

立法會
Legislative Council

LC Paper No. CB(4)931/15-16
(These minutes have been seen
by the Administration)

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Panel on Information Technology and Broadcasting

Minutes of meeting
on Monday, 14 March 2016, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

- Members present** : Dr Hon Elizabeth QUAT, JP (Chairman)
Ir Dr Hon LO Wai-kwok, SBS, MH, JP (Deputy Chairman)
Hon CHAN Kam-lam, SBS, JP
Hon TAM Yiu-chung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon LEUNG Kwok-hung
Hon Claudia MO
Hon Steven HO Chun-yin, BBS
Hon YIU Si-wing, BBS
Hon Charles Peter MOK, JP
Hon CHAN Chi-chuen
Hon SIN Chung-kai, SBS, JP
Dr Hon CHIANG Lai-wan, JP
Hon Christopher CHUNG Shu-kun, BBS, MH, JP
- Members absent** : Hon Emily LAU Wai-hing, JP
Hon IP Kwok-him, GBS, JP
Hon WONG Yuk-man
Hon NG Leung-sing, SBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Alvin YEUNG Ngok-kiu

**Public officers
attending**

: Agenda item IV

Innovation and Technology Bureau

Dr David CHUNG, JP
Under Secretary for Innovation and Technology

Mr Ricky CHONG
Principal Assistant Secretary for Innovation and
Technology

Ir Allen YEUNG
Government Chief Information Officer

Mr Victor LAM, JP
Deputy Government Chief Information Officer
(Consulting and Operations)

Ms Cari WU
Senior Systems Manager (Information Security)2

Agenda item V

Commerce and Economic Development Bureau

Miss Susie HO, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Joe WONG, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Ivanhoe CHANG
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Creative Industries)B

Mr Jerry LIU
Head of Create Hong Kong

Mrs Janet CHU
Assistant Head of Create Hong Kong (1)

Mr Wellington FUNG
Assistant Head of Create Hong Kong (2)

Clerk in attendance : Mr Daniel SIN
Chief Council Secretary (4)3

Staff in attendance : Mr Joey LO
Senior Council Secretary (4)8

Miss Mandy LAM
Legislative Assistant (4)3

Action

The Chairman announced that Hon Alvin YEUNG, who was elected Legislative Council member in the Legislative Council New Territories East geographical constituency by-election held on 28 February 2016, had joined the Panel.

I. Confirmation of minutes of meeting

(LC Paper No. CB(4)692/15-16 -- Minutes of meeting held on
11 January 2016)

2. The minutes of the meeting held on 11 January 2016 were confirmed.

II. Information papers issued since the last meeting

(LC Paper No. CB(4)669/15-16(01) -- Letter from Hon Claudia
MO dated 23 February
2016 raising concern about
the recent controversy
over TVB's use of
simplified Chinese
characters in the J5
Channel's news broadcast
and the current
requirements in existing
legislation or the TV
licence on the use of
language by operators
(Chinese version only)

- LC Paper No. CB(4)701/15-16(01) -- Administration's response dated 9 March 2016 to the letter from Hon Claudia MO as set out in CB(4)669/15-16(01) on issues relating to TVB's use of simplified Chinese subtitles
- LC Paper No. CB(4)701/15-16(02) -- Letter dated 8 March 2016 from Hon Claudia MO on issues relating to the alleged encroachment of local FM radio spectrum by Mainland radio stations (Chinese version only)
- LC Paper No. CB(4)701/15-16(03) -- Letter dated 8 March 2016 from Hon Alice MAK Mei-kuen on issues relating to the provision of Internet connection to remote areas (Chinese version only)

3. Members noted that the above papers had been issued for the Panel's information.

Issues relating to TVB's use of simplified Chinese subtitles

4. The Chairman said that Ms Claudia MO had submitted a letter on 23 February 2016 expressing her views on the use of simplified Chinese characters in subtitles of Television Broadcasts Limited's ("TVB") Putonghua television news bulletins. She requested that a special meeting be convened to discuss the matter. The Chairman added that the Administration had been asked to respond to Ms MO's comments, and the Administration's reply had been circulated to members vide LC Paper No. CB(4)701/15-16(01) on 10 March 2016. The Chairman invited members' views on the Administration's response and Ms MO's suggestion on the need to convene a special meeting to discuss the matter.

