

LCQ3: Early Assessment Service for Young People with Psychosis Programme

Following is a question by the Hon Lam So-wai and a reply by the Secretary for Health, Professor Lo Chung-mau, in the Legislative Council today (June 19):

Question:

The Hospital Authority (HA) has implemented the Early Assessment Service for Young People with Psychosis Programme (the Programme) for more than 20 years. The Programme provides early referral, assessment and ongoing treatment for people with psychosis. On the other hand, it has been reported that according to a study, for people with psychosis who received long-acting injections, the various risks with them (including relapse, hospitalisation and suicide attempts) were lower than those with psychosis who were treated with oral drugs, and patients who received long-acting injections within two years of their first episode showed a better curative effect. In this connection, will the Government inform this Council if it knows:

- (1) the respective numbers of cases handled by the seven service centres under the Programme in the past five years, and whether the manpower of doctors and case managers was adequate;
- (2) the use of oral drugs and long-acting injections under the Programme, and whether HA will consider more proactive use of long-acting injections in the early stage of patients' illness; and
- (3) whether HA has reviewed the Programme on a regular basis to further shorten the duration of patients' untreated period, followed up on patients who have received services under the Programme for three years, and formulated performance indicators for the work of the Programme; if so, of the details; if not, the reasons for that?

Reply:

President,

The Hospital Authority (HA) has all along been providing mental health services in an integrated and multi-disciplinary approach. Psychiatrists, psychiatric nurses, clinical psychologists, occupational therapists and medical social workers provide comprehensive medical services to patients with mental health needs according to their medical conditions and clinical needs. As part of its psychiatric services, the HA launched the Early Assessment Service for Young People with Psychosis (EASY) Special Disease Programme (the Programme) in July 2001, which aims at identifying patients with psychosis as early as possible, so as to achieve the goal of "early detection, early diagnosis and early treatment", as well as providing more comprehensive intervention support to the patients.

Under the Programme, psychiatric healthcare professionals of the HA provide special disease services to patients with psychosis aged between 15 and 64 during the first three years of the onset of the illness. The HA has set up an EASY district service centre in each of the seven hospital clusters in Hong Kong. The HA will refer suitable inpatient and specialist outpatient patients to the Programme for follow-up, and members of the public may also contact the service centre directly via the EASY hotline (2928 3283) for referral of potential patients with psychosis.

Upon receipt of the referral, healthcare professionals of the service centre will make arrangements for the patient to receive assessment by a psychiatrist as soon as possible. New patients will be followed up within two weeks. Each centre has a multi-disciplinary medical team to provide personalised and targeted treatment plans for patients, including medication, psychological therapy and early adaptation programmes. After three years of service, patients will be referred to the psychiatric specialist outpatient clinics and community psychiatric services for continuous follow-up according to their conditions to ensure that they receive comprehensive, integrated and coherent services.

My reply to the question raised by the Hon Lam So-wai is as follows:

(1) Over the past five years, about 1 100 to 1 200 new patients diagnosed with psychosis joined the Programme each year, and the total annual attendances of the seven EASY district service centres maintained at around 40 000. The attendances at various hospital clusters in the past five years is at Annex I.

Since its launch in 2001, the Programme has been operating well and has been effective in providing early intervention for patients with psychosis in the first three years after the onset of the illness, which is the critical period for treatment and management of the illness to prevent further deterioration and achieve a better recovery outcome. After receiving service, the quality of life of the patients (including their general health condition, mental health condition and social life) has improved significantly so that they can live a normal life in the community; and it is possible that some of the symptoms such as thought and speech disorders, delusions and hallucinations will disappear completely. The HA has all along closely monitored the service level and adjust manpower according to service needs, with a view to further enhancing the effectiveness of the Programme.

