

Exchange Fund Abridged Balance Sheet and Currency Board Account

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

The Hong Kong Monetary Authority (HKMA) announced today (March 31) that the total assets of the Exchange Fund amounted to HK\$4,581.8 billion as at February 28, 2021, HK\$46.9 billion higher than that at the end of January 2021. Foreign currency assets increased by HK\$43.8 billion and Hong Kong dollar assets increased by HK\$3.1 billion.

The rise in foreign currency assets was mainly from the increase in Fiscal Reserves placements after issuance of the HKSAR Government's Green Bonds and the increase in the month-end balances of unsettled purchase of securities. The rise in Hong Kong dollar assets was mainly due to the mark-to-market valuation on Hong Kong equities.

The Currency Board Account shows that the Monetary Base at the end of February 2021 was HK\$2,117.0 billion, increased by HK\$1.2 billion, or 0.1 per cent, from the end of January 2021. The rise was mainly due to an increase in the outstanding amount of Certificates of Indebtedness. Since the amount of Backing Assets remained unchanged at HK\$2,324.6 billion, the backing ratio decreased slightly from 109.87 per cent at the end of January 2021 to 109.80 per cent at the end of February 2021.

At present, four press releases relating to the Exchange Fund's data are issued by the HKMA each month. Three of these releases are issued to disseminate monetary data in accordance with the International Monetary Fund's Special Data Dissemination Standard (SDDS). The fourth press release, on the Exchange Fund's Abridged Balance Sheet and Currency Board Account, is made in accordance with the HKMA's policy of maintaining a high level of transparency. For the month of March 2021, the scheduled dates for issuing the press releases are as follows:

March 5 (Issued)	SDDS International Reserves (Hong Kong's Latest Foreign Currency Reserve Assets Figures)
March 12 (Issued)	SDDS Analytical Accounts of the Central Bank (Analytical Accounts of the Exchange Fund)
March 31	SDDS Template on International Reserves and Foreign Currency Liquidity

International Reserves and Foreign Currency Liquidity

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

The Hong Kong Monetary Authority (HKMA) released today (March 31) the analytical data on the Hong Kong Special Administrative Region's foreign currency reserves and foreign currency liquidity as at the end of February 2021 (Annex). These data are published monthly in the Template on International Reserves and Foreign Currency Liquidity in accordance with the International Monetary Fund's Special Data Dissemination Standard.

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March 31	SDDS Template on International Reserves and Foreign Currency Liquidity
March 31	Exchange Fund Abridged Balance Sheet and Currency Board Account

[Residential Mortgage Survey Results for February 2021](#)

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

The Hong Kong Monetary Authority ("HKMA") announced the results of the residential mortgage survey for February 2021.

The number of mortgage applications in February decreased month-on-month by 5 per cent to 12,455.

Mortgage loans approved in February increased by 1 per cent compared with January to HK\$38.1 billion. Among these, mortgage loans financing primary market transactions increased by 5 per cent to HK\$5.2 billion and those financing secondary market transactions increased by 1.8 per cent to HK\$27.5 billion. Mortgage loans for refinancing decreased by 6.4 per cent to HK\$5.4 billion.

Mortgage loans drawn down during February decreased by 22.5 per cent compared with January to HK\$19.3 billion.

The ratio of new mortgage loans priced with reference to HIBOR increased from 95.5 per cent in January to 95.9 per cent in February. The ratio of new mortgage loans priced with reference to best lending rates decreased from 2.2 per cent in January to 1.7 per cent in February.

The outstanding value of mortgage loans increased month-on-month by 0.3 per cent to HK\$1,595.9 billion at end-February.

The mortgage delinquency ratio remained unchanged at 0.04 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

[SCED briefs commercial and industrial sectors on improvements to electoral system of Hong Kong \(with video\)](#)

The Secretary for Commerce and Economic Development, Mr Edward Yau, today (March 31) briefed representatives of the Hong Kong Chinese Importers' and Exporters' Association and the Chinese Manufacturers' Association of Hong

Kong on the amended Annex I to the Basic Law on Method for the Selection of the Chief Executive of the Hong Kong Special Administrative Region (HKSAR) and Annex II to the Basic Law on Method for the Formation of the Legislative Council of the Hong Kong Special Administrative Region and its Voting Procedures as approved by the Standing Committee of the National People's Congress.

At the meeting, Mr Yau reiterated the necessity and urgency of improving the electoral system, highlighting its importance on creating a stable business environment and ensuring Hong Kong's prosperity and stability. He called on different sectors of the community, including the commercial and industrial sectors, to fully support the relevant amendments.

