

# 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, as representative of the Hong Kong Special Administrative Region Government (HKSAR Government), announces today (January 16) 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\$7.824 billion tender applications were received. The bid-to-cover ratio, i.e. the ratio of bonds applied for to bonds issued, is 5.22. The average price accepted is 98.57, implying an annualised yield of 2.141%.

HKSAR Government Institutional Bond Issuance Programme Government Bond tender results

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

Tender Date	: January 16, 2019
Issue Number	: 10GB2901
Stock Code	: 4236 (HKGB 1.97 2901)
Issue and Settlement Date	: January 17, 2019
Tenor	: 10-year
Maturity Date	: January 17, 2029
Coupon Rate	: 1.97%
Amount Applied	: HK\$7.824 billion
Amount Allotted	: HK\$1.5 billion
Bid-to-Cover Ratio*	: 5.22

Average Price Accepted (Yield)	: 98.57 (2.141%)
Lowest Price Accepted (Yield)	: 98.22 (2.181%)
Pro-rata Ratio	: About 23%
Average Tender Price (Yield)	: 97.07 (2.313%)

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

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## **LCQ3: Decision on eradicating new types of smoking products**

Following is a question by the Hon Shiu Ka-fai and a reply by the Secretary for Food and Health, Professor Sophia Chan, in the Legislative Council today (January 16):

Question:

The Government has decided that it will submit proposed legislative amendments within this legislative session to ban the import, manufacture, sale, distribution and advertisement of new types of smoking products, such as e-cigarettes, heat-not-burn cigarettes. In this connection, will the Government inform this Council:

(1) given that according to an announcement made by Public Health England (PHE) last month, experimental findings have shown that vaping is at least 95 per cent less harmful to the human body than smoking conventional cigarettes, that PHE encourages smokers to switch to e-cigarettes or other quit aids, and that according to a study commissioned by the United Kingdom Government and conducted by the Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment, heat-not-burn cigarettes produce 50 per cent to 90 per cent less substances harmful to the human body as compared with conventional cigarettes, whether the Government has made reference to such experimental and study findings, and whether it conducted similar experiments and studies in the past three years; if it did not conduct such experiments and studies, of the reasons for that;

(2) as an expert study report published by PHE in 2018 has pointed out that there is no evidence that e-cigarettes are acting as a route into smoking for

young people, whether the Government commissioned experts in the past three years to conduct similar studies on e-cigarettes and heat-not-burn cigarettes in Hong Kong; and

(3) as the Ministry of Health of New Zealand proposed in 2018 that the policy and legislation on tobacco control of New Zealand be amended by switching from the previous approach of favouring a total ban on the sale of less harmful tobacco products to the approach of protecting children and young people from the harmful effects of tobacco products and concurrently offering smokers the opportunities to switch to less harmful tobacco products (including e-cigarettes and heat-not-burn cigarettes), whether the Government will, by making reference to the policy direction of the New Zealand Government, revise its decision of eradicating through legislation, instead of regulating, new types of smoking products on grounds of protecting public health?

Reply:

President,

To safeguard public health, the Government has made strenuous efforts in tobacco control, and introduced various measures, including the designation and continuous expansion of no-smoking areas, and periodic increases in tobacco duty. With the concerted efforts by the Government and other stakeholders over the years, smoking prevalence among persons aged 15 and above has significantly dropped from over 20 per cent in the 1980s to 10 per cent at present. The Government has also laid down the target of further reducing smoking prevalence to 7.8 per cent by 2025.

In recent years, the emergence of new smoking products such as electronic cigarettes (e-cigarettes) and heat-not-burn (HNB) tobacco products has posed new health risk and challenges. Often packaged as less harmful substitutes with promotion tactics targeted at youngsters and non-smokers, these products open a gateway to the eventual consumption of conventional cigarettes. In fact, these new smoking products are all harmful to health and produce second-hand smoke. There is also a lack of sufficient evidence to prove that they can help quit smoking. The public may underestimate the harmful effects of these products and eventually endorse the smoking image and relevant behaviours once again.