(2) The HA has all along endeavoured to prescribe new generation oral or injectable psychiatric drugs with fewer side effects for all suitable psychiatric patients. In 2023-24, the use of new generation oral drugs is four times the use of conventional oral drugs. The medication expenditure for new generation antipsychotic drugs has seen a 40 per cent increase as compared with five years ago, which is 12 times the expenditure on conventional antipsychotics drugs. The use of new generation long-acting injectable antipsychotics has increased by nearly 40 per cent as compared with five years ago. Most of the new generation oral antipsychotic drugs are General Drugs in the HA Drug Formulary and the HA will only charge patients the standard fees for these drugs, i.e. \$15 per drug item. For a small number

of psychiatric drugs which are Special Drugs, patients are only required to pay the standard fees if it is under specific clinical applications, and these drugs are not Self-financed Items. The number of patients prescribed with conventional and new generation antipsychotic drugs and the medication expenditure involved in the past five years are set out in Annex II.

Psychiatrists prescribe appropriate medications to patients mainly based on the principle of minimising side effects and achieving the best outcome in treatment. When considering whether to prescribe long-acting injectable antipsychotics, relevant considerations include the below four factors:

(i) some patients cannot tolerate the side effects of long-acting injectable antipsychotics and can only be treated with oral medications;

(ii) at the early onset of the illness, psychiatrists may need to adjust the dosage of drugs according to the clinical conditions of patients at that time. Under this circumstance, the use of long-acting injectable antipsychotics with a longer duration of action is not suitable;

(iii) not all drugs are available in injectable form, i.e., some drugs can only be taken orally; and

(iv) The most important point, also the fourth point, doctors must respect patients' right. These long-acting injectable antipsychotics will only be used with the patients' informed consent;

For some patients who are not suitable for the use of long-acting injectable antipsychotics, the HA has also adopted a series of measures to ensure patients' medication compliance, including the medical team will explain to patients the use and side effects of the drugs in the course of consultation as far as possible, and to check the quantity of medication taken, and examine the medication compliance through blood or urine tests in the course of treatment.

(3) At present, the Programme uses standardised assessment tools at different intervals (for example, at the beginning, six months, one year, two years and three years after receiving service) to assess the psychiatric conditions as well as the social and vocational skills of the patients receiving service, and to adjust the treatment plan according to the changes in the patients' symptoms.

The HA has all along regularly reviewed the effectiveness of the Programme, including the psychiatric conditions of the patients, the number of service users and home visits. The HA will monitor the operation of the Programme to ensure that new patients will be followed up under the Programme within two weeks.

Besides, the Programme has been providing mental health education and organising seminars and workshops to enhance the knowledge of social workers, teachers and parents about psychosis and the Programme, enabling them to identify and refer potential patients with psychosis to the Programme as soon as possible for assessment and treatment.

Thank you, President.

[Hong Kong Customs to publicise Dealers in Precious Metals and Stones Regulatory Regime at jewellery exhibition \(with photo\)](#)

Hong Kong Customs will set up a booth at the Jewellery & Gem ASIA Hong Kong (JGA), to be held at the Hong Kong Convention and Exhibition Centre (HKCEC), from tomorrow (June 20) for four consecutive days to publicise the Dealers in Precious Metals and Stones Regulatory Regime (the Regime), and will provide on-site counter services to assist non-Hong Kong dealers in submitting cash transaction reports during their participation in the exhibition.

According to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), the Regime came into effect on April 1, 2023. Any person who is seeking to carry on a business of dealing in precious metals and stones, and engage in any transaction(s) (whether making or receiving a payment) with a total value at or above HK\$120,000 in Hong Kong is required to register with Hong Kong Customs and fulfil his/her anti-money laundering and counter-terrorist financing statutory obligations as appropriate.

In particular, with the expiry of the transitional period, all dealers who submit their applications for registration from January 1, 2024, onwards must successfully obtain a relevant registration before they can carry out any cash or non-cash transaction(s) with a total value at or above HK\$120,000.

For non-Hong Kong dealers fulfilling the prescribed conditions (including those who come to Hong Kong to participate in exhibitions), although they are exempt from registration, they are required to submit to Hong Kong Customs a cash transaction report for any cash transaction(s) (whether making or receiving a payment) with a total value at or above HK\$120,000 carried out in Hong Kong within one day after the transaction, or before the dealer or the person acting on behalf of the dealer leaves Hong Kong, whichever is earlier.

