

## LCQ4: Support for retail enterprises

Following is a question by the Hon Adrian Ho and a reply by the Secretary for Commerce and Economic Development, Mr Algernon Yau, in the Legislative Council today (June 5):

Question:

There are views pointing out that the recent changes in the consumption habits of members of the public and the consumption patterns of inbound tourists have posed a great challenge to the retail industry in Hong Kong, and a number of shopping malls have experienced winding-up of businesses and surrender of tenancies. In this connection, will the Government inform this Council:

(1) whether it has plans to introduce measures such as rent concessions for tenants operating in its properties (including public markets and cooked food centres) and to discuss with operators of private shopping malls the provision of lease incentives for existing tenants to renew their tenancies and attracting new tenants, so as to help increase the occupancy rate and tenancy renewal rate, thereby maintaining a favourable retail market situation;

(2) as it is learnt that the revitalised Central Market has operated well, attracting more than 26 million visitors in two years while providing business space for street snack vendors, local brands and small shops with unique characteristics, etc, whether the authorities have plans to draw on the relevant experience and use public markets or shopping malls with fewer visitors and vacant stalls/shops as pilot projects for revitalisation, coupled with effective promotional efforts to attract patronage by members of the public and tourists from the Mainland and overseas; if so, of the details; if not, the reasons for that; and

(3) of the current plans of the relevant government departments to provide support to Hong Kong's small and medium retailers to help them tide over the current retail downturn, and to extend the level of support provided by the Anti-epidemic Fund to small and medium enterprises during the epidemic?

Reply:

President,

Hong Kong's economy has been recovering steadily in the past year. In the first quarter of this year, the real gross domestic product grew by 2.7 per cent over the preceding year, marking the fifth consecutive quarter of growth. Some recent data show that the economic performance remains positive in general, including the increase in the number of inbound visitors and the continuous improvement in the exports of goods. The forecast of economic growth for 2024 is maintained at 2.5 per cent to 3.5 per cent.

As for the total retail sales, the data of the Census and Statistics Department reflect that there was an increase of 16.2 per cent in 2023 as compared with 2022, from around \$350 billion to around \$407 billion.

Along with rise in employment earnings, the recent stabilisation of asset markets and the further revival in inbound tourism with the number of visitors expected to increase by 35 per cent to 46 million in 2024 as compared with that in 2023, coupled with the Government's continued efforts in promoting mega event economy and stimulating consumption sentiment, and the Central Government's further enhancement to the Individual Visit Scheme by extending its scope from 49 to 59 cities to cover all provincial capitals in the country, the local retail sector is expected to benefit directly.

Having consulted the Environment and Ecology Bureau and the Innovation, Technology and Industry Bureau, the consolidated reply to the three parts of the question is as follows:

The Government does not compile statistics on the leasing situation of private shops. According to the latest data released by a real estate services organisation, the street shop vacancy rate has improved from 18.3 per cent in the third quarter of 2020 (the highest level during the epidemic) to 6.6 per cent in the first quarter of 2024. The vacancy rate in some of the core districts (such as Causeway Bay and Tsim Sha Tsui) was even lower than 6.6 per cent.

Government properties are managed by different policy bureaux and departments, and are rented out in accordance with the relevant policies (such as through open rental bids). For public markets and cooked food centres, being part of government properties, the Government currently does not have any plan to introduce rental concession measure.

As regards the leasing situation of shops in the private market, the Government is of the view that it should be market-driven, allowing private organisations to make adjustments having regard to factors such as the business operating environment, market conditions, location and vacancy rate of shops, etc.

In recent years, the consumption pattern of residents and inbound visitors keeps on changing, posing challenges to small and medium enterprises (SMEs) in the retail sector. The Government has been providing assistance to SMEs (including those in the retail sector) having regard to the economic situation and the needs of the trade, with a view to helping them cope with liquidity shortage, and encouraging them to enhance their competitiveness and develop more diversified markets.

To assist enterprises hard hit by the epidemic in coping with cash flow problems, the Government launched in April 2020 the Special 100% Guarantee Product under the SME Financing Guarantee Scheme (SFGS) to provide low-interest concessionary loans to SMEs. As at end March 2024, a total of nearly \$19 billion of loans has been approved under the SFGS for SMEs in the retail

sector, benefitting over 6 000 enterprises and nearly 53 000 employees. In view of the ongoing challenges faced by SMEs, the Government extends in this year's Budget the application period for the 80% and 90% Guarantee Products under the SFGS for two years to end March 2026, so as to assist more SMEs (including those in the retail sector) in coping with cash flow problems.

