

Residential Mortgage Survey Results for October 2018

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 October 2018.

The number of mortgage applications in October increased month-on-month by 34.8 per cent to 10,754.

Mortgage loans approved in October decreased by 4.6 per cent compared with September to HK\$30.1 billion. Among these, mortgage loans financing primary market transactions increased by 28.1 per cent to HK\$8 billion and those financing secondary market transactions decreased by 13.4 per cent to HK\$10.2 billion. Mortgage loans for refinancing decreased by 12.1 per cent to HK\$11.9 billion.

Mortgage loans drawn down during October decreased by 5.3 per cent compared with September to HK\$31.2 billion.

The ratio of new mortgage loans priced with reference to HIBOR decreased from 83.2 per cent in September to 50.8 per cent in October. The ratio of new mortgage loans priced with reference to best lending rates increased from 15.1 per cent in September to 47.3 per cent in October.

The outstanding value of mortgage loans increased month-on-month by 0.7 per cent to HK\$1,298.5 billion at end-October.

The mortgage delinquency ratio remained unchanged at 0.02 per cent and the rescheduled loan ratio remained unchanged at nearly 0 per cent.

Key statistics on business performance and operating characteristics of building, construction and real estate sectors in 2017

According to the results of the 2017 Annual Survey of Economic Activities – Building, Construction and Real Estate Sectors released today (November 30) by the Census and Statistics Department (C&SD), the

construction sector's total receipts (comprising gross value of construction works performed and other business receipts) amounted to \$418.5 billion in 2017, representing an increase of 3.1% over 2016; on a per establishment basis, total receipts was \$16.8 million in 2017, increased slightly by 0.4% compared with 2016.

Operating expenses and compensation of employees of the construction sector altogether amounted to \$377.6 billion in 2017, representing an increase of 2.8% over 2016; on a per establishment basis, they were \$15.2 million in 2017, edged up by 0.1% compared with 2016.

Gross surplus of the construction sector, which is equal to total receipts less operating expenses and compensation of employees, increased by 6.1% over 2016 to \$40.9 billion in 2017; on a per establishment basis, gross surplus increased by 3.3% compared with 2016 to \$1.6 million in 2017. Gross surplus accounted for 9.8% of total receipts in 2017, up by 0.3 of a percentage point over 2016.

Value added of the construction sector, which is a measure of its contribution to Hong Kong's Gross Domestic Product, increased by 5.2% over 2016 to \$132.8 billion in 2017; on a per establishment basis, the value added was \$5.3 million in 2017, representing an increase of 2.4% over 2016.

In 2017, there were some 24 800 establishments in the construction sector, which directly engaged about 185 100 persons, or an average of 7.5 persons per establishment.

The survey did not cover labour-only sub-contractors that mainly supplied labour to work on a job-to-job basis, owing to practical consideration in data collection. The employment figures above mainly covered direct employees of the construction establishments and did not reflect the labour input through the sub-contracting activities of labour-only sub-contractors.

Apart from the construction sector, the survey also enumerated establishments engaged in real estate activities; and architectural, surveying and engineering services.

Total receipts (comprising gross margin of real estate development projects, service and rental income and other business receipts) of establishments engaged in the real estate activities (including real estate development, real estate leasing, real estate brokerage and agency and real estate maintenance management) amounted to \$202.0 billion in 2017, representing an increase of 4.0% over 2016. Operating expenses and compensation of employees altogether amounted to \$82.0 billion in 2017, representing an increase of 8.1% over 2016. Gross surplus increased by 0.8% compared with 2016 to \$111.6 billion in 2017. Gross surplus accounted for 55.3% of total receipts in 2017, down by 1.8 percentage points compared with 2016. Value added increased by 3.6% compared with 2016 to \$145.3 billion in 2017.

In 2017, the real estate activities comprised 9 100 establishments and

engaged about 112 300 persons, or an average of 12.4 persons per establishment.

The total number of private real estate projects ever operated in 2017 was 299. As at end-2017, 236 projects, which were expected to provide a total 7.4 million square metres of gross floor area of buildings when completed, were still under construction. Among them, 19% were on Hong Kong Island, 30% in Kowloon and 51% in the New Territories and outlying islands.

The survey excluded establishments which developed real estate projects for their own use as well as those which owned land but had not developed it during the reference year. Real estate leasing and other related activities undertaken by individuals or firms which engaged less than two persons (except for subsidiaries of real estate enterprises) were also not covered in the survey.

Total receipts (comprising service income and other business receipts) of establishments engaged in the architectural, surveying and engineering services amounted to \$22.0 billion in 2017, representing an increase of 1.4% over 2016. Operating expenses and compensation of employees altogether amounted to \$19.9 billion in 2017, representing an increase of 0.5% over 2016. Gross surplus increased by 10.6% compared with 2016 to \$2.1 billion in 2017. Gross surplus accounted for 9.4% of total receipts in 2017, up by 0.8 of a percentage point compared with 2016. Value added increased by 3.7% compared with 2016 to \$15.7 billion in 2017.

In 2017, the architectural, surveying and engineering services comprised some 2 000 establishments and engaged about 25 700 persons, or an average of 12.8 persons per establishment.

Selected statistics for the building, construction and real estate sectors, with breakdowns by industry grouping, are shown in the attached table.

More detailed survey results on the building, construction and real estate sectors will be given in the report "Key Statistics on Business Performance and Operating Characteristics of the Building, Construction and Real Estate Sectors in 2017". Users can download this report free of charge at the website of C&SD (www.censtatd.gov.hk/hkstat/sub/sp330.jsp?productCode=B1080011) as from end-December 2018.

