

## Young persons in custody obtain satisfactory results in HKDSE Examination (with photos)

The results of the 2018 Hong Kong Diploma of Secondary Education (HKDSE) Examination were released today (July 11). Young persons in custody obtained satisfactory results in the examination this year.

A total of 16 young persons in custody from Pik Uk Correctional Institution, Cape Collinson Correctional Institution and Lai King Correctional Institution enrolled in this year's HKDSE Examination. They took a total of 93 examination papers and obtained level 2 or above in 67 papers, or 72 per cent of all papers taken, with one of them obtaining level 5 in Economics. One candidate at Lai King Correctional Institution scored 21 marks overall in the six papers taken – the highest score obtained by a young person in custody in this year's examination as well as the highest by a female young person in custody in all the past examinations.

Exams sat included the four core subjects of Chinese Language, English Language, Mathematics and Liberal Studies, as well as the two electives of Economics and Tourism and Hospitality Studies.

Education has long been provided by the Correctional Services Department (CSD) to help young persons in custody further their studies, find jobs and reintegrate into society after their release.

The Superintendent of Lai King Correctional Institution, Mr Edmund Sun, said, "Study prepares persons in custody for their reintegration into society, and academic qualifications obtained in public examinations improve their chances of finding jobs or furthering their studies."

The preparation of young persons in custody for the HKDSE Examination is not an easy task, Mr Sun added. In the process, the persons in custody demonstrate their determination and perseverance in overcoming learning difficulties. Family support as well as guidance and assistance from CSD staff and teachers are also very important to them. In addition to gaining accredited qualifications, it is imperative that young persons in custody are able to establish positive attitudes and values through participation in examinations, Mr Sun said. He encouraged young persons in custody to continue seizing the chance to study and strive for a better future. He also called on the public to give rehabilitated offenders equal opportunities and support their reintegration into society.

The department provides a half-day education programme and half-day vocational training for young persons in custody under the age of 21. Guidance and assistance are also in place for adult persons in custody, who are encouraged to participate in studies on a voluntary basis.

To keep in line with the development of Hong Kong education, the CSD has initiated the New Senior Secondary curriculum in phases at correctional institutions and helps young persons in custody sit the HKDSE Examination. Young persons in custody are given the same opportunity to study at correctional institutions as students in mainstream schools.



---

## [LCQ15: Retrofitting of public facilities in common areas of public rental housing estates](#)

Following is a question by the Hon Wilson Or and a reply by the Acting Secretary for Transport and Housing, Dr Raymond So Wai-man, in the Legislative Council today (July 11):

Question:

It has been reported that when the Hong Kong Housing Authority (HA) divested in 2005 certain retail and car parking facilities of its public rental housing (PRH) estates to The Link Real Estate Investment Trust, which has been renamed as Link Real Estate Investment Trust (Link REIT), it sold in the same lot the titles to some common areas in certain housing estates. If such common areas are involved in the public facilities the addition of which is intended by HA or the owners' corporations of the housing estates concerned, the relevant works may be carried out only after the consent of Link REIT (or the new owners) has been obtained. At present, a number of works projects for retrofitting public facilities cannot commence as such consent has not been obtained. For example, the lift and escalator projects at Po Tak Estate, Kwun Tong, have dragged on for 10 years, and no date has been fixed for implementing the lift retrofitting works for a centre for the elderly in Lower Wong Tai Sin Estate, resulting in the elderly with impaired mobility having to walk up and down tens of steps to commute to and from the centre every day. In this connection, will the Government inform this

Council:

(1) of the number of complaints, received by the Government since 2005, alleging that HA's selling the titles to some common areas in PRH estates has resulted in a failure to retrofit public facilities to those estates; the mechanism currently in place to handle such cases;

(2) whether the Government has, since 2005, conducted any study on the impact on the residents caused by the sale by HA to Link REIT of the title to some common areas in PRH estates; if so, of the outcome; if not, the reasons for that; and

(3) whether the Government will consider invoking the Lands Resumption Ordinance (Cap 124) to resume the titles to the common areas concerned so as to retrofit the relevant public facilities; if so, of the details; if not, the reasons for that?

Reply:

President,

My consolidated reply to various parts of the question raised by the Hon Wilson Or is as follows.