5. Ms Claudia MO noted that the Communications Authority ("CA") had received more than 13 000 complaints against TVB for displaying only simplified Chinese subtitles in its Putonghua news bulletins. Ms MO commented that while the domestic free television programme service ("free TV") licence might not have laid down requirements on the use of simplified

Chinese characters or the editorial style of Chinese and English subtitles in broadcast programmes, it should not mean that operators were entirely at liberty to choose the use of such characters or the forms of expression. Ms Claudia MO considered that the Administration should consider amending the conditions of the free TV licences to regulate the format of presentation of Chinese and English subtitles used by the TV stations.

6. Ms Claudia MO also noted that the Broadcast Complaint Committee would consider some of the complaints received and would make recommendations to CA. She said that the Administration should give an indication of the time for handling the complaints and, in the meantime, the Administration should also address the views and concerns of members. She commented that the Administration should send representatives to the meeting to answer members' queries.

7. Mr Charles Peter MOK commented that the purpose of issuing free TV licences was to ensure that service providers would serve the local audience. He noted that CA had the power under the Communications Authority Ordinance, Cap. 616, to impose specific licence conditions as deemed fit. Mr MOK queried why CA did not require licencees to present subtitles in specific formats. He suggested that an agenda item should be added in a future Panel meeting to discuss whether CA should impose such conditions.

8. Mr SIN Chung-kai agreed that the Panel should follow up the matter as it had attracted wide public concern in view of the number of complaints received by CA. Nevertheless, he did not agree to holding a special meeting to discuss the matter.

9. Mr CHAN Chi-chuen agreed that there should be a proper agenda item for the meeting to enable members to discuss the matter thoroughly. He said that the key issue was whether it was proper for local media to use only simplified Chinese characters for subtitles in local programmes. He said that the purpose of subtitles was to allow local viewers who had hearing impairment or who were unable to listen to a programme to understand the contents. Mr CHAN commented that most local audience might not be able to read simplified Chinese characters.

10. Mr CHAN Kam-lam commented that members should avoid politicizing the issue as there was nothing unusual about using simplified Chinese characters in subtitles; simplified Chinese characters were being widely used in many parts of the world and was even getting more and more popular. Mr CHAN considered it normal that holders of domestic free TV licences decided to display subtitles in simplified Chinese characters, especially in Putonghua programmes. Mr CHAN suggested that members should refrain from intervening with the editorial freedom of TV licence operators.

11. Ir Dr LO Wai-kwok said that as the news bulletins concerned was broadcast in Putonghua, its target audience was mainly Putonghua-speaking community. It was not unusual that simplified Chinese characters were used in the subtitles. Ir Dr LO commented that simplified Chinese characters should be easily picked up, and had their cultural roots from traditional cursive scripts. While he appreciated that members might have concerns, Ir Dr LO did not consider it necessary to hold a special meeting to discuss the issue.

12. Mr Steven HO said he did not agreed to hold a special meeting to discuss the issue. He said that although the news bulletins concerned was broadcast in Putonghua and subtitles in simplified Chinese characters were displayed, viewers had choice of viewing news bulletins in other channels that were broadcast in Cantonese with traditional Chinese characters subtitles. It would run counter to Hong Kong's core values as a pluralistic and inclusive society if the Administration were to regulate the format of presentation of Chinese subtitles.

13. Mr YIU Si-wing said that displaying subtitles in simplified Chinese characters for Putonghua news bulletins would make it more convenient for Mainland visitors and Mainland new arrivals to understand the situations in Hong Kong. Given the close ties between Hong Kong and the Mainland, it would be beneficial for young people to be exposed to simplified Chinese characters. Mr YIU did not consider it necessary for the Panel to hold a meeting to follow up the matter. Mr WONG Ting-kwong shared a similar view and said that the use of both traditional Chinese characters and simplified Chinese characters should be respected and would contribute to exchanges between Hong Kong and the Mainland. He said that the matter should not be politicized.

