

## Update on latest MERS situation in Saudi Arabia

The Centre for Health Protection (CHP) of the Department of Health is today (February 27) closely monitoring 36 additional cases of Middle East Respiratory Syndrome (MERS), reported to the World Health Organization (WHO) by the Kingdom of Saudi Arabia (KSA) from February 1 to 13. The CHP again urged the public to pay special attention to safety during travel, taking due consideration of the health risks in the places they visit.

According to the WHO, among the 29 male patients and seven female patients, aged 16 to 84, 12 had underlying illnesses, eight had exposure to camels and consumed camel milk, 33 had contact with previously confirmed patients, and nine were health care workers.

"We will maintain close communication with the WHO and relevant health authorities," a spokesman for the CHP said.

"Travellers to the Middle East should avoid going to farms, barns or markets with camels; avoid contact with sick persons and animals, especially camels, birds or poultry; and avoid unnecessary visits to healthcare facilities. We strongly advise travel agents organising tours to the Middle East to abstain from arranging camel rides and activities involving direct contact with camels, which are known risk factors for acquiring MERS Coronavirus," the spokesman said.

Travellers to affected areas should maintain vigilance, adopt appropriate health precautions and take heed of personal, food and environmental hygiene. The public may visit the MERS page of the [CHP](#) and its [Travel Health Service](#), MERS statistics in [affected areas](#), the CHP's [Facebook Page](#) and [YouTube Channel](#), and the WHO's [latest news](#) for more information and health advice. Tour leaders and tour guides operating overseas tours are advised to refer to the CHP's [health advice on MERS](#).

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## Budget promotes a caring and high-quality living environment

Announcing his 2019-20 Budget today (February 27), the Financial Secretary, Mr Paul Chan, emphasised measures to improve Hong Kong's living environment and promote a caring society.

On housing, Mr Chan said that about 100 400 public housing units would be produced over the next five years (2019 to 2023).

Over the same period the private sector, on average, will complete about 18 800 residential units annually, an increase of about 20 per cent over the past five years.

Mr Chan said the 2019-20 Land Sale Programme comprised 15 residential sites, including seven new sites, capable of providing 8 800 plus residential units.

"Together with railway property development projects, the Urban Renewal Authority's projects and private development/redevelopment projects, the potential land supply for the whole year is expected to have a capacity to produce about 15 500 units," Mr Chan said.

The Government will include seven commercial sites in the 2019-20 Land Sale Programme. They are estimated to provide about 814 600 square metres of floor area, which can provide a maximum of about 2 900 hotel rooms.

Mr Chan proposed setting aside \$2 billion to support non-governmental organisations in constructing transitional housing, designed to accommodate people who are waiting for public housing units to become available and living in inadequate accommodation.

He also earmarked \$22 billion for the first batch of projects under the "single site, multiple use" initiative, which aims to optimise land use by consolidating related government services and facilities in the same building.

To cope with growing demands on the Hospital Authority (HA) brought about by Hong Kong's increasing population and demographic changes, Mr Chan proposed various spending initiatives to fully support the HA, including:

- \* \$10 billion to set up a public healthcare stabilisation fund for any unexpected circumstances;
- \* An additional \$5 billion for the HA to expedite the upgrading and acquisition of medical equipment;
- \* Additional recurrent subvention of \$400 million for the HA to expand the scope of the Drug Formulary. This would increase the HA's total expenditure on drugs to \$6 billion in 2019-20; and
- \* Additional HA recurrent funding of over \$700 million for various measures to boost the morale of staff under heavy workload and retain talent.

Mr Chan designated \$1.2 billion to establish the Hong Kong Genome Institute and take forward the project to help promote the clinical application of genomic medicine and related innovative scientific research.

To help meet the demand for welfare facilities in urban areas, Mr Chan set aside \$20 billion for the purchase of 60 properties. These will accommodate more than 130 welfare facilities, including day child care centres, neighbourhood elderly centres and on-site pre-school rehabilitation services, benefiting some 86 000 people.

To enhance the mental health and stress resilience of teenagers, the Government will implement a "two school social workers for each school" measure in more than 460 secondary schools from the 2019/20 school year, increasing supervisory manpower accordingly. This would require an annual recurrent expenditure of about \$310 million.