As with private housing projects in general, in the public housing projects jointly owned by the Hong Kong Housing Authority (HA) and other owners (including owners of the commercial facilities, owners of individual residential flats, etc.), the titles of the common areas are co-owned by the owners in accordance with the Deeds of Mutual Covenant (DMCs). The responsibility for the management and maintenance of these common areas shall, in accordance with the provisions of the respective DMCs, be borne by all owners. For the estates or courts with Owners' Corporations (OCs) formed, matters relating to the day-to-day management are discussed and resolved by the OCs in accordance with the requirements under the Building Management Ordinance (BMO) and the DMCs through convening meetings of the Management Committee or owners' meetings. As one of the owners, HA will, apart from paying the management fees according to its management shares, also nominate representatives to participate in the OCs' affairs.

Works relating to the installation of common facilities in the common areas are subject to the consent of the relevant owners. The costs of the works and future maintenance are also shared by all owners according to the DMC or other agreements. If the proposed installation of common facilities involves changes to the land use or land lease conditions, approval from the Lands Department is required. Other owners of the lot are also required to give consent in the application process. Besides, when considering the installation of common facilities in these common areas, consideration should be given on the technical feasibility, topographical factors, social acceptance and compliance with the Buildings Ordinance and related planning requirements. Depending on the actual circumstances of individual estates and courts, HA and other owners will, in accordance with the mechanism above,

follow up various works proposals of common facilities. As regards the cases of Po Tat Estate and Lower Wong Tai Sin Estate mentioned in the question, HA has already conveyed views on the installation of common facilities to the relevant organisations and stakeholders in accordance with the prevailing mechanism and is actively exploring various feasible options.

The Government does not maintain statistics on the number of complaints relating to the installation of common facilities in public housing projects under HA since 2005, and has no plan to conduct a study on the matters mentioned in the second part of the question.

At present, the Government has no plan to recover the titles of common areas in public housing developments under HA by invoking the Lands Resumption Ordinance.

---

## **LCQ15: Retrofitting of public facilities in common areas of public rental housing estates**

Following is a question by the Hon Wilson Or and a reply by the Acting Secretary for Transport and Housing, Dr Raymond So Wai-man, in the Legislative Council today (July 11):

Question:

It has been reported that when the Hong Kong Housing Authority (HA) divested in 2005 certain retail and car parking facilities of its public rental housing (PRH) estates to The Link Real Estate Investment Trust, which has been renamed as Link Real Estate Investment Trust (Link REIT), it sold in the same lot the titles to some common areas in certain housing estates. If such common areas are involved in the public facilities the addition of which is intended by HA or the owners' corporations of the housing estates concerned, the relevant works may be carried out only after the consent of Link REIT (or the new owners) has been obtained. At present, a number of works projects for retrofitting public facilities cannot commence as such consent has not been obtained. For example, the lift and escalator projects at Po Tak Estate, Kwun Tong, have dragged on for 10 years, and no date has been fixed for implementing the lift retrofitting works for a centre for the elderly in Lower Wong Tai Sin Estate, resulting in the elderly with impaired mobility having to walk up and down tens of steps to commute to and from the centre every day. In this connection, will the Government inform this Council:

(1) of the number of complaints, received by the Government since 2005,

alleging that HA's selling the titles to some common areas in PRH estates has resulted in a failure to retrofit public facilities to those estates; the mechanism currently in place to handle such cases;

(2) whether the Government has, since 2005, conducted any study on the impact on the residents caused by the sale by HA to Link REIT of the title to some common areas in PRH estates; if so, of the outcome; if not, the reasons for that; and

(3) whether the Government will consider invoking the Lands Resumption Ordinance (Cap 124) to resume the titles to the common areas concerned so as to retrofit the relevant public facilities; if so, of the details; if not, the reasons for that?

Reply:

President,

My consolidated reply to various parts of the question raised by the Hon Wilson Or is as follows.

As with private housing projects in general, in the public housing projects jointly owned by the Hong Kong Housing Authority (HA) and other owners (including owners of the commercial facilities, owners of individual residential flats, etc.), the titles of the common areas are co-owned by the owners in accordance with the Deeds of Mutual Covenant (DMCs). The responsibility for the management and maintenance of these common areas shall, in accordance with the provisions of the respective DMCs, be borne by all owners. For the estates or courts with Owners' Corporations (OCs) formed, matters relating to the day-to-day management are discussed and resolved by the OCs in accordance with the requirements under the Building Management Ordinance (BMO) and the DMCs through convening meetings of the Management Committee or owners' meetings. As one of the owners, HA will, apart from paying the management fees according to its management shares, also nominate representatives to participate in the OCs' affairs.