At the same time, the Government has also been actively supporting SMEs to carry out promotion activities and develop their businesses. Among others, the SME Export Marketing Fund (EMF) provides funding support for SMEs to participate in export promotion activities to expand their markets outside Hong Kong. The funding scope has been expanded following the implementation of the special measure from April 30, 2021, to June 30, 2026, to cover large-scale exhibitions and online exhibitions targeting the local market. As at end April 2024, the EMF has approved more than 31 400 applications from the wholesale and retail sector, benefitting over 6 800 enterprises and involving a total funding of \$700 million.

In addition, the Government has allocated funding to launch the Digital Transformation Support Pilot Programme, under which subsidies will be provided on a one-to-one matching basis to assist SMEs in retail and food and beverage industries in applying e-payment and other ready-to-use basic digital solutions, so as to expedite their digital transformation.

The above-mentioned measures should help alleviate the operating pressure on the retail sector and help the sector further develop businesses. As Hong Kong's economy is recovering and the number of inbound visitors is increasing, the local retail sector will be given a greater impetus of recovery. The Government will continue to closely monitor the situation, and assist SMEs in riding out the storm having regard to the situation.

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## **DH establishes Preparatory Office for Hong Kong Centre for Medical Products Regulation**

â€‹The Department of Health (DH) announced today (June 5) the establishment of the Preparatory Office for the Hong Kong Centre for Medical Products Regulation (CMPR) to put forward proposals and steps for the formal establishment of the CMPR, and to study the potential restructuring and strengthening of the regulatory and approval regimes for drugs and medical devices.

The Chief Executive's 2023 Policy Address (Policy Address) announced that the Government will leverage the medical strengths of the Hong Kong Special Administrative Region (HKSAR) with the long-term objective of

establishing an authority that registers drugs and medical devices (medical products) under the "primary evaluation" approach, i.e. to directly approve applications for registration of medical products in Hong Kong based on clinical trial data, without relying on registration approval from other drug regulatory authorities. This will help accelerate the clinical use of new drugs and medical devices, and foster the development of industries relating to the research and development (R&D) and clinical trials of medical products, developing Hong Kong into an international health and medical innovation hub.

Hong Kong would become an internationally renowned regulatory authority and implement the "primary evaluation" approach for medical products in six major steps (see Annex). In more than six months following the announcement of the Policy Address, the HKSAR Government has implemented measures in all respects and achieved results.

Firstly, with the support and guidance of the National Medical Products Administration (NMPA), Hong Kong, China has officially become an observer of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) (Note 1) on October 31, 2023. This allows Hong Kong to familiarise itself with the latest developments in the drug regulation regime, to further align Hong Kong with the World Health Organization (WHO)-Listed Authority.

Secondly, the HKSAR Government implemented a new mechanism for the approval of new drugs (the "1+" mechanism) on November 1, 2023. Under the "1+" mechanism, holders of registration from one of the recognised drug regulatory authorities (instead of two) for drugs containing new chemical or biological entities could apply for registration in Hong Kong, on the condition that they could provide local clinical data that complies with the requirements and information recognised by local experts. Since the implementation of the "1+" mechanism, the DH has received more than 210 inquiries from about 70 pharmaceutical companies, including many pharmaceutical companies from overseas and the Mainland. Under the "1+" mechanism, two new drugs for cancer treatment have already been approved for registration, bringing new hopes of treatment to patients.

Considering the establishment of the Preparatory Office for the CMPR under the DH today, the HKSAR Government has completed the first three of six major steps. The specific work of the Preparatory Office includes:

(i) comprehensively studying and planning a regulatory and approval regime for drugs and medical devices suitable for Hong Kong;

(ii) putting forward proposals and steps for the establishment of the CMPR;

(iii) conducting a review on the need for amending existing legislation to promote the development of medical products regulation; and

(iv) making recommendations to the Steering Committee on Health and Medical Innovation and Development (Note 2) as well as maintaining close

communication with various stakeholders.

The HKSAR Government will continue to actively follow up on the remaining major steps, including the establishment of the CMPR and the implementation of the "primary evaluation" approach for medical products. Based on international experience, it usually takes about eight to 10 years from initial engagement with the ICH to becoming an ICH regulatory member.