14. Mrs Regina IP said that members needed not be too sensitive over the issue as there were both supporters for the use of traditional Chinese characters and simplified Chinese characters. Mrs IP said she did not see the need for the Panel to hold a special meeting to discuss the issue.

15. Dr Priscilla LEUNG said that the free TV market in Hong Kong should be left to regulate itself without too much interference from Government. Dr LEUNG commented that members should not politicize the issue and she objected to holding a special meeting to follow up the matter.

16. Mr Paul TSE said that, while he supported the use of traditional Chinese characters, he considered that TVB's use of simplified Chinese characters in Putonghua news bulletins was driven by market considerations. Mr TSE said that it was not advisable to interfere with the commercial decision as the licence conditions had not been breached. Mr TSE said he did not oppose to the Panel's discussion on the matter.

17. The Chairman said that 12 members had spoken on the subject and it appeared clear to her that the majority of Panel members present did not agree that a special meeting should be convened, or an agenda item be added in a regular meeting to discuss the use of simplified Chinese characters in subtitles of TVB's Putonghua new bulletins. In the light of members' views, the Chairman decided that the Panel would not pursue Ms Claudia MO's request.

18. Ms Claudia MO requested that Panel should decide on the matter by voting. The Chairman said that she invited members to give their views on Ms MO's letter to enable her to make a decision, as chairman, on whether and how Ms MO's request should be handled. The views gathered from the foregoing discussion had been unambiguous and she had made the decision. Besides, Ms MO's request was not put to member as a formal agenda item that required a decision from the Panel. The Chairman did not consider that there was a need for the Panel to take a vote on the matter.

19. Mr Charles Peter MOK did not agree with the Chairman's approach of handling Ms MO's suggestion. He said that members should be allowed to state their position through voting on the matter, and he said that it was not sufficient for the Chairman to make a decision just on the basis on members' speech during the discussion. The Chairman responded that sufficient time had been allowed for members to speak on the matter and members had articulated their views very clearly. The Chairman ruled that she would not put the matter to vote.

Issues relating to the alleged encroachment of local FM radio spectrum by Mainland radio stations and issues relating to the provision of Internet connection to remote areas

20. The Chairman said that Ms Claudia MO and Miss Alice MAK had submitted letters requesting the Panel to discuss, respectively, issues relating to the alleged encroachment of local FM radio spectrum by Mainland radio stations and issues relating to the provision of Internet connection to remote areas. The Secretariat had written to the Administration requesting written responses on the matters. The Chairman said that, upon receipt of the Administration's response, she would seek members' views on the way forward.

(Post-meeting note: The Administration's written responses to Miss MAK and Ms MO's letters were circulated to members vide LC Paper No. CB(4)758/15-16(01) on 22 March 2016 and CB(4)795/15-16(01) on 31 March 2016 respectively.)

III. Date of next meeting and items for discussion

(LC Paper No. CB(4)689/15-16(01) -- List of outstanding items for discussion

LC Paper No. CB(4)689/15-16(02) -- List of follow-up actions)

Regular meeting on 11 April 2016

21. Members noted that the next regular Panel meeting would be held on Monday, 11 April 2016 at 2:30 pm to discuss the following items:

- (a) Wi-Fi Connected City; and
- (b) Review on regulation of person-to-person telemarketing calls.

(Post-meeting note: At the request of the Administration, the title of item (b) was subsequently revised as "Report on the findings of the survey on person-to-person telemarketing calls".)

Renewal of the analogue sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited

22. Mr CHAN Chi-chuen requested that the Administration be invited to discuss with members on the renewal of the analogue sound broadcasting licences of Hong Kong Commercial Broadcasting Company Limited ("CRHK"). The Chairman asked the Clerk to liaise with the Administration on Mr CHAN's suggestion and to see when the Administration would be in a position to brief the Panel on the matter.