Promoting smart city development, Mr Chan reserved \$300 million to develop a geospatial data-sharing platform and 3D digital maps of Hong Kong.

To encourage the use of electric vehicles (EVs), the Government was exploring ways to encourage the installation of EV charging facilities at car parks in existing buildings.

Mr Chan also proposed allocating \$120 million to extend the public EV charging networks at government car parks.

Striving to build a more liveable city, Mr Chan said he will reserve \$6 billion to develop, expand and enhance promenades and open space on either side of Victoria Harbour.

He also proposed setting up a \$200 million Urban Forestry Support Fund to strengthen public education and promote arboriculture and horticulture trainee programmes.

To enrich cultural offerings and consolidate Hong Kong's position as an international cultural hub, Mr Chan proposed additional funding of \$176 million for the Leisure and Cultural Services Department. The money would be used to host and arrange telecasts of large-scale, world-class performing arts programmes over the coming five years.

Meanwhile, local elite athletes pursuing academic studies will benefit from an injection of \$250 million into the Hong Kong Athletes Fund to increase scholarship awards.

"People work hard every day to enhance the quality of life," Mr Chan said.

"We will also strive for economic development to make Hong Kong a more ideal place for living. The Government will continue to make good use of our resources to achieve this goal and serve people's needs."

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**[HKETO Sydney holds reception in Melbourne to celebrate Year of the Pig](#)**

## (with photos)

To celebrate the Year of the Pig, the Hong Kong Economic and Trade Office, Sydney (HKETO Sydney) co-hosted a Chinese New Year reception in Melbourne on February 25 (Melbourne time) with the Hong Kong Trade Development Council, Invest Hong Kong and the Hong Kong-Australia Business Association under the theme of "Connect and Excel".

Speaking at the reception, the Director of HKETO Sydney, Mr Raymond Fan, said Business of Design Week (BODW) 2018 held in Hong Kong was a successful collaboration between Hong Kong and Melbourne.

"I am delighted to welcome over 30 design masters and creative leaders joining us today who participated in BODW in Hong Kong two months ago. The Melbourne Pavilion, featuring more than 130 Victorian design projects, highlighted the extraordinary work of the city's designers. It was the largest Australian design delegation ever to take part in an international design conference," he said.

Mr Fan said that 2018 was an incredibly successful year for Hong Kong and a landmark one for the Hong Kong-Australia relationship.

"Hong Kong continued to build on its reputation as the gateway to Asia, growing its connections with the Mainland of China and the region. Hong Kong continues to be one of the best connected cities in the world, with world-class transport and infrastructure making it a business, transport and trade hub.

"In 2018, Hong Kong International Airport handled a record-breaking 74.7 million passengers and 5.1 million tonnes of cargo, retaining its reputation as one of the busiest airports in the world," he said.

"The Hong Kong-Zhuhai-Macao Bridge has been opened, measuring a staggering 55 kilometres. The Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link, connecting Hong Kong and Mainland China, was opened in September last year. Travellers can reach Guangzhou in as little as 48 minutes or go as far as Beijing in less than nine hours," he added.

Hong Kong also continues to thrive as a world leader in economic freedoms and as a business hub, excelling in its endeavours to further develop its reputation as a dynamic and rewarding place to do business.

Mr Fan said 2019 is shaping up to be another excellent year both for Hong Kong and for its relations with Australia. In November, Hong Kong and Australia announced the successful conclusion of negotiations for a Free Trade Agreement (FTA) at the margins of the Asia-Pacific Economic Cooperation Summit in Papua New Guinea. Through the Agreement, Australia can secure the best commitment on services that Hong Kong has ever offered in an FTA, with guaranteed certainty of access for Australian suppliers of education, financial, transport, construction, tourism and recreational services and

other professional services.

"This year, we will also see the further development of the Guangdong-Hong Kong-Macao Greater Bay Area, a collection of nine mainland Chinese cities, Macao and Hong Kong. With an estimated GDP of US\$1.5 trillion – comparable to Australia's GDP (US\$1.32 trillion in 2017) – and a population of nearly 70 million, the Greater Bay Area will open up co-operation, trade and people-to-people connections in Asia like never before," he said.