In May this year, the Commissioner of the NMPA led a delegation to visit Hong Kong and signed the Co-operation Agreement on Regulation of Drugs with the Health Bureau of the HKSAR Government. The Agreement underpinned the liaison and co-ordination arrangements among the NMPA, the DH, and the CMPR to be set up. In the same month, the Secretary for Health, Professor Lo Chung-mau, along with the Director of Health, Dr Ronald Lam Man-kin, led a Hong Kong, China delegation to attend the 77th World Health Assembly held in Geneva, Switzerland, as members of the Chinese delegation. They had then visited multinational pharmaceutical and healthcare enterprises, and a clinical trial centre. During the visit, they highlighted Hong Kong's unique advantages and the latest developments in health and medical innovation to various WHO and other government officials and organisations responsible for healthcare, as well as international scientific research and medical experts (including the Director for Regulation and Prequalification of the WHO and personnel from the Clinical Trials Center of the University Hospital Zurich). Multinational pharmaceutical and healthcare enterprises which were visited welcomed the HKSAR Government's plan to establish the CMPR and the initiatives to develop a health and medical innovation hub.

The HKSAR Government will continue to attract more pharmaceutical and medical device enterprises, both locally and from around the world, to conduct R&D and clinical trials in Hong Kong, and build the capacity, recognition and status to ensure that the eventual approval mechanism of medical products in Hong Kong would be widely recognised internationally and by the Mainland, and develop Hong Kong into an international health and medical innovation hub.

Note 1: The ICH is an international recognised association. The mission of the ICH is to harmonise the technical requirements for drug registration among its members and to promulgate various guidelines on safety, efficacy and quality that are recognised as the highest global standards for the protection of public health.

Note 2: The Steering Committee on Health and Medical Innovation and Development (SCHMID) is chaired by the Secretary for Health and comprises members from the Innovation, Technology and Industry Bureau, relevant bureaux, departments, institutions, and local medical schools. SCHMID is tasked with co-ordinating and advancing the work related to health and medical innovation, and advising the Government on the direction and policy initiatives for driving medical innovation, including measures to enhance the regulation of drugs and medical devices, and clinical trial development.

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## Tourism Commission enhances City in Time tourism project and launches additional spots at Lei Yue Mun (with photos/video)

The Tourism Commission today (June 5) extended the City in Time tourism project to Lei Yue Mun and upgraded its mobile app features simultaneously to enrich the experience of both locals and tourists.

The Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, said, "With the concept of 'Tourism is everywhere in Hong Kong' the City in Time project allows locals and tourists to experience Hong Kong's past and present through its mobile app. The project covers designated locations in Central, the Peak, Tsim Sha Tsui, Sham Shui Po, Yau Ma Tei, Jordan and Lei Yue Mun. It will be extended to Tai Hang and Kowloon City later on, tying in with the new trend of city walks and in-depth travel, as well as enriching tourists' travelling experience through smart tourism."

The City in Time mobile app features have already been upgraded, including adding filters and video recordings to the selfie function and advancing the animation of the historical panoramas to 3D. In addition, the City in Time initiative has also incorporated film elements at its existing designated locations, allowing locals and tourists to watch classic Hong Kong film clips at filming locations.

Commissioned by the Tourism Commission, the City in Time tourism project was developed and produced by the School of Creative Media of the City University of Hong Kong. The mobile app is available for free downloading at the Apple App Store and Google Play. Locals and tourists can also embark on virtual journeys and find out more on the City in Time website ([cityintime.hk](http://cityintime.hk)).





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## LCQ8: Developing Mainland and international flights

Following is a question by the Hon Benson Luk and a written reply by the Acting Secretary for Transport and Logistics, Mr Liu Chun-san, in the Legislative Council today (June 5):

Question:

The country has earlier on further extended the Individual Visit Scheme (IVS) to cover Qingdao, Xi'an and eight provincial capital cities, increasing the applicable cities of IVS to 59. There are views that as local airlines have substantial room for developing direct flights to those cities and new destinations, while Hong Kong's positioning as an international aviation hub has clearly been affirmed in the National 14th Five-Year Plan, Hong Kong should proactively develop more Mainland and international routes. In this connection, will the Government inform this Council:

(1) of the respective numbers of daily average visitor arrivals from Qingdao and Xi'an before and after the extension of IVS to cover the two cities, together with a breakdown by travel pattern (e.g. individual visits or tour groups) and transport mode to Hong Kong (e.g. flight or the Express Rail Link) of visitors;