(Post-meeting note: The Chief Executive in Council has approved the applications for renewal of the analogue sound broadcasting licences of CRHK and Metro Broadcast Corporation Limited (Metro) for a period of 12 years from 26 August 2016 to 25 August 2028. The letter from the Administration, press release and the Legislative Council Brief have been circulated to members vide LC Paper No. CB(4)762/15-16 on 22 March 2016. The Report on the Public's Consultation Exercise on the Renewal of the Analogue Sound Broadcasting Licences has also be circulated to members vide LC Paper No. CB(4)774/15-16 on 23 March 2016.)

IV. Information security

- (LC Paper No. CB(4)689/15-16(03) -- Administration's paper on Information security
- LC Paper No. CB(4)689/15-16(04) -- Paper on Information security prepared by the Legislative Council Secretariat (Updated background brief))

Presentation by the Administration

23. The Chairman welcomed Dr David CHUNG, Under Secretary for Innovation and Technology ("US for IT") who attended the meeting of the Panel for the first time.

24. At the invitation of the Chairman, US for IT briefed members on the latest progress of the Government's information security programmes since July 2015. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)689/15-16(03)).

Discussion

Information security landscape

25. Mr SIN Chung-kai said that the statistics on technology crimes provided in the Administration's paper was not comparable with those provided in "Summary of Crimes in Hong Kong" published by the Hong Kong Police Force ("HKPF"). For example, Mr SIN said that according to the Administration's paper, the estimated total financial loss in 2015 caused by technology crimes was \$1.8 billion. However, HKPF only presented the value of property stolen in 2015, which amounted to \$78 million. He enquired if the Office of the Government Chief Information Officer ("OGCIO") would co-ordinate with HKPF in compiling the relevant statistics. He requested a breakdown by nature of the financial loss caused by technology crimes in 2015, and the detection rate of such crimes, including cyber threats and attacks such as distributed denial-of-service ("DDoS") and those involving social networking applications. The Chairman shared Mr SIN's concern and reminded the Administration to provide relevant breakdown of information to facilitate consideration and discussion by the Panel.

26. Deputy Government Chief Information Officer (Consulting and Operations) ("DGCIO") advised that OGCIO maintained close liaison with HKPF on tackling technology crimes, and the technology crimes statistics in the

Admin Administration's papers were provided by HKPF. He undertook to follow up with HKPF on the presentation of such statistics and provide the requested information.

27. Mr YIU Si-wing enquired about the breakdown by nature of incident, victims (e.g. government bureaux/departments ("B/Ds"), small and medium enterprises ("SMEs") or individuals) and financial loss of the 4 928 incident reports handled by the Hong Kong Computer Emergency Response Team Co-ordination Centre ("HKCERT") in 2015.

Admin 28. DGCIO said that among the 4 928 incidents, 151 were hacker intrusions and web defacement attacks. There were also 1 978 phishing attacks, 1 943 botnets, 130 DDoS attacks, 277 cases involved malicious software and 449 other computer-related incidents. HKCERT did not maintain statistics on financial loss due to technology crimes. Such statistics were provided by HKPF. He undertook to provide the requested supplementary information after the meeting.

29. Mr Charles Peter MOK enquired whether the incident relating to misdirected hyperlinks on certain Government websites which happened on 10 March 2016 had any information security implications. DGCIO advised that the incident was caused by technical faults in the conversion of system configuration of the Government websites concerned and had nothing to do with information security. OGCIO had rectified the problem and service was restored shortly.

30. Mr Paul TSE commented that many of the computer crime cases did not involve high level technologies, but the damages caused to the victims could be heavy. Mr TSE noted that the estimated total financial loss due to technology crimes stood at \$1.8 billion in 2015, which represented an increase of 50% as compared to \$1.2 billion in 2014. He enquired whether the amount included the cost of upgrade or maintenance of systems and equipment incurred to SMEs, government departments, etc., after a cyber attack. DGCIO acknowledged that, according to HKPF, the financial losses were mainly due to computer crimes committed by perpetrators using low technology and traditional means (such as deception and demanding ransoms) rather than by high technology hacking activities. The estimated amount of financial losses reflected the money or properties forfeited due to computer criminal activities.