Non-Hong Kong dealers can make an online submission of a cash transaction report via the Regime's webpage at www.drs.customs.gov.hk by accessing the Dealers in Precious Metals and Stones Registration System. They can also download the related form at www.drs.customs.gov.hk/download/drsform/CED418_Form%208_Cash%20transaction%20report.pdf and then submit the report in person at Hong Kong Customs' booth

at the JGA.

The Hong Kong Customs' booth (Booth 1E525) is located at HKCEC Hall 1E and will be open from 10am to 6pm between June 20 and 22, and from 10am to 5pm on June 23.

Dealers can visit the website (www.customs.gov.hk/en/service-enforcement-information/anti-money-laundering/supervision-of-dealers-in-precious-metals-and-ston/index.html) for more information about the Regime.



[LCQ8: Promoting research and development of drugs and medical devices](#)

Following is a question by Dr the Hon Dennis Lam and a written reply by the Secretary for Health, Professor Lo Chung-mau, in the Legislative Council today (June 19):

Question:

In recent years, the Government has indicated that it will develop life and health technology. Regarding the promotion of the research and development (R&D) of drugs and medical devices, will the Government inform this Council:

(1) of the number of R&D of drugs of various universities and private enterprises in Hong Kong which received approval for conducting clinical trials of new drugs from the drug regulatory authorities in places such as the United States, the United Kingdom and the European Union in the past 10 years, and the number of new drugs which were approved for registration, with a breakdown by country/region;

(2) of the number of medical devices from various universities and private enterprises in Hong Kong which received approval for registration and marketing from the regulatory authorities in places such as the United

States, the United Kingdom and the European Union in the past 10 years, with a breakdown by country/region;

(3) of the amount of funds invested by the Government in R&D of drugs and medical devices in the past five years and the specific details of the work; and

(4) of the specific measures to promote Hong Kong as an R&D centre of drugs and medical devices in the Guangdong-Hong Kong-Macao Greater Bay Area and even internationally?

Reply:

President,

"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 drugs in Hong Kong based on clinical trial data without relying on registration approval from other drug regulatory authorities, and also start approving applications for registration of medical devices. All these aim at accelerating the clinical use of new medical products so as to enhance healthcare standards, 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.

In consultation with the Innovation, Technology and Industry Bureau, Education Bureau, Invest Hong Kong (InvestHK), the Office for Attracting Strategic Enterprises (OASES) and the Department of Health (DH), the reply to the question raised by Dr the Hon Dennis Lam is as follows:

(1) to (3) The HKSAR has excellent research capabilities, with a clinical research framework highly compatible with international standards and clinical research data widely recognised by drug regulatory authorities including those from Europe and the United States for drug registration purposes. Meanwhile, a total of 31 clinical specialties or areas (located in four hospitals) have been accredited by the National Medical Products Administration (NMPA) to conduct clinical trials for applying drug registration with the NMPA.

Relevant bureaux/departments of the HKSAR Government provide support in various aspects on the R&D of medical products. Specific examples are set out below:

Innovation, Technology and Industry Bureau

- The InnoHK Research Clusters, a HK\$10 billion initiative of the HKSAR

Government, have set up 29 laboratories formed by local universities in collaboration with over 30 top-notch universities/research institutions around the world, among which 16 are related to life and health. The Innovation and Technology Fund (ITF) has set up funding schemes to finance R&D projects on I&T. As at the end of April 2024, the ITF has already funded almost 830 projects on biotechnology and Chinese medicine, including multiple advanced technologies, such as artificial "mini-hearts", internally motorised minimally invasive robot surgeon, non-invasive prenatal diagnostic technique, etc.

