

**Legislative Council of the
Hong Kong Special Administrative Region**

**Panel on Economic Development
Panel on Commerce and Industry
Panel on Financial Affairs
Panel on Information Technology and Broadcasting**

**Report on the joint-Panel duty visit
to the major cities in the Yangtze River Delta Region
from 21 to 24 April 2019**

14 October 2019

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Purpose of the report

1.1 This report presents the findings and observations of the joint-Panel delegation of the Legislative Council ("LegCo") Panel on Economic Development ("EDEV Panel"), Panel on Commerce and Industry ("CI Panel"), Panel on Financial Affairs ("FA Panel") and Panel on Information Technology and Broadcasting ("ITB Panel") ("the four Panels") from its four-day duty visit from 21 to 24 April 2019 to the major cities in the Yangtze River Delta ("YRD") Region¹ to better understand their economic, financial and innovation and technology developments as well as study the issues concerned by members.

Background and objectives of the visit

1.2 The YRD Region was one of the first regions in the Mainland to develop and open-up, and is now known for its competitive and innovative industries. Cities and provinces in the Region have their own strengths in specific areas. For example, Shanghai is a logistics and financial centre while Zhejiang Province and Jiangsu Province feature strong manufacturing bases.

1.3 In 2018, the Yangtze River Delta Regional Cooperation Office issued a three-year action plan (2018-2020) for the Region's integrative development. The three-year action plan aims to integrate the economies of Zhejiang Province, Jiangsu Province, Anhui Province and Shanghai through coordination and collaborative development. The action plan sets a timetable and road map for YRD's integrated development in the coming years and covers cooperation in 12 economic sectors including transportation energy, scientific innovation, industry, informatization, environmental protection and public services. It also focuses on seven key aspects for integrated development in the YRD Region, including transportation connectivity, industrial innovation, and collaborative and orderly opening-up of the market.

¹ YRD metropolitan region refers to 16 cities in Shanghai, southern Jiangsu and the eastern and northern part of Zhejiang. The cities included are Shanghai, Nanjing, Suzhou, Wuxi, Changzhou, Yangzhou, Zhenjiang, Nantong, Taizhou, Hangzhou, Ningbo, Huzhou, Jiaxing, Shaoxing, Zhoushan and Taizhou.

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1.4 In view of the strategic significance of the development of the YRD Region, the Chairmen of the four Panels consulted members in January 2019 on whether a joint-Panel duty visit to the major cities in the Region should be conducted. With the majority of members agreeing to conduct the aforesaid duty visit, the four Panels held a joint meeting on 22 February 2019 to further discuss the proposed duty visit.

1.5 At the joint meeting, the four Panels agreed to conduct a duty visit to Shanghai and Hangzhou in the YRD Region from 21 to 24 April 2019 to better understand their economic, financial and innovation and technology developments. At its meeting of 1 March 2019, the House Committee gave permission for the four Panels to conduct the visit.

Membership of the Delegation

1.6 The Delegation comprised the following 22 Members:

Delegation Leader

Hon Andrew LEUNG Kwan-yuen, GBS, JP (President of LegCo)

Panel members

Hon YIU Si-wing, BBS

(Chairman of the CI Panel and Deputy Delegation Leader)

Hon Christopher CHEUNG Wah-fung, SBS, JP

(Chairman of the FA Panel and Deputy Delegation Leader)

Hon Elizabeth QUAT, BBS, JP

(Chairman of the ITB Panel and Deputy Delegation Leader)

Hon CHUNG Kwok-pan

(Chairman of the EDEV Panel and Deputy Delegation Leader)

Hon Jeffrey LAM Kin-fung, GBS, JP

Hon CHAN Kin-por, GBS, JP

Hon WONG Kwok-kin, SBS, JP

Hon Alice MAK Mei-kuen, BBS, JP

Ir Dr Hon LO Wai-kwok, SBS, MH, JP

Hon Jimmy NG Wing-ka, BBS, JP

Dr Hon Junius HO Kwan-yiu, JP

Hon YUNG Hoi-yan, JP

Hon CHAN Chun-ying, JP

Hon LUK Chung-hung, JP

Hon LAU Kwok-fan, MH

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Non-Panel Members

Dr Hon Priscilla LEUNG Mei-fun, SBS, JP

Hon LEUNG Che-cheung, SBS, MH, JP

Hon KWOK Wai-keung, JP

Hon HO Kai-ming

Hon Kenneth LAU Ip-keung, BBS, MH, JP

Hon Tony TSE Wai-chuen, BBS

1.7 At the invitation of the four Panels, Mr Patrick NIP Tak-kuen, the Secretary for Constitutional and Mainland Affairs, Mr Nicholas YANG Wei-hsiung, the Secretary for Innovation and Technology, Mr James Henry LAU Jr, the Secretary for Financial Services and the Treasury, Dr Bernard CHAN Pak-li, the Under Secretary for Commerce and Economic Development and other government officials also joined the duty visit. The Delegation was also accompanied by 11 staff members of the LegCo Secretariat, including Mr Matthew LOO, the Assistant Secretary General, Ms Halllie CHAN, the Head (Public Information), Ms Shirley CHAN, the Clerk to the EDEV Panel, and Mr Daniel SIN, the Clerk to the ITB Panel.



Members of the Delegation pose for a group photo with Mr YING Yong, Mayor of Shanghai (front row, eighth from left), Mr HUANG Liuquan, Deputy Director of the Hong Kong and Macao Affairs Office of the State Council (front row, sixth from left) and Mr HE Jing, Deputy Director of the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region (front row, sixth from right).

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Visit programme

1.8 The visit was conducted from 21 to 24 April 2019. Departing at noon on 21 April, the Delegation visited Shanghai and Hangzhou during its four-day trip. Through visits to different enterprises, government departments and higher education institutions, as well as exchanges with local government officials and academics, the Delegation gained a better understanding of the developments of the YRD Region in such areas as economy, finance, innovation and technology, education, cultural conservation, tourism, healthcare services and renewable energy. It also attended a thematic seminar on the regional integration of YRD, and met with Hong Kong people working and studying in the Region to understand more about their life there. The detailed visit programme is listed below:

21 April 2019 (Sunday) (Hong Kong ➡ Shanghai)	Visit the Commercial Aircraft Corporation of China Shanghai Aircraft Manufacturing Co. Ltd. to learn about the production and latest development plan of large passenger aircrafts
	Visit the Fudan University to know more about higher education development and training related to STEM (i.e. science, technology, engineering and mathematics) education in Shanghai
	Visit the Shanghai Xintiandi to know about the old town revitalization project

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22 April 2019 (Monday) (Shanghai)	Visit the Zhangjiang Science City to learn about the provision and planning of support facilities for innovation and technology development in Shanghai
	Visit the Shanghai Stock Exchange to understand the development of financial services in Shanghai
	Meet and have exchanges with Hong Kong people in Shanghai to understand their life there
	Visit the Changyang Campus to know about Shanghai's revitalization and preservation initiatives and the Shanghai Municipal Government's support for mass innovation and entrepreneurship
	Visit the West Bund Xuhui Waterfront to know about the provision and planning of support facilities for cultural development in Shanghai
	Meet with Mr YING Yong, Mayor of Shanghai, and other government officials to understand the latest development in Shanghai and its role and function in the YRD Economic Belt
	Take a ferry ride on Huangpu River to understand the tourism development in Shanghai