Mr Yau stressed that establishing a political structure that upholds the "one country, two systems" principle reflects the actual situation of Hong Kong and ensures "patriots administering Hong Kong" is the only way to fully safeguard the HKSAR's constitutional order established by the Constitution and the Basic Law, restore order from chaos, ensure the steadfast and successful implementation of "one country, two systems" and achieve the long-term stability and safety of Hong Kong.

He said that by improving the electoral system, the excessive politicisation in society and the internal rifts that have torn Hong Kong apart can be effectively mitigated, thereby enhancing the governance capability of the HKSAR. The HKSAR will then be able to focus on addressing economic and livelihood issues, and developing the economy to achieve long-term prosperity and stability through leveraging its unique advantages and the staunch support of the Central Authorities.

In the coming two weeks, Mr Yau will conduct a number of such briefing sessions to brief various sectors on the relevant amendments, including industrial, small and medium enterprises, tourism, hotel, wholesale and retail, textiles and garment, telecommunications, broadcasting, film and performing arts, and publishing.

HKSAR Government responds to US report on human rights

The Hong Kong Special Administrative Region (HKSAR) Government today (March 31) expressed strong opposition to the comments contained in the United States Department of State's 2020 Country Reports on Human Rights Practices (the Report) relating to the HKSAR.

A Government spokesman said, "Human rights are fully protected by law in Hong Kong. The Basic Law, which serves as the constitutional document of the HKSAR, provides a constitutional guarantee for fundamental rights and

freedoms, including the right to equality before the law, and is buttressed by the rule of law and an independent judiciary. Safeguarding human rights and freedoms is a constitutional duty of the HKSAR Government. The Government attaches the utmost importance to and is firmly committed to upholding human rights and various freedoms in Hong Kong."

"One Country, Two Systems"

The Report calls into question China's willingness to uphold the "one country, two systems" principle. Such an accusation is utterly groundless. The HKSAR is an inalienable part of the People's Republic of China (PRC), is a local administrative region that enjoys a high degree of autonomy under "one country, two systems" and comes directly under the Central People's Government (CPG). To uphold and implement the principle of "one country, two systems" meets the interests of the Hong Kong people, responds to the needs of maintaining Hong Kong's prosperity and stability and serves the fundamental interests of the nation. The CPG has time and again made it clear that it will unswervingly implement the policy of "one country, two systems".

Hong Kong National Security Law

"We strongly object to the comments in the Report smearing the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (the National Security Law). National security is a matter within the purview of the Central Authorities. It is the legitimate right and duty of every country to safeguard its national security. Whether it is in a unitary or federal system, legislation on national security is invariably carried out by the central authorities rather than a local government. Enacting laws on national security with extraterritorial effect is also squarely in line with international practice. Smearing the National Security Law out of political motivation is clear hypocrisy in adopting double standards," the spokesman said.

The National Security Law upholds the rights and freedoms of Hong Kong people as well as the high degree of autonomy of the HKSAR. The National Security Law clearly stipulates that the HKSAR shall protect the rights and freedoms enjoyed by residents under the Basic Law and the provisions of the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights as applied to Hong Kong in accordance with the law. However, certain rights and freedoms recognised in the ICCPR are not absolute: the ICCPR stipulates that certain rights and freedoms may be subject to restrictions as prescribed by law if it is necessary in the interests of national security, public safety, public order or the rights and freedoms of others, etc.

"The National Security Law has clearly stipulated four categories of offences that endanger national security. It clearly sets out the elements of the offences, penalties, mitigation factors and other consequences. There is no chance of law-abiding persons inadvertently violating the law. The arrests made by the Police are based on evidence and strictly according to the laws in force.

"The National Security Law, like any law in the HKSAR, applies equally to every person in Hong Kong; no one is above the law. We are appalled by remarks in the Report that seemed to suggest that people with certain political backgrounds should be immune to legal sanctions.

"We must emphasise that no one has any privilege to break the law without facing legal consequences. The Police have a statutory duty to maintain public safety and public order. If the public express their views in a peaceful and lawful manner, there would be no need for the Police to use any force. The Police have a set of stringent guidelines on the use of force that are consistent with international human rights norms and standards.

"Since the implementation of the National Security Law, stability has been restored to society and national security has been safeguarded in the HKSAR. Our people can continue to enjoy their basic rights and freedoms in accordance with the law. A stable environment is vitally important to the business activities of both local and overseas enterprises in Hong Kong."