- The HKSAR Government has earlier earmarked HK\$10 billion for promoting the development of life and health technology in the HKSAR. Of this, HK\$6 billion will be used for the Subsidy Programme for the Setup of Life and Health Technology Research Institute(s) to promote cross-institutional and multi-disciplinary research co-operation, under which the R&D of drugs and vaccine as well as biomedical engineering are eligible research themes.
- The Corporate Venture Fund (CVF) of the Hong Kong Science and Technology Parks Corporation (HKSTPC) has also invested in biotechnological start-ups engaging in drug delivery, stem cell technology and cancer treatment research, etc. As at the end of May 2024, the CVF has invested in 10 biotechnology-related start-ups with a total investment amount of about HK\$100 million. The Incu-Bio Programme of the HKSTPC provides funding of up to HK\$6 million to start-ups engaging in biotechnology for rental subsidy, financial subsidy and certification or investigational new drug applications, etc. As at May 2024, the Programme has supported 87 start-ups, with a total funding amount of about HK\$180 million.

Health Bureau

- The Health and Medical Research Fund (the HMRF) under the Health Bureau (HHB) supports clinical research and research on infectious diseases with public health implications from bench to bedside and at community level through its annual open call for investigator-initiated projects as well as commissioned programmes. In the past five years, the HMRF has funded around HK\$80 million for about 70 investigator-initiated projects on clinical trials related to drugs and medical devices. These research projects include disease prevention, diagnosis, management and treatment, surgical techniques and rehabilitation covering a wide range of health issues, such as cancer, diabetes, mental health, cognitive impairment, sarcopenia, pain and muscle weaknesses, eye diseases, pregnancy-related complication, infertility, influenza and COVID-19.

- Since April 2020, the HHB and HMRF have approved a total of about HK\$550 million to support 70 COVID-19-related medical research studies (covering 105 individual projects). Among them, about HK\$130 million have been allocated to support Phase I and Phase II clinical trials on COVID-19 vaccine development and projects on COVID-19 treatment which cover a full spectrum from R&D of drugs, pre-clinical animal testing and clinical testing.
- The HMRF subsidised the establishment and development of the Phase I Clinical Trial Centres (CTCs) of the medical faculties of the Chinese University of Hong Kong and the University of Hong Kong to enhance the capabilities of the HKSAR in clinical trial and R&D of new drugs. Since 2013, a total of HK\$180 million has been provided to initiate clinical trials on over 200 items of novel therapeutic drugs.
- As regards Chinese medicine (CM), since the official launch of the Chinese Medicine Development Fund (CMDf) established by the HHB in June 2019, various funding schemes have been rolled out to support the development of CM sector on all fronts, including supporting the commencement of more than 60 research and applied studies projects on CM, which are instrumental in promoting the academic and clinical research, professional as well as industry development of CM in Hong Kong. In order to encourage the clinical research and innovative development in CM in a focused manner, areas such as clinical and methodological research on the application of CM theory, research on the relationship between the quality of Chinese medicines and the theory and clinical efficacy of CM, research related to the application of innovative technology in CM, as well as prevention and treatment of the diseases (such as cancer, influenza and mental health promotion) in CM have been listed as priority themes. In addition, Hong Kong's first CM hospital, which is expected to commence service in phases from the end of 2025, will set up a Clinical Trial and Research Centre which will be capable of conducting Phase I and Phase II clinical trials to facilitate R&D of proprietary Chinese medicines (pCms) including the development of new pCms and expand clinical indications from existing pCms, providing an important platform for the collaboration of R&D as well as innovation of CM among local and Mainland/international organisations.

Education Bureau

- Through the Research Grants Council under the University Grants Committee (UGC), the HKSAR Government has all along been supporting the eight UGC-funded universities to carry out academic research in various disciplines, including drugs and CM. The UGC also launched the Research Impact Fund and Research Matching Grant Scheme in 2018 and 2019 respectively to encourage institutions to collaborate with different

bodies (including pharmaceutical companies) on the development of Bacterial Pseudaminic Acid-based vaccine, research on novel antibiotics, study on the therapeutic effect of Pien Tze Huang, and research on controllable activation of anticancer prodrugs in vivo, etc.

