

## Managers of unlicensed guesthouses fined

A man and a woman were fined \$6,000 each at the Eastern Magistrates' Courts and the Fanling Magistrates' Courts today (July 9) for contravening the Hotel and Guesthouse Accommodation Ordinance.

The courts heard that in August and December last year, officers of the Office of the Licensing Authority (OLA), the Home Affairs Department, inspected two suspected unlicensed guesthouses on King's Road in North Point and Pan Chung Road in Tai Po. During the inspections, the OLA officers posed as lodgers and successfully rented rooms in these guesthouses on a daily basis.

According to the OLA's records, these guesthouses did not possess licences under the Ordinance on the days of inspection. The man and woman responsible for managing the premises were charged with contravening section 5(1) of the Ordinance.

A department spokesman stressed that operating or managing an unlicensed guesthouse is a criminal offence and will lead to a criminal record. Upon conviction, the offender is liable to a maximum fine of \$200,000 and two years' imprisonment.

The spokesman appealed to anyone with information about suspected unlicensed guesthouses to report it to the OLA through the hotline (Tel: 2881 7498), by email ([hadlaeng@had.gov.hk](mailto:hadlaeng@had.gov.hk)), by fax (2504 5805) using the report form downloaded from the OLA website ([www.hadla.gov.hk](http://www.hadla.gov.hk)), or through the mobile application "Hong Kong Licensed Hotels and Guesthouses".

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## Public housing applicant convicted by court for false statement

A spokesman for the Housing Department (HD) today (July 9) said that the HD spares no effort in combating false declaration made during application for public housing. A public rental housing (PRH) applicant and her husband, who concealed the net asset value of their bank deposits and investments over \$700,000, were convicted by the court yesterday (July 8) with the offence of making false statement knowingly.

In this case, the applicant submitted a PRH application form to the HD around March 2018 on which she declared the net asset value of her bank

deposits was \$20,000 and that of her investments was about \$1,900, and her husband declared that he did not have any assets. In the subsequent investigation in May 2018, the HD unveiled that, at the material time, the applicant had bank deposits of around \$680,000 and several insurance policies with a cash value of about \$58,000, and her husband intentionally concealed the asset value of his bank deposits and investments of about \$10,000.

Both defendants were previously convicted by the presiding magistrate in Kowloon City Magistrates' Courts, who considered a fine as punishment could not reflect gravity of the offence. After considering their probation reports by the Court, the first defendant was ordered to pay a total fine of \$8,000, and the second defendant was sentenced to 90 hours of community service order yesterday.

The spokesman reminded that all PRH applicants making false statement to the Hong Kong Housing Authority during PRH application shall be guilty of an offence, contrary to section 26(1)(c) of the Housing Ordinance. The maximum penalty is a \$50,000 fine and imprisonment for six months while the PRH application will also be cancelled.

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## [Hong Kong Customs seizes suspected duty-not-paid and smuggled goods \(with photo\)](#)

â€‹Hong Kong Customs yesterday (July 8) seized about 120 000 suspected illicit cigarettes, 72 litres of suspected duty-not-paid liquor and a batch of suspected smuggled food and electronic products with an estimated market value of about \$600,000 in total and a duty potential of about \$240,000 at the Kwai Chung Customhouse Cargo Examination Compound.

Through risk assessment, Customs officers inspected a container arriving in Hong Kong from Xiamen, Fujian declared to be carrying clothes and tissue paper. Upon inspection, Customs officers found the batch of suspected duty-not-paid and smuggled goods in the container.

Investigation is ongoing.

Smuggling is a serious offence. Under the Import and Export Ordinance, any person found guilty of importing or exporting unmanifested cargo is liable to a maximum fine of \$2 million and imprisonment for seven years.

Under the Dutiable Commodities Ordinance, anyone involved in dealing with, possession of, selling or buying illicit cigarettes commits an offence. The maximum penalty upon conviction is a fine of \$1 million and imprisonment for two years.

Members of the public may report any suspected illicit tobacco and smuggling activities to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account ([crimereport@customs.gov.hk](mailto:crimereport@customs.gov.hk)).



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## Monetary Authority Announces Countercyclical Capital Buffer for Hong Kong

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

The Monetary Authority announced today (July 9) that the countercyclical capital buffer (CCyB) for Hong Kong will remain at 2.5 per cent.