(2) whether it has compiled statistics on the numbers of new routes and new destinations (including international and Mainland routes) developed by Hong Kong in the past five years; if so, of the details (including the origin and destination of specific routes); if not, the reasons for that;

(3) whether it knows the launch of new routes plying to and from Hong Kong being planned and discussed by airlines; whether the Government has devised strategic goals for developing new routes (e.g. encouraging airlines to prioritise the development of routes between Hong Kong and second and third tier cities of the Mainland or the applicable cities of IVS, the Belt and



Road countries and countries in the Middle East); if so, of the details; if not, the reasons for that; and

(4) whether, in the long run, the Government has plans and policy measures (e.g. training local aviation personnel, including pilots, aircraft maintenance staff, airport ground crews and various service staff, as well as providing airlines with loans and subsidies for fleet expansion) to help airlines grow in scale and strength for the development of more new international and Mainland routes; if so, of the details; if not, the reasons for that?

Reply:

President,

In consultation with, the Culture, Sports and Tourism Bureau, the Security Bureau, the Civil Aviation Department (CAD) and the Immigration Department (ImmD), the consolidated reply to the question raised by the Hon Luk is as follows:

The Hong Kong Special Administrative Region (HKSAR) Government is sincerely grateful to the Central Government for announcing enhancements of the Individual Visit Scheme (IVS) twice on February 23 and May 11, 2024 respectively, allowing residents of 10 additional cities to explore Hong Kong's unique appeals as a tourism destination more flexibly and conveniently. Since May 27, IVS has covered 59 cities, including all provincial capitals, which will boost local tourism and other related sectors.

(1) The table below sets out the daily average visitor arrivals from Qingdao and Xi'an by types of exit endorsement and control points (CPs) before and after the expansion of IVS to these two cities on March 6, 2024:

	Before the expansion of IVS (February 21, 2024 to March 5, 2024)		After the expansion of IVS (March 6, 2024 to June 2, 2024)	
	Qingdao	Xi'an	Qingdao	Xi'an
Daily average visitor arrivals	243	327	339	420
By types of exit endorsement (Note 1):				
Individual visit	0	0	90	128
Group visit	189	269	139	241
Business visit	4	4	3	3
Others (e.g. visiting relatives)	51	55	106	48
By arrivals at CPs (Note 2):				
Land CPs (Note 3)	74%	83%	74%	87%



Port CPs (Note 4)	5%	5%	3%	4%
Airport	21%	12%	23%	9%

Note 1: Individual items may not add up to the total due to rounding

Note 2: ImmD does not keep the relevant figures by transport mode to Hong Kong, and hence a breakdown by arrivals at different CPs is provided

Note 3: Including Lo Wu, Lok Ma Chau Spur Line, West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Lok Ma Chau, Shenzhen Bay, Man Kam To, Hong Kong-Zhuhai-Macao Bridge and Heung Yuen Wai

Note 4: Including China Ferry Terminal, Hong Kong – Macau Ferry Terminal and Kai Tak Cruise Terminal

(2) At present, there are about 120 airlines operating passenger and cargo flights between Hong Kong International Airport (HKIA) and some 180 destinations worldwide, including more than 30 Mainland destinations. The daily passenger throughput has recovered up to about 80 per cent of the pre-pandemic level, with 40 million passengers handled in 2023. As for cargo, HKIA handled 4.3 million tonnes of cargo in 2023, maintaining its position as the world's busiest cargo airport.

According to the data provided by the CAD, comparing the passenger and cargo figures in 2018 with those in 2023/2024 (May 2023 to April 2024), the number of new destinations (excluding new destinations added during the period and subsequently ceased operation) for Hong Kong is 22 (Note 5) (see the table below).

Place	Number of New Destinations
Mainland China	9
The United Kingdom	1
Japan	1
The United States of America	1
Malaysia	1
The Philippines	1
Mexico	1
Vietnam	1
Mongolia	1
Türkiye	1
Brazil	1
Kazakhstan	1
The Netherlands	1
Indonesia	1
Total	22

Note 5: Not including destinations which were served in 2018 but are yet to be resumed

(3) The HKSAR Government has been making good use of Hong Kong's unique civil aviation status under "One Country, Two Systems" to conduct air services negotiations with our aviation partners in order to meet the demand for passenger and air cargo services. We have signed air services agreements with 67 aviation partners covering more than 700 destinations worldwide, and memorandums of understanding with nine other jurisdictions on related air services arrangements to enable airlines of both sides to operate scheduled flights. We also have relevant air services arrangements with the Mainland, Macao and Taiwan. Under the air services arrangements between the Mainland and the HKSAR, a total of 70 destinations are opened for flights to/from Hong Kong.

