

Result of tenders of People's Bank of China RMB Bills held on June 26, 2019

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

Result of the tenders of the People's Bank of China RMB Bills held on June 26, 2019:

Tender Result

Tender Date : June 26, 2019

Bills available for Tender : One-Month RMB Bills

Issuer : The People's Bank of China

Issue Number : BCMKFP19025

Issue Date : June 28, 2019

Maturity Date : July 26, 2019 (or the
closest coupon payment date)

Application Amount : RMB 43,980 million

Issue Amount : RMB 20,000 million

Average accepted Coupon
Rate : 2.73%

Highest accepted Coupon
Rate
(Bills' Coupon) : 2.80%

Lowest accepted Coupon
Rate : 2.35%

Allocation Ratio : Approximately 52.20%

Tender Result

Tender Date : June 26, 2019

Bills available for Tender : Six-Month RMB Bills

Issuer : The People's Bank of China

Issue Number : BCMKFP19026

Issue Date : June 28, 2019

Maturity Date : December 27, 2019 (or the
closest coupon payment date)

Application Amount : RMB 42,410 million

Issue Amount : RMB 10,000 million

Average accepted Coupon
Rate : 2.66%

Highest accepted Coupon
Rate
(Bills' Coupon) : 2.82%

Lowest accepted Coupon
Rate : 2.35%

Allocation Ratio : Approximately 1.67%

[Tender results of the 10-year Government Bonds under the Institutional Bond Issuance Programme](#)

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

The Hong Kong Monetary Authority (HKMA), as representative of the Hong Kong Special Administrative Region Government (HKSAR Government), announces today (June 26) that tender for a 10-year Government Bond (issue number 10GB2901) under the Institutional Bond Issuance Programme was held today.

A total of HK\$1.5 billion 10-year Government Bonds were allocated today. A total of HK\$5.921 billion tender applications were received. The bid-to-cover ratio, i.e. the ratio of bonds applied for to bonds issued, is 3.95. The average price accepted is 102.60, implying an annualised yield of 1.682%.

HKSAR Government Institutional Bond Issuance Programme Government Bond tender results

Tender results of 10-year Government Bonds under the Institutional Bond Issuance Programme:

Tender Date	: June 26, 2019
Issue Number	: 10GB2901
Stock Code	: 4236 (HKGB 1.97 2901)
Issue and Settlement Date	: June 27, 2019
Tenor	: 10-year
Maturity Date	: January 17, 2029
Coupon Rate	: 1.97%
Amount Applied	: HK\$5.921 billion
Amount Allotted	: HK\$1.5 billion
Bid-to-Cover Ratio*	: 3.95
Average Price Accepted (Yield)	: 102.60 (1.682%)
Lowest Price Accepted (Yield)	: 102.30 (1.715%)
Pro-rata Ratio	: About 20%

Average Tender Price
(Yield) : 101.87 (1.764%)

* Calculated as the amount of bonds applied for over the amount of bonds issued.

LCQ6: Environmental, social and governance performance of listed companies

Following is a question by the Hon Mrs Regina Ip and a reply by the Secretary for Financial Services and the Treasury, Mr James Lau, in the Legislative Council today (June 26):

Question:

In recent years, investors have attached an increasing importance to the performance of enterprises in the "environmental, social and governance" (ESG) aspects. It has been reported that MSCI and S&P Global Ratings have respectively introduced ESG Rating and ESG Evaluation, and have included ESG criteria in assessing enterprises' credit worthiness. In this connection, will the Government inform this Council:

(1) whether it will urge the relevant institutions to expeditiously introduce ESG indices or ESG evaluations of listed companies, so as to keep up with the global trend; if so, of the details; if not, the reasons for that;

(2) of the specific measures in place to encourage listed companies to enhance their ESG performance, and to verify how credible the ESG information disclosed by listed companies is; and

(3) whether it will request the regulatory bodies to reprimand those listed companies with persistently poor ESG performance and take actions against them; if so, of the details; if not, the reasons for that?