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23 April 2019 (Tuesday) (Shanghai ➡ Hangzhou)	Attend a seminar on "The latest development of regional integration of the Yangtze River Delta" conducted by Mr MA Chunlei, Director of the Shanghai Municipal Development and Reform Commission
	Travel to Hangzhou by high-speed rail
	Visit the Hangzhou Citizen Center to observe the "At Most One Visit" project at the "Home of Citizens" to gain an understanding of the one-stop administration services for the examination and approval of applications processed by municipal government departments
	Meet with Mr CHE Jun, Secretary of CPC Zhejiang Provincial Committee cum Director of the Standing Committee of the Zhejiang Provincial People's Congress, to gain an understanding of the latest development in Zhejiang Province
	Learn about large-scale outdoor tourism and cultural performances as well as tea culture tourism

24 April 2019 (Wednesday) (Hangzhou ➡ Hong Kong)	Visit the Alibaba Group to gain an understanding of its e-commerce business and the application of the "City Brain" system in urban transport management
	Meet and have exchanges with Hong Kong people in Zhejiang to understand their life there
	Visit the Hangzhou National High-Tech Industries Development Zone to know about the development of new high technologies in Hangzhou and its policies to nurture high-tech enterprises
	Visit the Hangzhou LHD New Energy Technology Co., Ltd. to know about the research and development ("R&D") of tidal power and marine energy technologies for electricity generation
	Visit the WeDoctor Group to know about its online healthcare services offered through Internet and artificial intelligence technology

CHAPTER 2 — VISIT TO SHANGHAI

Overview

2.1 Shanghai, or "Hu" (滬) in abbreviated form, is one of the four municipalities under the direct administration of the Central Government. It is located at the mouth of the Yangtze River in eastern China with a land area of 6 340.5 square kilometres. In 2018, it had a permanent population of 24 240 000 and a migrant population of nearly 10 million. There were about 35 000 Hong Kong residents ordinarily residing in the city. In 2018, the Shanghai's gross domestic product ("GDP") reached Renminbi ("RMB") 3,268 billion, ranking first among the cities nationwide.

2.2 Since the 1990s, Shanghai has transformed itself from a national industrial base at the early stage of reform and opening-up into a service-based economy by adhering to the policy of "giving priority to development of the tertiary industry, actively restructuring the secondary industry and steadily improving the performance of the primary industry". The top three sectors of the tertiary industry are financial services, wholesale and retail, real estate, altogether accounting for 54% of the gross output of the tertiary industry.

2.3 In August 2013, Shanghai was given approval to establish the first Pilot Free Trade Zone in China to promote the development of local service industries such as finance, trade and shipping. To tie in with national developments, Shanghai has made great efforts in recent years to develop emerging industries such as energy conservation and environmental protection, next-generation information technology and new energy. Meanwhile, apart from focusing on building the "four brands" of services, manufacturing, shopping and culture by 2020, Shanghai is committed to the construction of the "five centers" of international economy, finance, trade, shipping and scientific and technological innovation so as to build itself into a world-class metropolis.

2.4 The main programme of the Delegation in Shanghai included visits to the Shanghai Aircraft Manufacturing Co. Ltd. of the Commercial Aircraft Corporation of China ("COMAC"), the Fudan University, the Zhangjiang Science City, the Shanghai Stock Exchange ("SSE"), the Changyang Campus, the West Bund Xuhui Waterfront, the Shanghai Xintiandi and Huangpu River.

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2.5 During its stay in Shanghai, the Delegation met with Mr YING Yong, the Mayor of Shanghai, and other government officials, and attended a seminar on "The latest development of regional integration of the Yangtze River Delta" conducted by Mr MA Chunlei, the Director of the Shanghai Municipal Development and Reform Commission, to gain an understanding of the latest development of Shanghai and the YRD Region. The Delegation also met and had exchanges with the representatives from groups of Hong Kong people living in Shanghai to know about the opportunities and challenges they faced in working and studying in Shanghai.

Commercial Aircraft Corporation of China Shanghai Aircraft Manufacturing Co. Ltd.

2.6 The first stop of the Delegation was to visit the Shanghai Aircraft Manufacturing Co. Ltd. of COMAC. Founded in Shanghai in 2008, COMAC is a state owned limited liability company specializing in large aircraft development projects on the Mainland. The Shanghai Aircraft Manufacturing Co. Ltd. is the final assembly and manufacturing centre of COMAC responsible for the production of ARJ21 and C919 passenger jets. The ARJ21 passenger jet, which was officially put into service in 2016, is the first short-medium range turbofan regional aircraft independently developed by China. C919 passenger jet is a large civil jet aircraft independently developed by China in accordance with international civil aviation regulations. C919 has a layout of 158 to 168 seats, and a range of 4 075 to 5 555 kilometres. It made the first test flight on 5 May 2017. At present, three C919 passenger jets have been put into flight tests, and a number of orders have been obtained from Mainland and overseas customers. The first delivery of C919 jet is planned for 2021.

2.7 Apart from receiving a briefing from the representatives of the Shanghai Aircraft Manufacturing Co. Ltd. on the manufacturing of C919 passenger jets, the Delegation also toured the company's final assembly line and the cabin of C919. The Delegation notes that COMAC's logo represents the spirit of "never giving up", and the company's vision is to produce commercial aircraft with safety, economy, comfort and environment-friendly characteristics. The Delegation takes the view that independent R&D is fundamental to the continued existence of industries, and that the sophistication of R&D and manufacturing of large aircrafts not only reflects China's high-end manufacturing standards, but also marks an important milestone for the development of aviation manufacturing industry in China.

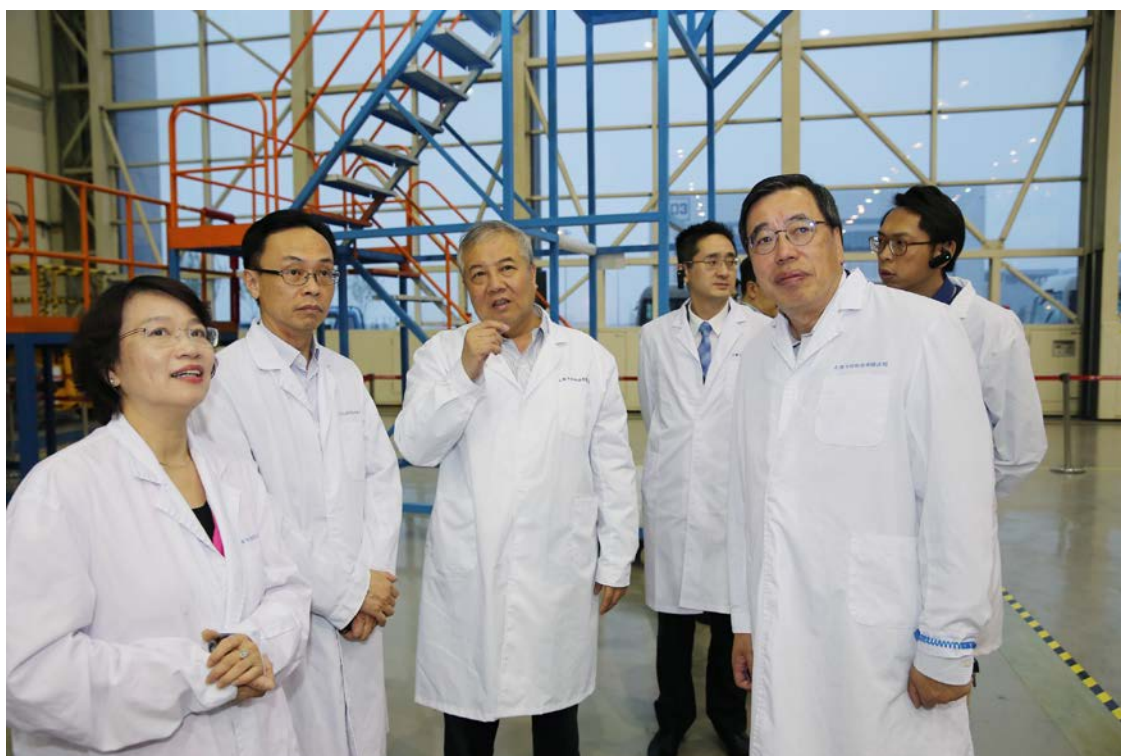
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The Delegation poses for a group photo in COMAC Shanghai Aircraft Manufacturing Co. Ltd.