Mr Fan said the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area promulgated by the Central Government on February 18 clearly supports Hong Kong in consolidating and enhancing Hong Kong's status as an international financial, transportation and trade centre as well as an international aviation hub; strengthening Hong Kong's status as a global offshore Renminbi business hub and its role as an international asset management centre and a risk management centre; promoting the development of high-end and high value-added financial, commercial and trading, logistics and professional services; making great efforts to develop the innovation and technology industries; nurturing emerging industries; and establishing Hong Kong as the centre for international legal and dispute resolution services in the Asia-Pacific region.

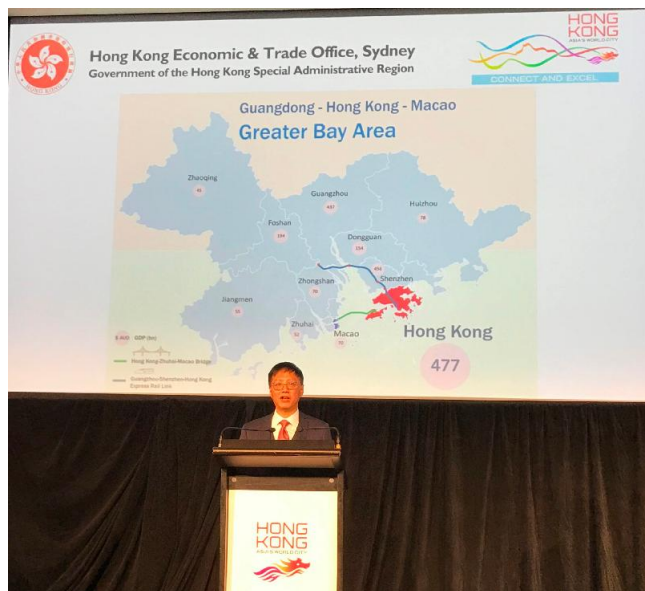
"These areas of work are all conducive to developing Hong Kong further as an international metropolis with enhanced competitiveness. The Greater Bay Area will surely bring Hong Kong significant opportunities to diversify its economy and develop innovation and technology, which is an economic driver in the new era," he said.

"As we enter another busy year in 2019, I look forward to the fostering of a stronger relationship between Hong Kong and Australia. Hong Kong stands ready to connect you to your next opportunity and to help you to not only succeed in your endeavours, but to excel in them," Mr Fan added.

The Governor of Victoria, Ms Linda Dessau, said Hong Kong and Victoria are strong partners in investment, trade and tourism. On people-to-people links, Hong Kong has one of the largest Australian communities abroad.

"We also have many strong cultural links including an arts exchange programme between the Dancehouse of Melbourne and Hong Kong's West Kowloon Cultural District," she said.

On the Greater Bay Area, Ms Dessau noted it is clear that the aspiration to develop a world-class economic, business and technology hub would create many opportunities in investment and partnership, as well as collaboration opportunities in infrastructure, urban planning, health, education and financial services.



## LCQ18: Supply of commercial and office space

Following is a question by the Hon Jimmy Ng and a written reply by the Secretary for Development, Mr Michael Wong, in the Legislative Council today (February 27):

Question:

Some operators of small and medium enterprises (SMEs) have relayed that the high rents and prices of shops and offices have exerted tremendous pressure of operating expenses on them, and dampened foreign investors' desire to set up regional headquarters and offices in Hong Kong. In this connection, will the Government inform this Council:

(1) whether it knows, in respect of Grade A and Grade B private offices in the four districts of (a) Central, (b) Wan Chai and Causeway Bay, (c) Tsim Sha Tsui and (d) Hong Kong East, their respective (i) vacancy rates, (ii)

per-square-foot median monthly rents, and (iii) average per-square-foot prices, in each month from January 2014 to January this year;

(2) whether it has examined the impacts of the supply of private offices of various grades on the levels of their prices and rents in the past decade; if so, of the details; if not, the reasons for that;

(3) of the projected supply and demand situations of various grades of private offices in the coming decade;

(4) of the projected commercial space to be provided in the third Core Business District on the proposed artificial islands to be formed by reclamation in the Central Waters, with a breakdown by the uses thereof; and

(5) of the specific strategies put in place by the Government to increase the supply of commercial space, so as to mitigate the forces that drive up the rents and prices of shops and offices, thereby alleviating the pressure of operating expenses faced by SMEs and attracting more foreign investors to set up regional headquarters and offices in Hong Kong; the relevant work plans and timetable?