Reply:

President,

In recent years, enterprises and investors around the world have attached increasing importance to enterprises' standards on environmental protection, social responsibility and corporate governance (hereafter

referred to as "ESG"). They acknowledge that they should properly address the enterprises' risks and opportunities in these aspects in order to enhance their overall operation and performance.

As an international financial centre, Hong Kong has always closely followed the development of the international standards and requirements on the enterprises' ESG aspects. We are committed to encouraging enterprises to enhance their work in these aspects and expect to elevate the level of their work in these aspects through setting relevant disclosure requirements on ESG aspects for listed companies. Among them, the Stock Exchange of Hong Kong (SEHK) published the Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) as early as in 2013 to provide a reporting framework for listed companies and to require them to report on their work in the ESG aspects annually. The SEHK has been reviewing and revising the ESG Reporting Guide from time to time over the past few years in light of market development in order to enhance the level of ESG reports of the listed companies.

In May this year, the SEHK published a consultation paper on the review of the ESG Reporting Guide and the relevant Listing Rules, and proposed further enhancement to the ESG reporting obligations of listed companies. In addition, the Securities and Futures Commission announced its Strategic Framework for Green Finance in September 2018 to explore more diversified green investment opportunities by enhancing the consistency and comparability of the environmental information disclosed by listed companies.

Our response to the three parts of the question is as follows:

(1) As more and more investors are attaching importance to the performance of listed companies in the ESG aspects, we understand that index compilers and rating agencies around the world have launched evaluation indices in these aspects. In Hong Kong, Hang Seng Indexes Company has launched the Hang Seng Corporate Sustainability Index Series since July 2010 and launched the HSI ESG Index on May 14, 2019. The HSI ESG Index makes reference to the results of the Hong Kong Quality Assurance Agency's (HKQAA) sustainability rating of listed companies to determine their index weighting. It helps provide investors with a benchmark and facilitates them to invest in listed companies with good ESG performance. The HKQAA's sustainability rating for listed companies is measured by making reference to the company's performance in seven core subjects, including corporate governance, environment, community involvement and development, consumer issues, etc. Every assessed eligible company will receive a score (0 to 100) and rating (D to AAA) to reflect its overall performance.

The Government will continue to require listed companies to make more comprehensive disclosures in the ESG aspects through the requirements as imposed by the SEHK to allow investors and other institutions to have a more objective and accurate basis to assess the performance of listed companies in these aspects.

(2) The SEHK has been pursuing the objective of enhancing the performance of

listed companies in the ESG aspects by requiring them to disclose the extent of their work. The consultation paper published by the SEHK just in May also continues to encourage and require listed companies to improve their performance in these aspects along the same direction.

The Listing Rules require listed companies to ensure the accuracy of the information they disclose (including the ESG reports). Otherwise, the relevant listed companies will be regarded as having breached the general disclosure obligation of the Listing Rules and may be subject to disciplinary actions such as public reprimand, suspension of trading, delisting, etc. The SEHK will conduct spot check on the listed companies' ESG Reports to understand the compliance situation of the listed companies. It will also publish reports to provide guidance on the areas that the companies have fallen short of the requirements. In addition, the SEHK also proposed in the consultation paper published in May this year to amend the ESG Reporting Guide to encourage listed companies to seek independent verification of their ESG Reports with a view to enhancing the credibility of the ESG information disclosed.

In addition to compiling the ESG Reporting Guide, the SEHK provides e-training to listed companies to help them understand the role of the company's leadership in ESG work, the importance of ESG Reports, ways to prepare proper reports, etc. This will help listed companies improve their ESG work.

(3) The Listing Rules require listed companies to publish ESG Reports in accordance with the requirements in the ESG Reporting Guide. Under the current system, the SEHK and the regulators will not penalise the listed companies in respect of their performance under the subject areas and the key performance indicators of the ESG Reporting Guide. However, listed companies must ensure the accuracy of the information stated in the report. Otherwise, they will be regarded as having breached the general disclosure obligation of the Listing Rules and may be subject to the relevant disciplinary actions (such as public reprimand, suspension of trading, delisting, etc.) We understand that overseas markets currently do not have mechanism to reprimand listed companies for their poor performance in their ESG work. Investors can base on the information disclosed by listed companies and make reference to the ratings as provided by the relevant rating agencies or index compilers to make their investment decisions.

