

9th-11th Floors, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong
 Telephone +852 2807 6543 Facsimile +852 2806 0303 Website DiscoverHongKong.com E-mail info@hktb.com

香港北角威非路道十八號萬國寶通中心九樓至十一樓
 電話 +852 2807 6543 傳真 +852 2806 0303 網址 DiscoverHongKong.com 電郵 info@hktb.com

HONG KONG TOURISM BOARD 香港旅遊發展局

Your Ref: CB(3)/PAC/R49
 3 March 2008
 By Email and By Hand
 Public Accounts Committee
 Legislative Council
 G/F., Legislative Council Building
 8 Jackson Road, Central HK
 Attn: Ms Miranda Hon



Dear Ms Hon,

Re: The Director of Audit's Report on the results for value for money audits (Report No. 49) Chapter 5

We refer to your letter of 27 February 2008 and would like to provide information as follows:

(a)(i) breakdown of the number of visitors served in 2006 by the Beijing visitor information and service (VIS) centre into the number of walk-in visitors, telephone enquiries and email enquiries etc is as follows:

	Total	Walk-in Visitors	Telephone Enquiries	Email Enquiries	Fax Enquiries
1 Jan – 31 Dec 2006	32,836	22,088	10,407	332	9

(a)(ii) Apart from servicing visitors, Beijing VIS centre also promotes trade collaboration in Quality and Honest Tours. Various product knowledge training was provided since 2006 by our Beijing VIS centre information officers to the frontline PRC agents serving our Quality & Honest Tours counters in Beijing, Dalian, Shenyang, Harbin, Shanghai, Hangzhou and Nanjing. This indirectly helps to promote and facilitate Quality & Honest product sales. Below are the results of Quality & Honest product sales performance up till Jan 22, 2008:

City	Launch Date	No. of Co-op Agents	HK Tour Groups (Pax)	Q&H Tour Groups (Pax)	Q&H (Airtix + Hotel package)	% of Q&H products
Beijing	2006 Nov 14	5	65,691	4,049	18,943	35.00%
Shenyang	2007 Jul 25	1	3,476	621	422	30.01%
Dalian	2007 Jul 25	1	2,600	266	1,099	52.50%
Harbin	2007 Nov 15	1	680	130	40	25.00%
Shanghai	2006 Nov 16	4	74,000	9,300	16,200	34.46%
Nanjing	2007 Feb 2	2	48,300	6,100	5,100	23.19%
Hangzhou	2007 Apr 26	6	59,000	8,300	12,680	35.56%
TOTAL		22	488,969	216,285	54,674	55.41%

The lease of the Beijing VIS centre also brought along free outdoor advertising space (right outside the centre). Outdoor media value in the same commercial district costs around RMB600,000 per year.

(b) Actual expenditure of HK\$16.5 million for the International Chinese New Year Parade (Parade) in 2003-4 mentioned in note 18 under paragraph 4.2 of the Audit Report does not include expenditure on overseas promotion.

(c) The technology (ie Aqua graphic®) used in the “Aqua Fantasia” show in 2006 is created and perfected by Aquatique Show International. This is a patented technology. Information downloaded from Aquatique Show International website www.Aquatique-Show.com is attached for reference. Per HKTB’s Financial Policies and Procedure Clause 16.5 on ‘Single Quote / Tender’, invitation from one single supplier can be adopted under certain special circumstances, including ‘copyright / patent / proprietary products or services can only be supplied by a particular supplier and where no reasonable alternative or substitute exists’. The relevant Financial Policy & Procedures’ extract is also attached for your information. According to the Procurement Guidelines, ED’s approval limit was up to \$5mn. As procurement amount for the “Aqua Fantasia” was estimated to be \$4mn, thus, Board / Committee approval was not required. The proposal to stage the “Aqua Fantasia” was presented to the Product & Event Committee at the 7 March 2006 Meeting.

(d) Regarding the title sponsorship for the Parade referred to in paragraphs 4.28 and 4.29 of the Audit Report,

- (i) The staff member responsible for negotiating 1999 title sponsorship was Mr Patrick Kwok, then Senior Manager, Events & Tours Department, currently General Manager, Tourism Marketing.

- (ii) The former General Manager, Destination Marketing, Mr Lambert Chan, did make enquiries with other companies to see if they were interested in providing title sponsorship to the Parade. These included Standard Chartered Bank, AIG and China Union Pay. Relevant email is attached for reference. Upon receipt of PAC's enquiry, we have made contact with Mr Lambert Chan and his reply is also attached.
- (iii) In connection with (ii) above, other than the email mentioned above, we cannot locate other records showing other companies had been approached. However, there were records of companies approached by HKTB soliciting interest on title sponsorship and float sponsorships for years 1999 and 2007 – also attached for reference.
- (iv) As the 2006 and 2007 parade sponsorship agreement signed with Company X was \$3.8mn for each Parade, it was within ED's approval limit of \$5mn, although the agreement covered a two-year period with total amount of \$7.6mn.
- (v) A copy of the respective sponsorship agreements with Cathay Pacific Airways and American Express for the 2008 Parade is attached. We consider the amount of cash sponsorship and the terms in return for the cash sponsorship commercially confidential and would appreciate the same not be included in the appendix of the PAC report and identities of corporations mentioned in those documents be masked.

Furthermore, we refer to your letter of 28 February 2008 and would like to provide the respective total expenditure, including and excluding overseas promotion, for the Parades in 2004, 2007 and 2008 as follows:

Heading	FY 2003/04 Actual (HK\$'mn)	FY 2006/07 Actual (HK\$'mn)	FY 2007/08 Budget (HK\$'mn)	FY2007/08 Actual** (HK\$'mn)
Event Staging & Local Publicity	16.5	21.4	21.0	18.6
Overseas Promotions*	5.5	7.9	6.0	6.0
Income	(4.4)	(5.1)	(6.0)	(6.1)
Total expenditure	17.6	24.2	21.0	18.5

Remarks

* *For entire CNY celebration period including the Int'l CNY Parade & other activities*

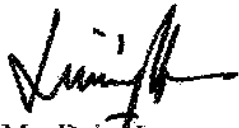
** *Budget originally agreed in Oct 07 but implemented series of cost savings measures to reduce event staging cost*

The above may include personal or commercial sensitive data and we appreciate the same not be included in the appendix of the PAC report and identities of individuals and corporations mentioned in those documents or information be masked.

We understand that the PAC will copy our response to the relevant parties.

Thank you for your kind attention to our request.

Yours sincerely



Mrs Daisy Lam
Deputy Executive Director

Enc.

- cc Secretary for Commerce and Economic Development (without enc)
- Commissioner for Tourism (without enc)
- Secretary for Financial Services and the Treasury (without enc)
- Director of Audit (without enc)
- Executive Director, HKTB
- Hon Mrs Selina Chow (without enc)
- Ms Clara Chong (without enc)
- Mrs Grace Lee (without enc)

**Note by Clerk, PAC: All the enclosures not attached.*