My reply to the various parts of the question raised by Hon Shiu Ka-fai is as follows:

(1) The announcement by Public Health England (PHE) in 2018 that Hon Shiu Ka-fai referred to, that e-cigarettes were less harmful to the human body than conventional tobacco products, was in fact a quotation from a report PHE published in 2015. That conclusion has been criticised time and again by the medical journal *The Lancet*, which pointed out that the research methodology had shortcomings and there might be conflicts of interest. The Committee on Toxicity of Chemicals in Food, Consumer Products and the Environment (COT) of the United Kingdom has meanwhile pointed out in its statement that the

aerosol generated by HNB products contains many harmful substances, including carcinogens, and are harmful to the health of anyone using these products. The COT is also concerned that non-smokers using HNB products may get addicted to smoking, and opines that smokers should quit smoking completely rather than switching to these new products.

The Government tested e-cigarettes purchased from the market. The tests detected the presence of formaldehyde, a carcinogen, in the solution and aerosol of many of the samples. The Hong Kong Baptist University also conducted tests in 2015 on the aerosol of e-cigarettes and detected formaldehyde and heavy metals in the tested samples. In 2017, seven samples of HNB products were sent to the Government Laboratory for testing, and nicotine and tar were found in all aerosol samples, and their yields were comparable to some conventional cigarettes available in Hong Kong. All of the test results show that these new smoking products are harmful to health.

According to a large-scale systematic review published by the United States in 2018, there was conclusive evidence that many harmful substances such as carcinogens were contained in e-cigarette aerosol and long-term exposure to these substances could be harmful to health. Several overseas studies have also found the presence of many other types of harmful substances in e-cigarette aerosol, including heavy metals, carcinogenic tobacco-specific nitrosamines and flavourings.

As HNB products containing real tobacco retain the addictive effect of nicotine, it is believed that such products will be more popular among smokers and persons who want to smoke. Independent or industry-funded studies have found that the aerosol of these products contains harmful substances such as carbon monoxide, tar, nitrosamines and volatile organic compounds. The World Health Organization (WHO) also considers that all forms of tobacco use, including the use of HNB products, are harmful.

Indeed, even though these products may contain less harmful substances than conventional tobacco products, they should not be regarded as less harmful. At present, there is also no safe level of exposure to these harmful substances. Our advice is that members of the public, rather than using these products that are claimed to be less harmful, should quit smoking by using methods that have been proven effective, such as nicotine replacement therapy.

(2) Another study conducted in the United Kingdom in 2018 revealed that there was a strong connection between the use of e-cigarettes and subsequent use of conventional tobacco products. The large-scale systematic review published in the United States in 2018 also pointed out that there was evidence that the use of e-cigarettes would increase the risk of using conventional tobacco products among young people. Studies carried out in other countries, including Sweden, the Netherlands and Canada, also showed evidence of the gateway effect. Therefore, we have to take action before these products become popular in Hong Kong.

(3) As stated in the documents of the Ministry of Health of New Zealand,

there are not many independent studies on the impact of these new products on personal health or society. Different countries have different regulatory approaches, and there is no consensus on which approach is the best. As far as Hong Kong is concerned, we must stress that although these new smoking products have been put on the market just for a short period of time, we must avoid what had happened regarding the regulation of conventional tobacco products. The seventh and eighth sessions of the Conference of the Parties to the WHO Framework Convention on Tobacco Control have already proposed that its member countries should regulate (including prohibition or restriction) the manufacture, import, distribution, promotion, sale and use of new types of smoking products in accordance with their national laws for the purpose of providing maximum protection for public health.

Since the Government proposed to legislate for the regulation of new smoking products last year, the medical professions, education sector, parents and many members of the public have expressed concerns, worrying that this will not be adequate to protect public health and will have very negative impact on children and adolescents in particular. There are also more and more studies concluding that these new products are harmful to health. Therefore, with protecting public health as our prime consideration, the Government will propose legislative amendments to ban the import, manufacture, sale, distribution and advertisement of e-cigarettes and other new smoking products. This will ensure our achievement in tobacco control over the years will not be undermined, and prevent the harm of these new products from taking root.

