Kong enterprises (including I&T enterprises and start-ups) to develop brands, upgrade their business operations and expand new markets. To date, the funding scope of the BUD Fund covers the Mainland and 39 economies with which Hong Kong has signed Free Trade Agreements and/or Investment Promotion and Protection Agreements, including 21 B&R countries (Note). The SME Export Marketing Fund also provides funding support for small and medium enterprises to participate in export promotion activities and develop non-local markets (including B&R countries).

Note: Including New Zealand, Chile, Brunei Darussalam, Cambodia, Indonesia,

Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam, Georgia, Korea, Kuwait, Austria, Luxemburg, Türkiye, the United Arab Emirates, Bahrain and Peru.