31. Mr Paul TSE enquired about the nature of the 68 high-risk security alerts issued by OGCIO in 2015. DGCIO responded that the high-risk security alerts issued by OGCIO were mainly technical reminders on the latest information of security threats and vulnerabilities, with recommendations to users on how to protect their information systems and digital assets. DGCIO said that the best precaution against the spread of cyber crime would be to step up publicity and public education activities.

Information technology security policy and governance

32. Mr Charles Peter MOK said that an Inter-departmental Working Group on Computer Related Crime ("the Working Group") was set up in 2000 to review, among other matters, the adequacy of existing legislation and relevant administrative measures to deal with the challenges to law enforcement arising from the developments associated with the computer and Internet, including computer crime. As the Internet had become ubiquitous with new development in different fronts, he enquired whether the Administration had any plans to carry out another review. Mr MOK was aware that the Working Group was led by Security Bureau. With the establishment of the Innovation and Technology Bureau ("ITB") which had the latest information technology ("IT") expertise in its deployment, Mr MOK suggested that ITB could take up the leading role in the review.

33. US for IT said that the Government was regularly reviewing its information security policy, and would issue the "Government Information Technology Security Policy and Guidelines" in mid-2016 for B/Ds. He added that the Administration had adopted most of the 57 recommendations made by the Working Group in the last review. ITB would continue to work with the Security Bureau on the formulation of information security policy.

Protection of Internet infrastructure

34. Mr TAM Yiu-chung noted the Administration's efforts in building Hong Kong into a Smart City. He enquired how the Administration would ensure that the Internet of Things devices of Government departments (such as the Water Supplies Department's Water Intelligent Network to monitor the conditions of the water supply networks) were secure and reliable. He also asked if the Government would engage hackers to test the resilience of its systems.

35. DGCIO advised that departments would conduct regular review to ensure that their IT systems complied with the Government's IT security requirements prescribed by OGCIO. Efforts included risk assessments (through surveillance, monitoring and timely intervention) and implementation of contingency measures to deal with possible information security issues. As regards enquiring the integrity and resilience of the Government's IT systems, DGCIO said that in 2014-2015, the Administration had engaged internationally accredited security experts to perform vulnerability scanning and penetration tests on the Government's Internet application systems. The results confirmed the capability of the Government's Internet application systems to withstand cyber attacks. The Administration had no plans to engage hackers to test the resilience of its IT systems.

36. Mr Christopher CHUNG enquired about the number of malicious attacks against and network intrusions into government websites, resulting in data leakage and/or reduced network efficiency in the past two years. He also asked what measures had been implemented (such as upgrading the Government's IT systems) to guard against such attacks.

37. DGCIO advised that no data leakage or data loss had been caused by network attacks on government websites in the past two years. In view of the high risks of DDoS attacks, OGCIO had adopted proactive approaches, including limiting massive traffic volume which was a main feature of DDoS attacks. OGCIO also assisted B/Ds to implement appropriate protection measures and strengthen threat detection capabilities. All government websites were required to undergo more stringent security risk assessment and regular health checks, including vulnerability scanning and penetration testing.

38. Mr Christopher CHUNG enquired about the origin of the large scale network attack on government websites which happened in late 2014, and whether any arrests and prosecutions had been taken against the perpetrators. Ms Claudia MO raised a similar query on whether there had been "state level" hacker attacks. DGCIO responded that the cyber attack experienced in 2014 was instigated by the international hackers alliance "Anonymous" but involved both local and overseas hackers. HKPF had taken prosecution actions against certain suspects. DGCIO supplemented that hacker organizations mostly involved participants from different parts of the world. Based on the analysis of Internet traffic through which cyber attacks were launched in the past, it was difficult to conclude that a "state level" organization might be responsible; and the attacks were referred to the Police for investigation.