InvestHK and OASES

- The HKSAR Government has been endeavouring to attract high potential and representative strategic enterprises from around the world, particularly of priority industries including the life and health technology sector. To date, the OASES has met with more than 300 enterprises, many of which are leaders in the life and health technology sector, as well as companies engaging in cutting-edge technologies. The OASES team have been engaging with these enterprises in detailed discussions about their five-year development plans and provides one-stop services to support their growth in Hong Kong, including introduction and promotion of the policies of the Hong Kong Government and funding schemes, as well as formulation of tailor-made plans to facilitate the setting-up or expansion of their operations in the HKSAR, such as assisting with visa applications for their staff and dependents, as well as supporting education arrangements for their children.
- The OASES have attracted close to 50 strategic enterprises which committed to investing more than HK\$40 billion in total in the HKSAR, and create over 13 000 jobs, the majority of which would be R&D and management positions. Around half of these enterprises are engaged in life and health technology and will set up their R&D centres or regional headquarters in Hong Kong. Since January 2023, the OASES and InvestHK have successfully supported the setting-up or expansion of 45 life and health technology companies in the HKSAR from nine jurisdictions. These enterprises will provide more than 3 200 job opportunities in the HKSAR and their total investment approached HK\$6.5 billion.

Relevant bureaux/departments do not keep other information as mentioned in the questions.

(4) In the past six months or so following the announcement of the Policy Address, the HKSAR Government has been making proactive moves in all respects to develop the HKSAR into an international health and medical innovation hub and achieved results.

Firstly, with the support and guidance of the NMPA, Hong Kong, China has become an observer of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use on October 31, 2023. This allows the HKSAR to familiarise itself with the latest developments in drug regulation and take forward the development of the drug regulatory regime in Hong Kong, to further align the HKSAR with the World Health

Organization-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 reference drug regulatory authorities (instead of two) for new drugs 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.

Thirdly, the HKSAR Government has established the Preparatory Office for the Hong Kong Centre for Medical Products Regulation (CMPR) under the DH on June 5 this year. The Preparatory Office for the CMPR will comprehensively study and plan a regulatory and approval regime for medical products suitable for Hong Kong; and put forward proposals and steps for the establishment of the CMPR. Looking ahead, the regulation of medical devices will fall within the scope of the CMPR's work. The HKSAR Government is conducting a comprehensive review of the proposed legislative framework for medical device regulation in tandem with the progress of establishing the CMPR for considering the legislative timetable, thereby further enhancing the regulatory regime for medical products in Hong Kong.

Besides, the HKSAR Government will establish the Greater Bay Area International Clinical Trial Institute (GBAICTI) in the Hetao area by the end of 2024. The GBAICTI will provide one-stop clinical trial support services to further enhance the capacity and efficiency of clinical trials in Hong Kong. The HKSAR Government is proactively discussing with the Shenzhen Municipal Government to jointly establish a clinical trial collaboration platform in the Hong Kong Park and Shenzhen Park of the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone under the "one zone, two parks" model for the co-ordinated development of clinical trials, with a view to establishing a GBA clinical trial network leveraging a population base of over 86 million for conducting cross-boundary multi-centre clinical trials.

The HKSAR Government will continue to actively follow up on the relevant work to attract more medical product enterprises, both locally and from around the world, to conduct R&D and clinical trials in the HKSAR, and build the capacity, recognition and status in different phases for ensuring that the eventual approval mechanism of medical products in the HKSAR would be widely recognised internationally and by the Mainland, and to develop the HKSAR into an international health and medical innovation hub.

[LCQ15: Unlawful occupation of](#)

government land

Following is a question by the Hon Chan Yuet-ming and a written reply by the Secretary for Development, Ms Bernadette Linn, in the Legislative Council today (June 19):

Question:

It has been reported that according to the information of the Lands Department (LandsD), 34 407 cases of unlawful occupation of government land were substantiated by the LandsD in the past three years, and among them, the LandsD instituted prosecution for a total of 54 cases which resulted in conviction, representing a conviction rate of only 0.15 per cent. Moreover, there was no downward trend in cases of unlawful occupation of land in the past three years. There are views that the Government should increase the penalties for unlawful occupation of government land to enhance the deterrent effect, particularly for acts involving unlawful occupation of government land of relatively large area for brownfield operations or erection of domestic structures for profit-making purposes. In this connection, will the Government inform this Council:

(1) of the following information on cases of unlawful occupation of government land in each of the past three years: (i) the number of suspected cases, (ii) the number of substantiated cases, and (iii) the number of cases for various purposes of unlawful occupation, with a tabulated breakdown by the 18 districts in Hong Kong;

(2) given that in reply to a question raised by a Member of this Council on January 10 this year, the Government indicated that the existing framework of the Land (Miscellaneous Provisions) Ordinance (Cap. 28) gave allowance for the occupiers to first cease the unlawful occupation of government land themselves, and prosecution would only be invoked if the occupiers did not cease the occupation before the expiry date stipulated in the Government's statutory notice, and such "self-rectification" arrangement was believed to be one of the reasons accounting for the small number of prosecution cases at present, whether the Government will make adjustments to the framework of the Ordinance focusing on cases of unlawful occupation of government land of relatively large area; if not, of the reasons for that;

(3) as there are views that the fines imposed on the convicted under the ordinances related to unlawful occupation of government land are too low, whether the Government will consider, by amending the legislation, linking the fines for unlawful occupation of government land of relatively large area for brownfield operations with the illicit proceeds made; if not, of the reasons for that; and

(4) in order to step up efforts in combating unlawful occupation of government land of relatively large area for brownfield operations, whether the Government will deploy manpower to strengthen the relevant law

enforcement work and consider intervening by other administrative means (e.g. suspending water supply to the occupiers of the land concerned); if not, of the reasons for that?

Reply:

President,

As stated in the Government's reply to a question raised by a Member of the Legislative Council on January 10 this year, the Lands Department (LandsD) handles over 10 000 cases of unlawful occupation of government land pursuant to the Land (Miscellaneous Provisions) Ordinance every year. The form and nature of these cases vary significantly. Most of them are small-scale and minor cases of disposal of sundry items and street obstruction (e.g. piling of waste/construction wastes, bamboo scaffolds, skips, abandoned vehicles, illegal bicycle parking, shop front extensions, etc.), while the rest are more serious cases which involve the erection of structures and fencing off of government land for brownfield operations or domestic use. To optimise the use of limited manpower resources for best enforcement effectiveness, the LandsD has to adopt a pragmatic "risk-based" approach to prioritise its enforcement actions, with priority given to cases of larger scale, more serious contraventions, or cases involving safety or environmental hygiene risks.

When taking land control actions, the LandsD will post a statutory notice in accordance with the law requiring the occupier to cease occupation before a specified deadline. If the situation does not improve upon the expiry of the deadline, the LandsD will take further actions, including taking possession of and clearing the property or structures remaining on the land, as well as considering instituting prosecutions against the occupier (if the identity of the occupier can be ascertained with evidence).

The Government has always been very concerned about cases involving unlawful occupation of a large area of government land for brownfield operations or domestic structures, which are classified by the LandsD as high-priority enforcement cases. In recent years, the LandsD has also introduced a number of enhancement measures to strengthen the efficiency of its enforcement on this type of cases, and has been reviewing the effectiveness of the measures and making adjustments where necessary, with details explained in the ensuing paragraphs.

The reply to various parts of the Hon Chan's questions is as follows:

(1) The relevant figures on cases of unlawful occupation of government land received and enforcement actions taken by the LandsD in the past three years (i.e. from 2021 to 2023) are set out in the Annex.

(2) The existing Land (Miscellaneous Provisions) Ordinance indeed allows an occupier to first cease unlawful occupation of government land himself, and the occupier must bear the responsibility for and expenses of demolition and clearance. If the occupier fails to cease occupation of government land

before the expiry date stipulated in the statutory notice posted by the LandsD, the Government may initiate prosecution under section 6(4) of the Ordinance. Nevertheless, one of the main reasons for the low prosecution figures in the past is that the majority of cases are minor in nature. The strategy of the LandsD is to focus its resources on putting an end to such land occupation, with less focus on instigating prosecution. Instigating prosecutions on a large scale is not an optimal use of public resources, because even if the prosecution is successful, the manpower and resources devoted by the Government in investigation, evidence collection and prosecution are not proportional to the court sentences (mainly fines). Unsuccessful gathering of evidence or inadequate evidence to ascertain the identity of the occupier for instituting prosecutions is also one of the reasons for the low prosecution figures.