Reply:

President,

To sustain Hong Kong's position as an international financial and business centre, the Government strives to provide commercial land and floor space. My answers to different parts of the question are as follows:

(1) Year-end vacancy rates of private offices in Central, Wan Chai/Causeway Bay, Tsim Sha Tsui and North Point/Quarry Bay provided by the Rating and Valuation Department (RVD) are set out in Annex 1.

Please refer to Hong Kong Property Review (Note 1) prepared by the RVD for average monthly rents and prices of private offices in Hong Kong. The relevant average rent and price were analysed for general reference only, which were not intended for applying to any particular property. The levels at a certain period depended to a large extent on the characteristics of the premises (including building quality and location) leased or sold during the period. As such, the changes between different periods might be due to variations in the characteristics of the properties being analysed, and should not be conclusively taken as indicating a general change in value over the period. Moreover, some figures were derived from limited number of transactions. Rental and price indices should be comparatively better in reflecting the change in value. Notwithstanding that, average monthly rents and prices of private offices in Central, Wan Chai/Causeway Bay, Tsim Sha Tsui and North Point/Quarry Bay provided by the RVD are set out in Annex 2 for easy reference.

(2) The RVD's information about private offices of various grades in terms of stock, price indices and rental indices in Hong Kong over the past 10 years



is set out in Annex 3.

According to the information in Annex 3, there was an increase in the stock of private offices over the years, albeit marginally. The price and rent were rising continuously, indicating apparently that office supply could not fully meet the demand, and that the scarcity of land in Hong Kong was affecting the supply of economic land including offices. In last week's response to the report made by the Task Force on Land Supply (TFLS), the Government pointed out that our core strategy is to increase land supply on a sustained basis to avert the current stalemate of land demand-supply imbalance.

(3) To supplement the review of the territorial development strategy (i.e. "Hong Kong 2030+: Towards a Planning Vision and Strategy Transcending 2030" (HK2030+)), the Planning Department completed a consultancy study on the "Review of Land Requirement for Grade A Offices, Business and Industrial Uses" (the Review) in end-2016. Apart from Grade A offices, the Review estimated also the supply of and demand for land in respect of general business (including non-Grade A offices) and industries. The details are shown on the consultancy report of the Review (Note 2). According to the estimate set out in the Review, if all committed and planned developments would materialise fully, there would be a deficit of 480 000 square metres of gross floor area (GFA) for Grade A offices in core business districts (CBD) in the next 10 years (from 2014 to 2023). In the long term (up to 2041), there would be a deficit of 1 million sq m of GFA in respect of CBD Grade A offices.

Long-term planning is very important to the future development of Hong Kong. Therefore, in response to the TFLS's report, the Government has proposed that the Steering Committee on Land Supply (the Steering Committee) chaired by the Financial Secretary, upon its forthcoming expansion, would adopt a vision-driven and forward-looking approach in re-assessing land demand for all needs of Hong Kong (including economic needs). In so doing, the Steering Committee would take into account the space required to maintain our economic competitiveness and other strategic considerations, and would consider accordingly the scale of a land reserve that we should target to keep. The revised assessment would be incorporated into the final strategy for HK2030+ Study to be released in the latter half of 2019.

(4) As part of the strategy of Lantau Tomorrow Vision, the proposed third CBD, developing on the 1 000 hectare-artificial islands near Kau Yi Chau, would have its locational advantage. At a location of only about 10 kilometres from Central, and connected with strategic transport infrastructure, the artificial islands would complement the traditional commercial centre in Hong Kong Island to form a metropolitan business core, and create a synergy with the Aerotropolis in Lantau with economies of scale and clustering effects. The third CBD would be established as a financial and industrial/commercial supporting service hub, closely connected with the Hong Kong International Airport. Besides, smart, innovative and quality new offices would be delivered on the artificial islands to provide ample development space to support traditional and emerging industries, and to help



achieve a more balanced overall spatial development pattern of Hong Kong.

We initially propose that the third CBD would provide a commercial floor area of about 4 million sq m, comprising not only Grade A offices, but also hotel, retail, dining and other uses, to create a vibrant new business area with comprehensive supporting facilities. The specific development parameters the third CBD, including the floor area of individual uses, are subject to further studies.