Thank you President.

Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Wednesday, June 26, 2019 is 104.9 (up 0.1 against yesterday's index).

LCQ2: Granting of asylum by Germany to two bail jumpers

Following is a question by the Hon Michael Tien and a reply by the Secretary for Security, Mr John Lee, in the Legislative Council today (June 26):

Question:

In December 2017, two men who had been charged with rioting offences and admitted to bail pending trial failed to attend the trial, and the court therefore issued warrants of arrest against them. It was reported last month that they had been granted asylum by the German authorities in May last year. In this connection, will the Government inform this Council:

(1) whether, before the two persons were granted asylum by the German authorities, the Government had received requests from the German authorities for information about the offences in which they were involved for the purpose of assessing their asylum requests; whether a mechanism is in place for the Government to seek a review by the German authorities of their decision to grant asylum;

(2) when the Government came to know that the two persons had been granted asylum; apart from the Chief Executive conveying to Germany's Acting Consul General in Hong Kong strong objection to the granting of asylum, of the specific follow-up actions that have been and will be taken by the Government in this regard; and

(3) whether, according to the surrender of fugitive offenders agreement signed between the governments of Hong Kong and Germany, the offences allegedly committed by the two persons are offences for which surrender may be granted?

Reply:

President:

The two absconders who had jumped bail mentioned in the question were involved in the Mong Kok riot which took place in the small hours of February 9, 2016. The Mong Kok riot was a serious large-scale incident of mob violence. On the day, many rioters attacked police officers with bricks dug out from the pavement, home-made weapons and various kinds of hard objects, set fires at various locations and damaged police vehicles, wounded others and destroyed public property. Such violent acts seriously jeopardised public order and safety. Over 100 persons were injured in the incident, including over 80 police officers, as well as members of the media, unsettling many

people in Hong Kong. After the incident, the Government of the Hong Kong Special Administrative Region (HKSAR) as well as various sectors of society strongly condemned the acts of the rioters.

As at May 31, 2019, the Police arrested a total of 91 persons in connection with the Mong Kok riot. The Department of Justice has also prosecuted some arrestees of the alleged offences, including riot, incitement to riot, arson, unlawful assembly, incitement to unlawful assembly and assaulting police officers. The judicial proceedings of certain persons concerned are still on-going. So far, 30 persons have been convicted by the court, of which 23 persons were convicted of riot and were sentenced to training centre order or imprisonment ranging from three to seven years.

The two absconders who had jumped bail mentioned in the question were charged with serious charges, including "riot" and "assaulting police officer", in relation to the Mong Kok riot. The acts were in contravention of section 19 of the Public Order Ordinance (Cap 245) concerning the offence of riot with a maximum penalty of imprisonment for 10 years, and section 36 of the Offences against the Person Ordinance (Cap 212) concerning the offence of "assaulting any police officer in the due execution of his duty" with a penalty of imprisonment for two years. The two persons were originally scheduled to appear before the High Court on December 9, 2017 for a pre-trial review, but they did not attend the hearing and jumped court bail. The court issued an arrest warrant on the day, requesting the Police to track down the absconders and apprehend them.

My reply to the various parts of the question is as follows:

(1) The case mentioned in the question is a criminal litigation case. Generally speaking, the Police are responsible for case investigation, gathering of evidence and making arrests, while the Department of Justice will study and determine whether to prosecute and to prosecute with what charge, and make independent decisions. In the case mentioned in the question, the Hong Kong Police and the Department of Justice have never received any request for information from the German authorities. The HKSAR Government is disappointed that no basic assessment on or verification of the facts had been conducted by the German authorities. The Chief Executive in her meeting with Germany's Acting Consul General in Hong Kong on May 24 had expressed the HKSAR's strong objections and deep regrets.