Works relating to the installation of common facilities in the common areas are subject to the consent of the relevant owners. The costs of the works and future maintenance are also shared by all owners according to the DMC or other agreements. If the proposed installation of common facilities involves changes to the land use or land lease conditions, approval from the Lands Department is required. Other owners of the lot are also required to give consent in the application process. Besides, when considering the installation of common facilities in these common areas, consideration should be given on the technical feasibility, topographical factors, social acceptance and compliance with the Buildings Ordinance and related planning requirements. Depending on the actual circumstances of individual estates and courts, HA and other owners will, in accordance with the mechanism above, follow up various works proposals of common facilities. As regards the cases of Po Tat Estate and Lower Wong Tai Sin Estate mentioned in the question, HA has already conveyed views on the installation of common facilities to the

relevant organisations and stakeholders in accordance with the prevailing mechanism and is actively exploring various feasible options.

The Government does not maintain statistics on the number of complaints relating to the installation of common facilities in public housing projects under HA since 2005, and has no plan to conduct a study on the matters mentioned in the second part of the question.

At present, the Government has no plan to recover the titles of common areas in public housing developments under HA by invoking the Lands Resumption Ordinance.

---

## LCQ20: Bank accounts of licensed money service operators

Following is a question by the Hon Shiu Ka-fai and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (July 11):

Question:

At present, operators of money changers must possess a licence granted by the Commissioner of Customs and Excise for operating money changing service, a kind of money service. Some operators of money changers have relayed to me that in recent years, some banks have not only rejected their applications for opening new accounts but also suddenly frozen or cancelled the existing accounts of money changers and the personal accounts of their operators, dealing a serious blow to their business operations. In this connection, will the Government inform this Council:

(1) of the number of licensed money changers in each of the past five years;

(2) of the number of complaints or requests for assistance about the opening/maintenance of bank accounts received by the authorities from operators of money changers in the past five years; whether the authorities have taken follow-up actions, including gaining an understanding from the banks of the reasons for that; if so, of the details; if not, the reasons for that;

(3) whether the authorities intend to eradicate the money changing service operated by money changers; if so, why they have not made any announcement on this; if not, why the authorities have all along allowed banks to refuse the opening/maintenance of bank accounts by money changers;

(4) whether it knows (i) the respective numbers of accounts of money changers and personal accounts of their operators which were cancelled by banks in

each of the past five years, and (ii) the number of existing bank accounts belonging to money changers; if it does not know, whether it will request banks to provide the relevant information;

(5) whether the Hong Kong Monetary Authority has issued guidelines regarding the circumstances under which banks may refuse to open new accounts for money changers and cancel/freeze their existing accounts; if so, of the details; if not, the reasons for that; whether the authorities will request banks to give an explanation for such decisions to the affected operators of money changers; if so, of the details; if not, how the authorities safeguard the proper interests of operators of money changers; and

(6) given that the Customs and Excise Department (C&ED) will examine the records of new applicants for a licence of money service operator or those of applicants for renewal of the licence every two years, and will issue/renew the licence only after it has ascertained that such applicants have met all the requirements, and that C&ED will conduct compliance inspections on existing money changers, whether the authorities will consider assisting those operators with good records in opening bank accounts; if so, of the details; if not, the reasons for that?

Reply:

President,

Our consolidated reply to the above questions is set out as follows:

Under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, any person who wishes to operate a remittance and/or money changing service in Hong Kong is required to apply for a money service operator (MSO) licence from the Customs and Excise Department (C&ED). The C&ED is responsible for the supervision of licensed MSOs' compliance with the customer due diligence (CDD) and record-keeping obligations and other licensing requirements, as well as combating unlicensed operation of money service.

In the past five years, the number of licensed MSOs continues to increase, as follows:

	2014	2015	2016	2017	First 6 months of 2018
Licensed MSOs	1 206	1 226	1 231	1 309	1 402

In recent years, as the international community intensifies its efforts in combating money laundering and terrorist financing (ML/TF), financial institutions around the world (including banks in Hong Kong) have generally strengthened the related controls, including undertaking more in-depth CDD and on-going monitoring on customers and adopting control measures commensurate with customers' background and risk levels. Where suspicious transactions are identified, financial institutions are required by law to report to law enforcement agencies.

In accordance with international standards and local laws, the Hong Kong Monetary Authority (HKMA) monitors the anti-money laundering and counter-terrorist financing (AML/CTF) controls of the banking industry. The HKMA has been reminding the banking industry that, in implementing robust AML/CTF controls, they should take care not to unreasonably impede access to banking services by legitimate businesses and ordinary citizens. The HKMA has also issued guidance to banks in the past two years, stressing that banks should apply a risk-based approach to the CDD process, instead of adopting a one-size-fits-all approach. Meanwhile, banks should maintain proper communication with customers throughout the CDD process, which should be transparent, reasonable and efficient, as required by the "Treat Customers Fairly" principle. In response to the guidance, banks have taken various steps to enhance transparency and improve customer experience; for example, all retail banks have established mechanisms to review unsuccessful applications. The HKMA also set up a dedicated webpage on its website and launched a dedicated email account (accountopening@hkma.gov.hk) to facilitate customers' submission of enquiries and feedback.