That said, we agree with the Hon Chan's views that with regard to more serious cases, including large-scale occupation of government land or cases involving high safety risks, we should adopt a resolute and stringent enforcement approach. In response to the unauthorised building works and unlawful occupation of government land by some standalone houses on seafront slopes of the Redhill Peninsula which were revealed by the heavy rainstorms last September and October, the LandsD initiated prosecutions against three cases of erection of structures on government land directly by invoking section 6(4A) of the Land (Miscellaneous Provisions) Ordinance for the first time in recent years. The offence stipulated in section 6(4A) is a separate offence from that in section 6(4) focusing on the erection of a structure on government land. The provision empowers the Government to initiate prosecution directly against any person who is engaged, arranges or directs the erection of a structure on government land, without the pre-requisite that the occupier has not ceased occupation in accordance with the statutory notice pursuant to section 6(4) as mentioned above before prosecution can be initiated. Relevant provisions also stipulate a higher sentence for gainful situations (see part (3) below). At the moment, legal proceedings of these cases are ongoing. Depending on the outcomes of the cases, the LandsD will consider extending it to other severe cases, as well as review whether the Government's prosecution power should be enhanced under the Ordinance in the future where necessary.

(3) To enhance the deterrent effect against unlawful occupation of government land, the Government amended the Land (Miscellaneous Provisions) Ordinance (Cap. 28) in 2015 to significantly increase the penalties under section 6(4) for those who did not cease occupation of government land in accordance with the statutory notice, and introduced a progressive system of maximum fines for repeated offenders as well as a system of daily fines for combating such unlawful act. Upon conviction, an offender is liable to a maximum penalty of a fine of \$500,000 and imprisonment for six months on the first occasion (the maximum penalty was a fine of \$10,000 and imprisonment for six months before the amendment), and to a further daily fine of \$50,000 for non-compliance with the statutory notice (new penalty). The offender, if convicted on each subsequent occasion, is liable to a fine of up to \$1,000,000 (new penalty) and imprisonment for six months (new penalty), and to a further daily fine of \$100,000 for non-compliance with the statutory notice (new penalty).

After the legislative amendment came into effect in 2015, the penalties imposed by the court increased accordingly. Among the 54 convicted cases in the past three years, 23 cases had the offenders fined over \$10,000 (a fine of \$137,000 in one case) while three cases had the offenders sentenced to a suspended sentence of imprisonment.

Further, targeting the offence of the erection of structure on government land under section 6(4A), the provisions adopt fivefold fines in a gainful situation as compared with a general situation. After the 2015 amendment, for cases involving gainful situation, an offender on the first conviction is liable to a maximum penalty of a fine of \$2,500,000 and imprisonment for one year (the maximum penalty was a fine of \$50,000 and imprisonment for one year before the amendment) and on each subsequent conviction a maximum fine of \$5,000,000 and imprisonment for one year (new penalties); whereas in other situations (i.e. not involving gainful situation), an offender on the first conviction is liable to a maximum penalty of a fine of \$500,000 and imprisonment for six months (the maximum penalty was a fine of \$10,000 and imprisonment for six months before the amendment) and on each subsequent conviction a maximum fine of \$1,000,000 and imprisonment for six months (new penalties). As stated above, the LandsD has invoked section 6(4A) for prosecution on erection of structures on government land for the first time in recent years and is awaiting the court's ruling.

The Development Bureau and the LandsD will continue to monitor the implementation of the Ordinance and whether unlawful occupation of government land has deteriorated. Depending on the effectiveness of the work above, we may consider measures to enhance deterrence of the Ordinance where necessary.

(4) The LandsD attaches great importance to handling cases involving unlawful occupation of a large area of government land and has implemented various measures to enhance enforcement work in recent years.