Judicial Independence

The Report also expressed concerns on judicial independence in the HKSAR. That the courts of the HKSAR can exercise independent judicial power, including that of final adjudication free from any interference, has been enshrined under the Basic Law as set out in Articles 2, 19 and 85. Article 92 of the Basic Law also clearly stipulates that judges and other members of the judiciary of the HKSAR shall be chosen on the basis of their judicial and professional qualities. The constitutional duty of judges, in the exercise of their judicial power, is to apply the law and nothing else. Such duty does not change when judges decide cases arising from or involving political controversies.

Prosecutorial Decisions

The Report also expressed doubts on prosecutorial decisions. The HKSAR Government must stress that all prosecutorial decisions are made independently based on objective assessment of all admissible evidence, applicable laws and the Prosecution Code, without political consideration. Article 63 of the Basic Law stipulates that prosecutions in the HKSAR are made by the Department of Justice (DoJ), free from any interference. Prosecution would only be commenced by the DoJ if there is sufficient admissible evidence to support a reasonable prospect of conviction and if it is in the public interest to do so.

Any demand or statement purporting to interfere with the prosecutorial decisions and process controlled by the DoJ or the independent exercise of judicial power by the judiciary of the HKSAR not only disrespects the HKSAR's judicial system and undermines the spirit of the rule of law, but also attempts to meddle in Hong Kong's affairs, which are internal affairs of the PRC.

General Election of the Legislative Council

On the postponement of the General Election of the Legislative Council (LegCo), the health and the well-being of the people are the overriding concerns of any responsible government. The HKSAR Government has repeatedly stressed that the postponement of the 2020 LegCo General Election is entirely based on public health grounds. According to the Decision made by the Standing Committee of the National People's Congress (NPCSC) on August 11, 2020, the sixth-term LegCo of the HKSAR will continue to discharge its duties for no less than one year until the commencement of the seventh-term LegCo. The decision also states clearly that the seventh-term LegCo of the HKSAR will have a term of four years after it has been formed in accordance with the law.

The Government does not agree to the Report's claim that the decision to disqualify four LegCo members "sought to restrict the rights to express or report on dissenting political views". The NPCSC's Decision on the qualification of LegCo members of the HKSAR on November 11, 2020, clearly establishes that a member of the LegCo of the HKSAR does not fulfil the legal requirements and conditions on upholding the Basic Law and pledging allegiance to the HKSAR of the PRC if the member advocates or supports "Hong Kong independence", refuses to recognise the PRC's sovereignty over Hong Kong and the exercise of the sovereignty, solicits intervention by foreign or external forces in the HKSAR's affairs, or carries out other activities endangering national security. When the member is so decided in accordance with law, he or she is immediately disqualified from being a LegCo member. The Decision is applicable to the members of the sixth-term LegCo whose nominations were decided to be invalid in accordance with law by the HKSAR during the nomination period of the election for the seventh-term LegCo of the HKSAR originally scheduled for September 6, 2020. Four members of the sixth-term LegCo have submitted nomination to run for the seventh-term LegCo General Election that was originally scheduled for September 6, 2020. Their nominations were invalidated by Returning Officers before the end of the nomination period, and they hence lost the qualification for running for the election and were immediately disqualified from being LegCo members. The NPCSC's Decision is a constitutional, lawful and reasonable arrangement. It is necessary and complies with the relevant stipulations of the Basic Law.

Oath-taking Requirement

The Report expressed concerns on the oath-taking requirement for public officers. Article 104 of the Basic Law states that five categories of public officers, that is the Chief Executive, Principal Officials, members of the Executive Council and of the LegCo, judges of the courts at all levels and other members of the judiciary in the HKSAR must, in accordance with law, "swear to uphold the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China and swear allegiance to the Hong Kong Special Administrative Region of the People's Republic of China" when assuming office. The NPCSC endorsed the Interpretation of Article 104 of the Basic Law on November 7, 2016, which explains that oath-taking is the legal prerequisite and required procedure for public officers specified in Article

104 of the Basic Law to assume office, and must comply with the legal requirements in respect of its form and content. The Interpretation also makes it clear that an oath taker who makes a false oath or who, after taking the oath, engages in conduct in breach of the oath shall bear legal responsibility in accordance with the law.

The Public Offices (Candidacy and Taking Up Offices) (Miscellaneous Amendments) Bill 2021 seeks to implement Article 104 of the Basic Law, and its Interpretation and other oath requirements for public officers accurately, so as to fulfil the constitutional obligation of the HKSAR. The Government believe that the Bill is significant in upholding the constitutional order of the HKSAR, ensuring "patriots administering Hong Kong", and is conducive to the progress of the "one country, two systems" principle.

The spokesman reiterated that foreign governments should not interfere in any form in the internal affairs of the HKSAR.