In practice, individual banks will determine whether to establish business relationships with individual customers based on their own business strategies and risk assessments and after taking into account various relevant factors. After accounts are opened, banks and customers should follow the relevant terms and conditions to operate the accounts. Generally speaking, where banks, during their on-going monitoring process, suspect that certain accounts may be involved in irregular or suspicious transactions (for example, a personal account is being used for business purpose, or if a customer is not able to provide background information as required by a bank), they should undertake appropriate risk mitigating measures, such as by filing a suspicious transaction report in accordance with the law, or terminating the accounts and business relationships as appropriate. The HKMA requires banks to explain to customers the reasons for rejecting account opening applications or closure of accounts where permitted by law. Should a customer consider that a bank has not handled his/her case properly, he/she can make a complaint to the bank concerned or the HKMA and request review for his/her case.

Since the launch of the dedicated email account last year, the HKMA has received, amongst other enquiry/assistance seeking cases, six cases concerning MSOs. As for complaint cases, the statistics is set out below:

Types of Complaint	2014	2015	2016	2017	First 6 months of 2018
Refusal of account opening application by banks	11	37	0	3	0
Closure of accounts by banks	1	6	0	0	0

The HKMA will follow up on each and every complaint. Where appropriate, it will remind the bank concerned to understand more about the business



nature of MSOs and give due consideration to the fact that MSOs are regulated by the relevant government department. The HKMA also requires banks to properly distinguish the risk levels of individual MSOs, and adopt appropriate and effective CDD and on-going monitoring measures accordingly. The HKMA considers that it will be more effective to monitor the situation through complaints lodged by customers and handling of the cases directly, and therefore does not collect statistics about bank accounts relating to MSOs.

The C&ED has been maintaining communication with the HKMA to facilitate deeper understanding of the MSO sector by the HKMA and the banking sector. For instance, C&ED participates in seminars organised by the HKMA to brief banks on the mode of operation of MSOs and the regulatory regime for the industry. The C&ED will continue to work with the HKMA to strengthen banks' confidence in licensed MSOs.

The HKMA will also continue to maintain communication and work together with the banking industry, business community and relevant stakeholders (including MSOs) to tackle this global and complex issue. The aim of the HKMA is to maintain a robust AML/CTF regime in Hong Kong, without compromising access by legitimate businesses and ordinary citizens to basic banking services.

---

## **LCQ20: Bank accounts of licensed money service operators**

Following is a question by the Hon Shiu Ka-fai and a written reply by the Acting Secretary for Financial Services and the Treasury, Mr Joseph Chan, in the Legislative Council today (July 11):

Question:

At present, operators of money changers must possess a licence granted by the Commissioner of Customs and Excise for operating money changing service, a kind of money service. Some operators of money changers have relayed to me that in recent years, some banks have not only rejected their applications for opening new accounts but also suddenly frozen or cancelled the existing accounts of money changers and the personal accounts of their operators, dealing a serious blow to their business operations. In this connection, will the Government inform this Council:

- (1) of the number of licensed money changers in each of the past five years;
- (2) of the number of complaints or requests for assistance about the opening/maintenance of bank accounts received by the authorities from operators of money changers in the past five years; whether the authorities

have taken follow-up actions, including gaining an understanding from the banks of the reasons for that; if so, of the details; if not, the reasons for that;

(3) whether the authorities intend to eradicate the money changing service operated by money changers; if so, why they have not made any announcement on this; if not, why the authorities have all along allowed banks to refuse the opening/maintenance of bank accounts by money changers;

(4) whether it knows (i) the respective numbers of accounts of money changers and personal accounts of their operators which were cancelled by banks in each of the past five years, and (ii) the number of existing bank accounts belonging to money changers; if it does not know, whether it will request banks to provide the relevant information;

(5) whether the Hong Kong Monetary Authority has issued guidelines regarding the circumstances under which banks may refuse to open new accounts for money changers and cancel/freeze their existing accounts; if so, of the details; if not, the reasons for that; whether the authorities will request banks to give an explanation for such decisions to the affected operators of money changers; if so, of the details; if not, how the authorities safeguard the proper interests of operators of money changers; and

(6) given that the Customs and Excise Department (C&ED) will examine the records of new applicants for a licence of money service operator or those of applicants for renewal of the licence every two years, and will issue/renew the licence only after it has ascertained that such applicants have met all the requirements, and that C&ED will conduct compliance inspections on existing money changers, whether the authorities will consider assisting those operators with good records in opening bank accounts; if so, of the details; if not, the reasons for that?