On the policy front, the LandsD has tightened regularisation application arrangements for unlawful occupation of government land since March 2017, meaning that the department no longer accepts regularisation applications for cases of unlawful occupation of government land commencing on or after March 28, 2017 and the occupiers can no longer avoid ceasing occupation of the land pursuant to the statutory notice through regularisation applications.

On enforcement manpower, the LandsD set up the Special Duties Task Force (Task Force) in 2019 to focus manpower resources in a targeted manner against cases of unlawful occupation of relatively large areas of government land or serious lease breaches involving private agricultural land. Up to the end of May 2024, the Task Force completed a cumulative total of over 1 620 cases, with the clearance of more than 45 hectares of unlawfully occupied government land and demolition of over 2 600 unlawful or lease-breaching structures in total. Quite a number of sites in these cases involve brownfield operations. In addition, to enhance the overall operational efficiency and achieve synergy, with effect from April 2023, the LandsD has consolidated the enforcement manpower at various District Lands Offices (DLOs), including

merging the Land Control Teams, Lease Enforcement Teams and Squatter Control Teams in the New Territories DLOs into a new Land Enforcement Team, such that cases of land irregularities in the same district are handled by one single team in an integrated manner. The LandsD also leverages on technologies (e.g. using drones and personal digital assistants) to increase the enforcement effectiveness and overall efficiency of its daily land enforcement work.

On departmental collaboration, with regard to Member's suggestion to suspend water supply to the occupiers of the land concerned, legal advice had been sought in the past. According to the legal advice, the Water Authority does not have the authority to refuse to grant permission to install a water meter or supply water on grounds related to the illegal status of the premises (e.g. unlawful status due to occupation of government land). Nevertheless, if the LandsD discovers unlawful taking of water when handling cases of unlawful occupation of government land, the LandsD will refer the cases to the Water Supplies Department for corresponding enforcement action. Further, the LandsD has strengthened the communication and co-operation mechanism with the Buildings Department and the Planning Department and carried out joint operations regularly targeting serious breaches, including cases of unlawful occupation of government land and breaches of land leases involving unauthorised development in the New Territories and unauthorised building works of standalone houses.

Based on our experience, after taking large-scale enforcement actions, quite a number of occupiers will rectify the irregularities themselves through demolition of the unlawful structures or ceasing the unlawful occupation of government land. The LandsD will continue to review how to utilise the powers under the existing legislative framework and its manpower, and will determine the enforcement priority and optimise the mode of enforcement, with a view to enhancing the effectiveness of law enforcement as well as enhancing the enforcement and prosecution efforts.

Composite Interest Rate: End of May 2024

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

The Hong Kong Monetary Authority (HKMA) announced today (June 19) the composite interest rate at the end of May 2024 (Note 1).

The composite interest rate, which is a measure of the average cost of funds of banks, decreased by 4 basis points to 2.61 per cent at the end of May 2024, from 2.65 per cent at the end of April 2024 (see Chart 1 in the Annex). The decrease in composite interest rate mainly reflected the decrease in the weighted funding cost for deposits during the month (see Chart 2 in

the Annex) (Note 2).

The historical data of the composite interest rate from the end of the fourth quarter of 2003 to the end of May 2024 are available in the Monthly Statistical Bulletin on the HKMA website (www.hkma.gov.hk).

Note 1: The composite interest rate is a weighted average interest rate of all Hong Kong dollar interest-rate-sensitive liabilities, which include deposits from customers, amounts due to banks, negotiable certificates of deposit and other debt instruments, and all other liabilities that do not involve any formal payment of interest but the values of which are sensitive to interest rate movements (such as Hong Kong dollar non-interest bearing demand deposits) on the books of banks. Data from retail banks, which account for about 90 per cent of the total customers' deposits in the banking sector, are used in the calculation. It should be noted that the composite interest rate represents only average interest expenses. There are various other costs involved in the making of a loan, such as operating costs (e.g. staff and rental expenses), credit cost and hedging cost, which are not covered by the composite interest rate.

Note 2: Since June 2019, the composite interest rate and weighted deposit rate have been calculated based on the new local "Interest rate risk in the banking book" (IRRBB) framework. As such, these figures are not strictly comparable with those of previous months.