39. Ms Claudia MO enquired whether the Government would be able to detect it when hackers tried to steal data from its IT systems. DGCIO said that hacker organizations would usually announce that they had successfully hacked into a government system and would make known the information they had obtained. Besides, the Government would be able to track if information had been extracted from its systems. Furthermore, the Government's IT systems were equipped with anti-theft capabilities which would trigger alarm when being tampered with. OGCIO also regularly monitored government IT systems for any signs of hacking activities, and so far no information had found to have been stolen.

40. Mr LEUNG Kwok-hung noted that OGCIO would conduct "compliance audit" for B/Ds in a four-year cycle. He asked if the Administration would conduct these exercises more frequently. DGCIO explained that B/Ds were required to conduct system audit after installation of new systems or major maintenance upgrade. An overall system audit was also required every two years. The "compliance audit" exercises were carried out to ensure B/Ds had

conducted their internal system audits in accordance with the Government IT security regulations, policies and requirements. DGCIO said that "compliance audit" exercises were resource-intensive and it was considered appropriate that these should be conducted on a four-year cycle basis. Government Chief Information Officer supplemented that more frequent "compliance audit" might be considered in respect of individual B/D if circumstances warranted.

Collaboration with the computer emergency response teams ("CERT") community

41. Noting that cyber threats and attacks could originate from places outside Hong Kong, Mr TAM Yiu-chung enquired about the Administration's efforts in co-operating with IT security authorities in other jurisdictions in dealing with cyber attacks on Government's IT infrastructures. DGCIO advised that since its formation in April 2015, the Government Computer Emergency Response Team Hong Kong ("GovCERT.HK") had been collaborating closely with the HKCERT and CERTs of other places including the Asia Pacific region, Macau and the Mainland to share information on cyber security threats and co-ordinate incident response. In addition to sharing cyber security information, GovCERT.HK also participated in co-operative events with CERT community including sharing of knowledge and skills, training and workshops and cross-border incident response drills of a regional and global nature.

Public awareness and education

42. Ir Dr LO Wai-kwok said that whilst it was important to educate the public and local businesses, especially SMEs, on information security and prevention of cyber crime, it was equally important to raise the awareness of the younger generation about the risk of breaching the law inadvertently when using Internet social media. He said that there had been cases where young people had been lured into participating in hacking activities. He also asked what measures the Administration would take against hacking activities openly publicized in social media.

43. DGCIO said that it was crucial to promote proper attitude and practices among young people in using the Internet and social media. Since 2008, OGCIO had collaborated with the Education Bureau and professional organizations in conducting school visits to raise the awareness of students, teachers and parents on information security, and advise them on the importance of protecting computing devices and personal information. From September 2015 to January 2016, OGCIO had conducted around 30 school visits and had reached out to more than 12 000 students, teachers and parents. Such efforts would continue and OGCIO would maintain vigilance on the activities of hackers on the social media and disseminate early warnings on cyber threats to B/Ds and the public as appropriate.

Support for SMEs

44. Mr YIU Si-wing welcomed the OGCIO's provision of funding support of about \$10 million in 2016-2017 for HKCERT to co-ordinate computer security incident response, monitor and disseminate security alerts, and promote information security awareness to local enterprises and the public. He enquired about the co-operation between OGCIO and HKCERT in providing support to SMEs in ensuring information security in day-to-day operations. The Chairman also enquired about the effectiveness of the OGCIO's effort in supporting SMEs.

45. DGCIO advised that OGCIO and HKCERT co-operated in different aspects to help SMEs improve information security. Apart from providing funding support, OGCIO also worked with HKCERT and relevant organizations to arrange seminars for SMEs to raise their awareness of cyber threats and share with them the best practices to manage information security risks. As a preventative measure, HKCERT had launched the "SME Free Web Security Health Check Pilot Scheme" to promote awareness of information security and cyber threats to SMEs and help them build a more secure e-business environment. Through the project, HKCERT provided free website vulnerability scanning service for the participating SMEs and advised them on security improvements.

46. DGCIO added that OGCIO would work with HKCERT in the coming year to promote the "Check-Act-Verify" approach to SMEs, helping them identify potential cyber threats, take improvement measures and verify the effectiveness of the measures with a view to enhancing the overall cyber security level of SMEs.