Reply:

President,

Our consolidated reply to the above questions is set out as follows:

Under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, any person who wishes to operate a remittance and/or money changing service in Hong Kong is required to apply for a money service operator (MSO) licence from the Customs and Excise Department (C&ED). The C&ED is responsible for the supervision of licensed MSOs' compliance with the customer due diligence (CDD) and record-keeping obligations and other licensing requirements, as well as combating unlicensed operation of money service.

In the past five years, the number of licensed MSOs continues to increase, as follows:

	2014	2015	2016	2017	First 6 months of 2018
Licensed MSOs	1 206	1 226	1 231	1 309	1 402

In recent years, as the international community intensifies its efforts in combating money laundering and terrorist financing (ML/TF), financial institutions around the world (including banks in Hong Kong) have generally strengthened the related controls, including undertaking more in-depth CDD and on-going monitoring on customers and adopting control measures commensurate with customers' background and risk levels. Where suspicious transactions are identified, financial institutions are required by law to report to law enforcement agencies.

In accordance with international standards and local laws, the Hong Kong Monetary Authority (HKMA) monitors the anti-money laundering and counter-terrorist financing (AML/CTF) controls of the banking industry. The HKMA has been reminding the banking industry that, in implementing robust AML/CTF controls, they should take care not to unreasonably impede access to banking services by legitimate businesses and ordinary citizens. The HKMA has also issued guidance to banks in the past two years, stressing that banks should apply a risk-based approach to the CDD process, instead of adopting a one-size-fits-all approach. Meanwhile, banks should maintain proper communication with customers throughout the CDD process, which should be transparent, reasonable and efficient, as required by the "Treat Customers Fairly" principle. In response to the guidance, banks have taken various steps to enhance transparency and improve customer experience; for example, all retail banks have established mechanisms to review unsuccessful applications. The HKMA also set up a dedicated webpage on its website and launched a dedicated email account ([accountopening@hkma.gov.hk](mailto:accountopening@hkma.gov.hk)) to facilitate customers' submission of enquiries and feedback.

In practice, individual banks will determine whether to establish business relationships with individual customers based on their own business strategies and risk assessments and after taking into account various relevant factors. After accounts are opened, banks and customers should follow the relevant terms and conditions to operate the accounts. Generally speaking, where banks, during their on-going monitoring process, suspect that certain accounts may be involved in irregular or suspicious transactions (for example, a personal account is being used for business purpose, or if a customer is not able to provide background information as required by a bank), they should undertake appropriate risk mitigating measures, such as by filing a suspicious transaction report in accordance with the law, or terminating the accounts and business relationships as appropriate. The HKMA requires banks to explain to customers the reasons for rejecting account opening applications or closure of accounts where permitted by law. Should a customer consider that a bank has not handled his/her case properly, he/she can make a complaint to the bank concerned or the HKMA and request review for his/her case.

Since the launch of the dedicated email account last year, the HKMA has received, amongst other enquiry/assistance seeking cases, six cases

concerning MSOs. As for complaint cases, the statistics is set out below:

Types of Complaint	2014	2015	2016	2017	First 6 months of 2018
Refusal of account opening application by banks	11	37	0	3	0
Closure of accounts by banks	1	6	0	0	0

The HKMA will follow up on each and every complaint. Where appropriate, it will remind the bank concerned to understand more about the business nature of MSOs and give due consideration to the fact that MSOs are regulated by the relevant government department. The HKMA also requires banks to properly distinguish the risk levels of individual MSOs, and adopt appropriate and effective CDD and on-going monitoring measures accordingly. The HKMA considers that it will be more effective to monitor the situation through complaints lodged by customers and handling of the cases directly, and therefore does not collect statistics about bank accounts relating to MSOs.

The C&ED has been maintaining communication with the HKMA to facilitate deeper understanding of the MSO sector by the HKMA and the banking sector. For instance, C&ED participates in seminars organised by the HKMA to brief banks on the mode of operation of MSOs and the regulatory regime for the industry. The C&ED will continue to work with the HKMA to strengthen banks' confidence in licensed MSOs.

The HKMA will also continue to maintain communication and work together with the banking industry, business community and relevant stakeholders (including MSOs) to tackle this global and complex issue. The aim of the HKMA is to maintain a robust AML/CTF regime in Hong Kong, without compromising access by legitimate businesses and ordinary citizens to basic banking services.