The Delegation receives a briefing on the development plan of the Shanghai Aircraft Manufacturing Co. Ltd.



The Delegation tours the final assembly line of C919 civil aircraft.

Fudan University

2.8 Sixteen higher education institutions from Hong Kong and Shanghai, including the Fudan University, formed the Shanghai Hong Kong University Alliance in November 2018 to foster exchanges and cooperation in higher education between Hong Kong and Shanghai. To better understand the development of higher education on the Mainland, the Delegation visited one of the member universities of the Alliance – the Fudan University. Established in 1905, the University, formerly known as the Fudan Public School, was named the Fudan University in 1917. It was the first institution of higher education founded by the Chinese. After years of reform and development, the Fudan University is now a comprehensive research university, ranking 44th in the world and trailing just behind the Tsinghua University and the Peking University in the ranking of Mainland universities. In the 2018-2019 academic year, there are 119 Hong Kong students studying in the Fudan University, including 52 undergraduates, 59 Master's degree students, and eight doctoral students.

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2.9 On the day of visit, the Delegation received a briefing from Professor XU Ningsheng, the President of Fudan University, and Professor CHEN Zhimin, the Vice President of Fudan University, on higher education development as well as innovation and technology training related to STEM (i.e. science, technology, engineering and mathematics) education in Shanghai. Under the arrangement of the University, some Hong Kong students studying in the University also met with members of the Delegation and shared with them their life and study in Shanghai. The Delegation notes that some students have been admitted to the Fudan University under the School Principal's Nominations Scheme in Hong Kong, which reflects the flexibility of the University in bringing in talented people and the importance it attaches to non-academic fields.

2.10 The Delegation considers that education is the key to nurturing talent. The Hong Kong Government should allocate more resources to strengthen scientific research training in higher education, and facilitate R&D cooperation with the Mainland and overseas countries for the purposes of improving scientific research, promoting science and technology innovation, and at the same time broadening the horizons and development opportunities of students.



The Delegation poses for a group photo with Professor XU Ningsheng, President of Fudan University (front row, eighth from left).



The Delegation Leader and Mr Patrick NIP Tak-kuen, Secretary for Constitutional and Mainland Affairs, exchange views with Professor XU Ningsheng, President of Fudan University (centre).

Zhangjiang Science City

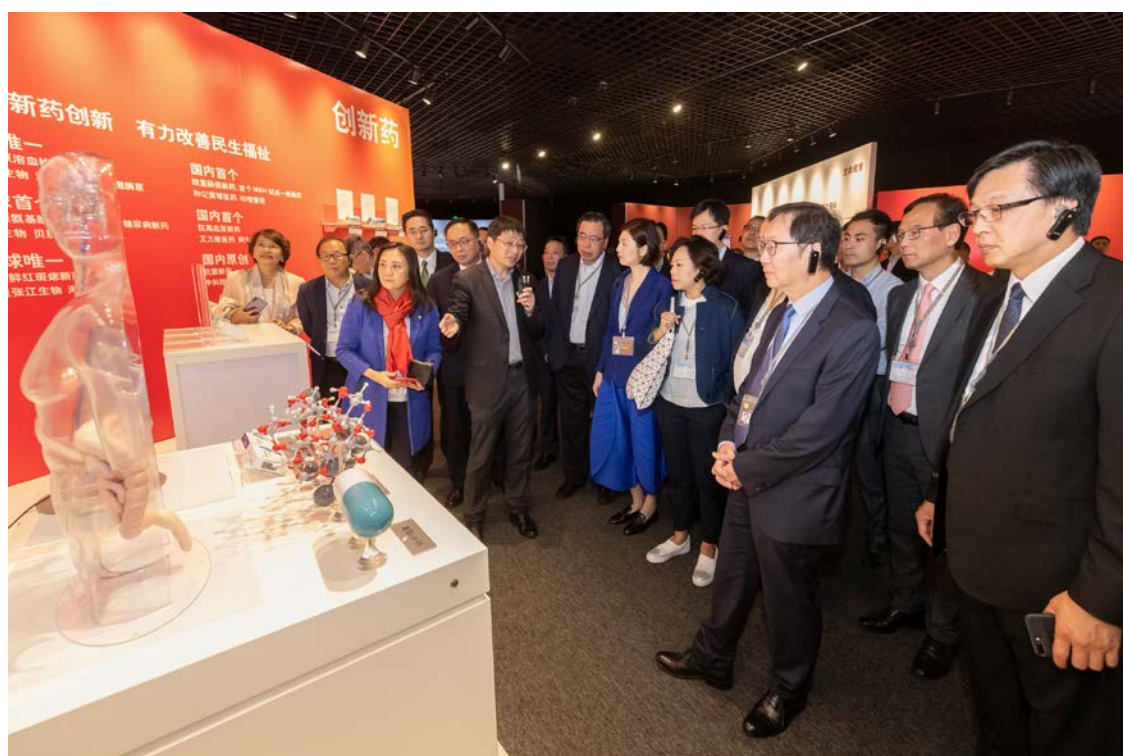
2.11 The Delegation visited the Zhangjiang Science City to see for themselves the development of scientific and technological R&D in Shanghai. Built in 1992 and covering an area of 94 square kilometres, the Zhangjiang Science City, formerly known as the Zhangjiang High-Tech Park, is now known as "China's Silicon Valley". The major niche industries housed in the Zhangjiang Science City include information technology, biomedicine, cultural innovation and low-carbon environmental protection. Recently, it has been keen to develop artificial intelligence and has successfully attracted renowned technology companies to set up offices there.

2.12 Apart from touring the exhibition hall of the Zhangjiang Science City to gain an understanding of the achievements in frontier technologies in the fields of photonics, aviation and aerospace technology, integrated circuits and life sciences and observing a demonstration of a three-dimensional interactive installation, the Delegation also visited the National Centre for Protein Science and its nuclear magnetic resonance facility in the Zhangjiang Science City to learn about the technology and

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its application. The Centre, which is a state-level scientific research infrastructure, carries out protein science research to cater for the development needs of industries such as biomedicine and agriculture. The Center opens its facilities to the public, and has cooperation with higher education institutions, scientific research institutes and enterprises inside and outside the Mainland.

2.13 The Delegation notes that with the advancement in biotechnology, China has made breakthrough achievements in recent years in the development of new drugs, including those for treating diabetes, lupus erythematosus, colorectal cancer, hypertension and Alzheimer's disease. These achievements are conducive to improving the general well-being of mankind and enhancing the quality of life.



The Delegation tours the exhibition hall of the Zhangjiang Science City.

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The Delegation watches a publicity video on the Zhangjiang Science City.



The Delegation visits the nuclear magnetic resonance facility in the National Centre for Protein Science.

