

Press Releases

LCQ14: Assistance to small shop tenants

Following is a written reply by the Secretary for Commerce and Economic Development, Mrs Rita Lau, to a question by the Hon Emily Lau in the Legislative Council today (October 29):

Question:

It is learnt that in recent months, The Link Management Limited and other shopping mall proprietors have substantially increased the rents of shops in their shopping malls and have even refused to enter into new tenancy agreements with small shop tenants upon expiry of their current agreements in order to introduce large supermarkets, chain stores and trendy shops. In this connection, will the Executive Authorities inform this Council:

(a) whether it knows the total number of small shop tenants at the end of each of the past three years, and the annual number of small shop tenants which closed down their businesses upon expiry of their tenancy agreements during the period;

(b) whether it has assessed the impact of the above situation on the business environment of small shop tenants and the interest of consumers; if it has, of the assessment results;

(c) of the measures in place to ensure that the room for survival of small shop tenants will not be throttled by large supermarkets and chain stores; and

(d) of the existing policies to help small shop tenants to face the difficulties in running businesses?

Reply:

President,

(a) & (b) Upon the public listing of The Link Real Estate Investment Trust on November 25, 2005, it has become a private entity entirely independent of the Government. There are no Government representatives on the Board of Directors of The Link Management Limited, the Manager of the Trust. The Link Management Limited and all other commercial property owners in the private sector operate in accordance with market principles, and determine their own business strategies. We do not have information on their tenant mix, nor have we carried out any assessment on the impact of changes in their tenant mix.

(c) & (d) We believe that commercial property owners in the private sector (including The Link Management Limited) will adjust their operating strategies in the light of market conditions, including the purchasing power of customers.

We shall write to The Link Management Limited and urge the latter to try to assist small tenants in its properties and provide them with appropriate support measures, so as to help them tide over the difficulties arising from the current financial crisis.

We also understand that small and medium enterprises (SMEs), including small retailers, may need various forms of assistance in developing their businesses. The SME Funding Schemes were established to provide assistance in this regard. We are now putting in place measures to enhance the flexibility of the Funding Schemes, with a view to assisting more SMEs.

Ends/Wednesday, October 29, 2008
Issued at HKT 14:50

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