"System-wide risks in Hong Kong associated with a period of excessive credit growth have not subsided. Housing affordability remains highly stretched and household debt-to-GDP ratio has risen to a new high," the Monetary Authority, Mr Norman Chan said. "It is therefore appropriate to maintain the CCyB at 2.5% at this juncture, providing additional buffer to shock should systemic risks crystallise."

Further details of the decision may be found in the [Announcement of the CCyB to Authorized Institutions](#) on the HKMA website.

### Background

In setting the CCyB rate the Monetary Authority considered a series of quantitative indicators and qualitative information including an "indicative buffer guide" (which is a metric providing a guide for CCyB rates based on the gap between the ratio of credit to GDP and its long term trend, and between the ratio of residential property prices to rentals and its long term trend). The latest indicative buffer guide, calculated based on 2019 Q1 data, signals a lower than current CCyB of 1.75 per cent mostly due to the recent narrowing of the credit to GDP gap from more than 12 per cent in the previous quarter to about 9 per cent, reflecting the recent slowdown in loan growth.

The property price to rental gap, however, has widened again, reflecting the recent recovery of residential property prices.

Whilst the indicative buffer guide, as its name suggests, provides only a "guide" for CCyB decisions, the determination of a CCyB ratio is not a mechanical exercise and, in addition to the indicative buffer guide, the Monetary Authority also reviewed a range of other reference indicators. These included measures of: bank, corporate and household leverage; debt servicing capacity; profitability and funding conditions within the banking sector and macroeconomic imbalances. The information drawn from these sources suggests that a CCyB of 2.5 per cent would be more appropriate at this stage.

The CCyB is an integral part of the Basel 3 regulatory capital framework and is being implemented in parallel by Basel Committee member jurisdictions worldwide. The CCyB has been designed by the Basel Committee to increase the resilience of the banking sector in periods of excess credit growth. The banking sector can then act as a "shock absorber" in times of stress, rather than as an amplifier of risk to the broader economy.

The specific CCyB requirement applicable to a given authorised institution (AI) is expressed as a percentage of its CET1 capital to its total risk-weighted assets. Each AI's CCyB requirement may vary depending on the geographic mix of its private sector credit exposures and the CCyB rate applicable in each jurisdiction where it has such exposures.

The power to implement the CCyB in Hong Kong is provided by the Banking (Capital) Rules, which enable the Monetary Authority to announce a CCyB rate for Hong Kong if the Monetary Authority considers that a period of excessive credit growth in Hong Kong is leading to a build-up of system-wide risks in the financial system of Hong Kong.

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## Exchange Fund Bills Tender Results

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

### Exchange Fund Bills Tender Results:

Tender date	: July 9, 2019
Paper on offer	: EF Bills
Issue number	: Q1928
Issue date	: July 10, 2019
Maturity date	: October 9, 2019
Amount applied	: HK\$118,555 MN
Amount allotted	: HK\$58,164 MN

Average yield accepted : 2.22 PCT  
Highest yield accepted : 2.30 PCT  
Pro rata ratio : About 89 PCT  
Average tender yield : 2.32 PCT

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Tender date : July 9, 2019  
Paper on offer : EF Bills  
Issue number : H1957  
Issue date : July 10, 2019  
Maturity date : January 8, 2020  
Amount applied : HK\$38,890 MN  
Amount allotted : HK\$18,000 MN  
Average yield accepted : 2.07 PCT  
Highest yield accepted : 2.17 PCT  
Pro rata ratio : About 26 PCT  
Average tender yield : 2.19 PCT

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Tender date : July 9, 2019  
Paper on offer : EF Bills  
Issue number : Y1991  
Issue date : July 10, 2019  
Maturity date : July 8, 2020  
Amount applied : HK\$16,825 MN  
Amount allotted : HK\$5,000 MN  
Average yield accepted : 1.88 PCT  
Highest yield accepted : 1.93 PCT  
Pro rata ratio : About 6 PCT  
Average tender yield : 2.08 PCT

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Hong Kong Monetary Authority tenders to be held in the week beginning July 15:

Tender date : July 16, 2019  
Paper on offer : EF Bills  
Issue number : Q1929  
Issue date : July 17, 2019  
Maturity date : October 16, 2019  
Tenor : 91 Days  
Amount on offer : HK\$60,174 MN

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Tender date : July 16, 2019  
Paper on offer : EF Bills

Issue number	: H1958
Issue date	: July 17, 2019
Maturity date	: January 15, 2020
Tenor	: 182 Days
Amount on offer	: HK\$18,000 MN