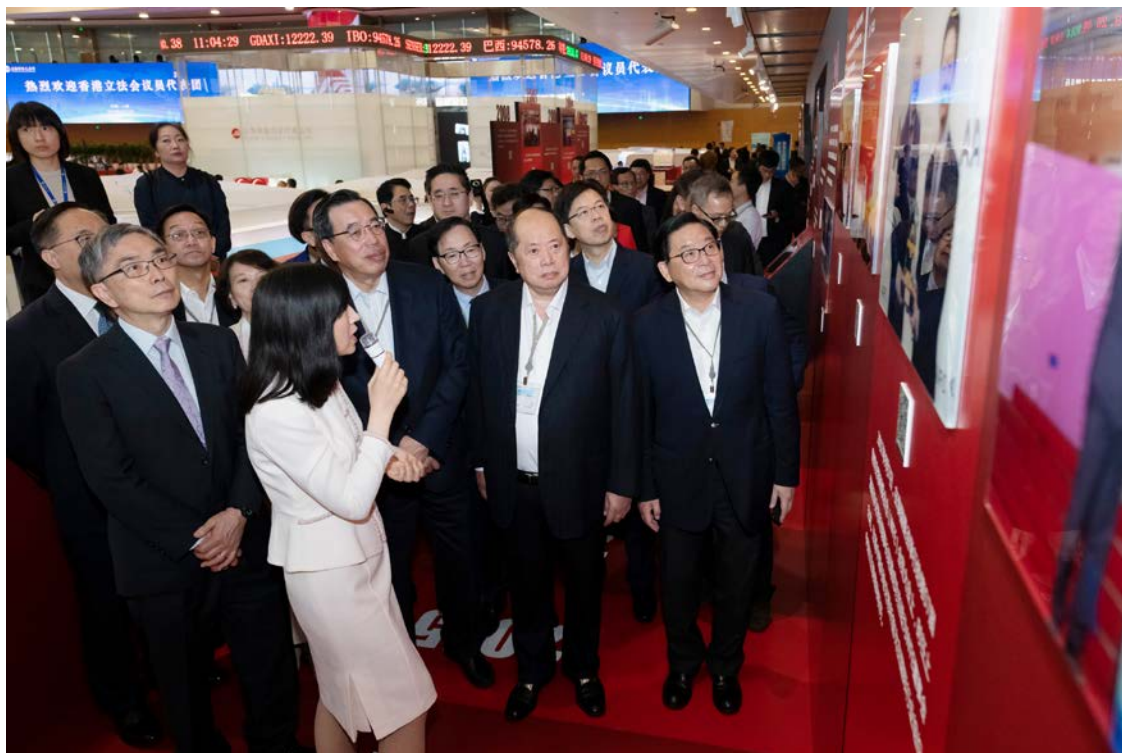
Shanghai Stock Exchange

2.14 On the second day in Shanghai, the Delegation visited SSE. Established in 1990 and subject to the oversight of the China Securities Regulatory Commission, SSE has developed into a stock exchange having a complete market structure with four types of securities trading (i.e. stocks, bonds, funds and derivatives). As at the end of 2018, there had been 1 450 companies listed on SSE, with a cumulative annual trading amount of RMB 40.3 trillion and a total raised fund of RMB 611.4 billion. According to the information of SSE, in 2018, SSE ranked fourth in total market value and fifth in initial public offering fundraising in the world.

2.15 The Delegation toured the history exhibition in SSE to learn about the development of SSE. It also received a briefing from Mr HUANG Hongyuan, the Chairman of SSE, on the development of financial services in Shanghai, including the latest progress of the Science and Technology Innovation Board and the China Depository Receipt. The Delegation notes that starting from May 2018, the daily quotas of the northbound and southbound trading links under the Shanghai-Hong Kong Connect have quadrupled to RMB 52 billion and RMB 42 billion respectively.

2.16 The Delegation considers that the recent continued surge of Shanghai in the global financial centres index ranking is thanks to the launch of new projects by SSE at each stage of its development, which reflects its keen attitude towards innovation and openness. The Delegation is of the view that the Hong Kong Government should make good use of Hong Kong's advantage as an offshore RMB centre to develop a wider variety of financial services and investment products and make continuous efforts to promote the diversified development of the financial market, in order to enhance the long-term competitiveness of the financial industry in Hong Kong.

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The Delegation tours the history exhibition "Approaches to SSE".



The Delegation Leader and Deputy Delegation Leaders hit the gong on the trading floor in SSE.

Changyang Campus

2.17 The Delegation also visited the Changyang Campus to learn about the development of high-tech industrial parks and creative industrial parks. Covering a land area of about 350 000 square metres, the Changyang Campus (formerly a textile machinery factory) is located in the Yangpu District, Shanghai. After revitalization and redevelopment in 2014, it has become a "shuangchuang"(雙創) (meaning mass innovation and entrepreneurship) demonstration base and a "shuangchuang" incubation base, focusing on the cultivation of two key industries, namely the Internet industry and the design and consulting industry.

2.18 During the visit, the Delegation received a briefing from the representative of the Changyang Campus on the supporting measures provided by the Shanghai Municipal Government for start-ups, as well as measures to revitalize and preserve heritage in the Changyang Campus. The Delegation notes that so far, more than 100 world-class "shuangchuang" events of various types have been organized by the Changyang Campus which is home to about 200 large, medium and small enterprises that are leading the "mass entrepreneurship and innovation" campaign. Arrangements were made for the Delegation to visit one of those enterprises, "Liu Li Shuo" which is an educational technology company specializing in the application of artificial intelligence in English learning, and have exchanges with the responsible persons of the company to better understand the business operations and development process of the enterprises in the Changyang Campus.

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The Delegation watches an introductory video in the Changyang Campus.



The Delegation visits "Liu Li Shuo", a company in the Changyang Campus.

West Bund Xuhui Waterfront

2.19 After leaving the Changyang Campus, the Delegation proceeded to the Xuhui Binjiang Planning Exhibition Centre (徐匯濱江規劃展示中心) to learn about the planning blueprint and development of the Shanghai West Bund. In 2017, "Several Opinions on Accelerating the Innovation and Development of Cultural and Creative Industries in Shanghai Municipality" was promulgated by the Shanghai Municipality for implementation of a series of measures to promote the development of cultural and creative industries. The Shanghai West Bund is a Binjiang cultural and creative industry belt in Shanghai with unique characteristics and a layout featuring five industries, namely culture and art, information and media, innovative finance, comprehensive commerce and trade services as well as aviation service, the first two of which are key industries. The Shanghai West Bund has now attracted a number of well-known arts organizations and cultural and finance industries to set up offices there. There are also museums and arts exhibition centres where various arts and cultural events are organized from time to time to attract Chinese and foreign high-end works of art from home and abroad for exhibition and exchange purposes. In August 2018, the Shanghai Xuhui Waterfront Area Comprehensive Development and Construction Management Committee signed a co-operation agreement with the West Kowloon Cultural District ("WKCD") Authority of Hong Kong on the establishment of a cooperation platform for enhancing cultural and arts exchanges between the two places, with a view to promoting artistic creation and development together.

2.20 The Delegation is of the view that the development concept for the Shanghai West Bund is akin to that for Hong Kong's WKCD. It will be worthwhile to learn from the successful experience of the former, especially in the development of urban harbourfront areas with distinctive cultural and commercial features. Apart from pressing ahead with the WKCD development and widening cultural exchanges between Hong Kong and other places through launching various arts and cultural programmes, the Hong Kong Government should also examine ways to better utilize the harbourfront areas near WKCD and the Kai Tak Cruise Terminal by the inclusion of various cultural contents and generation of new commercial vibrancy, with a view to boosting the local economy as well as providing more quality leisure facilities for the public in urban areas.

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The Delegation visits the Xuhui Binjiang Planning Exhibition Centre to know about the provision and planning of cultural facilities in Shanghai.