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## **LCQ6: Tackling problems brought about by inbound tour groups to local communities**

Following is a question by the Dr Hon Cheng Chung-tai and a reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (January 16):

Question:

In recent years, a large number of Mainland inbound tour groups have arranged their tour group members to have meals and go shopping in districts such as Tsuen Wan, Tsing Yi, Hung Hom and To Kwa Wan. Some residents in those districts have relayed that visits by tens of thousands of tourists daily have given rise to a number of problems, which include eateries and shops catering for people's daily needs in the districts being replaced by shops dedicated to receiving tourists, traffic obstruction arising from illegal coach parking, as well as environmental hygiene and noise problems caused by

tourists littering and yelling on the streets. As a result, the daily lives of the residents have been gravely affected. In this connection, will the Government inform this Council:

(1) of the specific indicators taken into account by the Commerce and Economic Development Bureau in considering whether there is a need to divert the tourists in a certain district to other districts;

(2) as many residents consider that the various government departments have not actively addressed the problem of tourists affecting residents' daily lives, and tackling such problem is not the main duty of the Travel Industry Authority to be set up, of the specific measures the Government has put in place to improve the living environment of the districts concerned so that residents' daily lives can resume to normal; and

(3) given that the Government has, through the system for application for liquor licences, prevent liquor-selling premises from causing problems such as fire safety, environmental hygiene and noise problems, with a view to striking a balance between the commercial interests concerned and peace for the residents, whether the Government will regulate tourism-related shops in a similar manner?

Reply:

President,

The Government attaches great importance to the sustainable and healthy development of the tourism industry. Whilst ensuring that the industry develops in a stable and orderly manner and brings about benefits to society, we are constantly seeking to minimise as far as possible the impact of tourist activities on the local community. In response to the question raised by the Dr Hon Cheng Chung-tai, my reply is as follows.

(1) On increasing tourist attractions and diverting tourists, one of the strategies in the Development Blueprint for Hong Kong's Tourism Industry published in 2017 is to nurture and develop tourism products and initiatives with local and international characteristics. Our concrete objectives are to unearth the tourism characteristics of different districts to cater for the needs and preferences of different visitor segments, and to divert tourists to different districts for sightseeing and shopping, thereby enhancing economic gains and benefiting various districts.

The Government has been developing new tourist attractions in various districts and taking forward projects under various themes with local characteristics, on cultural and creative tourism, as well as green tourism. Over the past two years, the Government, in collaboration with organisations such as the Hong Kong Tourism Board (HKTB), Hong Kong Design Centre, and Hong Kong Comics and Animation Federation, rolled out the revitalisation of Dr Sun Yat-sen Historical Trail and "Old Town Central" in Central and Western District, as well as the "Design District Hong Kong" project and "Hong Kong Neighbourhoods – Sham Shui Po" campaign in Wan Chai and Sham Shui Po

Districts respectively, to promote both tourism and the local cultural characteristics of the districts concerned for energising local economies.

On cultural tourism, a number of facilities in the West Kowloon Cultural District (WKCD) will be completed in phases, including the Xiqu Centre to be officially open on January 20, 2019 and museum facilities in the pipeline. WKCD will be a new integral cluster of tourist attractions. In addition, the annual business event featuring design, culture and art under "Business of Design Week" and Art Basel held in March are new offerings rolled out in recent years to attract tourists. HKTB has been promoting various activities in relation to traditional festivals with local distinctive characteristics, which can also entice tourists to patronise different districts of Hong Kong. On green tourism, in addition to the Hong Kong UNESCO Global Geopark founded earlier, tourist attractions concerning natural ecology and geology in the New Territories East have become places of interest to some tourists.

In respect of theme parks, the Hong Kong Disneyland Resort is taking forward its expansion and development plan, with new attractions to be rolled out in the next few years. The Ocean Park is taking forward its all-weather water park project, which is expected to be completed by 2021.

(2) The Government has been pragmatic in tackling problems brought about by inbound tour groups to local communities, and maintaining close liaison with the travel trade, Travel Industry Council of Hong Kong (TIC), district personalities and Legislative Council Members to implement various targeted mitigation measures.

The Tourism Commission, together with relevant Government departments and TIC, meet with trade representatives from time to time to keep an eye on their arrangements in receiving inbound tour groups. Before peak periods of Mainland visitor arrivals, including the Chinese New Year and National Day Golden Week, the Tourism Commission convenes inter-departmental meetings to strengthen visitor crowd control measures.