(5) One of the strategies to increase the commercial floor space supply is to convert land within developed areas into uses that facilitate future economic development through rezoning and policy or financial incentives. For example, we are expediting transformation of Kowloon East into the second CBD. Kowloon East currently has over 2.6 million sq m of commercial/office floor area. It is anticipated that Kowloon East has the potential of supplying about 4.4 million sq m of commercial/office floor area additionally in future, including about 1.05 million sq m of commercial/office floor area in the next five years in respect of private development projects including new developments, redevelopments and wholesale conversion.

We would also continue to put up commercial sites for sale in an orderly manner, through the Land Sale Programme announced annually, to meet the market demand. Over the five recent financial years (i.e. 2014-15 to 2018-19), the Government sold 15 commercial/business sites through the Land Sale Programme, providing about 776 000 sq m of floor area. In the coming few years, we are expected to put up a number of commercial sites for sale including those located at the topside of Hong Kong West Kowloon Station of Guangzhou-Shenzhen-Hong Kong Express Rail Link, Kai Tak Development Area, New Central Harbourfront, Caroline Hill Road, and Queensway Plaza to increase commercial floor area gradually, and to address economic development needs of the community.

Besides, 133 applications (Note 3) have been approved under the previous revitalisation scheme for industrial buildings (IBs). With gradual completion of conversion or redevelopment works since 2012, more than 2.1 million sq m of floor area for different non-industrial uses, including 1.9 million sq m for commercial uses including shops and offices could be delivered. And we are now reactivating the revitalisation scheme for IBs. We would, as before, encourage owners to undertake wholesale conversion of IBs through exemption of waiver fee. In addition, we are relaxing the maximum permissible non-domestic plot ratio, as a matter of policy direction, to allow an increase of up to 20 per cent for eligible projects to incentivise redevelopment of IBs and increase the supply of commercial floor space.

Also, we are reserving some new land developed in the New Development Area projects for economic uses. Apart from developing the third CBD on the 1 000 hectare-artificial islands near Kau Yi Chau as mentioned above, we would reserve land when planning the major development projects in Tung Chung New Town Extension, Kwu Tung North and Fanling North, Hung Shui Kiu, Yuen Long South, etc. in accordance with the development direction and spatial pattern of Hong Kong's future economy, which would provide about 3.5 million sq m of

GFA for commercial uses. This would not only meet the needs of our economic development, but would also seek to achieve a jobs-housing balance as far as possible.

Note 1: Accessible on RVD's website:

[www.rvd.gov.hk/en/publications/index.html](http://www.rvd.gov.hk/en/publications/index.html)

Note 2: Accessible at the following link:

[http://www.hk2030plus.hk/document/Review%20of%20Land%20Requirement%20for%20Grade%20A%20offices\\_Business%20and%20Industrial%20Uses\(Eng\)\\_FCR.pdf](http://www.hk2030plus.hk/document/Review%20of%20Land%20Requirement%20for%20Grade%20A%20offices_Business%20and%20Industrial%20Uses(Eng)_FCR.pdf)

Note 3: These exclude applications withdrawn and terminated by applicants.

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## **ExCo Non-official Member speaks on Budget**

The following is issued on behalf of the Executive Council Secretariat:

Following is the transcript of remarks by Non-official Member of the Executive Council (ExCo) Mr Chow Chung-kong at a media session on the 2019-20 Budget in the Legislative Council Complex this afternoon (February 27):

Reporter: How do you evaluate the Budget? Is it sufficient to brace Hong Kong for a complicated external economic environment? How do you evaluate that quite a lot of money is being allocated to infrastructure?

ExCo Non-official Member Mr Chow Chung-kong: I think that the Budget has made a very good balance between stabilising the economy, helping industries and companies, providing jobs and preventing unemployment as well as helping people sail through a difficult time. I think it is a very good balance of all these objectives. I do not see actually it has a lot of money allocated to infrastructure investment if you look at it carefully, but mainly a lot of money is being invested into building Hong Kong's future, such as science and innovation, technology, financial services, etc as well as providing relief for the people who need help.

(Please also refer to the Chinese portion of the transcript.)