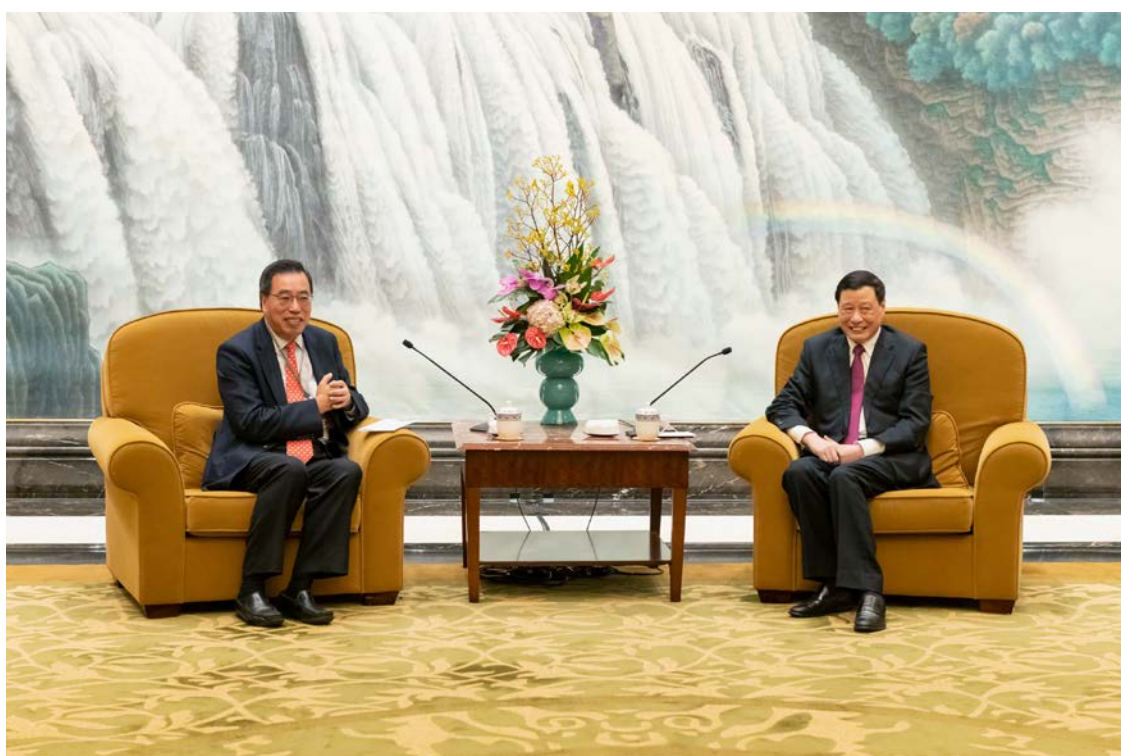


The Delegation takes a ride on electric vehicles to tour around the West Bund in Shanghai.

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Meeting with the Shanghai Municipal Government

2.21 In the evening, the Delegation met with Mr YING Yong, the Mayor of Shanghai, to gain an understanding of the economic development of Shanghai and exchange views on issues of mutual concern, including the policy areas of finance, innovation and technology, tourism as well as medicine development. During the meeting, Mr YING said that he welcomed LegCo Members from different political affiliations visiting Shanghai to strengthen exchanges and communications. Hon Andrew LEUNG Kwan-yuen, the LegCo President and the Delegation Leader, also invited Mr YING to pay a visit to LegCo.



The Delegation Leader meets with Mr YING Yong, Mayor of Shanghai (right).

Cultural tourism projects

2.22 In order to gain an understanding of the cultural tourism development in Shanghai, the Delegation took a ferry ride on the Huangpu River and visited the Shanghai Xintiandi, both of which were the tourist landmarks in Shanghai.

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2.23 Huangpu River is the mother river of Shanghai. One of the emphases placed by the Shanghai Municipal Government on tourism development is to turn the "Huangpu River Cruise" into a world-class high-quality tourism project, and proactively develop related tourism projects along the banks of Huangpu River (e.g. developing a tourism product named "boat tours plus onshore leisure activities", and establishing a tour pattern of making "multiple stops on a route"), so that visitors can explore different travel experiences. During the tour, members of the Delegation had a chance to meet with the responsible persons of the Shanghai Disneyland to know about the development of the theme park.

2.24 The Shanghai Xintiandi is a redevelopment project undertaken by a Hong Kong conglomerate for transformation of traditional buildings in the Huangpu District, Shanghai. The project preserved and revitalized traditional and historical buildings which were then entrusted with commercial functions and became a recreational and leisure hotspot for cultural, tourism and commercial uses.

2.25 The Delegation considers that the Hong Kong Government should make full use of the unique characteristics and local cultural resources of various districts by pursuing revitalization and diversified development, with a view to enriching Hong Kong's offering of tourism products, diverting visitors to different districts, and providing the public with more recreational and leisure spots.

Seminar on "The latest development of regional integration of the Yangtze River Delta"

2.26 Before leaving Shanghai, the Delegation attended a seminar on "The latest development of regional integration of the Yangtze River Delta" conducted by Mr MA Chunlei, the Director of the Shanghai Municipal Development and Reform Commission, to learn about the development process of the YRD Region.

2.27 The Delegation notes that during the integrated development process of the YRD Region, it is normal for cities in the Region to compete among themselves. The key to the issue is to avoid duplicated construction and enhance the sharing of resources through communication and coordination, so that respective cities can play to their special strengths. The significant achievements made by the YRD Region in the

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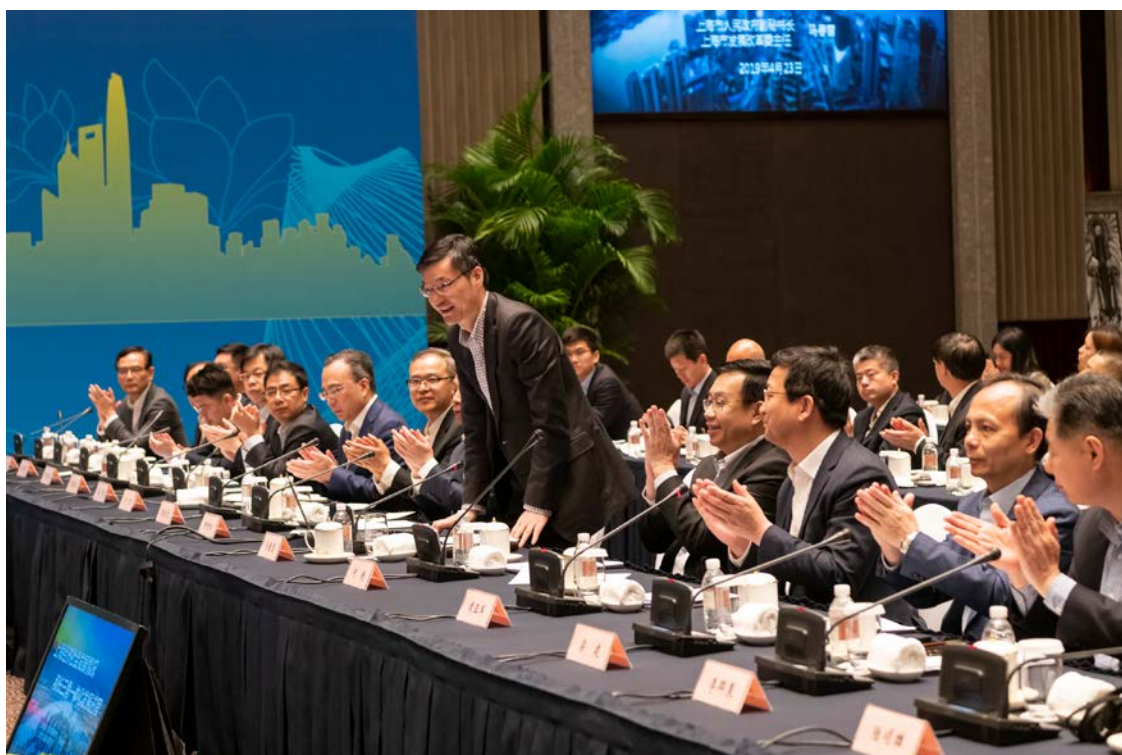
integration process are thanks to the efforts of relevant provincial and municipal governments in planning and establishing as well as continuously refining the work mechanism, including formulating the three-tier operation rules at the decision-making, coordination and implementation levels, whereby each city in the Region can find a clear positioning for itself with an explicit division of functions among them, thus contributing to conditions which may lead to higher-quality integrated development.