V. Update on the work of Create Hong Kong and funding support for the film development fund

(LC Paper No. CB(4)689/15-16(05) -- Administration's paper on update on the work of Create Hong Kong and funding support for the film development fund

LC Paper No. CB(4)689/15-16(06) -- Paper on the work of Create Hong Kong in promoting the development of creative industries prepared by the Legislative Council Secretariat (Updated background brief))

47. The Chairman reminded members on the requirements of Rule 83A and Rule 84 of the Rules of Procedure of the Legislative Council on disclosure of direct or indirect pecuniary interests relating to the funding proposals under discussion.

Presentation by the Administration

48. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PSCCI") and Head of Create Hong Kong briefed members on the work of Create Hong Kong ("CreateHK") in 2015 and the proposal to inject additional funding of \$20 million into the Film Development Fund ("FDF"). Details of the briefings were set out in the paper provided by the Administration (LC Paper No. CB(4)689/15-16(05)).

Discussion

Enhanced support for Hong Kong-produced Cantonese movies distributed in the Mainland

49. Ms Claudia MO expressed support for the development of Hong Kong-produced Cantonese films. As for the subsidy that covered sales and distribution ("S&D") expenses of Hong Kong-produced Cantonese films distributed in the Mainland, Ms MO expressed concern whether Hong Kong filmmakers would practise self-censorship and avoid touching on politically sensitive subjects in order to obtain the subsidy under FDF.

50. PSCCI said that the proposed increase in subsidy for S&D expenses aimed at sharing out the financial risks for Hong Kong-produced Cantonese movies distributed in the Mainland. The vetting and approval of applications would be conducted by professionals in the film industry based on commercial and market principles rather than political considerations.

51. Mr YIU Si-wing suggested that apart from providing funding support for S&D expenses in the Mainland, the Administration should consider organizing workshops and forums on S&D for professionals from the Mainland film

industry to share their experience and information on tapping the Mainland market with Hong Kong filmmakers.

52. Head of Create Hong Kong advised that the Entertainment Expo Hong Kong 2016 which opened on 14 March 2016 featured the Hong Kong International Film and TV Market ("FILMART"), was a one-stop trading and networking platform attracting film companies from about 35 countries and regions. In particular, the FILMART this year would see a large participation from Mainland exhibitors from different provinces and cities. As in the past few years, the Film Services Office under CreateHK would organize seminars and networking events among film professionals from Hong Kong, the Mainland and rest of the world.

53. Mr Christopher CHUNG enquired whether the proposed increase in subsidy for S&D expenses from the current level of \$250,000 to \$500,000 per film would be sufficient to serve the purpose of incentivizing Hong Kong filmmakers to explore the Mainland market. Dr CHIANG Lai-wan shared a similar concern. The Chairman also opined that the Administration should consider further raising the subsidy to help Hong Kong filmmakers.

54. Assistant Head of Create Hong Kong (2) said that distributors in Guangdong would normally require Hong Kong filmmakers to pledge at least RMB 400,000 as S&D expenses. The proposed subsidy of \$500,000 per film would allow filmmakers to cover this expense. Without this subsidy, Hong Kong filmmakers who produced small-to-medium budget projects might not opt to go for the Mainland market. The proposed increase in subsidy for S&D expenses would lower the entry threshold for the film to be screened in Mainland cinemas, and to be further distributed in television or other channels or formats.

55. In response to a further query from Mr CHUNG, Assistant Head of Create Hong Kong (2) said that the box office receipts of these films in the past few years had been rather low.

56. Mr CHAN Chi-chuen enquired about the names and box office receipts of the three Hong Kong-produced Cantonese movies which had benefitted from the cash subsidy scheme for Hong Kong-produced Cantonese movies distributed in Guangdong Province. Noting the lukewarm response to the cash subsidy scheme, he queried whether the scheme was worthy of pursuing. The Chairman reminded that the Administration should provide more detailed information, preferably with an annex in tabular form, when it briefed the Panel again in future.