Besides, TIC issues notices and liaises with the trade from time to time to urge them to observe order and use information technology in strengthening control on visitor and vehicular flow, and to encourage coaches to use proper parking spaces. Through on-site inspection, advisory letters, meetings, etc., TIC follows up with the trade members concerned on their arrangements to receive inbound tour groups. TIC is also examining to enhance the "Refund Protection Scheme (Registered Shops) for Inbound Tour Group Shoppers" by requiring registered shops serving inbound tour groups for designated shopping to put forward and implement visitor crowd management measures, with a view to further reducing the inconvenience caused by inbound tour groups to certain districts.

On coach parking, the Government has been providing additional pick-up/drop-off spaces and parking spaces for coaches at appropriate locations, including tourist and shopping hotspots, and letting car parks for coach parking on short-term tenancies. The Police also steps up enforcement action

at illegal parking blackspots and deploys more manpower to enhance control.

On crowd management, in case a relatively large number of tourists gather in certain areas causing congestion or noise problems, the Police will, on a need basis, deploy more manpower to maintain order and public safety.

Moreover, the Food and Environmental Hygiene Department will enhance the cleansing of streets and public toilets at popular gathering spots for visitors to keep the cityscape clean, step up inspection at blackspots and strengthen law enforcement.

(3) The Travel Industry Ordinance was passed by the Legislative Council in November 2018 after two years of scrutiny. It provides for the establishment of a statutory body, the Travel Industry Authority (TIA), and empowers TIA to formulate an administrative scheme to regulate shops that inbound tour groups are arranged to patronise.

The Government will recommend TIA to conduct on-site inspection before registering a shop to which inbound tour groups are arranged to patronise, with a view to ensuring that the premises is suitable for receiving tourists, or that appropriate visitor and vehicular flow control measures have been put in place. The Government will also recommend TIA to deploy more manpower to conduct on-site inspection in affected areas, as well as formulate suitable administrative measures against local receiving travel agents or shops that are unamenable to repeated advice, willfully non-co-operative and fail to manage inbound tour groups' visits to shops. Such agents or shops will be subject to sanction such as disciplinary orders through investigation and disciplinary proceedings. When formulating the administrative scheme, TIA will holistically consider different factors, including industry development, TIC's regulatory experience and stakeholders' views, etc.

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## **[Hong Kong Customs seizes suspected illicit cigarettes \(with photo\)](#)**

Hong Kong Customs seized about 1.1 million suspected illicit cigarettes with an estimated market value of about \$3 million and a duty potential of about \$2.1 million at Man Kam To Control Point on January 14.

Customs officers intercepted an incoming truck declared as carrying assorted goods at Man Kam To Control Point on January 14. After inspection, Customs officers found the batch of suspected illicit cigarettes in four wooden crates mix-loaded with other goods on board the truck.

The 48-year-old male driver was arrested and the truck was detained.



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.

Members of the public may report any suspected illicit cigarette 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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## [Senior appointment \(with photo\)](#)

The Government announced today (January 16) that Miss Winnie So Chui-ying, former Deputy Secretary for Constitutional and Mainland Affairs, has succeeded Mr Yau Kin-chung as Secretary General, Joint Secretariat for the Advisory Bodies on Civil Service and Judicial Salaries and Conditions of Service with effect from January 7, 2019.

Commenting on the appointment, the Secretary for the Civil Service, Mr Joshua Law, said, "Miss So is a seasoned Administrative Officer with proven leadership and management skills. I have every confidence that she will continue to serve the community with professionalism in her new capacity."

A brief biographical note of Miss So is set out below:

Miss Winnie So Chui-ying

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Miss So joined the Administrative Service in August 1992 and rose to the rank of Administrative Officer Staff Grade B in April 2017. She has served in various bureaux and departments, including the former Monetary Affairs Branch, the former Financial Services Branch, the former City and New Territories Administration, the Home Affairs Department, the University Grants Committee, the former Home Affairs Branch, the Home Affairs Bureau, the former Central Policy Unit, the former Education and Manpower Bureau, the Food and Environmental Hygiene Department, the former Television and Entertainment Licensing Authority and the former Commerce, Industry and Technology Bureau. She was Principal Assistant Secretary for Development (Planning and Lands) from July 2009 to November 2015, and served as Deputy

Director, Office of the Government of the Hong Kong Special Administrative Region in Beijing and then Deputy Secretary of the Constitutional and Mainland Affairs Bureau from November 2015 to January 2019.