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The Delegation attends a seminar on "The latest development of regional integration of the Yangtze River Delta".



Mr MA Chunlei, Director of the Shanghai Municipal Development and Reform Commission, gives a briefing on the latest progress of the integrated development of the YRD Region.

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Overview

3.1 Hangzhou, or "Hang" (杭) in abbreviated form, is the capital of Zhejiang Province and located in the south wing of YRD on the southeast coast of China. With a total area of 16 596 square kilometers, Hangzhou had a permanent population of 9.81 million in 2018, of which 2.07 million were migrant population. In 2018, Hangzhou's regional GDP reached RMB 1,350.9 billion, ranking 10th among cities nationwide.

3.2 In its early days, Hangzhou focused on industrial development and later on the development of service industries such as trade, tourism, transportation, postal and telecommunication services, finance, insurance and so on. In recent years, Hangzhou is committed to economic transformation, putting in great effort to develop innovative industry led by information economy, covering e-commerce, cloud computing and big data, Internet of Things, Internet finance, smart logistics and digital content industry.

3.3 In recent years, Hangzhou has also proactively developed high-tech and high-end manufacturing industries. In 2018, funds for research and experimental development in Hangzhou accounted for 3.3% of GDP, which is higher than the 2.18% for the whole country. In addition, Hangzhou is the cradle of Mainland unicorn companies (i.e. companies with external financing and valuations exceeding US\$1 billion). In 2018, there were 18 unicorn companies in Hangzhou, ranking the third among Mainland cities.

3.4 The main destinations of the trip of the Delegation in Hangzhou comprise the Hangzhou Citizen Center, the Alibaba Group, the Hangzhou National High-tech Industries Development Zone, the Hangzhou LHD New Energy Technology Co., Ltd., the WeDoctor Group, as well as a visit to the cultural tourism projects in Hangzhou.

3.5 During its stay in Hangzhou, the Delegation met with Mr CHE Jun, the Secretary of CPC Zhejiang Provincial Committee cum Director of the Standing Committee of the Zhejiang Provincial People's Congress, to gain a better understanding of the recent development in Zhejiang Province and its policy initiatives in promoting innovation and technology. In addition, the Delegation met with the representatives from groups of Hong Kong people living in Zhejiang to better understand the opportunities and challenges they face in working and studying there.

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The Delegation takes the high-speed rail to Hangzhou after its visit to Shanghai.

Hangzhou Citizen Center

3.6 Upon arrival in Hangzhou by high-speed rail from Shanghai, the Delegation visited the Hangzhou Public Service Center located in the Hangzhou Citizen Center. The Hangzhou Public Service Center, which was commissioned in 2009, is an integrated public service platform for the public, operating the so-called "At Most One Visit" one-stop public services. These services include household management, old-age security, medical insurance, marriage registration, and application for citizen cards. The Hangzhou Public Service Center, which comprises two centers, is stationed in more than 70 functional departments and related units with around 270 service counters handling more than 900 items of public services. To tie in with the "At Most One Visit" policy, the Hangzhou Municipal Government has introduced a number of user-friendly measures, including 24-hour integrated self-service kiosks, promoting the "consolidated service counter" measure and the launch of mobile applications to further streamline public services.

CHAPTER 3 — VISIT TO HANGZHOU

3.7 The Delegation notes that under the service concept of "At Most One Visit" aiming at optimizing the processing procedures, consolidating government service resources, and integrating online and offline channels, citizens and enterprises only need to submit their applications in person to the relevant service counter once on the condition that all relevant application documents are available and eligibility criteria are met when submitting their applications to the government. The focus of this service concept is placed on data sharing, departmental collaboration, business integration, streamlining document requirements, standard setting and multi-faceted cooperation. The Delegation considers that a smart government is an indispensable part of a smart city. On the premise of improving the work efficiency of government and enhancing the quality of life of the people, public services should be based on a people-oriented perspective and streamlined as far as practicable.



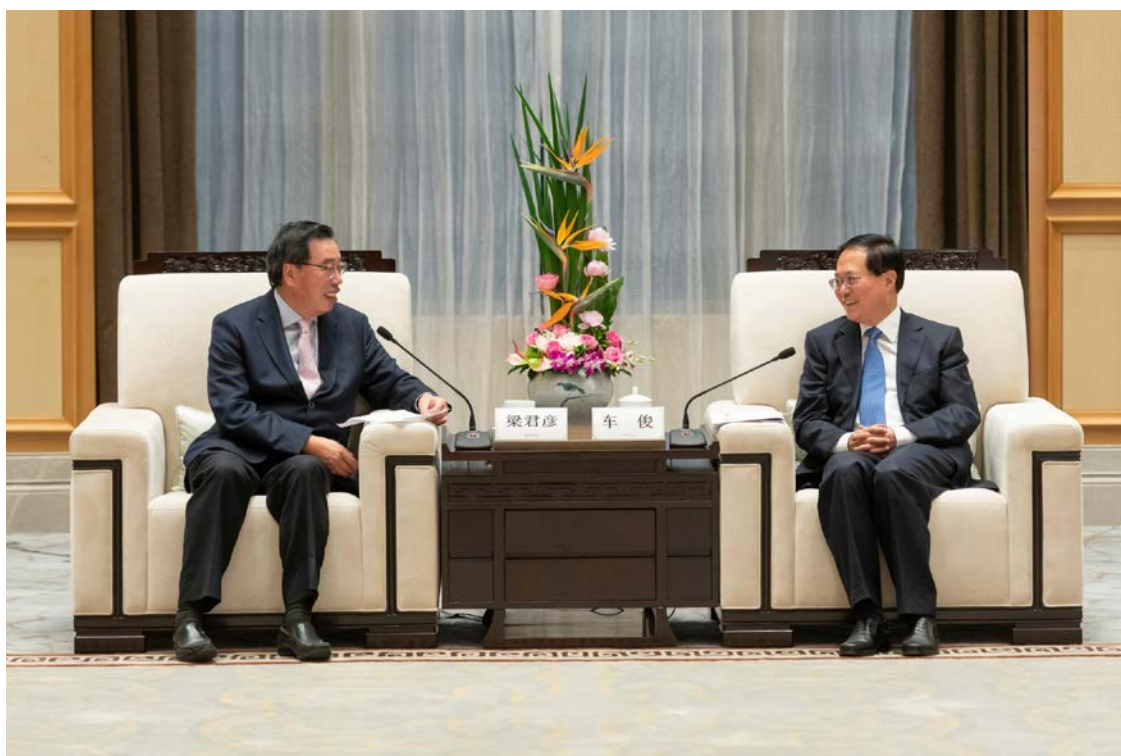
CHAPTER 3 — VISIT TO HANGZHOU



The Delegation visits the Hangzhou Public Service Center to learn about the "At Most One Visit" project.