For enquiries about the key statistics on business performance and operating characteristics of the building, construction and real estate sectors, please contact the Construction and Miscellaneous Services Statistics Section of the C&SD at telephone: 3903 6964 or email: building@censtatd.gov.hk.

[Hong Kong Customs combats restaurants supplying short-weight seafood \(with photo\)](#)

Hong Kong Customs conducted an operation to combat restaurants supplying short-weight seafood from November 19 to today (November 30). During the operation, three restaurants were found to be suspected of supplying short-weight Alaskan crabs.

Customs officers conducted test-buy operations at restaurants in different districts and ordered Alaskan crab. The crabs supplied by three restaurants located in North Point, Kwai Chung and Tseung Kwan O were found short of weight by 8 taels to 12.9 taels. The spring scale of the restaurant in Tseung Kwan O was also found to be inaccurate.

Investigations are ongoing.

Under the Weights and Measures Ordinance (WMO), any person who in the course of trade supplies goods to another person by weight or measure should supply the goods in net weight or net measure. Any shortage of the quantity purported to be supplied is an offence. The maximum penalty upon conviction is a fine of \$10,000. In addition, any person who uses for trade, or has in his possession for use for trade, any weighing or measuring equipment which is false or defective commits an offence. The maximum penalty upon conviction is a fine of \$20,000.

Customs appeals to traders to comply with the requirements of the WMO. Customs also reminds consumers to purchase products from reputable shops and pay attention to the process of weighing by restaurants when ordering food supplied by weight.

Customs will continue to take stringent enforcement action against short-weight activities at restaurants to protect consumers' interests and uphold a fair trading environment.

Members of the public may report any suspected violations of the WMO to Customs' 24-hour hotline 2545 6182 or its dedicated crime-reporting email account (crimereport@customs.gov.hk).



Effective Exchange Rate Index

The effective exchange rate index for the Hong Kong dollar on Friday, November 30, 2018 is 105.8 (up 0.1 against yesterday's index).

Seventeen immigration offenders arrested

The Immigration Department (ImmD) mounted a series of territory-wide anti-illegal worker operations, including an operation codenamed "Twilight", and joint operations with the Hong Kong Police Force and the Labour Department codenamed "Champion" from November 26 to 29. A total of 10 illegal workers, six suspected employers and one overstayer were arrested.

During operation "Twilight", ImmD Task Force officers raided 80 target locations including commercial buildings, a factory, a garage, industrial buildings, residential buildings, restaurants, shops and a farm. Seven illegal workers and three employers were arrested. The illegal workers comprised three men and four women, aged 23 to 51. Among them, one man and three women were holders of recognisance forms, which prohibit them from taking any employment. In addition, one man was suspected of using and being in possession of a forged Hong Kong identity card. Meanwhile, one man and two women, aged 31 to 52, were suspected of employing the illegal workers. Furthermore, one female overstayer, aged 49, was arrested.

In addition, during operation "Champion", enforcement officers raided 20 target locations in Tsing Yi, Kwai Chung, Chai Wan and North Point including

car parks, a factory, restaurants and massage parlours. Three male illegal workers, aged 32 to 49, were arrested. Among them, two men were holders of recognisance forms, which prohibit them from taking any employment. Meanwhile, two men and one woman, aged 38 to 53, suspected of employing the illegal workers were also arrested.

"Any person who contravenes a condition of stay in force in respect of him shall be guilty of an offence. Also, visitors are not allowed to take employment in Hong Kong, whether paid or unpaid, without the permission of the Director of Immigration. Offenders are liable to prosecution and upon conviction face a maximum fine of \$50,000 and up to two years' imprisonment. Aiders and abettors are also liable to prosecution and penalties," an ImmD spokesman said.

The spokesman warned that it is an offence to use or possess a forged Hong Kong identity card or a Hong Kong identity card related to another person. Offenders are liable to prosecution and a maximum penalty of a \$100,000 fine and up to 10 years' imprisonment.

The spokesman warned that, as stipulated in section 38AA of the Immigration Ordinance, illegal immigrants or people who are the subject of a removal order or a deportation order are prohibited from taking any employment, whether paid or unpaid, or establishing or joining in any business. Offenders are liable upon conviction to a maximum fine of \$50,000 and up to three years' imprisonment. The Court of Appeal has issued a guideline ruling that a sentence of 15 months' imprisonment should be applied in such cases.

The spokesman reiterated that it is a serious offence to employ people who are not lawfully employable. The maximum penalty is imprisonment for three years and a fine of \$350,000. The High Court has laid down sentencing guidelines that the employer of an illegal worker should be given an immediate custodial sentence. According to court sentencing, employers must take all practicable steps to determine whether a person is lawfully employable prior to employment. Apart from inspecting a prospective employee's identity card, the employer has the explicit duty to make enquiries regarding the person and ensure that the answers would not cast any reasonable doubt concerning the lawful employability of the person. The court will not accept failure to do so as a defence in proceedings. It is also an offence if an employer fails to inspect the job seeker's valid travel document if the job seeker does not have a Hong Kong permanent identity card. The maximum penalty for failing to inspect such a document is imprisonment for one year and a fine of \$150,000.

Under the existing mechanism, the ImmD will, as a standard procedure, conduct initial screening of vulnerable persons, including illegal workers, illegal immigrants, sex workers and foreign domestic helpers, who are arrested during any operation with a view to ascertaining whether they are trafficking in persons (TIP) victims. When any TIP indicator is revealed in the initial screening, the officers will conduct a full debriefing and identification by using a standardised checklist to ascertain the presence of

TIP elements, such as threat and coercion in the recruitment phase and the nature of exploitation. Identified TIP victims will be provided with various forms of support and assistance, including urgent interference, medical services, counselling, shelter, temporary accommodation and other supporting services. The ImmD calls on TIP victims to report crimes to the relevant departments.