57. Head of Create Hong Kong said that the three movies which had benefitted from the subsidy were "The Way We Dance", "Doomsday Party" and

"Grey Met Shrek". He undertook to provide the reported box office receipts by the related distributors of the three Hong Kong-produced Cantonese movies which had benefitted from the existing cash subsidy scheme for Hong Kong-produced Cantonese movies distributed in Guangdong Province separately.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(4)822/15-16(01) on 6 April 2016.)

58. PSCCI said that although the tastes of the audience in the Mainland might not be the same as that of Hong Kong's audience, the Administration would still encourage the filmmakers to have a go in the Mainland market with the help of the subsidy provided, especially when the movies had already been produced.

Promoting film appreciation among students and young people to build up audiences

59. Ms Claudia MO enquired about the Administration's effort in assisting the development of the home market for Hong Kong films apart from helping Hong Kong-produced Cantonese films exploring the Mainland market. PSCCI advised that CreateHK provided funding to support the organization of the annual Hong Kong International Film Festival ("HKIFF"). The Administration hoped that HKIFF would encourage young people to watch movies and participate in post-screening discussions with film professionals. PSCCI added that the Administration had provided some resources for using community halls as venues for film shows.

Encouraging more local film production

60. Mr LEUNG Kwok-hung enquired about the number of Hong Kong movies produced with the assistance of the various subsidy schemes under FDF since the establishment of CreateHK in 2009.

61. PSCCI advised that CreateHK encouraged more local film production through a number of subsidy schemes under FDF such as the Film Production Financing Scheme, the new Film Production Grant Scheme ("FPGS") and the First Feature Film Initiative. Head of Create Hong Kong said that of the total number of some 40 to 50 Hong Kong films produced every year for the past few years, about three to five movies (including co-production titles) were produced with the assistance of the various subsidy schemes under FDF.

62. In response to Mr YIU Si-wing's enquiry, Head of Create Hong Kong agreed to provide the box office receipts of the four movies co-financed by FDF which were screened in 2015.

(*Post-meeting note:* The Administration's written response was circulated to members vide LC Paper No. CB(4)822/15-16(01) on 6 April 2016.)

63. Noting that only one out of eight film project proposals received for the first round of application for the new FPGS had been approved, Mr YIU Si-wing enquired about the low rate of successful application.

64. Head of Create Hong Kong explained that FPGS was launched on a pilot basis for two years under FDF in November 2015 to provide subsidies to small-budget film productions with production budget not exceeding \$10 million. A direct grant at 20% of the approved production budget or actual production cost with a cap of \$2 million per film project would be provided to subsidize small-budget films with a production budget not exceeding \$10 million. As the grant was provided without the need for the applicant to return any amount to FDF, the selection board had adopted more stringent standards in vetting and approving the project proposals with regard to the creative attributes of the film projects, which might have resulted in the low success rate of application. Although only three applicants would be provided with the grants for each quarter, any unused quotas would be carried forward to the next quarter.

Nurturing film production talent

65. In response to Ir Dr LO Wai-kwok's enquiry about the Administration's efforts in nurturing talents for the film industry, PSCCI said that the Administration adopted a progressive approach in nurturing film production talent for the local film industry. The First Feature Film Initiative ("FFFI") was first launched in 2013 on a pilot basis as a talent nurturing initiative to groom new film directors by fully subsidizing the production of their first feature-length commercial films. The three winning teams of the first edition of the FFFI completed film production in 2015. Special screenings for distributors had been scheduled for March 2016 to solicit interest in the licensing of the film copyrights. It was anticipated that the three films would be commercially released in the third and fourth quarter of 2016.

Summing up

66. The Chairman said that members had no objection for the Administration to seek the approval of the Finance Committee for the proposal to increase the commitment of FDF by \$20 million to support the enhanced support measure for Hong Kong-produced Cantonese movies distributed in the Mainland. She urged the Administration to further strengthen the various support initiatives for the Hong Kong film industry and step up efforts to groom local film talent.

VI. Any other business

67. There being no other business, the meeting ended at 4:27 pm.

Council Business Division 4
Legislative Council Secretariat
3 May 2016