Meeting with the Zhejiang Provincial Government

3.8 In the evening, the Delegation met with Mr CHE Jun, the Secretary of CPC Zhejiang Provincial Committee cum Director of the Standing Committee of the Zhejiang Provincial People's Congress, to gain a better understanding of the latest developments in Zhejiang Province. The Delegation notes that the Zhejiang Provincial Government has attached great importance to promoting the development of regional integration of YRD. Apart from the continuous improvement of relevant working mechanisms with the relevant provincial/municipal governments, the coordination work in Zhejiang Province will also be strengthened. Also, good progress has been achieved in promoting infrastructure interoperability, integrative development of technology and innovative industries, public service sharing, conservation of natural environment and market opening up and cooperation.



Delegation Leader meets with Mr CHE Jun, Secretary of CPC Zhejiang Provincial Committee cum Director of the Standing Committee of the Zhejiang Provincial People's Congress (right).

Hangzhou's cultural tourism project

3.9 In order to gain a better understanding of Hangzhou's cultural tourism and arrangement of large-scale outdoor performances, the Delegation visited a large-scale outdoor cultural performance, namely Impression West Lake - Enduring Memories of Hangzhou, in the evening. It was a performance with real water as its backdrop. Afterwards, the Delegation visited a teahouse, Hu Pan Ju.

3.10 Impression West Lake - Enduring Memories of Hangzhou, a large-scale outdoor concert performed in the scenic area of the West Lake combining performance media such as symphony and dance, is complemented by new projection technology to present the cultural features of Hangzhou. The performance was originally a large-scale cultural performance staged for the 2016 G20 Leaders' Summit in Hangzhou.

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3.11 Located in the Lakeside Park of West Lake Scenic Area and founded in 1998, Hu Pan Ju is one of the most iconic teahouses in Hangzhou. During the G20 Leaders' Summit, Hu Pan Ju was selected as the "lakeside studio" of the China Central Television and became the venue for live coverage of the Summit in Hangzhou. When visiting the Hu Pan Ju teahouse, the Delegation Leader invited the reporters who accompanied the Delegation on the trip to join the tea gathering so that the Delegation members, Government officials, Mainland officials and reporters had had the opportunity to make more in-depth communication and enhance their understanding of the development of the YRD Region.



The Delegation visits a teahouse, Hu Pan Ju, to learn about the tea culture in Hangzhou.

Alibaba Group

3.12 In the morning of the second day in Hangzhou, the Delegation visited the Alibaba Group, one of the local companies founded in Hangzhou. Established in 1999 and listed on the New York Stock Exchange in September 2014, the Group is a leading electronic wholesale and retail platform in the world. In the 2018 fiscal year, the revenue of the Group reached RMB 250.3 billion. The businesses of the Group at present are comprised of core commerce, cloud computing, digital media and entertainment, and innovative initiatives.

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3.13 Guided by a representative of the Alibaba Group, the Delegation toured the exhibition hall of the Headquarters of the Group and observed demonstration of the operation of virtual reality shopping and Internet-based ticketing system. The Delegation was also briefed on the Hangzhou "City Brain" system jointly developed by the Hangzhou Municipal Government and the Alibaba Cloud, a subsidiary company under the Alibaba Group. The City Brain system is an artificial intelligence platform which analyzes data such as pedestrian flow, traffic flow and road condition to achieve real-time adjustment of road traffic as well as alleviate traffic congestion in the city. The Delegation notes that since the implementation of the "City Brain" system, the traffic congestion rate of Hangzhou among major Mainland cities has dropped to 48 in 2017, which is far lower than its fourth ranking in 2015. Members had exchanges with Mr Jack MA, the Executive Chairman of the Alibaba Group, and other members of the senior management to share their views on innovation and technology development and data analysis.





The Delegation exchanges views and poses for a group photo with Mr Jack MA, Executive Chairman of the Alibaba Group (back row, thirteenth from left).

Hangzhou National High-Tech Industries Development Zone

3.14 The Hangzhou National High-Tech Industries Development Zone is located in the Binjiang District of the Hangzhou City. It was approved by the State Council in 1991 as the first batch of national high-tech industrial development zone, serving as an incubator for technological innovation bases and small and medium-sized technology enterprises in Zhejiang Province. According to the 2018 ranking of the Ministry of Science and Technology, the Hangzhou National High-tech Industrial Development Zone ranks third among 157 high-tech industrial development zones in the Mainland, second only to the Beijing Zhongguancun and the Shenzhen National High-tech Industrial Development Zones.

3.15 The Delegation notes that the Hangzhou National High-tech Industrial Development Zone is proactively developing information economy industries such as e-commerce, smart Internet and smart healthcare in the direction of independent innovation, network security and intelligent manufacturing. On business incubation, the Zone

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provides industrial support funds to support high-tech development and encourage innovation and entrepreneurship activities. Specific measures include providing start-up funds, assisting corporate financing and establishing overseas talent entrepreneurship bases. The companies that have been nurtured in the Zone over the years include information economy enterprises such as the Alibaba Group, Hikvision, and H3C Technologies Co., Limited.



The Delegation visits the Hangzhou National High-Tech Industries Development Zone.

Hangzhou LHD New Energy Technology Co., Ltd.

3.16 The Delegation then visited the Hangzhou LHD New Energy Technology Co., Ltd. to learn about the technology that makes use of tidal energy to generate electricity. Founded in 2013, the company is one of the earliest high-tech enterprises in the Mainland engaging in R&D of marine tidal energy. It is committed to promoting R&D, technical cooperation and industrial application of marine clean energy technologies.

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3.17 The Delegation notes that the "3.4 MW LHD Modular Large-scale Ocean Tidal Energy Generating Unit" independently developed by the Hangzhou LHD New Energy Technology Co., Ltd. was successfully launched in 2016 and merged into the state grid in August 2016. The unit, which has adopted modular and platform-style design, can capture tidal energy by using modular turbines at the water bottom. China has become the fourth country in the world that masters the electricity generation technology by tidal power, trailing behind the United Kingdom, the United States and France. By the end of 2018, the company successfully developed the third-generation horizontal axis modular generating unit which has successfully been installed and launched, marking another milestone in marine innovative technology.



The Delegation visits the Hangzhou LHD New Energy Technology Co., Ltd.

WeDoctor Group

3.18 The Delegation visited the WeDoctor Group in Hangzhou at the last stop of its tour. Founded in 2010, the Group provides a one-stop smart healthcare platform. In the early stage of its operation, the Group provided services for the optimization of medical treatment procedures such as making appointments and maintaining electronic medical records. Later, the Group has gradually developed online medical services such as online medical consultation, electronic prescription, medical e-commerce and online medical insurance. After setting up the first internet hospital in China in 2015, the Group set up general consultation centers in Hangzhou, Beijing, Nanjing and Chengdu one after another. As of May 2018, the Group has connected more than 2 700 hospitals in 30 provinces and municipalities in the country with more than 160 million registered users and a valuation of US\$5.5 billion.

3.19 The Delegation notes that in recent years, the WeDoctor Group has proactively expanded the "Internet + Chinese Medicine" business and launched the "Xuan Hu Tai" Chinese medicine auxiliary diagnostic system, which has combined with the Internet and big data technology, providing medical services such as Chinese medical electronic medical records, auxiliary prescription, physical fitness identification and medical knowledge libraries. The Delegation also visited the "Hua Tuo Internet Chinese Medical Clinic" operated by the Group. Established in 2019, the Hua Tuo Internet Chinese Medical Clinic is the second Internet Chinese Medical Clinic in the country. Based on the "Xuan Hu Tai" system and supplemented by traditional Chinese medicine services such as acupuncture and cupping, it provides one-stop Internet Chinese medical diagnosis and treatment, online physical fitness identification and ready-to-drink Chinese medicine granules.