(2) According to the Criminal Procedure Ordinance (Cap 221), a person admitted to bail who, without reasonable cause, fails to surrender to custody as shall have been appointed by a court, commits an offence. The person is liable on summary conviction to a fine of \$75 000 and to imprisonment for six months, and on conviction upon indictment to a fine of any amount and to imprisonment for 12 months. The court may issue an arrest warrant against the defendant. The Police will execute the arrest warrant and spare no efforts in tracking down the whereabouts of the suspect, with a view to bringing the suspect to court for handling as appropriate, including pursuing the legal liability of his jumping court bail, and continuing to handle the original case.

With regard to the two bail jumpers mentioned in the question, since the issuance of arrest warrant by the court upon their failure to appear before the court in December 2017, the Police have been following up to locate the whereabouts of the persons, including making enquiries with the law enforcement agencies of multiple related countries through the police co-operation mechanism of INTERPOL. Upon learning about the report of the German authorities granting asylum, the Police have again asked the German police to provide information through the INTERPOL mechanism. As regards the specific content of the case, since details of investigation and pursuit of the bail jumpers are involved, it is not appropriate to be made public.

Besides, the Police and the Department of Justice are studying the case and will follow up in accordance with the relevant laws and evidence. The Police will continue to, by all possible means, pursue the two absconders who have jumped court bail against whom arrest warrants have been issued.

As mentioned before, upon learning about the media reports of the captioned case, the HKSAR Government has publicly expressed its strong objections and deep regrets. The HKSAR Government considers the granting of asylum to persons who had committed serious crimes and jumped court bail and absconded whilst awaiting trial, without any basic assessment or verifications of facts, lacks objective evidential basis, and unjustifiably undermines Hong Kong's international reputation in the rule of law and judicial independence. The Chief Executive has personally and categorically indicated her strong objections and deep regrets to Germany's Acting Consul General in Hong Kong.

(3) According to the "Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of the Federal Republic of Germany for the Surrender of Fugitive Offenders", there are 46 offences for which surrender may be granted. The first 45 offences are descriptions of specific offences, while the 46th offence is "any other offence for which surrender may be granted in accordance with the laws of both Parties".

According to the Fugitive Offenders Ordinance (Cap 503), the crime for which surrender may be granted must comply with the "double criminality" principle, i.e. it must constitute an offence in the jurisdictions of both the requesting party and the requested party.

In determining whether an offence is an offence punishable under the laws of both the party requesting the surrender and the requested party, the totality of the alleged acts or omissions of the person of whom surrender is sought shall be taken into account before reaching a decision, regardless of whether, under the laws of the parties, the constituent elements of the offence or the definition of the offence are the same. Simply put, the "double criminality" principle is decided based on the "act". Whether or not surrender may be granted over the act or omission depends on whether the act or omission itself also constitutes a criminal offence in Hong Kong and complies with the requirements in section 2(2)(b) of the Fugitive Offenders

Ordinance; otherwise, it is not an offence for which surrender may be granted. The offence of jumping bail itself is not an offence for which surrender may be granted under the Agreement.

Hong Kong's rule of law and independent judicial system are the core values of our society, and have long been held in high regard by the international community. According to the World Economic Forum's Global Competitiveness Report, Hong Kong is ranked first in Asia for judicial independence. According to Article 82 of the Basic Law, the power of final adjudication of the HKSAR shall be vested in the Court of Final Appeal. The Court of Final Appeal may as required invite judges from other common law jurisdictions to hear cases. Currently, there are 14 eminent overseas judges from the United Kingdom, Australia and Canada sitting on our Court of Final Appeal as non-permanent judges. In respect of criminal justice, anyone accused of breaching the law in Hong Kong would face an open and fair trial. Article 10 and Article 11 of the Hong Kong Bill of Rights also provide sufficient protection to any person with any criminal charge laid against him, or whose rights and obligations are in a suit at law. The Hong Kong courts will, as always, with their sound rule of law and human rights protection, handle all cases in an independent, fair and just manner.

Thank you, President.