We have been committed to strengthening and expanding Hong Kong's aviation network. For example, we renewed/expanded our air services arrangements with the Mainland, Germany, the United Arab Emirates and Myanmar in 2023, and with Luxembourg and Qatar this year.

Leveraging the opportunities brought by the Three-Runway System and our country's support of the "Air Silk Road", the HKSAR Government will focus on the current major routes and routes along the Belt-and-Road with potential, including destinations in Europe, Africa, South America and Asia, negotiate and enhance air services agreements and strengthen aviation services between Hong Kong and these regions.

In terms of air services, while actively resuming services, local airlines are launching new routes, including the passenger services to/from Riyadh to be commenced in the fourth quarter of this year. At present, passenger services between the Mainland and Hong Kong already cover most of the Mainland cities outside Guangdong Province under IVS. In response to the Central Government's support for the HKSAR and to provide travellers with the most convenient and accessible air services, we have been actively encouraging airlines of Hong Kong to launch services between Hong Kong and the Mainland cities newly included under IVS. We note that local airlines have enhanced their services to/from Xi'an and Qingdao, and are actively exploring and planning to launch flights between Hong Kong and the eight additional Mainland cities under IVS. The Airport Authority Hong Kong (AAHK) is also actively encouraging Mainland airlines to launch and enhance their services, including introducing direct flights between Hong Kong and Harbin, which have just commenced on June 2.

The Transport and Logistics Bureau will continue to encourage local airlines to enhance their services in response to market demand and in line with our country's development strategies. The AAHK will continue to attract and encourage airlines to launch and increase flights to and from Hong Kong through various measures, as well as work with relevant parties to step up publicity efforts so as to boost the demand for travel to Hong Kong for leisure and business purposes.

(4) The HKSAR Government established the Maritime and Aviation Training Fund in 2014 to sustain and enhance the HKSAR Government's support for the manpower development of, amongst others, the aviation industry, encourage more industry practitioners to participate in the relevant technical training

or study professional courses, and attract new blood to join the industry. In addition, the HKSAR Government also supported the AAHK to set up the Hong Kong International Aviation Academy (HKIAA) in 2016 to train local and regional air transport talents. The HKIAA launched a cadet pilot programme in September 2023, and introduced in collaboration with Hong Kong Metropolitan University Hong Kong's first Bachelor of Business Administration degree programme with pilot training, thereby nurturing more quality local pilots for Hong Kong's aviation industry.

On the other hand, the HKSAR Government encourages local airlines to implement initiatives on the localisation of pilots and personnel, and is supportive of their enhanced collaboration with local educational institutes on the training of pilots. The CAD has optimised the personnel training requirements and approval procedures through measures such as processes of continuous evaluation, such that local airlines may refine and implement the reactivation and revalidation processes for pilots and other technical personnel returning to service in a more timely and effective manner.

In respect of aircraft maintenance personnel, apart from providing relevant training in conjunction with local educational institutions and maintenance organisations, the CAD also provides facilitation for the conversion of overseas professional licences into Hong Kong licences. The signing of the Joint Maintenance Management Cooperation Arrangement with the civil aviation authorities of the Mainland and Macao in 2021 has facilitated eligible holders of aircraft maintenance licences issued by the Mainland, Hong Kong and Macao to work in the aircraft maintenance organisations located in the three places. This does not only enable Hong Kong aircraft maintenance organisations to tap into a wider aircraft maintenance talent pool, but also offers more career opportunities to Hong Kong aircraft maintenance license holders, thereby attracting more people to work in the aircraft maintenance industry and further consolidating Hong Kong's status as an international aviation hub.

Hong Kong is an international financial centre with diversified financing channels. Airlines will finance their fleet expansion based on their commercial considerations and operational needs, and the HKSAR Government does not have to intervene in the commercial operation of airlines. The Air Transport Licensing Authority will continue to regulate local airlines in accordance with the Air Transport (Licensing of Air Services) Regulations, including regular review of airlines' financial position.

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**[Red flag hoisted at Silver Mine Bay](#)**

# Beach

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (June 5) that the Environmental Protection Department has classified the water quality at Silver Mine Bay Beach in Islands District as Grade 4, which means the beach is not suitable for swimming. The red flag has been hoisted. Beachgoers are advised not to swim at the beach until further notice.