3.20 The Delegation considers that in response to the growing demand for medical services due to the ageing population, the Hong Kong Government should study any measures that can enhance medical services and alleviate the workload of healthcare workers, including upgrading the application of medical information technology, and exploring new service areas and integrated Chinese-Western medicine treatment.

CHAPTER 3 — VISIT TO HANGZHOU



The Delegation visits the healthcare facilities of the WeDoctor Group and the Hua Tuo Internet Chinese Medical Clinic.

CHAPTER 4 — CONCLUSIONS

4.1 The Delegation recognizes that the YRD Region has been one of the fastest growing and developed regions in China's economic development. Since the regional integration of YRD and the development of the Guangdong-Hong Kong-Macao Greater Bay Area ("the Bay Area") are both national-level economic development strategies, the development milestones of the YRD Region will serve as a useful reference for Hong Kong in its development planning for the Bay Area.

4.2 The Delegation considers that while major cities in the YRD Region have achieved a high level of market openness and developed strong innovation capacity, competition is inevitable among these cities as they have made active efforts to develop their economies and promote industrial upgrading and transformation in recent years. Nonetheless, these cities have made notable achievements through coordination and cooperation. Their invaluable experience, especially in making optimal use of resources and achieving mutual complementation of advantages, is a valuable source of reference for Hong Kong.

4.3 With regard to the development of the Bay Area, the Delegation envisages that various cities in the Bay Area may face many challenges as the development progresses, due to the differences in their respective administrative and judicial systems. In implementing its policies, the Hong Kong Government should adopt an engaging attitude and be open to communication, and adopt the approach of "resolving the simple issues before the difficult ones" and "implementing specific issues on which consensus has been reached", with a view to enhancing the overall economic competitiveness of Hong Kong and improving people's quality of life.

4.4 The Delegation takes the view that under the "One Country, Two Systems", Hong Kong still has advantages (including an internationalized business environment, good research capabilities, a sound legal system and protection for intellectual property) in pursuing economic development, although it has a limited market and land supply. Meanwhile, the Bay Area development can provide a greater market and development space for Hong Kong. Hong Kong should seize the opportunity to strengthen its collaboration with other cities in the Bay Area, and enhance cooperation with the cities in the YRD Region under the principle of reciprocity and mutual benefit.

CHAPTER 4 — CONCLUSIONS

4.5 The Delegation considers that the development of innovation and technology in the major cities in the YRD Region has become quite mature, which has greatly facilitated the daily life of local people. The Hong Kong Government should catch up in the innovation and technology race by improving support facilities for innovation and technology development on the one hand, and encouraging cooperation with Mainland and overseas scientific research institutions on the other, so as to enable Hong Kong to serve as an international innovation and technology hub in the development planning for the Bay Area.

4.6 To align with the innovation and technology development in Hong Kong, the Delegation opines that the Hong Kong Government should adopt a positive and forward-looking attitude, take the lead to promote efforts on "Smart Government", in particular the facilitation measures closely related to people's livelihood, as well as review and resolve various problems encountered in the process (e.g. issues of personal privacy and cyber security, improvement of relevant legislation, etc.), in order to improve the administrative efficiency of the Hong Kong Government and facilitate members of the public.

4.7 The Delegation urges the Hong Kong Government to make reference to the operation of the Shanghai Hong Kong University Alliance formed by 16 higher education institutions from Shanghai and Hong Kong in November 2018, strengthen and deepen the liaison and cooperation between Hong Kong's higher education institutions and its Mainland counterparts to promote human capital development and scientific research exchanges between the two places, with a view to achieving mutual benefits and collaborative innovation.

4.8 On the development of cultural tourism, the Delegation opines that the Hong Kong Government should, by making reference to the development approach adopted by the Shanghai West Bund Xuhui Waterfront, accelerate the development of WKCD and explore ways to develop and link up treasurable harbourfront lands in urban areas, so as to fuel the local economy, increase the number of tourist spots and provide more harbourfront space for leisure use. Furthermore, the Hong Kong Government should promote the unique travel experiences showcasing local characteristics (e.g. old traditional communities and intangible cultural heritage) through revitalization, repackaging and publicity of cultural landscape, so as to enrich Hong Kong's tourism resources.

CHAPTER 4 — CONCLUSIONS

4.9 The Delegation acknowledges that the duty visit has achieved the expected goals of enhancing its members' understanding of the regional integration of YRD while facilitating Members in planning for the future development of Hong Kong.

ACKNOWLEDGEMENTS

The Delegation would like to express its heartfelt gratitude for tremendous support rendered by the Hong Kong and Macao Affairs Office of the State Council, the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region, the Shanghai Municipal People's Government and the Zhejiang Provincial People's Government, which was vital to the success of the visit covering numerous visiting points. The Delegation is also grateful to the government departments of the two places for their generous hospitality and detailed explanations about the development policies of YRD. Under their special arrangement, the Delegation was able to visit various enterprises, government departments and higher education institutions, and have exchanges with local government officials and academics, which proved to be extremely useful to the Delegation. The Delegation wishes to express its sincere gratitude to the relevant government departments and receiving parties in the Mainland.

The Delegation also sincerely thanks the Hong Kong people in Shanghai and Zhejiang for their warm reception and providing Members with a better understanding of the problems encountered by the Hong Kong people working, studying and investing in the two places, which enables Members to follow up on the issues with the Hong Kong Government more effectively for the provision of appropriate assistance to them.

Furthermore, the Delegation would like to express its sincere thanks to Mr Patrick NIP Tak-kuen, the Secretary for Constitutional and Mainland Affairs, Mr Nicholas YANG Wei-hsiung, the Secretary for Innovation and Technology, Mr James Henry LAU Jr, the Secretary for Financial Services and the Treasury, and Dr Bernard CHAN Pak-li, the Under Secretary for Commerce and Economic Development for accompanying the Delegation throughout the journey and participating in the duty visit, thereby enhancing exchanges among various parties. The Delegation also thanks the officials of the Constitutional and Mainland Affairs Bureau and the Hong Kong Economic and Trade Office in Shanghai for their assistance in organizing the visit programme and providing logistical support.

ACKNOWLEDGEMENTS



Members of the Delegation pose for a photo with Government officials and Secretariat staff member at the Shanghai Hongqiao Railway Station.

EXPENDITURE OF THE DUTY VISIT

Items	Expenditure chargeable to participating Members' Overseas Duty Visit Accounts (22 Members joined the duty visit) (HK\$)	Expenditure chargeable to the Secretariat's expenditure account (11 Secretariat staff members joined the duty visit) (HK\$)
1. Airfare	66,211	31,867
2. Transportation	12,545	6,921
3. Hotel accommodation (3 nights)	96,861	48,431
4. Meals and sundry allowance	68,536	34,268
5. Other miscellaneous expenses	11,029 ^(Note 1)	47,746 ^(Note 2)
6. Expenditure on a recce	—	48,293 (four Secretariat staff members joined the recce)
Sub-total	255,182 ^(Note 3)	217,526
TOTAL	472,708^(Note 3)	

EXPENDITURE OF THE DUTY VISIT

Notes:

1. This includes expenses on travel insurance and tickets for Members.
2. This includes expenses on work vehicles, tour guiding equipment, telecommunications services, and travel insurance and tickets for Secretariat staff members.
3. \$17,847 of this sum is the expenditure of individual Members which exceeds the approved ceiling of \$55,000 for each Member's Overseas Duty Visit ("ODV") account. This amount has to be paid first by the Members personally. If, by the end of the current term of LegCo, there are unused balances in other Members' ODV accounts, the funds available will be used to reimburse those Members who have expended more than their allocation, in proportion to their excess qualifying expenditure.